



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 PruittHealth Premier North Carolina, LLC as of December 31, 2021 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 14th day of June, 2023.



Mike Causey
Commissioner of Insurance

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

PruittHealth Premier North Carolina, LLC

Raleigh, North Carolina

Report on Examination

As of December 31, 2021

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May 10, 2023

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 and GS § 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

PruittHealth Premier North Carolina, LLC

(hereinafter referred to as the “Company”), at its main administrative office located at 10900 Nuckols Road Suite 110, Glen Allen, Virginia, 23060. The Company’s statutory home office is located at 513 E. Whitaker Mill Road, Raleigh, North Carolina, 27608. 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 April 20, 2018, to December 31, 2021, including any material transactions and events occurring subsequent to the examination date and noted during the course of this examination. This is the Company’s first examination.

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 two insurance company subsidiaries of UNICO Premier, LLC (“UNICO”), collectively known as the Pruitt Group. North Carolina served as a Participating State, and Georgia was the Lead State.

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:

Eligibility/Enrollment
Reserves/Claims
Related Party
Reinsurance Ceding
Capital & Surplus
Investments & Cash

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 are 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). Lattimore Black Morgan & Cain, P.C. ("LMBC") of Brentwood, Tennessee, the designated independent public accountant of the Company, issued an unmodified opinion for the years ended December 31, 2019, through December 31, 2021.

REPORT ACRONYMS

| | |
|---|--------------|
| General Statutes of North Carolina | “GS” |
| North Carolina Department of Insurance | “Department” |
| National Association of Insurance Commissioners | “NAIC” |
| Board of Directors | “Board” |
| PruittHealth Premier North Carolina, LLC | “Company” |
| UNICO Premier, LLC | “UNICO” |
| AllyAlign Health, Inc. | “AllyAlign” |
| Health Maintenance Organization | “HMO” |
| Annual Statement | “AS” |
| PartnerRe America Insurance Company | “PartnerRe” |
| Institutional Special Needs Plans | “I-SNP” |
| Center for Medicare and Medicaid Services | “CMS” |
| Patient Protection and Affordable Care Act | “PPACA” |

SUMMARY OF SIGNIFICANT FINDINGS

COMMENTS, RECOMMENDATIONS AND DIRECTIVES

- a. The Company did not maintain fidelity bond coverage from January 1, 2019, through December 31, 2021. The NAIC’s recommended minimum fidelity bond coverage is \$225,000. The Company is directed to maintain fidelity bond coverage for no less than the minimum recommended by the NAIC.
- b. The Company did not properly execute conflict of interest statements for all directors and officers for the years 2018 through 2019. Pursuant to North Carolina Administrative Code Title 11 Chapter 11C.0117, the Company is directed to execute conflict of interest forms annually for all directors and officers.
- c. The Company was operating under a Nurse Practitioner Agreement between two of its affiliates, Pruitthealth Premier, Inc. and Pruitthealth Physicians Group, LLC, effective January 1, 2016. The Company is not a party listed on the executed agreement; however, Pruitthealth Physicians Group, LLC provided nurse practitioner services, including members’ health status medical care and treatment options, to the Company’s members. The Company did not file an agreement with the Department for these affiliated transactions. The Company is directed to comply with GS § 58-19-30(b).

