



**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 Cigna Healthcare of North Carolina, Inc. 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 30th day of June, 2025.



Mike Causey  
Commissioner of Insurance

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

**Cigna HealthCare of North Carolina, Inc.**

Raleigh, North Carolina

**Report on Examination**

As of December 31, 2023

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May 22, 2025

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

Sir:

Pursuant to your instructions and in accordance with Sections (“§”) 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

**Cigna HealthCare of North Carolina, Inc.**

(hereinafter referred to as the “Company”), acknowledging that its main administrative office is located at 900 Cottage Grove Road, Bloomfield, Connecticut 06002. The Company’s statutory home office is located at 701 Corporate Center Drive, Raleigh, North Carolina 27607. The following report on examination is respectfully submitted.

**SCOPE OF THE EXAMINATION**

We performed a full-scope statutory examination of the Company. This examination covered the period from January 1, 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. The Department’s most recent prior examination of the Company was as of December 31, 2018.

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.

This was a coordinated financial examination of forty (40) insurance company subsidiaries of The Cigna Group, collectively known as the "Cigna Insurance Group". Connecticut served as the Lead and Facilitating State, and Participating States included Arizona, Colorado, Delaware, Florida, Georgia, Indiana, Illinois, Kentucky, Maryland, Missouri, Montana, New Jersey, North Carolina, Ohio, Pennsylvania, South Carolina, Texas, Tennessee, and Virginia.

The following table lists the forty (40) insurance company subsidiaries included in the Cigna Insurance Group:

<b>Company Name</b>	<b>State of Domicile</b>	<b>NAIC Company Code</b>
Cigna Healthcare of Arizona, Inc.	Arizona	95125
Cigna Dental Health Plan of Arizona, Inc.	Arizona	47013
Cigna Healthcare of Colorado, Inc.	Colorado	95604
Cigna Health & Life Insurance Company	Connecticut	67369
Connecticut General Life Insurance Company	Connecticut	62308
Cigna Healthcare of Connecticut, Inc.	Connecticut	95660
Cigna Arbor Life Insurance Company	Connecticut	13733
Cigna Worldwide Insurance Company	Delaware	90859
Cigna Dental Health of Delaware, Inc.	Delaware	95380
HealthSpring of Florida, Inc.	Florida	11532
Cigna Healthcare of Florida, Inc.	Florida	95136
Cigna Healthcare of Georgia, Inc.	Georgia	96229
Cigna Healthcare of Illinois, Inc.	Illinois	95602
Sterling Life Insurance Company	Illinois	77399
Cigna Healthcare of Indiana, Inc.	Indiana	95525
Cigna Dental Health of Kentucky, Inc.	Kentucky	52108
Bravo Health Mid-Atlantic, Inc.	Maryland	10095
Cigna Dental Health of Maryland, Inc.	Maryland	48119
Cigna Healthcare of St Louis, Inc.	Missouri	95635
Cigna Dental Health of Missouri, Inc.	Missouri	11160
Allegiance Life & Health Insurance Company, Inc.	Montana	12814
Cigna Healthcare of North Carolina, Inc.	North Carolina	95132
Cigna Dental Health of North Carolina, Inc.	North Carolina	95179
Carecore NJ LLC	New Jersey	10144
Cigna Dental Health of New Jersey, Inc.	New Jersey	11167
Cigna Healthcare of New Jersey, Inc.	New Jersey	95500
American Retirement Life Insurance Company	Ohio	88366
Loyal Amer Life Insurance Company	Ohio	65722
Cigna National Health Insurance Company	Ohio	61727
Cigna Dental Health of Ohio, Inc.	Ohio	47805
Provident Amer Life & Health Insurance Company	Ohio	67903
Cigna Insurance Company	Ohio	65269
Bravo Health Pennsylvania, Inc.	Pennsylvania	11524
Cigna Dental Health of Pennsylvania, Inc.	Pennsylvania	47041
Cigna Healthcare of South Carolina, Inc.	South Carolina	95708
Cigna Healthcare of Tennessee, Inc.	Tennessee	95606
Healthspring Life & Health Insurance Company, Inc.	Texas	12902
Cigna Healthcare of Texas, Inc.	Texas	95383
Cigna Dental Health of Texas, Inc.	Texas	95037
Cigna Dental Health of Virginia, Inc.	Virginia	52617

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:

Actuarial Pricing and Reserving  
Capital and Surplus  
Claims Handling and Reserving  
Financial Reporting  
Investments  
Pharmacy Claims and Rebates  
Reinsurance  
Related Parties  
Taxes and Expenses  
Underwriting and Premiums

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 are audited annually by independent certified public accountants in accordance with GS § 58-10-185(a). PricewaterhouseCoopers, LLP of Hartford, Connecticut, the designated independent public accountant of the Company, issued an unmodified opinion for each year subsequent to the Department’s prior examination through, and including, the year ended December 31, 2023. For the year ended December 31, 2020, PricewaterhouseCoopers, LLP included an emphasis of matter in its opinion due to the Company’s restatement of its financial statements as of and for the year ended December 31, 2019, to correct errors related to the treatment of rebates received from pharmaceutical manufacturers that were collected and retained by affiliates on behalf of the Company but not properly paid to the Company during the years 2011 through 2018.

