

OCT 16 2020

FILED

CERTIFICATION

October 16, 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

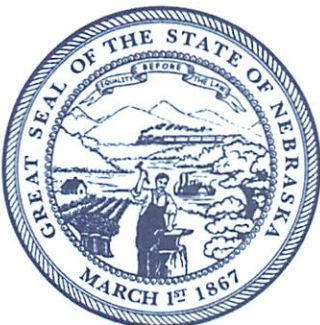
SUMMIT SPECIALTY INSURANCE COMPANY

AS OF

SEPTEMBER 30, 2020

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

SUMMIT SPECIALTY INSURANCE COMPANY

10306 REGENCY PARKWAY DRIVE

OMAHA, NEBRASKA 68114

dated as of September 30, 2020 verified under oath by the examiner-in-charge on October 15, 2020 and received by the company on October 15, 2020, has been adopted without modification as the final report pursuant to Neb. Rev. Stat. § 44-5906(3) (a).

Dated this 16th day of October 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

QUALIFYING EXAMINATION

OF

SUMMIT SPECIALTY INSURANCE COMPANY

AS OF

SEPTEMBER 30, 2020



Lincoln, Nebraska
October 15, 2020

Honorable Bruce R. Range
Director of Insurance
Nebraska Department of Insurance
1135 "M" Street, Suite 300
Lincoln, Nebraska 68508

Sir:

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

SUMMIT SPECIALTY INSURANCE COMPANY

which has its Registered Office located at

10306 Regency Parkway Drive
Omaha, Nebraska 68114

with its Principal Executive Offices located at

1601 Dodge Street, Suite 3800
Omaha, Nebraska 68102

(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)-(20) (Property and Casualty Lines of Insurance). 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 September 29, 2020, and approved by the Nebraska Department of Insurance on October 5, 2020.

The Articles of Incorporation were executed by the following Incorporators:

<u>Name</u>	<u>Address</u>
Lawrence F. Harr	Omaha, Nebraska
Andrew J. Huber	Omaha, Nebraska
Craig F. Martin	Omaha, Nebraska
Patrick G. Vipond	Omaha, Nebraska
Andrew R. Wilkinson	Omaha, Nebraska

CAPITAL STOCK

The Articles of Incorporation states, “the aggregate number of shares which this Corporation shall have authority to issue is Ten Million (10,000,000) shares of common stock of One Dollar and 00/100 (\$1.00) par value per share.” At the date of this qualifying examination, the Company’s total issued and outstanding common stock consisted of 1,000,000 shares that had been subscribed to and purchased by ReAlign Insurance Holdings, Inc., for a total purchase price of \$1,000,000. ReAlign Insurance Holdings, Inc. also contributed an additional \$24,000,000. The Company’s capital structure therefore consists of \$1,000,000 in common stock and \$24,000,000 in paid-in and contributed surplus.

MANAGEMENT

Shareholders

The By-Laws of the Company provide that, “the annual meeting of the Shareholders shall be held during the month of April of each year, for the purposes of

electing Directors and or the transaction of such business as may come before the meeting.”

Board of Directors

The By-Laws provide that, “the number of Directors of the Corporation shall be set by the Board of Directors, but shall be no less than five, at least one of whom must be a resident of Nebraska. Directors shall be elected annually, by election at the annual meeting of the Stockholders or by written consent of the holders of stock entitled to vote thereon in lieu of such meeting. If the annual election of Directors is not held on the date designated therefore, the Directors shall cause such election to be held as soon thereafter as convenient. Each Director shall hold office from the time of his or her election and qualification until his successor is elected and qualified or until his or her earlier resignations, or removal.” In addition, the By-Laws state, “a majority of the number of Directors shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, but if less than such majority is present at the meeting, a majority of the Directors present may adjourn the meeting from time to time without further notice.”

In lieu of a meeting, an action of written consent was taken by the sole Shareholder of the Company, dated September 30, 2020, that the following persons be elected to the Board of Directors:

Name

Kristina Castle
Justin Disch
Patrick Duffy
Doug Goode
Grant Lippincott
Timothy McAuliffe
Jonathan Wegner

Address

Elkhorn, Nebraska
Omaha, Nebraska
Omaha, Nebraska
Scottsdale, Arizona
Park City, Utah
Westfield, New Jersey
Omaha, Nebraska

Officers

Article IV, Section 1 of the By-Laws states, “the Officers of the Corporation shall be a Chairman of the Board, a President, one or more Vice Presidents (the number thereof to be determined by the Board of Directors), a Secretary, and a Treasurer, 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 except the offices of President and Secretary.” Article IV, Section 2 of the By-Laws states, “the Officers of the Corporation to be elected by the Board of Directors shall be elected annually by the Board of Directors at the first meeting of the Board 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 convenient. Each Officer shall hold office until his successor shall have been duly elected and shall have qualified, or until he shall resign or shall have been removed in the manner hereinafter provided.” Article IV, Section 3 of the By-Laws states, “any Officer or agent elected or appointed by the Board of Directors may be removed by the Board of Directors whenever, in its judgment, the best interests of the Corporation may be served thereby. But such removal shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment as an Officer or agent does not itself create any contract rights in the person so elected or appointed.”

In lieu of a meeting, an action of written consent was taken by the Board of Directors of the Company, dated September 30, 2020, that the following persons be elected for the positions indicated:

<u>Name</u>	<u>Position</u>
Timothy McAuliffe	President
Kristina Castle	Senior Vice President
Shannon Wyatt	Controller, Secretary and 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 consent of the Shareholder and the consent to action taken by the Board of Directors was reviewed and appeared to be in order.

The Articles state that the registered office of the Corporation is 10306 Regency Parkway Drive, in Omaha, Nebraska, pursuant to Nebraska Revised Statute §44-205.01(b) which requires that the Articles of Incorporation state the place in Nebraska where the registered office will be located.

FINANCIAL STATEMENT

The following statements reflect the Company's financial condition as of September 30, 2020:

BALANCE SHEET **September 30, 2020**

Assets

Bonds – statutory deposit	\$ 100,293
Cash and cash equivalents	<u>24,899,707</u>
Total assets	<u>\$25,000,000</u>

Liabilities, Capital and Surplus

Total liabilities	<u>\$ 0</u>
Common capital stock	\$ 1,000,000

Gross paid in and contributed surplus	<u>24,000,000</u>
Total capital and surplus	<u>\$25,000,000</u>
Total liabilities, capital and surplus	<u>\$25,000,000</u>

ASSETS

Bonds – statutory deposit **\$ 100,293**

The Company purchased a U.S. Treasury Note to serve as the statutory deposit for Nebraska. The book value of the bond was \$100,293. The deposit was verified by confirming the account with the receiving bank.

Cash and cash equivalents **\$24,899,707**

On September 30, 2020, the Company received \$25,000,000 in cash from ReAlign Insurance Holdings, LLC for the initial capitalization of the Company. After placing \$100,293 on deposit with the Nebraska Department of Insurance to satisfy statutory requirements, the remaining balance at September 30, 2020 was \$24,899,707. This asset was verified by confirming the account with the receiving bank, and by reviewing the funds transfer documentation.

LIABILITIES, CAPITAL AND SURPLUS

Liabilities **\$ 0**

The Company had no liabilities at the time of this examination.

Common capital stock **\$ 1,000,000**

The Company's 1,000,000 outstanding shares were purchased by ReAlign Insurance Holdings, Inc. on September 30, 2020 for \$1.00 per share pursuant to the stock certificate. The stock certificate was reviewed for accuracy.

Gross paid in and contributed surplus

\$24,000,000

ReAlign Insurance Holdings, LLC made a cash contribution to the Company totaling \$24,000,000. The contribution was verified by reviewing the Company's bank statement for the cash account and the funds transfer documentation.

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 President 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)-(20).

Respectfully submitted,



Kimberly A. Hurst, CFE
Financial Examiner
Nebraska Department of Insurance

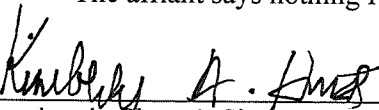
State of Nebraska,

County of Lancaster,

Kimberly A. Hurst, being duly sworn, states as follows:

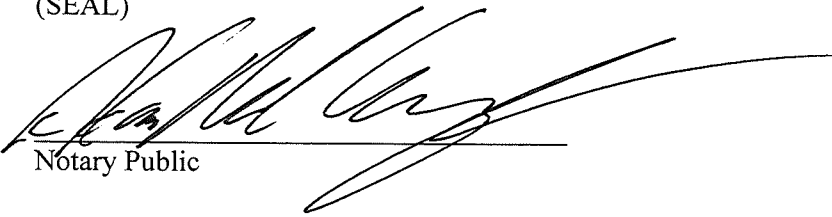
1. I have authority to represent the Department of Insurance of the State of Nebraska in the examination of Summit Specialty Insurance Company.
2. The Department of Insurance of the State of Nebraska is accredited under the National Association of Insurance Commissioners Financial Regulation Standards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

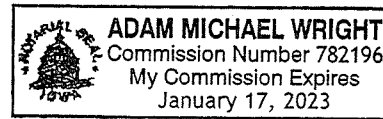
The affiant says nothing further.


Examiner-in-Charge's Signature

Subscribed and sworn before me by Kimberly A. Hurst on this 15th day of October, 2020.

(SEAL)


Notary Public



My commission expires 01-17-2023 [date].