

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

**PROSELECT 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

**PROSELECT 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**

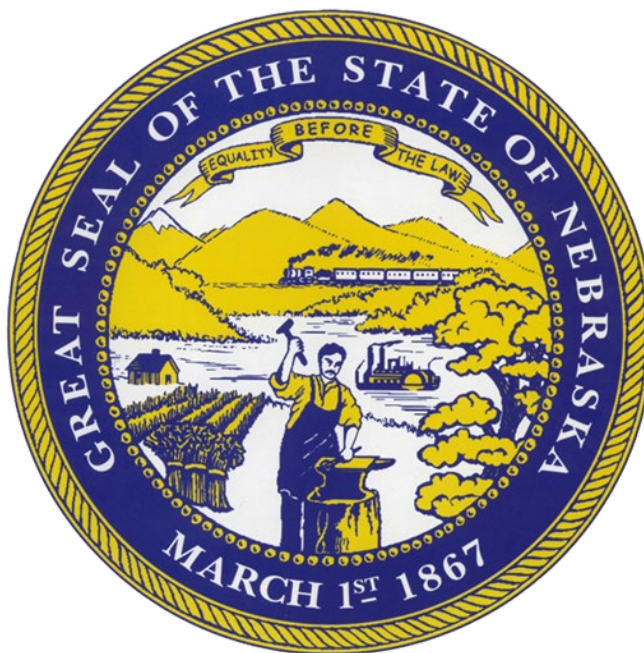
**EXAMINATION REPORT**

**OF**

**PROSELECT INSURANCE COMPANY**

**as of**

**December 31, 2023**



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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:

**PROSELECT 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, Preferred Professional Insurance Company ("PPIC"), 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 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 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 its 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.

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

Effective January 1, 2020, the Company merged with affiliate Coverys Research and Development, with the Company being the surviving entity.

Effective November 1, 2022, the Company merged with affiliate Healthcare Underwriters Group, Inc., 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 provided workers' compensation insurance, primarily to hospitals. The worker's compensation insurance is currently in runoff. The Company cedes 100% of all business written after third party reinsurers to 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 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.

### **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 at such time and place as is determined by the Board of Directors and stated in the notice (pursuant to Article I, Section 4), 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, on any day that

is not a Saturday, Sunday or legal holiday, and if a Saturday, Sunday or legal holiday, then on the next succeeding day that is not a Saturday, Sunday or legal holiday, at such location as is determined by the Board of Directors and stated in the notice.

Article II, Section 2 of the Company's By-Laws provides that, "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 provides that, "the number of shares the corporation is authorized to issue is 1,000,000, all of which are of a par value of thirty (\$30) dollars each and are of the same class and are common shares." All shares are owned by ProMutual Group, Inc.

### **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 (but not less than the minimum number required by the Business Corporation Act of the State of Nebraska and the Insurance Code of the State of Nebraska) as may be fixed from time to time by the Stockholders at the annual meeting or a special meeting called for that purpose, or by the Board of Directors." Article II, Section 7 of the Company's By-Laws further 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, 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 ProSelect Insurance Company, Inc.
Azalia Khouznoutdinova	Assistant Controller

Omaha, Nebraska	ProSelect Insurance Company, Inc.
Todd C. Mills Westford, Massachusetts	Chief Financial Officer & Treasurer ProSelect Insurance Company, Inc.
Joseph G. Murphy Charlestown, Massachusetts	Chief Executive Officer & President ProSelect 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 ProSelect Insurance Company, Inc.

### **Officers**

Article III, Section 1 of the Company’s By-Laws provides 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, including, but not limited to, a Chairman of the Board of Directors, a Vice-Chairman, a Chief Executive Officer, who may be the President, a Chief Financial Officer, who may be the Treasurer, a Chief Operating Officer, one or more Vice-Presidents, one or more Assistant Treasurers, one or more Assistant Secretaries, and a Secretary.”

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**

### **Administration and Management Services Agreement –CRRG**

Effective January 1, 2017, the Company and CRRG entered into an administrative and management service agreement whereby the Company shall provide the following services on behalf of CRRG: 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 allocation was \$12,115,276.

### **Administration and Management Services Agreement – MPMIC**

Effective January 1, 2017, MPMIC and the Company entered into an administration and management service agreement whereby the Company shall provide the following services on behalf of MPMIC: 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 allocation was \$1,665,564.

### **Administration and Management Services Agreement – CSIC**

Effective January 1, 2017, the Company and CSIC entered into an administrative and management services agreement whereby the Company shall provide the following services on behalf of CSIC: 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 \$51,648,516.