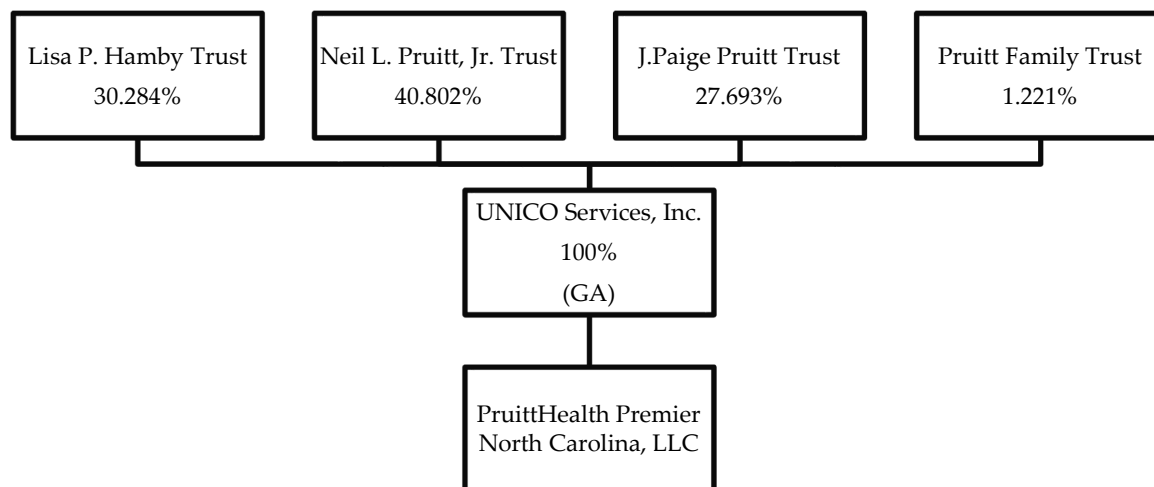
ORGANIZATIONAL STRUCTURE

The Company is part of an insurance holding company system as defined in GS § 58-19 and is a wholly owned subsidiary of UNICO, a Georgia corporation. UNICO is owned by trusts in the names of Lisa P. Hamby, J. Paige Pruitt, Neil L. Pruitt, and the Pruitt family.

UNICO owned approximately 60% of the Company and the remaining 40% was owned by AllyAlign Health, Inc. (“AllyAlign”), a Delaware corporation, from the Company’s inception to March 30, 2021. Effective March 31, 2021, UNICO acquired AllyAlign’s 33% ownership interest and became 100% owner of the Company. In exchange, AllyAlign shall have no further financial responsibility for the Company.

ORGANIZATIONAL CHART

The Company's 2021 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, 2021:



COMPANY HISTORY

The Company was formed by UNICO and AllyAlign on November 6, 2015, and the Company began writing business on January 1, 2019. At the Company's inception, UNICO and AllyAlign were members with ownership percentages totaling 60% and 40%, respectively. In 2017, the Company received surplus contributions totaling \$399,499 from UNICO and \$266,299 AllyAlign.

On April 16, 2018, UNICO committed to ensure the Company remains in compliance with the statutory minimum capital requirement of \$1,000,000 and the risk-based capital ratio requirement of 300%, by providing additional capital to the Company when necessary to maintain a 300% risk-based capital ratio.

The Company became licensed as a Health Maintenance Organization ("HMO") on April 20, 2018, and in 2018, the Company received surplus contributions totaling \$760,000 and \$1,140,000 from AllyAlign and UNICO, respectively.

On August 8, 2019, the Company issued surplus notes totaling \$174,000 to AllyAlign and \$261,000 to UNICO with an interest rate equal to the Wall Street Journal Prime Rate payable semi-annually. The surplus notes will begin repayment when the Company's total surplus is the greater of risk-based capital or minimum capital and surplus as required by the Department. No interest payments were made in 2021 or 2020.

In 2019, the Company received surplus contributions totaling \$320,000 from AllyAlign and \$480,000 from UNICO. UNICO contributed an additional \$700,000 to surplus in 2020 and AllyAlign's surplus note was converted to contributed surplus in 2021.

MANAGEMENT AND CONTROL

CORPORATE GOVERNANCE

Members

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

Board of Directors

The business of the Company is conducted by its management team and subject to review by the Board. The bylaws specify that the number of directors shall be composed of two Board members as appointed by the initial member, which was UNICO. Each director elected shall hold office until a Board member resigns, dies, or becomes permanently disabled or is removed.

The following individuals served as directors as of December 31, 2021:

| Name | Location | Principal Occupation |
|----------------|-------------------|--|
| Neil Pruitt Jr | Norcross, Georgia | President/Chairman |
| Fred Watson | Norcross, Georgia | Community Representative/Public Member |

The Board has not established any committees.

Officers

The bylaws provide that officers are elected by a majority of the Board. The officers of the Company may consist of a president, a chief executive officer, a secretary, a treasurer, a chief financial officer, controller, a chief operating officer, a chairman of the Board, a compliance officer 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.

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

| Name | Title |
|------------------------|--------------|
| Neil Little Pruitt Jr. | President |
| Robert Tudor Strang | Treasurer |

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 was not in compliance with its policy and procedure for disclosure of conflicts of interest. (See Summary of Significant findings)

CORPORATE RECORDS

We reviewed the minutes of the meetings of the Board 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 were reviewed for any changes during the period under examination. On March 31, 2021, the Company amended its articles of incorporation to reflect the change in ownership from AllyAlign to UNICO and to change the number of Board members from three to two.

