



NC DEPARTMENT
of **INSURANCE**
MIKE CAUSEY, COMMISSIONER

COMPANY SERVICES GROUP
FINANCIAL EXAMINATION DIVISION

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I, Mike Causey, Commissioner of Insurance in and for the State of North Carolina do hereby certify that: I have caused the Report on Examination of Bright Health Company of North Carolina as of December 31, 2023 with the original on file at this Department and find the same to be a correct copy of the whole said original.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal at the City of Raleigh, this the 25th day of August, 2025.



Mike Causey
Commissioner of Insurance

Monique D. Smith, CPA, CFE, CIA
Deputy Commissioner
Financial Examination Division

Bright Health Company of North Carolina

Minneapolis, Minnesota

Report on Examination

As of December 31, 2023

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July 16, 2025

Honorable Mike Causey
Commissioner of Insurance
State of North Carolina
Raleigh, North Carolina

Sir:

Pursuant to your instructions and in accordance with Section (“§”) 58-67-100 of the General Statutes of North Carolina (“GS”), the North Carolina Department of Insurance (“Department”) conducted an examination of the records, business affairs and financial condition of

Bright Health Company of North Carolina

(hereinafter referred to as the “Company”), acknowledging that its main administrative and statutory office is located at 1601 Utica Avenue South, Suite 211, St. Louis Park, Minnesota 55416. The following report on examination is respectfully submitted.

SCOPE OF THE EXAMINATION

We performed a full-scope statutory examination of the Company. This examination covers the period from May 28, 2019, to December 31, 2023, including any material transactions and events occurring subsequent to the examination date and noted during the course of this examination. This examination serves as the Department’s first examination of the Company.

The purpose of this examination is to assess the financial condition and controls of the Company and set forth findings of fact (together with citations of pertinent laws, regulations, and rules) with regard to any material adverse findings disclosed by the examination.

We conducted our examination in accordance with auditing standards established by the Department and the National Association of Insurance Commissioners (“NAIC”) Financial Condition Examiners Handbook (“Handbook”). The Handbook requires that we plan and perform the examination to evaluate the financial condition, assess corporate governance, identify current and prospective risks of the Company, and evaluate system controls and procedures used to mitigate those risks. An examination also includes identifying and evaluating significant risks that could cause an insurer’s surplus to be materially misstated both currently and prospectively.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process and the following key functional activities were identified:

Capital and Surplus
Claims and Reserves Handling
Related Parties

This may include assessing significant estimates made by management, as well as evaluating the overall financial statement presentation, management's compliance with GS Chapter 58 and evaluating management's compliance with statutory accounting principles. This examination does not attest to the fair presentation of the financial statements included herein. If during the course of the examination an adjustment is identified, the impact of such adjustment will be documented separately from the Company's financial statements.

This examination report includes significant findings of fact and general information about the insurer and its financial condition. There may be other items identified during the examination that, due to their nature (e.g., subjective conclusions, proprietary information, etc.), are not included within the examination report but separately communicated to the Company.

The Company's Annual Statements, work papers, and the independent audit work papers were reviewed and relied upon whenever possible. A trial balance reconciliation of the Annual Statement was performed, as were a verification of ownership and valuation of assets, determination of liabilities and reserves, and an analysis and review of such accounts and records as deemed necessary by the examination team. A management representation letter attesting to the Company's ownership of assets, the nonexistence of unrecorded liabilities and contingent liabilities was received from Company management.

The books and records of the Company were audited in 2020, 2021 and 2022 by independent certified public accountants in accordance with GS § 58-10-185(a). Deloitte & Touche LLP of Minneapolis, Minnesota, the designated independent public accountant of the Company at the time, issued an unmodified opinion for the years ended December 31, 2020, 2021 and 2022. The Company requested and was granted an exemption by the Department to waive an audit of the financials for the years ended December 31, 2019, and 2023.

REPORT ACRONYMS

Affordable Care Act	“ACA”
Board of Directors	“Board”
Bright Health Company of North Carolina	“Company”
Bright Health Management, Inc.	“BHM”
Financial Condition Examiners Handbook	“Handbook”
General Statutes of North Carolina	“GS”
Health Maintenance Organization	“HMO”
Information Technology General Controls	“ITGCs”
Management Service Agreement	“MSA”
NAIC Health Annual Statement Instructions	“AS Instructions”
National Association of Insurance Commissioners	“NAIC”
NeueHealth, Inc.	“NH”
North Carolina Administrative Code	“NCAC”
North Carolina Department of Insurance	“Department”
Statement of Statutory Accounting Principles	“SSAP”
The Loomis Company	“Loomis”
Third-Party Administrator	“TPA”

SUMMARY OF SIGNIFICANT FINDINGS

ANALYSIS OF EXAMINATION ADJUSTMENTS

	December 31, 2023			
	Assets	Liabilities	Capital & Surplus	Net Loss
As originally reported to the Department	\$16,213,706	\$7,149,743	\$9,063,963	(\$26,534,157)
a. Receivables from parent, subsidiaries, and affiliates	(1,685,084)	-	-	-
b. Prepaid taxes	(270,288)	-	-	-
c. General expenses due and accrued	-	(353,670)	-	-
d. Amounts due to parent, subsidiaries and affiliates	-	5,294,933	-	-
e. Unclaimed property/escheats payable	-	83,382	-	-
f. Unassigned funds	-	-	(6,980,017)	-
g. Claims adjustment expense	-	-	-	2,796,857
h. General administrative expenses	-	-	-	(1,437,806)
As adjusted	\$14,258,334	\$12,174,388	\$2,083,946	(\$27,893,208)

- a. To non-admit amounts receivable which are past due. (Refer to Comments, Recommendations, and Directives Note a.)
- b. To correct a recording error. (Refer to Comments, Recommendations, and Directives Note b.)
- c. To reclassify broker commissions payable from general expenses due and accrued to unclaimed property/escheats payable. (Refer to Comments, Recommendations, and Directives Notes b and c.)
- d. To report amounts payable to parent, subsidiaries, and affiliates at year-end. (Refer to Comments, Recommendations, and Directives Notes a. and d.)
- e. To reclassify broker commissions payable from general expenses due and accrued to unclaimed property/escheats payable. (Refer to Comments, Recommendations, and Directives Note c.)
- f. To record the cumulative effect of the examination adjustments on unassigned funds at year-end. (Refer to Comments, Recommendations, and Directives Note a. and d.)
- g. To reclassify interest incurred on late claims payments from general administrative expenses to claims adjustment expenses. (Refer to Comments, Recommendations, and Directives Note e.)
- h. To record examination adjustments to general and administrative expenses. (Refer to Comments, Recommendations, and Directives Notes d and e.)

COMMENTS, RECOMMENDATIONS AND DIRECTIVES

- a. The Company did not properly settle balances monthly in accordance with its executed agreement with Bright Health Management, Inc. (“BHM”). The Company recorded a net receivable from parent, subsidiaries, and affiliates totaling \$1,685,084 in its 2023 Annual Statement, which included past due amounts receivable from BHM totaling \$5,620,996 and past due amounts payable to BHM totaling \$3,935,882. The Company’s related party balances remained unsettled as of September 30, 2024, and the receivable shall be non-admitted pursuant to the Statement of Statutory Accounting Principles (“SSAP”) No. 25 paragraph 10, which states, “amounts owed to the reporting entity over ninety days from the written agreement due date shall be non-admitted”. An examination adjustment was made to non-admit amounts receivable, which are past due. The Company is directed to comply with SSAP No. 25 and to ensure accurate financial reporting in future filings with the Department in accordance with GS § 58-2-165(c) pursuant to GS § 58-67-55.
- b. The Company incorrectly reported \$270,288 as an asset on line 25 and as a liability on line 9 in its 2023 Annual Statement due to a journal entry recording error. An examination adjustment was made to correct the recording error, which overstated the Company’s assets and liabilities. The Company is directed to ensure accurate financial reporting in future filings with the Department in accordance with GS § 58-2-165(c) pursuant to GS § 58-67-55. (Refer to Subsequent Events)
- c. The Company reported brokerage commissions payable totaling \$83,382 in general expenses due and accrued in its 2023 Annual Statement. This liability was incorrectly written off by the Company in 2024 after checks were returned without an alternate forwarding address. In addition, in response to the Department’s request for supporting documentation, the Company indicated that it no longer had access to its legacy broker commission software. Pursuant to North Carolina Administrative Code (“NCAC”) Chapter 116B – Escheats and Abandoned Property, an examination adjustment was made to reclassify broker commissions payable from general expenses due and accrued to unclaimed property/escheats payable. The Company is directed to remit unclaimed funds to the North Carolina State Treasurer in accordance with NCAC 116B and to ensure accurate financial reporting in future filings with the Department in accordance with GS § 58-2-165(c) pursuant to GS § 58-67-55. In addition, the Company is directed to comply with NCAC 11C.0105, which states, “that all records of domestic insurance companies shall be maintained by the Company for the years for which a statutory examination has not yet been completed. All books of original entry and corporate records shall be retained by the Company or its successor for a period of 25 years after the company ceases to exist.”
- d. The Company did not properly accrue management fees payable totaling \$1,359,051 in its 2023 Annual Statement, which resulted in an overstatement of amounts receivable from its parent, subsidiaries, and affiliates, and an understatement of general administrative expenses. An examination adjustment was made to properly report amounts payable to its parent, subsidiaries, and affiliates at December 31, 2023. The Company is directed to ensure accurate financial reporting in future filings with the Department in accordance with GS § 58-2-165(c) pursuant to GS § 58-67-55.
- e. The Company incorrectly reported the interest charges incurred on late claims payments totaling \$2,796,857 as general administrative expenses in its 2023 Annual Statement. An examination adjustment was made to reclassify the claims related interest expense incurred from general administrative expenses to claims adjustment expenses in accordance with SSAP No. 55 paragraph 10. The Company is directed to comply with SSAP No. 55 and to ensure accurate financial reporting in future filings with the Department in accordance with GS § 58-2-165(c) pursuant to GS § 58-67-55.

- f. The Company did not comply with the terms of its affiliated Management Service Agreement (“MSA”) with BHM, which requires 1.) timely deposits of Company funds collected and received by BHM to be made into the Company’s bank accounts no less than monthly; 2.) itemized monthly statements detailing fees and expenses paid by BHM on the Company’s behalf; and 3.) monthly settlement of management fees accrued by the Company and due to BHM by no later than the 15th day of each calendar month. The Company is directed to ensure its affiliated transactions with BHM comply with the terms of the executed MSA filed with the Department.
- g. The Company did not file a letter with the Department designating an Audit Committee as described in GS § 58-10-195(d). Pursuant to GS § 58-10-190(3), if an Audit Committee is not designated by the Company, the Company’s entire Board shall constitute the Audit Committee. During the Department’s examination, it was noted that the NeueHealth, Inc. (“NH”) Board of Directors (“Board”) acts on the Company’s behalf; however, no formal designation has been submitted to the Department. The Company is directed to comply with GS § 58-10-195(d).
- h. The Company did not provide timely access to data related to its business and affairs in response to the Department’s requests for information. The Company was provided five (5) business days to submit information, and there were instances where the Company’s response time exceeded 30 days, resulting in significant examination delays. The Company is directed to provide timely, convenient, and free access to information pursuant to GS § 58-2-131(i).
- i. The Company’s Board meeting minutes did not document the presentation of the Actuarial Opinion to the Board for the years 2020, 2022 and 2023. According to the AS Instructions, “The Appointed Actuary must report to the Board of Directors each year on the items within the scope of the Actuarial Opinion. The Actuarial Opinion and the Actuarial Memorandum must be made available to the Board. The minutes of the Board should indicate that the Appointed Actuary has presented such information to the Board and that the Actuarial Opinion and the Actuarial Memorandum were made available”. The Company is directed to comply with the AS Instructions pursuant to GS § 58-67-55 and GS § 58-2-165(c).
- j. The Company’s Board meeting minutes did not document the Board’s annual appointment of the actuary for the years 2020, 2021, 2022, and 2023. According to the AS Instructions, “The appointed actuary must be appointed by the Board, or its equivalent, or by a committee of the Board, by December 31 of the calendar year for which the opinion is rendered.” The Company is directed to comply with the AS Instructions pursuant to GS § 58-67-55 and GS § 58-2-165(c).
- k. The Company’s Board meeting minutes did not document the Board’s authorization or approval of the Company’s investment transactions for the years 2020, 2022 and 2023 as required by GS § 58-7-168. The Company is directed to comply with GS § 58-7-168.
- l. The Company’s Board meeting minutes for the years 2020, 2021, 2022, and 2023 did not document compliance with its Investment Policy, which states that the “Finance Committee of the Bright Health Company of North Carolina Board of Directors will review this policy at least annually. The Chair of the Finance Committee shall present any recommended changes to this policy to the Board of Directors at its regularly scheduled meeting for review and final approval.” The Company is directed to comply with its formal written policies and procedures.
- m. The Company did not have an Actuarial Memorandum to support its Actuarial Opinion as of December 31, 2023, as required by the AS Instructions, which require the Actuarial Memorandum to be available for regulatory examination for a period of seven (7) years. The Company is directed to comply with the AS Instructions in accordance with GS § 58-2-165(c) pursuant to GS § 58-67-55.
- n. The Company did not properly notify the Department of its custodial agreement with City National Bank prior to the effective date. Failure to notify the Department of a custodial agreement on or

before its effective date is a violation of GS § 58-67-30. The Company is directed to comply with GS § 58-67-30.

- o. The Company could not provide source data to validate several reconciling items between the total paid claims amount reported in column 1 of its 2023 Annual Statement Underwriting & Investment Exhibit Part 2B and the system data extracted from its Third Party Administer (“TPA”) for claims administration services. The Company indicated that it no longer had access to the TPA’s system since the contract ended in March 2024. According to GS § 58-56-16(a), “Every TPA shall maintain and make available to the insurer complete books and records of all transactions performed on behalf of the insurer. The books and records shall be maintained in accordance with prudent standards of insurance record keeping and must be maintained for a period of at least five years after the date of their creation.” In addition, the Department shall have access to the books and records maintained by a TPA for the purposes of examination, audit, and inspection pursuant GS § 58-56-16(b). The Company is directed to comply with NCGS § 58-56-16(a) and GS § 58-56-16(b).
- p. The Company was unable to provide sufficient supporting documentation for an unexplained variance totaling \$237,302 on its reconciliation between the total paid claims amount reported in column 1 of its 2023 Annual Statement Underwriting & Investment Exhibit Part 2B and the system data extracted from its TPA for claims administration services. The variance understates the total paid claims reported and understates the reserve for unpaid claims in the 2023 Annual Statement. No examination adjustment is proposed to increase the reserve for claims unpaid at December 31, 2023. The Company is directed to ensure accurate financial reporting in future filings with the Department in accordance with GS § 58-2-165(c) pursuant to GS § 58-67-55.

ORGANIZATIONAL STRUCTURE

The Company is a member of an insurance holding company system as defined in GS §58-19. The Company is a wholly owned subsidiary of BHM, a Delaware corporation, which is a wholly owned subsidiary of NH, formerly Bright Health, Inc., a Delaware corporation. NH is the ultimate controlling party of all entities in the holding company system.

ORGANIZATIONAL CHART

The Company's 2023 Annual Statement Schedule Y contains a complete organizational chart. The following is a summarized organizational chart of the Company within the holding company group as of December 31, 2023:



COMPANY HISTORY

The Company was incorporated on December 4, 2018, under the laws of the State of North Carolina. The Company became a licensed stock health insurer and full-service Health Maintenance Organization ("HMO") in the State of North Carolina on May 28, 2019. On June 20, 2019, the Company issued 150,000 shares of \$10.00 par value common stock to BHM in exchange for \$10,000,000, resulting in \$1,500,000 total common capital stock and \$8,500,000 of contributed surplus. The Company received additional contributed surplus contributions in 2019 totaling \$4,000,000 from BHM as part of its initial funding.

Effective January 1, 2020, the Company commenced business and began writing individual comprehensive health coverages both on and off the Affordable Care Act ("ACA") exchanges. In 2020, the Company received surplus contributions from BHM totaling \$99,200,000.

In 2021, the Company reported a total of \$112,500,000 in contributions from BHM.

In 2022, the Company reported a total of \$32,500,000 in contributions from BHM. In October 2022, the Company notified the Department that it will no longer offer health coverages after December 31, 2022.

CAPITAL STOCK

As of December 31, 2023, the Company's capitalization consisted of the following:

Description	Value
Number of authorized common capital shares	150,000
Number of shares issued and outstanding	150,000
Total common capital stock	\$1,500,000
Par value per share	\$10.00

At December 31, 2023, all outstanding shares are owned by BHM. At December 31, 2023, the Company reported \$256,700,000 in gross paid-in and contributed surplus and (\$249,136,037) in unassigned funds.

DIVIDENDS TO STOCKHOLDER

Dividends on common stock are paid as declared by the Board of the Company. Under the insurance regulations of North Carolina, the maximum amount of ordinary dividends which the Company may pay to the shareholder is limited to the greater of 10% of the most recent year-end policyholders' surplus or net income (excluding realized capital gains) earned for that same year-end. Any amounts in excess of this are considered extraordinary. The Company paid no dividends during the examination period.

MANAGEMENT AND CONTROL

CORPORATE GOVERNANCE

Shareholder

The bylaws of the Company provide that meetings of the shareholder for the election of directors or for any other purpose shall be held at such time and place, either within or without the State of North Carolina, as designated by the Board. The annual meeting of the shareholder shall be held on the second Monday in January of each year and at such a time designated by the Board. Special meetings of the shareholder may be called at any time by the Chairman of the Board, if there is one, the President or Chief Executive Officer.

Board of Directors

The business of the Company is conducted by its management team and subject to review by the Board. The bylaws specify that the number of directors shall be not less than one (1) and not more than nine (9) members. Directors are elected annually, at the annual meeting of the shareholder or by the written consent of the shareholder. Each director elected shall hold office until the next annual meeting of the shareholder and thereafter until a successor is elected and qualified.

The following individuals served as directors as of December 31, 2023:

Name	Location	Principal Occupation
Jay Matushak	Minneapolis, Minnesota	Chief Financial Officer, NH
Jeff Craig	Minneapolis, Minnesota	General Counsel and Corporate Secretary, NH

NH, the ultimate controlling party, has a Board which established the following committees to provide group level oversight: Audit, Compensation & Human Capital, and Nominating & Corporate Governance.

The Company did not formally designate an Audit Committee; however, based on our review, it appears that the Parent's Audit Committee acts on the Company's behalf. (Refer to Summary of Significant Findings)

Officers

The bylaws provide that the Board will elect the officers of the Company. The officers of the Company shall be a President or Chief Executive Officer, Chief Financial Officer or a Treasurer, a Secretary and such other officers or agents as it deems necessary. Any number of offices may be held by the same person, unless otherwise prohibited by the law, the articles of incorporation or the bylaws. All officers shall hold office until their successors are chosen and qualified or until their earlier resignation or removal.

The following individuals served as officers of the Company as of December 31, 2023:

Name	Title
Jay Matushak	President, Chief Executive Officer and Chief Financial Officer
Jeff Craig	Secretary

CODE OF CONDUCT AND CONFLICT OF INTEREST

The Company has an established policy and procedure to identify existing or potential conflicts of interest and to report the same to the Board. Annually, the Company requires a signed statement from each director and officer disclosing any conflict of interest. A review of the signed conflict of interest statements for the examination period revealed that the Company acted in accordance with its policies and procedures for disclosure of conflicts of interest.

CORPORATE RECORDS

We reviewed the minutes of the meetings held by the Board for the period under examination. Based on our review, it appears that the meeting minutes did not fully document the Company's significant transactions and events. (Refer to the Summary of Significant Findings).

The Company's bylaws and articles of incorporation were reviewed for any changes during the period under examination. Based on the review, it appears that no amendments were made to the bylaws and articles of incorporation during the period under examination.

STATUTORY DEPOSITS

Statutory deposits are maintained as required by insurance regulatory agencies for doing business in such jurisdictions. At December 31, 2023, the Company maintained a statutory deposit in North Carolina totaling \$507,351.

ACCOUNTS AND RECORDS

The Company's books and records are maintained at the main administrative office at 1601 Utica Avenue South, Suite 211, St. Louis Park, Minnesota 55416.

FIDELITY BONDS AND OTHER INSURANCE

At December 31, 2023, NH maintained fidelity bond coverage totaling \$5,000,000 in aggregate, which exceeds the minimum amount of fidelity bond coverage recommended by the Handbook for the NH holding company system.

In addition, the Company is a named insured on various corporate property and liability policies including cyber security, employment practices, crime, auto liability, and umbrella policies issued to NH, which appear to be adequate to cover risks in the normal course of business.

EMPLOYEE BENEFITS AND PENSION PLANS

The Company has no direct employees, and operations are conducted by BHM pursuant to a related party MSA. Employee benefit plans are administered through BHM, and the Company has no legal obligation for employee benefits.

THIRD-PARTY ADMINISTRATOR

The Company has a Master Outsourcing Agreement with The Loomis Company ("Loomis") and BHM and its affiliates, effective April 25, 2016, and last amended December 6, 2022, whereby Loomis provides claims administration services to the Company. From the Company's inception through December 31, 2021, Loomis invoiced BHM monthly for health plan administration services on a per member per month basis, call center services on an actual time basis, and any other reimbursable expenses on an actual cost basis. From January 1, 2023, through June 30, 2023, Loomis invoiced BHM a monthly termination fee, and beginning on July 1, 2023, Loomis invoiced BHM for actual costs, not to exceed \$75,000, plus a 10% surcharge and reimbursable expenses. Invoices were to be settled within 30 days of the invoice date according to the agreement. The Company's allocation of fees as part of its MSA with BHM totaled \$2,289,290 and \$11,404,366 in 2023 and 2022, respectively, related to this agreement.

RELATED PARTY AGREEMENTS

The Company has a Capital Maintenance Agreement with NH, effective June 1, 2019. Under this agreement, NH guarantees that if the Company's risk-based capital ratio falls below 300%, NH shall provide sufficient funding to the Company to increase its risk-based capital ratio above 300% in accordance with Department requirements. The Company's risk-based capital ratio shall be measured quarterly within

45 days from the end of each calendar quarter, and NH shall provide any funding required to the Company within 30 days thereafter.

The Company has an MSA with BHM, effective June 5, 2019, whereby BHM provides the Company with personnel, information systems, claims processing, billing and enrollment, supplies and other services for the performance of all necessary and appropriate management services and functions. Under this agreement, the Company pays a management fee that is the greater of 8% of the Company's gross premium revenue for individual and Medicare Advantage policyholders or the actual cost to provide services to the Company. The Company incurred management fees pursuant to this agreement totaling \$14,698,202 and \$60,855,678 in 2023 and 2022, respectively. (Refer to the Summary of Significant Findings)

The Company is included in a consolidated income tax return in accordance with a tax allocation agreement with NH, effective June 5, 2019. The agreement sets forth the parties' obligations in connection with their filing as a consolidated tax filing group. Each entity shall remit to NH any amount determined to be due in accordance with the agreement no more than five (5) days after the taxes are due. Refunds received by NH resulting from tax savings shall be remitted to the applicable entity no later than 45 days after the receipt of the refund. Refunds received by NH resulting from adjustments to previously filed tax returns shall be remitted to the applicable entity no more than 45 days after such payments are received.

TERRITORY AND PLAN OF OPERATION

The Company became a licensed HMO on May 28, 2019, and began writing policies effective for plan year 2020. The Company writes individual comprehensive health coverage both on and off the ACA exchanges initially servicing fifteen (15) counties in North Carolina. In 2022, the Company expanded into the employer-sponsored insurance market in North Carolina, targeting small and mid-sized businesses.

At December 31, 2022, the Company was authorized to write in the following sixty-seven (67) counties in North Carolina:

Alamance	Alleghany	Anson	Ashe	Avery
Beaufort	Bertie	Brunswick	Buncombe	Cabarrus
Caldwell	Caswell	Catawba	Chatham	Cherokee
Chowan	Clay	Davidson	Davie	Duplin
Durham	Edgecombe	Forsyth	Franklin	Gaston
Graham	Granville	Greene	Guilford	Halifax
Haywood	Henderson	Hertford	Hyde	Iredell
Jackson	Johnston	Lee	Lincoln	Macon
Madison	Martin	McDowell	Mecklenburg	Mitchell
Northampton	Orange	Person	Pitt	Polk
Randolph	Rockingham	Rowan	Stanly	Stokes
Surry	Swain	Transylvania	Tyrrell	Union
Vance	Wake	Warren	Washington	Wilkes
Yadkin	Yancey			

Effective January 1, 2023, the Company discontinued operations, went into run-off status, and had no active members. On March 3, 2023, the Company's license was restricted to "No New Direct or Assumed Business."

TRENDS OF THE COMPANY

The following data, obtained from annual statements filed with the Department, illustrates the trends of the Company for the five-year period ending December 31, 2023:

Year	Net Admitted Assets	Capital and Surplus	Gross Premiums Written	Net Earned Premiums	Net Loss
2023	\$16,213,706	\$9,063,963	(\$14,856,985)	(\$33,114,061)	(\$26,534,157)
2022	\$453,632,845	\$30,250,399	\$730,606,485	\$288,372,012	(\$61,144,237)
2021	\$312,400,950	\$60,246,944	\$469,532,070	\$446,100,662	(\$100,684,275)
2020	\$138,831,467	\$52,153,532	\$103,561,584	\$97,991,680	(\$60,899,424)
2019	\$15,177,770	\$13,962,876	\$-	\$-	(\$37,124)

ACTUARIAL OPINION

Every health insurance company doing business in this State, unless otherwise exempted by the Commissioner, shall annually have an Actuarial Opinion and Actuarial Memorandum made available to the Board in accordance with the Annual Statement Instructions and GS § 58-2-165 (c) pursuant to and GS § 58-67-55.

The statutory reserves and related items for 2023 were reviewed and certified by the Company's Appointed Actuary, Tim Feeser, FSA, MAAA, an employee of NH. Actuarial opinions regarding the Company's reserves for claims unpaid and unpaid claims adjustment expenses were issued by an appointed actuary for all years in the examination period except for 2019, the year it was incorporated. The appointed actuary evaluated the data provided by the Company for reasonableness and consistency of the claims unpaid and unpaid claims adjustment expense reserves. According to the actuarial opinions, the Company's reserve on the unpaid claims and unpaid claims adjustment expenses met the requirements of the insurance laws of North Carolina; were consistent with reserves computed in accordance with accepted actuarial standards and principles; and made a reasonable provision for all claims unpaid and unpaid claims adjustment expense obligations of the Company.

REINSURANCE PROGRAM OVERVIEW

REINSURANCE CEDED

The Company has an excess risk reinsurance contract with Swiss Re Life & Health America, Inc., effective January 1, 2022, through December 31, 2022. For individual and family medical plan business on and off the ACA exchanges, the contract provides a deductible of \$1,000,000 per member per agreement period, whereby 60% of all losses in excess of the deductible are retained by the Company. For small group business, the agreement provides a deductible of \$500,000 per member per agreement period, whereby 100% of losses up to \$1,000,000 are ceded to Swiss Re Life & Health America, Inc. Under this contract,

the Company ceded premiums totaling \$3,354,888; reported reinsurance recoverable on paid losses totaling \$352,862; and reduced its reserves for claims unpaid by \$167,896 for amounts that are recoverable in 2022.

The Company had a quota share reinsurance contract with The Canada Life Assurance Company, effective January 1, 2022, through December 31, 2022. Under this contract the Company ceded 70% of its medical insurance risks. Under this contract, the Company ceded premiums totaling \$438,879,585; reported reinsurance recoverable on paid losses totaling \$81,445,760; and reported no reduction in its reserves for claims unpaid for amounts that are recoverable in 2022.

FINANCIAL STATEMENTS

The following financial statements are based on the statutory financial statements filed by the Company with the Department and present the financial condition of the Company for the period ending December 31, 2023. The examination adjustments are not reflected in the financial statements and related tables within this report. (Refer to Analysis of Examination Adjustments)

The supporting exhibits present the information required to be included, in conformity with reporting practices prescribed by the Department. The financial statements and supporting schedules as of December 31, 2022, are unexamined and are presented for comparative purposes only.

Bright Health Company of North Carolina
Statutory Statement of Admitted Assets
December 31, 2023

	2023	2022 <i>unexamined</i>
Bonds	\$-	\$133,735,369
Cash, cash equivalents, and short-term investments	13,943,175	222,159,279
Receivable for securities	113	2,979
Total cash and invested assets	\$13,943,288	\$355,897,627
Investment income due and accrued	37,875	1,196,345
Amounts recoverable from reinsurers	-	81,798,622
Other amounts receivable under reinsurance contracts	-	600,228
Receivable from parent, subsidiaries, and affiliates	1,685,084	789,340
Miscellaneous receivables	-	13,350,683
Prepaid taxes	547,459	-
Total admitted assets	\$16,213,706	\$453,632,845

Bright Health Company of North Carolina
Statutory Statement of Liabilities, Capital and Surplus
December 31, 2023

	2023	2022 <i>(unexamined)</i>
Claims unpaid	\$4,881,199	\$ 119,632,508
Unpaid claims adjustment expenses	168,325	2,142,880
Aggregate health policy reserves	-	201,805,525
General expenses due or accrued	441,862	12,172,897
Remittances and items not allocated	780,141	1,958,709
Premiums received in advance	-	1,832,852
Ceded reinsurance premiums payable	-	82,989,239
CMS APTC payable	45,513	847,836
Unclaimed property-member refund	832,703	-
Total liabilities	7,149,743	423,382,446
Common capital stock	1,500,000	1,500,000
Gross paid in and contributed surplus	256,700,000	256,700,000
Unassigned funds	(249,136,037)	(227,949,601)
Total capital and surplus	\$9,063,963	\$30,250,399
Total liabilities, capital and surplus	\$16,213,706	\$453,632,845

Bright Health Company of North Carolina
Statutory Statement of Operations
December 31, 2023

	2023	2022 <i>(unexamined)</i>
Underwriting income (loss)		
Net premium income	(\$33,114,051)	\$288,372,012
Total revenues	(33,114,051)	288,372,012
Hospital/medical benefits	596,560	497,174,306
Other professional services	164,392	1,885,113
Prescription drugs	(1,702,507)	128,040,301
Subtotal	(941,555)	627,099,720
Less		
Net reinsurance recoveries	18,427,166	433,142,123
Total hospital and medical	(19,368,721)	193,957,597
Claims adjustment expenses	(1,696,110)	14,875,529
General administrative expenses	17,530,835	138,447,330
Increase in reserves for life and accident and health contracts	-	(8,840,652)
Total underwriting deductions	(3,533,996)	338,439,804
Net underwriting gain (loss)	(29,580,055)	(50,067,792)
Investment income		
Net investment income earned	7,239,790	3,948,921
Net realized capital gains (losses)	(726,613)	(15,023,736)
Net investment gain (loss)	6,513,177	(11,074,815)
Other income		
Net gain or (loss) from agents' or premium balances charged off	(3,390,299)	(1,630)
Fines and penalties	(76,980)	-
Net income (loss)	(\$26,534,157)	(\$61,144,237)

Bright Health Company of North Carolina
Statutory Statement of Capital and Surplus
December 31, 2023

	2023	2022 <i>(unexamined)</i>
Capital and surplus, beginning of year	\$30,250,399	\$60,246,944
Capital and surplus increases (decreases):		
Net income (loss)	(26,534,157)	(61,144,237)
Change in non-admitted assets	5,347,721	(1,352,308)
Surplus adjustments to paid-in capital	-	32,500,000
Net change in capital and surplus	(21,186,436)	(29,996,545)
Capital and surplus, end of year	\$9,063,963	\$30,250,399

Bright Health Company of North Carolina
Statutory Statement of Cash Flow
December 31, 2023

	2023	2022 <i>(unexamined)</i>
Cash from Operations		
Premiums collected net of reinsurance	(\$315,694,017)	\$441,352,152
Net investment income	7,598,264	4,296,049
Miscellaneous income	-	-
Total	(308,095,753)	445,648,201
Benefit and loss related payments	(1,697,397)	259,869,426
Commissions, expenses paid and aggregate write-ins	33,533,167	149,162,678
Federal income taxes paid	-	-
Total	31,835,770	409,032,104
Net cash from (used by) operations	(339,931,523)	36,616,097
Cash from investments		
Proceeds from investments sold, matured, or repaid	133,789,732	51,528,387
Cost of investments acquired (long term only)	-	49,468,896
Net cash from investments	133,789,732	2,059,491
Cash from financing and Miscellaneous Sources		
Capital and paid in surplus, less treasury stock	-	77,500,000
Other cash applied	(2,074,312)	(349,859)
Net cash from (used by) financing and miscellaneous sources	\$(2,074,312)	\$77,150,141
Reconciliation of cash and short-term investments		
Net change in cash and short-term investments	(208,216,103)	115,825,728
Cash and short-term investments, beginning of year	222,159,279	106,333,551
Cash and short-term investments, end of year	\$13,943,175	\$222,159,279

COMMENTS ON FINANCIAL STATEMENTS

Basis of Presentation and Summary of Significant Accounting Policies:

The accompanying financial statements have been prepared on the basis of the accounting practices prescribed or permitted by the Department.

The more significant accounting policies followed by the Company are as follows:

Bonds: Bonds with an NAIC rating of 1 or 2 are carried at NAIC-determined value or amortized cost, whereas bonds with an NAIC rating of 3 through 6 are assigned specific year-end values by the NAIC and are written down to SVO-assigned values (if less than amortized cost) by charging statutory surplus.

Cash, cash equivalents and short-term investments: Represent cash balances and investments with original maturities of one year or less at the time of acquisition, which are reported at cost or amortized cost depending on the nature of the underlying security, which approximates fair value.

Claims Unpaid: Claims processed but not yet paid, estimates received but not yet processed, estimates for the costs of health care services enrollees have received but for which claims have not yet been submitted, and liabilities for physician, hospital and other medical cost disputes.

Aggregate Health Policy Reserves: The Company establishes a liability, net of ceded reinsurance, for estimated accrued retrospective and redetermined premiums due from the Company based on the actuarial method and assumptions for each respective contract.

General Expenses Due or Accrued: General expenses that are due as of the reporting date in addition to general expenses that have been incurred but are not due until a subsequent period are reported as general expenses due or accrued in the statutory basis statements. This primarily includes unpaid premium taxes, broker commissions and unpaid portion of the contributions required under ACA programs.

Health care receivables: Consists of pharmacy rebate receivables estimated based on the most current data available from the Company's unaffiliated pharmacy benefit manager. Health care receivables are considered non-admitted assets if they do not meet admissibility requirements.

Net Premium Income: Revenues consist of net premium income that is recognized in the period in which enrollees are entitled to receive health care services. Net premium income is shown net of reinsurance premiums paid and reinsurance premiums incurred but not paid.

Non-admitted assets: Certain assets, such as premiums over 90 days past due, excess of book value over market value for securities, and prepaid expenses, are "non-admitted" and are charges against surplus.

Analysis of Assets:

The Company reported health care receivables totaling \$28,484 as non-admitted as of December 31, 2023.

Reinsurance Activity:

The Company had excess risk and quota share reinsurance contracts through December 31, 2022, to minimize its exposure to losses. Failure of the reinsurers to discharge their obligations could result in losses to the Company. The Company ceased writing new business effective January 1, 2023, and concurrently terminated all reinsurance arrangements.

Direct and ceded premiums written and earned are as follows:

	2023	2022
Direct written and earned	\$-	\$730,606,485
Ceded written and earned	-	442,234,473
Net written/earned	\$-	\$288,372,012

The reinsurers share the risks at different levels as specified in the reinsurance contracts. The types of contracts and retention limits are described under the Reinsurance Program Overview.

Summary of Reserves:

The following provides a reconciliation of the Company's reserves for claims unpaid and unpaid claims adjustment expenses:

	2023	2022 <i>unexamined</i>
Reserves for claims unpaid and unpaid claims adjustment expenses, beginning of year	\$121,775,388	\$95,308,898
Add:		
Claims incurred, current year	(21,064,833)	208,833,126
Change in estimate, prior years	(97,079,984)	(91,671,075)
Total incurred	(118,423,261)	300,504,200
Deduct:		
Claims payments, prior year	(1,697,397)	66,383,671
Claims payments, current year	278,444	207,654,039
Total paid	(1,697,397)	259,869,426
Reserves for claims unpaid and unpaid claims adjustment expenses, end of year	5,049,524	121,775,388
Increase (decrease) in reserves for claims unpaid and unpaid claims adjustment expenses	(\$116,725,864)	\$26,466,490

Reserves for claims unpaid and unpaid claims adjustment expenses are reported net of the amounts that are recoverable under the Company's reinsurance contracts. At December 31, 2023, and 2022, the liability for claims unpaid and unpaid claims adjustment expenses was reduced by \$0 and \$167,896, respectively, for amounts to be recovered from reinsurers.

Capital and Surplus:

The following, in conjunction with the Statutory Statement of Capital and Surplus, represents the changes in the Company's capital and surplus since the Company's inception.

	2021	2020	2019
Capital and surplus, beginning of year	\$52,153,532	\$13,962,876	\$-
Capital and surplus increases (decreases):			
Net income (loss)	(100,684,275)	(60,899,424)	(37,124)
Change in non-admitted assets	(3,913,978)	(109,920)	-
Surplus adjustments to paid-in capital	62,500,000	99,200,000	12,500,000
Capital Changes paid-in	50,000,000	-	1,500,000
Prior year adjustment	191,665	-	-
Change in surplus as regards policyholders for the year	\$8,093,412	\$38,190,656	\$13,962,876
Capital and surplus, end of year	\$60,246,944	\$52,153,532	\$13,962,876

SUBSEQUENT EVENTS

On January 29, 2024, Bright Health, Inc., the ultimate parent company, changed its name to NeueHealth, Inc. for branding purposes after it consummated the sale of its California Medicare Advantage business, Brand New Day and Central Health Plan, to Molina Healthcare, Inc. effective January 1, 2024.

On February 20, 2024, the Company posted a general ledger journal entry to reverse the recording error as of January 31, 2024, which overstated the Company's prepaid tax asset and liability for general expenses due and accrued as of December 31, 2023. (Refer to Comments, Recommendations, and Directives Note b.)

Effective April 1, 2024, the Company terminated its claims administration agreement with Loomis due to the significant decrease in open claims volume.

On August 15, 2024, the Company received a surplus contribution totaling \$1,580,000 from BHM.

The Company reported claims unpaid totaling \$2,777,873 in its 2024 Annual Statement and subsequently made settlement payments totaling \$2,741,964 pursuant to executed arbitration agreements with various providers. The Company reported a reserve for claims unpaid totaling \$6,411 at May 31, 2025.

On January 8, 2025, the Company received a surplus contribution totaling \$2,500,000 from BHM, which was reported as receivable and included in the Company's gross paid in and contributed surplus as of December 31, 2024.

Bright Health Company of North Carolina
DISTRIBUTION OF REPORT ON EXAMINATION
December 31, 2023

Jeff Scherman
Senior Vice President & Chief Accounting Officer
1601 Utica Avenue South, Suite 211
St. Louis Park, Minnesota 55416

Chelsea McGee
Accounting Director
1601 Utica Avenue South, Suite 211
St. Louis Park, Minnesota 55416

CONCLUSION

The examination procedures described herein revealed significant findings and adjustments to the Company's surplus. The Company reported capital and surplus totaling \$9,063,963 in its 2023 Annual Statements, which was adjusted to \$2,083,946 as a result of the Department's examination. (Refer to the Analysis of Examination Adjustments and Summary of Significant Findings)

We conclude that the Company complies with the minimum capital and surplus requirements of GS § 58-67-110(b), which is \$1,000,000 at December 31, 2023.

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

Respectfully submitted,



Monique D. Smith, CPA, CFE, CIA
Deputy Commissioner
North Carolina Department of Insurance

July 16, 2025

STATE OF NORTH CAROLINA

COUNTY OF WAKE

Jeffrey Streyle, North Carolina Department of Insurance, being first, duly sworn, deposes and says that this report on examination, subscribed by him, is true and correct to the best of his knowledge and belief.

Signature: [Signature] Date: 7/16/2025

Sworn and subscribed before me this 16th day of July, 2025.

Notary Public Signature Isaiah N. Brown Notary Public Seal:

