

STATE OF NEBRASKA  
DEPARTMENT OF INSURANCE

JUN 30 2025

FILED

# CERTIFICATION

June 30, 2025

I, Eric Dunning, Director of Insurance of the State of Nebraska, do hereby certify that the attached is a full and correct copy of the Financial Examination Report of

**PREFERRED PROFESSIONAL INSURANCE COMPANY**

**AS OF**

**DECEMBER 31, 2023**

The report is now on file and forming a part of the records of this Department.

I hereto subscribe my name under the seal of my office at Lincoln, Nebraska.



  
\_\_\_\_\_  
DIRECTOR OF INSURANCE

CERTIFICATE OF ADOPTION

Notice of the proposed report for the financial examination of

**PREFERRED PROFESSIONAL INSURANCE COMPANY**

**ONE FINANCIAL CENTER, 13<sup>TH</sup> FLOOR**

**BOSTON, MA 02111**

dated as of December 31, 2023, verified under oath by the examiner-in-charge on  
June 11, 2025, and received by the company on June 24, 2025, has been adopted  
with modification as the final report pursuant to Neb. Rev. Stat. § 44-5906(3) (a).

Dated this 25<sup>th</sup> day of June 2025.

STATE OF NEBRASKA  
DEPARTMENT OF INSURANCE

A handwritten signature in black ink that reads "Tadd R. Wegner". The signature is written in a cursive, flowing style.

Tadd Wegner, CFE  
Chief Financial Regulator

**STATE OF NEBRASKA**

**Department of Insurance**

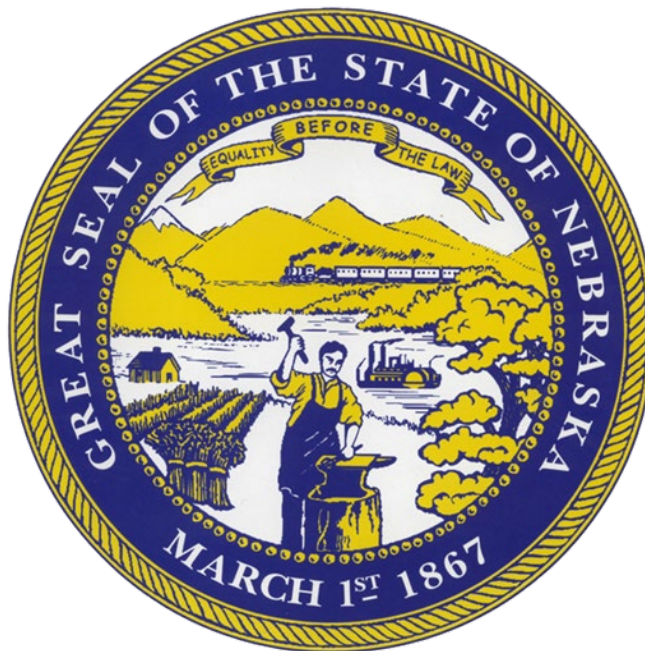
**EXAMINATION REPORT**

**OF**

**PREFERRED PROFESSIONAL INSURANCE COMPANY**

**as of**

**December 31, 2023**



## Table of Contents

<b><u>Item</u></b>	<b><u>Page</u></b>
Salutation .....	1
Introduction.....	1
Scope of Examination .....	2
Description of Company .....	4
History .....	4
Management and Control .....	6
Holding Company .....	6
Shareholders .....	7
Board of Directors .....	8
Officers .....	9
Transactions with Affiliates .....	9
Employee Leasing Agreement .....	9
Treaty Reinsurance Premium Allocation Agreement.....	9
Services Agreement - PCI .....	10
Administrative Management Services Agreement - PSIC .....	10
Tax Allocation Agreement .....	10
Territory and Plan of Operation .....	11
Reinsurance .....	11
Ceded.....	11
General .....	12
Body of Report.....	13
Growth.....	13
Financial Statements .....	13
Examination Changes in Financial Statements .....	17
Compliance with Previous Recommendations.....	17
Commentary on Current Examination Findings .....	18
Summary of Comments and Recommendations.....	18
Acknowledgment .....	19