STATUTORY DEPOSITS

Statutory deposits are maintained as required by insurance regulatory agencies for doing business in such jurisdictions. The Company's 2021 Annual Statement Schedule E, Part 3 contains a complete description and listing of the Company's statutory deposits for North Carolina and South Carolina.

INFORMATION TECHNOLOGY ("IT") CONTROLS

The Department performed a risk-based assessment and review of the Company's IT General Controls in accordance with the NAIC requirements as outlined in the Financial Condition Examiners Handbook. The guidance and direction used to perform the review of the Company's ITGCs were derived from Exhibit C Part 1 - Information Technology Planning Questionnaire and Exhibit C Part 2 - Information Technology Work Program (collectively, "Exhibit C"). The Company's responses to the Information Technology Planning Questionnaire 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 Company had a process in place to effectively identify, mitigate and manage its IT risks;
- b. the Company's control structure, policies and procedures were suitably designed to achieve the control objectives specified in Exhibit C; and
- c. the Company was complying with those policies and procedures.

The objectives above were achieved through a combination of reviewing the Company's policies and procedures, testing in key areas related to Exhibit C, interviewing the Company's IT management, reviewing IT risk assessment processes, and leveraging relevant risk assessment procedures performed by Lattimore Black Morgan & Cain, P.C.

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

FIDELITY BONDS AND OTHER INSURANCE

The Company did not have fidelity bond coverage for the period under examination. (Refer to the Summary of Significant Findings)

The Company is named as an insured on a managed care errors and omission liability policy issued to PruittHealth Premier, Inc., which appeared to be adequate to cover risks in the normal course of business.

RELATED PARTY AGREEMENTS

The Company had an administrative service agreement with PruittHealth, Inc., effective January 1, 2019, whereby PruittHealth, Inc. provides general administrative services and support, including but not limited to accounting, case management, clinical and compliance staffing, compliance and insurance and bonding. Under this agreement, the Company incurred fees totaling \$438,912 and \$369,030 in 2021 and 2020, respectively.

The Company had a management service agreement with AllyAlign, effective October 1, 2017, whereby AllyAlign provides management services for the Company's Institutional Special Needs Plan ("I-SNP"). Services provided include administrative information systems, financial systems and services, claims administration and premium collection, underwriting and rating, payment of claims and other support services. Under this agreement, the Company incurred fees totaling \$1,979,689 and \$1,851,257 in 2021 and 2020, respectively.

The Company has an Ancillary Provider Participation Agreement, effective January 1, 2019, with PruittHealth Home Health, whereby PruittHealth Home Health will provide or arrange medically necessary professional service and/or related healthcare services to individuals designated by the Company. Under this agreement, the Company incurred fees totaling \$21,960 and \$5,629 in 2021 and 2020, respectively.

THIRD PARTY ADMINISTRATOR

The Company has a pharmacy benefit management services agreement, effective October 15, 2018, with Navitus Health Solutions, LLC, whereby Navitus Health Solutions, LLC provides pharmacy benefit management services as prescribed in the Medicare Part D Delegation Agreement. Under this agreement, the Company incurred fees totaling \$98,501 and \$103,763 in 2021 and 2020, respectively.

TERRITORY AND PLAN OF OPERATION

The Company is licensed to write Medicare Advantage business only. Through a contract with the Centers for Medicare and Medicaid Services ("CMS"), the Company is authorized to provide health insurance coverages for Medicare medical services in various counties in the State of North Carolina and South Carolina, and the Company has 628 members at December 31, 2021.

The Company offers Medicare Part D plans and I-SNPs. Medicare Part D plans cover the cost of prescription drugs. I-SNPs limit enrollment to Medicare patients who meet an institutional level of care and live or are expected to live in a long-term medical facility for 90 days or longer.

The Company was licensed in the following 11 counties in North Carolina:

| | | | | |
|----------|----------|--------|--------------|---------|
| Cabarrus | Carteret | Craven | Durham | Forsyth |
| Pitt | Richmond | Surry | Transylvania | Union |
| Wake | | | | |

The Company was licensed in the following 10 counties in South Carolina:

| | | | | |
|-----------|---------|------------|----------|--------|
| Aiken | Bamberg | Barnwell | Berkeley | Colton |
| Fairfield | Hampton | Orangeburg | Richland | York |

Approximately 64% of the Company's total direct premiums were written in South Carolina, and the remaining 36% were written in North Carolina for the year ended December 31, 2021.

TRENDS OF THE COMPANY

The following data, obtained from annual statements filed with the Department, illustrates the trends of the Company for the four-year period ended 2021:

| Year | Net Admitted Assets | Surplus | Gross Premiums Written | Net Earned Premiums | Net Income (Loss) |
|------|---------------------|-------------|------------------------|---------------------|-------------------|
| 2021 | \$8,958,341 | \$3,646,248 | \$18,919,621 | \$18,819,991 | \$698,893 |
| 2020 | \$8,528,897 | \$3,007,633 | \$17,719,729 | \$17,633,249 | (\$291,696) |
| 2019 | \$8,244,611 | \$2,607,499 | \$15,942,062 | \$15,876,879 | \$53,806 |
| 2018 | \$1,427,860 | \$1,421,831 | \$- | \$- | (\$1,043,917) |

ACTUARIAL OPINION

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

The statutory reserves and related items for 2021 were reviewed and certified by the Company's Appointed Actuary, Eric P. Goetsch, Principal and Consulting Actuary of Milliman, Inc. 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 expense reserves. According to the actuarial opinions, the Company's reserve on the losses and loss 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 HMO Specific Excess of Loss Reinsurance Agreement with PartnerRe America Insurance Company (“PartnerRe”), effective January 1, 2019. PartnerRe covers 100% of the ultimate net loss in excess of \$200,000 for each covered member in each calendar year. The Company ceded written premiums totaling \$99,630 in 2021, 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, 2021. 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, 2020, are unexamined and are presented for comparative purposes only.

PruittHealth Premier North Carolina, LLC
Statutory Statement of Admitted Assets
December 31,

| | 2021 | 2020 <i>(unexamined)</i> |
|---|--------------------|------------------------------------|
| Bonds | \$837,411 | \$841,080 |
| Cash and short-term investments | 4,843,997 | 6,678,846 |
| Total cash and invested assets | 5,681,408 | 7,519,926 |
| Investment income due and accrued | 1,216 | 1,216 |
| Uncollected premiums and agents' balances in course of collection | 523 | 313 |
| Accrued retrospective premiums and contracts | 2,326,888 | 634,290 |
| Reinsurance recoverable | 311,863 | 104 |
| Amounts receivable relating to uninsured plans | 354,498 | 45,241 |
| Health care receivable | 273,640 | 277,223 |
| Other receivables | 8,305 | 50,584 |
| Total Admitted Assets | \$8,958,341 | \$8,528,897 |

PruittHealth Premier North Carolina, LLC
Statutory Statement of Liabilities and Surplus
December 31,

| | 2021 | 2020 <i>(unexamined)</i> |
|--|--------------------|------------------------------------|
| Claims unpaid | \$3,336,971 | \$4,379,882 |
| Accrued medical incentive pool and bonus amounts | 63,276 | 71,478 |
| Unpaid claims adjustment expenses | 118,904 | 161,262 |
| General expenses | 282,986 | 24,237 |
| Federal income tax liability | 81,127 | - |
| Premiums received in advance | 92,471 | 79,886 |
| Payable to parent, subsidiaries, and affiliates | 68,106 | 100,218 |
| Liability for amounts held under uninsured plans | 1,268,252 | 704,301 |
| Total liabilities | 5,312,093 | 5,521,264 |
| Surplus notes | 435,000 | 435,000 |
| Gross paid in and contributed surplus | 4,065,748 | 4,065,748 |
| Unassigned funds | (854,500) | (1,493,115) |
| Total surplus | 3,646,248 | 3,007,633 |
| Total Liabilities and Surplus | \$8,958,341 | \$8,528,897 |

PruittHealth Premier North Carolina, LLC
Statutory Statement of Operations
December 31,

| | 2021 | 2020 <i>(unexamined)</i> |
|---|-------------------|------------------------------------|
| Underwriting Income | | |
| Net premium income | \$18,819,991 | \$17,633,249 |
| Deductions | | |
| Hospital/medical benefits | 11,309,603 | 11,633,984 |
| Other professional services | 2,542,432 | 2,063,323 |
| Emergency room and out-of-area | 158,473 | 111,093 |
| Prescription drugs | 1,251,004 | 1,155,100 |
| Durable medical equipment | 192,351 | 156,807 |
| Incentive pool, withhold adjustments and bonus amounts | 113,530 | 113,833 |
| Subtotal | 15,567,393 | 15,234,140 |
| Less: | | |
| Net insurance recoveries | 319,063 | 50,688 |
| Total hospital and medical | 15,248,330 | 15,183,452 |
| Claims adjustment expenses | 968,225 | 677,482 |
| General administrative expenses | 1,825,517 | 2,123,361 |
| Total underwriting deductions | 18,042,072 | 17,984,295 |
| Net underwriting gain(loss) | 777,919 | (351,046) |
| Net investment income earned | 2,101 | 40,212 |
| Net investment gain | 2,101 | 40,212 |
| Other Income | | |
| Net income (loss) after capital gains tax and before all other federal income taxes | 780,020 | (310,834) |
| Federal income taxes incurred | 81,127 | (19,138) |
| Net Income (Loss) | \$698,893 | (\$291,696) |

PruittHealth Premier North Carolina, LLC
Statutory Statement of Surplus
December 31,

| | 2021 | 2020 <i>(unexamined)</i> |
|---|--------------------|------------------------------------|
| Surplus, beginning of year | \$3,007,633 | \$2,607,499 |
| Net income (loss) | 698,893 | (291,696) |
| Change in non-admitted assets | (60,278) | (8,170) |
| Surplus adjustments to paid-in capital | - | 700,000 |
| Change in surplus as regards policyholders for the year | 638,615 | 400,134 |
| Surplus, end of year | \$3,646,248 | \$3,007,633 |

PruittHealth Premier North Carolina, LLC
Statutory Statement of Cash Flow
December 31,

| | 2021 | 2020 <i>(unexamined)</i> |
|--|--------------------|------------------------------------|
| Cash From (Used By) Operations | | |
| Premiums collected net of reinsurance | \$17,437,076 | \$17,910,234 |
| Net investment income | 5,770 | 37,502 |
| Total | 17,442,846 | 17,947,736 |
| Benefit and loss related payments | 16,677,296 | 15,574,436 |
| Commissions, expenses paid and aggregate write-ins | 2,600,399 | 2,748,352 |
| Total | 19,277,695 | 18,322,788 |
| Net cash from (used by) operations | (1,834,849) | (375,052) |
| Cash From (Used By) Investments | | |
| Proceeds from investments sold, matured, or repaid | - | 833,000 |
| Cost of investments acquired | - | 841,997 |
| Net cash from (used by) investments | - | (8,997) |
| Cash From (Used By) Financing and Miscellaneous Sources | | |
| Cash from capital and paid-in surplus | - | 700,000 |
| Net cash from (used by) financing and miscellaneous sources | - | 700,000 |
| Reconciliation of Cash and Short-Term Investment | | |
| Net change in cash and short-term investments | (1,834,849) | 315,951 |
| Cash and short-term investments, beginning of year | 6,678,846 | 6,362,895 |
| Cash and short-term investments, end of year | \$4,843,997 | \$6,678,846 |

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.

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 pro rata basis.

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

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

Analysis of Assets:

The following represents an analysis of the Company's net admitted assets at December 31, 2021:

| | Assets | Assets not Admitted | Net Admitted Assets |
|---|--------------------|----------------------------|----------------------------|
| Bonds | \$837,411 | - | \$837,411 |
| Cash and short-term investments | 4,843,997 | - | 4,843,997 |
| Total cash and invested assets | 5,681,408 | - | 5,681,408 |
| Investment income due and accrued | 1,216 | - | 1,216 |
| Uncollected premiums and agents' balances in course of collection | 523 | - | 523 |
| Accrued retrospective premiums and contracts | 2,326,888 | - | 2,326,888 |
| Reinsurance recoverable | 311,863 | - | 311,863 |
| Uninsured plans amount receivable | 354,498 | - | 354,498 |
| Health care receivable | 439,874 | 166,234 | 273,640 |
| Aggregate write-ins for other than invested assets | 13,657 | 5,352 | 8,305 |
| Total admitted assets | \$9,129,927 | 171,586 | \$8,958,341 |

Reinsurance Activity:

The Company has an excess of loss contract 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. The Company utilizes Epic Re as a reinsurance intermediary to negotiate and obtain reinsurance contracts on its behalf for specifically identified risks.

Direct and ceded premiums written and earned are as follows:

| | 2021 | 2020 |
|--------------------|---------------------|---------------------|
| Direct written | \$18,919,621 | \$17,719,729 |
| Ceded written | 99,630 | 86,480 |
| Net written | \$18,819,991 | \$17,633,249 |
| Net earned | \$18,819,991 | \$17,633,249 |

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

Summary of Reserves:

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

| | 2021 | 2020 |
|--|-------------------|-------------------|
| Reserve for claims unpaid and unpaid claims adjustment expenses, beginning of year | \$4,379,882 | \$4,830,951 |
| Add: | | |
| Provision for claims unpaid and unpaid claims adjustment expenses, current year | 14,814,130 | 15,455,533 |
| Change in estimated claims unpaid and unpaid claims adjustment expenses, prior years | 320,670 | (385,917) |
| Total incurred | 15,134,800 | 15,069,616 |
| Deduct: | | |
| Claims and unpaid claims adjustment expenses paid, current year | 12,185,103 | 11,760,693 |
| Claims and unpaid claims adjustment expenses paid, prior year | 3,992,609 | 3,759,992 |
| Total paid | 16,177,712 | 15,520,685 |
| Reserve for claims unpaid and unpaid claims adjustment expenses, end of year | 3,336,971 | 4,379,882 |
| Increase in reserve for claims unpaid and unpaid claims adjustment expenses | (\$1,042,911) | (\$451,069) |

Reserves for claims unpaid and unpaid claims adjustment expenses are reported net of the amounts that are recoverable under the Company's reinsurance contracts. At December 31, 2021 and 2020, the liability for claims unpaid and unpaid claims adjustment expenses was reduced by \$311,863 and \$104, respectively, for amounts to be recovered from reinsurers.

Surplus:

The following, in conjunction with the Statutory Statement of Surplus, represents the changes in the Company's surplus since the Company's inception:

| | 2019 | 2018 |
|---|-------------|-------------|
| Surplus, beginning of year | \$1,421,831 | \$65,748 |
| Surplus increases (decreases): | | |
| Net income (loss) | 53,806 | (1,043,917) |
| Change in nonadmitted assets | (103,138) | 500,000 |
| Change in surplus notes | 435,000 | - |
| Surplus adjustments to paid-in capital | 800,000 | 1,900,000 |
| Change in surplus as regards policyholders for the year | 1,185,668 | 1,356,083 |
| Surplus, end of year | \$2,607,499 | \$1,421,831 |

MEDICARE PART D SUBSIDIES

CMS subsidies represent cost reimbursements under the Medicare Part D program. Amounts received for these subsidies are not reflected as premium revenues, but as cost reimbursements, with any outstanding amounts recorded as a liability for amounts retained relating to uninsured plans, or as an amount receivable relating to uninsured plans on the accompanying statutory statements of admitted assets, liabilities, and capital and surplus. Pharmacy benefit costs and administrative costs under the contract are expensed as incurred. The Company incurred Medicare Part D subsidies due from CMS of \$354,498 and \$45,242 and subsidies due to CMS of \$1,256,269 and \$704,301 at December 31, 2021 and 2020, respectively.

SUBSEQUENT EVENTS

Effective January 1, 2022, the Company entered into a reinsurance intermediary agreement with Guy Carpenter & Company, LLC.

PruittHealth Premier North Carolina, LLC
DISTRIBUTION OF REPORT ON EXAMINATION
December 31, 2021

Neil Pruitt, President
1626 Jeurgens Court
Norcross, Georgia 30093

Kelly Christopher, Compliance Officer
1626 Jeurgens Court
Norcross, Georgia 30093

CONCLUSION

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

We conclude that the Company complies with the minimum net worth 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 or the amount required pursuant to the risk-based capital provisions of Article 12 of Chapter 58.

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

Respectfully submitted,



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

May 10, 2023

STATE OF NORTH CAROLINA

COUNTY OF WAKE

Keith Greene, Supervising Examiner, 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: Keith Greene Date: 5/10/2023

Sworn and subscribed before me this 10th day of May, 2023.

Notary Public Signature: Christina M. Williams Notary Public Seal:

