

Report of the Examination of
AccessCare General Wisconsin Insurance, Inc.
Overland Park, Kansas
As of December 31, 2021

TABLE OF CONTENTS

	Page
I. INTRODUCTION.....	1
II. HISTORY AND PLAN OF OPERATION.....	3
III. MANAGEMENT AND CONTROL.....	5
IV. AFFILIATED COMPANIES.....	6
V. FINANCIAL DATA.....	9
VI. SUMMARY OF EXAMINATION RESULTS.....	18
VII. CONCLUSION.....	19
VIII. SUMMARY OF COMMENTS AND RECOMMENDATIONS.....	20
IX. ACKNOWLEDGMENT.....	21



January 3, 2023

Honorable Nathan D. Houdek
Commissioner of Insurance
State of Wisconsin
125 South Webster Street
Madison, Wisconsin 53703

Commissioner:

In accordance with your instructions, a compliance examination has been made of the affairs and financial condition of:

ACCESSCARE GENERAL WISCONSIN INSURANCE, INC.
Overland Park, Kansas

and this report is respectfully submitted.

I. INTRODUCTION

This was the first examination of AccessCare General Wisconsin Insurance, Inc. (hereinafter ACGWII or the company) which was conducted in 2022 as of December 31, 2021 and included a review of such subsequent transactions as deemed necessary to complete the examination.

The examination of the company was conducted concurrently with the examination of LSS Group. The Illinois Department of Insurance acted in the capacity as the lead state for the coordinated examinations. Work performed by the Illinois Department of Insurance was reviewed and relied on where deemed appropriate.

The examination consisted of a review of all major phases of the company's operations, and included the following areas:

- History
- Management and Control
- Corporate Records
- Conflict of Interest
- Fidelity Bonds and Other Insurance
- Provider Contracts
- Territory and Plan of Operations
- Affiliated Companies
- Growth of the Company

Financial Statements
Accounts and Records
Information Technology
Underwriting

Emphasis was placed on those areas of the company's operations accorded a high priority by the examiner-in-charge when planning the examination.

The company is annually audited by an independent public accounting firm as prescribed by s. Ins 50.05, Wis. Adm. Code. An integral part of this compliance examination was the review of the independent accountant's work papers. Based on the results of the review of these work papers, alternative or additional examination steps deemed necessary for the completion of this examination were performed. The examination work papers contain documentation concerning the alternative or additional examination steps performed during the examination.

II. HISTORY AND PLAN OF OPERATION

The AccessCare General Wisconsin Insurance, Inc. is described as for-profit limited service health organization (LSHO) insurer. An LSHO insurer is defined by s. 609.01 (3), Wis. Stat., as “. . . a health care plan offered by an organization established under ch. 185, 611, 613, or 614 or issued a certificate of authority under ch. 618 that makes available to its enrolled participants, in consideration for predetermined fixed payments, a limited range of health care services performed by providers selected by the organization.” The company provides dental care on a mobile basis directly to nursing home facilities.

The company was incorporated September 12, 2018 and commenced business in 2019. The company is owned by SDC Holdings, LLC.

SDC Holdings, LLC is a Delaware limited liability company owned 60% by SC-SDC Corp., 39% by HMPartners, LLC and 1% by the members.

SC-SDC Corp. is a wholly owned subsidiary of Serent Capital Fund III, LP (Serent Capital). Established in 2008, Serent Capital is a lower-middle market private equity fund headquartered in San Francisco, California. HMPartners, LLC is a Delaware limited liability company, which is wholly owned by the members.

ACGWII entered into a Participating Provider Agreement with Alec H. Jaret, DMD (Dentist), whereby the dentist agrees to be a provider for the provisions of dental services and benefits for ACGWII's Insured members. ACGWII pays the dentist compensation on a capitated basis at a rate of 60% of premium per contract.

The contract includes hold-harmless provisions for the protection of policyholders. A subscriber is not responsible for the payments to the dentist under any circumstances, including nonpayment of moneys due to the dentist by the company, insolvency of the company, or breach of the agreement, other than any applicable coinsurance amounts, deductible amounts, and copayment amounts. The contract has a one-year term with automatically renewing periods of one year each and may be terminated with at least 90 days' advance written notice of termination of this agreement.