Omaha, Nebraska  
June 13, 2025

Honorable Eric Dunning  
Director of Insurance  
Nebraska Department of Insurance  
1526 K Street, Suite 200  
Lincoln, Nebraska 68508

Dear Sir:

Pursuant to your instruction and authorizations, and in accordance with statutory requirements, an examination has been conducted of the financial condition and business affairs of:

**PREFERRED PROFESSIONAL INSURANCE COMPANY**

which has its Statutory Home Office located at

**11605 Miracle Hills Drive, Suite 200  
Omaha, Nebraska 68154**

with its Principal Executive Office located at

**One Financial Center, 13<sup>th</sup> Floor  
Boston, Massachusetts 02111**

(hereinafter also referred to as the “Company”), and the report of such examination is respectfully presented herein.

**INTRODUCTION**

The State of Nebraska last examined the Company as of December 31, 2018. The current financial condition examination covers the intervening period to, and includes the close of business on December 31, 2023 and such subsequent events and transactions as were considered pertinent to this report. The States of Nebraska, New Jersey, Massachusetts, and the District of Columbia participated in this examination and assisted in the preparation of this report.

The same examination staff conducted concurrent financial condition examinations of the Company's affiliates, ProSelect Insurance Company ("PSIC"), Coverys Specialty Insurance Company ("CSIC"), Medical Professional Mutual Insurance Company ("MPMIC") and Coverys Risk Retention Group, Inc. ("CRRG").

### **SCOPE OF EXAMINATION**

The examination was conducted pursuant to and in accordance with both the NAIC Financial Condition Examiners Handbook (Handbook) and Section §44-5904(1) of the Nebraska Insurance Statutes. The Handbook requires that examiners plan and perform the examination to evaluate the financial condition and identify prospective risks of the Company by obtaining information about the Company, including but not limited to: corporate governance, identifying and assessing inherent risks within the Company, and evaluating system controls and procedures used to mitigate those risks. The examination also includes assessing the principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation and management's compliance with Statutory Accounting Principles and Annual Statement Instructions when applicable to domestic state regulations.

The examination was completed under coordination of the holding company group approach with the Massachusetts Division of Insurance as the coordinating state and the Nebraska Department of Insurance, District of Columbia Department of Insurance, Securities and Banking and the New Jersey Department of Banking and Insurance as the participating states. The companies examined under this approach benefit to a large degree from common management, systems and processes, and internal control and risk management functions that are administered at the consolidated or business unit level.

The coordinated examination applies procedures sufficient to comprise a full scope financial examination of each of the companies in accordance with the examination procedures and standards promulgated by the NAIC and by the respective state insurance departments where the companies are domiciled. The objective is to enable each domestic state to report on their respective companies' financial condition and to summarize key results of examination procedures.

The Nebraska Department of Insurance made a general review of the Company's operations and the manner in which its business has been conducted in order to determine compliance with statutory and charter provisions. The Company's history was traced and has been set out in this report under the caption "Description of Company." All items pertaining to management and control were reviewed, including provisions for disclosure of conflicts of interest to the Board of Directors and the departmental organization of the Company. The Articles of Incorporation and By-Laws were reviewed, including appropriate filings of any changes or amendments thereto. The minutes of the meetings of the Shareholders, Board of Directors, and committees held during the examination period were read and noted. Attendance at meetings, proxy information, election of Directors and Officers, and approval of investment transactions were also noted.

The fidelity bond and other insurance coverages protecting the Company's property and interests were reviewed. Certificates of Authority to conduct the business of insurance in the various states were inspected, and a survey was made of the Company's general plan of operation.

Data reflecting the Company's growth during the period under review, as developed from the Company's filed annual statements, is reflected in the financial section of this report under the caption "Body of Report."

The Company's reinsurance facilities were ascertained and noted and have been commented upon in this report under the caption "Reinsurance." Accounting records and procedures were tested to the extent deemed necessary through the risk-focused examination process. The Company's method of claims handling and procedures pertaining to the adjustment and payment of incurred losses were also noted.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. This included a review of workpapers prepared by PricewaterhouseCoopers LLP, the Company's external auditors, during their audit of the Company's accounts for the years ended December 31, 2022 and 2023. Portions of the auditor's workpapers have been incorporated into the workpapers of the examiners and have been utilized in determining the scope and areas of emphasis in conducting the examination. This utilization was performed pursuant to Title 210 (Rules of the Nebraska Department of Insurance), Chapter 56, Section 013.

