



NC DEPARTMENT of INSURANCE

MIKE CAUSEY, COMMISSIONER

COMPANY SERVICES GROUP
FINANCIAL EXAMINATION DIVISION

Tel 919.807.6602 Fax 919.807.6635

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 UnitedHealthcare of North Carolina, Inc., as of December 31, 2024 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 18th day of May, 2026.



Mike Causey
Commissioner of Insurance

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

UnitedHealthcare of North Carolina, Inc.

Greensboro, North Carolina

Report on Examination

As of December 31, 2024

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May 4, 2026

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

UnitedHealthcare of North Carolina, Inc.

(hereinafter referred to as the “Company”), acknowledging that its main administrative office and statutory home office is located at 3803 North Elm Street, Greensboro, North Carolina 27455. 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 January 1, 2020, to December 31, 2024, 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, 2019.

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 examination was conducted as part of a multi-state coordinated financial examination of twenty-one (21) insurance company subsidiaries of UnitedHealth Group Incorporated (“UHG”) (collectively known as the “UnitedHealthcare Group”). Connecticut is the Lead State regulator for the UnitedHealthcare Group; however, North Carolina served as the Facilitating State for the current examination, and Participating States included Colorado, Florida, Georgia, Illinois, Indiana, Louisiana, Missouri, New York, Ohio, Oklahoma, Oregon, Texas, Washington, and Wisconsin.

The following table lists the twenty-one (21) insurance company subsidiaries included in the UnitedHealthcare Group:

Company Name	State of Domicile	NAIC Company Code
PacifiCare Life Assurance Company	Colorado	84506
Solstice Benefits, Inc.	Florida	12341
Neighborhood Health Partnership, Inc.	Florida	95123
UnitedHealthcare of Georgia, Inc.	Georgia	95850

Company Name	State of Domicile	NAIC Company Code
Solstice of Illinois, Inc.	Illinois	16790
PacifiCare Life and Health Insurance Company	Indiana	70785
Peoples Health, Inc.	Louisiana	13607
UnitedHealthcare of Louisiana, Inc.	Louisiana	95833
UnitedHealthcare of Midwest, Inc.	Missouri	96385
UnitedHealthcare of North Carolina, Inc.	North Carolina	95103
Solstice Health Insurance Company	New York	13971
Solstice Healthplans of Ohio, Inc.	Ohio	16878
UnitedHealthcare of Oklahoma, Inc.	Oklahoma	96903
UnitedHealthcare of Oregon, Inc.	Oregon	95893
Care Improvement Plus of Texas Insurance Company	Texas	12558
Freedom Life Insurance Company of America	Texas	62324
Enterprise Life Insurance Company	Texas	89087
UnitedHealthcare Benefits of Texas, Inc.	Texas	95174
National Foundation Life Insurance Company	Texas	98205
UnitedHealthcare of Washington, Inc.	Washington	48038
Care Improvement Plus Wisconsin Insurance Company	Wisconsin	14041

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 Handling
- Investments
- Pharmacy Rx Rebates
- Premiums and Underwriting
- Pricing and Other Actuarial Items
- Related Parties
- Reserving
- Reinsurance

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). Deloitte and Touche, LLP of Minneapolis, Minnesota, 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, 2024.

REPORT ACRONYMS

Affordable Care Act	“ACA”
AxelaCare Intermediate Holdings, LLC	“AxelaCare”
Board of Directors	“Board”
Centers for Medicare and Medicaid Services	“CMS”
Dental Benefit Providers, Inc.	“DBP”
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”
North Carolina Department of Insurance	“Department”
OptumHealth Care Solutions, Inc.	“OptumHealth”
Prepaid Health Plan	“PHP”
United Behavioral Health	“UBH”
United Healthcare Services, Inc.	“UHS”
UnitedHealth Group Incorporated	“UHG”
UnitedHealthcare, Inc.	“UHI”
UnitedHealthcare Insurance Company	“UHIC”
UnitedHealthcare of North Carolina, Inc.	“Company”
UnitedHealthcare of Wisconsin, Inc.	“UHCWI”

