

STATE OF NEBRASKA  
DEPARTMENT OF INSURANCE

APR 01 2022

FILED

# CERTIFICATION

April 1, 2022

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

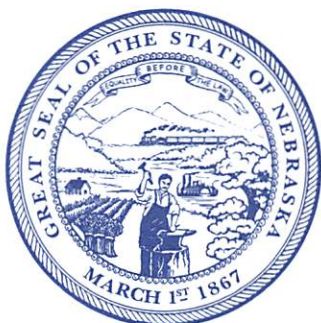
**QPIC INSURANCE COMPANY**

**AS OF**

**JANUARY 31, 2022**

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

**QPIC INSURANCE COMPANY**

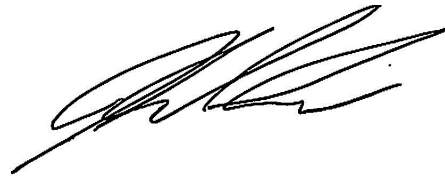
**6100 4<sup>TH</sup> AVE S**

**SEATTLE, WASHINGTON 98108**

dated as of January 31, 2022 verified under oath by the examiner-in-charge on March 31, 2022, and received by the company on March 31, 2022, has been adopted without modification as the final report pursuant to Neb. Rev. Stat. § 44-5906(3) (a).

Dated this 1<sup>st</sup> day of April, 2022.

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

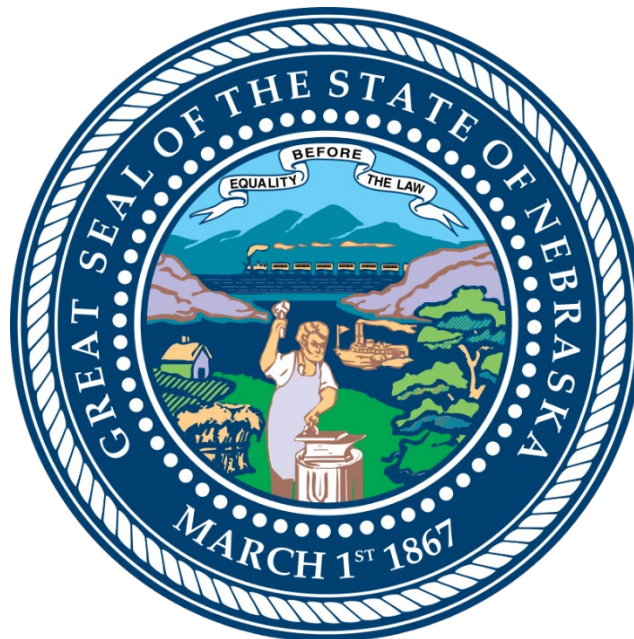
**QUALIFYING EXAMINATION**

**OF**

**QPIC INSURANCE COMPANY**

**AS OF**

**January 31, 2022**



Lincoln, Nebraska  
March 29, 2022

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

Sir:

Pursuant to your instructions and statutory requirements, a qualifying examination has been made of the

**QPIC INSURANCE COMPANY**

which has its Registered Office located at

1650 Farnam Street  
Omaha, Nebraska 68102-2103

with its Principal Executive Offices located at

6100 4<sup>th</sup> Ave S  
Seattle, Washington 98108

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

**SCOPE OF EXAMINATION**

The Company has made an application for a Certificate of Authority to transact the business of insurance as provided under Nebraska Revised Statute §44-201(5) (Property and Casualty Lines of Insurance) and (18) (Marine). In order to determine whether such authority should be granted, this examination has been conducted to ascertain if the Company has met the capital, surplus, and organizational requirements set forth by Nebraska Law.

## **HISTORY**

The Articles of Incorporation of the Company were filed with the Secretary of State of the State of Nebraska on November 12, 2021 and approved by the Nebraska Department of Insurance on February 23, 2022.