Any failure of items to add to the totals shown in schedules and exhibits appearing throughout this report is due to rounding.

## **DESCRIPTION OF COMPANY**

### **HISTORY**

The Company was incorporated under the laws of the State of Nebraska on June 30, 1976, and commenced business on July 1 of that same year as a mutual insurance association under the provisions of LB 809, Second Session, 84<sup>th</sup> Legislature, with its offices located in Omaha,

Nebraska. The Articles of Incorporation were amended on July 9, 1976, to provide for perpetual existence as a mutual company. The Articles were again amended on July 11, 1979, to allow for the Company to operate as a not-for-profit corporation by limiting its membership to hospitals which were organized exclusively for religious, charitable, educational, or scientific purposes. It then became qualified as a federal income tax exempt corporation.

Effective February 22, 1985, the Articles of Incorporation were amended to expand the membership to include “for profit” hospitals, which effectively nullified the Company’s tax-exempt status. The Articles of Incorporation were restated effective March 26, 1986, to convert the Company’s operations to that of a non-assessable mutual insurance company, whereby no member would be liable for any debt obligations of the Company. In a subsequent restatement of its Articles of Incorporation, effective December 11, 1987, the Company’s name was changed from Hospital Mutual Insurance Company to Preferred Physicians Insurance Company, and its corporate structure was changed to that of a stock insurance company.

The shareholders of Preferred Physicians Insurance Company (“Physicians”), and Consolidated Catholic Casualty Risk Retention Group (“CCCRRG”) approved a business combination effective October 1, 1998. Simultaneous to the business combination, CCCRRG assumed a run-off position for its existing liability portfolio. At the same time, by way of dividends from both companies, an eleven-owner system became shareholders of the continuing Physicians. Physicians assumed the excess liability insurance business previously written by CCCRRG upon renewal. The name of the Company was then changed from Preferred Physicians Insurance Company to Preferred Professional Insurance Company.

Effective August 1, 2014, the Company restated its Articles of Incorporation in connection with its Agreement and Plan of Merger with ProMutual Group, Inc. (“ProMutual”). As a result of

the restatement, the number of shares the Company is authorized to issue was changed to 100 shares, all of which are of a par value of \$1.00 each. This was further amended on December 19, 2014, to change the number of shares the Company is authorized to issue to 100,000 shares, all of which are of a par value of \$50.00 each and are of the same class and are common shares.

The Company is authorized by its Articles of Incorporation to transact and write all types of insurance and reinsurance authorized by the Nebraska Insurance Code, with the exception of life insurance, title insurance, and variable annuities. The Company's current Certificate of Authority authorizes the Company to write the lines of insurance as provided under Section 44-201 Paragraphs 4, 5, 7, 8, 9, 10, 11, 12, and 18 of the Nebraska Insurance Laws.

## **MANAGEMENT AND CONTROL**

### **Holding Company**

The Company is a member of an insurance holding company system as defined by Nebraska Statute. An organizational listing flowing from the "Ultimate Controlling Person," as reported in the 2023 Annual Statement, is represented by the following (subsidiaries are denoted through the use of indentations, and unless otherwise indicated, all subsidiaries are 100% owned):

- Medical Professional Mutual Insurance Company
  - ProMutual Group, Inc.
    - ProSelect Insurance Company
    - Coverys Specialty Insurance Company
    - Preferred Professional Insurance Company
      - Physicians Consultants, Inc.
    - Coverys Insurance Services, Inc.
    - ProMutual Solutions Insurance Company
    - Capital Risk Solutions, A Segregated Portfolio Company
    - Coverys Capital Limited
    - Coverys Capital No. 2
    - Coverys Capital No. 3
    - Med-IQ, Inc.
    - Coverys Community Healthcare Foundation, Inc.

Logical Images Inc. d/b/a VisualDx (43.66%)  
Archway Health Holdings, Inc.  
Archway Health Advisors, Inc.  
ArchwayRe, LLC  
Archway Consortium I, LLC  
Coverys UK Holding Co. Limited  
Coverys MGA (UK) Limited  
Coverys MA Services Limited  
Coverys Managing Agency Limited  
Coverys 1975 Underwriting Limited  
DTW 1991 Underwriting Limited  
Coverys Limited  
Coverys European Holdings Limited  
AEC Underwriting Agency Insurance and Reinsurance S.p.A  
Celeritas Insurance Brokers S.r.l  
Adjusting & Claims Services S.r.l  
Coverys Ireland Holdings Limited  
Viking Forsikringsagentur 2 ApS  
Coverys International Insurance Company DAC  
Joseph G Brady (Insurance) Limited (51%)  
Loftus Insurance Brokers Limited  
Coverys Risk Retention Group, Inc.

### **Shareholders**

Article II, Section 2 of the Company's By-Laws provides that, "annual meetings of Shareholders, commencing with the year 2015, shall be held on June 30, if not a legal holiday, and if a legal holiday, then on the secular day immediately prior thereto, at such place as the Board of Directors may determine, at which they shall elect by a plurality vote a Board of Directors, receive the report of the Officers and Directors, and transact such other business as may properly be brought before the meeting."

Article II of the Company's Articles of Incorporation states that, "the number of shares the Corporation is authorized to issue is 100,000 shares, all of which are of a par value of \$50.00 each and are of the same class and are Common shares." ProMutual owns all shares of the Company.

The Company paid a dividend of \$30 million to ProMutual on June 28, 2021. The Company paid no other dividends and received no capital contributions during the examination period.

### **Board of Directors**

Article V, Section 1 of the Company's By-Laws provides that, "the number of Directors shall be fixed by resolution of the Board of Directors, but shall not be less than five. At all times, at least one Director shall be a resident of the State of Nebraska and at least one-fifth of all Directors shall be persons who are not Officers or employees of the company." Article V, Section 2 of the Company's By-Laws provides that, "the Directors, other than the first Board of Directors, shall be elected at the annual meeting of the Shareholders, and each Director elected shall serve until the next succeeding annual meeting and until his successor shall have been elected and qualified."

The following persons were serving as Directors at December 31, 2023:

<b><u>Name and Residence</u></b>	<b><u>Principal Occupation</u></b>
Valoree J. Celona New York City, New York	President, Programs and Alternative Markets Preferred Professional Insurance Company, Inc.
Azalia Khouznoutdinova Omaha, Nebraska	Assistant Controller Preferred Professional Insurance Company, Inc.
Todd C. Mills Westford, Massachusetts	Chief Financial Officer & Treasurer Preferred Professional Insurance Company, Inc.
Joseph G. Murphy Charlestown, Massachusetts	Chief Executive Officer & President Preferred Professional Insurance Company, Inc.
Jeanette M. Smith Omaha, Nebraska	Retired, Counsel Mutual of Omaha Insurance Company
Joseph P. Sullivan, Jr. Wonder Lake, Illinois	Chief Underwriting Officer Preferred Professional Insurance Company, Inc.

## **Officers**

Article VIII, Section 1 of the Company's By-Laws provides that, "the Officers of the Company shall be chosen by the Board of Directors and shall be a President, a Vice President, a Secretary, and a Treasurer, none of whom need be a member of the Board. The Board of Directors may also choose additional Vice Presidents, one or more Assistant Secretaries and Assistant Treasurers, and such other Officers and agents as it shall deem necessary."

The following is a listing of Officers elected and serving the Company at December 31, 2023:

<b><u>Name</u></b>	<b><u>Office</u></b>
Joseph G. Murphy	Chief Executive Officer & President
Todd C. Mills	Chief Financial Officer & Treasurer
Elizabeth B. Brodeur	General Counsel, Senior Vice President & Secretary
Verne J. Rambo II	Assistant Treasurer
Catherine Donahue	Chief Operating Officer
Joseph P. Sullivan, Jr.	Chief Underwriting Officer
Valoree J. Celona	Vice President

## **TRANSACTIONS WITH AFFILIATES**

### **Employee Leasing Agreement**

Effective January 1, 2000, the Company and Physicians Consultants, Inc. ("PCI") entered into an employee leasing agreement whereby PCI leases the employees listed to the Company. PCI acknowledges that the leased employees will provide all necessary services and meet all licensing requirements. The Company is responsible for discipline and management of the leased employees.