### **Administration and Management Services Agreement – ProMutual Solutions Insurance**

#### **Company (PMSIC)**

Effective January 1, 2017, the Company and PMSIC entered into an administrative and management service agreement whereby the Company shall provide the following services on behalf of PMSIC: underwriting, policy issuance, billing and premium collection, claims handling, policy administration, actuarial, risk management, cyber security regulation, investment advisory and general administrative services.

**Administration and Management Services Agreement – PPIC**

On January 1, 2020, the Company and PPIC entered into an administrative and management services agreement whereby the Company shall provide the following services on behalf of PPIC: 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.

**Administration and Management Services Agreement – Med-IQ, Inc.**

Effective January 1, 2019, the Company and Med-IQ, Inc. entered into an administrative and management services agreement whereby the Company shall provide the following general administrative services on behalf of Med-IQ, Inc.: network security, cybersecurity regulation, data warehousing, investment advisory, accounting, human resources, preparation and rendering of reports to any regulatory agency, communications, marketing, business referrals, development and delivery of medical education content, and customer service.

**Services Agreement – Archway Health Holdings, LLC (Archway Services)**

Effective October 1, 2021, the Company and Archway Services entered into a services agreement whereby the Company agrees to provide services to Archway Services including the provision of necessary office accommodations, internet connectivity, virtual network, and

network management services. Archway Services agrees to provide the Company with data analytic advisory services.

**Delegated Claims Agreement – Coverys Managing Agency Limited (CMAL)**

Effective January 1, 2020, the Company and CMAL entered into a delegated claims agreement whereby the Company agrees to perform specified claims management and administration services on behalf of CMAL, in respect of claims under insurance policies in accordance with all applicable laws and regulations and accepted claims practices, and with all due care and skill reasonably expected of an experienced claims manager and administrator.

**Treaty Reinsurance Premium Allocation Agreement**

Effective January 1, 2019, the Company, PPIC, CSIC, MPMIC and CRRG 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.

**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 Group, Inc., PPIC, Physicians Consultants, Inc., CSIC, PMSIC,

Coverys Insurance Services, Inc., Med-IQ, Inc., Coverys Community Healthcare Foundation, 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 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**

Effective December 1, 2023, through December 1, 2024, the Company entered into an agreement with, and assumed business from, Illinois Provider Trust under a treaty excess of loss agreement. Under the agreement, multiple reinsurers subscribe to share in the interests and liabilities set forth in the agreement. The Company shares in 10% of the interests and liabilities of the reinsurers. The Company is responsible for 10% of the reinsured. The covered business included hospital professional liability, general liability, non-owned aircraft liability, automobile liability (including emergency vehicles), heliport/helipad liability, and employers liability. Under this agreement, the Company was liable for its share of the ultimate net loss in excess of \$2 million per claim per insured, subject to a limit of \$8 million per claim per insured. For policies providing companion excess coverages, the Company was liable for its share of losses up to \$9 million per claim. The Company also paid its proportionate share of loss adjustment expenses. Illinois Provider Trust retains an additional \$1 million of aggregate excess loss for losses that occurred during the agreement term.

Effective July 1, 2023, through July 1, 2024, the Company entered into an agreement with, and assumed business from, Public Risk Innovation, Solutions and Management under a



facultative pro rata agreement covering healthcare professional liability and limited general liability. The agreement was retroactive to July 1, 2022. The Company's per-claim limit for excess professional liability and umbrella general liability coverage is \$4.5 million per event per participating member. Annual aggregate limits for medical professional services and general liability are also \$4.5 million per participating member. The aggregate limit of reinsurance for all covered parties and coverages combined is \$9 million per annual period. Attachment points include \$7 million per event for both professional liability and general liability, with annual program aggregate attachment points of \$14 million.

Effective January 1, 2023, through January 1, 2024, the Company entered into an agreement with, and assumed business from, Spectrum Medical Insurance Company LLC under a facultative excess of loss agreement for excess medical professional liability. The agreement is retroactive to January 1, 2015. Coverage includes professional and general liability per claim and aggregate limits of \$3 million with attachment points for insured physicians of \$3 million per claim and \$5 million aggregate, \$3 million per claim and \$8 million aggregate, for non-patient incidents, \$2 million per claim and \$3 million aggregate for both physicians and partnerships. The Company also participated in mandatory pooling agreements totaling approximately \$459 thousand. Additionally, premium totaling approximately \$661 thousand was assumed from non-U. S. insurers. No non-U.S. reinsurance agreements were material on a stand-alone basis.

### **Ceded**

Effective January 1, 2021, the Company entered into an Intercompany Reinsurance Agreement with MPMIC as the Group Leader, and affiliates CSIC and PPIC. PPIC, CSIC, and the Company, 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 \$247.2 million, materially all premiums, under this agreement.