According to its business plan, the company's service area is comprised of the following counties:

Adams	Dunn	La Crosse	Oneida	Sauk
Barron	Eau Claire	Lafayette	Outagamie	Shawano
Brown	Fond du Lac	Langlade	Ozaukee	Sheboygan
Buffalo	Grant	Lincoln	Pepin	Taylor
Calumet	Green	Manitowoc	Pierce	Trempealeau
Chippewa	Green Lake	Marathon	Polk	Walworth
Clark	Iowa	Marinette	Portage	Washington
Columbia	Jackson	Marquette	Racine	Waukesha
Crawford	Jefferson	Milwaukee	Richland	Waupaca
Dane	Kenosha	Monroe	Rock	Winnebago
Dodge	Kewaunee	Oconto	St. Croix	Wood
Door				

The company offers a limited range of dental health care coverage which may be changed by riders to include deductibles and copayments. The following basic health care coverages are provided: oral examinations, cleanings, fillings, extractions, and denture services. Policies include exclusions for services that are primarily for cosmetic purposes, dental implants, and any orthodontia treatment.

The company currently markets to long-term care facilities. The company uses outside agencies and pays a 15-20% commission on new and renewal business.

III. MANAGEMENT AND CONTROL

Board of Directors

The board of directors consists of four members. All directors are elected annually to serve a one-year term. Officers for the board are elected at the board's annual meeting. Members of the company's board of directors may also be members of other boards of directors in the holding company group.

Currently, the board of directors consists of the following persons:

Name and Residence	Principal Occupation	Year First Elected
John A. Griscavage Lafayette, CA	Chief Executive Officer, SDC Holdings, LLC	2021
David P. Kennedy San Francisco, CA	Partner, Serent Capital Partners, III, LLC	2019
Tony B. Layne Bristol, FL	Business Owner	2016
Larry Spitcaufsky Palm Desert, CA	Business Owner	2011

Officers of the Company

The officers serving at the time of this examination are as follows:

Name	Office
John A. Griscavage	Chief Executive Officer
Mary Anne McClaren	Chief Financial Officer
John R. Rosenbaum	Chief Compliance Officer and Secretary

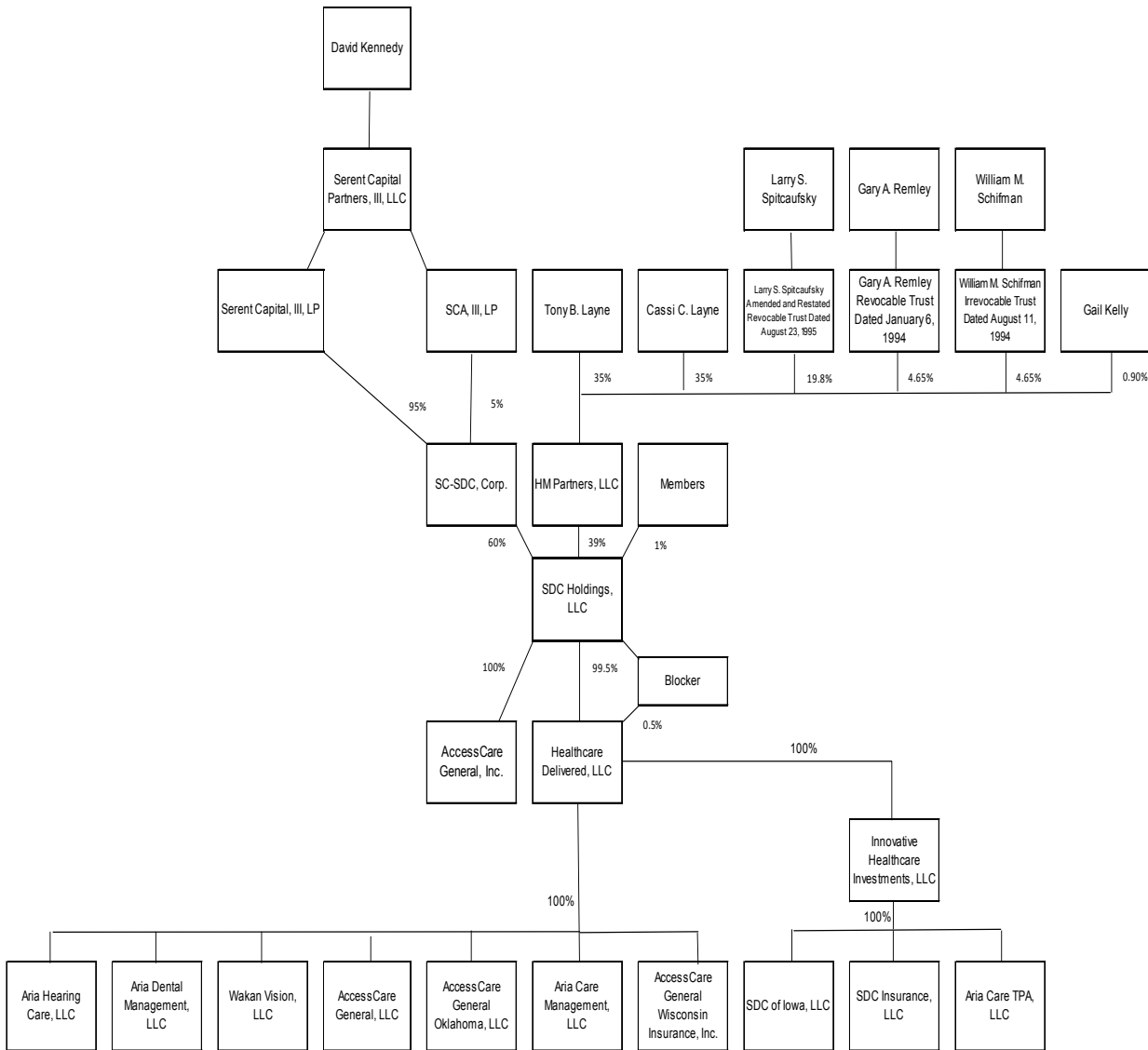
The company has no employees. Necessary staff is provided through an employee leasing agreement with Aria Care Management, LLC (ACM). Details of this agreement are included in the next section of this report.