### **Treaty Reinsurance Premium Allocation Agreement**

Effective January 1, 2019, PSIC, CSIC, MPMIC, CRRG and the Company entered into a treaty reinsurance premium allocation agreement whereby the collective affiliates purchase common loss and awards made coverage as part of its enterprise risk management program to provide catastrophic protection to the group in its entirety.

#### **Services Agreement - PCI**

Effective June 5, 2020, the Company and PCI entered into a services agreement whereby PCI acts as an agent representative of the Company for the solicitation, placement, renewal, and servicing of insurance policies and contracts issued by the Company in states where the Company is authorized to write insurance either on an admitted or surplus lines basis.

#### **Administrative Management Services Agreement - PSIC**

On January 1, 2020, PSIC and the Company entered into an administrative and management services agreement whereby PSIC shall provide the following services on behalf of the Company: underwriting, policy issuance, billing and premium collection, claims handling, policy administration, actuarial, risk management, cyber security regulation, investment advisory and general administrative services. In 2023, the management fee expense was \$8,935,091.

#### **Tax Allocation Agreement**

Effective September 1, 2009, MPMIC, the ultimate controlling entity, and its affiliates, including the Company, entered into an amended Federal Income Tax Allocation Agreement, under which federal income tax returns are filed on a consolidated basis. The agreement was amended over time to include newly acquired entities, to reflect a new methodology in the allocation by company, to reflect the name change of an affiliated party as needed, and to provide that any entity which may in the future be acquired, created or otherwise be required to become a member of the affiliated group and a participant in the affiliated group consolidated

federal tax return, will automatically join in and be bound by the agreement. As of December 31, 2023, MPMIC, ProMutual, PSIC, PCI, CSIC, ProMutual Solutions Insurance Company, Coverys Insurance Services, Inc., Med-IQ, Inc., Coverys Community Healthcare Foundations, Inc., and the Company are parties to the agreement.

## **TERRITORY AND PLAN OF OPERATION**

As evidenced by current or continuous Certificates of Authority, the Company is licensed to transact business in all states and the District of Columbia.

The Company is a direct writer of excess, professional and comprehensive general liability insurance for physicians, hospitals, and long-term care facilities and other commercial auto liability policies. The Company additionally writes workers compensation on a fronted basis that is substantially ceded to unaffiliated reinsurers.

## **REINSURANCE**

### **Ceded**

Effective January 1, 2021, the Company entered into an Intercompany Reinsurance Agreement with MPMIC as the Group Leader, and affiliates CSIC, and PSIC. The Company, CSIC, and PSIC as the Group Members ceded and transferred to the Group Leader and the Group Leader reinsured and assumed from each Group Member 100% of each Group Member's gross liabilities under or in connection with all of its policies which are outstanding and in force on the effective date; and 100% of each Group Member's gross liabilities under or in connection with all of its policies issued on and after the effective date, automatically, and from inception of each such policy. In 2023, the Company ceded \$47 million under this agreement.

The Company maintains a 100% quota share reinsurance agreement with an unaffiliated reinsurer, Omaha National Insurance Company, for all workers' compensation and employers'

liability insurance policies written under the Omaha National Insurance Program (the “Program”). This business is produced pursuant to a Managing General Underwriter Agreement, initially executed on September 18, 2017, and amended thereafter as applicable.

Under the terms of the reinsurance agreement, which became effective January 1, 2022, and remains in force until terminated, the Company cedes a 100% pro rata share of all losses and liabilities arising under policies written through the Program. The Reinsurer is obligated to reimburse the Company for its 100% quota share of incurred losses, including all associated loss adjustment expenses.

In 2023, the Company reported total ceded premiums of approximately \$36.4 million under this agreement. As a result of this 100% cession, the Company retains no net underwriting risk on policies written through the Program.

#### **General**

All contracts reviewed contained standard insolvency, arbitration, errors and omissions, and termination clauses where applicable. All contracts contained the clauses necessary to assure reinsurance credits could be taken.