Total unaffiliated premiums ceded in 2023 were \$1.2 million. No unaffiliated reinsurer individually assumed material premiums from the Company.

### **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	\$ 20,252,176	\$ 20,772,565	\$29,339,271	\$30,864,802	\$16,333,138
Admitted assets	160,307,060	168,528,855	99,316,547	88,966,201	48,604,739
Total liabilities	120,252,672	138,518,374	46,047,134	31,048,702	32,797,101
Capital and surplus	40,054,388	30,010,481	53,269,413	57,917,499	15,807,637
Net investment gain	2,317,420	735,302	641,330	901,831	(228,972)
Net incomes	(7,237,151)	298,182	(516,517)	325,166	(1,584,938)

## **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**

<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	\$16,333,138		\$16,333,138
Cash, cash equivalents and short-term investments	7,072,048		7,072,048
Other invested assets (Schedule BA)	<u>91,400</u>		<u>91,400</u>
Subtotal, cash and invested assets	\$23,496,856		\$23,496,856
Investment income due and accrued	132,566		132,566
Amounts recoverable from reinsurers	1,065,393		1,065,393
Net deferred tax asset	7,011,399	\$ 2,996,009	4,015,390
Guaranty funds receivable or on deposit	7,619		7,619
Electronic data processing equipment	16,756,673	16,283,915	472,758
Furniture and equipment	239,784	239,784	
Receivable from parent, subsidiaries, and affiliates	17,841,105		17,841,105
Miscellaneous receivable	<u>1,573,320</u>	<u>                    </u>	<u>1,573,320</u>
Totals	<u>\$68,124,447</u>	<u>\$19,519,708</u>	<u>\$48,604,739</u>

**Liabilities, Surplus, and Other Funds**

Other expenses	\$25,146,314
Taxes, licenses and fees	387,265
Current federal and foreign income taxes	1,731,603
Ceded reinsurance premiums payable	797,269
Amounts withheld or retained by the company for account of others	3,349,901
Aggregate write-ins for liabilities	<u>1,384,749</u>
 Total liabilities	 \$32,797,101
 Common capital stock	 \$ 3,000,000
Gross paid in and contributed surplus	49,600,661
Unassigned funds	<u>(36,793,024)</u>
 Total capital and surplus	 <u>\$15,807,637</u>
 Totals	 <u>\$48,604,739</u>

**STATEMENT OF INCOME – 2023****Investment Income**

Net investment income earned	\$ 1,053,124
Net realized capital gain	<u>(1,282,096)</u>
 Net investment gain	 \$ (228,972)
 Net income before federal income taxes	 \$ (228,973)
Federal income taxes incurred	<u>1,355,965</u>
 Net income	 <u>\$(1,584,938)</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>\$ 75,257,458</u>	<u>\$ 40,054,388</u>	<u>\$44,946,929</u>	<u>\$53,269,412</u>	<u>\$57,917,499</u>
Net income	\$ (7,237,151)	\$ 298,182	\$ (516,517)	\$ 325,166	\$ (1,584,938)
Change in net unrealized capital gains	21				
Change in net deferred income tax	1,063,819	1,210,465	(725,916)	(230,466)	1,407,521
Change in non-admitted assets	7,701,033	(3,624,098)	7,832,391	4,497,567	(3,932,445)
Change in provision for reinsurance	(127,864)	127,864	(55,820)	55,820	
Surplus paid in	(21,546,933)	(8,960,123)			(38,000,000)
Dividends to Stockholders	(14,453,066)	(1,039,879)			
Change in pension obligation	<u>(602,929)</u>	<u>1,943,682</u>	<u>1,788,344</u>	<u>                    </u>	<u>                    </u>
Net change for the year	<u>\$ (35,203,070)</u>	<u>\$ (10,043,907)</u>	<u>\$ 8,322,483</u>	<u>\$ 4,648,086</u>	<u>\$ (42,109,861)</u>
Capital and surplus, ending	<u>\$ 40,054,388</u>	<u>\$ 30,010,481</u>	<u>\$53,269,412</u>	<u>\$57,917,499</u>	<u>\$ 15,807,637</u>

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

Unassigned funds (surplus) in the amount of (\$36,793,024) 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:

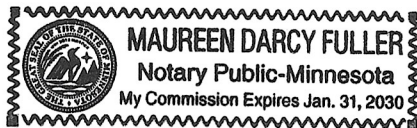
1. I have authority to represent the Department of Insurance of the State of Nebraska in the examination of ProSelect Insurance Company.
2. The Department of Insurance of the State of Nebraska is accredited under the National Association of Insurance Commissioners Financial Regulation Standards and Accreditation.
3. I have reviewed the examination work papers and examination report, and the examination of the ProSelected 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 30, 2030 [date].