

Report  
of the  
Examination of  
Wyssta Insurance Company, Inc.  
Stevens Point, Wisconsin  
As of December 31, 2021

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November 3, 2022

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:

WYSSTA INSURANCE COMPANY, INC.  
Stevens Point, Wisconsin

and this report is respectfully submitted.

## I. INTRODUCTION

The previous examination of Wyssta Insurance Company, Inc. (hereinafter Wyssta or the company) was conducted in 2017 as of December 31, 2016. The current examination covered the intervening period ending December 31, 2021 and included a review of such subsequent transactions as deemed necessary to complete the examination.

The examination was conducted using a risk-focused approach in accordance with the National Association of Insurance Commissioners (NAIC) Financial Condition Examiners Handbook. This approach sets forth guidance for planning and performing the examination of an insurer to evaluate the financial condition, assess corporate governance, identify current and prospective risks (including those that might materially affect the financial condition, either currently or prospectively), and evaluate system controls and procedures used to mitigate those risks.

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, annual statement instructions, and Wisconsin laws and regulations. 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 at the end of the "Financial Data" section in the area captioned "Reconciliation of Surplus per Examination."

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

Wyssta Insurance Company, Inc., is described as a for-profit, stock insurance corporation licensed under ch. 611, Wis. Stat., established to provide group vision insurance for employers based in Wisconsin.

The company was incorporated on June 6, 2005 and commenced business on November 11, 2005. The company is wholly owned by Wyssta, Inc., an intermediate holding company, which, in turn, is wholly owned by Delta Dental of Wisconsin, Inc. (DDWI). Delta Dental of Wisconsin, Inc., is a Wisconsin-domiciled insurer underwriting and administering dental benefit plans in Wisconsin.

Effective January 1, 2006, the company entered into a Vision Care Administrative Agreement with EyeMed Vision Care, LLC, a Delaware limited liability corporation, and First American Administrators, a Wisconsin third-party administrator corporation (collectively referred to as EyeMed). Under this agreement, EyeMed agrees to provide the following services:

- Perform certain administrative and customer relation functions for group and individual eye care insurance policies issued by Wyssta.
- Perform certain administrative and customer relations functions for self-insured plans with which Wyssta is contracted to provide certain Administrative Services Only (ASO) arrangements.
- Process eye care claims and perform related functions for those group eye care insurance policies issued by Wyssta that utilize the EyeMed Preferred Provider Organization (EyeMed PPO).
- Make the EyeMed PPO available to persons insured by Wyssta's group eye care policies or participating in the ASO arrangements, process resulting eye care claims and perform related customer services.

Under this agreement, Wyssta is responsible for the performance of all applicable services and support services related to the sales and distribution of covered policies and covered Administrative Services Only arrangements, including marketing, sales support, issuance of policies and certificates, field servicing of in-force policies, underwriting, actuarial, and licensing and appointment of agents. Wyssta is also responsible for the billing and collection of the premiums and fees for the covered policies and ASO arrangements and for making any commission payments, including incentives and overrides, to individuals who sell the covered policies and ASO arrangements. According to the terms of the agreement, all vision products and/or vision benefits sold by Wyssta must utilize the EyeMed PPO.

Wyssta makes per member per month payments to EyeMed based on the agreed-upon rate schedule. Rates can be adjusted annually by EyeMed by providing Wyssta with written notice of new

rates no less than 120 days prior to the end of the then-current agreement year for the rates to be effective for the next agreement year. The agreement was for an initial four-year term, automatically renewing for additional one-year terms thereafter until terminated by either party by giving the other party 180 days' written notice.

In addition, the agreement contains the following hold-harmless provision: "EyeMed agrees that in no event, including insolvency or non-payment by Wyssta, will EyeMed or any participant provider in the EyeMed PPO charge, collect or deposit or seek compensation from a patient for any amounts other than applicable deductibles, co-payments, or services not covered by this Agreement; and further agrees that this provision is for the benefit of the patient, supersedes any oral or written agreement with the patient and shall survive the termination of this agreement. EyeMed agrees to maintain agreement by each participating provider in the EyeMed PPO to comply with the terms of this paragraph."

