

JUN 25 2020

FILED

# CERTIFICATION

June 25, 2020

I, Bruce R. Ramage, 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

**PROSELECT INSURANCE COMPANY**

**AS OF**

**DECEMBER 31, 2018**

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.



*Bruce R. Ramage*  
\_\_\_\_\_  
DIRECTOR OF INSURANCE

CERTIFICATE OF ADOPTION

Notice of the proposed report for the financial examination of

**PROSELECT INSURANCE COMPANY**  
**11605 MIRACLE HILLS DRIVE, SUITE 200**  
**OMAHA, NEBRASKA 68154**

dated as of December 31, 2018, verified under oath by the examiner-in-charge on  
May 22, 2020 and received by the company on June 2, 2020, has been adopted  
without modification as the final report pursuant to Neb. Rev. Stat. § 44-5906(3) (a).

Dated this 15<sup>th</sup> day of June 2020.

STATE OF NEBRASKA  
DEPARTMENT OF INSURANCE

A handwritten signature in black ink, appearing to read 'Justin C. Schrader', is written over a horizontal line.

Justin C. Schrader, CFE  
Chief Financial Examiner

**STATE OF NEBRASKA**

**Department of Insurance**

**EXAMINATION REPORT**

**OF**

**PROSELECT INSURANCE COMPANY**

**as of**

**December 31, 2018**



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Lincoln, Nebraska  
May 5, 2020

Honorable Bruce R. Range  
Director of Insurance  
Nebraska Department of Insurance  
1135 M Street, Suite 300  
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:

**PROSELECT INSURANCE COMPANY**

which has its Statutory Home Office located at

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

with its Principal Executive Office located at

**One Financial Center  
Boston, MA 02111**

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

**INTRODUCTION**

The Company was last examined as of December 31, 2013 by the State of Massachusetts. The current financial condition examination covers the intervening period to, and including, the close of business on December 31, 2018, and includes such subsequent events and transactions as were considered pertinent to this report. The States of Nebraska, Ohio, Massachusetts, New Jersey, 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, Medical Professional Mutual Insurance Company, Healthcare Underwriters Group, Inc., Coverys, RRG Inc., Preferred Professional RRG, Coverys Specialty Insurance Company, and Preferred Professional Insurance Company.

### **SCOPE OF EXAMINATION**

This 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, Ohio Department of Insurance, New Jersey Department of Banking and Insurance, and the District of Columbia Department of Insurance, Securities, and Banking. 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.

A general review was made 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 Shareholder, Board of Directors and committees, held during the examination period, were read and noted. Attendance at meetings, proxy information, election of Directors and Officers, approval of investment transactions, and authorizations of salaries 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 ("PwC"), the Company's external auditors, during their audit of the Company's accounts for the years ended December 31, 2017 and 2018. 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 originally organized and incorporated on May 30, 1856, under the laws of the Commonwealth of Massachusetts, as a mutual company titled "Abington Mutual Insurance Company". Thereafter, on January 1, 1996, ProMutual Group, Inc. purchased the



former Abington Mutual Insurance Company as a clean shell and changed the name to ProSelect Insurance Company. The Company primarily issued homeowners and auto policies in the New England area prior to entering into receivership and its subsequent sale to ProMutual Group, Inc. Effective September 22, 2016 the Company redomesticated from Massachusetts to Nebraska.

December 31, 2017, the Company merged with MHA Insurance Company and Washington Casualty Company, with the Company being the surviving entity.

The Company writes professional liability and ancillary general liability coverages for physicians, dentists, hospitals and healthcare entities on both an occurrence and claims made basis. The Company also provides workers' compensation insurance, primarily to hospitals. The Company cedes 100% of all business written after third party reinsurers to Medical Professional Mutual Insurance Company (MPMIC).

## **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 2018 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
  - Coverys RRG, Inc.
    - ProMutual Group, Inc.
      - Preferred Professional Insurance Company
        - Physicians Consultants, Inc.
          - Preferred Professional RRG
            - ProSelect Insurance Company
              - Coverys Specialty Insurance Company
                - ProMutual Solutions Insurance Company
                  - Capital Risk Solutions, A Segregated Portfolio Company

