

STATE OF OREGON
DEPARTMENT OF
CONSUMER & BUSINESS
SERVICES
DIVISION OF FINANCIAL
REGULATION



REPORT OF FINANCIAL EXAMINATION

OF

LIFEMAP ASSURANCE COMPANY
PORTLAND, OREGON

AS OF

DECEMBER 31, 2020

STATE OF OREGON

DEPARTMENT OF CONSUMER AND BUSINESS SERVICES

DIVISION OF FINANCIAL REGULATION

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PORTLAND, OREGON**

NAIC COMPANY CODE 97985

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SALUTATION

January 20, 2022

Honorable Andrew Stolfi, Director
Department of Consumer and Business Services
State of Oregon
350 Winter Street NE
Salem, Oregon 97301-3883

Dear Director:

In accordance with your instructions and guidelines in the National Association of Insurance Commissioners (NAIC) Examiners Handbook, pursuant to ORS 731.300 and 731.302, respectively, we have examined the business affairs and financial condition of

**LIFEMAP ASSURANCE COMPANY
100 SW Market Street
Portland, Oregon 97201**

NAIC Company Code 97985

hereinafter referred to as the "Company." The following report is respectfully submitted.

SCOPE OF EXAMINATION

We have performed our regular, triennial, multi-state examination of LifeMap Assurance Company, conducted with the insurance regulators from the States of Idaho, Utah and Washington, for the coordinated examination of insurers under Cambia Health Solutions, Inc. (“Cambia”). Oregon was designated as the lead state. The examination was conducted in conjunction with the examination of eight affiliated health care service contractors and a life and health insurer. A separate report of examination will be prepared for each entity. The last examination of this life and health insurer was completed as of December 31, 2017. This examination covers the period of January 1, 2018 to December 31, 2020.

We conducted our examination pursuant to ORS 731.300 and in accordance with ORS 731.302(1) which allows the examiners to consider the guidelines and procedures in the NAIC *Financial Condition Examiners 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. 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, as mentioned in ORS 731.302 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 the Company.

COMPANY HISTORY

Medical Health Company, Inc., was incorporated by Oregon Physicians' Services on September 22, 1964, as a for-profit stock health care service contractor in Oregon. Effective September 17, 1982, the Company changed its name to Greater Northwest Insurance Company, and on December 17, 1982, converted from a health care service contractor to a stock life and health insurer with the approval of the Division of Financial Regulation. On April 24, 1984, the Company again changed its name, to Oregon Pacific States Insurance Company. Upon the completion of the affiliation agreement on June 1, 1995, the Company was again renamed Regence Life and Health Insurance Company. On February 1, 2012, the Company changed its name to LifeMap Assurance Company.

Capitalization

The Company was authorized under Article IV of its Articles of Incorporation to issue 55,000 shares of common stock. At a special meeting held July 28, 2014, the Board increased the stated par value from \$60.00 per share to \$85.00 per share and, at December 31, 2020, the Company reported 29,465 issued and outstanding shares, representing common capital stock equal to \$2,504,525. In March 2017, the Company received cash contributions totaling \$5,000,000 from Regence BlueShield (RBS), Regence BlueCross BlueShield of Utah (RBSBSU), Regence BlueCross BlueShield of Oregon (RBCBSO), and Regence BlueShield of Idaho, Inc. (RBSI),

resulting in an increase to unassigned funds. The Company's issued and outstanding shares of common stock are owned by RBS (75%), RBCBSU (12%), RBCBSO (11%), and RBSI (2%).

Dividends and Other Distributions

During the period under examination, the Company did not declare or pay any cash dividends or make any distributions to its shareholders.

CORPORATE RECORDS

Board Minutes

In general, the review of the Board meeting minutes of the Company indicated the minutes support the transactions of the Company and clearly describe the actions taken by its directors. A quorum, as defined by the Company's Bylaws, met at all of the meetings held during the period under review.

Neither the Company's Articles nor its Bylaws authorize any standing committee, but does state the Board may appoint special committees for specific purposes and for a limited duration. Instead, the Company relies on appointed committees of the ultimate parent, Cambia. There are six committees authorized to assist in the management of Cambia, as follows:

- Organizational and Governance Committee
- Investment Committee
- Audit and Compliance Committee
- Personnel and Compensation Committee
- Health Strategies Committee
- Consumer Enablement Committee

A review of the Board minutes indicated the compensation of Cambia's CEO is approved through the Personnel and Compensation Committee, which is then approved by the Board. Compensation of other senior officers, including the Company's president, is indirectly approved through the

Board's approval of an annual budget. This process complies with the provisions of ORS 732.320(3).

Articles of Incorporation

The Company's Articles of Incorporation were last amended on June 26, 2012. No changes were made during the period under examination. The Articles of Incorporation conformed to the Oregon Insurance Code.

Bylaws

The Bylaws were last amended and restated on February 1, 2012. No changes were made during the period under examination. The Company's Bylaws conform to Oregon statutes.

MANAGEMENT AND CONTROL

Board of Directors

The Bylaws, in Article III - Section 1, state the business affairs of the corporation shall be managed by its Board of Directors. Section 2 states the number of directors constituting the Board of Directors shall not be less than five (5) nor more than seven (7). At December 31, 2020, the Company was governed by a six member Board of Directors as follows:

<u>Name and Address</u>	<u>Principal Affiliation</u>	<u>Member Since</u>
Angela M. Dowling West Linn, Oregon	President and Chief Revenue Officer Regence BlueCross BlueShield of OR	2013
Mark B. Ganz Portland, Oregon	Former President & CEO Cambia Health Solutions	2005
Timothy J. Lieb * Bellevue, Washington	Market President Regence BlueShield	2018

<u>Name and Address</u>	<u>Principal Affiliation</u>	<u>Member Since</u>
Vince P. Price Portland, Oregon	Chief Financial Officer Cambia Health Solutions	2019
Sean M. Robbins Boise, Idaho	Market President Regence BlueShield of Idaho	2019
James J. Swayze Salt Lake City, Utah	Market President Regence BlueCross BlueShield of UT	2017

*Chairman

The Company was in compliance with ORS 732.305, in that more than one-quarter of the Board resides in Oregon. The Directors as a group had experience in insurance, accounting, investments and management, in accordance with the provisions of ORS 731.386.