IV. AFFILIATED COMPANIES

AccessCare General Wisconsin Insurance, Inc. is a member of a holding company system.

Its ultimate parent is David Kennedy. The organizational chart below depicts the relationships among the affiliates in the group. A brief description of the significant affiliates follows the organizational chart.

**Holding Company Chart
As of December 31, 2021**



Healthcare Delivered, LLC

Healthcare Delivered, LLC is a limited liability company that has ownership in companies that provide coverage for ancillary health care services and provide administrative services to ancillary health care service companies.

Aria Care Management, LLC

Aria Care Management, LLC is a limited liability company that provides administrative services to ancillary health care providers.

SDC Insurance, LLC

SDC Insurance, LLC is a limited liability company that provides insurance sales for ancillary health care policies.

Agreements with Affiliates

Employee Leasing Agreement

Effective September 28, 2016, the company entered into an Employee Lease Agreement with ACM. The agreement was later amended on January 17, 2018, to correct the date for which payments were to commence under the agreement. In accordance with the agreement, ACM agrees to lease employees to the company to perform management, administrative, clerical, secretarial, accounting, and other functions. ACM receives 14% of the program membership fees for services provided and 1% of program membership fees for the lease of office space and use of computer systems. The company may terminate the agreement upon 90 days' written notice if default of standards of performance continues 30 days after notice of such default. The agreement was accepted as filed by the Wisconsin Office of the Commissioner of Insurance on September 27, 2018. For the year ended December 31, 2021, the company incurred expenses totaling \$173,798 under this agreement.

Agency Service Agreement

Effective September 28, 2016, the company entered into an Agency Services Agreement with SDC Insurance, LLC (SDC). The agreement was later amended on January 17, 2018, to correct the date for which payments were to commence under the agreement. A second amendment was added to the agreement on February 5, 2018 to update the compensation schedule on Exhibit A. SDC receives a 20% commission on premiums collected. SDC is responsible for soliciting, procuring, and transmitting applications for dental insurance for ACGWII. The agreement was accepted as filed with the Wisconsin Office of the Commissioner of Insurance on September 27, 2018. For the year ended December 31, 2021, the company incurred expenses totaling \$211,705 under this agreement.

V. FINANCIAL DATA

The following financial statements reflect the financial condition of the company as reported to the commissioner of insurance in the December 31, 2021, annual statement. Adjustments made as a result of the examination are noted at the end of this section in the area captioned "Reconciliation of Capital and Surplus per Examination." Also included in this section are schedules that reflect the growth of the company for the period under examination.

AccessCare General Wisconsin Insurance, Inc.
Assets
As of December 31, 2021

	Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	\$ 75,000	\$	\$ 75,000
Cash, cash equivalents and short-term investments	67,402		67,402
Uncollected premiums and agents' balances in the course of collection	<u>7,052</u>	_____	<u>7,052</u>
Total Assets	<u>\$149,454</u>	<u>\$</u>	<u>\$149,454</u>

AccessCare General Wisconsin Insurance, Inc.
Liabilities and Net Worth
As of December 31, 2021

Claims unpaid		\$ 20,648
Premiums received in advance		2,913
Amounts due to parent, subsidiaries, and affiliates		<u>17,190</u>
Total Liabilities		40,751
Common capital stock	\$ 35,000	
Gross paid in and contributed surplus	117,000	
Unassigned funds (surplus)	<u>(43,297)</u>	
Total Capital and Surplus		<u>108,703</u>
Total Liabilities, Capital and Surplus		<u>\$149,454</u>

AccessCare General Wisconsin Insurance, Inc.
Statement of Revenue and Expenses
For the Year 2021

Net premium income		\$363,568
Medical and Hospital:		
Other professional services	\$218,140	
General administrative expenses	<u>175,410</u>	
Total underwriting deductions		<u>393,550</u>
Net underwriting gain or (loss)		(29,982)
Net investment gains or (losses)		<u>625</u>
Net income or (loss) before federal income taxes		(29,357)
Federal and foreign income taxes incurred		<u>12,033</u>
Net Income (Loss)		<u>\$ (41,390)</u>

**AccessCare General Wisconsin Insurance, Inc.
Capital and Surplus Account
For the Four-Year Period Ending December 31, 2021**

	2021	2020	2019	2018
Capital and surplus, beginning of year	\$120,093	\$114,689	\$106,099	\$0
Net income (loss)	(41,390)	5,404	(6,410)	(901)
Capital changes:				
Paid in				35,000
Surplus adjustments:				
Paid in	<u>30,000</u>	<u> </u>	<u>15,000</u>	<u>72,000</u>
Capital and Surplus, End of Year	<u>\$108,703</u>	<u>\$120,093</u>	<u>\$114,689</u>	<u>\$106,099</u>

AccessCare General Wisconsin Insurance, Inc.
Statement of Cash Flows
As of December 31, 2021

Premiums collected net of reinsurance		\$368,724
Net investment income		<u>625</u>
Total		<u>369,469</u>
Less:		
Benefit- and loss-related payments	\$228,165	
Commissions, expenses paid and aggregate write-ins for deductions	180,942	
Federal and foreign income taxes paid (recovered)	<u>5,036</u>	
Total		<u>414,143</u>
Net cash from operations		(44,794)
Cash Provided for/Applied from Financing and Miscellaneous Sources:		
Capital and paid-in surplus, less treasury stock	<u>30,000</u>	
Net cash from financing and miscellaneous sources		<u>30,000</u>
Net Change in Cash, Cash Equivalents, and Short-Term Investments		(14,794)
Cash, cash equivalents, and short-term investments:		
Beginning of year		<u>82,196</u>
End of Year		<u>\$ 67,402</u>

Growth of the Company

The following schedules reflect the growth of the company during the examination period:

Year	Assets	Liabilities	Capital and Surplus	Premium Earned	Medical Expenses Incurred	Net Income
2021	\$149,454	\$40,751	\$108,703	\$363,568	\$218,140	\$(41,390)
2020	176,488	56,395	120,093	537,871	322,723	5,404
2019	178,645	63,956	114,689	236,125	141,675	(6,410)
2018	106,099	0	106,099	0	0	(901)

Year	Profit Margin	Medical Loss Ratio	Administrative Expense Ratio	Enrollment	Change in Enrollment
2021	-11.4%	60.0%	48.2%	325	0.6%
2020	1.0	60.0	39.3	323	-21.0
2019	-2.7	60.0	43.2	409	409.0

Per Member Per Month Information

	2021	2020	Percentage Change
Premium	\$106.21	\$ 109.57	-3.0%
Expenses:			
Other professional services	<u>63.73</u>	<u>65.74</u>	-3.0
Total medical and hospital	63.73	65.74	
General administrative expenses	<u>51.24</u>	<u>43.06</u>	19.0
Total underwriting deductions	<u>\$ 51.24</u>	<u>\$ 43.06</u>	

The company had its first revenue in 2019 with enrollment at 409 members at the end of 2019 which has declined to 325 as of year-end 2021. Premiums earned and medical expenses occurred both jumped in 2020 then returned to normal levels in 2021. The medical loss ratio remains constant at 60% due to the capitation agreement with the provider, and the administrative expense ratio remains near or above 40% which is near the breakeven point or results in small losses for the company. However, 2021 had a larger loss than the prior years due primarily to increased general administrative expenses.

Financial Requirements

The financial requirements for an LSHO under s. Ins 9.04, Wis. Adm. Code, are as follows:

	Amount Required
1. Minimum capital or permanent surplus	Not less than \$75,000
2. Security deposit	Each LSHO is required to maintain a deposit of securities with the state treasurer or an acceptable letter of credit on file with the commissioner's office. The amount of the deposit or letter of credit shall not be less than \$75,000. The letter of credit must be payable to the commissioner whenever liquidation or rehabilitation proceedings are initiated against the company.
3. Compulsory surplus	Not less than the greater of: 3% of the premiums earned by the company in the previous 12 months or \$75,000 The commissioner may accept the deposit or letter of credit under par. 2 to satisfy the compulsory surplus requirement if the company demonstrates to the satisfaction of the commissioner that all risk for loss has been transferred to the providers.
4. Security surplus	The company should maintain a security surplus to provide an ample margin of safety and clearly assure a sound operation. The security surplus should not be less than 110% of the compulsory surplus.

The company's calculation as of December 31, 2021, as modified for examination

adjustments is as follows:

Assets	\$149,454	
Less:		
Liabilities	<u>40,751</u>	
Net amount available to satisfy surplus requirements		\$108,703
Net premium earned	\$363,568	
Compulsory surplus factor	<u>3%</u>	
Compulsory surplus		<u>75,000</u>
Compulsory Surplus Excess (Deficit)		<u>\$ 33,703</u>
Net amount available to satisfy surplus requirements		\$108,703
Compulsory surplus	\$ 75,000	
Security surplus factor	<u>140%</u>	
Security surplus		<u>105,000</u>
Security Excess (Deficit)		<u>\$ 3,703</u>

Reconciliation of Capital and Surplus per Examination

No adjustments were made to surplus as a result of the examination. The amount of surplus reported by the company as of December 31, 2021, is accepted.

VI. SUMMARY OF EXAMINATION RESULTS

Summary of Current Examination Results

The current examination resulted in no recommendations. There were no adjustments or reclassifications to the balance sheet amounts as a result of this examination.

VII. CONCLUSION

AccessCare General Wisconsin Insurance, Inc. was incorporated September 12, 2018 and commenced business in 2019. The company markets limited dental care plans to residents of long-term care facilities for predetermined fixed payments and care is provided through a contract with an unaffiliated dental provider.

The company's financial statements reported assets of \$149,454, liabilities of \$40,751, and surplus of \$108,703 as of year-end 2021. Operations for 2021 produced a net loss of \$(41,390). The company had its first revenue in 2019 with enrollment at 409 members at the end of 2019 which has declined to 325 as of year-end 2021. Premiums earned and medical expenses occurred both jumped in 2020 then returned to normal levels in 2021. The company had a larger loss in 2021 than prior years due primarily to increased general administrative expenses.

In this, its first examination, there are no adjustments to surplus or examination recommendations.

VIII. SUMMARY OF COMMENTS AND RECOMMENDATIONS

The current examination resulted in no recommendations. There were no adjustments or reclassifications to the balance sheet amounts as a result of this examination.

IX. ACKNOWLEDGMENT

The courtesy and cooperation extended during the course of the examination by the officers and employees of the company are acknowledged.

In addition to the undersigned, the following representatives of the Office of the Commissioner of Insurance, State of Wisconsin, participated in the examination:

Name	Title
Adam Donovan, CISSP	IT Specialist
Terry Lorenz, CFE	Quality Control Specialist
Jerry DeArmond, CFE	Reserve Specialist

Respectfully submitted,



Joshua Daggett
Examiner-in-Charge