The company markets its plans throughout Wisconsin through outside agencies and pays a commission on new and renewal business. Vision plans are marketed to groups with at least two enrolled employees through its arrangement with EyeMed and offers different vision plans which are marketed as DeltaVision products. DeltaVision offers several different plans with options for frames/lenses and contact lens allowances and three material-only options. The plans are provided with various co-pay options and frequency limits. All plans are available on insured and self-insured basis, at any level of employer contribution. The following basic vision care coverages are provided with group plans:

- Frequency limit of 12-month examination or once per calendar year, if applicable.
- Lenses every 12 months or once per calendar year
- Frame options, including replacement in one of the following increments: 12 months, 24 months, once per calendar year, or once every two calendar years; in lieu of frames, contact lenses every 12 months or once per calendar year
- Frames priced up to \$250 retail
- Lenses (including but not limited to single vision, bifocal, and trifocal), replacement allowed every 12 months or once per calendar year
- Contact lens (including but not limited to conventional, disposable, and medically necessary) allowance up to \$250 with medically necessary paid in full, replacement allowed every 12 months or once per calendar year

- Co-pays can range from \$0 to \$200 per person per calendar year
- Dependent coverage is generally provided to age 26

The company also markets vision plans on an insured basis to individuals in Wisconsin through its arrangement with EyeMed, and also using the DeltaVision name. The plans are provided with various copay options and frequency limits. The following basic vision care coverages are provided with individual plans:

- Frequency limit each service or material allowed once per benefit year: examination, frame, lenses, or contact lenses in lieu of frames
- Frames priced up to \$200 retail, replacement allowed once every benefit year
- Lenses (including but not limited to single vision, bifocal, and trifocal), replacement allowed once every benefit year
- Contact lenses, in lieu of frames, (including but not limited to conventional, disposable and medically necessary) allowance up to \$200 with medically necessary paid in full, replacement allowed once every benefit year
- Co-pays can range from \$0 to \$120 per person per calendar year
- Dependent coverage is generally provided to age 26

### III. MANAGEMENT AND CONTROL

#### Board of Directors

The board of directors consists of four members, elected annually, with the company president, secretary, and treasurer and a remaining director (usually the DDWI Board Chair) commonly being elected. 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.

At the end of 2022, the board of directors consisted of the following persons:

<b>Name and Residence</b>	<b>Principal Occupation</b>	<b>Term Expires</b>
Douglas Ballweg Stevens Point, WI	President & CEO Delta Dental of Wisconsin, Inc.	2022
Anne Treankler Stevens Point, WI	Chief Risk Officer Delta Dental of Wisconsin, Inc.	2022
Craig Aittama Stevens Point, WI	Vice President – Finance Delta Dental of Wisconsin, Inc.	2022
Jeff Martin Stevens Point, WI	Retired, former Pres/CEO Ascension Health/Ministry Health Care	2022

#### Officers of the Company

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

<b>Name</b>	<b>Office</b>
Douglas Ballweg	President & CEO
Anne Treankler	Secretary & CRO
Craig Aittama	Treasurer & Vice President – Finance
Dave Peterson	Chief Growth & Strategy Officer
David Vanden Heuvel	Chief Business Development Officer
Noreen Parrett	Vice President – General Counsel
Sue Shulfer	Vice President – Human Resources

#### Committees of the Board

The company's bylaws allow for the formation of certain committees by the board of directors. The company has no committees.

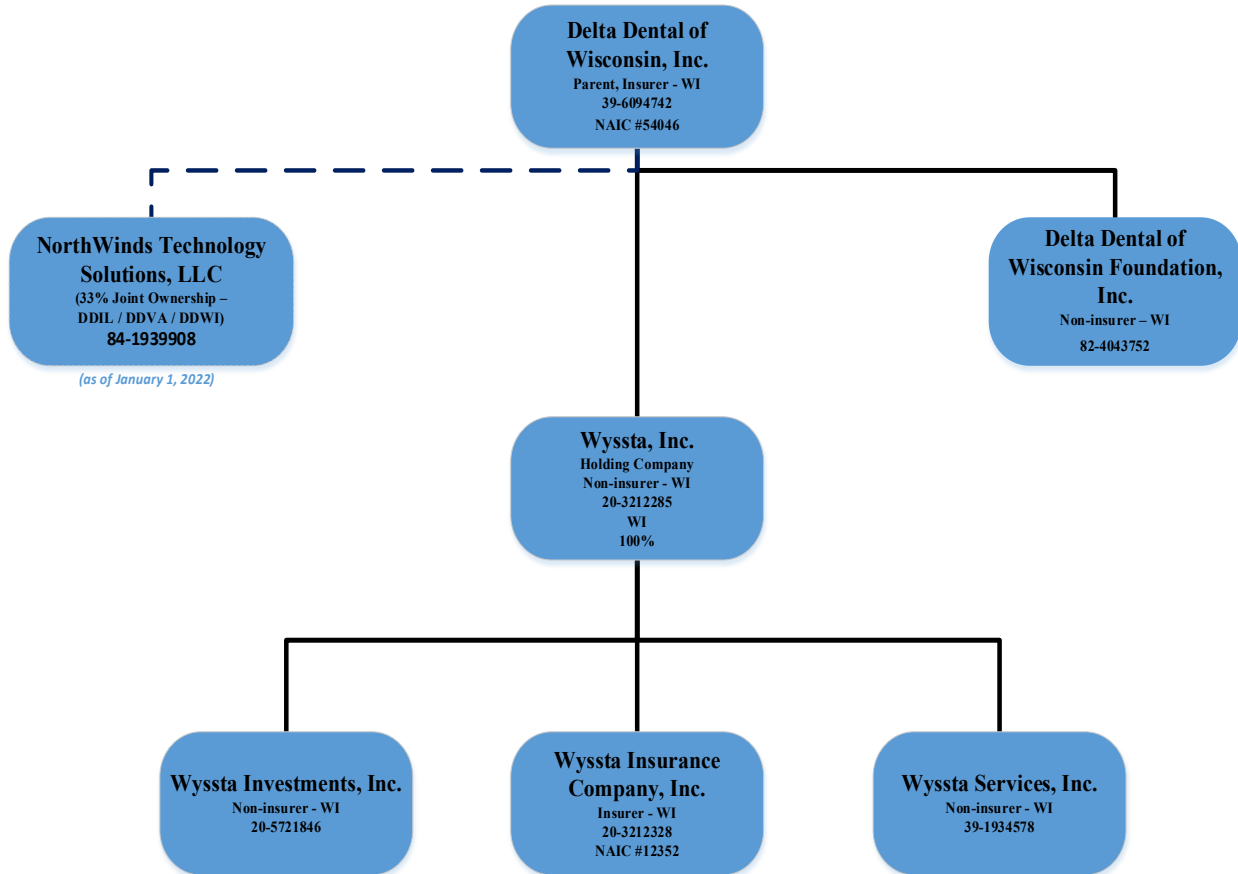
The company has no employees. Administrative, managerial, and professional services are provided through a service contract with DDWI, the company's ultimate parent.



#### IV. AFFILIATED COMPANIES

The company is a member of a holding company system. Its ultimate parent is Delta Dental of Wisconsin. The organizational chart below depicts the relationships among the affiliates in the group. A brief description of the significant affiliates of the company follows the organizational chart.

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



#### Delta Dental of Wisconsin, Inc.

Delta Dental of Wisconsin, Inc. is the ultimate parent of Wyssta Insurance Company, Inc. DDWI was incorporated on May 17, 1962, and commenced business on January 1, 1967. DDWI offers various dental insurance products in the state of Wisconsin. The company is part of the nationwide Delta Dental Plan Association (DDPA). The DDPA provides centralized advertising, business consulting, and other services to member plans. As of December 31, 2021, the Delta Dental of Wisconsin, Inc., audited financial statement reported total assets of \$324,634,030, total liabilities of \$69,768,860, and total

stockholder's equity of \$254,865,170. Operations for 2021 produced a net income of \$2,281,925 on total revenues of \$279,380,403.

Wyssta Insurance Company, Inc., has a service agreement with DDWI, dated October 1, 2018, according to which DDWI provides to Wyssta Insurance Company, Inc., administrative, managerial, and professional services. In addition, DDWI maintains premises and employees sufficient to provide Wyssta Insurance Company, Inc., with space and services necessary for Wyssta Insurance Company, Inc., to carry out its operations. Wyssta Insurance Company, Inc., reimburses DDWI for all costs and expenses incurred by DDWI for employees, equipment, facilities and other items in connection with DDWI performing services on behalf of Wyssta Insurance Company, Inc.

#### **Wyssta, Inc.**

Wyssta, Inc., a wholly owned subsidiary of DDWI, was incorporated on June 30, 2005, and was formed to operate as a holding company. Wyssta, Inc., has three wholly owned subsidiaries, Wyssta Insurance Company, Inc., Wyssta Investments, Inc., and Wyssta Services, Inc. Wyssta, Inc., has 100,000 shares of no-par value common stock authorized and 19,270 shares issued and outstanding. As of December 31, 2021, the Wyssta, Inc., and Subsidiaries consolidated audited financial statements reported total assets of \$34,540,941, total liabilities of \$6,115,583, and total stockholder's equity of \$28,425,358. Operations for 2021 produced a net income of \$6,552,934 on total revenues of \$49,420,484.

Wyssta, Inc., has a service agreement with DDWI dated October 1, 2018, according to which DDWI provides to Wyssta, Inc., administrative, managerial, and professional services. In addition, DDWI maintains premises and employees sufficient to provide Wyssta, Inc., with space and services necessary for Wyssta, Inc., to carry out its operations. Wyssta, Inc., reimburses DDWI for all costs and expenses incurred by DDWI for employees, equipment, facilities and other items in connection with DDWI performing services on behalf of Wyssta, Inc.

#### **Wyssta Services, Inc.**

Wyssta Services, Inc., provides various dental administrative services and has 9,000 shares of \$1.00 par value common stock authorized and 6,500 shares issued and outstanding which are owned by Wyssta, Inc. As of December 31, 2021, the Wyssta Services, Inc., audited financial statement

reported total assets of \$10,870,386, total liabilities of \$2,846,198, and total stockholder's equity of \$8,024,188. Operations for 2021 produced net income of \$2,654,181 on total revenues of \$25,637,068.

DDWI has a service agreement with Wyssta Services, Inc., dated October 1, 2018, according to which DDWI provides administrative and managerial services necessary for Wyssta Services, Inc., to conduct its normal business operations as a third-party administrator. The services include providing general management, information, and personnel to perform third-party processing services. Wyssta Services, Inc., reimburses DDWI for the actual cost of these services.

### **Wyssta Investments, Inc.**

Wyssta Investments, Inc., became a part of the holding company system on August 18, 2006. Wyssta Investments, Inc., was created for the purpose of holding an investment in a start-up biotechnology company, C3 Jian, Inc. (C3 Jian) now known as Armata Pharmaceuticals, Inc. Since this time, Wyssta Investments, Inc. has added investments in Healthentic, Inc. (Healthentic) and Encara Corporation (Encara).

- **Armata**—A biotech firm out of Marina Del Rey, California, which conducts research on the development of precisely targeted bacteriophage therapeutics for the treatment of antibiotic-resistant and difficult-to-treat bacterial infections. In prior years, DDWI invested \$25,000,000 and Wyssta Investments, Inc., invested \$11,000,000 in Armata as of December 31, 2021. Armata went public on May 9, 2019 and is listed on the New York Stock Exchange (ARMP). Based on the market value of Armata's stock, DDWI's investment in Armata was valued at \$8,926,887 (1,628,994 shares) and Wyssta Investments, Inc.'s investment in Armata was valued at \$2,623,172 (478,681 shares) as of December 31, 2021.
- **Healthentic**—Based in Seattle, Washington, this firm promotes wellness by offering a tool to help benefit managers control health care costs and outcomes. Wyssta Investments, Inc., was a 20% owner in Healthentic as of December 31, 2021. Total investment as of December 31, 2021, is \$4,400,000. The company holds one of five board seats as of December 31, 2021. Under the equity method of accounting the Wyssta Investments, Inc.'s share of the equity in Healthentic was \$293,300, as of December 31, 2021.
- **Encara**—A joint venture effort with three other members of the Delta Dental Plans Association (Delta Dental of Virginia, Washington Dental Service, and Delta Dental of New Jersey) to devise a dental insurance product for offering in the individual market, including health exchanges to be created under the Affordable Care Act. Total investment as of December 31, 2021, is \$2,100,000. Wyssta Investments, Inc., held a 25% ownership interest and held one of four board seats as of December 31, 2021. Under the equity method of accounting the Wyssta Investments, Inc., share of the equity in Encara was \$320,594, as of December 31, 2021.

As of December 31, 2021, Wyssta Investments, Inc., audited financial statements reported total assets of \$4,162,765, total liabilities of \$2,546, and total stockholder's equity of \$4,160,219 for Wyssta Investments, Inc. Operations for 2021 produced a net income of \$1,244,502 on revenues of \$1,267,077.

DDWI has a service agreement with Wyssta Investments, Inc., dated October 1, 2018, according to which DDWI provides administrative and managerial services necessary for Wyssta Investments, Inc. The services include general management, information, and personnel to perform duties. Wyssta Investments, Inc., reimburses DDWI for the actual cost of these services.

**NorthWinds Technology Solutions, LLC (NorthWinds)**

Effective July 1, 2019, DDWI entered into a joint venture, NorthWinds, with Delta Dental of Illinois (DDIL). DDWI and DDIL each held a 50 percent share of NorthWinds. As part of the initial capital infusion, DDWI transferred computer hardware and software, in addition to \$2,000,000 in 2019. The company invested another \$5,500,000 in 2020. For statutory accounting purposes, DDWI records the investment in NorthWinds at the underlying audited GAAP equity adjusted to a limited statutory basis of accounting. Effective January 1, 2022, the joint venture with NorthWinds was amended to add Corvesta (parent company of Delta Dental of Virginia) as an owner, resulting in each company holding a one-third share. DDWI contributed \$9,250,000 on December 29, 2021, per the new agreement. The rate structure for operating and modernization have been established such that no further capital commitments will be required. In the agreement, KeySpring, software developed and owned by Corvesta, will be transferred to NorthWinds and will eventually become the software used by DDWI and DDIL. NorthWinds provides information technology services to the LLC members. As of December 31, 2021, the company's audited financial statement reported total assets of \$27,332,861, total liabilities of \$4,146,309, and members equity of \$23,186,552. Operations for 2021 produced a net loss of \$14,156,592 on revenues of \$35,348,752.

DDWI has a service agreement with NorthWinds, dated July 1, 2019, according to which DDWI provides employees, sufficient premises, and services specified in the agreement. The services include managerial, administrative, and professional services. NorthWinds reimburses DDWI for the actual cost of these services. DDWI has a Software & Services Agreement with NorthWinds, dated January 1, 2022, which covers the services provided by NorthWinds. DDWI pays NorthWinds for services rendered and equipment.

**Delta Dental of Wisconsin Foundation Inc.**

Delta Dental of Wisconsin Foundation, Inc. (the Foundation), is a non-stock, non-profit corporation that was established in 2018 with DDWI as its sole member. The Foundation was created to initiate, collaborate with, and support programs that extend access to dental care, ensure a strong dental workforce, and improve the oral health of underserved and vulnerable populations. DDWI made contributions without donor restrictions of \$4,500,000 to the Foundation in both 2021 and 2020. In addition, in 2020, DDWI committed to contribute \$10,000,000 to a donor restricted endowment fund held by the Foundation. The contribution was paid in 2021. In 2021, the Foundation contributed over \$2,000,000 to various organizations, including many safety-net dental clinics, in support of its mission. As of December 31, 2021, the Foundation's audited financial statement reported total assets of \$16,778,803, total liabilities of \$1,392,097, and total equity of \$15,386,706. Operations for 2021 produced net income of \$2,010,234 on total revenues of \$4,515,400.

## V. REINSURANCE

The company currently has reinsurance coverage under the contract outlined below, which is only applicable to one specific employer group. Please note that the methodology and processes of this business relationship is detailed in the history and operations section above:

Reinsurer:	EyeMed Insurance Company
Type:	Coinsurance/ 100% Quota Share
Effective date:	January 1, 2022
Retention:	0%
Coverage:	100% coinsurance within policy limits
Termination:	180 days prior written notice.

The reinsurance policy contains proper insolvency clauses that ensure that in the face of insolvency the reinsurer will make payments directly to the appropriate entities. The reinsurer maintains the right to defense of payment when appropriate.

## **VI. 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 and the compulsory and security surplus calculation.

**Wyssta Insurance Company, Inc.**  
**Assets**  
**As of December 31, 2021**

	<b>Assets</b>	<b>Nonadmitted Assets</b>	<b>Net Admitted Assets</b>
Bonds	\$ 9,565,527	\$	\$9,565,527
Stocks:			
Common stocks	1,269,554		1,269,554
Cash, cash equivalents, and short-term investments	5,406,096		5,406,096
Investment income due and accrued	49,338		49,338
Uncollected premiums and agents' balances in the course of collection	124,447		<u>124,447</u>
Health care and other amounts receivable			
Write-ins for other than invested assets:			
Prepaid asset	<u>4,500</u>	<u>4,500</u>	
<b>Total Assets</b>	<b><u>\$18,593,969</u></b>	<b><u>\$ 4,500</u></b>	<b><u>\$18,589,469</u></b>

**Wyssta Insurance Company, Inc.**  
**Liabilities, Capital and Surplus**  
**As of December 31, 2021**

Claims unpaid		\$550,000
Unpaid claims adjustment expenses		52,000
Premiums received in advance		731,383
General expenses due or accrued		1,941,128
Current federal and foreign income tax payable and interest thereon		151,423
Net deferred tax liability		34,384
Derivatives		
Amounts due to parent, subsidiaries, and affiliates		<u>75,696</u>
<b>Total Liabilities</b>		<b>3,536,014</b>
Common capital stock	\$ 1,250,000	
Gross paid in and contributed surplus	4,750,000	
Unassigned funds (surplus)	<u>9,053,455</u>	
<b>Total Capital and Surplus</b>		<b><u>15,053,455</u></b>
<b>Total Liabilities, Capital, and Surplus</b>		<b><u>\$18,589,469</u></b>



**Wyssta Insurance Company, Inc.**  
**Statement of Revenue and Expenses**  
**For the Year 2021**

Net premium income		\$21,946,779
Medical and Hospital:		
Other professional services	\$19,771,795	
Less		
Net reinsurance recoveries	<u>4,836,578</u>	
Total hospital and medical	14,935,217	
Claims adjustment expenses	1,571,566	
General administrative expenses	<u>2,537,184</u>	
Total underwriting deductions		<u>19,043,967</u>
Net underwriting gain or (loss)		2,902,812
Net investment income earned	211,470	
Net realized capital gains or (losses)	<u>190,839</u>	
Net investment gains or (losses)		<u>402,309</u>
Net income or (loss) before federal income taxes		3,305,121
Federal and foreign income taxes incurred		<u>700,222</u>
Net Income (Loss)		<u>\$ 2,604,899</u>

**Wyssta Insurance Company, Inc.**  
**Capital and Surplus Account**  
**For the Five-Year Period Ending December 31, 2021**

	2021	2020	2019	2018	2017
Capital and surplus, beginning of year	\$13,391,109	\$12,268,042	\$10,875,977	\$10,315,346	\$9,363,322
Net income (loss)	2,604,899	2,077,124	2,219,092	1,558,686	953,297
Change in net unrealized capital gains/losses	56,497	55,877	172,905		
Change in net deferred income tax	5,451	(34,472)	2,728	641	(13,773)
Change in non-admitted assets	(4,500)	24,538	(2,660)	1,304	12,500
Dividends to stockholders	<u>(1,000,000)</u>	<u>(1,000,000)</u>	<u>(1,000,000)</u>	<u>(1,000,000)</u>	<u>                    </u>
Capital and Surplus, End of Year	<u>\$15,053,455</u>	<u>\$13,391,109</u>	<u>\$12,268,042</u>	<u>\$10,875,977</u>	<u>\$10,315,346</u>

**Wyssta Insurance Company, Inc.**  
**Statement of Cash Flow**  
**For the Year 2021**

Premiums collected net of reinsurance		\$21,960,531
Net investment income		<u>233,303</u>
Total		22,193,834
Less:		
Benefit- and loss-related payments	\$14,748,217	
Commissions, expenses paid and aggregate write-ins for deductions	3,958,654	
Federal and foreign income taxes paid (recovered) net of tax on capital gains (losses)	<u>726,027</u>	
Total		<u>19,432,898</u>
Net cash from operations		2,760,936
Proceeds from Investments Sold, Matured, or Repaid:		
Bonds	\$1,045,441	
Stocks	<u>583,795</u>	
Total investment proceeds		1,629,236
Cost of Investments Acquired—Long-term Only:		
Bonds	1,543,313	
Stocks	<u>360,010</u>	
Total investments acquired		1,903,323
Net cash from investments		(274,087)
Cash Provided for/Applied from Financing and Miscellaneous Sources:		
Dividends to stockholders	1,000,000	
Other cash provided (applied)	<u>(757,954)</u>	
Net cash from financing and miscellaneous sources		<u>(1,757,954)</u>
Net Change in Cash, Cash Equivalents, and Short-Term Investments		728,895
Cash, cash equivalents, and short-term investments:		
Beginning of year		<u>4,677,202</u>
End of Year		<u>\$5,406,096</u>

**Growth of Wyssta Insurance Company, Inc.**

Year	Assets	Liabilities	Capital and Surplus	Premium Earned	Medical Expenses Incurred	Net Income
2021	\$18,589,469	\$3,536,014	\$15,053,455	\$21,946,779	\$14,935,217	\$2,604,899
2020	16,449,580	3,058,471	13,391,109	18,870,327	12,091,475	2,077,124
2019	14,853,480	2,585,438	12,268,042	17,581,860	12,007,530	2,219,092
2018	13,361,239	2,485,262	10,875,977	15,051,510	10,619,879	1,558,686
2017	12,261,385	1,946,039	10,315,346	12,608,280	9,442,008	953,297
2016	10,361,115	997,793	9,363,322	10,349,287	7,041,335	1,080,666

Year	Profit Margin	Medical Loss Ratio	Administrative Expense Ratio	Enrollment	Change in Enrollment
2021	11.8%	68.1%	18.7%	435,357	43.0%
2020	10.9	64.1	22.7	304,503	11.1
2019	12.5	68.3	16.7	274,067	16.6
2018	10.2	70.6	17.2	235,101	19.7
2017	7.5	74.9	15.1	196,453	27.3
2016	15.6	72.2	17.3	154,373	26.5

#### Per Member Per Month Information

	2021	2020	Percentage Change
<b>Premiums:</b>			
Vision	\$4.33	\$5.25	-17.5%
<b>Expenses:</b>			
Vision	2.94	3.37	-12.8
Claims adjustment expenses	.31	.38	-18.4
General administrative expenses	.50	.81	-38.3
Total underwriting deductions	<u>\$3.76</u>	<u>\$ 4.56</u>	-17.5

The company has generated net operating income each year for the period under examination, indicating that the operations of this company have stabilized. Premium earned grew steadily during the examination period from \$10.3 million in 2016 to \$21.9 million in 2021. Enrollment growth has also been strong over the past five years ending December 31, 2021, with an increase in enrollment from 154,373 in 2016 to 435,357 in 2021 representing a growth of 182.0%. Surplus grew 60.8% over the same period to \$15.1 million. Assets increased 79.4% and liabilities increased 254.4% during the examination period.

## Financial Requirements

The company's calculation of compulsory and security surplus under s. Ins 51.80, Wis. Adm.

Code, as of December 31, 2021, is as follows:

Admitted assets		\$18,589,469
Liabilities		<u>3,527,928</u>
Subtotal – Surplus adjusted for compulsory/security surplus		<u>\$15,061,541</u>
Net amount available to satisfy surplus requirements		\$15,061,541
Net premium earned	\$21,946,779	
Compulsory factor	<u>20%</u>	
Compulsory surplus Requirement (not less than \$2,000,000)		<u>4,389,356</u>
Compulsory Excess/(Deficit)		<u>\$10,672,185</u>
Net amount available to satisfy surplus requirements		\$15,061,451
Compulsory surplus	\$4,389,356	
Security surplus factor	<u>140%</u>	
Security surplus		<u>6,145,098</u>
Security Excess/(Deficit)		<u>\$8,916,443</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.

## Examination Reclassifications

No reclassifications were made as a result of the examination.

## **VII. SUMMARY OF EXAMINATION RESULTS**

### **Compliance with Prior Examination Report Recommendations**

There were no specific comments and recommendations in the previous examination report.

### **Summary of Current Examination Results**

This section contains comments and elaboration on those areas where adverse findings were noted or where unusual situations existed. Comment on the remaining areas of the company's operations is contained in the examination work papers.

### **Form B Filing**

The examination identified that the company did not disclose all related party agreements in Item 5 its 2021 Form B filing. Pursuant to s. Ins. 40.03 (3) (c), Wis. Adm. Code all affiliated agreements shall be disclosed. It is recommended that the company report all affiliated agreements in Item 5 of Form B listing the agreement and a description of the agreement in accordance with s. Ins 40.03 (3) (c), Wis. Adm. Code.

## VIII. CONCLUSION

Wyssta Insurance Company, Inc., is a for-profit, stock insurance corporation established to provide group vision insurance for employers based in Wisconsin. Currently, the company issues group vision insurance policies only. The company was incorporated on June 6, 2005. The company commenced business on November 5, 2005.

The company generated net operating income in each of the five years of the period under examination. Net income has shown steady improvement averaging over \$2,000,000 the last three years of the examination with a peak of \$2,604,899 in 2021. Premium earned grew steadily during the examination period, from \$10,349,287 in 2016 to \$21,946,779 in 2021. Enrollment growth has also been strong over the past five years ending December 31, 2021, with an increase in enrollment from 154,373 in 2016 to 435,357 in 2021 representing a growth of 182.0%. Surplus grew 60.8% over the same period to \$15.1 million. Assets increased 79.4% and liabilities increased 254.4% during the examination period.

The prior examination resulted in no recommendations. The current examination resulted in one recommendation and no reclassifications or surplus adjustments.

## **IX. SUMMARY OF COMMENTS AND RECOMMENDATIONS**

1. Page 22 - Form B Filing—It is recommended that the company report all affiliated agreements in Item 5 of Form B listing the agreement and a description of the agreement in accordance with s. Ins 40.03 (3) (c), Wis. Adm. Code.

## X. 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:

<b>Name</b>	<b>Title</b>
Gabe Gorske, CFE	Insurance Financial Examiner
Keith King	Insurance Financial Examiner
James Krueger	Data Specialist
Eleanor Lu, CISA	IT Specialist
Kongmeng Yang	Quality Control Specialist
Jerry DeArmond, CFE	Reserve Specialist

Respectfully submitted,



Kenton Harrison  
Examiner-in-Charge