ProMutual Insurance Agency, Inc.  
Coverys Insurance Services, Inc.  
Coverys Capital Limited  
Coverys Capital No. 2 Limited  
Coverys Capital No. 3 Limited  
Coverys UK Holding Co. Limited  
    Coverys Managing Agency Limited  
        Coverys 1975 Underwriting Limited  
        Coverys MA Services Limited  
        CMAL LLC  
        DTW 1991 Underwriting Limited  
Global Insurance Management Company, Inc.  
    Healthcare Underwriters Group, Inc.  
Med-IQ, Inc.  
Coverys Community Healthcare Foundations, Inc.  
Coverys Research and Development Corporation  
Archway Health Holdings, LLC (44% interest)  
Strategic Risk Solutions, Inc. (25% interest)  
Pack Health, LLC (13.793% interest)

### **Shareholder**

Article I, Section 2 of the Company's By-Laws provides that, "the annual meeting of the Stockholders entitled to vote shall be held on the first Wednesday of June ... or if not held on such date, the annual meeting shall be held on a date to be determined by the Board of Directors on or before the 30<sup>th</sup> day of June in each and every calendar year..."

Article II, Section 2 of the Company's By-Laws states, "at each annual meeting, the Stockholders shall fix the number of Directors to be elected, and shall elect the Directors."

Article II of the Company's Articles of Incorporation states that, "the number of shares the corporation is authorized to issue is 100,000,000, all of which are of a par value of thirty (\$30) dollars each and are of the same class and are common shares." ProMutual Group, Inc. owns all of the shares of the Company.

In June of 2018, the Company paid an extraordinary dividend of \$125,086,347 and an extraordinary distribution of \$64,913,653 to the ProMutual Group. In 2017, the Company paid an extraordinary dividend of \$125,000,000.

### **Board of Directors**

Article II, Section 2 of the Company’s By-Laws provides that, “the Corporation shall have a Board of Directors consisting of such number ... as may be fixed from time to time by the Stockholders as the annual meeting...” Section 7 states that, “regular meetings of the Board of Directors may be held without call or notice at such places and at such times as may be fixed by the Board of Directors from time to time ... and provided further that the Board of Directors shall hold a minimum of one meeting per year.”

The following persons were serving as Directors at December 31, 2018:

| <b><u>Name and Residence</u></b>                  | <b><u>Principal Occupation</u></b>   |
|---|--|
| Gregg L. Hanson<br>North Attleboro, Massachusetts | President and Chief Executive Officer, Medical Professional Mutual Insurance Company |
| Lynnette M. Matza<br>Omaha, Nebraska              | President and Chief Executive Officer, Preferred Professional Insurance Company      |
| Todd C. Mills<br>Westford, Massachusetts          | Chief Financial Officer and Treasurer, Medical Professional Insurance Company        |
| Joseph G. Murphy<br>Charlestown, Massachusetts    | Chief Operating Officer, Medical Professional Mutual Insurance Company               |
| Mary L. Ursul<br>Grand Rapids, Michigan           | Executive Vice President, Medical Professional Mutual Insurance Company              |

### **Officers**

Article III, Section 1 of the Company’s By-Laws states that, “the Officers of the Corporation shall be the President, the Treasurer, the Secretary and such other Officers as the Board of Directors may determine...”

The following is a listing of Officers elected and serving the Company at December 31, 2018:

| <u>Name</u>       | <u>Office</u>  |
|-------------------|--|
| Gregg L. Hanson   | President, Chief Executive Officer and Chairman          |
| Todd C. Mills     | Chief Financial Officer and Treasurer                    |
| Joseph G. Murphy  | Chief Operating Officer and Secretary                    |
| Lynnette M. Matza | Assistant Treasurer                                      |
| Erin B. Bagley    | Vice President, General Counsel, and Assistant Secretary |
| Jose R. Zorola    | Chief Underwriting Officer                               |
| Mary L. Ursul     | Executive Vice President                                 |

## **TRANSACTIONS WITH AFFILIATES**

### **Administration and Management Services Agreements**

Effective January 1, 2017, the Company entered in to administration and management services agreement with MPMIC. Under the agreement, the Company provides certain of the following services: underwriting, policy issuance, billing and premium collection, claims handling, policy administrations, actuarial, risk management, investment advisory, cyber security regulation, and other general administrative services relating to the business of MPMIC. MPMIC pays the Company on a cost basis.

Effective January 1, 2017 the Company entered into an administration and management services agreement with Preferred Professional Insurance Company (PPIC). Under the agreement, the affiliates agree to provide each other with the following services in connection with their operations: general administration services relating to network security, cybersecurity regulation, data warehousing, investment advisory, accounting, claims, human resources, preparation and rendering of reports to any regulatory agency, communications, marketing, and business referrals. The companies will reimburse each other on a cost basis.

Effective January 1, 2018 the Company entered in to amended administration and management services agreements with Global Insurance Management Company, Inc. (GIMC, Inc.) and Healthcare Underwriters Group, Inc. (HU). Under the agreement, the Company provides certain services to HU which include: corporate administration, including human resources, payroll and employee benefits.

### **Tax Sharing Agreement**

MPMIC, the ultimate controlling entity, and its affiliates ProSelect National Insurance Company, Inc., ProMutual Group, Inc., ProMutual Insurance Agency, Inc., and the Company entered into an amended Federal Income Tax Allocation Agreement, effective September 1, 2009, under which federal income tax returns are filed on a consolidated basis, to include the entities FinCor Holdings, Inc., FinCor Solutions, Inc., The Risk Management and Patient Safety Institute, MHA Insurance Company, and Washington Casualty Company, and to reflect a new methodology in the allocation by Company. The Agreement was amended effective June 30, 2013, to reflect the name change of FinCor Solutions, Inc. to Coverys Insurance Services, Inc., 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.

### **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 principally writes medical professional liability insurance. The Company distributes its products primarily through the independent agency system, which is the Company's sole distribution system in most states.

## **REINSURANCE**

### **Ceded**

The Company has a quota share reinsurance agreement with MPMIC. Under the agreement, MPMIC assumes 100% of the Company's net liabilities under all insurance business written. In return, the Company pays MPMIC 100% of the premiums received on all direct business written by the Company after deducting return premiums payable, reinsurance, and 100% of the net underwriting and claims expense. The terms of the agreement are automatically extended for additional one-year terms. The agreement may be terminated at any time by the mutual written consent of the parties or, by either party upon 60 days' prior written notice. This agreement became effective January 1, 2009.

Effective January 1, 2018 the Company participates in an excess of loss reinsurance treaty for professional and general liability which is brokered by BMS. The Company's attachment level is \$1,000,000 in the certain states and \$2,000,000 in all remaining states. The treaty provides \$25,000,000 of coverage as follows:

Auxiliary Layer - \$1,000,000 xs \$1,000,000  
First Layer - \$3,000,000 xs \$2,000,000  
Second Layer - \$11,000,000 xs \$5,000,000  
Third Layer - \$10,000,000 xs \$16,000,000

BMS also places Awards Made and Common Loss coverage on behalf of the Company. Common Loss coverage provides \$20,000,000 xs \$20,000,000. This coverage provides protection for multiple claims determined to occur from a common event or series of events. The Awards Made policy provides coverage for awards in excess of original policy limits and/or relating to extra contractual obligations on its policies. The coverage is \$17,000,000 xs \$3,000,000

## **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>2014</u></b> | <b><u>2015</u></b> | <b><u>2016</u></b> | <b><u>2017</u></b> | <b><u>2018</u></b> |
|-------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Bonds                               | \$26,245,121       | \$26,942,594       | \$27,859,302       | \$462,938,082      | \$53,877,737       |
| Cash and short-term investments     | 8,057,766          | 14,260,681         | 6,448,583          | \$18,661,382       | 22,943,873         |
| Uncollected premiums                |                    | 9,709,499          | 4,358,980          | 9,880,245          | 29,850,265         |
| Deferred premiums                   | 31,905,111         | 11,868,928         | 7,991,523          | 28,425,238         | 8,314,133          |
| Amounts recoverable from reinsurers | 16,784,727         | 15,328,380         | 30,546,669         | (172,254,936)      | 29,572,883         |
| Admitted assets                     | 95,484,266         | 82,605,235         | 83,084,522         | 374,661,909        | 180,431,698        |
| Ceded reinsurance premium payable   | 48,259,337         | 34,134,329         | 41,813,369         | 80,582,871         | 64,395,119         |
| Total liabilities                   | 69,901,257         | 58,121,676         | 58,608,063         | 128,810,510        | 110,127,234        |
| Premiums earned                     |                    |                    |                    | 64,259,489         |                    |
| Losses incurred                     |                    |                    |                    | 32,082,446         |                    |
| Investment income                   | 611,009            | 590,637            | 692,359            | 17,259,710         | 5,232,350          |
| Net income                          | 447,646            | 458,812            | 552,892            | 17,380,031         | 9,389,647          |

The increase in amounts in 2017 is due to MHA Insurance Company and Washington Casualty Company merging into the Company.