## **BODY OF REPORT**

### **GROWTH**

The following comparative data reflects the growth of the Company during the period covered by this examination:

	<b><u>2019</u></b>	<b><u>2020</u></b>	<b><u>2021</u></b>	<b><u>2022</u></b>	<b><u>2023</u></b>
Bonds	\$223,485,192	\$215,035,850	\$ 52,073,495	\$ 55,785,481	\$ 61,379,073
Admitted assets	285,287,197	333,461,243	206,518,212	213,704,317	182,110,836
Loss reserves	67,744,487	76,084,167	1,512,024	473,756	446,916
Total liabilities	178,654,775	224,837,698	117,388,016	123,109,348	87,946,072
Capital and surplus	106,632,442	108,623,545	89,130,196	90,594,970	94,164,764
Premiums earned	52,692,837	57,317,887			
Losses incurred	33,144,241	26,859,315	1,023,597	(845,745)	(173,887)
Net investment gain	6,584,850	7,697,392	12,332,521	1,024,924	3,565,454
Net income	(2,845,582)	3,743,224	15,440,207	830,581	3,097,473

### **FINANCIAL STATEMENTS**

The following financial statements are based on the statutory financial statements filed by the Company with the State of Nebraska Department of Insurance and present the financial condition of the Company for the period ending December 31, 2023. The accompanying comments on financial statements reflect any examination adjustments to the amounts reported in the annual statements and should be considered an integral part of the financial statements. A reconciliation of the capital and surplus account for the period under review is also included.

**FINANCIAL STATEMENT**  
**December 31, 2023**

**BALANCE SHEET**  
**December 31, 2023**

<b><u>Assets</u></b>	<b><u>Assets</u></b>	<b><u>Assets Not Admitted</u></b>	<b><u>Net Admitted Assets</u></b>
Bonds	\$ 61,379,073		\$ 61,379,073
Common stocks	391,883	\$ 391,883	
Cash, cash equivalents and short-term investments	<u>86,299,127</u>		<u>86,299,127</u>
Subtotal, cash and invested assets	\$ 14,807,003	391,883	\$147,678,200
Investment income due and accrued	426,750		426,750
Uncollected premiums and agents' balances in course of collection	15,816,943	1,207,456	14,609,487
Amounts recoverable from reinsurers	10,808,211		10,808,211
Electronic data processing equipment	1,243		1,243
Furniture and equipment	17,560	17,560	
Receivable from parent, subsidiaries, and affiliates	2,698		2,698
Miscellaneous receivable	<u>8,584,246</u>	<u>                    </u>	<u>8,584,246</u>
Totals	<u>\$183,727,734</u>	<u>\$1,616,898</u>	<u>\$182,110,836</u>

**Liabilities, Surplus, and Other  
Funds**

Losses	\$ 446,916
Loss adjustment expenses	58,380
Other expenses	6,111,687
Taxes, licenses and fees	1,363,543
Current federal and foreign income taxes	384,521
Net deferred tax liability	1,310,716
Ceded reinsurance premiums payable	8,075,983
Amounts withheld or retained by the company for account of others	25,991
Provision for reinsurance	37,165
Payable to parent, subsidiaries and affiliates	70,571,724
Aggregate write-ins for liabilities	<u>(440,553)</u>
 Total liabilities	 <u>\$ 87,946,072</u>
 Special surplus from retroactive funds	 \$ 505,295
Common capital stock	5,000,000
Gross paid in and contributed surplus	43,353,304
Unassigned funds	<u>45,306,165</u>
 Total capital and surplus	 <u>\$ 94,164,764</u>
 Totals	 <u>\$182,110,836</u>

**STATEMENT OF INCOME – 2023****Underwriting Income**

Losses incurred	\$ (173,887)
Loss adjustment expenses incurred	<u>(42,238)</u>
Total underwriting deductions	<u>\$ (216,124)</u>
Net underwriting gain	\$ 216,124

**Investment Income**

Net investment income earned	\$3,940,171
Net realized capital gain	<u>(374,717)</u>
Net investment gain	<u>\$3,565,454</u>