Subsequent to the period under examination, both Mr. Lieb and Mr. Robbins resigned from the Board. They were replaced by Claire Verity and Mark Ruszczyk, respectively.

Officers

Principal officers serving at December 31, 2020, were as follows:

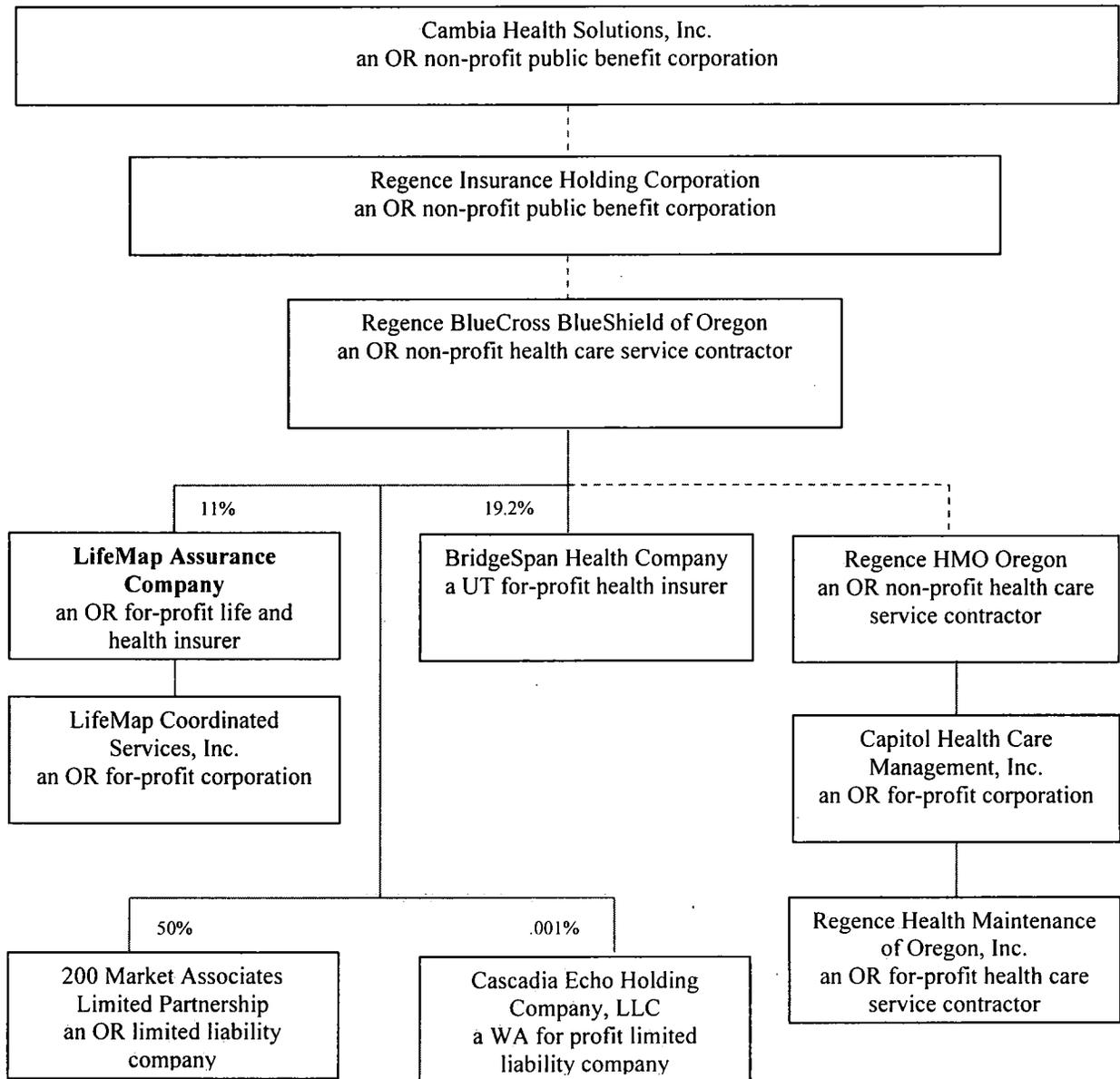
<u>Name</u>	<u>Title</u>
Christopher G. Blanton	President
John W. Attey	Secretary
Andreas B. Ellis	Treasurer
Lisa T. Murphy	Assistant Secretary

Conflict of Interest

The Company's Board adopted a formal statement of policy concerning conflict of interest for all directors, officers and responsible employees. Board members, senior officers and key employees are required to annually sign a conflict-of-interest declaration. From a review of the completed conflict-of-interest questionnaires, the Company's personnel performed due diligence in completing the conflict of interest statements. No material conflicts of interest were noted.

Insurance Company Holding System

An insurance holding company registration statement was filed by the Company in accordance with the provisions of ORS 732.552, ORS 732.554, and OAR 836-027-0020(1). The following condensed organizational chart depicts the relationships of the Company within the holding company system:



Cambia owns or is the sole member of four non-insurance companies, as follows:

Regence Insurance Holding Corporation is an Oregon non-profit public benefit corporation established by Cambia on November 21, 2011. It operates as a holding company and is the sole corporate member for RBS, RBCBSU and RBCBSO.

