

Medical Mutual Insurance Company of North Carolina

Raleigh, North Carolina

Report on Examination

As of December 31, 2015

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March 17, 2017

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

Sir:

Pursuant to your instructions and in accordance with Section (“§”) 58-2-131 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

Medical Mutual Insurance Company of North Carolina

(hereinafter referred to as the “Company”), at its main administrative office located at 700 Spring Forest Road, Suite 400, Raleigh, North Carolina, 27609. The Company’s statutory home office is located at the same address. 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, 2011, to December 31, 2015, 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, 2010.

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

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

Investments
Underwriting and Premiums
Reinsurance Assuming
Reinsurance Ceding
Reserves and Claims Handling
Related Parties
Other Liabilities
Capital and Surplus

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 Company 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 ("AS") 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. Ernst & Young LLP of Raleigh, North Carolina, the designated independent public accountant of the Company, issued an unqualified opinion for each year subsequent to the Department's prior examination through, and including, the year ended December 31, 2015.

The statutory reserves and related items for 2015 were reviewed and certified by the Company's Appointed Actuary, Bryan G. Young, FCAS, MAAA of Willis Towers Watson.

REPORT ABBREVIATIONS

“MMIC Admin”	MMIC Administrative Services, LLC
“MMIC Agency”	MMIC Agency, LLC
“AS”	Annual Statement
“Board”	Board of Directors
“Company”	Medical Mutual Insurance Company of North Carolina
“Department”	North Carolina Department of Insurance
“GS”	General Statutes of North Carolina
“Handbook”	Financial Condition Examiners Handbook
“HPIX”	Healthcare Providers Insurance Exchange
“Investment Holdings”	MMIC Investment Holdings, Inc.
“Legacy”	Legacy Investment Holdings, LLC
“MMH”	Medical Mutual Holdings, Inc.
“MSIC”	Medical Security Insurance Company
“NAIC”	National Association of Insurance Commissioners
“SSAP”	Statements of Statutory Accounting Principles

SUMMARY OF SIGNIFICANT FINDINGS

1. Analysis of Examination Adjustments

<i>(In Thousands)</i>	December 31, 2015	
	Surplus	Net Income
As originally reported to the Department	\$ 229,038	21,792
a. Losses	25,700	25,700
b. Current federal and foreign income taxes	(8,995)	(8,995)
Adjusted Surplus and net income	\$ 245,743	38,497

- a. To reduce the Company’s reported reserve for losses due to a redundancy. Refer to Note 2.a.
- b. To record the estimated federal tax liability related to the reserve adjustment described in Note 2.a.

1. Comments, Recommendations and Directives

- a. As part of the examination, we performed a review and analysis of the Company’s loss reserve at December 31, 2015, noting a significant redundancy in the reserve reported by the Company. The Department reviewed actuarial data from prior years through and including the year ended December 31, 2015, and concluded that a reduction in the reserve totaling \$25.7 million was necessary and appropriate based on the estimated range for the redundancy, which was determined to be between \$25.7 million and \$49.0 million. An examination adjustment was made to reduce the reserves by \$25.7 million.
- b. The Company did not properly record written premiums for certain contracts as of the effective date of the contract in accordance with SSAP No. 53, paragraph 6. No adjustments were made, as

the amount is not considered material; however, the Company is directed to comply with GS § 58-2-165(c) and SSAP No. 53 in its future filings.

- c. The Company did not properly record certain policy endorsements and changes in coverage on the effective date of the endorsement in accordance with SSAP 53, paragraph 9. No adjustments were made, as the amount is not considered to be material; however, the Company is directed to comply with GS § 58-2-165(c) and SSAP 53 in its future filings.
- d. The Company reported incorrect information in the AS Notes to Financial Statements and on Scheduled T as specified below:
 - 1) The number of shares of common stock issued and outstanding reported in AS Note 13.A. is incorrect. In 2015, the Company issued an additional 1.0 million shares resulting in a total of 2.5 million shares issued and outstanding at December 31, 2015. The Company provided documentation of the Board of Directors' ("Board") approval for Medical Mutual Holdings, Inc. ("MMH") to invest \$1.0 million in consideration for the acquisition of 1.0 million shares of the Company at \$1.00 per share.
 - 2) On Schedule T, the state of Pennsylvania has an "Active Status" reported as "N," which stands for "none of the above, not allowed to write business in the state." However, the Company provided documentation from the Pennsylvania Insurance Department dated October 8, 2015, which indicates that the Company was authorized to write business in Pennsylvania.

As it relates to these items, the Company is directed to comply with the NAIC AS Instructions pursuant to GS § 58-2-165(c) in its future filings.

COMPANY HISTORY

The Company was incorporated on October 3, 1975, under the laws of the State of North Carolina as a mutual casualty insurance company. The Company commenced business on October 23, 1975, with a guaranty fund of \$832,600. The Company is a physician-owned medical professional liability company, which provides malpractice and liability insurance for physicians.

In January 2014, with shareholder and regulatory approval, the Company implemented a Plan of Reorganization to change the Company to a stock insurance company under the applicable North Carolina statutes. MMH was established as an insurance holding company as part of the Plan of Reorganization and owns 100% of the Company as a result of the non-cash, tax-free transaction, which resulted in no adjustments to the Company's historical basis other than its capital and surplus to reflect the new common stock issued by the Company. All policyholders of the Company are members of MMH with the rights typically associated with mutual company membership. In connection with the reorganization, the Company transferred its interests in certain bonds, common stocks, cash, and other invested assets to a newly formed affiliate, MMIC Investment Holdings, Inc. ("Investment Holdings") in the form of a distribution of approximately, \$135.9 million.

Capital Stock

As of December 31, 2015, the Company's capitalization consisted of the following:

Description	Value
Number of authorized common capital shares	10,000,000
Number of shares issued and outstanding	2,500,000
Total common capital stock	\$2,500,000
Par value per share	\$1.00

The Company issued 1.0 million shares and 1.5 million shares in 2015 and 2014, respectively, resulting in additional paid in capital totaling \$1.0 million and \$1.5 million for 2015 and 2014, respectively. As of December 31, 2015, all outstanding shares are owned by MMH.

At December 31, 2015, the Company's gross paid-in and contributed surplus totaled \$375,000, and unassigned funds totaled approximately \$226.2 million.

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 that 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 exceeding these limits are considered extraordinary and require prior Department approval. The Company paid \$10.0 million in ordinary dividends to MMH in 2015.

MANAGEMENT AND CONTROL

CORPORATE GOVERNANCE

Board of Directors

The business of the Company is managed by its management team and subject to review by the Board consisting of at least seven members, but not more than nine, divided into three classes, with the terms of one class expiring each year. A majority of the Board constitutes a quorum for the transaction of business.

The following individuals served as directors as of December 31, 2015:

Name	Location	Principal Occupation
Henry David Bruton, MD	Raleigh, NC	Company Secretary
Thomas Hatton McCoy, MD	Charlotte, NC	Company President and Chairman of the Board
Allen Dale Jenkins	Raleigh, NC	Company Chief Executive Officer
Emmet Hunter Dyer, MD	Charlotte, NC	Physician
Michael Paul Moulton, MD	Wilmington, NC	Physician
Rachel Hereford Ross, MD	Salisbury, NC	President of Rowan Regional Pathology Associates, PA
Robert Edmund Schaaf, MD	Raleigh, NC	Chief Executive Officer and Managing Partner of Wake Radiology Services
Chris Michael Teigland, MD	Charlotte, NC	Physician, Carolinas Medical Center
Steven Wayne Yates, MD	Gastonia, NC	Physician
Charles Carlos Crowell, III, MD	High Point, NC	President of Crowell Heart, PA

The Board has the authority to establish committees. The Board has an Executive Committee and an Audit Committee. The Executive Committee has all powers of the Board in the management of the business and affairs of the Company in the interim between the meetings of the Board, except that the Executive Committee does not have the power to fill vacancies in its own membership or in the Board. These committees have the powers and duties deemed appropriate by the Board; however, their power may not exceed the power of the Board.

The following individuals served on Board committees as of December 31, 2015:

Executive Committee

Thomas Hatton McCoy, MD - Chairman
 Robert Edmund Schaaf, MD
 Henry David Bruton, MD
 Chris Michael Teigland, MD

Audit Committee

Thomas Hatton McCoy, MD - Chairman
 Robert Edmund Schaaf, MD
 Henry David Bruton, MD
 Chris Michael Teigland, MD

Officers

The bylaws provide that the Board elect the officers of the Company. The officers of the Company consist of a president, first vice president, secretary, treasurer, chief executive officer, and other such officers deemed necessary by the Board. All officers shall hold offices for one year or until their successors are elected and qualified. The chairman of the board and president, vice chairman of the board and first vice president, and secretary shall be current or former members of the corporation, but no such qualifications

shall be required of the other officers of the corporation. Any two or more offices may be held by the same person, except for the offices of the chairman of the board, president, and secretary.

The following individuals served as officers of the Company as of December 31, 2015:

Name	Title
Thomas Hatton McCoy, MD	President
Robert Edmund Schaaf, MD	First Vice President
Henry David Bruton, MD	Secretary
Jason Thomas Sandner	Treasurer
Allen Dale Jenkins	Chief Executive Officer
David Paul Sousa	Chief Operating Officer and General Counsel
David Scott Davison	Senior Vice President
James Harris Kay	Senior Vice President
Steven Wallace Sawyer	Senior Vice President
John Robert Scudella	Senior Vice President
Jason Douglas Newton	Senior Vice President

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 policy and procedures for disclosure of conflicts of interest.

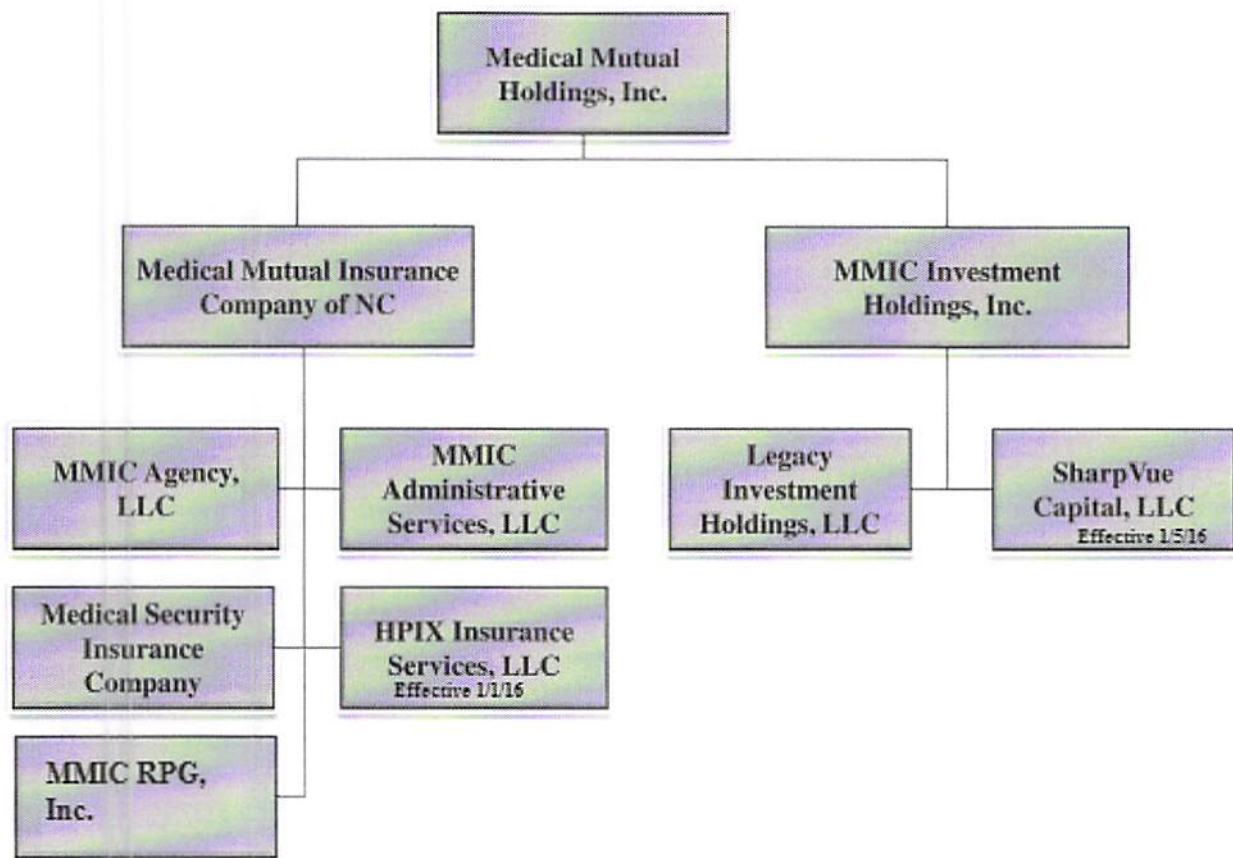
CORPORATE RECORDS

We reviewed the minutes of the meetings of the Board and committees for the period under examination. Based on our review, the minutes documented the Company's significant transactions and events and that the Board approved these transactions and events.

CORPORATE ORGANIZATION

The Company is part of an insurance holding company system as defined by GS § 58-19. The Company is wholly owned by MMH. The Company owns 100% of the outstanding common stock of Medical Security Insurance Company ("MSIC"), MMIC Agency, LLC ("MMIC Agency"), MMIC RPG, Inc., and HPIX Insurance Services, LLC. The Company also owns 100% of MMIC Administrative Services, LLC ("MMIC Admin"), which indirectly holds an equity interest in Valor MD Insurance SPC, a captive segregated portfolio company.

ORGANIZATIONAL CHART



STATUTORY DEPOSITS

Statutory deposits are maintained as required by insurance regulatory agencies for doing business in such jurisdictions. The Company's 2015 AS, Schedule E, Part 3 contains a complete description and listing of the Company's statutory deposits by state. As of December 31, 2015, the statutory deposits were sufficient to meet the capital deposit requirements for the states where the Company is writing business.

ACCOUNTS AND RECORDS

The Company's books and records are maintained at its administrative office at 700 Spring Forest Road, Raleigh, North Carolina, 27609.

The Company's significant applications are eOasis, Sunguard iWorks and Clearwater, which are hosted by Windstream at a data center located in Raleigh, North Carolina. Windstream provides services to the Company, which include the network infrastructure, telephone, virtual private networks, network security, firewalls and dynamic IP services.

FIDELITY BONDS AND OTHER INSURANCE

The Company is a named insured under a fidelity bond issued to MMH with coverage totaling \$1.0 million in aggregate. The coverage meets the minimum amount of fidelity bond coverage recommended by the Handbook. In addition, the Company is a named insured on various corporate property and liability policies, which appeared to be adequate to cover risks in the normal course of business.

EMPLOYEE BENEFITS AND PENSION PLANS

The Company sponsors a qualified defined contribution pension plan for its employees. The contributions made to the plan are based on a percentage of each employee's eligible compensation. The Company's plan contributions totaled \$785,356 and \$725,613 for 2015 and 2014, respectively.

The Company provides a 401(k) plan to which the Company makes limited matching contributions of compensation contributed by the employee. The Company's matching contribution for the 401(k) plan totaled \$196,662 and \$184,252 for 2015 and 2014, respectively.

The Company sponsors a deferred compensation plan for its directors and officers. Directors may defer up to 100% of their compensation, and officers may defer portions of their compensation and amounts that are in excess of the Company's retirement savings options.

The Company has a non-qualified supplemental plan for its key officers. The Company's plan contributions totaled \$500,577 and \$293,625 for 2015 and 2014, respectively.

RELATED PARTY AGREEMENTS

The Company has a management agreement with MSIC, effective January 1, 2001, under which the Company provides general management, underwriting, marketing, claims administration, financial management, and information technology services. MSIC reimburses the Company monthly for expenses paid on its behalf. Under this agreement, MSIC paid management fees totaling \$160,000 and \$150,000 for 2015 and 2014, respectively.

The Company has a management agreement with MMIC Agency, effective January 1, 1990, under which the Company provides general management, financial management, and information technology services. MMIC Agency reimburses the Company monthly for expenses paid on its behalf. Under this agreement, MMIC Agency paid management fees totaling \$750,000 and \$700,000 for 2015 and 2014, respectively.

The Company has a service agreement with MMIC Admin effective January 1, 2013, under which the Company provides general management, financial management, and information technology services. MMIC Admin reimburses the Company monthly for expenses paid on its behalf. Under this agreement, MMIC Admin paid management fees totaling \$520,000 and \$500,000 for 2015 and 2014, respectively.

The Company has a service agreement with Legacy Investment Holdings, LLC ("Legacy"), effective January 1, 2014, under which the Company provides general management, financial management, and information technology services. Legacy reimburses the Company monthly for expenses paid on its behalf.

Under this agreement, Legacy paid management fees totaling approximately \$1.0 million and \$1.2 million for 2015 and 2014, respectively.

The Company is included in a consolidated federal income tax return in accordance with a tax sharing agreement with its affiliates, effective January 1, 2014. The consolidated federal tax return is consolidated with the following affiliates: MMH, MSIC, Investment Holdings, and MMIC RPG, Inc. The provision for federal income tax is computed as if each entity were filing a separate income tax return. Benefits, which arise from tax credits and net operating losses, are allocated to the entity producing such results to the extent they are utilized in the consolidated income tax provision. Intercompany tax balances are settled on an annual basis within 60 days of year-end.

TERRITORY AND PLAN OF OPERATION

At December 31, 2015, the Company was licensed to write business in the following states:

Alabama	Arkansas	Delaware	Florida	Georgia
Kentucky	Louisiana	Maryland	Mississippi	New Jersey
North Carolina	Ohio	Pennsylvania	South Carolina	Tennessee
Texas	Virginia	West Virginia		

The Company specializes in writing professional liability insurance for physicians and surgeons. The Company actively writes business in the states of Georgia, North Carolina, Pennsylvania and Virginia; however, the majority of the Company's business continues to be written in North Carolina.

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, 2015:

Year	Net Admitted Assets	Capital and Surplus	Gross Premiums Written	Net Earned Premiums	Net Income
2015	\$485,729,167	\$229,038,215	\$101,566,712	\$62,282,167	\$21,791,671
2014	\$475,520,194	\$221,318,050	\$97,125,217	\$69,346,347	\$30,273,716
2013	\$597,982,934	\$334,232,894	\$101,114,535	\$75,547,359	\$26,106,535
2012	\$558,163,816	\$295,145,279	\$98,122,917	\$74,174,284	\$23,418,486
2011	\$527,169,457	\$261,523,938	\$104,019,019	\$82,587,287	\$28,786,925

Medical Security Insurance Company
Statutory Statement of Surplus
December 31,

Surplus Account	2015	2014 <i>(unexamined)</i>
Surplus, beginning of year	\$16,655,004	\$15,912,943
Surplus increases (decreases):		
Net Income	569,989	810,729
Change in net unrealized capital gains or (losses) less capital gains tax	8,836	(8,836)
Change in net deferred income tax	(13,244)	(26,970)
Change in non-admitted assets	8,727	(32,861)
Change in surplus as regards policyholders for the year	574,308	742,062
Surplus, end of year	\$17,229,312	\$16,655,004

Medical Security Insurance Company
Statutory Statement of Cash Flow
December 31,

	2015	2014 <i>(unexamined)</i>
Cash Used by Operations		
Premiums collected net of reinsurance	\$801,978	\$ (702,531)
Net investment income	685,199	685,451
Miscellaneous income	15,697	80,000
Total	1,502,874	62,919
Benefit and loss related payments	200,000	(11,007)
Commissions, expenses paid and aggregate write-ins for deductions	1,697,575	363,556
Federal and foreign income taxes paid net of \$4,400 tax on capital gains	198,506	(91,406)
Total	2,096,081	261,143
Net cash used by operations	(593,207)	(198,224)
Cash Used by Investments		
Proceeds from investments sold, matured, or repaid	2,833,163	1,861,095
Cost of investments acquired (long-term only)	3,077,754	1,936,690
Net cash used by investments	(244,591)	(75,596)
Cash From Financing and Miscellaneous Sources		
Other cash (applied) provided	68,623	506,495
Net cash from financing and miscellaneous sources	68,623	506,495
Reconciliation of Cash and Short-Term Investment		
Net change in cash, cash equivalents and short-term investments	(769,175)	232,676
Cash and short-term investments, beginning of year	1,502,786	1,270,110
Cash and short-term investments, end of year	<u>\$733,611</u>	<u>\$1,502,786</u>

COMMENTS ON FINANCIAL STATEMENTS

Basis of Presentation and Summary of Significant Accounting Policies

The accompanying financial statement has been prepared in conformity with the accounting practices prescribed by the GS.

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.

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: 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 daily pro rata basis.

Reserves for loss & loss adjustment expenses: 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 following represents an analysis of the Company's net admitted assets as of December 31, 2015:

	Assets	Assets not Admitted	Net Admitted Assets
Bonds	\$16,843,764		\$16,843,764
Cash and short-term investments	733,611		733,611
Subtotal cash and invested assets	17,577,375		17,577,375
Investment income due and accrued	209,279		209,279
Uncollected premiums and agents' balances	8,715,507		8,715,507
Net deferred tax asset	15,000	9,000	6,000
Aggregate write-ins for other than invested assets	46,654	28,346	18,308
Total Assets	\$26,563,815	\$37,346	\$26,526,469

Reinsurance

The Company has a quota share reinsurance contract to minimize its exposure to losses. Reinsurance contracts do not relieve the Company of its primary obligations 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:

	2015	2014
Direct and assumed written	\$19,994,528	\$14,366,412
Ceded written	(19,994,528)	(14,363,089)
Net written	\$0	\$3,323
Direct and assumed earned	18,233,380	12,741,717
Ceded earned	(18,233,380)	(12,711,987)
Net earned	\$0	\$29,730

Reinsurance Ceded

The Company has a quota share agreement with MMIC effective June 1, 2013, whereby the Company cedes 100% of the net liability for physician and surgeon business to its parent. In 2015 and 2014, the Company ceded premiums totaling approximately \$20.0 million and \$14.4 million, respectively, to MMIC under this contract.

Summary of Reserves

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

	2015	2014
Reserve for losses and loss adjustment expenses, beginning of year	\$900,000	\$1,800,000
Add:		
Provision for losses and loss adjustment expenses, current year	50,526	92,883
Change in estimated losses and loss adjustment expenses, prior years	(336,942)	(641,764)
Total incurred	(286,416)	(548,881)
Deduct:		
Losses and loss adjustment expenses paid, current year	16,684	21,196
Losses and loss adjustment expenses paid, prior year	271,900	329,923
Total paid	288,584	351,119
Reserve for losses and loss adjustment expenses, end of year	325,000	900,000
Decrease/Increase in reserve for losses and loss adjustment expenses	(\$575,000)	(\$900,000)

During 2015 and 2014, the Company collected amounts recoverable for reinsurance of approximately \$28.1 million and \$14.9 million, respectively.

Surplus

The following, in conjunction with the Statutory Statement of Surplus (see page 13), represents the changes in the Company's surplus since December 31, 2010:

	2013	2012	2011
Surplus, beginning of year	\$6,057,909	\$5,230,020	\$5,140,991
Surplus increases (decreases):			
Net income	811,664	788,916	97,847
Change in net unrealized capital gains	0	20,617	(10,145)
Change in net deferred income tax	(140,155)	(20,579)	(82,950)
Change in non-admitted assets	115,702	935	84,277
Cumulative effect of changes in accounting principles	0	38,000	0
Paid in surplus adjustment	9,067,823	0	0
Change in surplus as regards policyholders for the year	9,855,034	827,889	89,029
Surplus, end of year	\$15,912,943	\$6,057,909	\$5,230,020

Contingencies and Commitments

The Company is involved in routine legal and administrative proceedings incidental to the conduct of its business. While the outcome of these matters cannot be estimated with certainty, it is the opinion of management that the resolution of these matters will not have a material effect on the financial position of the Company.

Medical Security Insurance Company
Distribution of Report on Examination
December 31, 2015

Steven Wallace Sawyer
Senior Vice President, Corporate and Regulatory Affairs
700 Spring Forest Road, Suite 400
Raleigh, North Carolina 27609

Allen Dale Jenkins
Chief Executive Officer
700 Spring Forest Road, Suite 400
Raleigh, North Carolina 27609

Jason Thomas Sandner
Chief Financial Officer and Treasurer
700 Spring Forest Road, Suite 400
Raleigh, North Carolina 27609

CONCLUSION

We conclude that the Company complies with the minimum capital and surplus requirements of GS § 58-7-75 for the kinds of insurance that the Company has been authorized to write, which is \$1.0 million

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
Chief Financial Examiner
North Carolina Department of Insurance

March 17, 2017

STATE OF NORTH CAROLINA

COUNTY OF WAKE

Herb Maltba, Examination Supervisor, 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: Herb Maltba Date: 4-25-17
Herb Maltba

Sworn and subscribed before me this 25 day of April, 2017.

Notary Public Signature: Thomas Smith Notary Public Seal:

