



STATE OF CONNECTICUT

INSURANCE DEPARTMENT

ORDER ADOPTING REPORT OF EXAMINATION

I, Andrew N. Mais, Insurance Commissioner of the State of Connecticut, having fully considered and reviewed the Examination Report (the "Report") of UnitedHealthcare Insurance Company (the "Company") as of December 31, 2021, do hereby adopt the findings and recommendations contained therein based on the following findings and conclusions.

TO WIT:

1. I, Andrew N. Mais, Insurance Commissioner of the State of Connecticut and as such is charged with the duty of administering and enforcing the provisions of Title 38a of the Connecticut General Statutes ("C.G.S").
2. The Company is a domestic insurer authorized to transact the business of insurance in the State of Connecticut.
3. On April 18, 2023, the verified Report of the Company was filed with the Connecticut Insurance Department (the "Department").
4. In accordance with C.G.S. §38a-14(e)(3), the Company was afforded a period of thirty (30) days within which to submit to the Department a written submission or rebuttal with respect to any matters contained in the Report.
5. On May 4, 2023, the Company notified the Department of certain responses and comments on certain items contained in the Report.
6. Following review of the Report, it was deemed necessary and appropriate to modify the Report. A copy of the Report is attached hereto and incorporated herein as Exhibit A.

NOW, THEREFORE, it is ordered as follows:

1. That the Report of the Company is hereby adopted as filed with the Department.
2. That the Company shall comply with the recommendations set forth in the Report, and that failure by the Company to so comply shall result in sanctions or administrative action as provided by Title 38a of the C.G.S.
3. Section 38a-14(e)(4)(A) of the CGS requires that:

"The secretary of the Board of Directors or similar governing body of the entity shall provide a copy of the report or summary to each director and shall certify to the Commissioner, in writing, that a copy of the report or summary has been provided to each director."

Please address the certification to the Commissioner but send said certification to the care/attention of Michael Shanahan, Supervising Examiner, of the Financial Regulation Division.

4. Section 38a-14(e)(4)(B) of the CGS requires that:

"Not later than one hundred twenty days after receiving the report or summary the chief executive officer or the chief financial officer of the entity examined shall present the report of summary to the entity's Board of Directors or similar governing body at a regular or special meeting."

This will be verified by the Insurance Department either through analysis or examination follow-up.

Dated at Hartford, Connecticut, this 11th day of May, 2023.



Andrew N. Mais
Insurance Commissioner

Exhibit A

EXAMINATION REPORT

OF THE

**UNITEDHEALTHCARE INSURANCE COMPANY
(NAIC # 79413)**

AS OF

DECEMBER 31, 2021

BY THE CONNECTICUT INSURANCE DEPARTMENT



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April 13, 2023

The Honorable Andrew N. Mais
Insurance Commissioner
State of Connecticut Insurance Department
153 Market Street, 6th Floor
Hartford, Connecticut 06103

Dear Commissioner Mais:

In compliance with your instructions and pursuant to the requirements of Section 38a-14 of the Connecticut General Statutes (CGS), the undersigned has made an examination of the conditions and affairs of

UNITEDHEALTHCARE INSURANCE COMPANY

(hereinafter referred to as the Company or UHIC), a corporation with capital stock, incorporated under the laws of the State of Connecticut and having its statutory home office and main administrative office located at 185 Asylum Street, Hartford, Connecticut. The report of such examination is submitted herewith.

SCOPE OF EXAMINATION

The previous examination of the Company was conducted by the Financial Regulation Division of the Connecticut Insurance Department (Department) as of December 31, 2016. The current examination, which covers the period from January 1, 2017 to December 31, 2021, was conducted virtually and at the main administrative office of the Company. A concurrent examination of Oxford Health Plans (CT), Inc. was also performed.

The current examination was conducted as part of a multi-state examination of the UnitedHealth Group Incorporated (UHG) holding company, where the Department served as Lead State and coordinated the simultaneous examination of thirty-two (32) regulated entities domiciled in sixteen (16) states, including Connecticut and its regulated entities (the coordinated examination). The coordinated examination not only provided information on each insurer individually but also provided a structure for regulators to understand and evaluate risks of the holding company group as a whole.

As part of the examination planning procedures, the Department reviewed the following materials from 2017 through 2021:

- statutory audit reports completed by the Company's independent certified public accountant, Deloitte & Touche, LLP (D&T);
- Board of Director (Board) and other committee minutes (through the latest 2022 minutes);

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- Management's Discussion and Analysis;
- Statements of Actuarial Opinion;
- reports of the Company's Internal Audit and Advisory Services Department (IAAS);
- documentation supporting Section 404 of the Sarbanes Oxley Act of 2002 (SOX);
- 10-K reports filed with the Securities and Exchange Commission; and
- Annual Statements filed with the Department.

A comprehensive review was made of the financial analysis files and documents submitted to the Financial Analysis Unit of the Department and reports from the National Association of Insurance Commissioners (NAIC) database, all of which indicated no material concerns with respect to financial condition or regulatory compliance.

Workpapers prepared by the Company's independent certified public accountants, D&T, were reviewed and relied upon to the extent deemed appropriate.

Workpapers prepared by the Company's IAAS, including internal audit work contracted with Ernst & Young LLP, were reviewed and relied upon as deemed appropriate.

Lewis & Ellis Actuaries & Consultants (L&E) was engaged by the Department to assist in the review of the Company's reserving, pricing/underwriting and reinsurance risks for the coordinated examination.

Risk & Regulatory Consulting, LLC (RRC) was engaged by the Department to assist in the review of the Company's Information Technology General Controls (ITGCs) for the coordinated examination.

We conducted our examination in accordance with the 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 evaluating 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 currently and prospectively.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. This may include assessing significant estimates made by management and evaluating management's compliance with Statutory Accounting Principles. The 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 following 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 other regulators and/or the Company.

UNITEDHEALTHCARE INSURANCE COMPANY

Failure of items in this report to add to totals or for totals to agree with captioned amounts is due to rounding.

HISTORY

The Company is a wholly owned subsidiary of UHIC Holdings, Inc. (Holdings, Inc.). Its ultimate parent company is UHG which is a publicly held company traded on the New York Stock Exchange.

The Company was originally incorporated on March 24, 1972, in Illinois, as The Travelers Insurance Company of Illinois. Effective November 29, 1994, the Department approved the Company's redomestication to Connecticut from Illinois and the name changed to MetraHealth.

On October 2, 1995, one-hundred percent of The MetraHealth Companies, Inc. was purchased by United HealthCare Corporation (which later became UHG).

Effective January 1, 1997, MetraHealth Insurance Company and United Health and Life Insurance Company, a Minnesota insurance company, merged. As a result of the merger, the surviving entity, MetraHealth Insurance Company, was renamed UHIC.

On June 30, 2000, UHG contributed all the shares of UHIC to its wholly owned subsidiary United HealthCare Services, Inc., (UHS) who in turn contributed all the issued and outstanding shares of UHIC to its wholly owned subsidiary, Unimerica, Inc. As a result, the Company became a direct wholly owned subsidiary of Unimerica, Inc.

On March 31, 2004, Unimerica, Inc. was renamed Holdings, Inc. Effective December 31, 2008, the Company changed the spelling of its name to UHIC.

Effective April 2, 2012, the Company's subsidiary, UnitedHealthcare Insurance Company of Ohio, was merged into UHIC, with UHIC being the surviving entity.

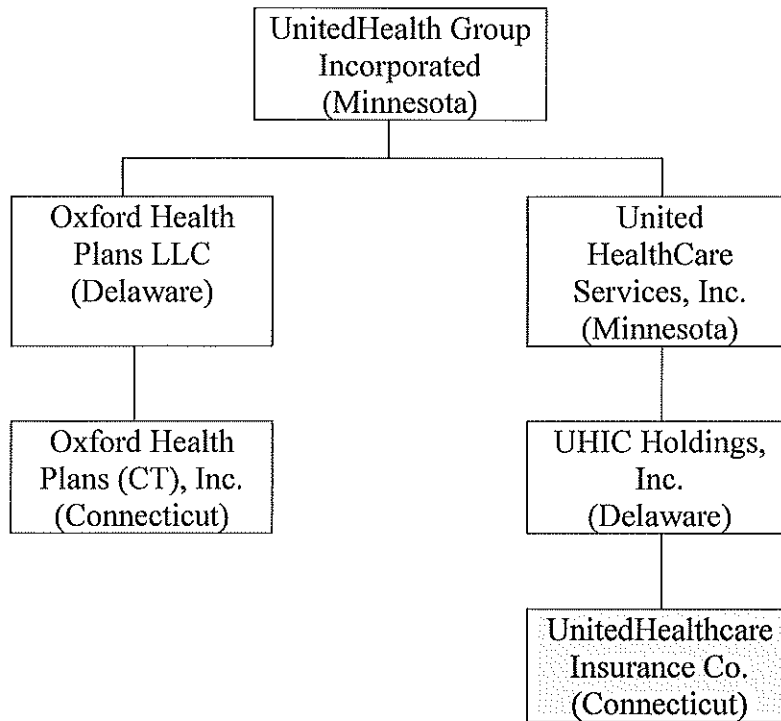
Effective April 1, 2014, the Company exchanged 100% of its investment in UHG common stock (9,668,800 shares) for a number of shares of Oxford Health Insurance, Inc. (OHI), representing a value equivalent to the fair market value of the UHG stock at the time of the exchange. As a result of this transaction, OHI became a wholly owned subsidiary of the Company.

The Company owns 100% of the common stock of OHI, UnitedHealthCare Insurance Company of Illinois, UnitedHealthCare Insurance Company of New York (UHIC-NY), Unimerica Life Insurance Company of New York, UnitedHealthcare of New Mexico, and a number of various insurance service affiliates.

UNITEDHEALTHCARE INSURANCE COMPANY

ORGANIZATIONAL CHART

The following is a portion of the Company’s organizational chart as of December 31, 2021:



MANAGEMENT AND CONTROL

The bylaws state that all meetings of the stockholders shall be held on such date and at such time as shall be designated from time to time by the Board. If an annual meeting is held, then at such meeting of the stockholders shall elect a Board and transact such business as may properly be brought before the meeting. Special meetings of the stockholders, called by the Board, the Chief Executive Officer, or the stockholders as permitted under the Connecticut Business Corporation Act (Act), may be held at any time and for any purpose or purposes, unless otherwise prescribed by statute.

The number of directors of the Company shall be determined from time to time by the Board but in no case shall the number of directors be less than one.

At December 31, 2021, directors of the Company were as follows:

<u>Name</u>	<u>Title and Principal Business Affiliation</u>
James Francis Bedard	United Healthcare (UHC) - Chief Financial Officer Individual & Specialty
Brian Douglas Brueckman	UHC - Senior Vice President Benefits Operations
Nyle Brent Cottingham	UHC - Vice President and Regulatory Controller
William John Golden	UHC - CEO Employer & Individual
Paul Daniel Hansen	UHC - Controller

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Gary Anthony Iannone	UHG - Vice President and Chief Actuary
Thomas Shaun McGlinch	UHG - Vice President, Investment Management
Timothy John Noel	UHC - CEO Medicare & Retirement
Thomas Edward Roos	UHG - Senior Vice President and Chief Accounting Officer

The corporation shall have such officers as the Board, the Chief Executive Officer, if any, or the president, if any, from time to time may elect; provided, however, that the Chief Executive Officer and the president shall be elected by the Board.

Each officer shall hold office until his or her successor has been elected and qualified, unless a different term is specified at the time such officer is elected, or until his or her earlier death, resignation or removal.

At December 31, 2021, the officers of the Company were as follows:

<u>Name</u>	<u>Title</u>
William John Golden	President
James Francis Bedard	Chief Financial Officer
Timothy James Burch	Secretary
Peter Marshall Gill	Treasurer
Thomas Shaun McGlinch	Assistant Treasurer
Timothy John Noel	Assistant Treasurer
Heather Anastasia Lang	Assistant Secretary
Jessica Leigh Zuba	Assistant Secretary
Nyle Brent Cottington	Vice President
Gary Anthony Iannone	Chief Actuary
Thomas Edward Roos	Senior Vice President

RELATED PARTY TRANSACTIONS

The Company is a party to numerous related party transaction agreements. The most significant agreements are as follows:

Management Services Agreement

The Company is a party to a Management Services Agreement with UHS. Services provided by UHS include management and general administration services and operations services. UHS minimally provides accounting, investment, legal, actuarial, underwriting, and claim adjudication.

Tax Allocation Agreement

The Company files a consolidated federal tax return with UHG and members of the affiliated group based on a written tax sharing agreement. The federal income tax is allocated to each of the companies in the consolidated group in a manner that approximates each company's liability on a separate tax company basis.

WellMed Network, Inc.

UNITEDHEALTHCARE INSURANCE COMPANY

WellMed Network, Inc. provides services that may include, but not limited to, care management services to eligible members and/or providing or arranging for the delivery of clinical services to the Company enrollees.

WellMed Network of Florida, Inc.

WellMed Network of Florida, Inc. provides services that may include, but are not limited to, care management services to eligible member and/or providing or arranging for the delivery of clinical services to the Company's enrollees.

LifePrint Health, Inc.

LifePrint Health, Inc. provides services that may include, but are not limited to, care management services to eligible members and/or arranging for the delivery of clinical services to the Company's enrollees.

American Health Network of Indiana Care Organization, LLC.

American Health Network of Indiana Care Organization, LLC. provides medical services to the Company's members.

Optum Care Networks, Inc.

Optum Care Networks, Inc., previously LifePrint East, Inc. provides medical management services and managed care program services.

NaviHealth, Inc.

NaviHealth, Inc. provides comprehensive post-acute services and care delivery.

Pharmacy Benefit Management Agreement

The Company contracts with an affiliate, Optum Rx, to provide administrative services related to pharmacy management and pharmacy claims processing for its enrollees.

Behavioral Health Agreement

The Company contracts with an affiliate, United Behavioral Health, to provide mental health and substance abuse services for its enrollees.

Revolving Credit Agreement

The Company holds a \$1,000,000,000 subordinated revolving credit agreement with UHG at an interest rate of the London InterBank Offered Rate plus a margin of 0.50%.

The Company has a subordinated revolving credit agreement with UHS at an interest rate of London InterBank Offered Rate plus a margin of 0.50%. Under this agreement, UHS can borrow money on a short-term basis from the Company. The aggregate principal amount that may be outstanding at any time is the lesser of 3% of the Company's admitted assets or 25% of the Company's policyholder surplus as of the preceding December 31.

While conducting our review of related party transactions it was noted that the documents used by the Company to analyze and renegotiate the inter-segment rates, for appropriateness, are not

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maintained as support and that upon request comprehensive support to demonstrate that charges between affiliates were fair and reasonable was not provided.

Section 38a-136(a) paragraph (4) of the CGS states that transactions within an insurance holding company system are subject to: *"the books, accounts and records of each party shall be so maintained as to clearly and accurately disclose the precise nature and details of the transactions, including such accounting information as is necessary to support the reasonableness of the charges or fees to the respective parties"*.

Similarly, Statement of Statutory Accounting Principles No. 25 of the NAIC Accounting Practices and Procedures Manual (Manual) established the standards transactions within an insurance holding company system via reference to A-440, in which paragraph 9(d) states: *"The books, accounts and records of each party to all such transactions shall be so maintained as to clearly and accurately disclose the nature and details of the transactions including such accounting information as is necessary to support the reasonableness of the charges or fees to the respective parties"*.

It is recommended that the Company maintain, for review, the accounting information necessary to support the reasonableness of charges or fees for affiliated transactions, as required by Section 38a-136 of the CGS, and SSAP No. 25 and A-440 of the Manual.

For future affiliated contracts it is recommended that the Company either be able to fully demonstrate that the charges or fees are fair and reasonable or enter into those arrangements on a cost basis.

TERRITORY AND PLAN OF OPERATION

The Company is licensed to transact business in the District of Columbia., the United States territories of American Samoa, Guam, Northern Mariana Islands, Puerto Rico, the U.S. Virgin Islands, and all states except New York.

Plan of Operations

UnitedHealthcare offers a full spectrum of health benefit programs to an array of customers and markets through the following businesses: UnitedHealthcare Employer & Individual (E&I), UnitedHealthcare Medicare & Retirement (M&R), UnitedHealthcare Community & State (C&S) and UnitedHealthcare Global.

Marketing and Agency Force

The Company distributes its various health benefit plans and services as follows:

E&I

E&I typically distributes its products through consultants or direct sales in the larger employer and public sector segments. In the smaller group segment of the commercial marketplace, UnitedHealthcare Employer & Individual's distribution system consists primarily of direct sales and sales through collaboration with brokers and agents. UnitedHealthcare Employer & Individual also distributes products through wholesale agents or agencies that contract with health insurance carriers to distribute individual or group benefits and provide other related services to their

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customers. In addition, UnitedHealthcare Employer & Individual distributes its products through professional employer organizations, associations and through both multi-carrier and its own proprietary private exchange marketplaces.

M&R

M&R has extensive distribution capabilities and experience, including direct marketing to consumers on behalf of its key clients, including AARP and state and U.S. government agencies. Products are also offered through agents, employer groups, and digital channels.

C&S

States using managed care services for Medicaid beneficiaries select health plans by using a formal bid process or by awarding individual contracts. A number of factors are considered by UnitedHealthcare Community & State when choosing programs for participation, including the state's commitment and consistency of support for its Medicaid managed care program in terms of service, innovation and funding; the eligible population base, both immediate and long term; and the structure of the projected program. UnitedHealthcare Community & State works with its state customers to advocate for actuarially sound rates, commensurate with medical cost trends.

REINSURANCE

The Company, through affiliated and non-affiliated insurers, utilizes a variety of ceded and assumed reinsurance covering group life and accident and health risks. The following is a summary of the significant reinsurance agreements:

Non-Affiliated Reinsurance Ceded

Effective July 1, 2016, the Company entered into a quota-share reinsurance agreement with Canada Life Assurance Company (Canada Life), under which the Company cedes 20% of the premiums earned and claims paid, subject to a stop loss limit, related to the reinsured policies. In addition, 20% of the statutory reserves on the reinsured policies as of the effective date, and subsequent changes in those reserves, are ceded to Canada Life on a funds withheld basis. The agreement also provides for an expense allowance and has an experience refund provision.

Affiliated Reinsurance Assumed

The Company's significant affiliated reinsurance agreements consist of bulk reinsurance agreements with UHIC-NY and UnitedHealthcare of the Midwest, Inc. (UHC Midwest). Under these agreements, the Company assumes 50% of UHIC-NY's business, net of third-party reinsurance, and 60% of UHC Midwest's commercial and Medicaid business.

INFORMATION TECHNOLOGY CONTROLS

RRC performed a risk-based assessment and review of the Company's ITGCs in accordance with NAIC requirements as outlined in the Handbook. The guidance and direction used to perform the review of the Company's ITGCs was derived from Exhibit C Part 1 – Information Technology Planning Questionnaire (ITPQ) and Exhibit C Part 2 – Information Technology Work Program (collectively, Exhibit C). The Company's responses to the ITPQ were evaluated, and certain

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controls within the Information Technology (IT) control environment were tested to assess whether the selected controls were designed effectively and were functioning properly.

RRC's objectives were to obtain reasonable assurance about whether:

- the Company has a process in place to effectively identify, mitigate and manage its IT risks.
- the Company's control structure policies and procedures were suitably designed to achieve the control objectives specified in the Exhibit C, and if those policies and procedures were complied with.
- the Company's policies and procedures were in place during the examination period.

The objectives above were achieved through a combination of reviewing the Company's policies and procedures, testing in key areas related to the Exhibit C, interviewing the Company's IT senior management, reviewing IT risk assessment processes and leveraging relevant risk assessment procedures performed by D&T and IAAS.

In accordance with the Handbook, specific areas of review included:

- IT governance and organization structure;
- strategic planning, systems architecture and project oversight;
- IT risk management;
- vendor management;
- development and maintenance of policies;
- physical and logical security;
- business continuity and disaster recovery planning;
- end user or business developed applications; and
- cybersecurity and incident response.

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

ACCOUNTS AND RECORDS

As a member of a holding company group, the Company utilizes common systems for recording its transactions. The current general ledger system is Oracle PeopleSoft which maintains GAAP, statutory and medical loss ratio data. The Company uses Sovos filing software to produce its statutory statements.

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FINANCIAL STATEMENTS

The following statements represent the Company's financial position, as filed by the Company as of December 31, 2021. No adjustments were made to surplus as a result of the examination.

ASSETS

	Assets	Non Admitted Assets	Net Admitted Assets
Bonds	\$9,355,555,192		\$9,355,555,192
Preferred stocks	29,913,428		29,913,428
Common stocks	3,652,010,217		3,652,010,217
Real estate – properties occupied by the company	240,489,308		240,489,308
Cash	(376,778,800)		(376,778,800)
Cash equivalents	1,444,228,233		1,444,228,233
Short-term investments	48,336,553		48,336,553
Other invested assets	121,075,453		121,075,453
Receivables for securities	1,636,731		1,636,731
Investment income due and accrued	56,770,086		56,770,086
Premiums and considerations:			
Uncollected premiums and agents' balances in the course of collection	1,852,358,603	\$134,130,447	1,718,228,156
Accrued retrospective premiums (\$204,619,101) and contracts subject to redetermination (\$780,436,679)	985,055,780		985,055,780
Reinsurance:			
Amounts recoverable from reinsurers	471,220,736		471,220,736
Funds held by or deposited with reinsured companies	41,314,056		41,314,056
Other amounts receivable under reinsurance contracts	35,677,439		35,677,439
Amounts receivable relating to uninsured plans	1,550,454,880	8,735,893	1,541,718,987
Net deferred tax asset	377,837,366	62,305,208	315,532,158
Guaranty funds receivable or on deposit	95,503,393		95,503,393
Net adjustment in assets and liabilities due to foreign exchange rates	24,521		24,521
Health care (\$2,213,738,175) and other amounts receivable	2,410,599,283	196,861,108	2,213,738,175
Aggregate write-ins for other than invested assets	730,452,897	22,315,259	708,137,638
Totals	<u>\$23,123,735,355</u>	<u>\$424,347,915</u>	<u>\$22,699,387,440</u>

UNITEDHEALTHCARE INSURANCE COMPANY

LIABILITIES, SURPLUS AND OTHER FUNDS

LIABILITIES	
Aggregate reserve for life contracts	\$54,194,635
Aggregate reserve for accident and health contracts	1,753,815,250
Liability for deposit-type contracts	259,268,928
Contract claims:	
Life	64,919,035
Accident and health	5,177,060,069
Premiums and annuity considerations for life and accident and health contracts received in advance less \$0 discount; including \$389,662,819 accident and health premium	390,817,849
Contract liabilities not included elsewhere:	
Provision for experience rating refunds; including the liability of \$3,527,244,595 accident and health experience rating refunds of which \$304,062,299 is for medical loss ratio rebate per the Public Health Service Act	3,531,083,817
Other amounts payable on reinsurance including \$544,547 assumed and \$506,291,501 ceded	506,836,048
Interest maintenance reserve	89,983,658
Commissions to agents due or accrued-life and annuity contracts \$0 accident and health \$59,036,048 and deposit-type contract funds \$56,729	59,092,777
Commissions and expense allowances payable on reinsurance assumed	36,058,096
General expenses due or accrued	181,771,774
Taxes, licenses and fees due or accrued	202,877,777
Current federal and foreign income taxes	244,858,241
Amounts withheld or retained by company as agent or trustee	20,374,369
Remittances and items not allocated	49,437,042
Miscellaneous liabilities:	
Asset valuation reserve	816,860,263
Funds held under reinsurance treaties with unauthorized and certified reinsurers	395,813
Payable to parent, subsidiaries and affiliates	579,057,866
Liability for amounts held under uninsured plans	876,481,528
Funds held under coinsurance	229,329,274
Payable for securities	51,519,222
Aggregate write-ins for liabilities	143,724,251
Total liabilities	<u>\$15,319,817,582</u>
SURPLUS AND OTHER FUNDS	
Common capital stock	\$3,000,000
Gross paid in and contributed surplus	558,595,764
Unassigned funds (surplus)	6,817,974,094
Totals surplus and other funds	<u>\$7,379,569,858</u>
Totals of liabilities, surplus and other funds	<u>\$22,699,387,440</u>

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SUMMARY OF OPERATIONS

SUMMARY OF OPERATIONS	
Premiums and annuity considerations for life and accident and health contracts	\$52,670,875,623
Net investment income	228,600,817
Amortization of interest maintenance reserve	18,525,111
Commissions and expense allowances on reinsurance ceded	193,506,284
Aggregate write-ins for miscellaneous income	2,641,794
Totals	53,114,149,629
Death benefits	201,932,160
Disability benefits and benefits under accident and health contracts	43,070,898,203
Interest and adjustments on contract or deposit-type contract funds	5,420,815
Increase in aggregate reserves for life and accident and health contracts	162,529,594
Totals	43,440,780,772
Commissions on premiums; annuity considerations and deposit-type contract funds (direct business only)	1,073,652,577
Commissions and expense allowances on reinsurance assumed	327,106,746
General insurance expenses	4,841,100,664
Insurance taxes, licenses and fees, excluding federal income taxes	791,683,509
Aggregate write-ins for deductions	1,322,515
Totals	50,475,646,783
Net gain from operations after dividends to policyholders and before federal income taxes	2,638,502,846
Federal and foreign income taxes incurred (excluding tax on capital gains)	664,205,374
Net gain from operations after dividends to policyholders and federal income tax and before realized capital gains or (losses)	1,974,297,472
Net realized capital gains or (losses) (excl gains (losses) transferred to the IMR) less capital gains tax of \$1,957,931 (excl taxes of \$11,708,864 transferred to IMR)	7,208,180
Net income	<u>\$1,981,505,652</u>
CAPITAL AND SURPLUS ACCOUNT	
Capital and surplus, December 31, prior year	\$7,611,230,514
Net income	1,981,505,652
Change in net unrealized capital gains (losses) less capital gains tax of \$4,472,290	603,184,746
Change in net deferred income tax	49,542,170
Change in nonadmitted assets	42,529,371
Change in asset valuation reserve	(158,422,595)
Dividends to stockholders	(2,750,000,000)
Net change in capital and surplus for the year	(231,660,657)
Capital and surplus, December 31, current year	<u>\$7,379,569,858</u>

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<u>AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS</u>	<u>\$1,753,815,250</u>
<u>CONTRACT CLAIMS – ACCIDENT AND HEALTH</u>	<u>\$5,177,060,069</u>
<u>PROVISION FOR EXPERIENCE RATING REFUNDS</u>	<u>\$3,531,083,817</u>

L&E assisted the Department in its risk-based coordinated examination actuarial review of reserving and pricing /underwriting of the Company. Based upon the review, no material findings were noted which affected the Company’s reserving or pricing/underwriting risk.

AGGREGATE WRITE – INS FOR LIABILITIES (UNCLAIMED PROPERTY) \$143,724,251

Within the captioned account it was noted that the Company did not issue timely due diligence letters and escheat unclaimed property back to the states, in accordance with states law and “UHG Corporate Treasury Unclaimed Property – Policies and Procedures”.

It is recommended that Company review its policies and procedures to strengthen the controls around unclaimed property, including but not limited to, the timeliness of sending due diligence letters, the reissuance of checks and the escheatment of unclaimed property, in accordance with states law.

COMMON CAPITAL STOCK \$3,000,000

As of December 31, 2021, the Company reported 1,000 shares authorized and 500 shares issued and outstanding of \$6,000 par value common stock. All issued and outstanding shares of common stock are owned by the Company’s parent, Holdings, Inc.

GROSS PAID IN AND CONTRIBUTED SURPLUS \$558,595,764

The following exhibit reflects the balance of this account during the period under review:

2021	\$558,595,764
2020	\$558,595,794
2019	\$558,595,764
2018	\$558,595,764
2017	\$308,595,764

On December 31, 20218, the Company received a cash infusion of 250,000,000 from Holdings, Inc.

UNASSIGNED FUNDS (SURPLUS) \$6,817,974,094

The following exhibit reflects the balance of this account during the period under review:

2021	\$6,817,974,094
2020	\$7,049,634,750
2019	\$7,157,214,654
2018	\$7,566,636,185

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2017 \$5,236,557,905

During the examination period changes to unassigned funds (surplus) were primarily related to dividend payments and net income.

Dividends

Dividends paid by the Company to Holdings, Inc. for the examination period were as follows:

2021	\$2,750,000,000
2020	\$3,740,000,000
2019	\$2,901,554,273
2018	\$1,760,000,000
2017	\$1,770,000,000

RECOMMENDATIONS

Pg. RELATED PARTY TRANSACTIONS

- 5 It is recommended that the Company maintain, for review, the accounting information necessary to support the reasonableness of charges or fees for affiliated transactions, as required by Section 38a-136 of the CGS and SSAP No. 25 and A-440 of the Manual.

For future affiliated contracts it is recommended that the Company either be able to fully demonstrate that the charges or fees are fair and reasonable or enter in those arrangements on a cost basis.

AGGREGATE WRITE – INS FOR LIABILITIES (UNCLAIMED PROPERTY)

- 13 It is recommended that Company review its policies and procedures to strengthen the controls around unclaimed property, including but not limited to, the timeliness of sending due diligence letters, the reissuance of checks and the escheatment of unclaimed property, in accordance with states laws.

SUBSEQUENT EVENTS

- Effective January 1, 2022, the Company novated eight CMS contracts to affiliates Care Improvement Plus South Central Insurance Company (CIPSC). The novation agreement resulted in full control of the contracts being transferred to CIPSC at \$0 net book value for dates of service on or after January 1, 2022.

The Company also novated one CMS contract to UnitedHealthcare Benefits of Texas, Inc. (UHCBTX). The novation agreement resulted in full control of the contracts being transferred to UHCBTX at \$0 net book value for dates of service on or after January 1, 2022.

UNITEDHEALTHCARE INSURANCE COMPANY

- Effective January 1, 2022, affiliate Care Improvement Plus Wisconsin Insurance Company novated its CMS contract to the Company.
- On February 17, 2022, the Company declared an extraordinary cash dividend of \$750,000,000 to the sole shareholder, Holdings, Inc.
- On May 20, 2022, the Company declared an extraordinary cash dividend of \$750,000,000 to Holdings, Inc.
- On August 18, 2022, the Company declared an extraordinary an extraordinary dividend of \$1,000,000,000 to Holdings, Inc.
- On November 18, 2022, the Company declared an extraordinary cash dividend of \$1,000,000,000 to Holdings, Inc.
- On February 15, 2023, the Company declared an extraordinary dividend of \$750,000,000 to Holdings, Inc.

CONCLUSION

The results of this examination disclosed that as of December 31, 2021, the Company had admitted assets of \$22,699,387,440, liabilities of \$15,319,817,582, and surplus and other funds of \$7,379,569,858. During the period under examination, admitted assets increased \$4,776,740,426, liabilities increased \$2,647,617,298, and surplus and other funds increased \$2,129,123,128.

UNITEDHEALTHCARE INSURANCE COMPANY

SIGNATURE

In addition to the undersigned, the following members of the Department participated in the examination: Mike Shanahan, CFE; Michael Daniels, CFE; Edna Bosley; Keith Kleindienst, CFE; Kenneth Roulter, AFE, AES, CISA; Cecilia Arnold, CFE; Grace Jiang, CFE; Brian Llinares, Tahjma Roberson, Brandon Ormsby, Wanchin Chou, FCAS, MAAA, CPCU; Sarah Mu, FSA, MAAA; and Manuel V. Hidalgo, FSA, MAAA, CFA. The financial services firms of RRC and L&E also participated.

I, Wayne Shepherd, CFE, solemnly swear that the foregoing report on examination is hereby represented to be a full and true statement of the condition and affairs of the subject insurer as of December 31, 2021, to the best of my information, knowledge and belief.

Respectfully submitted,

Wayne Shepherd

Wayne Shepherd, CFE
Examiner-In-Charge
State of Connecticut
Insurance Department

State of Connecticut

ss. Hartford

County of Hartford

Subscribed and sworn to before me, *Yanping Mu*
Notary Public on this April day of 18, 2023.

Yanping Mu
Notary Public

My Commission Expires June 30, 2026