The Articles of Incorporation were executed by the following Incorporators:

<b><u>Name</u></b>	<b><u>Address</u></b>
Denise Bean	Seattle, Washington
Louis Chames	Seattle, Washington
Gavin Friedman	Seattle, Washington
Tricia Plouf	Seattle, Washington
Jessica Walder	Seattle, Washington

## **CAPITAL STOCK**

Article II of the Company’s Articles of Incorporation states, “the maximum number of shares that the Corporation shall have the authority to issue is 3,000, all of which shall be common shares with a par value of \$1,100.00 per share.” At the date of this qualifying examination, the Company’s total issued and outstanding common stock consisted of 3,000 shares that had been subscribed to and purchased by Trupanion, Inc., a Washington Corporation, for a total purchase price of \$3,300,000. Trupanion, Inc. also contributed an additional \$4,450,000. The Company’s capital structure therefore consists of \$3,300,000 in common stock and \$4,450,000 in paid-in and contributed surplus.

## **MANAGEMENT**

### **Shareholders**

Article II, Section 1 of the Company’s By-Laws states that, “the annual meeting of the shareholders of the Corporation (the “Shareholders”) shall be held at such date,

time and place as shall be determined by the Board of Directors and stated in the notice of the meeting.”

**Board of Directors**

Article III, Section 2 of the By-Laws provides that, “the number of Directors of the Corporation shall be not less than five and not more than ten as determined by the Shareholders. Except as provided in Sections 3 and 4 of this Article III, each Director shall hold office until the next annual meeting of Shareholders and until his or her successor shall have been elected and qualified. At least one Director shall be a resident of the State of Nebraska. Directors need not be Shareholders of the Corporation.”

In lieu of a meeting, an action of written consent was taken by the Incorporators of the Company, dated February 16, 2022, that the following persons be elected to the Board of Directors:

<b><u>Name</u></b>	<b><u>City, State</u></b>
Gavin Friedman	Seattle, Washington
Ann Frohman	Lincoln, Nebraska
Jessica Gibbs	Seattle, Washington
Tricia Plouf	Seattle, Washington
Howard Rubin	Glen Ridge, New Jersey
Andrew Wolff	Seattle, Washington

**Officers**

Article IV, Section 1 of the Company’s By-Laws states, “the Officers of the Corporation shall be a President, a Secretary and a Treasurer, and may include one or more Vice Presidents, each of whom shall be elected by the Board of Directors. Such other Officers and Assistant Officers as may be deemed necessary may be elected or appointed by the Board of Directors. Any two or more offices may be held by the same person.” Article IV, Section 2 of the Company’s By-Laws goes on to state, “the Officers

of the Corporation to be elected annually by the Board of Directors shall be elected at the first annual meeting of the Board of Directors held after each annual meeting of the Shareholders. If the election of Officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each Officer shall hold office until his or her successor shall have been duly elected and shall have qualified or until his or her death or until he or she shall resign or shall have been removed in the manner hereinafter provided.”

On February 17, 2022 the following persons were elected as Officers of the Company:

<b><u>Name</u></b>	<b><u>Position</u></b>
Tricia Plouf	President
Gavin Friedman	Secretary
Andrew Wolff	Treasurer

### **CORPORATE RECORDS**

The Articles of Incorporation have been properly filed with the Secretary of State of the State of Nebraska. The original By-Laws and other pertinent documents pertaining to the incorporation of the Company have been filed with the Nebraska Department of Insurance. The resolution of the Incorporators and the organizational resolutions taken by the Board of Directors were reviewed and appeared to be in order.

Pursuant to Nebraska Revised Statute §44-205.01(b), the Articles state that the registered office of the Company shall be located at 1650 Farnam Street, in Omaha, Nebraska.

## FINANCIAL STATEMENT

The following statements reflect the Company's financial condition as of January 31, 2022:

### BALANCE SHEET January 31, 2022

#### Assets

Bonds	\$ 104,564
Cash and cash equivalents	7,645,385
Accrued investment income	<u>66</u>
Total assets	<u>\$7,750,015</u>

#### Liabilities, Capital and Surplus

Payable to parent	\$ 17,914
Total liabilities	<u>\$ 17,914</u>
Common stock	\$3,300,000
Paid-in surplus	4,450,000
Unassigned surplus	<u>(17,899)</u>
Total capital and surplus	<u>\$7,732,101</u>
Total liabilities, capital and surplus	<u>\$7,750,015</u>

### ASSETS

**Bonds** **\$ 104,564**

The Company purchased a U.S. Treasury Note, which has a par value of \$105,000, to serve as the statutory deposit for Nebraska. The deposit was verified by confirming the account with the receiving bank.

**Cash and cash equivalents** **\$7,645,385**

On January 19, 2022, the Company received \$7,750,000 cash from Trupanion, Inc. for the initial capitalization of the Company. After purchasing the U.S. Treasury



Note, the Company had a total of \$7,645,385 in cash. This asset was verified by confirming the accounts with the receiving bank and the investment company, and by reviewing the funds transfer documentation.

**Accrued investment income** **\$ 66**

The January 2022 bank statement detailed \$66 of accrued interest for the bond purchased as a state deposit.

**LIABILITIES, CAPITAL AND SURPLUS**

**Liabilities** **\$ 17,914**

The Company has accrued \$17,914 for payables to affiliates for total liabilities of \$17,914. Legal fees to establish the Company comprised the bulk of the liabilities in the amount of \$14,901. Other professional services purchase made up \$2,013, and the final \$1,000 was the licensing fee due to the State of Nebraska.

**Common capital stock** **\$3,300,000**

The Company's 3,000 outstanding shares were purchased by Trupanion, Inc. on February 22, 2022 for \$1,100.00 per share pursuant to the stock certificate. The stock certificate was reviewed for accuracy.

**Paid in and contributed surplus** **\$4,450,000**

Trupanion, Inc. made a cash contribution to the Company totaling \$4,450,000. The contribution was verified by reviewing the Company's bank statement for the cash account and the funds transfer documentation.

**Unassigned funds**

**\$ (17,899)**

Unassigned funds consists of transactions relating to the U.S. Treasury Note and payables to parent. As of January 31, 2022, the Company's unassigned funds totaled \$(17,899).

**GENERAL COMMENTS**

In accordance with Nebraska Revised Statute §44-208, "no domestic insurance company shall issue, cause, or allow to be issued any stock or stock subscriptions at any time upon which all expenses of distribution and sale, including promotion, commissions, and underwriting fees, exceed ten percent of the amount paid in money upon such stock or stock subscriptions."

An affidavit signed by the Secretary of the Company stating that none of the assets of the Company have been pledged or in any way impaired has been obtained. The signed affidavit also states that all of the known expenses unpaid pursuant to Nebraska Revised Statute §44-208 are estimated to be \$0, and that all of the expenses of the organization of the Company will not exceed ten (10) percent of the initial paid-in capital stock and surplus of the Company.

## CONCLUSION

Capital, surplus, and organizational filing requirements have been met by the Company as required by the Nebraska Insurance Statutes. All items reviewed appeared properly stated. It is recommended that a Certificate of Authority be granted to this Company to transact the business of insurance as provided under Nebraska Revised Statute §44-201(5) and (18).

Respectfully submitted,



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Joseph Jacobson, CFE  
Financial Examiner  
Nebraska Department of Insurance

State of Nebraska,  
County of Lancaster,

Joe Jacobson, 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 QPIC 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 QPIC 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.



\_\_\_\_\_  
Examiner-in-Charge's Signature

Subscribed and sworn before me by Joe Jacobson on this 31 day of March, 2022.

(SEAL)



\_\_\_\_\_  
Notary Public



My commission expires 8.8.23 [date].