### **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, 2018. 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, 2018**

| <b><u>Assets</u></b>   | <b><u>Assets</u></b> | <b><u>Assets Not<br/>Admitted</u></b> | <b><u>Net<br/>Admitted<br/>Assets</u></b> |
|--|----------------------|---------------------------------------|---|
| Bonds  | \$53,877,737         |                                       | \$53,877,737                              |
| Cash and cash equivalents  | 22,943,873           |                                       | 22,943,873                                |
| Other invested assets  | 91,400               |                                       | 91,400                                    |
| Securities lending reinvested collateral   | <u>431,670</u>       |                                       | <u>431,670</u>                            |
| Subtotal, cash and invested assets   | \$77,344,680         |                                       | \$77,344,680                              |
| Investment income due and accrued  | 401,827              |                                       | 401,827                                   |
| Uncollected premiums and agents' balances<br>in the course of collection                       | 31,714,270           | \$1,864,005                           | 29,850,265                                |
| Deferred premiums, agents' balances and<br>Installments booked but deferred and not<br>yet due | 8,314,133            |                                       | 8,314,133                                 |
| Amounts recoverable from reinsurers  | 29,572,883           |                                       | 29,572,883                                |
| Federal income tax recoverable   | 2,861,573            |                                       | 2,861,573                                 |
| Net deferred tax asset   | 5,322,230            | 958,996                               | 4,363,234                                 |
| Electronic data processing equipment   | 9,341                | 8,634                                 | 707                                       |
| Furniture and equipment  | 2,283,731            | 2,283,731                             |   |
| Receivable from parent, subsidiaries and<br>affiliates   | 22,467,738           | 266,738                               | 22,201,000                                |
| Amounts receivable - deductibles   | 2,344,258            | 197,437                               | 2,146,821                                 |
| Amounts receivable - assessments   | 1,027,210            |                                       | 1,027,210                                 |
| Executive trust  | 1,676,703            |                                       | 1,676,703                                 |
| Prepaid insurance  | 354,179              | 354,179                               |   |
| Miscellaneous receivable   | <u>670,661</u>       |                                       | <u>670,661</u>                            |
| Totals   | <u>\$186,365,418</u> | <u>\$5,933,720</u>                    | <u>\$180,431,698</u>                      |



## **Liabilities, Surplus, and Other Funds**

|   |                      |
|---|----------------------|
| Reinsurance payable on paid losses                            | \$ 298,910           |
| Commissions payable   | 9,148,332            |
| Other expenses  | 14,509,600           |
| Taxes, licenses and fees                                      | 388,709              |
| Advance premium   | 3,631,365            |
| Dividends declared and unpaid                                 | 282,584              |
| Ceded reinsurance premium payable                             | 64,395,119           |
| Amounts withheld or retained by company for account of others | 4,806,706            |
| Payable to parent, subsidiaries and affiliates                | 3,338,503            |
| Payable for securities lending                                | 431,697              |
| Unrecognized loss on pension                                  | 4,121,154            |
| Unapplied cash  | 2,514,828            |
| Miscellaneous liabilities                                     | 594,758              |
| Retrospective premium payable                                 | 1,491,060            |
| Deferred compensation plan                                    | 67,890               |
| Loss portfolio transfer                                       | <u>106,019</u>       |
| Total liabilities   | <u>\$110,127,234</u> |
| Common capital stock  | \$ 3,000,000         |
| Gross paid in and contributed surplus                         | 52,851,399           |
| Unassigned funds  | <u>14,453,066</u>    |
| Total capital and surplus                                     | <u>\$ 70,304,465</u> |
| Totals  | <u>\$180,431,698</u> |

**STATEMENT OF INCOME – 2018**

**Investment Income**

|                              |                    |
|------------------------------|--------------------|
| Net investment income earned | \$5,232,350        |
| Net realized capital loss    | <u>1,765,362</u>   |
| Net investment gain          | <u>\$6,997,712</u> |

**Other Income**

|   |                    |
|---|--------------------|
| Miscellaneous income  | \$ 221,826         |
| Net income before dividends to policyholders and federal income tax | \$7,219,538        |
| Dividends to policyholders  | 596,493            |
| Federal income tax  | <u>(2,766,603)</u> |
| Net income  | <u>\$9,389,647</u> |

**CAPITAL AND SURPLUS ACCOUNT**

|   | <u>2014</u>         | <u>2015</u>          | <u>2016</u>         | <u>2017</u>            | <u>2018</u>            |
|---|---------------------|----------------------|---------------------|------------------------|------------------------|
| Capital and surplus, beginning                | <u>\$24,668,060</u> | <u>\$25,583,009</u>  | <u>\$24,483,559</u> | <u>\$359,238,427*</u>  | <u>\$245,851,399</u>   |
| Net Income                                    | <u>\$ 447,646</u>   | <u>\$ 458,812</u>    | <u>\$ 552,892</u>   | <u>\$ 17,380,031</u>   | <u>\$ 9,389,647</u>    |
| Change in unrealized capital gain or (losses) | (422)               | (677)                | 325                 | (362,713)              | (21)                   |
| Change in net deferred income tax             | (84,114)            | 659,299              | 310,857             | (8,852,074)            | (3,958,246)            |
| Change in nonadmitted assets                  | 551,839             | (2,225,544)          | (718,674)           | 3,300,738              | 8,514,197              |
| Change in provision for reinsurance           |                     | 8,660                | (152,500)           | 390,621                |                        |
| Paid in capital changes                       |                     | 500,000              |                     |                        |                        |
| Paid in surplus adjustments                   |                     | (500,000)            |                     |                        | (64,913,653)           |
| Dividends to Stockholders                     |                     |                      |                     | (125,000,000)          | (125,086,347)          |
| Change in pension                             |                     |                      |                     | (440,449)              |                        |
| Cost-basis adjustment on mutual fund          |                     |                      |                     | <u>196,818</u>         | <u>507,490</u>         |
| Net change for the year                       | <u>\$ 914,949</u>   | <u>\$(1,099,450)</u> | <u>\$ (7,100)</u>   | <u>\$(113,387,028)</u> | <u>\$(175,546,934)</u> |
| Capital and surplus, ending                   | <u>\$25,583,009</u> | <u>\$24,483,559</u>  | <u>\$24,476,459</u> | <u>\$ 245,851,399</u>  | <u>\$ 70,304,465</u>   |

\* Change in beginning capital and surplus is due to merger of affiliates in 2017

## **EXAMINATION CHANGES IN FINANCIAL STATEMENTS**

Unassigned funds (surplus) in the amount of \$14,453,066 as reported in the Company's 2018 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**

### **Custodial Agreement Compliance**

The Company's custodial agreement with Northern Trust, in effect during the exam period, referenced Massachusetts as the state of incorporation. It also did not include a provision for 3.02(o) Nebraska Administrative Rules and Regulations Title 210, Chapter 81 (210 NAC Ch. 81 s 003). The agreement was subsequently amended to include the necessary language and reference Nebraska as the state of incorporation.

## **SUMMARY OF COMMENTS AND RECOMMENDATIONS**

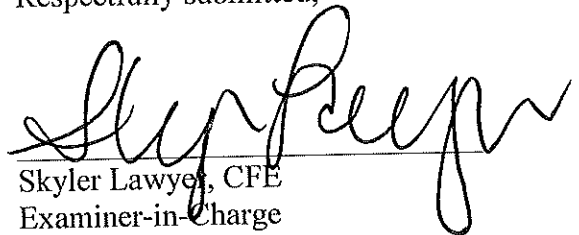
There are no comments or recommendations that have been made as a result of this examination.

## ACKNOWLEDGMENT

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

In addition to the undersigned, Gordon Hay, FCAS, MAAA, CPCU with the Nebraska Department of Insurance and Financial Examiners, Information Systems Specialists, and Actuarial Examiners with or contracted by the Massachusetts Division of Insurance, Ohio Department 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,



Skyler Lawyer, CFE  
Examiner-in-Charge  
Department of Insurance  
State of Nebraska

State of Nebraska,

County of Lancaster,

Skyler Lawyer, 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 ProSelect 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 ProSelect Insurance Company was performed in a manner consistent with the standards and procedures required by the Department of Insurance of the State of Nebraska.

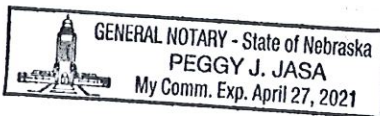
The affiant says nothing further.

*Skyler Lawyer*  
Examiner-in-Charge's Signature

Subscribed and sworn before me by Skyler Lawyer on this 12 day of May, 2020.

(SEAL)

*Peggy J. Jasa*  
Notary Public



My commission expires 4-27-2021 [date].