

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

IN THE MATTER OF:)
)
Anthem Insurance Companies, Inc.)
220 Virginia Avenue)
Indianapolis, Indiana 46204)

Examination of: **Anthem Insurance Companies, Inc.**

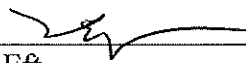
NOTICE OF ENTRY OF ORDER

Enclosed is the Final Order entered by Amy L. Beard, Commissioner of the Indiana Department of Insurance, after fully considering and reviewing the Verified Report of Examination of Anthem Insurance Companies, Inc., any relevant examination work papers, and any written submissions or rebuttals. The Verified Report of Examination, as sent to you on May 30, 2024 has been adopted by the Commissioner.

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

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

June 24, 2024
Date


Roy Eft
Chief Financial Examiner

CERTIFIED MAIL NUMBER: 7019 0700 0000 3590 3086

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

IN THE MATTER OF:)
)
Anthem Insurance Companies, Inc.)
220 Virginia Avenue)
Indianapolis, Indiana 46204)

Examination of: **Anthem Insurance Companies, Inc.**

FINDINGS AND FINAL ORDER

The Indiana Department of Insurance conducted an examination into the affairs of the Anthem Insurance Companies, Inc. (hereinafter “Company”) for the time period January 1, 2018 through December 31, 2022.

The Verified Report of Examination was filed with the Commissioner of the Department of Insurance (hereinafter “Commissioner”) by the Examiner on May 30, 2024.

A copy of the Verified Report of Examination, along with a Notice of Opportunity to Make Written Submission or Rebuttal, was mailed to the Company via Certified Mail on May 30, 2024 and was received by the Company on June 3, 2024.

The Company did not file any objections.

NOW THEREFORE, based on the Verified Report of Examination, I hereby make the following **FINDINGS**:

1. That the Verified Report of Examination is a true and accurate report of the financial condition and affairs of the Anthem Insurance Companies, Inc. as of December 31, 2022.
2. That the Examiner’s Recommendations are reasonable and necessary in order for the Anthem Insurance Companies, Inc. to comply with the laws of the State of Indiana.

Based on the FINDINGS, the Commissioner does hereby ORDER:

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

Signed this 24 day of
June, 2024.



Amy L. Beard
Insurance Commissioner
Indiana Department of Insurance

ABOUT AFFIRMATIONS

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

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

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

STATE OF INDIANA

Department of Insurance

REPORT OF EXAMINATION

OF

ANTHEM INSURANCE COMPANIES, INC.

NAIC Co. CODE 28207
NAIC GROUP CODE 0671

As of

December 31, 2022

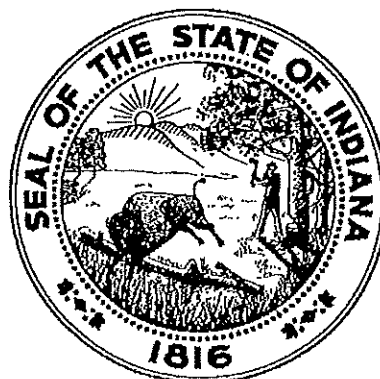


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STATE OF INDIANA

ERIC J. HOLCOMB, GOVERNOR

Indiana Department of Insurance

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

May 30, 2024

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

Dear Commissioner:

Pursuant to the authority vested in Appointment Number 4115, an examination has been made of the affairs and financial condition of:

Anthem Insurance Companies, Inc.
220 Virginia Avenue
Indianapolis, Indiana 46204

hereinafter referred to as the "Company," or "AICI," an Indiana domestic stock, property and casualty insurance company. The examination was conducted remotely with assistance from the Company's corporate office in Indianapolis, Indiana.

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

ACCREDITED BY THE NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

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

SCOPE OF EXAMINATION

The Company was last examined by representatives of the Indiana Department of Insurance (INDOI) and covered the period from January 1, 2014, through December 31, 2017. The present risk-focused examination was conducted by Noble Consulting Services, Inc., and covered the period from January 1, 2018, through December 31, 2022, and included any material transactions and/or events occurring subsequent to the examination date and noted during the course of this examination.

The examination was conducted in accordance with the NAIC *Financial Condition Examiners Handbook* (Handbook). The Handbook requires that we plan and perform the examination to evaluate the financial condition, assess corporate governance, identify current and prospective risks of the Company, and evaluate system controls and procedures used to mitigate those risks. An examination also includes identifying and evaluating significant risks that could cause an insurer's surplus to be materially misstated both currently and prospectively.

The examinations of the Indiana domestic insurance companies of Elevance Health, Inc. (Elevance Health) were called by the INDOI in accordance with the Handbook guidelines, through the NAIC's Financial Examination Electronic Tracking System. The INDOI served as the lead state on the examination. The following Departments of Insurance accepted the invitation to participate in the coordinated examination of the Elevance Health Group, serving in the capacity of participating states.

Arizona	District of Columbia	Maryland	New York	Washington
Arkansas	Iowa	Mississippi	Ohio	West Virginia
California	Kentucky	Missouri	Pennsylvania	Wisconsin
Colorado	Louisiana	Nebraska	Texas	
Connecticut	Maine	New Jersey	Virginia	

Several other insurers within the holding company system did not participate in this coordinated examination due to various reasons including having been recently examined, having been recently acquired, the desire to stay on their current exam cycles, and similar other reasons.

Micheal Berman, FSA, MAAA, of Davies Group, provided actuarial and reinsurance services throughout the examination and conducted a review of the Company's actuarial and reinsurance related risks as of December 31, 2022.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. This may include assessing significant estimates made by management and evaluating management's compliance with Statutory Accounting Principles. The examination does not attest to the fair presentation of the financial statements included herein. If, during the course of the examination an adjustment is identified, the impact of such adjustment will be documented separately following the Company's financial statements.

This examination report includes significant findings of fact, as mentioned in the Indiana Code (IC) 27-1-3.1-10 and general information about the insurer and its financial condition. There may be other items identified during the examination that, due to their nature (e.g., subjective conclusions, proprietary information, etc.), are not included within the examination report but separately communicated to other regulators and/or the Company.

HISTORY

AICI was incorporated on May 22, 1944, under the name Mutual Hospital Insurance, Inc. (MHII). On June 20, 1985, Mutual Medical Insurance, Inc. merged into MHII with MHII being the surviving entity and taking the name Associated Insurance Companies, Inc. On March 28, 1996, Associated Insurance Companies, Inc. changed its name to its present title.

On November 2, 2001, the Company converted from a mutual insurance company to a stock insurance company in accordance with IC 27-15-1-1 et seq., the Indiana Demutualization Law, under a plan of conversion approved by its Board of Directors (Board) on June 18, 2001, by the Commissioner of the INDOI on October 25, 2001, and by the Company's statutory members on October 29, 2001. As part of the conversion, the Company became a wholly owned subsidiary of Anthem, Inc. (Anthem), a new Indiana stock corporation created for the purpose of being the public holding company for the Anthem family of companies.

On October 27, 2003, Anthem and WellPoint Health Networks, Inc. (WHN) announced they had entered into a definitive agreement and plan of merger. On November 30, 2004, Anthem and WHN completed their merger. As a result of the merger, the Company became a subsidiary of WellPoint, Inc. (WLP), the largest publicly traded commercial health benefits company in terms of membership in the United States.

On December 3, 2014, WLP changed its name back to Anthem, Inc. and began trading under the new ticker symbol ANTM on the New York Stock Exchange.

As of June 28, 2022, Anthem, Inc. changed its name to Elevance Health, Inc.

As of December 31, 2022, the Company is wholly-owned by Elevance Health and has one wholly owned subsidiary, Associated Group, Inc., which has one wholly-owned subsidiary, Anthem Financial, Inc.

CAPITAL AND SURPLUS

Elevance Health owned 100% of the Company's issued and outstanding stock as of the examination date. There were 100 million authorized shares of common stock with a par value of \$1 per share and 100 million shares issued and outstanding throughout the examination period.

In 2021, the Company received a capital contribution of \$300 million from Elevance Health.

DIVIDENDS TO STOCKHOLDERS

The Company paid the following dividends, (in 000s), to Elevance Health during the examination period:

Year	Total	Ordinary Dividends	Extraordinary Dividends
2022	\$ -	\$ -	\$ -
2021	200,000	200,000	-
2020	250,000	250,000	-
2019	425,000	425,000	-
2018	490,000	-	490,000
Total	<u>\$1,365,000</u>	<u>\$875,000</u>	<u>\$490,000</u>

In accordance with IC 27-1-23-4(h), the payment of dividends to holding companies or affiliated insurers may not exceed the greater of 10% of the prior year's surplus or the net income of such insurer of the prior year. The Company paid one (1) extraordinary dividend during the examination period with the prior approval of the INDOI. Other dividends paid during the examination period were ordinary in nature and did not require prior regulatory approval. In accordance with IC 27-1-23-1.5, the Company notified the INDOI of all declared dividends to the parent during the examination period.

TERRITORY AND PLAN OF OPERATION

AICI writes Medicaid, Medicare, comprehensive hospital and medical, other health, Federal Employee Health Benefit Plan, Medicare Supplement, dental and vision products. AICI is licensed to write business in forty (40) states, with the majority of business written in Indiana. AICI is a licensee of the Blue Cross and Blue Shield Association, (BCBSA). As a BCBSA Licensee, AICI participates in the Federal Employee Program (FEP). FEP is a nationwide contract with the Federal Office of Personnel Management to provide health benefit coverage to federal employees and their families. AICI also participates in the BlueCard program as a BCBSA Licensee. BlueCard is a BCBSA nationwide program that enables members who need health care services while traveling or living in another plan's service area to access their benefits through the local plan's medical providers. The Company has a contract with the Indiana Office of Medicaid Policy and Planning authorizing the Company to manage healthcare services to eligible Medicaid recipients and a contract with the Centers for Medicare and Medicaid Services authorizing the Company to offer Medicare coverage to individuals and retiree groups. AICI also provides administrative services to certain customers under self-insured agreements.

GROWTH OF THE COMPANY

The following table summarizes the financial results*, (in 000s), of the Company during the examination period:

<u>Year</u>	<u>Admitted Assets</u>	<u>Liabilities</u>	<u>Capital and Surplus</u>	<u>Total Revenues</u>	<u>Net Income</u>
2022	\$5,849,877	\$3,495,150	\$2,354,727	\$ 10,752,450	\$ 671,765
2021	5,557,290	3,728,795	1,828,495	10,210,679	244,616
2020	4,205,777	2,779,857	1,425,921	8,750,128	509,634
2019	3,818,067	2,621,655	1,196,412	7,986,410	392,502
2018	3,480,938	2,300,636	1,180,302	7,116,034	498,885

*balances include immaterial rounding differences

The increase in net income for 2022 was due to an increase in underwriting gain along with investment income. The decrease in net income in 2021 was due to deterioration in underwriting gain and were partially offset by an increase in investment income.

The Company has a history of increases in surplus primarily due to net underwriting and investment gains, offset by dividends paid to Elevance Health.

MANAGEMENT AND CONTROL

Directors

The Bylaws provide that the number of directors shall fall within the range prescribed by the Amended Restated Articles of Incorporation. The majority of the directors shall at all times be Public Members. A Public Member is

one who is neither an employee of nor has an interest in a health care provider and is not engaged in the active practice of a profession that provides health care services. The directors are elected on an annual basis with one-third terminating after each annual meeting. The Articles of Incorporation provide that the business affairs of the Company are to be managed by a Board consisting of no less than five (5) and no more than nineteen (19) directors. The shareholders, at each annual meeting, elect members of the Board.

The following is a listing of persons serving as directors as of December 31, 2022, and their principal occupations as of that date:

<u>Name and Address</u>	<u>Principal Occupation</u>
Laurie Helm Benintendi Cincinnati, Ohio	Vice President and Counsel Elevance Health, Inc.
Jane Elizabeth Keyser Indianapolis, Indiana	President, Chief Executive Officer, Chairperson, and Director Anthem Insurance Companies, Inc.
Kristen Louise Metzger Westfield, Indiana	President, Medicaid East Region Elevance Health, Inc.
Ronald William Penczek Zionsville, Indiana	Senior Vice President and Chief Accounting Officer Elevance Health, Inc.
Kimberly Ann Roop Carmel, Indiana	Vice President and Medicaid Plan President Elevance Health, Inc.

Officers

The Bylaws state that the elected officers of the Company shall consist of a Chairman, a President, Chief Executive Officer, a Treasurer, and a Secretary, each of whom shall be elected by the Board. Any two (2) or more offices may be held by the same person, except that the person holding the office of Secretary shall not hold the office of either Chairman, Chief Executive Officer or President. The Chief Executive Officer shall have the authority to appoint administrative officers such as Vice Presidents, Assistant Secretaries and Assistant Treasurers to perform such functions and duties as prescribed and approved by the Chief Executive Officer. Each of these officers is elected by the Board and shall hold office for one (1) year or until their respective successors are duly chosen and have qualified.

The following is a list of key officers and their respective titles as of December 31, 2022:

<u>Name</u>	<u>Office</u>
Jane Elizabeth Keyser	President, Chief Executive Officer, Chairperson
Kimberly Ann Roop	Vice President and Medicaid Plan President
Vincent Edward Scher	Treasurer
Kathleen Susan Kiefer	Secretary
Eric Kenneth Noble	Assistant Treasurer
Bryan Michael Shade	Assistant Secretary

CONFLICT OF INTEREST

Directors and officers are required to review and sign Conflict of Interest statements annually. It was determined that all directors and officers listed in the Management and Control section of this Report of Examination have reviewed and signed their statements as of December 31, 2021. Based on this review, it was determined a review for 2022 was unnecessary.

OATH OF OFFICE

IC 27-1-7-10(i) stipulates that every director, when elected, shall take and subscribe to an oath stating that he or she will faithfully, honestly, and diligently administer the affairs of the Company and will not knowingly violate any of the laws applicable to such Company. It was determined that not all directors listed in the Management and Control section of this Report of Examination have subscribed to an oath as of December 31, 2022. See the Other Significant Issues section of this Report of Examination.

CORPORATE RECORDS

Articles of Incorporation

There were no amendments made to the Articles of Incorporation during the examination period.

Bylaws

There were no amendments made to the Bylaws during the examination period.

Minutes

The Board and shareholders meeting minutes were reviewed for the period under examination through the fieldwork date. Significant actions taken during each meeting were noted.

IC 27-1-7-7(b) states an annual meeting of shareholders, members, or policyholders shall be held within five (5) months after the close of each fiscal year of the Company and at such time within that period as the Bylaws may provide. The Company's Bylaws specify that the annual meeting of shareholders is to be held within the first five (5) months of the year and designed by the Board. For each year under review, the annual meeting of shareholders was held within the first five (5) months following the close of each fiscal year.

The Elevance Health committee meeting minutes for the examination period, and through the fieldwork date, were reviewed for the following committees: Audit Committee, Compensation Committee, Finance Committee, and Governance Committee.

AFFILIATED COMPANIES

Organizational Structure

The following abbreviated organizational chart shows the Company's parent and select affiliates as of December 31, 2022.

	<u>NAIC Co. Code</u>	<u>Domiciliary State/Country</u>
Elevance Health, Inc.		IN
Anthem Insurance Companies, Inc.	28207	IN
Associated Group, Inc.		IN
Anthem Financial, Inc.		DE
ATH Holding Company, LLC		IN
Rocky Mountain Hospital and Medical Services, Inc.	11011	CO
Anthem Life Insurance Company	61069	IN
Anthem Holding Corp.		IN
UNICARE National Services, Inc.		DE
UNICARE Life & Health Insurance Company	80314	IN

Affiliated Agreements

The following affiliated agreements and transactions were disclosed as part of the Form B – Holding Company Registration Statement and were filed with the INDOI, as required, in accordance with IC 27-1-23-4.

Master Administrative Services Agreement

Effective January 1, 2005, the Company entered into an Amended and Restated Master Administrative Services Agreement (MASA) with Elevance Health and other affiliates. Under the MASA, each company provides certain administrative, consulting, and other support services for the benefit/use of the other affiliated companies. Administrative expenses for services performed under the Agreement are captured in cost centers and allocated to legal entities supported by the specific cost centers using reasonable and appropriate allocation methodologies such as weighted membership, headcount, and others.

Effective January 1, 2014, the MASA was amended to incorporate certain changes to holding company laws and regulations resulting from the NAIC's 2010 amendment of its Model Law and Regulation.

Effective July 1, 2018, a new attachment to the MASA, the Fair Market Value Attachment (FMV Attachment), was incorporated, modifying the compensation arrangement with respect to certain services that may be provided to AICI. Pursuant to the FMV Attachment, the compensation to be paid by a party receiving certain specified services will be an amount up to, but no more than, fair market value of the services at the time such services are provided; and such amount will be fair and reasonable and shall not exceed what a party would pay for similar services from an unrelated third-party in an arm's length transaction.

The amount allocated to AICI pursuant to the FMV Attachment in 2022 was \$217.4 million.

Total expenses for services performed under the MASA are captured in cost centers and allocated to legal entities that are supported by the specific cost centers using reasonable and appropriate allocation methodologies such as weighted membership, headcount, etc. Amounts attributable to AICI under the MASA in 2022 was \$1.3 billion.

Cash Concentration Agreement

Effective November 20, 2007, the Company entered into a Cash Concentration Agreement with Elevance Health and its affiliates. An addendum was added to the Agreement in 2018 which set forth additional provisions related to receivership. Under this Agreement, any one of the parties may be designated as a Cash Manager to handle the collection and/or payment of funds on behalf of one or more affiliates. An affiliate acting as a Cash Manager may collect premium payments and other revenue, collect benefit and administrative expenses and accounts payable payments on behalf of one (1) or more of its affiliates. The Cash Manager shall be reimbursed for the direct and indirect costs and expenses it incurs while acting in its capacity as Cash Manager. As of December 31, 2022, the Company had an estimated net receivable of \$42.2 million pursuant to this Agreement.

Consolidated Federal Income Tax Agreement

Effective December 31, 2005, the Company entered into a Consolidated Federal Income Tax Agreement with Elevance Health whereby the allocation of federal income taxes is based upon separate return calculations with credit for net losses that can be used on a consolidated basis and is recorded as part of the federal income tax receivable or payable. Federal income tax balances are settled based on the Internal Revenue Service due dates. Amounts attributable to AICI under this Agreement in 2022 was \$141.7 million.

Beacon Master Services Agreement

Effective January 1, 2021, upon Elevance Health's acquisition of Carelon Behavioral Health, Inc. (formerly Beacon Health Options, Inc.), the Company became a party to the Beacon Master Services Agreement. Under such Agreement, the Carelon Behavioral Health companies may provide administrative, management and utilization review services in connection with mental health and substance abuse services on behalf of the Company. Amounts attributable to AICI under this Agreement in 2022 was \$1.9 million.

FIDELITY BOND AND OTHER INSURANCE

The Company protects itself against loss from any fraudulent or dishonest acts by any employees through a fidelity bond issued by Fidelity and Deposit Company of Maryland through Zurich. The bond has a single loss coverage limit of \$10 million with a \$5 million deductible. The fidelity bond is adequate to meet the prescribed minimum coverage specified by the NAIC.

The Company had additional types of coverage in-force as of December 31, 2022, including but not limited to auto liability, commercial property liability, cyber liability, management indemnity/directors' and officers' liability, professional indemnity liability, umbrella liability, and workers' compensation liability.

PENSION, STOCK OWNERSHIP, AND INSURANCE PLANS

The Company participates in a frozen non-contributory defined benefit pension plan sponsored by ATH Holding Company, LLC (ATH Holding), covering most employees of Elevance Health and its subsidiaries. ATH Holding allocates a share of the total accumulated costs of the plan to the Company based on the number of allocated employees. During 2022, the Company was allocated credits totaling \$1.7 million. The Company has no legal obligation for benefits under this plan.

The Company participates in a postretirement medical benefit plan, sponsored by ATH Holding, providing certain health, life, vision and dental benefits to eligible retirees. ATH Holding allocates a share of the total accumulated costs of this plan to the Company based on the number of allocated employees. During 2022, the Company was allocated credits totaling \$1.1 million. The Company has no legal obligation for benefits under this plan.

The Company participates in a nonqualified deferred compensation plan sponsored by Elevance Health, which covers certain employees once the participant reaches the maximum contribution amount for the Elevance Health 401(k) Plan. The deferred amounts are payable according to the terms and subject to the conditions of the deferred compensation plan. Elevance Health allocates a share of the total accumulated costs of this plan to the Company based on the number of allocated employees subject to the deferred compensation plan. During 2022, the Company was allocated costs totaling \$160 thousand. The Company has no legal obligation for benefits under this plan.

The Company participates in the 401(k) Plan, sponsored by ATH Holding and covering substantially all employees. Voluntary employee contributions are matched by ATH Holding subject to certain limitations. ATH Holding allocates a share of the total accumulated costs of the plan to the Company based on the number of allocated employees. During 2022, the Company was allocated costs totaling \$16.5 million. The Company has no legal obligation for benefits under this plan.

The Company participates in a stock incentive compensation plan, sponsored by Elevance Health, providing incentive awards to non-employee directors and employees, consisting of Elevance Health stock options, restricted stock, restricted stock units, stock appreciation rights, performance shares, and performance units. Elevance Health allocates a share of the total share-based compensation expense of this plan to the Company based on the number of allocated employees. During 2022, the Company was allocated costs totaling \$14.1 million. The Company has no legal obligation for benefits under this plan.

SPECIAL AND STATUTORY DEPOSITS

The Company reported the following deposits, (in 000s), as of December 31, 2022:

State	Book Value	Fair Value
For All Policyholders:		
Indiana	\$6,119	\$5,690
All Other Special Deposits:		
Indiana	\$2,296	\$2,269
Florida	100	100
Georgia	33	32
Nevada	277	274
New Mexico	435	430
North Carolina	630	636
Virginia	266	237
Total Deposits ¹	\$10,155	\$9,668

REINSURANCE

Ceded Reinsurance – Affiliates

Effective January 1, 2019, the Company entered into a quota share reinsurance contract that cedes 100% of the amounts assumed from the following Elevance Health affiliates: Blue Cross Blue Shield of Wisconsin, Inc., Rocky Mountain Hospital and Medical Service Inc., Anthem Health Plans of Kentucky, Inc., Anthem Health Plans of Virginia, Inc. and Community Insurance Company, Inc. (collectively, the Elevance Health Affiliates) and cedes 30% of the Company's direct FEP business to WellPoint Insurance Services, Inc., an affiliated company and an

¹ The balances include immaterial rounding differences.

unauthorized reinsurer in the state of Indiana. Under this affiliate reinsurance contract, ceded premiums of \$1.9 billion and ceded claims of \$1.8 billion were reported in 2022.

Effective January 1, 2020, the Company entered into a Specific Excess Liability Reinsurance Agreement. Under this Agreement, the Company cedes to its affiliate, Community Insurance Company, excess of loss coverage on its Medicaid contracts. Ceded premiums of \$43.2 million and ceded claims of \$37.0 million were reported in 2022.

Assumed Reinsurance – Affiliates

AICI and Anthem Life Insurance Company (ALIC) are parties to an Assumption Reinsurance Agreement under which ALIC ceded to AICI all of its Medicare Supplement policies issued in Indiana, effective June 15, 2001. There were no premiums or losses associated with this Agreement.

Effective January 1, 2019, the Company has multiple quota share reinsurance contracts to assume 30% of the direct FEP business from each of the Elevance Health Affiliates as indicated in the Quota Share Reinsurance Contract (the Contract). Under the Contract, assumed premiums of \$1.7 billion and assumed claims of \$1.6 billion were reported in 2022.

The Company assumes from its affiliate, HealthPlus, LLC, excess of loss coverage on its Medicaid contracts. Under this Agreement, assumed premiums of \$362 thousand were included in operating results for the year ended December 31, 2022. There were no assumed claims or assumed unpaid claims and claims adjustment expenses for 2022.

Effective January 1, 2021, the Company assumes from its affiliate, Missouri Care, Inc., excess of loss coverage on its Medicaid contracts. Under this Agreement, assumed premiums of \$314 thousand were included in operating results for the year ended December 31, 2022. There were no assumed claims or assumed unpaid claims and claims adjustment expenses for 2022.

Effective January 1, 2021, the Company assumes from its affiliate, Community Care Health Plan of Nebraska, Inc., excess of loss coverage on its Medicaid contracts. Under this Agreement, assumed premiums of \$57 thousand were included in operating results for the year ended December 31, 2022. There were no assumed claims or assumed unpaid claims and claims adjustment expenses for 2022.

Effective July 1, 2022, the Company assumes from its affiliate, Community Insurance Company, excess of loss coverage on its Medicaid contracts. Under this Agreement, assumed premiums of \$61 thousand were included in operating results for the year ended December 31, 2022. There were no assumed claims or assumed unpaid claims and claims adjustment expenses for 2022.

ACCOUNTS AND RECORDS

The Company's accounting procedures, practices, account records and supporting data were reviewed and tested to the extent deemed necessary. The trial balance prepared from the Company's general ledger for the year ended December 31, 2022 was agreed to the Annual Statement. The Annual Statement for the year ended December 31, 2022 was agreed to the independent audit report without material exception. The Company's accounting procedures, practices and account records were deemed satisfactory.

FINANCIAL STATEMENTS

ANTHEM INSURANCE COMPANIES, INC.

Assets
As of December 31, 2022
(in 000s)

	<u>Per Examination*</u>
Bonds	\$ 2,574,350
Stocks:	
Preferred stocks	2,707
Common stocks	6,307
Mortgage loans on real estate:	
First liens	65,050
Cash, cash equivalents and short-term investments	590,744
Other invested assets	262,467
Receivables for securities	5
Securities lending reinvested collateral assets	459,042
Subtotals, cash and invested assets	3,960,673
Investment income due and accrued	25,759
Premiums and considerations:	
Uncollected premiums and agents' balances in course of collection	499,879
Deferred premiums, agents' balances and installments booked but deferred and not yet due	28,383
Accrued retrospective premiums	164,037
Reinsurance:	
Amounts recoverable from reinsurers	505
Amounts receivable relating to uninsured plans	552,470
Current federal and foreign income tax recoverable and interest thereon	37,747
Net deferred tax asset	66,011
Receivables from parent, subsidiaries and affiliates	42,152
Health care receivable	52,219
Aggregate write-ins for other than invested assets	420,041
Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts	5,849,877
Totals ²	\$ 5,849,877

* There were no adjustments to the as-filed financial statements, therefore the Annual Statement amounts agree to the examination amounts.

² The balances include immaterial rounding differences.

ANTHEM INSURANCE COMPANIES, INC.
 Liabilities, Surplus and Other Funds
 As of December 31, 2022
 (in 000s)

	<u>Per Examination*</u>
Claims unpaid	\$ 1,088,012
Accrued medical incentive pool and bonus amounts	31,710
Unpaid claims adjustment expenses	28,445
Aggregate health policy reserves	642,408
Aggregate health claim reserves	80
Premiums received in advance	55,097
General expenses due or accrued	222,202
Ceded reinsurance premiums payable	3,182
Amounts withheld or retained for the account of others	88,895
Remittances and items not allocated	53,877
Payable for securities	5,150
Payable for securities lending	459,042
Funds held under reinsurance treaties	17,554
Liability for amounts held under uninsured plans	168,085
Aggregate write-ins for liabilities	631,411
Total liabilities	<u>3,495,150</u>
Common capital stock	100,000
Gross paid in and contributed surplus	605,045
Surplus notes	25,095
Unassigned funds (surplus)	1,624,587
Total capital and surplus	<u>2,354,727</u>
Total liabilities, capital and surplus	<u>\$ 5,849,877</u>

* There were no adjustments to the as-filed financial statements, therefore the Annual Statement amounts agree to the examination amounts.

ANTHEM INSURANCE COMPANIES INC.
Statement of Revenue and Expenses
For the Year Ended December 31, 2022
(in 000s)

	Per Examination*
Member Months	38,383
Net premium income	\$10,803,588
Change in unearned premium reserves	(51,138)
Total revenues	10,752,450
Hospital and Medical:	
Hospital/medical benefits	6,493,620
Other professional services	868,381
Outside referrals	87,789
Emergency room and out-of-area	478,398
Prescription drugs	1,652,257
Incentive pool, withhold adjustments and bonus amounts	54,414
Subtotal	9,634,858
Less:	
Net insurance recoveries	246,613
Total hospital and medical	9,388,245
Claims adjustment expenses	458,431
General administrative expenses	307,868
Increase in reserves for life and accident and health contracts	(170,835)
Total underwriting deductions	9,983,709
Net underwriting gain or (loss)	768,741
Net investment income earned	123,471
Net realized capital gains (losses)	(114,463)
Net investment gains (losses)	9,008
Net gain or (loss) from agents' or premium balances charged off	(2,274)
Aggregate write-ins for other income or expenses	18,317
Net income or (loss) after capital gains tax and before all other federal income taxes	793,793
Federal and foreign taxes incurred	122,028
Net income (loss) ³	\$ 671,765

* There were no adjustments to the as-filed financial statements, therefore the Annual Statement amounts agree to the examination amounts.

³ The balances include immaterial rounding differences.

ANTHEM INSURANCE COMPANIES, INC.
 Capital and Surplus Account Reconciliation
 (in 000s)

	2022	2021	2020	2019	2018
Capital and surplus prior reporting year	\$1,828,495	\$1,425,921	\$1,196,412	\$1,180,302	\$1,186,422
Net income	671,765	244,616	509,634	392,502	498,885
Change in net unrealized capital gains (losses) less capital gains tax	(66,348)	23,784	(51,251)	29,719	(5,080)
Change in net deferred income tax	(44,325)	39,692	323	15,648	(447)
Change in nonadmitted assets	(34,859)	(5,518)	20,803	3,242	(9,479)
Surplus adjustments:					
Paid in	-	300,000	-	-	-
Dividends to stockholders	-	(200,000)	(250,000)	(425,000)	(490,000)
Net change in capital and surplus	<u>526,232</u>	<u>402,575</u>	<u>229,508</u>	<u>16,111</u>	<u>(6,120)</u>
Capital and surplus end of reporting period ⁴	<u>\$2,354,727</u>	<u>\$1,828,495</u>	<u>\$1,425,921</u>	<u>\$1,196,412</u>	<u>\$1,180,302</u>

⁴ The balances include immaterial rounding differences.

COMMENTS ON THE FINANCIAL STATEMENTS

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

OTHER SIGNIFICANT ISSUES

IC 27-1-7-10(i) stipulates that every director, when elected, shall take, and subscribe to an oath stating that he or she will faithfully, honestly, and diligently administer the affairs of the Company and will not knowingly violate any of the laws applicable to such Company. It was determined that only three (3) of five (5) directors signed an oath during 2022. No oaths were available for 2019 - 2021 due to COVID restrictions. In 2018, only two (2) of the five (5) directors signed an oath.

It is recommended that every director shall take and subscribe to an Oath of Office at the time of annual election to the Board in compliance with IC 27-1-7-10(i).

SUBSEQUENT EVENTS

While preparing its 2023 Annual Statement, the Company identified an error related to recording the quota share portion of the Kentucky Multiple Employer Welfare Arrangement (MEWA) contract. Since 2019, an affiliated company, Anthem Health Plans of Kentucky, Inc. recorded this business, however, the Company was the appropriate party to the contract. In accordance with SSAP 3, *Accounting Changes and Corrections of Errors*, the Company recorded a \$24,002,166 increase to correct unassigned surplus (deficit) as of January 1, 2023.

AFFIDAVIT

This is to certify that the undersigned are duly qualified Examiners-in-Charge appointed by the Indiana Department of Insurance and that they, in coordination with staff assistance from Noble Consulting Services, Inc., and actuarial and reinsurance assistance from Davies Group, performed an examination of Anthem Insurance Company, Inc. as of December 31, 2022.

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

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

The attached Report of Examination is a true and complete report of the condition of the Anthem Insurance Company, Inc. as of December 31, 2022, as determined by the undersigned.

Lori Brock

Lori Brock, CFE, ALMI
Noble Consulting Services, Inc.

Brad Neff

Brad Neff, CFE, CIE, CPA, FLMI
Noble Consulting Services, Inc.

Under the Supervision of:

Jerry Ehlers

Jerry Ehlers, CFE, AES
Examinations Manager
Indiana Department of Insurance

State of: Indiana
County of: Marion

On this 13th day of June, 2024, before me personally appeared, Lori Brock, Brad Neff and Jerry Ehlers, to sign this document.

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

My commission expires: July 11, 2025 *Lorie A. Ellert*
Notary Public



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