

I, Mike Causey, Commissioner of Insurance in and for the State of North Carolina do hereby certify that: I have caused to Oscar Health Plan of North Carolina, Inc. as of December 31, 2020 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 28th day of June, 2022.



Mike Causey  
Commissioner of Insurance



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Ke Xu, CPA, CFE  
Chief Financial Examiner  
Financial Examination Division

**Oscar Health Plan of North Carolina, Inc.**

Raleigh, North Carolina

**Report on Examination**

As of December 31, 2020

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May 27, 2022

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

**Oscar Health Plan of North Carolina, Inc.**

(hereinafter referred to as the (“Company”), at its main administrative office located at 75 Varick Street, New York, New York. The Company’s statutory home office is located at 160 Mine Lake Court, Raleigh, North Carolina. 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 when the Company became licensed in North Carolina on August 28, 2020, to December 31, 2020, including any material transactions and events occurring subsequent to the examination date and noted during the course of this examination. This is the Department’s first examination of the Company.

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

This was a multi-state coordinated financial examination of twelve (12) insurance company subsidiaries of Oscar Health, Inc. (“Oscar Health”), formerly known as Mulberry Health, Inc. Texas served as the Lead State, and Participating States included Arizona, Florida, Georgia, North Carolina, New Jersey, New York, Ohio, and Pennsylvania.

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:

Related Parties  
Cash and Investments  
Surplus Management

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 were 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 Department granted the Company an exemption from filing an audited financial statement for the year ended 2020.

## REPORT ACRONYMS

Board of Directors	“Board”
Financial Condition Examiners Handbook	“Handbook”
General Statues	“GS”
Health Maintenance Organization	“HMO”
National Association of Insurance Commissioners	“NAIC”
North Carolina Department of Insurance	“Department”
Oscar Health, Inc.	“Oscar Health”
Oscar Health Plan of North Carolina, Inc	“Company”
Oscar Management Corporation	“OMC”

## SUMMARY OF SIGNIFICANT FINDINGS

### COMMENTS, RECOMMENDATIONS AND DIRECTIVES

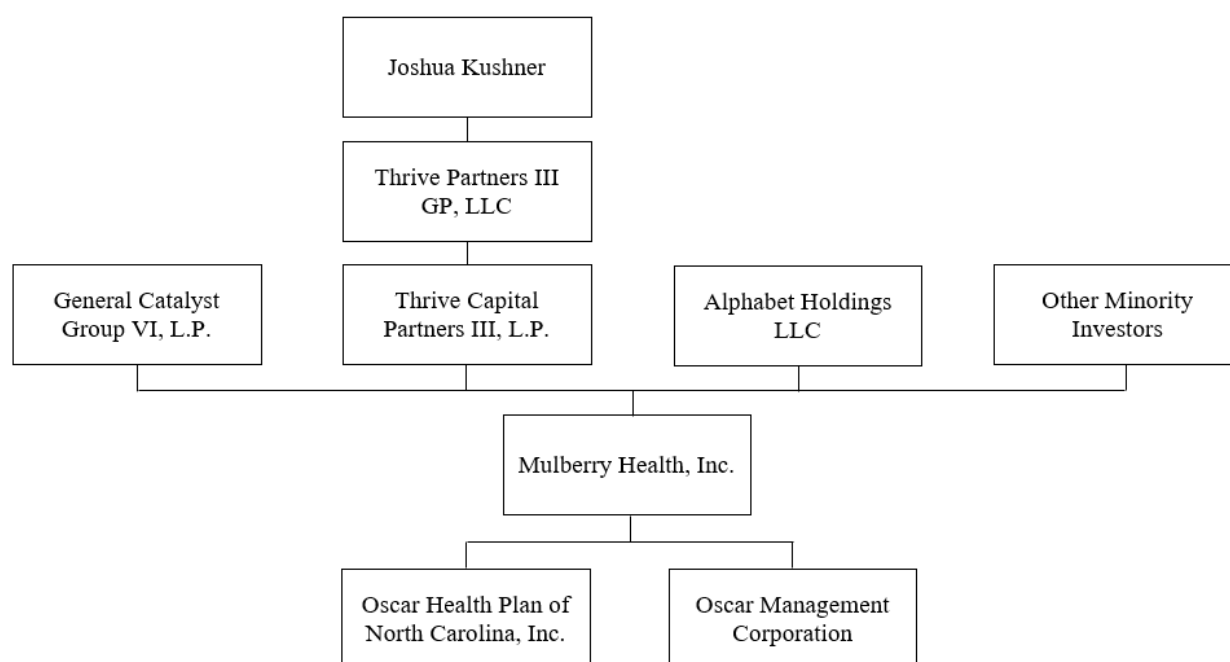
- a. In several instances, Company personnel furnished untimely responses to the Department’s requests for information. The Company was provided seven (7) days to submit information necessary for the Department to conduct its examination; however, the Company’s average response time was 25 days. In one instance, the Company responded 62 days after the Department’s request, which resulted in significant examination delays and inefficiencies. The Company is directed to provide timely responses related to all inquiries made by the Department pursuant to GS § 58-2-131(i) to avoid the possible consequences per GS § 58-2-70 for such violations.
- b. The Company did not settle its December 2020 intercompany payable balance timely with Oscar Management Corporation (“OMC”), an affiliate, in accordance with the Administrative Services Agreement. The agreement stipulates balances are to be settled within thirty days. The Company is directed to comply with the settlement provisions in its Administrative Services Agreement.
- c. The Company failed to comply with its articles of incorporation, dated October 8, 2020, which only authorizes the issuance of \$0.01 par value common stock. At December 31, 2020, the Company incorrectly reported 100,000 shares of \$1 par value common stock as authorized, issued, and outstanding. The Company is directed to comply with its articles of incorporation. (Refer to Subsequent Events)

## COMPANY HISTORY AND ORGANIZATIONAL STRUCTURE

The Company was incorporated in North Carolina on February 3, 2020, and commenced business on January 1, 2021. The Company is a wholly owned subsidiary of Oscar Health, a Delaware corporation. The Company became a licensed Health Maintenance Organization (“HMO”) on August 28, 2020, with authority to write individual products on and off the federal exchange. The Company is part of an insurance holding company system as defined in GS § 58-19.

### ORGANIZATIONAL CHART

The Company’s 2020 Annual Statement Schedule Y contains a complete organizational chart. The following is a summarized organizational chart of the Oscar Health group as of December 31, 2020:



### CAPITAL STOCK

As of December 31, 2020, the Company’s capitalization consisted of the following:

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

\*(Refer to Summary of Significant Findings and Subsequent Events)

No additional shares were issued during the period under examination. As of December 31, 2020, all outstanding shares were owned by Oscar Health, an insurance holding company incorporated in the state of Delaware with its principal office in New York.

In 2020, the Company received additional paid in surplus from its parent, Oscar Health, totaling \$3,209,000. At December 31, 2020, the Company reported \$3,209,000 in gross paid-in and contributed surplus and (\$166,420) 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 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 no dividends in 2020.

## **MANAGEMENT AND CONTROL**

### **CORPORATE GOVERNANCE**

#### **Shareholders**

The bylaws of the Company provide that an annual meeting of the shareholders be held at such time and place as the Board may appoint. Special meetings of the shareholders may be called at any time by the board of directors or by the holders of not less than one-fifth of all outstanding shares of the Company.

#### **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 but no more than twenty-one. Directors are elected annually, at the annual meeting of shareholders, and each director elected shall hold office until a successor is elected and qualified.

The following individuals served as directors as of December 31, 2020:

<b>Name</b>	<b>Location</b>	<b>Principal Occupation</b>
Mario Schlosser	New York, New York	Chief Executive Officer, Oscar Management Corporation
Joel Klein	New York, New York	Chief Policy and Strategy Officer, Oscar Management Corporation
Dennis Weaver	New York, New York	Chief Clinical Officer, Oscar Management Corporation
Siddhartha Sankaran	New York, New York	Chief Financial Officer, Oscar Management Corporation
Jed Feldman	New York, New York	General Counsel, Thrive Capital Management, LLC
Kareem Zaki	New York, New York	Principal, Thrive Capital Management, LLC
Joel Cutler	Cambridge, Massachusetts	Managing Director, General Catalyst Partners



The Board of Oscar Health, the parent of the Company, has established an Audit Committee to provide group level oversight. The Company appointed the Audit Committee of Oscar Health to act as the Company’s Audit Committee for purposes of complying with the requirements of GS 58-10-195(d). The Company’s Board established a Finance and Investment Committee.

The following individuals served on committees as of December 31, 2020:

**Audit Committee**

Kareem Zaki - Chair  
Mario Schlosser

**Finance and Investment Committee**

Siddhartha Sankaran - Chair  
Mario Schlosser  
Dennis Weaver

**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 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.

The following individuals served as officers of the Company as of December 31, 2020:

<b>Name</b>	<b>Title</b>
Mario Schlosser	Chief Executive Officer
Meghan Joyce	Chief Operating Officer
Siddhartha Sankaran	Chief Financial Officer
Isaac Council	Chief Technology Officer
Joel Klein	Chief Policy & Strategy Officer
Dennis Weaver	Chief Clinical Officer
Harold Greenberg	Secretary

**CODE OF CONDUCT AND CONFLICT OF INTEREST**

The Company has an established policy and procedure to identify existing or potential conflicts of interest and to report the same to the Board. Annually, the Company requires a signed statement from each director and officer disclosing any conflict of interest. A review of the signed conflict of interest statements for the examination period revealed 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 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 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. On October 1, 2020, the Company amended its articles of incorporation to change its corporate status to a licensed Health Maintenance Organization. The Department approved the amendment on October 8, 2020.

## **STATUTORY DEPOSITS**

Statutory deposits are maintained as required by insurance regulatory agencies for doing business in such jurisdictions. The Company's 2020 Annual Statement Schedule E, Part 3 contains a complete description and listing of the Company's statutory deposits by state. The Company only maintains a North Carolina statutory deposit.

## **FIDELITY BONDS AND OTHER INSURANCE**

The Company has fidelity bond coverage totaling \$3,000,000 in aggregate, which exceeds 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 issued to Oscar Health, which appeared to be adequate to cover risks in the normal course of business.

## **EMPLOYEE BENEFITS AND PENSION PLANS**

Oscar Health sponsors certain 401(k) plans for its employees, which are funded by voluntary contributions with an employer match. Oscar Management Corporation ("OMC") charges the subsidiaries with its share of the employer match. The Company incurred approximately \$703 as of December 31, 2020, in 401(k) matching contribution expense.

## **RELATED PARTY AGREEMENTS**

The Company has an Administrative Services Agreement with OMC, effective September 10, 2020, whereby OMC provides various services to the Company including, but not limited to, administration, financial, legal, property management, accounting, payroll, human resources, and equipment. The Company reimburses OMC for actual expenses incurred. Under this agreement, the Company incurred fees totaling \$122,519 in 2020. (Refer to Summary of Significant Findings)

The Company has a Capital Maintenance Agreement with Oscar Health, effective March 20, 2020, whereby Oscar Health unconditionally guarantees the capital obligations of the Company for the protection against insolvency as required under GS § 58-67-110(ii) to ensure the Company maintains North Carolina's statutory minimum levels of the initial net worth of \$1,000,000 and to ensure the Company maintains a risk-based capital level of 300%. Oscar Health contributed \$3,209,000 to the Company in 2020 under this agreement.

The Company is included in a consolidated Income Tax Allocation Agreement, with Oscar Health and each of its wholly owned subsidiaries, effective October 26, 2020. The agreement sets forth the parties' obligations in connection with their filing as a consolidated tax filing group. The provisions for federal

income tax are computed as if the entities were filing separate income tax returns. Each entity shall remit to Oscar Health any amount determined to be due in accordance with the agreement within ten (10) days of receiving notice. Refunds received by Oscar Health resulting from tax savings shall be remitted to the applicable entity within thirty (30) days of receipt of such refund.

## **TERRITORY AND PLAN OF OPERATION**

In 2020, the Company was licensed in North Carolina with the authority to write individual products on and off the federal exchange in the following ten (10) counties within the state: Buncombe, Haywood, Henderson, Jackson, Macon, Madison, McDowell, Polk, Transylvania, and Yancey.

## **ACTUARIAL OPINION**

The Department granted the Company an exemption from filing an actuarial opinion for the year ended 2020.

## **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, 2020. The supporting exhibits present the information required to be included, in conformity with reporting practices prescribed by the Department.

**Oscar Health Plan of North Carolina, Inc.**  
**Statutory Statement of Admitted Assets**  
**December 31, 2020**

	<b>2020</b>
Cash and short-term investments	\$3,324,666
<b>Total cash and invested assets</b>	<b>3,324,666</b>
<b>Total Admitted Assets</b>	<b>\$3,324,666</b>

**Oscar Health Plan of North Carolina, Inc**  
**Statutory Statement of Liabilities, Capital, and Surplus**  
**December 31, 2020**

	<b>2020</b>
Aggregate health policy reserve	\$43,409
Premium received in advance	16,158
Amounts due to parent, subsidiaries, and affiliates	122,519
<b>Total Liabilities</b>	<b>182,086</b>
Common capital stock	100,000
Gross paid in and contributed surplus	3,209,000
Unassigned funds	(166,420)
<b>Total Capital and Surplus</b>	<b>3,142,580</b>
<b>Total Liabilities, Capital, and Surplus</b>	<b>\$3,324,666</b>

**Oscar Health Plan of North Carolina, Inc.**  
**Statutory Statement of Operations**  
**December 31, 2020**

	<b>2020</b>
<b>Deductions</b>	
General administrative expenses	\$122,903
Increase in reserves for life and accident and health contracts	43,409
Total underwriting deductions	166,312
Net underwriting loss	(166,312)
<b>Investment Income</b>	
Net investment income earned	(108)
Net investment loss	(108)
<b>Net Loss</b>	<b>(\$166,420)</b>

**Oscar Health Plan of North Carolina, Inc.**  
**Statutory Statement of Capital and Surplus**  
**December 31, 2020**

	<b>2020</b>
Capital and surplus, beginning of year	\$-
Capital and surplus increases (decreases):	
Net loss	(166,420)
Capital adjustments to paid in capital	100,000
Surplus adjustments to paid-in capital	3,209,000
Change in capital and surplus as regards policyholders for the year	3,142,580
Capital and surplus, end of year	\$3,142,580

**Oscar Health Plan of North Carolina, Inc**  
**Statutory Statement of Cash Flow**  
**December 31, 2020**

	<b>2020</b>
<b>Cash From Operations</b>	
Premiums collected net of reinsurance	\$16,158
Net investment income	(108)
Total	16,050
Commissions, expenses paid, and aggregate write-ins	384
Total	384
<b>Net cash from operations</b>	<b>15,666</b>
<b>Cash From Financing and Miscellaneous Sources</b>	
Cash from capital and paid-in surplus	3,309,000
<b>Net cash from financing and miscellaneous sources</b>	<b>3,309,000</b>
<b>Reconciliation of Cash and Short-Term Investment</b>	
Net change in cash and short-term investments	3,324,666
Cash and short-term investments, beginning of year	-
Cash and short-term investments, end of year	<b>\$3,324,666</b>



## COMMENTS ON FINANCIAL STATEMENTS

There were no proposed adjustments to the Company's financial statements filed with the Department 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:

**Premiums:** Insurance premiums, net of premiums ceded to reinsurers, are earned over the terms of the related policies and reinsurance contracts. 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

**Business acquisition costs:** Charged to income as incurred.

### **Analysis of Assets:**

There were no non-admitted assets reported by the Company as of December 31, 2020.

### **Aggregate Health Policy Reserve:**

The Company reported a premium deficiency reserve totaling \$43,409 as of December 31, 2020. Anticipated investment income is not a factor in the premium deficiency reserve calculation.

## SUBSEQUENT EVENTS

On January 4, 2021, Mulberry Health Inc., the parent company, was renamed Oscar Health, Inc. On March 2, 2021, Oscar Health announced the pricing of its initial public offering of 37,041,026 shares of its Class A common stock at \$39 per share.

On March 3, 2021, Oscar Health became a publicly traded company.

On March 26, 2021, the Company changed the composition of its officers and Board to strengthen its corporate governance. The tables below reflect the new officers and Board members.

On July 29, 2021, the Company amended its articles of incorporation to increase the number of authorized shares from 100,000 to 10,000,000 \$0.01 par value common stock and issued an additional 9,900,000 shares. The Company correctly reported 10,000,000 shares of \$0.01 par value common stock in its Quarterly Statement filed with the Department as of September 30, 2021. The Department approved the amended Articles of Incorporation on August 17, 2021.

As of December 31, 2021, the following individuals served as directors of the Company:

<b>Name</b>	<b>Location</b>	<b>Principal Occupation</b>
Alessandra Quane	Short Hills, New Jersey	Executive Vice President - Chief Insurance Officer, Oscar Management Corporation
Fausto Palazzetti	Brooklyn, New York	Senior Vice President - Actuary, Oscar Management Corporation
Dennis Hillen	Fort Lauderdale, Florida	Senior Vice President, Oscar Management Corporation
Sameer Amin	Rancho Palos Verdes, California	Chief Medical Officer, Oscar Management Corporation

As of December 31, 2021, the following individuals served as officers of the Company:

<b>Name</b>	<b>Title</b>
Alessandra Quane	President
Victoria Baltrus	Treasurer
Melissa Curtin	Secretary
Jing Huang	Senior Vice President

**Oscar Health Plan of North Carolina, Inc.**  
**DISTRIBUTION OF REPORT ON EXAMINATION**  
**December 31, 2020**

Dorian Needham, Vice President of Compliance  
75 Varick Street  
New York, New York 10013

Alessandra Quane, Chief Insurance Officer  
75 Varick Street  
New York, New York 10013

## 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(b) for the kinds of insurance that the Company has been authorized to write, which is \$1,000,000.

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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Ke Xu, CPA, CFE  
Chief Financial Examiner  
North Carolina Department of Insurance

May 27, 2022

STATE OF NORTH CAROLINA

COUNTY OF WAKE

Bill Keely, Insurance Company Manager, 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: Bill Keely Date: 5-27-22  
Bill Keely

Sworn and subscribed before me this 27<sup>th</sup> day of May, 2022.

Notary Public Signature: Grant James Myers Notary Public Seal:

