

Report of the Examination of  
UnitedHealthcare Life Insurance Company  
De Pere, Wisconsin  
As of December 31, 2021

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April 13, 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:

UNITEDHEALTHCARE LIFE INSURANCE COMPANY  
De Pere, Wisconsin

and this report is respectfully submitted.

## I. INTRODUCTION

The previous examination of UnitedHealthcare Life Insurance Company (UHLIC 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 of the company was conducted concurrently with the examination of the UnitedHealth Group Incorporated (UHG) holding company. The State of Connecticut Insurance Department acted in the capacity as the lead state for the coordinated examinations. Work performed by the State of Connecticut Insurance Department was reviewed and relied on where deemed appropriate.

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.

#### **Independent Actuary's Review**

An independent actuarial firm was engaged by the State of Connecticut Insurance Department. The actuary assisted in the review of the company's reserving, pricing/underwriting, and reinsurance risks for the coordinated examination. The actuary's results were reported to the examiner-in-charge. As deemed appropriate, reference is made in this report to the actuary's conclusion.

## II. HISTORY AND PLAN OF OPERATION

The company was organized in 1982 under the name of United Wisconsin Life Insurance Company. In February 1983, 35% of the company's stock was sold to International Financial Services, Inc. In April 1983, the remainder of the company stock was sold to United Wisconsin Services, Inc. In December 1985, United Wisconsin Services, Inc. acquired the remaining 35% and became the sole shareholder of the company.

In December 1996, the company was contributed to American Medical Security Holding, Inc., a wholly owned subsidiary of United Wisconsin Services, Inc. American Medical Security Holding, Inc. became American Medical Security Group, Inc. Two entities were merged into the company, one in March 1997 and another in November 2004. On the date of the November 2004 merger, the company's name was changed to American Medical Security Life Insurance Company and in December 2004 the company's holding company became a wholly owned subsidiary of PacifiCare Health Systems, Inc. The holding company was acquired by UHG in December 2005.

The company exited the employer group market in various states to eliminate duplicate coverages with other UHG companies in the various states in August 2006. In November of 2006, the company entered into an assumption agreement with an affiliate, UnitedHealthcare Insurance Company (UHIC), whereby UHIC assumed the company's group medical, dental, life, and disability insurance business in certain states. Subsequent to this change, the company focused on offering health care benefits and insurance products to individuals.

In December 2006, the company's direct ownership was transferred to Golden Rule Financial Corporation (GRFC), a wholly owned subsidiary of UHG.

During the first half of 2010, the company made a decision to stop offering individual health insurance products to new customers and discontinue marketing and quoting new business as a result of the passage of federal health care reform legislation and corporate strategies to streamline duplicative product offerings with affiliated entities.

Effective March 2013, the company changed its name to its current name, UnitedHealthcare Life Insurance Company.

In 2014, the company started selling off-exchange individual health plans compliant with the Affordable Care Act (ACA). In addition, the company started selling employer group health plans, primarily in the state of Ohio. The company left the individual ACA market effective January 1, 2017.

In 2021, the company collected direct premium in the following states:

Ohio	\$429,071,389	92.4%
New Jersey	21,985,045	4.7
All others	<u>13,169,324</u>	<u>2.9</u>
Total	<u>\$464,225,758</u>	<u>100.0%</u>

The major products marketed by the company include off-exchange individual health, group accident and health, other accident and health, and group life.

The following chart is a summary of premium income as reported by the company in 2021. The growth of the company is discussed in the “Financial Data” section of this report.

#### Premium Income

Line of Business	Direct Premium	Reinsurance Assumed	Reinsurance Ceded	Net Premium
Comprehensive (hospital and medical)	\$431,247,931	\$0	\$0	\$431,247,931
Dental only	9,646,310			9,646,310
Vision only	987,573			987,573
Other health	<u>22,250,937</u>			<u>22,250,937</u>
Health subtotal	464,132,751			464,132,751
Life	<u>93,007</u>			<u>93,007</u>
Total All Lines	<u>\$464,225,758</u>	<u>\$0</u>	<u>\$0</u>	<u>\$464,225,758</u>

### III. MANAGEMENT AND CONTROL

#### Board of Directors

The board of directors consists of three members. All directors are elected annually to serve a one-year term. Officers 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. The board members currently receive no compensation for serving on the board.

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

<b>Name and Residence</b>	<b>Principal Occupation</b>	<b>Term Expires</b>
Patrick Carr <sup>1</sup> Indianapolis, Indiana	Chief Executive Officer & President UHLIC	2022
John Cosgriff Mendota Heights, Minnesota	Chief Executive Officer & President UHLIC	2023
James Gabriel Green Bay, Wisconsin	Senior Vice President, Actuarial Pricing UHLIC	2023
Richard Sullivan Indianapolis, Indiana	Secretary & Vice President UHLIC	2023

#### Officers of the Company

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

<b>Name</b>	<b>Office</b>
Patrick Carr <sup>1</sup>	Chief Executive Officer & President
John Cosgriff	Chief Executive Officer & President
Ahmad Ansari <sup>2</sup>	Chief Financial Officer & Vice President
Jeremy M. Schoettle	Chief Financial Officer & Vice President
Peter Gill	Treasurer
Richard Sullivan	Secretary & Vice President

#### Committees of the Board

The company's bylaws allow for the formation of certain committees by the board of directors. There were no committees of the board at the time of the examination.

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<sup>1</sup> Mr. Carr retired from the board of directors and the company in 2022.

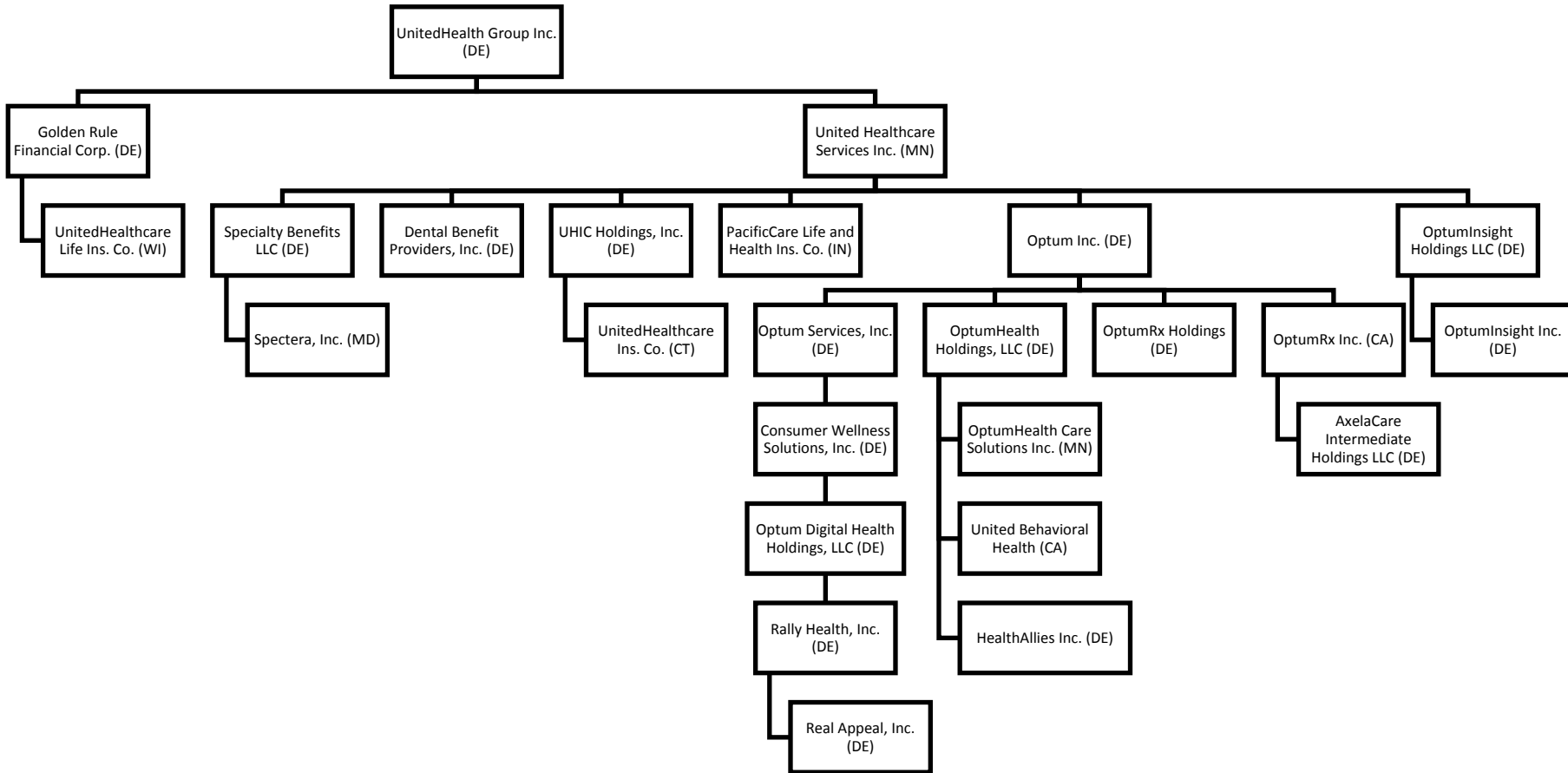
<sup>2</sup> Effective May 6, 2022, Mr. Ansari was elected to the position of Chief Financial Officer and Vice President

#### **IV. AFFILIATED COMPANIES**

UnitedHealthcare Life Insurance Company is a member of a holding company system consisting of approximately 550 companies. The abbreviated organizational chart on the following page depicts the relationships among the affiliates in the group that UHLIC has contractual relationships with. A brief description of affiliates deemed significant follows the organizational chart.



Abbreviated Organizational Chart  
As of December 31, 2021



### **UnitedHealth Group Incorporated (UHG)**

UHG, the ultimate controlling entity in the insurance holding company system, is a diversified health and well-being company. Through its affiliated companies, UHG offers a broad spectrum of health care products and services. As of December 31, 2021, the consolidated audited financial statements of UHG reported assets of \$212.2 billion, liabilities of \$135.7 billion, noncontrolling interests of \$1.4 billion, and net worth of \$75.1 billion. Operations for 2021 produced net income of \$17.7 billion.

### **United HealthCare Services, Inc. (UHS)**

UHS provides administrative and other services to various member companies in the holding company group. As of December 31, 2021, the audited financial statements of UHS reported assets of \$130.7 billion, liabilities of \$44.7 billion, and equity of \$85.9 billion. Operations for 2021 produced net earnings of \$0.5 billion.

### **Optum, Inc. (Optum)**

Optum is a platform that operates three business segments, OptumHealth Holdings, Inc., OptumInsight, Inc., and OptumRx, Inc., leveraging distinctive capabilities in health care delivery population health, health care operations, data and analytics, and pharmacy care services. As of December 31, 2021, the audited consolidated financial statements of UHG reported assets for Optum of \$117.5 billion. Operations for 2021 produced total revenues of \$155.6 billion and earnings from operations of \$12.0 billion.

### **OptumRx, Inc. (OptumRx)**

OptumRx provides pharmacy benefit management services. As of December 31, 2021, the unaudited financial statements of OptumRx reported assets of \$28.2 billion, liabilities of \$15.0 billion, and equity of \$13.2 billion. Operations for 2021 produced net earnings of \$0.1 billion.

### **UnitedHealthcare Insurance Company (UHIC)**

UHIC is a life and health insurer domiciled in Connecticut. UHIC is the largest insurer in the holding company and writes group accident and health insurance contracts for employers and associations. As of December 31, 2021, the annual statement of UHIC reported assets of \$22.7 billion, liabilities of \$15.3 billion, and net worth of \$7.4 billion. Operations for 2021 produced net income of \$2.0 billion.

## **Agreements with Affiliates**

### UHG Tax Sharing Agreement

UHG and its affiliates are parties to a Tax Sharing Agreement. UHLIC became a party to this agreement effective January 1, 2006. The agreement provides that the group should file a consolidated tax return in which UHG is defined as the parent. Each subsidiary agrees to pay the amount of the consolidated federal income tax liability attributable to each subsidiary.

Effective March 1, 2019, the existing agreement was amended and restated to reflect amendments to three sections of the agreement. Amendments included: quarterly estimated tax payments are to be made to the parent on or prior to the respective tax payment due date; that the agreement will automatically be amended in the event of a change of tax law; to update that electronic signatures for the agreement hold the same as a manual signature.

### UHS Management Services Agreement

Effective January 1, 2014, UHLIC entered into a Management Services Agreement with UHS, in which UHS provides management and operational support to UHLIC including, but not limited to, those services described in Exhibit A of the Agreement. In return, UHLIC will pay management fees to UHS equal to: (a) UHS' Expenses for services or use of assets provided solely to the company, and (b) company's allocated portion of UHS' Expenses where the services or use of assets are shared among the company and other Health Plans.

Two amendments were made to the agreement with the first amendment effective January 1, 2015, updating the third-party administrator and other services provisions and Medicare provisions, and the addition of an exchange regulatory appendix provisions and other provisions. The second amendment was effective March 1, 2017, the agreement was amended to update the methodology used in the review of the management fees for reasonableness.

### OptumRx Prescription Drug Benefit Administration Agreement

Effective January 1, 2013, UHS entered into a Prescription Drug Benefit Administration Agreement with OptumRx. Pursuant to the Agreement, OptumRx provides affiliates with Core Prescription Drug Benefit Services and Mail Order Pharmacy Services. Under the Core Prescription Drug Benefit Services, OptumRx establishes and maintains a network of pharmacies to service the benefit plans,

provide claims processing services, benefits administration and support, marketing and sales support, account management services, rebate administration, clinical services and finance, and analytical support services. Under the Mail Order Pharmacy Services, OptumRx provides UHLIC with mail order network prescription services.

Seven amendments have been made to the original agreement with the latest effective January 1, 2022. Amendments included adding additional affiliates to the agreement, updating services, and updating specific appendices to be in accordance with regulatory requirements.

#### OptumRx - Facility Participation Agreement (Specialty Pharmacy for Medical Benefits)

Effective December 1, 2015, UHLIC entered into the Facility Participation Agreement, in which OptumRx is a specialty pharmacy provider. OptumRx provides the specialty pharmacy medications covered under the member's medical benefits. In addition to dispensing and delivering the specialty pharmacy medications, OptumRx provides information, including side effect management, storage of the medication, missed dose management, and disease state information, to UHLIC's members or their caregivers. OptumRx also provides access to customer service representatives and pharmacists to provide support and guidance to UHLIC's members and family members.

Effective July 1, 2018, two amendments were made to the agreement that updated the compensation and reimbursement methodology for specialty pharmacy services, updated the state regulatory requirements, and further defined capitalized terms.

#### OptumRx – Facility Participation Agreement (Specialty Pharmacy for Pharmacy Benefits)

Effective July 1, 2018, UHLIC entered into the Facility Participation Agreement, in which OptumRx is a specialty pharmacy provider. Under the fee-for-service agreement, OptumRx provides the specialty pharmacy medications covered under the member's pharmacy benefits. In addition to dispensing and delivering the specialty pharmacy medications, OptumRx is providing information, including side effect management, storage of the medication, missed dose management, and disease state information, to UHLIC's members or their caregivers. OptumRx also provides access to customer service representatives and pharmacists to provide support and guidance to UHLIC's members and family members.

#### OptumHealth Administrative Services Agreement

Effective January 1, 2014, UHLIC entered into the Administrative Services Agreement with OptumHealth Care Solutions, Inc. (OptumHealth). Pursuant to the Agreement, OptumHealth provides physical health services and claims administrative services to UHLIC's commercial members for all ASO Benefit Plans and Full-Service Benefit Plans.

The agreement was first amended effective January 1, 2015, updating the compensation addendum and adding the exchange regulatory appendix.

The second amendment was effective December 1, 2016, adding various appendices including a specific regulatory requirements appendix, third-party administrator and other services provisions, Florida/North Carolina/Wyoming third-party administrator regulatory requirements, and a third-party administrators requirements appendix. In addition, the amendment updated the compensation for services and the delegated credentialing addendums.

#### OptumInsight Third-Party Administrator Agreement

Effective October 1, 2020, UHLIC entered into the OptumInsight Third-Party Administrator Agreement with OptumInsight, Inc. (OptumInsight), is responsible for the provision of any third-party administrator services for UHLIC's commercial, Medicare, and Medicaid members.

#### OptumInsight Services Agreement

Effective January 1, 2014, UHLIC entered into the OptumInsight Services Agreement with OptumInsight, in which OptumInsight provides services related to claim analytics and recovery services, retrospective fraud, waste and abuse services, subrogation services, and premium audit services.

The agreement has been amended seven times, with the seventh effective January 1, 2022. The amendments updated various appendices and exhibits that contained lists of services, and compensation schedules.

#### OptumInsight Software License Agreement

Effective December 15, 2000, UHLIC entered into the Software License Agreement with HSS, Inc. (now OptumInsight), in which OptumInsight grants UHLIC a license to use their software to produce reports analyzing the accessibility of UHLIC's health care networks. UHLIC pays OptumInsight an annual service fee.

Effective December 20, 2000, UHLIC entered into the Software License Agreement with GeoAccess, Inc. (now OptumInsight), in which OptumInsight grants UHLIC a license to use OptumInsight software to produce reports analyzing the accessibility of UHLIC's health care networks.

#### OptumInsight Master Services and License Agreement

Effective May 1, 1999, UHLIC entered into a Master Services and License Agreement with Ingenix, Inc. (now known as OptumInsight). OptumInsight provides the company with certain claims data management, software, and decision support products and services. Under the agreement, UHLIC pays OptumInsight an annual fee for the services in accordance with the payment schedule. The agreement was amended three times for product schedules, software database licenses, detective and investigative services, and access to a prevailing health care charges system. Effective March 18, 2007, the product schedule for detection and investigative services part of the agreement was terminated.

#### UHC Insolvency Reinsurance Agreement

Effective January 1, 2014, UHLIC entered into the Insolvency Reinsurance Agreement with UnitedHealthcare Insurance Company (UHC) for insolvency reinsurance pertaining to its Alabama Insurance Exchange, Small Business Health Options Program (SHOP) members. This is discussed in detail in the Reinsurance section of this examination report.

#### UBH Behavioral Services Agreement

Effective January 1, 2014, UHLIC entered into the Behavioral Health Services Agreement with United Behavioral Health (UBH), in which UBH provides mental health and substance abuse services for UHLIC's commercial members. This agreement was amended four times. The agreement and subsequent amendments were associated with the reinsurance agreement with Unimerica and provided for the assumption of risk for a limited portion of benefits provided by UHLIC on a reinsurance basis.

#### AxelaCare Facility Participation Agreement

Effective February 1, 2016, UHLIC entered into the Facility Participation Agreement with AxelaCare Intermediate Holdings, LLC (AxelaCare), in which AxelaCare provides home infusion therapy services, including per diem nursing services and the cost of drugs. The agreement is available to be used by all commercial, Medicare, and Medicaid products UHLIC may offer. The agreement was

amended effective January 1, 2019, to update the definitions of the capitalized terms, state requirement appendix, and to add a coordination of covered services in an ambulatory infusion suite setting.

#### DBP Dental Services Agreement

Effective January 1, 2014, UHLIC entered into the Dental Services Agreement with Dental Benefit Providers (DBP), in which DBP provides dental services and/or products for UHLIC's members, as well as network management, credentialing and re-credentialing, utilization management and/or complex case management, claims administration, and other general services.

Two amendments have been made to the agreement, with the first effective January 1, 2015, with updates to the compensation for services addendum and the exchange regulatory appendix. The second amendment, effective January 1, 2016, updated the compensation for services addendum, HMO or insurance-specific regulatory requirements appendix, delegated credentialing addendum, and added a third-party administrator and other services provision.

#### HealthAllies Marketing Services Agreement

Effective December 6, 2013, UHLIC entered into the Marketing Services Agreement with HealthAllies, Inc. (HealthAllies), in which UHLIC promotes HealthAllies discounting plans and programs to potential customers through various promotional methods. In return, HealthAllies gives UHLIC access to its provider networks and discount plans.

#### Golden Rule and All Savers Utilization Review Delegation Agreement

Effective February 12, 2012, Golden Rule Insurance Company (GRIC), UHLIC, and All Savers Insurance Company (ASIC) entered into the Utilization Review Delegation Agreement, under which UHLIC provides GRIC and ASIC with utilization review services.

#### Spectera Vision Service Agreement

Effective January 1, 2014, UHLIC entered into the Vision Services Agreement with Spectera, Inc. (Spectera), in which Spectera provides vision services and/or products for UHLIC's members. A fifth amendment was made effective September 1, 2019, updating the reimbursement rates and the Medicare Advantage regulatory requirements appendix.

#### Ancillary Provider Participation Agreement

Effective May 1, 2016, UHLIC entered into the Ancillary Provider Participating Agreement with MedExpress Health Insurance Company and DWIC of Tampa Bay, Inc., collectively referred to as the Facility. Pursuant to the Agreement, the Facility is providing home urgent care services to UHLIC's members. An amendment was made on September 1, 2016, updating the facility location, service listings, payment appendix, and covered products.

#### UHCNC Network Access Agreement

Effective November 6, 2006, UHLIC and UnitedHealthcare of North Carolina, Inc. (UHCNC), entered into a Network Access Agreement in which UHCNC grants UHLIC the right to access UHCNC's contracted provider networks. UHLIC pays UHCNC a per member, per month (PMPM) fee for access.

#### UHS Network Access Agreement

UHLIC and PacifiCare Health Plan Administrators, Inc. (PHPA, now UHS), entered into the Network Access Agreement effective March 1, 2005, in which UHS grants to UHLIC the right to access contracted provider networks and receive the benefit of the provider networks' discount rates. No compensation is paid under the Agreement. The Agreement provides for an initial term of one year with automatic one-year renewals unless the Agreement is terminated by either party.

#### National Ancillary Provider Participation Agreement

Effective January 1, 2019, UHLIC entered into an agreement with Real Appeal, Inc and UHIC to provide Obesity and Diabetes Prevention Services focusing on weight loss to commercial members. Services include customizable programs, including weekly online technology and live audio/video capabilities. Initial term of three years with a renewal term of one year until termination. Compensation for services rendered were defined per visit as follows: Health and behavior assessment 2018: \$103; 2019: \$130; 2020: \$150; Education and training session: 2018-2020: \$49.



## **V. REINSURANCE**

As of December 31, 2021, the Company does not have any material reinsurance contracts. The following are summaries of the contracts that are currently in runoff. The contracts contain proper insolvency provisions.

Prior to 2007, the company used reinsurance to mitigate large claim exposure. Currently, UHLIC has determined that the large claim exposure for individual life and health business is a manageable risk and has elected to not use reinsurance for these types of contracts.

### **Ceding Contracts**

Pursuant to the ACA, the company has entered into an insolvency-only agreement effective January 1, 2014, with UnitedHealthcare Insurance Company (UHIC), an affiliate, for qualified health plans written through the Alabama Insurance Exchange, as amended from time to time. Under this agreement, the company cedes to UHIC for the type of policies for the month by one tenth of one percent (0.1%) in exchange for insolvency coverage. The company did not have any enrollees covered under this agreement in 2021.

### **Assuming Contracts**

Effective April 27, 2005, the company entered into a quota share coinsurance agreement with PacifiCare Life and Health Insurance Company (PLHIC), an affiliate, to retrocede 55% of the business ceded to PLHIC by Pacific Life Insurance Company (PLIC) and PacifiCare Life Assurance Company (PLAC) after the transfer to PLHIC of renewal rights to blocks of business. The reinsurance was terminated effective December 31, 2006. However, the existing business continued and there is a minimal amount left on premium waiver.

## **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.

**UnitedHealthcare Life Insurance Company**  
**Assets**  
**As of December 31, 2021**

	<b>Assets</b>	<b>Nonadmitted Assets</b>	<b>Net Admitted Assets</b>
Bonds	\$158,723,344	\$	\$158,723,344
Cash, cash equivalents and short-term investments	4,549,371		5,549,371
Investment income due and accrued	1,018,135		1,018,135
Uncollected premiums and agents' balances in the course of collection	1,431,018	240,028	1,190,990
Accrued retrospective premiums and contracts subject to redetermination	1,891,016		1,891,016
Current federal and foreign income tax recoverable and interest thereon	4,229,414		4,229,414
Net deferred tax asset	2,240,303		2,240,303
Guaranty funds receivable or on deposit	404,936		404,936
Health care and other amounts receivable	15,127,058	3,494,121	11,632,937
Write-ins for other than invested assets:			
Current state taxes receivable	12,434		12,434
Service fee billing	22,550	22,550	
Prepaid expenses	<u>4,323</u>	<u>4,323</u>	<u>          </u>
<b>Total Assets</b>	<b><u>\$189,653,902</u></b>	<b><u>\$3,761,022</u></b>	<b><u>\$185,892,880</u></b>

**UnitedHealthcare Life Insurance Company**  
**Liabilities and Net Worth**  
**As of December 31, 2021**

Claims unpaid		\$ 52,823,612
Accrued medical incentive pool and bonus payments		2,561,607
Unpaid claims adjustment expenses		263,781
Aggregate health policy reserves		16,463,910
Aggregate life policy reserves		120,944
Aggregate health claim reserves		9,027,550
Premiums received in advance		5,978,682
General expenses due or accrued		3,924,380
Amounts withheld or retained for the account of others		237,584
Remittance and items not allocated		5,334
Amounts due to parent, subsidiaries, and affiliates		16,149,832
Aggregate write-ins for other liabilities:		
Unclaimed property liability		<u>416</u>
Total Liabilities		107,557,632
Common capital stock	\$ 6,000,000	
Gross paid in and contributed surplus	203,030,982	
Unassigned funds (surplus)	<u>(130,697,734)</u>	
Total Capital and Surplus		<u>78,335,248</u>
Total Liabilities, Capital and Surplus		<u>\$185,892,880</u>

**UnitedHealthcare Life Insurance Company**  
**Statement of Revenue and Expenses**  
**For the Year 2021**

Net premium income		\$464,225,758
Change in unearned premium reserves and reserve for rate credits		10,307
Write-ins for other non-health revenues		
Miscellaneous revenue		1,950
Account setup fees		<u>112</u>
Total revenues		<u>464,238,127</u>
Medical and Hospital:		
Hospital/medical benefits	\$336,551,127	
Other professional services	5,451,120	
Prescription drugs	65,044,062	
Incentive pool and withhold adjustments	<u>54,537</u>	
Total medical and hospital	<u>407,100,846</u>	
Non-health claims	10,419	
Claims adjustment expenses	14,390,857	
General administrative expenses	35,030,373	
Increase in reserves for life and accident and health contracts	<u>4,877,845</u>	
Total underwriting deductions		<u>461,410,340</u>
Net underwriting gain or (loss)		2,827,787
Net investment income earned	2,822,367	
Net realized capital gains or (losses)	<u>573,974</u>	
Net investment gains or (losses)		3,396,341
Net gain or (loss) from agents' or premium balances charged off		(140,391)
Write-ins for other income or expenses:		
Other revenue and expenses		6,091
Fines and penalties		<u>(5,051)</u>
Net income or (loss) before federal income taxes		<u>6,084,777</u>
Federal and foreign income taxes incurred		<u>2,089,009</u>
Net Income (Loss)		<u>\$ 3,995,768</u>

**UnitedHealthcare Life Insurance Company**  
**Capital and Surplus Account**  
**For the Five-Year Period Ending December 31, 2021**

	2021	2020	2019	2018	2017
Capital and surplus, beginning of year	\$123,354,652	\$136,645,904	\$158,891,567	\$142,938,953	\$167,504,566
Net income (loss)	3,995,768	26,426,662	14,308,650	15,597,758	32,078,953
Change in net deferred income tax	1,004,775	(122,045)	(31,459)	(526,377)	1,915,411
Change in nonadmitted assets	(19,947)	678,497	(1,024,376)	961,499	268,113
Cumulative effect of changes in accounting principles					1,065,900
Surplus adjustments: Paid in	(50,000,000)	(40,000,000)	(35,500,000)		(60,000,000)
Change in asset valuation reserve <sup>3</sup>			1,522	(80,266)	106,010
Write-ins for gains and (losses) in surplus: IMR and AVR Prior to Conversion from Blue Blank to an Orange Blank	_____	(274,366)	_____	_____	_____
Capital and Surplus, End of Year	<u>\$78,335,248</u>	<u>\$123,354,652</u>	<u>\$136,645,904</u>	<u>\$158,891,567</u>	<u>\$142,938,953</u>

<sup>3</sup> Subsequent to the 2019 annual statement, the company converted from a blue blank (life) to an orange blank (health). This line item was included for companies who use the blue blank and as such was included for the years the company filed on the blue blank.

**UnitedHealthcare Life Insurance Company**  
**Statement of Cash Flow**  
**For the Year 2021**

Premiums collected net of reinsurance		\$471,237,482
Net investment income		4,132,022
Miscellaneous income		<u>2,062</u>
Total		475,371,566
Less:		
Benefit- and loss-related payments	\$392,785,679	
Commissions, expenses paid and aggregate write-ins for deductions	49,847,444	
Federal and foreign income taxes paid (recovered) net of tax on capital gains (losses)	<u>(1,125,394)</u>	
Total		<u>441,507,729</u>
Net cash from operations		33,863,837
Proceeds from Investments Sold, Matured or Repaid:		
Bonds	55,987,677	
Cost of Investments Acquired—Long-term Only:		
Bonds	\$40,252,456	
Miscellaneous applications	<u>2,052,232</u>	
Total investments acquired	<u>42,304,688</u>	
Net cash from investments		13,682,989
Capital and paid-in surplus, less treasury stock	(50,000,000)	
Other cash provided (applied)	<u>972,125</u>	
Net cash from financing and miscellaneous sources		<u>(49,027,875)</u>
Net Change in Cash, Cash Equivalents, and Short-Term Investments		(1,481,049)
Cash, cash equivalents, and short-term investments:		
Beginning of year		<u>6,030,420</u>
End of Year		<u>\$ 4,549,371</u>

**Growth of UnitedHealthcare Life Insurance Company**

<b>Year</b>	<b>Assets</b>	<b>Liabilities</b>	<b>Capital and Surplus</b>	<b>Net Premium Earned</b>	<b>Medical Expenses Incurred</b>	<b>Net Income</b>
2021	\$185,892,880	\$107,557,632	\$ 78,335,248	\$464,225,758	\$407,100,846	\$ 3,995,768
2020	213,476,384	90,121,732	123,354,652	443,706,345	354,571,278	26,426,662
2019	239,305,200	102,659,296	136,645,904	474,391,078	408,974,430	14,308,650
2018	241,185,823	82,294,256	158,891,567	471,769,797	387,160,993	15,597,598
2017	224,228,879	81,289,926	142,938,953	434,521,385	327,983,677	32,078,953
2016	508,126,710	340,622,145	167,504,565	960,946,644	857,813,015	(8,989,713)

<b>Year</b>	<b>Profit Margin</b>	<b>Medical Loss Ratio</b>	<b>Administrative Expense Ratio</b>	<b>Enrollment</b>	<b>Change in Enrollment</b>
2021	0.9%	88.8%	10.6%	113,846	0.4%
2020	5.9	79.9	13.2	113,390	-10.3
2019	3.0	86.2 <sup>4</sup>	11.1 <sup>4</sup>	126,367	-7.8
2018	3.3	82.1 <sup>4</sup>	14.5 <sup>4</sup>	137,042	-10.4
2017	7.3	75.3 <sup>4</sup>	14.6 <sup>4</sup>	153,008	-49.3
2016	(0.9)	89.3 <sup>4</sup>	16.4 <sup>4</sup>	301,808	18.7 <sup>5</sup>

**Enrollment and Utilization<sup>4</sup>**

<b>Year</b>	<b>Enrollment</b>	<b>Hospital Days/1,000</b>	<b>Average Length of Stay</b>
2021	113,846	138.6	3.9
2020	113,390	124.7	3.7

<sup>4</sup> Subsequent to the 2019 annual statement, the company converted from a blue blank (life) to an orange blank (health). The company provided the Medical Loss Ratio and the Administrative Expense Ratios listed above for the years 2016-2019 as the line items used to calculate these amounts are unavailable for the years the company filed the blue blank. Enrollment and Utilization for 2016-2019 was also not included as part of the blue blank.

<sup>5</sup> The company provided the amount of enrollment for 2015 for the calculation of the 2016 change in enrollment for the same reason as noted above.



### Per Member Per Month Information

	2021	2020	Percentage Change
<b>Premiums:</b>			
Commercial	\$457.45	\$433.35	5.6%
Other	167.86	148.94	12.7
<b>Expenses:</b>			
Hospital/medical benefits	312.22	270.33	15.5
Other professional services	0.43	0.32	33.9
Prescription Drugs	60.34	58.40	3.3
Incentive pool and withhold adjustments	<u>0.05</u>	<u>0.88</u>	-94.3
Total medical and hospital	373.04	329.33	13.1
Net Non-health claims	0.01	0.04	-76.7
Claims adjustment expenses	13.07	13.14	-0.5
General administrative expenses	31.82	40.79	-0.2
Increase in reserves for accident and health contracts	4.52	<u>0.12</u>	3,777.2
Increase in reserves for life contracts	<u>0.00</u>	<u>(0.00)</u>	-177.5
Total underwriting deductions	<u>\$422.47</u>	<u>\$383.92</u>	10.0

Effective January 1, 2017, the company exited the ACA individual market which resulted in 54.8% lower net premiums. Though premiums were lower, 2017 operations resulted in the highest net income in the five-year period. Favorable operating results were reported for all years under examination, with net premiums earned increasing 6.8% over the five-year period.

Though both admitted assets and capital and surplus decreased over the examination period by 17.1% and 45.2%, respectively, the company is well positioned to meet its short-term liquidity needs. Assets held by the company are generally cash and money market funds of high quality.

The company paid dividends of \$50.0 million and \$40.0 million in 2021 and 2020, respectively, to its parent, GRFC.

**UnitedHealthcare Life Insurance Company  
Compulsory and Security Surplus Calculation  
December 31, 2021**

Assets		\$185,892,880
Less liabilities		<u>107,557,632</u>
Adjusted surplus		78,335,248
Annual premium:		
Individual life and health	\$ 11,381,051	
Factor	<u>15%</u>	
Total		\$1,707,158
Group life and health	452,751,700	
Factor	<u>10%</u>	
Total		45,275,170
All other insurance	93,007	
Factor	<u>20%</u>	
Total		<u>18,601</u>
Compulsory surplus (subject to a \$2,000,000 minimum)		<u>47,000,929</u>
Compulsory Surplus Excess (Deficit)		<u>\$ 31,334,319</u>
Adjusted surplus (from above)		\$78,335,248
Security surplus (140% of compulsory surplus, factor reduced 1% for each \$33 million in premium written in excess of \$10 million, with a minimum of 110%)		<u>59,691,180</u>
Security Surplus Excess (Deficit)		<u>\$ 18,644,068</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.

## **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.

### **Intersegment Rate Negotiation Documentation**

During the lead state's review of the intercompany transactions, it was noted that the documents used by UnitedHealthcare segments to analyze and renegotiate the inter-segment rates, for appropriateness, are not maintained as support in accordance with s. 617.21 Wis. Stat., s. Ins. 40.04 (2) (d) Wis. Adm. Code, NAIC Accounting Practices and Procedures Manual Statement of Statutory Accounting Principles No 25 – *Affiliates and Other Related Parties* (SSAP No. 25), and Appendix A-440 – *Insurance Holding Companies* (A-440). Additionally, the company did not provide comprehensive support to demonstrate that charges between affiliates were fair and reasonable as required by SSAP No. 25 and A-440. It is recommended that the company maintain, for review, the accounting information necessary to support the reasonableness of charges or fees for affiliated transactions, as required by s. 617.21 Wis. Stat. and s. Ins. 40.04 (2) (d) Wis. Adm. Code, SSAP No. 25, and A-440. It is further recommended for future affiliated contracts that the company either be able to fully demonstrate that the charges or fees are fair and reasonable or enter into those arrangements on a cost basis.

### **Unclaimed Property – Timely Due Diligence**

UHG has one unclaimed property procedure for all entities within the group. During the lead state's review of the lead state's unclaimed property during the examination period, it was noted that the company failed to perform timely due diligence and/or failed to escheat unclaimed property back to the state, in accordance with the state law. Chapter 177, Wis. Stat, contains the due diligence and the escheating requirements for unclaimed property. It is recommended that the company review its policies and procedures to ensure they are in accordance with s. 177, Wis. Stat., including but not limited to, the timeliness of sending due diligence letters, the reissuance of checks, and the escheatment of unclaimed property.

## VIII. CONCLUSION

The company was organized in 1982 under the name of United Wisconsin Life Insurance Company. Effective March 2013, the company changed its name to its current name, UnitedHealthcare Life Insurance Company.

The major products marketed by the company include off-exchange individual health, group accident and health, other accident and health and group life. The company primarily writes business in Ohio. Effective January 1, 2017, the company exited the ACA individual market which resulted in 54.8% lower net premiums. Though premiums were lower, 2017 operations resulted in the highest net income in the five-year period. Favorable operating results were reported for all years under examination, with net premiums earned increasing 6.8% over the five-year period.

Though both admitted assets and capital and surplus decreased over the examination period by 17.1% and 45.2%, respectively, the company is well positioned to meet its short-term liquidity needs. Assets held by the company are generally cash and money market funds of high quality.

The company paid dividends of \$50.0 million and \$40.0 million in 2021 and 2020, respectively, to its parent GRFC.

The examination resulted in three recommendations and no adjustments to surplus. The amount of surplus reported by the company as of December 31, 2021, is accepted.

## IX. SUMMARY OF COMMENTS AND RECOMMENDATIONS

1. Page 27 - Intersegment Rate Negotiation Documentation— It is recommended that the company maintain, for review, the accounting information necessary to support the reasonableness of charges or fees for affiliated transactions, as required by s. 617.21 Wis. Stat. and s. Ins. 40.04 (2) (d) Wis. Adm. Code, SSAP No. 25 and A-440.
2. Page 27 - Intersegment Rate Negotiation Documentation— It is further recommended for future affiliated contracts that the company either be able to fully demonstrate that the charges or fees are fair and reasonable or enter into those arrangements on a cost basis.
3. Page 27 - Unclaimed Property – Timely Due Diligence—It is recommended that the company review its policies and procedures to ensure they are in accordance with s. 177, Wis. Stat., including but not limited to, the timeliness of sending due diligence letters, the reissuance of checks and the escheatment of unclaimed property.

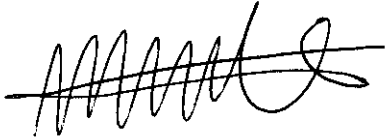
**X. ACKNOWLEDGMENT**

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>
Eleanor Lu, CISA	IT Specialist
Kongmeng Yang	Quality Control Specialist
Jerry DeArmond, CFE	Reserve Specialist

Respectfully submitted,



Marisa K. Rodgers  
Examiner-in-Charge