**Other Income**

Aggregate write-ins for miscellaneous income	\$ (216,124)
Net income before dividends to policyholders and federal income taxes	\$3,565,454
Federal income taxes incurred	<u>467,981</u>
Net income	<u>\$3,097,473</u>

### **CAPITAL AND SURPLUS ACCOUNT**

	<b><u>2019</u></b>	<b><u>2020</u></b>	<b><u>2021</u></b>	<b><u>2022</u></b>	<b><u>2023</u></b>
Capital and surplus, beginning	<u>\$107,796,736</u>	<u>\$106,632,422</u>	<u>\$108,623,545</u>	<u>\$89,130,196</u>	<u>\$90,594,969</u>
Net income	(2,845,582)	3,743,224	15,440,207	830,581	3,097,473
Change in net unrealized capital gains	(349,549)	222,413	612,973	408,687	(1,634,006)
Change in net deferred income tax	510,389	200,196	(5,601,340)	444,241	466,903
Change in non- admitted assets	1,101,972	(1,291,412)	54,811	(1,102,031)	1,639,396
Change in provision for reinsurance	418,458	(883,297)	(2,215,701)	2,209,398	852,436
Surplus paid in Dividends to stockholders			(1) (30,000,000)		
Change in treasury stock				(1)	1
Intercompany pooling adjustment			2,215,701	(1,326,101)	(852,435)
Net change for the year	<u>\$ (1,164,314)</u>	<u>\$ 1,991,123</u>	<u>\$(19,493,349)</u>	<u>\$ 1,464,774</u>	<u>\$ 3,569,795</u>
Capital and surplus, ending	<u>\$106,632,422</u>	<u>\$108,623,545</u>	<u>\$89,130,196</u>	<u>\$90,594,969</u>	<u>\$94,164,764</u>

### **EXAMINATION CHANGES IN FINANCIAL STATEMENTS**

Unassigned funds (surplus) in the amount of \$45,306,165 as reported in the Company's 2023 Annual Statement, has been accepted for examination purposes. Examination findings, in the aggregate, were considered to have no material effect on the Company's financial condition.

### **COMPLIANCE WITH PREVIOUS RECOMMENDATIONS**

No recommendations were made as a result of the previous examination.

### **COMMENTARY ON CURRENT EXAMINATION FINDINGS**

There are no comments or recommendations that have been made as a result of this examination.

### **SUMMARY OF COMMENTS AND RECOMMENDATIONS**

There are no comments or recommendations that have been made as a result of this examination.

## **ACKNOWLEDGMENT**

The courteous cooperation extended by the Officers and employees of the Company during this examination is hereby acknowledged.

In addition to the undersigned, Financial Examiners, Information Systems Specialists, and Actuarial Examiners contracted by the Massachusetts Division of Insurance, New Jersey Department of Banking and Insurance, and the District of Columbia Department of Insurance, Securities, and Banking; participated in this examination and assisted in the preparation of this report.

Respectfully submitted,



---

Kelsey Barlow, CFE  
Examiner-in Charge  
Baker Tilly US, LLP  
Representing the Department of Insurance  
State of Nebraska



---

Skyler Lawyer, CFE  
Assistant Chief Examiner - Field  
Department of Insurance  
State of Nebraska

State of Nebraska,

County of Lancaster,

Kelsey Barlow, being duly sworn, states as follows:

1. I have authority to represent the Department of Insurance of the State of Nebraska in the examination of Preferred Professional Insurance Company.
2. The Department of Insurance of the State of Nebraska is accredited under the National Association of Insurance Commissioners Financial Regulation Standards and Accreditation.
3. I have reviewed the examination work papers and examination report, and the examination of the Preferred Professional Insurance Company was performed in a manner consistent with the standards and procedures required by the Department of Insurance of the State of Nebraska.

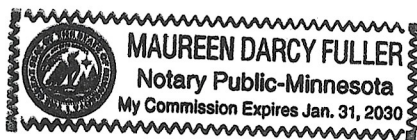
The affiant says nothing further.

Kelsey Barlow

Examiner-in-Charge's Signature

Subscribed and sworn before me by Kelsey Barlow on this 18 day of June, 2025.

(SEAL)



Maureen D Fuller  
Notary Public

My commission expires January 31, 2030 [date].