OmedaRx, Inc. is an Oregon for-profit taxable corporation that operates as a pharmaceutical benefits management program contracting with pharmacies, processing prescription claims, reviewing medication formularies, and providing educational tools for members and doctors. OmedaRx is a wholly owned subsidiary of Cambia.

Direct Health Solutions Corporation is an Oregon corporation incorporated on April 4, 2012, to act as a holding company for various insurance related businesses. It owns two direct subsidiaries, and one indirect subsidiary as follows:

MedSavvy, Inc. is a website that provides information about the effectiveness and cost of prescription medications for patients, caregivers and doctors. It assigns evidence-based letter grades to medications, making them easier to compare. Grades are based on objective criteria developed from best practices in evidence-based medicine, and assigned by a team of pharmacists who have specialized training in clinical evidence review and evaluation.

HealthSparq, Inc. was incorporated in Oregon on August 9, 2013, and is an online marketplace for employers and health providers. It is an integrated solution that transforms health by turning health care data into consumer information. HealthSparq, Inc. owns one direct subsidiary as follows:

Prism Services Group, LLC is a limited liability company that provides a web-based tool that allows health care consumers to search for providers, estimate healthcare costs and learn more about their health and wellness community.

Cambia Health Foundation is an Oregon tax-exempt, private foundation established by Cambia on June 11, 2007 as a 501(c)(3) corporation. It was formed to provide eleemosynary contributions in Idaho, Oregon, Utah and Washington, which benefits three core areas: 1) building healthier communities, 2) transforming health care, and 3) end-of-life issues. Its primary mission is to increase access to medical care for those who cannot afford it, while delivering and coordinating care with innovative methods that improve outcomes and address disparities in care.

Additional direct and indirect subsidiaries of Cambia include:

Journi, Inc. is a for-profit Oregon Corporation healthcare solutions company offering a mobile-enabled application that allows personnel to get health advice, find in-network providers, make appointments, view health history and deductible information available to organizations that offer health and wellness benefits to employees in the four states where Cambia operates its health plans. It is 100% owned by Cambia.

Cascadia Echo Holding Company is a Washington for-profit investment management company formed in 2016 by Cambia Health Solutions with various contributions from the plans. It is mainly funded through RBS, which has a 70.254% ownership interest. It owns 50% of Echo Health Ventures, LLC. This Holding Company is used to invest in non-insurance related entities which provide various services focusing on the consumer such as IT services; programs/applications, pharmacy benefit management services, network management, and health and wellness services.

LifeMap Coordinated Services, Inc. is an Oregon for-profit corporation that is a life insurance agency. This company is 100% owned by the Company.

Capitol Health Care Management, Inc. is an Oregon for-profit corporation that serves as a downstream holding company to own all stock of HMO subsidiaries. This company is 100% owned by Regence HMO Oregon.

200 Market Associates LP is an Oregon limited partnership formed on April 5, 1990, to hold and manage a commercial office building and park in Portland, Oregon. Market Building, LLC is the general partner. RBCBSO is a Class B limited partner (50% ownership interest) and John W. Russell is a Class C limited partner. The partnership owns and operates the 200 SW Market Street commercial office building.

CSN Acquisition Corporation is a Washington for-profit insurance agency formed on March 31, 1999, and is a wholly-owned subsidiary of RBS.

Healthcare Management Administrators, Inc. is a Washington corporation formed on March 20, 1986. It acts as a third-party administrative company for self-funded employers located in Washington and Oregon, offering access to providers as a preferred provider organization (PPO) and participating networks. It is 100% owned by RBS.

Group Services, Inc. is a Utah for-profit corporation formed as an insurance agency on April 17, 1974. This company is 100% owned by RBCBSU.

ValueCare is a Utah for-profit PPO network management company formed on September 11, 1984. It is 100% owned by RBCBSU.

BCSU Professional Services Corporation is a Utah for-profit facility management company formed on February 5, 1986. It is 100% owned by RBCBSU.

RBCSU Realty Holding Corporation is a Utah for-profit company acting as a downstream holding company to 100% own RBCSU Realty, LLC, a limited liability corporation formed to own a commercial office building in Salt Lake City, Utah (Utah Cottonwood building). It is 100% owned by RBCBSU.

Pando Health Ventures, LLC is a Utah for-profit limited liability company formed on July 8, 2015, with the University of Utah to pursue activities that further the not-for-profit health goals of each joint venture member. This company is 50% owned by RBCBSU.

INTERCOMPANY AGREEMENTS

The following agreements are in place between the Company and its affiliates or subsidiaries within the insurance company holding system:

Administrative Service Agreement

Effective December 28, 2007, Cambia agrees to provide all operational, administrative and management services reasonably necessary to transact business, including managerial, legal, financial, actuarial, underwriting, accounting, human resources, employee benefits administration, data network/telecommunications, marketing, advertising, community affairs, public relations, communications, billing, banking, membership, claims adjudication, customer service, reporting, regulatory compliance, mail, and information technology services. In addition, Cambia shall provide all equipment, materials, office space, and general supplies. The Company shall pay Cambia its proportionate share of the cost as well as its proportional share of general overhead

expenses, according to a system-wide cost allocation methodology and in accordance with generally accepted cost accounting principles. It is intended that Cambia shall receive complete reimbursement for its costs and derive no profit from such reimbursement. All direct and indirect expenses incurred will be reconciled monthly and balances settled within 90 days from the end of the reporting month.

Insolvency Agreement

The Company entered into an agreement in December 2012, with RCBBSO. The agreement requires RCBBSO to make certain payments for covered services and to protect members from incurring liability in the event of the insolvency of the Company.

Consolidated Federal Income Tax Agreement

Effective January 1, 1997 (although the agreement was not signed until September 20, 2000), Cambia agrees to file a consolidated federal income tax return, including any liability for alternative minimum tax. The tax liability is then allocated to each member of the affiliated group, computed as if a separate return was filed. Any credits or operating losses shall be allocated to those members with the credits or generating the losses. Payment of estimated installments due for such taxable periods shall be paid within 30 days of receiving notice. Final settlements for a tax year must be paid within 30 days after the filing of the consolidated return.

FIDELITY BOND AND OTHER INSURANCE

The examination of insurance coverages involved a review of adequacy of limits and retentions, and the solvency of the insurers providing the coverages. The Company's insurance coverages are provided through insurance policies from unaffiliated carriers, and coverage protected the Company and all subsidiary and affiliated companies were listed as a named insured. The group

as a whole is insured up to \$10,000,000 per occurrence, after a \$200,000 deductible, against losses from acts of dishonesty and fraud by its employees and agents. Fidelity coverage was found to meet the coverage level recommended by the NAIC.

Other insurance coverages in force at December 31, 2020, were found to be adequate, and are as follows:

Property liability	Cyber liability
International liability	Foreign liability
Excess liability	Employment practices liability
General liability, auto, employee benefits	Director's and officer's liability
Managed care errors & omissions	Workers' compensation
Umbrella liability	Fitness center – general and excess liability

TERRITORY AND PLAN OF OPERATION

The Company is authorized to write business in eight western states as a life and health insurer. It offers group and voluntary insurance products for life, dental, critical illness and accident, short- and long-term disability, and vision insurance. It also offers individual short-term medical, critical illness and dental products. Further, the Company offers health and disability benefit services for self-funded plans, including claims processing, reporting, and other administrative services. Finally, the Company offers Medicare Part D Prescription Drug coverage to current and prospective members of RBCBSU and RBSI.

The Company's group and individual business is sold through marketing representatives in conjunction with licensed independent producers. The Company reported direct business over the past five years, as follows:

Line of Business	2020	2019	2018	2017	2016
Life					
Ordinary	\$ 8,447	\$ 27,478	\$ 32,501	\$ 25,552	\$ 23,138
Credit	-	-	-	-	-
Group	31,930,234	32,188,907	31,802,727	33,075,070	31,267,866
Industrial	-	-	-	-	-
Total Life Premiums	<u>\$ 31,938,681</u>	<u>\$ 32,216,385</u>	<u>\$ 31,835,228</u>	<u>\$ 33,100,622</u>	<u>\$ 31,267,866</u>
Accident & Health					
Group	\$ 48,737,779	\$ 50,871,970	\$ 74,056,530	\$ 76,167,036	\$ 75,008,277
Individual	-	-	-	-	-
Other	4,015,325	5,059,291	6,407,426	6,975,183	7,389,635
Total A&H Premiums	<u>52,753,104</u>	<u>\$ 55,931,261</u>	<u>\$ 80,463,956</u>	<u>\$ 83,673,850</u>	<u>\$ 82,397,912</u>
Total Direct Premiums	<u>\$ 84,691,785</u>	<u>\$ 88,147,646</u>	<u>\$ 112,299,184</u>	<u>\$ 117,042,169</u>	<u>\$ 113,688,916</u>

At year-end 2020 the Company reported direct business in the states it is authorized in as follows:

State	Direct Premiums Written	
	Life	A&H
Alaska	\$ 4,058	\$ 707
California	170,375	106,071
Idaho	3,935,906	5,902,619
Montana	254,974	570,362
Oregon	8,655,943	21,728,457
Rhode Island	-	-
Utah	11,401,565	11,934,894
Washington	7,515,860	12,507,574
Wyoming	-	2,420
Total	<u>\$ 31,938,681</u>	<u>\$ 52,753,104</u>

GROWTH OF THE COMPANY

Growth of the Company over the past five years is reflected in the following schedule. Amounts were derived from Company's filed annual statements, except in those years where a report of examination was published by the Oregon Division of Financial Regulation.

<u>Year</u>	<u>Assets</u>	<u>Liabilities</u>	<u>Capital and Surplus</u>	<u>Net Income (Loss)</u>
2016	\$ 83,959,093	\$ 45,574,652	\$ 38,384,442	\$ (308,738)
2017 *	97,152,592	49,525,742	47,626,850	(158,202)
2018	94,178,729	46,138,175	48,040,554	(560,667)
2019	103,590,985	47,939,534	55,651,451	3,931,648
2020 *	106,634,838	46,677,104	59,957,734	2,202,144

*Per examination

LOSS EXPERIENCE

The following exhibit reflects the annual accident and health (A&H) underwriting results of the Company over the last five years. The amounts were compiled from Schedule H of the Company's filed annual statements and, where indicated, from the previous examination reports.

<u>Year</u>	<u>(1) Premium Earned</u>	<u>(2) Incurred Claims</u>	<u>(2)/(1) Pure Loss Ratio</u>	<u>(3) Incurred Expenses</u>	<u>(2)+(3)/(1) Combined Loss Ratio</u>
2016	\$ 55,348,403	\$ 35,358,722	63.9%	\$ 22,469,897	104.5%
2017*	54,999,879	34,780,522	63.2%	21,398,579	102.1%
2018	51,056,228	31,729,719	62.1%	20,291,210	101.9%
2019	47,096,156	29,709,546	63.1%	17,196,080	99.6%
2020*	43,374,345	24,422,375	56.3%	16,580,614	94.5%

* Per examination

A combined claims and expense to premium ratio in excess of 100% typically indicates an underwriting loss. The Company reported underwriting losses in three of the past five years.

REINSURANCE

Assumed

Effective July 1, 2014, the Company entered into reinsurance agreements with RBCBSO, RBCBSU, RBSI, Regence BlueShield and Asuris Northwest Health to assume all their liability incurred for accidental death benefits included in certain individual and group medical policies

issued by the health care service contractors in exchange for a stated per-member per-month premium. The agreements did not contain a settlement clause nor a clause indicating this represented the entire agreement between the parties. Effective January 1, 2020, the Company amended this Agreement to include a settlement clause and an entire agreement clause.

Ceded

Effective January 1, 2000, the Company and RBCBSO entered into an Individual Short-term Major Medical Excess Medical Agreement whereby the Company ceded to RBCBSO 100% of the excess liability resulting from the Company's covered claims under its individual short term medical policy for sickness or injury incurred on or after the effective date for individual claims in excess of \$100,000 with a lifetime maximum of \$1 million for any one person.

Effective June 1, 2008, the Company entered into a group life, group AD&D and voluntary group AD&D excess of loss reinsurance agreement with Generali USA Life Reassurance Company (changed to SCOR Global Life USA Reinsurance Company per amendment 7). Under the terms of the agreement, the Company is reinsured up to \$1,850,000 of losses per person in excess of \$150,000 for automatic group life, spouse term life, and voluntary group term life policies. The Company is reinsured up to \$1,900,000 of losses per person in excess of \$100,000 for automatic AD&D policies. The agreement did not contain a settlements clause as required by OAR 836-012-0310. Effective February 2, 2020, the agreement was amended to include a settlement clause.

Effective May 1, 2020, the Company entered into a catastrophic excess of loss agreement with Sirius International Insurance Corporation covering life, group life, and group AD&D policies. Under the terms of the Agreement, the reinsurer shall pay to the Company 100% of \$20 million

ultimate net loss for each and every occurrence in excess of \$300,000. Maximum retention shall be \$150,000 for group life and \$75,000 for group AD&D.

Effective January 5, 2015, Cambia Health Solutions entered into an Excess of Loss contract with HM Life Insurance Company that reinsures them against high commercial, retrospective, federal exchange and stop loss claims in excess of \$2 million for its fully insured members. The agreement included the Company but did not contain a settlement clause as required by OAR 836-012-0310. Effective January 1, 2019, the Agreement was terminated and replaced with a Medical Excess of Loss agreement with QBE Reinsurance Corporation. This agreement was amended to include a settlement clause

Effective July 1, 2004, the Company entered into a quota share long-term disability reinsurance agreement with Phoenix Home Life Mutual Insurance Company through a reinsurance intermediary, Disability Reinsurance Management Services. The Agreement provides for automatic reinsurance on voluntary and true group long-term disability policies sold by the Company, whereby they retain 10% of the risk on each policy and cede the remaining 90%. Policies not eligible for automatic reinsurance may be ceded on a facultative basis. Effective January 1, 2017, the Company began to cede 60% of its liability for group long term disability to Union Security for policies with less than 300 members and 75% of its liability for this line of business for policies with more than 300 members.

Effective April 1, 2018, the Company and RBCBSO entered into a Stop-Loss Policyholder Transition Agreement with Commencement Bay, whereby RBCBSO ceased offering reinsured coverage for the Company's stop-loss policies, the Company exited the stop-loss market in

Washington, and exclusively endorsed Commencement Bay as its recommended alternative carrier, based on each renewal date for its stop-loss policies.

Effective October 1, 2020, the Company and RBCBSO entered into a Reinsurance Agreement whereby the Company ceded 100% of group stop loss policies to RBCBSO, including all claims incurred on or after the effective date under new and renewed reinsured policies. The reinsurance provided by RBCBSO is limited to reinsured policies written and insured by the Company in the state of Washington.

The reinsurance agreements contained a proper insolvency clause in accordance with ORS 731.508(3) as required to take reserve credits for reinsurance ceded. In view of the Company's reported surplus at December 31, 2020, it does not maintain risk on any one subject in excess of ten percent of their surplus, in compliance with ORS 731.504.

ACCOUNTS AND RECORDS

In general, the Company's records and source documentation supported the amounts presented in the Company's December 31, 2020, annual statement and were maintained in a manner by which the financial condition was readily verifiable pursuant to the provisions of ORS 733.170.

STATUTORY DEPOSIT

As of the examination date, the Company maintained \$1,000,000 (par value) and \$440,000 (par value) in US Treasury Notes for the Idaho and Montana Departments of Insurance, respectively. The deposits were verified from the records of the insurance departments and were listed in the 2020 annual statement on Schedule E – Part 3. No deposits were required to be maintained with the Division of Financial Regulation.

COMPLIANCE WITH PRIOR EXAMINATION RECOMMENDATIONS

The prior examination report as of December 31, 2017, included the following recommendations:

I recommend the Company amend the assumed reinsurance agreements with RBCBSO, RCBSU and RBSI to include a settlement clause pursuant to the provisions of OAR 836-012-0310 and an entire agreement clause pursuant to the provisions of OAR 836-012-0320. Effective January 1, 2020, the Company amended this Agreement to include a settlement clause and an entire agreement clause.

I recommend the plan amend the January 1, 1993, reinsurance agreement with RBCBSO for aggregate and specific Washington stop loss policies to include an entire agreement clause pursuant to the provisions of OAR 836-012-0320. This agreement has been terminated.

I recommend the Company amend its June 1, 1996, 100% quota share reinsurance agreement with RBCBSO to include both a settlement clause pursuant to the provisions of OAR 836-012-0310 and an entire agreement clause pursuant to the provisions of OAR 836-012-0320. The Company no longer has any obligations under this agreement as all contracts that were covered have been transferred elsewhere. As a result, the agreement has been terminated

I recommend the Company amend the reinsurance agreement with SCOR Global Life USA Reinsurance Company to include a settlements clause pursuant to the provisions of OAR 836-012-0310. Effective February 2, 2020, the agreement was amended to include a settlement clause.

I recommend Cambia Health Solutions amend the reinsurance agreement with HM Life Insurance Company to include a settlement clause pursuant to the provisions of OAR 836-012-0310.

Effective January 1, 2019, this Agreement was replaced with a reinsurance agreement between QBE Reinsurance Corporation and the Company, which included a settlement clause.

SUBSEQUENT EVENTS

In April 2021, Life & Specialty Ventures and Cambia Health Solutions announced a strategic collaboration designed to improve the medical-dental care and financial wellbeing of the people and families navigating care. Under the deal, pending regulatory approval, Cambia's LifeMap ancillary insurance business would become part of Life & Specialty Ventures' USABLE Life ancillary insurance business. Also, under the new partnership, USABLE will manage Regence Dental products. Cambia will gain an ownership position and Board representation in Life & Specialty Ventures. The strategic collaboration was approved by the Division of Financial Regulation on December 20, 2021, and became effective on December 31, 2021.

The COVID-19 pandemic has continued to develop throughout 2021, with significant uncertainty remaining regarding the full effect of COVID-19 on the U.S. and global insurance and reinsurance industry. At the time of releasing this report, the examination's review of the Company noted that there has not been a significant impact to the Company. The Division of Financial Regulation has been in communication with the Company regarding the impact of COVID-19 on its business operations and financial position, including its Pandemic Preparedness Plan, Material Third Party Vendors' business continuity plans, etc. The Division of Financial Regulation continues to closely monitor the impact of the pandemic on the Company and will take necessary action if a solvency concern arises.

FINANCIAL STATEMENTS

The following financial statements are based on the statutory financial statements filed by the Company with the Division of Financial Regulation and present the financial condition of the Company for the period ending December 31, 2020. The accompanying comments on financial statements reflect any examination adjustments to the amounts reported in the annual statement and should be considered an integral part of the financial statements. These statements include:

Statement of Assets

Statement of Liabilities, Surplus and Other Funds

Summary of Operations

Reconciliation of Capital and Surplus Since the last Examination

LIFEMAP ASSURANCE COMPANY
ASSETS
As of December 31, 2020

Assets	Balance per Company	Examination Adjustments	Balance per Examination	Notes
Bonds	\$ 62,005,836	\$ -	\$ 62,005,836	1
Common stocks	26,785,255		26,785,255	1
Cash, cash equivalents and short-term investments	13,442,512	-	13,442,512	1
Aggregate write-ins for invested assets	<u>-</u>	<u>-</u>	<u>-</u>	
Subtotal, cash and invested assets	<u>102,233,603</u>	<u>-</u>	<u>102,233,603</u>	
Investment income due and accrued	281,685	-	281,685	
Premiums and considerations				
Uncollected premiums, agents' balances in course of collection	2,243,964	-	2,243,964	
Accrued retrospective premium and contracts subject to redetermination	316,363		316,363	
Reinsurance				
Amounts recoverable from reinsurers	88,405		88,405	
Other amounts receivable under reinsurance contracts	600		600	
Amounts receivable relating to uninsured plans	58,143		58,143	
Receivable from parent, subsidiaries and affiliates	7,715		7,715	
Aggregate write-ins for other than invested assets	<u>1,404,360</u>	<u>-</u>	<u>1,404,360</u>	
Total Assets	<u>\$ 106,634,838</u>	<u>\$ -</u>	<u>\$ 106,634,838</u>	

LIFEMAP ASSURANCE COMPANY
LIABILITIES, SURPLUS AND OTHER FUNDS
As of December 31, 2020

	Balance per Company	Examination Adjustments	Balance per Examination	Notes
Aggregate reserve for life contracts	\$ 9,592,122	\$ -	\$ 9,592,122	2
Aggregate reserve for accident and health contracts	8,404,729	-	8,404,729	2
Liability for deposit-type contracts	2,047,532	-	2,047,532	2
Contract claims		-		2
Life	5,434,724	-	5,434,724	2
Accident and health	2,767,514	-	2,767,514	
Premium and annuity considerations received in advance	1,076,063	-	1,076,063	
Provision for experience rated refunds	544,860	-	544,860	
Other amounts payable on reinsurance ceded	1,107,640	-	1,107,640	
Interest maintenance reserve	1,022,973	-	1,022,973	
Commissions to agents due or accrued	708,101	-	708,101	
General expenses due or accrued	2,019,344	-	2,019,344	
Taxes, licenses and fees due or accrued	2,035,271	-	2,035,271	
Current federal income tax payable	1,532,588	-	1,532,588	
Net deferred tax liability	2,155,799	-	2,155,799	
Amounts withheld or retained for the account of others	640	-	640	
Remittances and items not allocated	54,512	-	54,512	
Asset valuation reserve	4,469,578	-	4,469,578	
Payable to parent, subsidiaries and affiliates	1,720,070	-	1,720,070	
Aggregate write-ins for liabilities	<u>3,044</u>	<u>-</u>	<u>3,044</u>	
Total Liabilities	<u>\$ 46,677,104</u>	<u>\$ -</u>	<u>\$ 46,677,104</u>	
Common capital stock	\$ 2,504,525	\$ -	\$ 2,504,525	
Gross paid-in and contributed capital	10,826,463	-	10,826,463	
Unassigned funds (surplus)	<u>46,626,746</u>	<u>-</u>	<u>46,626,746</u>	
Capital and Surplus	<u>\$ 59,957,734</u>	<u>-</u>	<u>\$ 59,957,734</u>	
Total Liabilities, Surplus and other Funds	<u>\$ 106,634,838</u>	<u>\$ -</u>	<u>\$ 106,634,838</u>	

LIFEMAP ASSURANCE COMPANY
STATEMENT OF OPERATIONS
For the Year Ended December 31, 2020

	Balance per Company	Examination Adjustments	Balance per Examination	Notes
Premiums and annuity considerations	\$ 72,536,470	\$ -	\$ 72,536,470	
Net investment income	2,044,518	-	2,044,518	
Amortization of Interest Maintenance Reserve	136,071		136,071	
Aggregate write-ins for miscellaneous income	-	-	-	
Total	<u>74,717,059</u>	<u>-</u>	<u>74,717,059</u>	
Death benefits	18,469,359		18,469,359	
Disability benefits under a&h	23,724,754	-	23,724,754	
Interest and adjustments on contracts	188,475	-	188,475	
Increase in aggregate reserves for life and a&h	<u>15,938</u>	<u>-</u>	<u>15,938</u>	
Subtotal	<u>42,398,526</u>	<u>-</u>	<u>42,398,526</u>	
Commissions	7,047,546	-	7,047,546	
General insurance expense	19,946,275	-	19,946,275	
Insurance taxes, licenses and fees	2,946,275	-	2,946,275	
Aggregate write ins for deductions	<u>9,011</u>	<u>-</u>	<u>9,011</u>	
Totals	<u>72,184,410</u>	<u>-</u>	<u>72,184,410</u>	
Net gain from operations	<u>2,532,649</u>	<u>-</u>	<u>2,532,649</u>	
Less:				
Dividends to policyholders	-	-	-	
Federal income taxes incurred	1,068,746	-	1,068,746	
Net realized capital gains (losses)	<u>738,241</u>	<u>-</u>	<u>738,241</u>	
Net income	<u>\$ 2,202,144</u>	<u>\$ -</u>	<u>\$ 2,202,144</u>	

LIFEMAP ASSURANCE COMPANY
RECONCILIATION OF SURPLUS SINCE THE LAST EXAMINATION
For the Year Ended December 31,

	2020	2019	2018
Surplus as regards policyholders, December 31, previous year	<u>\$ 55,651,451</u>	<u>\$ 48,040,554</u>	<u>\$ 47,626,851</u>
Net income	2,202,144	3,931,648	(560,667)
Change in net unrealized capital gains or (losses)	915,307	3,798,505	(1,566,109)
Change in net deferred income tax	124,392	95,666	166,119
Change in non-admitted assets	1,532,415	1,255,149	2,207,136
Change in provision for reinsurance	-	-	-
Change in asset valuation reserve	(467,975)	(1,470,071)	167,224
Change in surplus notes	-	-	-
Cumulative effects of changes in accounting principles	-	-	-
Capital changes:			
Paid in	-	-	-
Transferred from surplus (Stock Dividend)	-	-	-
Transferred to surplus	-	-	-
Surplus adjustments:			
Paid in	-	-	-
Transferred to capital (Stock Dividend)	-	-	-
Transferred from capital	-	-	-
Distributions to parent (cash)	-	-	-
Change in treasury stock	-	-	-
Examination adjustment	-	-	-
Aggregate write-ins for gains and losses in surplus	-	-	-
Change in surplus as regards policyholders for the year	<u>4,306,283</u>	<u>7,610,897</u>	<u>413,703</u>
Surplus as regards policyholders, December 31, current year	<u>\$ 59,957,734</u>	<u>\$ 55,651,451</u>	<u>\$ 48,040,554</u>

NOTES TO FINANCIAL STATEMENTS

Note 1 – Invested Assets

At year-end 2020, the Company's long-term bond investments were diversified in US government obligations, US special revenue and special assessment obligations, and corporate issues. The Company did have a moderate exposure to mortgaged-backed and asset-backed securities. All MBS/ABS issues were investment rated at year-end 2020, and the carrying book value of \$32.5 million comprised 54.1% of the total long-term bond portfolio, and 31.8% of all invested assets.

Common stocks were mainly comprised of corporate issues. The Company also reported 100% ownership of a subsidiary, LifeMap Coordinated Services, Inc., which was non-admitted on the statutory statement.

Short-term deposits consisted of five US Treasury bonds purchased within one year of maturity. Cash equivalents were comprised of two US Treasury bonds maturing within two months of acquisition and two money market mutual funds.

A comparison of the major investments over the past five years shows the following:

<u>Year</u>	<u>A</u>	<u>B</u>	<u>C</u>	<u>Ratio</u>	<u>Ratio</u>	<u>Ratio</u>
	<u>Bonds</u>	<u>Common Stocks</u>	<u>Cash and Short-term</u>	<u>A/ Total Assets</u>	<u>B/ Total Assets</u>	<u>C/ Total Assets</u>
2016	\$ 54,540,064	\$ 16,513,595	\$ 7,796,672	64.9%	19.6%	9.3%
2017 *	59,379,266	19,518,355	9,461,889	61.1%	20.1%	9.7%
2018	62,934,490	18,198,794	6,225,509	66.8%	19.3%	6.6%
2019	68,441,086	24,142,844	5,337,198	66.1%	23.3%	5.1%
2020 *	62,005,836	26,785,255	13,442,512	58.1%	25.1%	12.6%

The Cambia Investment Committee approved the investment transactions in each of the years under review, and the actions of the committee were approved by the Board of Directors, pursuant to ORS 733.740. As of December 31, 2020, sufficient assets were invested in amply secured obligations of the United States, the State of Oregon, or in FDIC insured cash deposits, and the Company was in compliance with ORS 733.580.

Effective December 17, 2009, the Company entered into a custodial agreement with BNY Mellon. The agreement contained all of the relevant protections described in OAR 836-027-0200(4)(a) through (1).

Note 2 - Actuarial Reserves

A review of the actuarial liabilities, including unpaid claims and claim adjustment expense reserves for the Company was performed by T. Michael Presley, FSA, MAAA, and Senior Consulting Actuary of Risk & Regulatory Consulting (RRC). Key actuarial considerations also included the valuation and reporting of any active life reserves for life insurance and health products, claim and disabled life

reserve for life and health products, reserve adequacy, and processes/controls surrounding actuarial items. John Humphries, ASA, MAAA, Partner of RRC, reviewed all work performed by T. Michael Presley. As part of Mr. Presley's review, he examined the actuarial memorandum and supporting statements as of December 31, 2020, prepared by James F. Clark, FSA, MAAA, vice president of Risk Management and appointed actuary for the Company. External audit actuarial work-papers were also reviewed.

The examination actuary also identified the most significant risks facing the Company, identified controls or processes in place to mitigate the risks, and performed additional substantive testing as needed. Further, Mr. Presley relied on work performed by the examination team who reviewed the underlying claims data used to create the Annual Statement filing. Based on their review, the following reserve liabilities on December 31, 2020, were:

	<u>Exam Estimate</u>	<u>Annual Statement</u>
Aggregate Reserve for Life Contracts	\$ 9,592,122	\$ 9,592,122
Aggregate Reserve for A&H Contracts	8,404,729	8,404,729
Liability for Deposit-type Contracts	2,047,532	2,047,532
Contract Claims for Life	5,434,724	5,434,724
Contract Claims for A&H	<u>2,767,514</u>	<u>2,767,514</u>
Total Actuarial Liabilities	<u>\$ 28,246,621</u>	<u>\$ 28,246,621</u>

The appointed actuary opined that the reserves carried by the Company as of December 31, 2020, were reasonable. Mr. Presley concluded that the reserve liabilities were found to be accurately calculated and sufficient based upon asset adequacy analysis.

SUMMARY OF COMMENTS AND RECOMMENDATIONS

This Report of Examination made no adjustments to surplus and there were no recommendations.

CONCLUSION

During the three-year period covered by this examination, the surplus of the Company has increased from \$47,626,850, as presented in the December 31, 2017, report of examination to \$59,957,734, as shown in this report. The comparative assets and liabilities are:

	December 31,		
	<u>2020</u>	<u>2017</u>	<u>Change</u>
Assets	\$ 106,634,838	\$ 97,152,592	\$ 9,482,246
Liabilities	<u>46,677,104</u>	<u>49,525,742</u>	<u>(2,848,639)</u>
Surplus	<u>\$ 59,957,734</u>	<u>\$ 47,626,850</u>	<u>\$ 12,330,885</u>

ACKNOWLEDGMENT

The cooperation and assistance extended by the officers and employees of the Company during the examination process are gratefully acknowledged.

In addition to the undersigned, Maanik C. Gupta, CFE and Lori A. Kirschmann, insurance examiners for the State of Oregon, Department of Consumer and Business Services, Division of Financial Regulation, participated in this examination. We would also like to thank the following for their participation in this coordinated examination:

Idaho Department of Insurance

Jessie Adamson, CFE, Deputy Chief Examiner
James Anderson, Financial Examiner

Utah Department of Insurance

Malis Rasmussen, MSA, CFE, SPIR, Chief Financial Examiner
Cambria Shore, Examiner-In-Charge
Ashley Bowen, Financial Examiner

Washington Office of the Insurance Commissioner

Randy Fong, CFE, P&C Team Supervisor
Edsel Dino, CFE, Examiner-In-Charge
Constantine Arustamian, CFE, CPA, CIE, Financial Examiner
Cynthia L. Clark, CPA, Financial Examiner

INS Companies

Mark Jaster, CFE (Idaho EIC)
Richard Foster, CFE (Idaho Supervisor)

Risk & Regulatory Consulting, LLC

John Humphries, AES, ASA, CFE, CISA, MAAA, MCM, Partner and Supervising Actuary
Mike Presley, FSA, MAAA, Lead Consulting Actuary
Lisa Parker, ASA, MAAA, Life and Health Actuary & Actuarial Senior Associate
Tom Hayden, CISA and IT Manager

Respectfully submitted,
/s/ Mark A. Giffin
Mark A. Giffin, CFE
Senior Insurance Examiner
Division of Financial Regulation
Department of Consumer and Business Services
State of Oregon

AFFIDAVIT

STATE OF OREGON)

County of Marion)

Mark A. Giffin, CFE, being duly sworn, states as follows:

1. I have authority to represent the state of Oregon in the examination of Regence BlueCross BlueShield of Oregon, Portland, Oregon.
2. The Division of Financial Regulation of the Department of Consumer and Business Services of the State of Oregon is accredited under the National Association of Insurance Commissioners Financial Regulation Standards and Accreditation.
3. I have reviewed the examination work papers and examination report. The examination of Regence BlueCross BlueShield of Oregon was performed in a manner consistent with the standards and procedures required by the Oregon Insurance Code.

The affiant says nothing further.

/s/ Mark A. Giffin
Mark A. Giffin, CFE
Senior Insurance Examiner
Division of Financial Regulation
Department of Consumer and Business Services
State of Oregon

Subscribed and sworn to before me this 31st day of May, 2022.

/s/ Lauren Nicole Bodine
Notary Public in and for the State of Oregon

My Commission Expires: 3/10/2026