## REPORT ACRONYMS

Board of Directors	“Board”
Centers for Medicare & Medicaid Services	“CMS”
Cigna Dental Health, Inc.	“Cigna Dental”
Cigna Health and Life Insurance Company	“Cigna Health & Life”
Cigna Health Corporation	“Cigna Health”
Cigna HealthCare of North Carolina, Inc.	“Company”
Cigna Investments, Inc.	“Cigna Investments”
Connecticut General Life Insurance Company	“CT General Life”
Connecticut Health Management, Inc.	“Connecticut Health”
eviCore Healthcare MSI, LLC	“EHM”
Express Scripts, Inc.	“ESI”
Financial Condition Examiners Handbook	“Handbook”
General Statutes of North Carolina	“GS”
Health Maintenance Organization	“HMO”
Information Technology General Controls	“ITGCs”
Information Technology Planning Questionnaire	“ITPQ”
National Association of Insurance Commissioners	“NAIC”
NewQuest Management of Alabama, LLC	“NewQuest Alabama”
North Carolina Department of Insurance	“Department”
Pharmacy Benefits Management	“PBM”
Pharmacy Benefit Services	“PBS”

## SUMMARY OF SIGNIFICANT FINDINGS

### COMMENTS, RECOMMENDATIONS AND DIRECTIVES

- a. The Company was in violation of Article IV, Section 2 of its bylaws, which specify that the number of directors shall be no less than five (5) and no more than twenty-five (25). The Company’s Board of Directors (“Board”) did not maintain the minimum number of directors during the years 2020, 2021 and 2022. The Company amended its bylaws in 2023 to reduce the minimum number of directors to no less than one (1) and no more than five (5). The Company is directed to comply with its bylaws.
- b. The Company incorrectly disclosed that it was operating under a Dental Network Access and Services Agreement with Cigna Dental Health, Inc. in Note 10 of its 2023 Annual Statement. Based on our review, the Company is not a party listed in the executed agreement. The Company is directed to ensure accurate reporting to the Department in future filings pursuant to GS § 58-2-165(c).
- c. The Company did not properly disclose its related party transactions in the Notes to the 2023 Annual Statement according to the NAIC Health Annual Statement Instructions for the following agreements: 1) Medicare Pharmacy Benefit Services (“PBS”) Agreement with Express Scripts, Inc.; 2) Commercial PBS Agreement with Express Scripts, Inc.; 3) Medicare Master Health Systems Agreement with eviCore Healthcare MSI, LLC; and 4) Commercial Master Health Systems Agreement with eviCore Healthcare MSI, LLC. The Company was able to provide fee information related to its Medicare Master Health System Agreement for 2023 and 2022. (Refer to Related Party Agreements) The Company is directed to ensure accurate reporting to the Department in future filings pursuant to GS § 58-2-165(c).

## ORGANIZATIONAL STRUCTURE

The Company is part of an insurance holding company system as defined in GS § 58-19 and is wholly owned by Healthsource, Inc., a Delaware corporation. Healthsource, Inc. is wholly owned by Cigna Health Corporation (“Cigna Health”), a Delaware corporation.

Connecticut General Corporation, a Connecticut corporation, wholly owns Cigna Health; Cigna Dental Health, Inc. (“Cigna Dental”), a Florida corporation; Connecticut General Life Insurance Company (“CT General Life”), a Connecticut corporation; Evernorth Behavioral Health, Inc., a Minnesota corporation; Connecticut Health Management, Inc. (“Connecticut Health”), a Delaware corporation; and Healthspring, Inc., a Delaware corporation.

CT General Life wholly owns Cigna Health and Life Insurance Company, a Connecticut Corporation (“Cigna Health & Life”). Healthspring, Inc. wholly owns NewQuest, LLC, a Texas corporation, which wholly owns NewQuest Management of Alabama, LLC (“NewQuest Alabama”), an Alabama corporation. Cigna Dental, Cigna Health & Life, Evernorth Behavioral Health, Inc., Connecticut Health and NewQuest Alabama have entered into various agreements to provide services to the Company.

Connecticut General Corporation is wholly owned by Cigna Holdings, Inc., a Delaware corporation. Cigna Holdings, Inc. is wholly owned by Cigna Holding Company, a Delaware corporation. Cigna Holdings, Inc. also wholly owns Cigna Investment Group, Inc., a Delaware corporation. which wholly owns Cigna Investments, Inc. (“Cigna Investments”). Cigna Holdings, Inc. and Cigna Investments have entered into agreements to provide services to the Company.

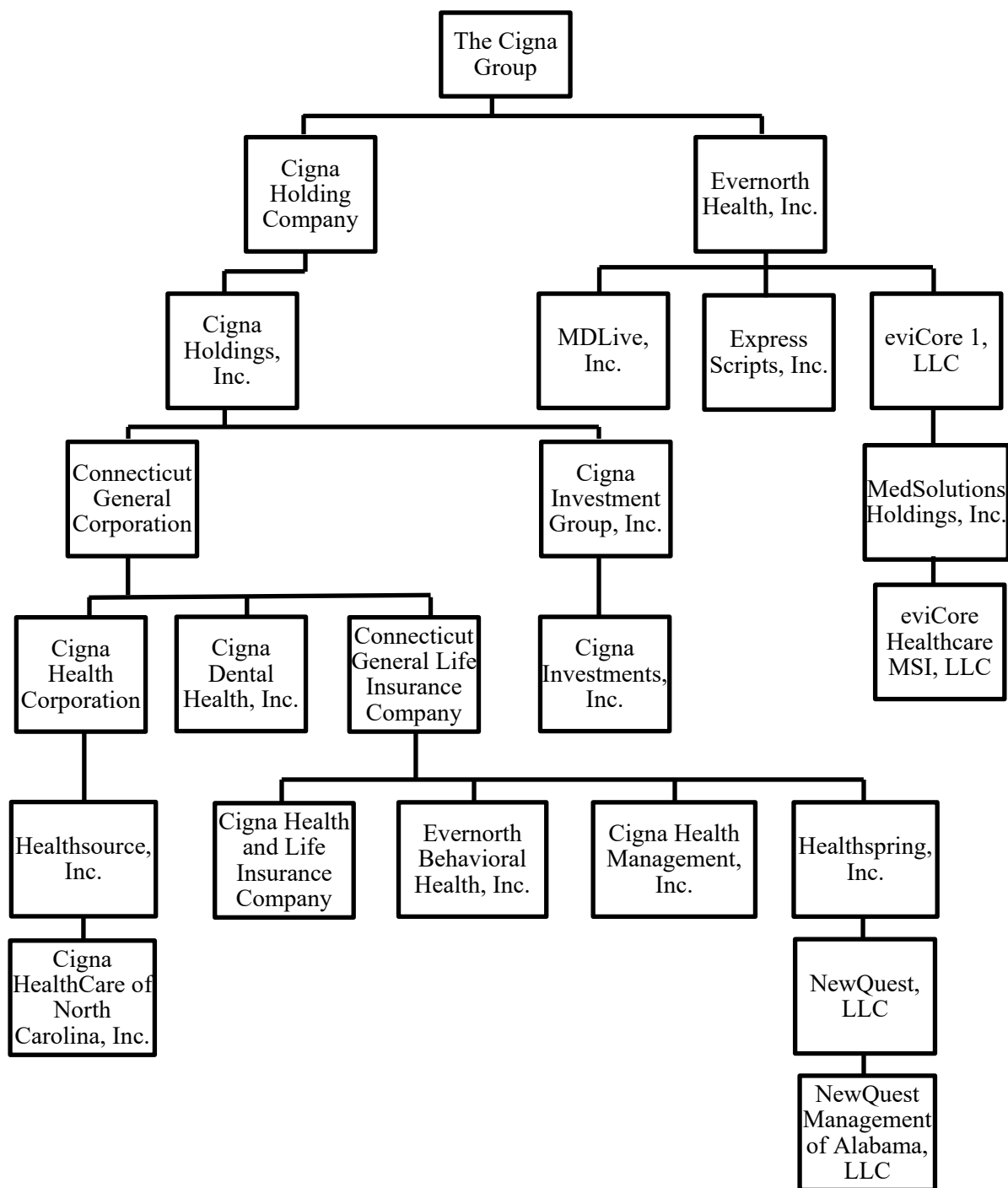
Evernorth Health, Inc., a Delaware corporation, wholly owns MDLive, Inc., a Delaware corporation; Express Scripts, Inc. (“ESI”), a Delaware corporation; and eviCore 1, LLC, a Delaware corporation. eviCore 1, LLC wholly owns MedSolutions Holdings, Inc., a Delaware corporation, who wholly owns eviCore healthcare MSI, LLC (“EHM”), a Tennessee corporation. MDLive, Inc., ESI and EHM have entered into various agreements to provide services to the Company.

Cigna Holding Company and Evernorth Health, Inc. are wholly owned by The Cigna Group, a publicly-traded global health services organization incorporated in Delaware and ultimate parent company.



## 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 commenced operations on April 18, 1986, as a Health Maintenance Organization (“HMO”) to provide health insurance services throughout North Carolina. On February 13, 2023, the Company’s ultimate parent changed its name from Cigna Corporation to The Cigna Group.

### CAPITAL STOCK

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

Description	Value
Number of authorized common capital shares	1,000,000
Number of shares issued and outstanding	100
Total common capital stock	\$10
Par value per share	\$0.10

No additional shares were issued during the period under examination.

The Company received additional paid in surplus from Healthsource, Inc. in the amount of \$22,000,000 and \$45,000,000 in 2022 and 2021, respectively. At December 31, 2023, the Company reported \$86,725,000 in gross paid-in and contributed surplus and \$(36,358,184) 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 shareholders 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 dividends totaling \$15,000,000 to Healthsource, Inc. in 2019. No dividends were paid in 2020, 2021, 2022 or 2023.

## MANAGEMENT AND CONTROL

### CORPORATE GOVERNANCE

#### Shareholder

The bylaws of the Company provide that an annual meeting of the shareholder be held at such time and place as the Board may appoint. Special meetings of the shareholder may be called at any time by the chairman of the Board, the president or by any two members of the Board.

## **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 no less than one (1) and no more than five (5). Directors are elected annually, at the annual meeting of shareholders or by the written consent of the stockholders, and each director elected shall hold office until a successor is elected and qualified. Directors are not independent due to their dual roles as employees of The Cigna Group or its affiliates.

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

<b>Name</b>	<b>Location</b>	<b>Principal Occupation</b>
Kathleen O'Neil	Bloomfield, CT	Accounting Senior Director, The Cigna Group
Peter Wesley McCauley	Chicago, IL	Medical Managing Director, The Cigna Group
Bruce Grimm	Bloomfield, CT	Senior Vice President of Sales Operations, The Cigna Group

As the ultimate controlling party, The Cigna Group has a Board that established the following committees to provide group level oversight: Executive, Audit, Finance, Corporate Governance, Compliance and People Resource.

The Company appointed the Audit Committee of Connecticut General Corporation to act on behalf of the Company for the purpose of complying with the Annual Financial Reporting Law in GS Chapter 58 Article 10 Part 7.

The following individuals served on the Audit Committee as of December 31, 2023:

### **Audit Committee**

Mary Agoglia Hoeltzel - Chair  
Ryan Loyd  
Matthew Lynch  
John Mimlitz  
Andrea Nelson  
John Rottkamp  
James Yalecki

## **Officers**

The bylaws provide that the Board will elect the officers of the Company. The officers of the Company consist of a president, a secretary, a treasurer, and any other officers deemed necessary by the Board. All officers shall hold offices, subject to removal at any time by the Board, until their successors are elected and qualified.

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

<b>Name</b>	<b>Title</b>
Bruce Grimm	President and Vice President of Sales Operations
Scott Ronald Lambert	Vice President, Treasurer and Treasury Analysis Managing Director
Rebecca Skripol	Actuary and Actuarial Senior Director
Alicia Morrow	Secretary and Counsel
Glenn Michael Gerhard	Vice President, Data Analytics
Kathleen O'Neil	Vice President and Accounting Senior Director
Timothy Sheridan	Vice President and Senior Director of Healthcare Accounting
Mark Paul Fleming	Vice President and Treasury Senior Manager
Joanne Ruth Hart	Vice President and Treasury Senior Director
Mario Vangeli	Vice President and Provider Contracting Managing Director

## **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 of the Board and its committees for the period under examination. Based on our review, it appears that the minutes documented the Company's significant transactions and events, and the directors' approval of these transactions and events.

The Company's articles of incorporation and bylaws were reviewed for any changes during the period under examination. On August 15, 2023, the Company amended its bylaws to reduce the minimum number of directors to no less than one (1) and no more than five (5). Based on our review, it appears that no other changes to the Company's articles of incorporation or bylaws were made during the examination period. (Refer to the Summary of Significant Findings)

## **STATUTORY DEPOSITS**

Statutory deposits are maintained as required by insurance regulatory agencies for doing business in such jurisdictions. As of December 31, 2023, the Company maintained statutory deposits with the states of North Carolina and Virginia totaling \$735,473 and \$549,479, respectively.

## **ACCOUNTS AND RECORDS**

The Company's books and records are maintained at the main administrative office at 900 Cottage Grove Road, Bloomfield, Connecticut.

## **INFORMATION TECHNOLOGY CONTROLS**

A risk-based assessment and review of the Cigna Insurance Group's Information Technology General Controls ("ITGCs") was completed in accordance with the NAIC requirements as outlined in the Handbook. The guidance and direction used to perform the review of the Cigna Insurance Group's ITGCs were derived from Exhibit C Part 1 - Information Technology Planning Questionnaire ("ITPQ") and Exhibit C Part 2 – Information Technology Work Program (collectively, Exhibit C). The Cigna Insurance Group's responses to the ITPQ were evaluated, and certain controls within the IT control environment were tested to assess whether the selected controls were designed effectively and were functioning properly.

The IT review's objectives were to obtain reasonable assurance about whether:

- a. The Cigna Insurance Group had a process in place to effectively identify, mitigate and manage its IT risks;
- b. The Cigna Insurance Group's control structure, policies and procedures were suitably designed to achieve the control objectives specified in Exhibit C; and
- c. The Cigna Insurance Group was complying with those policies and procedures.

The objectives above were achieved through a combination of reviewing the Cigna Insurance Group's policies and procedures, testing in key areas related to Exhibit C, interviewing the Cigna Insurance Group's IT management, reviewing IT risk assessment processes and leveraging relevant risk assessment procedures performed by PricewaterhouseCoopers, LLP and the Cigna Insurance Group's internal audit.

Based upon the risk-based assessment and review, The Cigna Insurance Group's ITGCs were determined to be effective.

## **FIDELITY BONDS AND OTHER INSURANCE**

The Company is a named insured under a fidelity bond issued to The Cigna Group with coverage totaling \$15,000,000 in aggregate. The coverage exceeded the minimum amount of fidelity bond coverage recommended by the Handbook for The Cigna Group on a consolidated basis.

In addition, the Company is a named insured on various corporate property and liability policies issued to The Cigna Group, which appeared to be adequate to cover risks in the normal course of business.

## **EMPLOYEE BENEFITS AND PENSION PLANS**

Cigna Health & Life provides certain post-retirement benefits to retired employees, spouses and other eligible dependents through a plan sponsored by the Cigna Group. Cigna Health & Life also participates in a capital accumulation 401(k) plan sponsored by The Cigna Group in which employee contributions are supplemented by employer matching contributions. The Company has no legal obligation for benefits under these plans.

## RELATED PARTY AGREEMENTS

The Company is a member of an insurance holding company system and related-party activities have a significant impact on the financial condition of the Company. The majority of the Company's contracts and agreements were with affiliated entities in 2023.

### Administrative Services Agreement

The Company has an Administrative Services Agreement with NewQuest Alabama, effective January 1, 2014, and most recently amended effective January 1, 2023, whereby NewQuest Alabama provides managerial and administrative services for the Medicare Advantage business for the Company. The Company pays a monthly management fee of up to, but not exceeding 15% of total revenue reported on its income statements for the calendar year. For the years 2023 and 2022, the Company paid \$45,314,299 and \$33,300,920 respectively, in exchange for these services.

### Management Services Agreement

The Company has a Management Services Agreement with Cigna Holding Company and its affiliates, effective January 1, 1994, and amended effective January 1, 2014. Under this agreement, Cigna Holding Company and certain affiliates provide management services to the Company and the fees charged are calculated using an agreed-upon allocation methodology with allocated expenses based upon factors including projected membership and/or projected usage of the management services by the Company. Under this agreement, the Company incurred management fees totaling \$12,284,186 and \$14,595,274 in 2023 and 2022, respectively.

### Intercompany Services Agreement

The Company is a party to an Intercompany Service Agreement between Connecticut Health and CT General Life and its affiliates, effective January 1, 2001, and amended effective January 1, 2011, whereby Connecticut Health provides utilization management, case management, disease management, care management, and other services to the enrollees of the Company and other affiliated HMOs. The Company incurs expenses based on actual services rendered under this agreement and incurred expenses totaling \$120,240 and \$247,934 in 2023 and 2022, respectively.

### Telehealth Services Agreement

The Company is party to a service agreement between MDLive, Inc. and Cigna Health & Life and its affiliates, effective January 1, 2023, which sets forth the terms and conditions under which MDLive, Inc. provides telehealth services. The services provided to the Company include, but are not limited to, implementation support of telehealth services, account management, reporting, marketing support, call center access, IT services, application programming interface, cyber insurance, eligibility processing, coordination of information and response related to complaints, regulatory compliance and other ancillary services. Service charges include an annual administrative fee, implementation fees, and an hourly rate between \$125 and \$250 based on the project. The Company incurred fees totaling \$145,105 in 2023 for telehealth services provided under this agreement.

### Investment Advisory Agreement

The Company has an investment advisory agreement with Cigna Investments effective October 16, 2009, whereby Cigna Investments serves as the Company's investment advisor. Fees under this agreement are allocated based on the Company's proportionate share of the total publicly traded and non-publicly traded securities of the total value of all such publicly traded and non-publicly traded securities managed by Cigna Investments. Under this agreement, the Company incurred expenses totaling \$155,558 and \$162,662 in 2023 and 2022, respectively.

### Line of Credit Agreements

The Company has a Line of Credit Agreement with Cigna Holdings, Inc. effective September 30, 2021, which allows Cigna Holdings, Inc. to loan funds to the Company in an amount not to exceed the lesser of 3% of the Company's admitted assets or 25% of the Company's surplus as of December 31 preceding the loan request. Any income or expenses derived from this agreement are limited to interest charges on the principal of loans and reasonable out-of-pocket expenses of Cigna Holdings, Inc., including those incurred in connection with enforcement of collection of any amount due. In 2023 and 2022, the Company did not borrow any funds or incur any interest under this agreement,

The Company has a Line of Credit Agreement with Cigna Holding Company effective September 30, 2021, which allows the Company to loan funds to the Cigna Holding Company in an amount not to exceed the lesser of 3% of the Company's admitted assets or 25% of the Company's surplus as of December 31 preceding the loan request. Any income or expenses derived from this agreement are limited to interest charges on the principal of loans. In 2023 and 2022, the Company did not loan any funds or charge interest under this agreement.

### Tax Sharing Agreements

The Company is a party to The Cigna Group's Amended and Restated Consolidated Federal Income Tax Agreement dated January 1, 1997, and amended effective January 1, 2023. Under this agreement, The Cigna Group and its subsidiaries file a consolidated federal income tax return as an affiliated group. The Company is charged based on its taxable income and receives a refund for its taxable losses utilized by The Cigna Group in the consolidated tax return. The Company incurred no charges under this agreement in 2023 and 2022.

The Company participates in The Cigna Group's Consolidated State Tax Sharing Agreement, effective January 1, 2019, which provides a legal obligation to file a unitary state tax return which will compute and unify state tax liabilities for an applicable group in accordance with applicable state laws. No tax liabilities are allocated to the individual companies within the group that have no positive net income and companies with net losses may be paid to the extent that those losses reduce the group's state tax liability. Group members that are allocated a unitary state tax liability shall pay the filing company amounts due by no later than 90 days after the state tax filing is made. The Company incurred no charges under this agreement in 2023 and 2022.

### Network Access Agreement

The Company is party to a Network Access Agreement with CT General Life and its affiliates effective August 12, 1999, and amended effective January 1, 2014, which allows parties access to provider networks of CT General Life and other health plan affiliates that are parties to the agreement. The Company did not utilize its access to the network and no fees were incurred in 2023 and 2022.

### Dental Consultation Agreement

Under an agreement effective October 1, 2000, Cigna Dental provides dental consultations to the Company and its affiliated HMOs on selected dental cases relative to services provided under their members' HMO contracts. Payments are to be made to Cigna Dental within 30 days of receipt. There were no fees charged to the Company related to this agreement in 2023 and 2022.

### Mental Health Agreement

Under an agreement, effective January 1, 1999, Evernorth Behavioral Health, Inc., provides mental health and substance use services to enrollees of the Company and other affiliated HMOs. Effective September 1, 2021, this agreement was amended to include Evernorth Care Solutions, Inc. as a party to the agreement with the same rights and obligations as Evernorth Behavioral Health, Inc. There were no fees charged to the Company related to this agreement in 2023 and 2022.

### PBS Agreements

The Company is a party to two pharmacy benefit agreements between ESI and Cigna Health & Life and its affiliates: a Medicare PBS Agreement effective June 11, 2019, and amended effective January 1, 2025; and a Commercial PBS Agreement effective July 1, 2019, and amended effective January 1, 2024. Under these agreements, ESI provides Pharmacy Benefits Management ("PBM") services in relation to the Company's Medicare, Medicaid, and commercial health plans. The various PBM services provided under these agreements include services related to manufacturer revenue, formulary administration and development, pharmacy network contracting, network administration, claims processing, account management, clinical and care management. The fees incurred under these agreements are largely on a per-claim and/or a per-member per-month basis. The fees incurred under these agreements are paid by Cigna Health & Life and subsequently allocated to the Company; however, the Company was unable to determine the specific amounts incurred for the PBM services provided under these agreements for proper disclosure. (Refer to the Summary of Significant Findings)

### Master Health System Agreements

The Company is party to two master health systems agreements between EHM and Cigna Health & Life and its affiliates: a Medicare Advantage Master Health System Agreement effective June 1, 2020, and amended effective February 1, 2022; and a Commercial Master Health System Agreement effective May 1, 2022, and amended effective January 1, 2023. Services under these agreements include utilization review, medical necessity determinations and appeals, site of service review, claims editing and bundling, network access and other solutions, member engagement, claims processing, claims payment, care coordination, case management, reporting of data on services rendered and other ancillary services for the Company's Medicare Advantage and commercial health plans. In relation to its Medicare Advantage plans, the Company incurred fees totaling \$1,263,917 and \$881,347 in 2023 and 2022, respectively, under the agreement; however, in relation to its commercial health plans, the Company was unable to determine the



specific amounts incurred for services provided under the agreement for proper disclosure. (Refer to the Summary of Significant Findings)

The Company cedes business to an affiliate under a stop loss reinsurance agreement. (Refer to the Reinsurance Program Overview)

## **TERRITORY AND PLAN OF OPERATION**

The Company is an HMO which provides health care services to a defined, enrolled population for a predetermined, prepaid monthly fee. The Company provides medical, supplemental health, and dental insurance coverage and its products primarily focus on Medicare Advantage Part D prescription drug benefit plans, qualifying disabled individuals, and individuals suffering from end-stage renal disease through a contract with the Centers for Medicare & Medicaid Services (“CMS”).

The Company has been licensed in North Carolina since 1986 and is authorized to write business in all counties in the state of North Carolina and Virginia. At December 31, 2023, the Company served 52,926 members.

## **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 ended December 31, 2023:

<b>Year</b>	<b>Net Admitted Assets</b>	<b>Capital and Surplus</b>	<b>Gross Premiums Written</b>	<b>Net Earned Premiums</b>	<b>Net Income (Loss)</b>
2023	\$134,675,983	\$50,366,826	\$418,375,394	\$417,637,443	\$(18,722,381)
2022	\$115,231,403	\$69,783,398	\$363,100,219	\$362,333,054	\$3,463,803
2021	\$126,668,502	\$43,038,081	\$360,335,312	\$355,252,512	\$(25,964,836)
2020	\$58,988,046	\$22,703,344	\$181,176,248	\$180,543,050	\$(4,371,053)
2019	\$39,380,852	\$27,756,540	\$105,195,415	\$104,570,683	\$6,339,943

## **ACTUARIAL OPINION**

Every health insurance company doing business in this State, unless otherwise exempted by the Commissioner, shall annually submit the opinion of an appointed actuary and an actuarial opinion summary in accordance with GS § 58-2-165 (c).

The statutory reserves and related items for 2023 were reviewed and certified by the Company’s Appointed Actuary, Rebecca A. Skripol, FSA, and a member of the American Academy of Actuaries. Actuarial opinions regarding the Company’s reserves for claims unpaid, claims unpaid adjustment expenses and premium deficiency reserves were issued by an appointed actuary for all years in the examination period. The appointed actuary evaluated the data provided by the Company for reasonableness and consistency of the claims unpaid, claims unpaid adjustment expenses and premium deficiency reserves. According to the actuarial opinions, the Company’s reserves for claims unpaid, claims unpaid adjustment expenses and premium deficiency reserves 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 claims unpaid expense obligations of the Company.

## **REINSURANCE PROGRAM OVERVIEW**

### **REINSURANCE CEDED**

The Company has a reinsurance stop loss agreement with Cigna Health & Life effective January 1, 1993, and amended effective January 1, 2013, which is administered by Cigna Holding Company. Under the terms of the Agreement, the Company pays a monthly premium based on an established rate per commercial and Medicare health plan members. In return for premiums paid, the Company is reimbursed a percentage of costs in excess of a deductible for hospital related services provided to individual commercial and Medicare health plan members. The required deductible per individual commercial and Medicare health plan member per calendar year was \$150,000 for the years 2023 and 2022. Covered charges over the deductible are reimbursed by the reinsurer at 80% for the years 2023 and 2022. In 2023 and 2022, the Company ceded premiums totaling \$115,860 and \$87,705, respectively, under this contract.

The Company has a quota share reinsurance agreement with EyeMed Insurance Company, effective January 1, 2022. This is a coinsurance agreement whereby EyeMed Insurance Company indemnifies the Company 100% of the Company's gross liability under any and all supplemental vision benefits offered in policies issued pursuant to the Company's Medicare Advantage plans. In 2023 and 2022, the Company paid premiums totaling \$622,091 and \$679,461, respectively, under this agreement.

## **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 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.

**Cigna Healthcare of North Carolina, Inc.**  
**Statutory Statement of Admitted Assets**  
**December 31, 2023**

	<b>2023</b>	<b>2022</b> <i>(unexamined)</i>
Bonds	\$84,383,414	\$65,225,434
Cash, cash equivalents and short-term investments	30,285,247	20,978,077
Receivable for securities	10,325	-
<b>Total cash and invested assets</b>	<b>114,678,986</b>	<b>86,203,511</b>
Investment income due and accrued	983,799	663,833
Uncollected premiums and agents' balances in the course of collection	1,212,693	74,357
Accrued retrospective premiums and contracts subject to redetermination	-	9,914,696
Amounts receivable relating to uninsured plans	672,942	2,404,971
Current federal and foreign income tax recoverable and interest thereon	999,547	362,708
Net deferred tax asset	1,406,422	1,285,367
Receivable from parent, subsidiaries and affiliates	3,188,895	2,420,273
Health care and other amounts receivable	11,478,418	9,294,243
Other assets	54,281	19,010
Premium tax receivable	-	2,588,434
<b>Total admitted assets</b>	<b>\$134,675,983</b>	<b>\$115,231,403</b>

**Cigna Healthcare of North Carolina, Inc.**  
**Statutory Statement of Liabilities, Capital and Surplus**  
**December 31, 2023**

	<b>2023</b>	<b>2022</b> <i>(unexamined)</i>
Claims unpaid	\$44,612,675	\$29,551,036
Accrued medical incentive pool and bonus amounts	2,106,433	1,634,269
Unpaid claims adjustment expenses	831,564	479,126
Aggregate health policy reserves	23,454,178	5,314,647
Premiums received in advance	1,968,245	727,181
General expenses due or accrued	1,350,967	679
Ceded reinsurance premiums payable	9,660	7,155
Amounts withheld or retained for the account of others	260	320
Remittances and items not allocated	1,009,237	2,793,260
Payable to parent, subsidiaries, and affiliates	6,940,953	4,801,465
Liability for amounts held under uninsured plans	745,269	-
Amount due to CMS	1,279,341	138,130
Escheat Liability	375	736
<b>Total liabilities</b>	<b>84,309,157</b>	<b>45,448,005</b>
Common capital stock	10	10
Gross paid in and contributed surplus	86,725,000	86,725,000
Unassigned funds	(36,358,184)	(16,941,612)
<b>Total capital and surplus</b>	<b>50,366,826</b>	<b>69,783,398</b>
<b>Total liabilities, capital and surplus</b>	<b>\$134,675,983</b>	<b>\$115,231,403</b>

**Cigna Healthcare of North Carolina, Inc.**  
**Statutory Statement of Operations**  
**December 31, 2023**

	<b>2023</b>	<b>2022</b> <i>(unexamined)</i>
<b>Underwriting income:</b>		
Net premium income	\$417,637,443	\$362,333,054
Other income	359	-
<b>Total revenues</b>	<b>417,637,802</b>	<b>362,333,054</b>
<b>Deductions:</b>		
Hospital/medical benefits	270,672,027	235,068,178
Other professional services	23,357,397	13,924,534
Outside referrals	84,470	75,599
Emergency room and out-of-area	16,055,884	15,299,286
Prescription drugs	40,354,641	35,635,753
Incentive pool, withhold adjustments and bonus amounts	1,442,107	2,196,874
<b>Total hospital and medical subtotal</b>	<b>351,966,526</b>	<b>302,200,224</b>
<b>Less:</b>		
Net reinsurance recoveries	-	2,086,646
Total hospital and medical	351,966,526	300,113,578
Claims adjustment expenses	24,317,304	15,804,139
General administrative expenses	53,093,072	39,763,130
Increase in reserves for life and accident and health contracts	12,794,389	1,601,300
<b>Total underwriting deductions</b>	<b>442,171,290</b>	<b>357,282,146</b>
<b>Net underwriting gain or (loss)</b>	<b>(24,533,488)</b>	<b>5,050,908</b>
<b>Investment income:</b>		
Net investment income earned	4,634,166	2,687,800
Net realized capital gains (losses)	1,385	(2,257,367)
<b>Net investment gains</b>	<b>4,635,551</b>	<b>430,433</b>
<b>Other income:</b>		
Net gain or (loss) from agents' or premium balances charged off	(360,753)	(611,155)
<b>Net income or (loss) after capital gains tax and before all other federal income taxes</b>	<b>(20,258,690)</b>	<b>4,870,186</b>
Federal and foreign income taxes incurred	(1,536,309)	1,406,383
<b>Net income (loss)</b>	<b>\$(18,722,381)</b>	<b>\$3,463,803</b>

**Cigna Healthcare of North Carolina, Inc.**  
**Statutory Statement of Capital and Surplus**  
**December 31, 2023**

	<b>2023</b>	<b>2022</b> <i>(unexamined)</i>
<b>Capital and surplus, beginning of year</b>	\$69,783,398	\$43,038,081
Net income or (loss)	(18,722,381)	3,463,803
Change in net deferred income tax	121,055	1,207,966
Change in non-admitted assets	(815,246)	73,548
Surplus adjustments: paid in	-	22,000,000
<b>Net change in capital and surplus</b>	<b>(19,416,572)</b>	<b>26,745,317</b>
<b>Capital and surplus, end of year</b>	<b>\$ 50,366,826</b>	<b>\$69,783,398</b>

**Cigna Healthcare of North Carolina, Inc.**  
**Statutory Statement of Cash Flow**  
**December 31, 2023**

	<b>2023</b>	<b>2022</b> <i>(unexamined)</i>
<b>Cash from (used by) operations</b>		
Premiums collected net of reinsurance	\$433,627,740	\$339,742,898
Net investment income	4,082,218	2,361,338
Miscellaneous income	359	-
<b>Total</b>	<b>437,710,317</b>	<b>342,104,236</b>
Benefit and loss related payments	339,021,035	319,561,809
Commissions, expenses paid and aggregate write-ins	73,486,229	59,663,439
Federal and foreign income taxes paid	(899,709)	(2,809,605)
<b>Total</b>	<b>411,607,555</b>	<b>376,415,642</b>
<b>Net cash from (used by) operations</b>	<b>26,102,762</b>	<b>(34,311,406)</b>
<b>Cash from (used by) investments</b>		
Proceeds from investments sold, matured, or repaid	1,000,628	22,087,472
Cost of investments acquired	(19,935,806)	(38,310,320)
<b>Net cash from (used by) investments</b>	<b>(18,935,178)</b>	<b>(16,222,848)</b>
<b>Cash from (used by) financing and miscellaneous sources</b>		
Capital and paid in surplus, less treasury stock	-	22,000,000
Other cash provided (applied)	2,139,585	998,782
<b>Net cash from (used by) financing and miscellaneous sources</b>	<b>2,139,585</b>	<b>22,998,782</b>
<b>Reconciliation of cash and short-term investments</b>		
Net change in cash, cash equivalents and short-term investments	9,307,169	(27,535,472)
Cash and short-term investments, beginning of year	20,978,077	48,513,549
Cash and short-term investments, end of year	<b>\$30,285,246</b>	<b>\$20,978,077</b>

## COMMENTS ON FINANCIAL STATEMENTS

There were no changes to the Company's financial statements and there were no proposed adjustments to surplus as a result of this examination.

### **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:** Carried at amortized cost using the scientific method. Bonds with lower credit ratings are carried at the lower of amortized cost or fair value.

**Cash and cash equivalents:** Carried at amortized cost (which approximates fair value) and includes debt securities with maturities of less than one year.

**Premiums:** Insurance premiums, net of premiums ceded to reinsurers, are earned over the terms of the policies. The portion of direct premiums written applicable to the unexpired terms of the policies is recorded as unearned premium. Premiums are earned on a pro-rata basis.

**Reinsurance:** Premiums, commissions, expense reimbursements, and reserves are reported on a basis consistent with the original policies issued and the terms of the reinsurance agreements. Premiums ceded are reported as a reduction of premium income. Losses and loss adjustment expenses are reported as reductions of those items. Uncollateralized amounts from unauthorized reinsurers are deducted directly from capital and surplus through a provision for unauthorized reinsurance. Changes to the provision are credited or charged directly to surplus.

**Non-admitted assets:** Certain assets, such as premiums over 90 days past due are charges against surplus.

**Unpaid loss & loss adjustment expense:** Includes amounts determined from individual case estimates and loss reports and amounts, based on experience, for losses incurred but not reported. Estimated amounts of salvage and subrogation and reinsurance recoverable are deducted from the reserve for losses and loss adjustment expenses.

### **Analysis of Assets:**

The Company reported the following as non-admitted assets as of December 31, 2023: 1) Uncollected premiums and agents' balances in the course of collection totaling \$485,433 and 2) Health care and other amounts receivable totaling \$954,679.



### **Reinsurance Activity:**

The Company has reinsurance contracts to minimize its exposure to losses. Reinsurance contracts do not relieve the Company of its primary obligation to policyholders. Failure of the reinsurers to discharge their obligations could result in losses to the Company.

Direct and ceded premiums earned are as follows:

	<b>2023</b>	<b>2022</b>
Direct written earned	\$418,375,394	\$363,100,219
Ceded earned	737,951	767,165
<b>Net earned</b>	<b>\$417,637,443</b>	<b>\$362,333,054</b>

The reinsurers share in 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:

	<b>2023</b>	<b>2022</b>
<b>Reserves for claims unpaid and unpaid claims adjustment expenses, beginning of year</b>	\$ 30,030,162	\$48,532,660
<b>Incurring related to:</b>		
Current year	359,535,998	303,655,752
Prior years	(6,163,549)	(3,370,456)
<b>Total incurred</b>	<b>353,372,449</b>	<b>\$300,285,296</b>
<b>Paid related to:</b>		
Current year	313,801,791	274,867,910
Prior years	24,156,581	43,919,884
<b>Total paid</b>	<b>337,958,372</b>	<b>318,787,794</b>
<b>Reserves for claims unpaid and unpaid claims adjustment expenses, end of year</b>	<b>45,444,239</b>	<b>30,030,162</b>
<b>Increase in reserves for claims unpaid and unpaid claims adjustment expenses</b>	<b>\$15,414,077</b>	<b>(\$18,502,498)</b>

### **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 Department's last examination as of December 31, 2018:

	<b>2021</b>	<b>2020</b>	<b>2019</b>
<b>Capital and surplus, beginning of year</b>	<b>\$22,703,344</b>	<b>\$27,756,540</b>	<b>\$36,992,666</b>
Capital and surplus increases (decreases):			
Net income (loss)	(25,964,836)	(4,371,053)	6,339,943
Change in net deferred income tax	(661,671)	453,253	245,635
Change in non-admitted assets	1,790,591	(1,628,113)	(821,704)
Surplus adjustments to paid-in capital	45,000,000	-	-
Dividends to stockholders	-	-	(15,000,000)
SSAP 3 prior year adjustment	170,653	492,717	-
<b>Change in surplus for the year</b>	<b>20,334,737</b>	<b>(5,053,196)</b>	<b>(9,236,126)</b>
<b>Capital and surplus, end of year</b>	<b>\$43,038,081</b>	<b>\$22,703,344</b>	<b>\$27,756,540</b>

### **SUBSEQUENT EVENTS**

On October 28, 2024, the Department approved an amendment to the Medicare PBS Agreement between ESI and Cigna Health & Life and its affiliates and, effective January 1, 2025, a new Medicare pricing schedule will be utilized.

On October 24, 2024, the Department approved the Company's request for approval to pay an extraordinary cash dividend totaling \$5,000,000 on November 13, 2024, which will be passed on by the Company's parent, Healthsource, Inc. to Connecticut General Corporation.

Effective January 1, 2025, the Company's Medicare Advantage business through its CMS contract was novated to an affiliate, Bravo Health Pennsylvania, Inc., in accordance with a Form D approved by the Department. The Medicare Advantage business was approximately 54% of the Company's total revenue in 2023.

**Cigna Healthcare of North Carolina, Inc.**  
**DISTRIBUTION OF REPORT ON EXAMINATION**  
**December 31, 2023**

Karen Fogarty  
Exam Coordination Manager  
900 Cottage Grove Road, C6ACC  
Bloomfield, Connecticut 06002

Kimberly Schoolcraft  
Exam Coordination Manager  
900 Cottage Grove Road, C6ACC  
Bloomfield, Connecticut 06002

## CONCLUSION

The examination procedures described herein revealed no material adverse findings or adjustments to surplus.

We conclude that at December 31, 2023, the Company complies with the \$1,000,000 minimum net worth requirements of GS § 58-67-110(b) for the kinds of insurance that the Company has been authorized to write or the amount required pursuant to the risk-based capital provisions of Article 12 of Chapter 58.

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

Respectfully submitted,



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

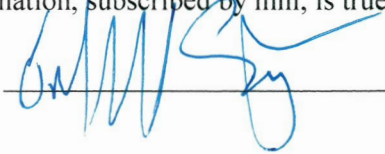
May 22, 2025

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:



Date:

5/22/25

Sworn and subscribed before me this 22 day of May, 2025.

Notary Public Signature:



Notary Public Seal:

