

STATE OF INDIANA)
) SS: BEFORE THE INDIANA
COUNTY OF MARION) COMMISSIONER OF INSURANCE

IN THE MATTER OF:)
)
Community Blood Centers' Exchange, Risk Retention Group)
728 North State Street)
Greenfield, Indiana 46140)

Examination of: **Community Blood Centers' Exchange, Risk Retention Group**

NOTICE OF ENTRY OF ORDER

Enclosed is the Final Order entered by Amy L. Beard, Commissioner of the Indiana Department of Insurance, after fully considering and reviewing the Verified Report of Examination of Community Blood Centers' Exchange, Risk Retention Group, any relevant examination work papers, and any written submissions or rebuttals. The Verified Report of Examination, as amended by the Final Order, has been adopted by the Commissioner.

Pursuant to Ind. Code § 27-1-3.1-12(b), within thirty (30) days of receipt of the Final Order, each director of Community Blood Centers' Exchange, Risk Retention Group, shall file an affidavit with the Indiana Department of Insurance stating that he/she has received a copy of the Verified Report of Examination and the Final Order.

The Final Order is a final administrative decision that may be appealed pursuant to Ind. Code § 4-21.5-5.

June 6, 2024
Date


Roy Eft
Chief Financial Examiner

CERTIFIED MAIL NUMBER: 7019 0700 0000 3590 3277

STATE OF INDIANA) BEFORE THE INDIANA
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728 North State Street)
Greenfield, Indiana 46140)

Examination of: **Community Blood Centers' Exchange, Risk Retention Group**

FINDINGS AND FINAL ORDER

The Indiana Department of Insurance conducted an examination into the affairs of the Community Blood Centers' Exchange, Risk Retention Group (hereinafter “Company”) for the time period January 1, 2018 through December 31, 2022.

The Verified Report of Examination was filed with the Commissioner of the Department of Insurance (hereinafter “Commissioner”) by the Examiner on April 28, 2024.

A copy of the Verified Report of Examination, along with a Notice of Opportunity to Make Written Submission or Rebuttal, was mailed to the Company via Certified Mail on June 4, 2024, and was received by the Company on June 4, 2024.

On June 6, 2024, pursuant to Ind. Code § 27-1-3.1-10, the Company filed a response to the Verified Report of Examination. The Commissioner has fully considered the Company’s response.

NOW THEREFORE, based on the Verified Report of Examination and the response filed by the Company, the Commissioner hereby FINDS as follows:

1. The suggested modifications to the Verified Report of Examination submitted by the Company are reasonable and shall be incorporated into the Verified Examination Report. A copy of the Verified Report of Examination, as amended, is attached hereto.

2. The Verified Report of Examination, as amended, is true and accurate report of the financial condition and affairs of the Company as of December 31, 2022.
3. The Examiners' recommendations are reasonable and necessary in order for the Company to comply with the insurance laws of the state of Indiana.

Based on the FINDINGS, the Commissioner does hereby ORDER:

1. Pursuant to Ind. Code § 27-1-3.1-11(a)(1), the Verified Report of Examination is adopted and shall be filed. Hereafter the Verified Report of Examination, as amended, may constitute prima facie evidence of the facts contained therein in any action or proceeding taken by the Indiana Department of Insurance against the Company, its officers, directors, or agents.
2. The Company shall comply with the Examiner's Recommendations enumerated in summary form and throughout the text of the Verified Report of Examination, as amended. A written response to these recommendations should be provided to the Department within 30 days of receipt of this order.
3. Compliance with the Examiner's recommendations shall be completed on or before the filing of the subsequent annual statement. In the event it is not feasible to comply with a recommendation before the filing of the subsequent annual statement, the Company shall submit a written explanation as to why it was not feasible with the filing of the annual statement.

Signed this 6th day of
June, 2024.



Amy L. Beard
Insurance Commissioner

ABOUT AFFIRMATIONS

The following pages for affirmations need to be signed by each Board Member and returned to the Indiana Department of Insurance within thirty (30) days in accordance with I.C. §27-1-3.1-12(b).

If your affirmations list individuals that are no longer on your Board of Directors, you may simply retype the form on plain white paper with the correct names and a line to the right for signature. If the names are misspelled, you may do the same, simply re-type the corrected form with a line to the right for signature.

Should you have any questions or difficulties with these forms or you require additional time past the thirty (30) day requirement, please do not hesitate to contact this department at (317) 232-2390.

STATE OF INDIANA
Department of Insurance
REPORT OF EXAMINATION
OF
COMMUNITY BLOOD CENTERS' EXCHANGE,
RISK RETENTION GROUP
NAIC COMPANY CODE 13893

As of

December 31, 2022

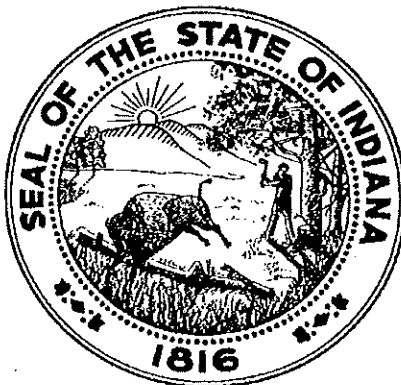


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STATE OF INDIANA

ERIC J. HOLCOMB, GOVERNOR

Indiana Department of Insurance

Amy L. Beard, Commissioner
311 W. Washington Street, Suite 103
Indianapolis, Indiana 46204-2787
Telephone: 317-232-2385
Fax: 317-234-2103
Website: in.gov/doi

April 28, 2024

Honorable Amy L. Beard
Commissioner
Indiana Department of Insurance
311 West Washington Street, Suite 300
Indianapolis, Indiana 46204-2787

Dear Commissioner:

Pursuant to the authority vested in Appointment Number 3978, an examination has been made of the affairs and financial condition of:

Community Blood Centers' Exchange, Risk Retention Group
728 North State Street
Greenfield, Indiana 46140

an Indiana domestic reciprocal and risk retention group that is regulated as a property and casualty insurance company, hereinafter referred to as the "Company". The examination was conducted at the main administrative offices of the Company located at 702 North Shore Drive, Suite 500, Jeffersonville, Indiana 47130.

The Report of Examination, showing the status of the Company as of December 31, 2022, is hereby respectfully submitted.

ACCREDITED BY THE NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

AGENCY SERVICES 317-232-2389 COMPANY COMPLIANCE 317-232-3495 CONSUMER SERVICES 317-232-2395/1-800-622-4461 FINANCIAL SERVICES 317-232-2390 MEDICAL MALPRACTICE 317-232-5253 COMPANY RECORDS 317-232-2383 STATE HEALTH INSURANCE PROGRAM 1-800-452-4800

SCOPE OF EXAMINATION

The Company was last examined by representatives of the Indiana Department of Insurance (INDOI) as of December 31, 2017. The present risk-focused examination was conducted by The Thomas Consulting Group, Inc. (Thomas Consulting) and covered the period from January 1, 2018 through December 31, 2022, including any material transactions and/or events occurring subsequent to the examination date and noted during the course of this examination.

In conducting the risk-focused examination, the INDOI, by its representatives, relied upon the independent audit reports and opinions contained therein rendered by Conner Ash P.C. for each year of the examination period. Such reports were prepared on a statutory basis and reconciled to the financial statements contained in the respective Annual Statements.

Rebecca Freitag, FCAS, MAAA, of Merlinos & Associates, Inc., consulting actuaries appointed by the INDOI, conducted a review of the Company's Loss Reserves and Loss Adjustment Expenses as of December 31, 2022.

In accordance with the 2022 NAIC *Financial Condition Examiners Handbook*, Thomas Consulting planned and performed a risk-focused examination to evaluate the financial condition of the Company and to identify prospective risks related to its operations. The examination process included an evaluation of corporate governance, identification and assessment of inherent risks, and documentation of system controls and procedures used to mitigate the identified risks. In addition, Thomas Consulting performed an assessment of the principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The examination also included a review of the Company's compliance with Statutory Accounting Principles, Annual Statement Instructions, and the Indiana Insurance Code (IC). All accounts and activities of the Company were considered in accordance with the risk-focused examination process.

HISTORY

The Company was incorporated on October 9, 1992, as an Indiana domiciled inter-insurance reciprocal exchange and commenced business on August 1, 1993. The Company is managed by its Attorney-in-Fact (AIF), the Community Blood Centers' Exchange, which provides general and professional liability insurance to not-for-profit community blood centers. All policyholders are members of the AIF and subscribers to the Company. The Company currently writes coverage for thirty-two (32) blood centers in nineteen (19) states.

CAPITAL AND SURPLUS

As of December 31, 2022, the Company's capital and surplus of \$13,315,664 (before unassigned funds) consisted of \$2,749,428 in subscriber contributions, \$8,674,684 in surplus notes, and \$1,339,484 in subordinated debentures.

As of December 31, 2022, the Company's surplus included contributions aggregating to \$2,749,428 per the requirement that all subscribers make a cash contribution to the Company's surplus. These capital contributions may be paid in lump sums or installments over three (3) years and are recognized by the Company when received. Additional surplus contributions from the subscribers may be required at the request of the Board of Directors (Board) and are subject to limitations outlined in the Subscriber's

Agreements. Upon withdrawal from the Company, the Company can convert a subscriber's contributed surplus to a subordinated debenture. The Company then has the option of paying the principal on these subordinated debentures in five (5) equal annual payments beginning five (5) years after the year of withdrawal.

As of December 31, 2022, the Company's \$8,674,684 in surplus notes resulted from rollovers and distribution from subscriber savings accounts and an incentive renewal credit. The notes bear interest at a rate the Board determines annually. Surplus also included subordinated debentures issued to withdrawing subscribers totaling \$1,339,484. In 2022, with the prior approval of the INDOI, the Company distributed \$450,000 to subscribers from surplus notes.

TERRITORY AND PLAN OF OPERATION

The Company is licensed to transact insurance business in Indiana and is authorized to write business nationwide via the Federal Liability Risk Retention Act of 1986. In all other states where the Company issues policies, it registers and operates as a foreign risk retention group. The Company writes professional liability, general liability, and cyber liability coverage. The professional liability and general liability coverage is written on a claims-made basis to not-for-profit community blood centers licensed by the FDA with deductibles ranging from \$25,000 to \$100,000, with an upper policy limit of \$5,000,000.

GROWTH OF THE COMPANY

The following exhibit summarizes the financial results of the Company for the period under examination:

<u>Year</u>	<u>Admitted Assets</u>	<u>Liabilities</u>	<u>Policyholder Surplus</u>	<u>Net Underwriting Gain/Loss</u>	<u>Net Income</u>
2022	\$18,801,741	\$5,486,078	\$13,315,664	\$652,804	\$844,625
2021	19,465,970	5,749,433	13,716,537	(403,212)	720,218
2020	18,798,506	4,475,922	14,322,584	(863,858)	(73,756)
2019	18,598,332	3,686,774	14,911,558	(44,160)	215,189
2018	17,727,992	3,556,912	14,371,080	463,885	812,298

Note: Amounts are shown in whole dollars and rows may not total due to rounding.

LOSS EXPERIENCE

The following exhibit summarizes the underwriting results of the Company for the period under examination:

<u>Year</u>	<u>Premiums Earned</u>	<u>Losses and Loss Adjustment Expenses (LAE.) Incurred</u>	<u>Other Underwriting Expenses Incurred</u>	<u>Losses and LAE Ratio</u>	<u>Combined Ratio</u>
2022	\$1,746,574	\$242,788	\$850,983	13.9%	62.6%
2021	1,896,563	1,473,127	826,647	77.7%	130.8%
2020	1,744,548	1,853,611	754,795	105.2%	149.5%

2019	1,761,230	967,610	837,780	54.9%	102.5%
2018	1,757,653	504,667	789,101	28.7%	73.6%

Note: Amounts are shown in whole dollars and rows may not total due to rounding.

The Company reported an underwriting loss in 2019, 2020, and 2021. For these years, net loss and loss adjustment expenses reflect an increase of loss reserves on prior claims years due to unfavorable development of reserves that were primarily due to the settlement of claims at amounts more than anticipated.

MANAGEMENT AND CONTROL

Directors

The Bylaws state that the business affairs of the Company shall be managed by a Board that consists of not less than seven (7) and no more than thirteen (13) members who shall be elected at its Annual Meetings for a three (3) year term. In addition, special directors may be approved by the Board when presented by the Nominating Committee. The following is a listing of persons serving as Directors as of December 31, 2022:

<u>Name and Residence</u>	<u>Principal Business Affiliation</u>
Stacy D. Braddock Van Alstine, Texas	CEO Texoma Regional Blood
Marshall G. Cothran Austin, Texas	CEO We Are Blood
James L. Decker Knoxville, Tennessee	CEO MEDIC Regional Blood Center
Eric S. Eaton Missouri City, Texas	CFO Gulf Coast Regional Blood Center
John A. Hagins Appleton, Wisconsin	CEO Community Blood Center, Inc. (Appleton)
Donald K. Kuttner, DO Allentown, Pennsylvania	Medical Director Miller-Keystone, Central Pennsylvania
Nancy C. Jones (Perez) Fort Worth, Texas	CFO Carter BloodCare
Cheryl J. Ritter Newton, Iowa	CFO LifeServe Blood Center
Laurie J. Sutor, MD Dallas, Texas	Medical Director Carter BloodCare, Coastal Bend & Texoma Regional

Mark S. Tabler
Indianapolis, Indiana

CEO
Innovation Physician Solutions, RRG

Dan A. Waxman, MD
Indianapolis, Indiana

Medical Director
Versiti Indiana, Inc.

Officers

The Bylaws state that the officers of the Company shall consist of a Chair, a Vice Chair, a Secretary, a Treasurer, and such other officers, including and without limitation, one (1) or more Assistant Secretaries and Assistant Treasurers, as the directors from time to time may elect or appoint. The directors shall elect the Chair, Vice Chair, Secretary, and Treasurer annually at their Annual Meeting. The following is a list of key officers and their respective titles serving as of December 31, 2022:

<u>Name</u>	<u>Title</u>
Eric C. Blomfelt, JD, CPCU	Executive Director/CEO
John A. Hagins	Chair
Cheryl J. Ritter	Vice Chair
Marshall G. Cothran	Secretary
Eric S. Eaton	Treasurer

Corporate Governance

As of December 31, 2022, members serving on the following committee of the Board were:

Audit Committee:

Eric S. Eaton	Chair
Stacy D. Braddock	
Cheryl J. Ritter	
Chad A. Douglas	Non-Board Member
Nelson R. Hellwig	Non-Board Member
Penny S. Schroeder	Non-Board Member

The Company also receives oversight from its other committees comprising of, but not limited to; Claims, Executive, Governance and Nominating, Marketing, Information Management, Risk Management, Strategic Planning, and Underwriting Rates and Medical Advisory.

CONFLICT OF INTEREST

The Company has established a conflict of interest policy for disclosing any material interest or affiliation by any director, officer, or key employee, which is likely to conflict with their official duties. From a review

of the officers and directors signed statements, there were no material conflicts of interest reported by any of the officers or directors.

OATH OF OFFICE

IC 27-1-7-10(i) stipulates that every director, when elected, shall take and subscribe to an oath stating that he or she will faithfully, honestly, and diligently administer the affairs of the corporation and will not knowingly violate any of the laws applicable to such corporation. Each director serving during the examination period signed an Oath of Office statement when elected.

CORPORATE RECORDS

Articles of Incorporation

The Company made no amendments to its Articles of Incorporation during the period under examination.

Bylaws

On May 30, 2019, the Company amended its Bylaws by removing a sentence stating no two or more offices may be held by directors who are employed by or affiliated with the same member entity. The Company stated that with the addition of the Executive Director and his role as CEO, along with the group members who are independent blood centers, it was deemed unnecessary to keep this restriction in place.

Minutes

The Board and Member Meeting minutes were reviewed for the period under examination and deemed to adequately describe the actions taken during the meetings.

AFFILIATED COMPANIES

Organizational Structure

The Company is an unincorporated association that operates through its AIF, which is an Indiana not-for-profit taxable corporation. The members of which are the subscribers (insureds) of the Company. All transactions are affected through the AIF, which has no activities separate from the Company.

Substantially, all of the volunteer directors and officers of the Company are full-time employees and executives of their respective blood centers. The Executive Director, who is not a member of the Board and is an independent contractor, was contracted to oversee the activities of the underwriting, claims, and financial service providers. All of the Executive Director's activities are subject to the oversight and policy-making functions of the Board. The Company has no parent, subsidiaries, or affiliates.

Affiliated Agreements

Consultants are utilized to perform the duties and responsibilities relating to all aspects of the Company's operations. The following is a summary of the primary consultants under contract and the services

performed by each:

Consulting Agreement

Effective May 1, 2014, May 1, 2017, and May 1, 2020, Eric C. Blomfelt entered three (3) Consulting Agreements as the Company's Executive Director and AIF's Chief Executive Officer. Mr. Blomfelt oversees all the consultants' activities and coordinates with the Board and Board Committees. In 2022, he was paid \$138,600 under this agreement.

Captive Management Agreement

Effective January 1, 2014, the Company entered into a Captive Management Agreement with MCM CPAs & Advisors (presently Cherry Bekaert Advisory LLC). The manager prepares quarterly and annual financial regulatory filings, and provides additional financial accounting and consulting. In 2022, MCM was paid \$277,000 under this agreement.

Claims Administration Agreement

Effective January 1, 2013, the Company entered a third-party Claims Administration Agreement with Gallagher Bassett Specialty (formerly Western Litigation, Inc.). Gallagher Bassett Specialty administers receipt of incidents and claims, as well as investigates and manages settlements, and coordinates with local legal counsel. In 2022, Gallagher Bassett Specialty was paid \$206,250 under this agreement.

Policy Administration Agreement and Reinsurance Intermediary Agreement

Effective August 8, 2021 and August 27, 2022, the Company entered into a third-party Policy Administration Agreement and Reinsurance Intermediary Agreement with Alliant Insurance Services, Inc. (Alliant), respectively. Alliant manages daily underwriting, policy services, marketing, reinsurance, and other policy administration matters. In 2022, Alliant was paid \$190,000 under these agreements.

Investment Management Agreement

Effective January 1, 2015, the Company entered into an Investment Management Agreement with BOK Financial (BOKF) to manage its investments. The Company's invested assets are held in custody at the Bank of Oklahoma and managed by BOKF. The investment manager receives compensation for its services in accordance with the published fee schedule attached to the agreement. In 2022, the Company paid BOKF \$26,863 in investment management fees.

BioX and BCx and Attorney-in-Fact for BCx Intercompany Service Agreement

Effective October 10, 2019, BioX entered into an Inter-Company Service Agreement with BCx and the Attorney-in-Fact for BCx. Under the agreement, BCx will provide the services of its executive director to manage the program's growth in exchange for a fee of one-half percent to two percent based on the new revenue growth. The amount paid to BCx from BioX under this agreement was \$0 as of December 31, 2022, and was \$1,340 on December 31, 2021.

FIDELITY BOND AND OTHER INSURANCE

The Company protects itself against loss from any fraudulent or dishonest acts by its employees through a

crime policy providing a single loss limit of \$450,000 from Travelers Casualty and Surety Company of America. The provided coverage exceeds the recommended minimum specified by the NAIC. Other various interests of the Company were protected by appropriate policies of insurance as well.

STATUTORY AND SPECIAL DEPOSITS

The Company reported a statutory deposit held by the INDOI for the benefit of all policyholders, with a book value of \$143,149 and a fair value of \$142,745 as of December 31, 2022.

REINSURANCE

Reinsurance Ceded

The Company has consistently maintained reinsurance with highly rated authorized reinsurers. In 2014, the Company changed reinsurers to General Reinsurance Corporation (GenRe), increased the per-claim retention to \$500,000, and utilized excess of loss reinsurance coverage on a claims-made basis for individual claims over \$500,000 and up to \$5,000,000. Additionally, the Company eliminated the corridor deductible and swing plan features of the previous treaties, which were closed out in 2017. The Company utilizes reinsurance to mitigate the impact a single loss could have on the Company and minimize the risk for numerous claims over \$500,000. GenRe has an AM Best rating of A++ (superior).

Before 2021, the Company offered a basic cyber policy to its members, with additional optional limits available for purchase. The program was 100% ceded to the cyber reinsurer, Tokio Marine (fka NAS), until 2021, when the Company entered into a 50/50 quota share arrangement for the basic cyber coverage. The primary coverage limits are \$250,000 per occurrence and \$500,000 aggregate. There have been no losses in the Company's retention for cyber claims. Optional additional limits purchased remain 100% ceded to the cyber reinsurer. Tokio Marine (fka NAS) has an AM Best rating of A++ (superior).

RESERVES

Russell L. Sutter, FCAS, MAAA, a consulting actuary with Willis Towers Watson, has been the Company's Appointed Actuary since 2014.

The scope of the opinion was to examine the Company's loss and loss adjustment expense reserves. In forming the opinion, information prepared by the Company was relied upon. This information was evaluated for reasonableness and consistency. The 2022 opinion stated the reserves; a) meet the requirements of the insurance laws of the State of Indiana, b) are consistent with reserves computed in accordance with accepted loss reserving standards and principles, and c) make a reasonable provision for all unpaid loss and loss expense obligations of the Company under the terms of its contracts and agreements.

During the examination, it was determined by the INDOI consulting actuaries, Rebecca Freitag, FCAS, MAAA, of Davies North America, that the significant actuarial items in the Company's Annual Statements were materially correct and fairly stated in accordance with statutory accounting practices prescribed by the INDOI.

ACCOUNTS AND RECORDS

The Company's accounting procedures, practices, account records, and supporting data were reviewed and tested to the extent deemed necessary. The detailed trial balance prepared from the Company's general ledger for the year ending December 31, 2022, was agreed to in the Annual Statement without exception. The Company's independent auditors issued unqualified opinions on the Company's audited Statutory Financial Statements for each year during the examination period. The audited Statutory Financial Statements were agreed to the Annual Statement for the year ending December 31, 2022, with no exceptions noted. All of the independent audit work papers were made available to Thomas Consulting during the examination.

An evaluation of controls of the information systems was performed in this examination. The objective of the review was to assess whether the controls of the information systems were adequate and risks associated with the information systems had been adequately addressed. The assessment of the controls to mitigate risks was effective and no material weaknesses or significant findings were noted.

Overall, Thomas Consulting determined the Company's accounting procedures, practices, and account records were satisfactory.

FINANCIAL EXHIBITS

Comparative Exhibit – Statutory Statement of Assets
Comparative Exhibit – Statutory Statement of Liabilities, Surplus and Other Funds
Comparative Exhibit - Statutory Statement of Income
Comparative Exhibit – Statutory Capital and Surplus Account

NOTE: Amounts are shown in whole dollars and columns may not total due to rounding.

COMMUNITY BLOOD CENTERS' EXCHANGE, RISK RETENTION GROUP

FINANCIAL STATEMENTS

Assets

As of December 31, 2022

	<u>Per Annual Statement</u>	<u>Exam Adjustments</u>	<u>Per Examination</u>	<u>December 31, Prior Year</u>
Assets:				
Bonds	\$ 13,804,277	\$ -	\$ 13,804,277	\$ 13,869,997
Common stocks	2,321,532	-	2,321,532	3,483,474
Cash, cash equivalents and short-term investments	1,033,174	-	1,033,174	723,056
Other invested assets	743,609	-	743,609	416,254
Subtotals, cash and invested assets	<u>\$ 17,902,592</u>	<u>\$ -</u>	<u>\$ 17,902,592</u>	<u>\$ 18,492,781</u>
Investment income due and accrued	\$ 87,046	\$ -	\$ 87,046	\$ 88,295
Uncollected premiums and agents' balances in the course of collection	-	-	-	14,557
Deferred premiums, agents' balances and installments booked but deferred and not yet due	812,103	-	812,103	870,337
Total Assets	<u><u>\$ 18,801,741</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 18,801,741</u></u>	<u><u>\$ 19,465,970</u></u>

COMMUNITY BLOOD CENTERS' EXCHANGE, RISK RETENTION GROUP

FINANCIAL STATEMENTS

Liabilities, Surplus and Other Funds

As of December 31, 2022

	Per Annual Statement	Exam Adjustments	Per Examination	December 31, Prior Year
Liabilities:				
Losses	\$ 1,721,638	\$ -	\$ 1,721,638	\$ 1,447,796
Loss adjustment expenses	1,759,394	-	1,759,394	2,282,112
Other expenses	236,149	-	236,149	182,534
Taxes, licenses and fees (excluding federal and foreign income taxes)	35,945	-	35,945	37,598
Current federal and foreign income taxes	9,727	-	9,727	3,546
Unearned premiums	1,007,910	-	1,007,910	1,246,101
Ceded reinsurance premiums payable	<u>715,314</u>	-	<u>715,314</u>	<u>549,746</u>
Total liabilities	<u>\$ 5,486,078</u>	<u>\$ -</u>	<u>\$ 5,486,078</u>	<u>\$ 5,749,433</u>
Aggregate write-ins for other-than- special surplus funds	\$ 2,749,428	\$ -	\$ 2,749,428	\$ 2,719,724
Surplus notes	10,014,168	-	10,014,168	9,745,970
Unassigned funds (surplus)	<u>552,068</u>	-	<u>552,068</u>	<u>1,250,844</u>
Surplus as regards policyholders	<u>\$ 13,315,664</u>	<u>\$ -</u>	<u>\$ 13,315,664</u>	<u>\$ 13,716,537</u>
Total Liabilities, Capital and Surplus	<u>\$ 18,801,741</u>	<u>\$ -</u>	<u>\$ 18,801,741</u>	<u>\$ 19,465,971</u>

COMMUNITY BLOOD CENTERS' EXCHANGE, RISK RETENTION GROUP

FINANCIAL STATEMENTS

Statement of Income

As of December 31, 2022

	<u>Per Annual Statement</u>	<u>Exam Adjustments</u>	<u>Per Examination</u>	<u>December 31, Prior Year</u>
Underwriting Income				
Premiums earned	\$ 1,746,574	\$ -	\$ 1,746,574	\$ 1,896,563
Losses incurred	\$ 273,842	-	\$ 273,842	\$ 32,512
Loss adjustment expenses incurred	(31,054)	-	(31,054)	1,440,615
Other underwriting expenses	850,983	-	850,983	826,647
Total underwriting deductions	\$ 1,093,771	\$ -	\$ 1,093,771	\$ 2,299,775
Net underwriting gain	\$ 652,804	\$ -	\$ 652,804	\$ (403,212)
Investment Income				
Net investment income earned	\$ 81,050	\$ -	\$ 81,050	\$ 142,016
Net realized capital gains (losses)	112,879	-	112,879	985,349
Net investment gain (loss)	\$ 193,929	\$ -	\$ 193,929	\$ 1,127,365
Net income before federal income taxes	\$ 846,732	-	\$ 846,732	\$ 724,153
Federal Income taxes incurred	2,107	-	2,107	3,935
Net Income	\$ 844,625	\$ -	\$ 844,625	\$ 720,218

COMMUNITY BLOOD CENTERS' EXCHANGE, RISK RETENTION GROUP

FINANCIAL STATEMENTS

Capital and Surplus Account

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Capital and Surplus Account:					
Capital and surplus, December 31, prior year	<u>\$ 13,716,537</u>	<u>\$ 14,322,584</u>	<u>\$ 14,911,558</u>	<u>\$ 14,371,080</u>	<u>\$ 15,588,973</u>
Net income	\$ 844,625	\$ 720,218	\$ (73,756)	\$ 215,189	\$ 812,298
Change in net unrealized capital gains and losses	(862,654)	(911,741)	14,630	758,406	(1,221,498)
Change in non-admitted assets	43,252	21,661	22,917	(22,163)	(79,790)
Change in surplus notes	268,199	(436,184)	(372,934)	582,635	332,827
Aggregate write-ins for gains and losses in surplus	<u>(694,296)</u>	<u>-</u>	<u>(179,832)</u>	<u>(993,588)</u>	<u>(1,061,730)</u>
Change in capital and surplus for the year	<u>\$ (400,874)</u>	<u>\$ (606,046)</u>	<u>\$ (588,974)</u>	<u>\$ 540,478</u>	<u>\$ (1,217,893)</u>
Capital and surplus, December 31, current year	<u>\$ 13,315,664</u>	<u>\$ 13,716,537</u>	<u>\$ 14,322,584</u>	<u>\$ 14,911,558</u>	<u>\$ 14,371,080</u>

COMMENTS ON THE FINANCIAL STATEMENTS

There were no recommended adjustments to surplus as of December 31, 2022, based on the results of this examination.

OTHER SIGNIFICANT FINDINGS

There were no other significant findings based on the results of this examination.

SUBSEQUENT EVENTS

There were no events subsequent to the examination date that significantly affected the finances or operations of the Company.

MANAGEMENT REPRESENTATION

In support of contingencies and accuracy of information provided during the course of the examination, Thomas Consulting obtained a management representation letter in the standard NAIC format. This letter was executed by the key administrative consultants and officers for the Company and provided to Thomas Consulting.

AFFIDAVIT

This is to certify that the undersigned is a duly qualified Examiner-In-Charge appointed by the Indiana Department of Insurance and that he, in coordination with staff assistance from The Thomas Consulting Group, Inc., performed an examination of the **Community Blood Centers' Exchange, Risk Retention Group** as of **December 31, 2022**.

The Indiana Department of Insurance is accredited under the National Association of Insurance Commissioners Financial Regulation Accreditation Standards.

The examination was performed in accordance with those procedures required by the 2022 NAIC *Financial Condition Examiners Handbook* and other procedures tailored for this examination. Such procedures performed on this examination do not constitute an audit made in accordance with generally accepted auditing standard and no audit opinion is expressed on the financial statements contained in this report.

The attached Report of Examination is a true and complete report of condition of the **Community Blood Centers' Exchange, Risk Retention Group** as of **December 31, 2022**, as determined by the undersigned.



David L. Daulton, CFE
The Thomas Consulting Group, Inc.



Jerry Ehlers, CFE, CPA
Indiana Department of Insurance

State of:
County of:

On this 6th day of June, 2024, before me personally appeared, David L. Daulton and Jerry Ehlers to sign this document.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal in said County and State, the day and year last above written.

My commission expires October 4, 2025 
Notary Public

DARCY L. SHAWVER
NOTARY PUBLIC
SEAL
MARION COUNTY, STATE OF INDIANA
MY COMMISSION EXPIRES OCTOBER 4, 2025
COMMISSION NO 708053