ORGANIZATIONAL STRUCTURE

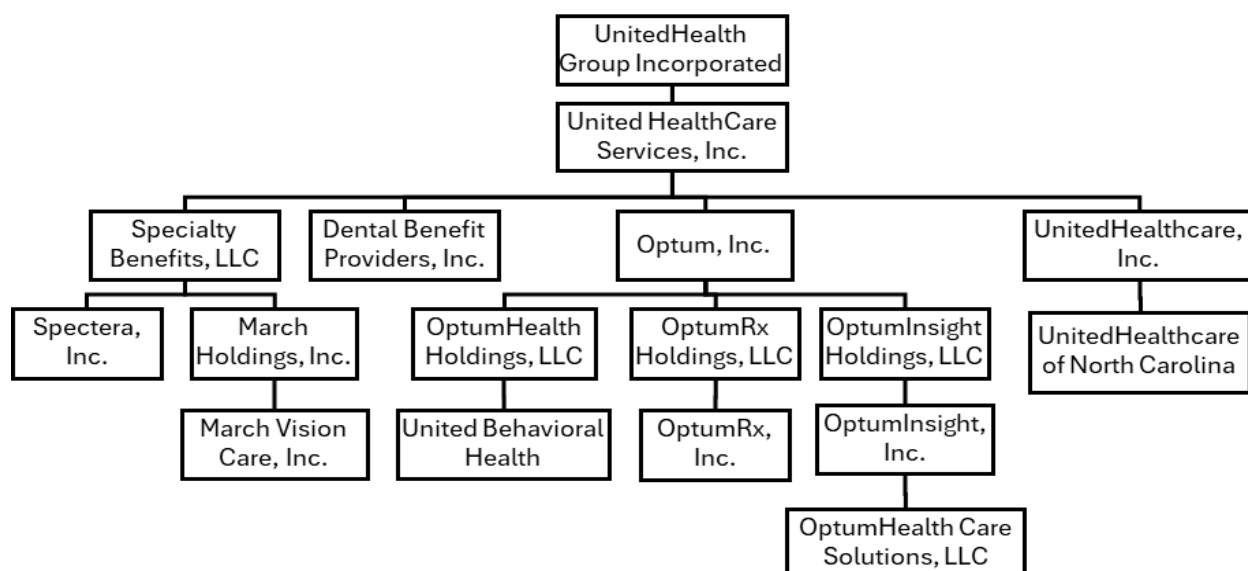
The Company is part of an insurance holding company system as defined in GS § 58-19. The Company is a wholly owned subsidiary of United Healthcare, Inc. (“UHI”), a Delaware corporation, which is wholly owned by United HealthCare Services, Inc. (“UHS”), a Minnesota corporation, which is wholly owned by UnitedHealth Group Incorporated (“UHG”), a publicly traded insurance holding company incorporated in the state of Delaware.

UHG operates through two platforms, Optum and UnitedHealthcare. First, Optum provides health services, which include three business segments: OptumHealth, OptumInsight, and OptumRx. Second, UnitedHealthcare provides health benefits, which include four business segments: Employer and Individual; Medicare and Retirement; Community and State; and Global. The Employer and Individual business segment serve employers ranging from sole proprietorships to large national employers, public sector employees, and individuals. The Medicare and Retirement business segment provides health benefits for Medicare beneficiaries and retirees. The Community and State business segment manages health care benefit programs on behalf of state Medicaid systems, and the Global segment supports globally mobile populations through a comprehensive range of in-house solutions developed using a breadth of capabilities and resources.

The Company is part of the UnitedHealthcare platform and writes Medicaid and Commercial employer and individual insurance.

ORGANIZATIONAL CHART

The Company’s 2024 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, 2024:



COMPANY HISTORY

The Company was incorporated in North Carolina on March 12, 1985, and commenced operations as a Health Maintenance Organization (“HMO”) on May 21, 1985.

Effective December 31, 2006, Optimum Choice of the Carolinas, Inc. was merged into the Company. These entities were previously wholly owned subsidiaries of Mid Atlantic Medical Services, LLC and UHI.

Effective January 1, 2016, the Company novated its Centers for Medicare and Medicaid Services (“CMS”) contracts to an affiliate, UnitedHealthcare of Wisconsin, Inc. (“UHCWI”). The novation agreement transferred full rights under the contracts for dates of service on or after January 1, 2016, to UHCWI.

Effective April 5, 2019, the Company became licensed as a Prepaid Health Plan (“PHP”).

Effective July 1, 2021, the Company entered into a contract with the state of North Carolina and the Department of Health and Human Services to provide Medicaid healthcare coverage for low-income families, children, seniors, and people with disabilities.

Effective January 1, 2022, the Company began participating in the Affordable Care Act (“ACA”) individual exchange market in North Carolina. CMS provides the exchange’s eligibility and enrollment system, sets and enforces federal standards for essential benefits and network adequacy, and oversees risk adjustments.

CAPITAL STOCK

As of December 31, 2024, the Company's capitalization consisted of the following:

Description	Value
Number of authorized common capital shares	1,000
Number of shares issued and outstanding	100
Total common capital stock	\$1
Par value per share	\$0.01

No additional shares were issued during the period under examination. As of December 31, 2024, all outstanding shares are held by UHI.

The Company received additional paid-in and contributed surplus from UHS totaling \$15 million on July 14, 2021. At December 31, 2024, the Company reported \$130,129,185 in gross paid-in and contributed surplus and \$249,424,794 in unassigned funds.

DIVIDENDS TO STOCKHOLDER

Dividends on common stock are paid as declared by the Board of Directors ("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 amount in excess of this is considered extraordinary. The Company paid dividends totaling \$74 million, \$50 million, and \$15 million in 2024, 2023, and 2022, respectively. No dividends were paid in 2021 and 2020.

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 Chair of the Board, the President, a majority of the Board, or by any shareholder pursuant to the written request of the shareholder of not less than one-third of all the shares entitled to vote at the meeting.

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 three (3) and not more than ten (10). Directors are elected annually, at the annual meeting of the shareholder or by the written consent of the shareholder, and each director elected shall hold office until a successor is elected and qualified.

The following individuals served as directors as of December 31, 2024:

Name	Location	Principal Occupation
Laurie Beth Mandell	Charlotte, NC	Vice President General Management at UHG and Chief Executive Officer, President, and Board Chair at the Company
Anita Hart Bachmann	Greensboro, NC	Health Plan Chief Executive Officer at UHG and Vice President Community and State at the Company
Suha Haddad Assi	Brentwood, TN	Health Plan Chief Executive Officer (M&R) at UHG and Vice President Government Programs at the Company
Elizabeth Madren Southard	Greensboro, NC	Director of Finance at UHG and Chief Financial Officer at the Company

The Company designated the Community and State Audit Committee of its indirect parent, UHS, 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, 2024:

Audit Committee – UHS Community & State

Jason L. Kalies, Chair
 Daniel W. Munsell
 Debra J. Sather
 Alissa A. Weber

Officers

The bylaws provide that the Board will elect the officers of the Company. The officers of the Company include a Chair of the Board, president, secretary, and treasurer. The Company may also elect one or more Assistant Secretaries, Vice Presidents, Assistant Treasurers, and other titled officers as may be deemed necessary by the Board or the executive officers.

All officers shall hold office, subject to removal at any time by the Board, until their successors are elected and qualified. Any two or more offices may be held by the same person, except the offices of President and Secretary, but no officer may act in more than one capacity where the action of two or more officers is required.

The following individuals served as officers of the Company as of December 31, 2024:

Name	Title
Laurie Beth Mandell	Chief Executive Officer, President, and Chair of the Board
Bryn Searns	Secretary
Marilyn Victoria Hirsch	Treasurer
Elizabeth Madren Southard	Chief Financial Officer
Suha Haddad Assi	Vice President, Government Programs

Name	Title
Heather Anastasia Lang	Assistant Secretary
Anita Hart Bachmann	Vice President, Community and State
Jessica Leigh Zuba	Assistant Secretary
Nyle Brent Cottingham	Vice President, Regulatory Controller

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

The minutes of the meetings of the Board and the Audit Committee were reviewed for the period under examination. Based on our review, it appears that the minutes documented the Company's significant transactions and events and that the directors approved these transactions and events.

The Company's articles of incorporation and bylaws were reviewed for any changes during the period under examination. Based on the review, it appears that no changes to the Company's articles of incorporation or bylaws were made during the examination period. The minutes of the meetings of the shareholder, the Board, and Audit Committee were reviewed for the period under examination. Based on the review, it appears that the Company acted in accordance with its articles of incorporation and bylaws.

STATUTORY DEPOSITS

Statutory deposits are maintained as required by insurance regulatory agencies for doing business in such jurisdictions. At December 31, 2024, the Company maintained a statutory deposit in North Carolina totaling \$1,066,669.

ACCOUNTS AND RECORDS

The Company's books and records are maintained at the main administrative office at 3803 North Elm Street, Greensboro, North Carolina 27455.

INFORMATION TECHNOLOGY CONTROLS

A risk-based assessment and review of the UnitedHealthcare 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 UnitedHealthcare 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 UnitedHealthcare 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 Department's objectives were to obtain reasonable assurance about whether:

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

The objectives above were achieved through a combination of reviewing the UnitedHealthcare Group's policies and procedures, testing key areas related to Exhibit C, interviewing the UnitedHealthcare Group's IT management, reviewing IT risk assessment processes, and leveraging relevant risk assessment procedures performed by Deloitte and Touche LLP and UHG's Corporate Audit Department.

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

FIDELITY BONDS AND OTHER INSURANCE

At December 31, 2024, the Company was a named insured under a fidelity bond issued to UHI with coverage totaling \$25 million in the aggregate, which exceeded the minimum amount of fidelity bond coverage recommended by the Handbook for UHI on a consolidated basis.

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

EMPLOYEE BENEFITS AND PENSION PLANS

The Company has no defined benefit plans, defined contribution plans, multiemployer plans, consolidated/holding company plans, postemployment benefits, or compensated absences plans and is not impacted by the Medicare Modernization Act on postretirement benefits, since all personnel are employees of UHS, which provides services to the Company under the terms of the Management Services Agreement.

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. Significant related-party agreements in place as of December 31, 2024, are summarized as follows:

Management Services Agreement

Effective January 1, 2011, the Company entered into a Management Services Agreement with UHS, which was last amended March 1, 2017, whereby UHS provides various services to the Company including human resources, legal, facilities, general administration, treasury and investment functions, claims adjudication and payment, benefit administration, disease management, health care decision support, provider networks, quality oversight, and wellness management. In return for these services, the Company pays UHS a monthly management fee equal to UHS's expenses for services or use of assets solely to benefit the Company and the Company's allocated portion of UHS's expenses where services provided or assets used are shared between the Company and other affiliates. The Company paid management fees to UHS totaling \$167,867,638 under this agreement for 2024.

Facility Participation Agreement

Effective February 1, 2016, the Company entered into a Facility Participation Agreement with AxelaCare Intermediate Holdings, LLC (“AxelaCare”), which was last amended January 1, 2019, whereby AxelaCare provides home infusion therapy services, including per diem nursing services and the cost of drugs for the Company’s Commercial, Medicare, and Medicaid products offered. The Company paid fees totaling \$3,886,776 under this agreement for 2024.

Effective July 1, 2018, the Company entered into a Facility Participation Agreement with OptumRx, Inc., which was last amended July 1, 2018, whereby OptumRx, Inc. is acting as a specialty pharmacy provider providing the specialty pharmacy medications covered under the member’s pharmacy benefits. The Company paid fees totaling \$24,535,503 under this agreement for 2024.

Administrative Services Agreements

Effective March 1, 2013, the Company entered into an Administrative Services Agreement with OptumHealth Care Solutions, Inc. (“OptumHealth”), which was last amended November 1, 2023, whereby OptumHealth manages a network of therapy providers and other administrative functions in order to provide physical health solutions such as chiropractic and physical, occupation, and speech therapy for the Company’s Commercial and Medicare members. Fees under this agreement are charged to the Company based on the Company’s per member per month related to each plan type serviced by OptumHealth on behalf of the Company. The Company paid fees totaling \$999,733 under this agreement for 2024.

Effective July 1, 2011, the Company entered into a Services Agreement with OptumInsight, Inc. (formerly known as Ingenix, Inc.), which was last amended November 1, 2023, whereby OptumInsight, Inc. provides claim analytics and recovery services, retrospective fraud, waste, and abuse services, and subrogation services. Fees under this agreement are charged to the Company based on the Company’s per member per month and percentage of gross amounts avoided or recovered by OptumInsight, Inc. on behalf of the Company. The Company paid fees totaling \$2,235,023 under this agreement for 2024. Effective December 31, 2024, the agreement was terminated.

Behavioral Health Services Agreement

Effective March 1, 2012, the Company entered into a Behavioral Health Services Agreement with United Behavioral Health (“UBH”), which was last amended on July 1, 2024, whereby UBH provides services related to mental health and substance abuse treatment services to the Company’s Commercial and Medicare members. Fees under this agreement are charged to the Company based on the Company’s per member per month related to each plan type serviced by UBH on behalf of the Company. The Company paid fees totaling \$17,991,439 under this agreement for 2024.

Dental Services Agreement

Effective February 1, 2012, the Company entered into a Dental Services Agreement with Dental Benefit Providers, Inc. (“DBP”), which was last amended July 1, 2024, whereby DBP manages a network of dental service providers, processes claims, and performs other administrative functions related to dental services provided to the Company’s Medicare members. Fees under this agreement are charged to the Company based on the Company’s per member per month related to each plan type serviced by DBP on behalf of the Company. The Company paid fees totaling \$181,797 under this agreement for 2024.

Vision Services Agreement

Effective September 1, 2020, the Company entered into a Vision Services Agreement with March Vision Care Group Incorporated, which was last amended July 1, 2024, whereby March Vision Care Group Incorporated manages a network of vision service providers, processes claims and performs other administrative functions related to vision services provided to the Company's Medicaid members. Fees under this agreement are charged to the Company based on the Company's per member per month related to each plan type serviced by March Vision Care Group Incorporated on behalf of the Company. The Company paid fees totaling \$1,792,837 under this agreement for 2024.

Prescription Drug Benefit Administration Agreement

Effective January 1, 2013, the Company entered into the Prescription Drug Benefit Administration Agreement with OptumRx, Inc. and UHS, which was last amended January 1, 2022, whereby OptumRx, Inc. provides Core Prescription Drug Benefit Services and Mail Order Pharmacy Services to the Company's Commercial members. The Company paid fees totaling \$22,586,487 under this agreement for 2024.

Effective January 1, 2013, the Company entered into the Medicare Prescription Drug Benefit Administration Agreement with OptumRx, Inc. and UHS, which was last amended January 1, 2024, whereby OptumRx, Inc. provides pharmacy benefit administration services to the Company's Medicare members. During 2024, the Company received various recoveries from legal settlements that were netted against fees paid to OptumRx, Inc. resulting in net payments received totaling \$194,607 in 2024.

Effective January 1, 2024, the Company entered into the Fourth Amended & Restated Prescription Drug Benefit Administration Agreement with OptumRx, Inc. and UHS, which was last amended October 1, 2024, whereby OptumRx, Inc. provides pharmacy benefit administration services to the Company's Medicaid members. There have been several amendments to this agreement. The Company paid fees totaling \$508,165,505 under this agreement for 2024.

Amended and Restated Subordinated Revolving Credit Agreement

Effective January 1, 2023, the Company entered into the Amended and Restated Subordinated Revolving Credit Agreement with UHS at an interest rate of Fed Funds Target rate – Upper Bound plus 50 basis points. Under the agreement, aggregate principal amount that may be outstanding at any time shall not exceed the lesser of 3% of the Company's admitted assets or 25% of the Company's capital and surplus as of the 31st day of December of the previous year. No amounts were outstanding under the line of credit as of December 31, 2024.

Consolidated Federal Income Tax Agreement

The Company is included in a consolidated income tax return in accordance with a tax sharing agreement between UHG and its affiliates, effective March 29, 1996. The agreement sets forth the parties' obligations in connection with their filing as a consolidated tax filing group. The Company shall pay UHG an amount equal to the full separate federal, state and local (if any) income tax liability attributable to the net taxable income of the Company that would have been paid if the Company had filed separate federal, state and local income tax returns. UHG shall, within sixty (60) days after filing the return, refund to the the Company any overpayment. Any underpayment of tax shall be due and payable by the Company to UHG within sixty (60) days of receiving notice from UHG as to the amount due.

TERRITORY AND PLAN OF OPERATION

The Company was licensed on May 21, 1985, as an HMO. Effective April 5, 2019, the Company also became licensed as a PHP with authority to provide services under the North Carolina Medicaid and Health Choice programs. The Company exited its individual “ACA” business effective January 1, 2017, and re-entered effective January 1, 2022. The Company provides Medicaid managed care programs and products through contractual arrangements with healthcare providers for a predetermined, prepared monthly fee, comprehensive commercial products to individual and small and large employer groups and ACA individual exchange insurance products overseen by CMS, which may cover pregnancy, prescription drugs, outpatient cares, and emergency services.

At December 31, 2024, the Company served 537,145 members and was authorized to write in all North Carolina counties.

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, 2024:

Year	Net Admitted Assets	Capital and Surplus	Gross Premiums Written	Net Earned Premiums	Net Income (Loss)
2024	\$778,902,046	\$379,553,980	\$2,762,635,533	\$2,746,317,943	\$110,176,826
2023	\$635,505,584	\$344,260,683	\$2,190,328,079	\$2,184,188,590	\$100,291,206
2022	\$591,697,295	\$293,379,394	\$2,119,067,741	\$2,113,228,281	\$102,971,290
2021	\$444,345,354	\$206,899,140	\$1,191,852,580	\$1,188,852,659	\$33,168,217
2020	\$282,486,587	\$160,973,276	\$397,734,688	\$397,239,895	\$(17,387,805)

ACTUARIAL OPINION

Every HMO and PHP doing business in North Carolina, 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 GS § 58-67-55 and GS § 58-93-50.

The statutory reserves and related items for 2024 were reviewed and certified by the Company’s Appointed Actuary, Gary Iannone, ASA, MAAA, Vice President, Corporate Actuarial Services at UHS. 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. The Appointed Actuary evaluated the data provided by the Company for reasonableness and consistency of the claims unpaid and unpaid claims adjustment expenses reserves. According to the actuarial opinions, the Company’s reserve on the claims unpaid 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 insolvency-only reinsurance contract with UnitedHealthcare Insurance Company (“UHIC”). All premiums for the insolvency-only reinsurance contract are paid monthly based on the percentage of premiums earned by the Company. In 2024 and 2023, the Company ceded premiums totaling \$3,057,696 and \$2,417,645, respectively, to UHIC under this contract.

The Company entered into an excess of loss reinsurance contract with UHIC, effective April 1, 2019, whereby the Company cedes 80% of the losses over the \$300,000 deductible per Medicaid member per contract year under this contract. The maximum reinsurance coverage payable under the excess of loss reinsurance contract in any contract year for health care services for each Medicaid Member is \$1 million. The Company pays a monthly reinsurance premium based on an estimate of the number of Medicaid members covered by the Company, plus an adjustment for the previous month’s actual versus the estimated Medicaid members. In 2024 and 2023, the Company ceded premiums totaling \$13,259,893 and \$3,721,843, respectively, to UHIC under this contract.

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, 2024. 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, 2023, are unexamined and are presented for comparative purposes only.

UnitedHealthcare of North Carolina, Inc.
Statutory Statement of Admitted Assets
December 31, 2024

	2024	2023 <i>(unexamined)</i>
Bonds	\$357,583,794	\$332,915,089
Cash, cash equivalents and short-term investments	347,519,358	237,528,693
Other invested assets	5,782,044	6,223,166
Total cash and invested assets	710,885,196	576,666,948
Investment income due and accrued	3,466,800	3,903,720
Uncollected premiums and agents' balances in course of collection	24,060,946	32,074,109
Accrued retrospective premiums	15,414,096	7,090,737
Amounts recoverable from reinsurers	4,131,471	-
Amounts receivable relating to uninsured plans	7,459,748	2,541,566
Current federal income tax recoverable and interest thereon	62,429	-
Net deferred tax asset	2,780,645	2,273,116
Health care and other amounts receivable	10,640,715	10,955,388
Total admitted assets	\$778,902,046	\$635,505,584

UnitedHealthcare of North Carolina, Inc.
Statutory Statement of Liabilities, Capital and Surplus
December 31, 2024

	2024	2023 <i>(unexamined)</i>
Claims unpaid	\$231,894,586	\$198,164,008
Accrued medical incentive pool and bonus amounts	7,615,662	7,203,832
Unpaid claims adjustment expenses	2,158,775	1,731,602
Aggregate health policy reserves	91,514,240	44,656,849
Aggregate health claim reserves	4,102,332	2,946,555
Premiums received in advance	7,186,685	2,814,732
General expenses due or accrued	18,170,224	14,970,034
Current federal income tax liability	-	6,298,139
Ceded reinsurance premiums payable	1,467,353	650,808
Amounts withheld or retained by company for account of others	80,877	101,135
Remittances and items not allocated	3,985,364	2,852,109
Amounts due to parent, subsidiaries and affiliates	20,449,680	8,294,938
Payable for securities lending	587,000	556,667
Liability for amounts held under uninsured plans	10,135,219	3,491
Unclaimed property	69	2
Total liabilities	399,348,066	291,244,901
Common capital stock	1	1
Gross paid in and contributed surplus	130,129,185	130,129,185
Unassigned funds	249,424,794	214,131,497
Total capital and surplus	379,553,980	344,260,683
Total liabilities, capital, and surplus	\$778,902,046	\$635,505,584

UnitedHealthcare of North Carolina, Inc.
Statutory Statement of Operations
December 31, 2024

	2024	2023 <i>(unexamined)</i>
Underwriting income		
Net premium income	\$2,746,317,943	\$2,184,188,590
Change in unearned premium reserves and reserve for rate credits	(24,869,430)	9,933,371
Total revenues	2,721,448,513	2,194,121,961
Hospital and medical		
Hospital/medical benefits	1,724,848,343	1,357,382,307
Other professional services	4,820,022	4,244,314
Prescription drugs	543,511,031	442,503,872
Incentive pool, withhold adjustments and bonus amounts	8,652,221	10,494,472
Subtotal	2,281,831,617	1,814,624,965
Less		
Net reinsurance recoveries	27,588,070	17,911,490
Total hospital and medical	2,254,243,547	1,796,713,475
Claims adjustment expenses	157,422,625	126,235,459
General administrative expenses	205,917,910	165,930,360
Total underwriting deductions	2,617,584,082	2,088,879,294
Net underwriting gain	103,864,431	105,242,667
Investment income		
Net investment income earned	32,228,529	23,925,550
Net realized capital gains	3,964,192	959,614
Net investment gain	36,192,721	24,885,164
Other income		
Net gain (loss) from agents' or premium balances charged off	(160,583)	(107,325)
Penalties-nondeductible	(2,021,945)	(3,740,390)
Investment proceeds	-	110
Total other income (loss)	(2,182,528)	(3,847,605)
Federal income taxes incurred	27,697,798	25,989,020
Net income (loss)	\$110,176,826	\$100,291,206

UnitedHealthcare of North Carolina, Inc.
Statutory Statement of Capital and Surplus
December 31, 2024

	2024	2023 <i>(unexamined)</i>
Capital and surplus, beginning of year	\$344,260,683	\$293,379,394
Capital and surplus increases (decreases):		
Net income	110,176,826	100,291,206
Change in net deferred income tax	507,529	(248,337)
Change in non-admitted assets	(1,391,058)	838,420
Dividends to stockholders	(74,000,000)	(50,000,000)
Net change in capital and surplus	35,293,297	50,881,289
Capital and surplus, end of year	\$379,553,980	\$344,260,683

UnitedHealthcare of North Carolina, Inc.
Statutory Statement of Cash Flow
December 31, 2024

	2024	2023 <i>(unexamined)</i>
Cash from operations		
Premiums collected net of reinsurance	\$2,774,269,440	\$2,144,185,598
Net investment income	33,100,943	23,386,388
Miscellaneous income	9,899	(6,946)
Total	2,807,380,282	2,167,565,040
Benefit and loss related payments	2,225,231,415	1,781,555,527
Commissions, expenses paid and aggregate write-ins	356,646,291	285,925,457
Federal income taxes paid (recovered)	35,112,139	(7,352,228)
Total	2,616,989,845	2,060,128,756
Net cash from operations	190,390,437	107,436,284
Cash used by investments		
Proceeds from investments sold, matured, or repaid	247,685,966	100,636,743
Cost of investments acquired	267,340,973	212,672,792
Net cash used by investments	(19,655,007)	(112,036,049)
Cash used by financing and miscellaneous sources		
Dividends to stockholders	74,000,000	50,000,000
Other cash provided	13,255,235	38,422,713
Net used by financing and miscellaneous sources	(60,744,765)	(11,577,287)
Reconciliation of cash, cash equivalents, and short-term investments		
Net change in cash, cash equivalents and short-term investments	109,990,665	(16,177,052)
Cash, equivalents and short-term investments, beginning of year	237,528,693	253,705,745
Cash, cash equivalents and short-term investments, end of year	\$347,519,358	\$237,528,693

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: Carried at amortized cost using the scientific method. Bonds with lower credit ratings are carried at the lower of amortized cost or NAIC market value. Bonds not backed by other loans are stated at amortized cost using the scientific method.

Loan-backed securities: Stated at either amortized cost or the lower of amortized cost or fair market value. The retrospective adjustment method is used to value all securities.

Cash and short-term investments: Carried at amortized cost (which approximates fair value) and includes money market instruments and debt securities with maturities of less than one year.

Premiums: Member premiums and government program revenues are recognized in the period in which enrollees are entitled to receive health care services and are included in premium income, net of reinsurance expense. Premiums received prior to the period of coverage are reflected as premiums received in advance. Uncollected premium balances that are over 90 days past due, with the exception of amounts due from government insured plans, are considered nonadmitted assets.

Healthcare receivables: Consists of pharmacy rebates estimated based upon data from the Company's claims processing systems and from data provided by the Company's affiliated pharmaceutical benefit manager, OptumRx, Inc.

Nonadmitted assets: Certain assets, such as premiums over 90 days past due, excess of book value over market value for securities, and prepaid expenses, are nonadmitted and are charges against surplus.

Claims unpaid and unpaid claims adjustment expenses: Amounts include claims processed but not yet paid, estimates for claims received but not yet processed, estimates for claims incurred but not reported, and payments and liabilities for physician, hospital and other medical costs disputes.

Aggregate health policy reserves: Includes commercial risk adjustment payables as defined in Section 1343 of the ACA, CMS risk adjustment payables, estimated medical loss ratio rebates payable on Medicaid, unearned premiums and risk corridor payables due to the North Carolina Department of Health and Human Services.

Analysis of Assets:

The following represents an analysis of the Company's net admitted assets at December 31, 2024:

	Assets	Assets not Admitted	Net Admitted Assets
Bonds	\$357,583,794	-	\$357,583,794
Cash, cash equivalents and short-term investments	347,519,358	-	347,519,358
Other invested assets	5,782,044	-	5,782,044
Total cash and invested assets	710,885,196	-	710,885,196
Investment income due and accrued	3,466,800	-	3,466,800
Uncollected premiums and agents' balances in course of collection	25,269,154	1,208,208	24,060,946
Accrued retrospective premiums	15,414,096	-	15,414,096
Amounts recoverable from reinsurers	4,131,471	-	4,131,471
Amounts receivable relating to uninsured plans	7,459,748	-	7,459,748
Current federal income tax recoverable	62,429	-	62,429
Net deferred tax asset	2,780,645	-	2,780,645
Health care and other amounts receivable	17,970,233	7,329,518	10,640,715
Miscellaneous Receivables	12,741	12,741	-
Prepaid Commissions	7,982	7,982	-
Service Fee Billing	129	129	-
Total admitted assets	\$787,460,624	\$8,558,578	\$778,902,046

Amounts Receivable and Liabilities Related to Uninsured Plans:

The Company has contracts with the State of North Carolina for the Additional Utilization Based Payments, Health Opportunists Pilot and Hospital Accessibility and Stabilization Program for which the State of North Carolina retains all of the health care service risk, while the Company assumes only the administrative risk. The Company has recorded a receivable of \$7,459,748 and \$2,541,566 and a payable of \$10,135,219 and \$3,491 at December 31, 2024 and 2023, respectively.

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 written and earned are as follows:

	2024	2023
Direct written and earned	\$2,762,635,533	\$2,190,328,079
Ceded written and earned	16,317,590	6,139,489
Net written and earned	\$2,746,317,943	\$2,184,188,590

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, accrued medical incentive pool and bonus amounts, unpaid claims adjustment expenses, and aggregate health claim reserves (collectively referred to as "Claims Reserves"):

	2024	2023
Claims reserves, beginning of year	\$210,045,997	\$201,087,860
Add:		
Claims expenses incurred during current year	2,428,101,318	1,921,017,445
Change in claims expenses incurred during prior years	(10,149,086)	(12,696,489)
Total incurred	2,417,952,232	1,908,320,956
Deduct:		
Claims expenses paid related to current year	2,198,331,146	1,725,342,065
Claims expenses paid related to prior year	183,895,728	174,020,754
Total paid	2,382,226,874	1,899,362,819
Claims reserves, end of year	245,771,355	210,045,997
Increase in claims reserves	\$35,725,358	\$8,958,137

Claims reserves are reported net of the amounts that are recoverable under the Company's reinsurance contracts. At December 31, 2024 and 2023, the liability for claims reserves was reduced by \$3,473,573 and \$2,896,248 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 since the Department's last examination as of December 31, 2019:

	2022	2021	2020
Capital and surplus, beginning of year	\$206,899,140	\$160,973,276	\$178,400,615
Capital and surplus increases (decreases):			
Net income (loss)	102,971,290	33,168,217	(17,387,805)
Change in net unrealized capital gain (loss)	(104,345)	(292)	23,424
Change in net deferred income tax	621,584	547,092	24,376
Change in nonadmitted assets	(2,008,275)	(2,789,153)	(87,334)
Surplus adjustments to paid-in capital	-	15,000,000	-
Dividends to stockholders	(15,000,000)	-	-
Net change in capital and surplus	86,480,254	45,925,864	(17,427,339)
Capital and surplus, end of year	\$293,379,394	\$206,899,140	\$160,973,276

SUBSEQUENT EVENTS

Effective January 1, 2025, services formerly provided under a Services Agreement with OptumInsight, Inc. shall be provided pursuant to the terms of the Management Services Agreement between UHS and the Company. Such services consist of claim analytics and recovery services, retrospective fraud, waste and abuse services, and subrogation services.

Effective April 30, 2025, Nicholas R. Shjerve was elected to serve as Assistant Secretary to replace Jessica L. Zuba, who was no longer an officer of the Company effective August 15, 2025.

Effective August 15, 2025, Christopher Staples was elected to the Board.

Effective September 30, 2025, Alena Yankouskaya, A.S.A., M.A.A.A., became the Appointed Actuary for the Company, replacing Gary A. Iannone, A.S.A., M.A.A.A.

Effective November 26, 2025, Elizabeth Southard retired from her position as Chief Financial Officer of the Company and was no longer a director on the Board effective December 16, 2025.

At December 31, 2025, the Company recorded a premium deficiency reserve totaling \$33,329,000 related solely to its Medicaid line of business. The premium deficiency reserve was disclosed in the 2025 Underwriting & Investment Exhibit Part 2d on line 2 as an additional policy reserve.

On February 13, 2026, Michael Paduano was appointed as Chief Financial Officer of the Company and was elected as a director to serve on the Company's Board.

UnitedHealthcare of North Carolina, Inc.
DISTRIBUTION OF REPORT ON EXAMINATION
December 31, 2024

Laurie Mandell, Chief Executive Officer
3803 North Elm Street
Greensboro, North Carolina 27455

Jennie Fairchild, Manager – Regulatory Financial Exams
3803 North Elm Street
Greensboro, North Carolina 27455

CONCLUSION

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

We conclude that the Company complies with the minimum capital and surplus requirements of GS § 58-67-110 and GS § 58-93-70 for the kinds of insurance that the Company has been authorized to write, which is \$2,000,000.

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

May 4, 2026

STATE OF NORTH CAROLINA

COUNTY OF WAKE

Jeffrey Streyle, Chief Examiner with the 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: 5/4/2026

Sworn and subscribed before me this 4th day of May, 2026.

Notary Public Signature:  Notary Public Seal:

