STATE OF NORTH DAKOTA

BISMARCK, NORTH DAKOTA

REPORT OF EXAMINATION

OF

BLUE CROSS BLUE SHIELD OF NORTH DAKOTA

FARGO, NORTH DAKOTA

AS OF DECEMBER 31, 2024

STATE OF NORTH DAKOTA

INSURANCE AND SECURITIES DEPARTMENT

I, the undersigned, Insurance Commissioner of the State of North Dakota do hereby certify that I have compared the annexed copy of the Report of Examination of the

Blue Cross Blue Shield of North Dakota

Fargo, North Dakota

as of December 31, 2024, with the original on file in this Department and that the same is a correct transcript therefrom and of the whole of said original.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal at my office in the City of Bismarck, this 29th day of July, 2026

Jon Godfread
Insurance Commissioner

TABLE OF CONTENTS

EXECUTIVE SUMMARY 2
Financial Condition 2
Key Findings 2
Overall Assessment 2
SCOPE OF STATUTORY EXAMINATION 3
STATUS OF PRIOR EXAM FINDINGS 3
SUBSEQUENT EVENTS 4
HISTORY 4
MANAGEMENT AND CONTROL 4
Holding Company System 4
Membership 6
Board of Directors 7
Officers 8
Committees 8
CORPORATE RECORDS 9
Articles of Incorporation and Bylaws 9
Board of Directors and Committee Minutes 9
AFFILIATED TRANSACTIONS 10
Management Agreement 10
HealthyDakota Mutual Holdings (HDMH) 10
NextBlue of North Dakota Insurance Company (“NBNDIC”) 10
Blue Cross Blue Shield Association 10
Tax Allocation Agreement 10
OPERATING AGREEMENTS 11
Administrative Services Contracts 11
Investment Advisor Contract 11
CONFLICT OF INTEREST 11
INSURANCE COVERAGE 11
Fidelity Bond 11
TERRITORY AND PLAN OF OPERATION 12
SIGNIFICANT OPERATING RESULTS 12
Growth 12
Underwriting Ratios 13
REINSURANCE 13
ACCOUNTS AND RECORDS 14
FINANCIAL STATEMENTS 14
COMMENTS ON THE FINANCIAL STATEMENTS 18
Assets ..... **Error! Bookmark not defined.**
Liabilities ..... **Error! Bookmark not defined.**
Surplus to Policyholders ..... **Error! Bookmark not defined.**
CONCLUSION 19
COMMENTS AND RECOMMENDATIONS 20

Fargo, North Dakota
June 3, 2026

Honorable Jon Godfread
Insurance Commissioner
North Dakota Insurance and Securities Department
600 East Boulevard Avenue
Bismarck, ND 58505

Dear Commissioner:

Pursuant to your instructions and statutory requirements, an examination was made of the books, records and financial condition of

Blue Cross Blue Shield of North Dakota

Fargo, North Dakota

Blue Cross Blue Shield of North Dakota, hereinafter referred to as the "Company" or “BCBSND,” was last examined as of December 31, 2019, by representatives of the State of North Dakota, hereinafter referred to as the “Department”.

EXECUTIVE SUMMARY

This report presents the findings of the financial examination of Blue Cross Blue Shield of North Dakota as of December 31, 2024, covering the period from January 1, 2020 to December 31, 2024.

Financial Condition

Total Admitted Assets	$938,505,490
Total Liabilities	$481,104,003
Surplus to Policyholders	$457,401,487

Key Findings

Prior Examination Findings	2 Resolved
New Findings This Examination	0
Total Current Recommendations	0

Overall Assessment

The Department conducted a risk-focused financial condition examination of the Company, covering the five-year period ending December 31, 2024. The examination assessed the Company's financial condition, corporate governance, statutory compliance, and risk management practices in accordance with state laws and NAIC Financial Condition Examiners Handbook guidelines. No examination comments or adjustments were required.

SCOPE OF STATUTORY EXAMINATION

This examination was a risk-focused financial condition examination conducted in accordance with North Dakota Century Code ("N.D.C.C.") § 26.1-03-19.3 and observed guidelines and procedures contained in the National Association of Insurance Commissioners ("NAIC") Financial Condition Examiners Handbook. The examination was conducted to assess the Company's financial condition, compliance with statutory regulations, corporate governance practices, current and future risks, and evaluate the system controls and procedures implemented to mitigate these risks. Additionally, the review focused on identifying and assessing significant risks that could materially misstate the insurer's surplus, both presently and in the future, through a comprehensive review of the Company's insurance operations. This statutory examination covers the period from January 1, 2020 to December 31, 2024, including any material transactions and/or events occurring subsequent to the examination date and noted during the course of this statutory examination.

All company accounts and activities were reviewed using the risk-focused examination process, which may involve assessing management's significant estimates and compliance with Statutory Accounting Principles.

The examination does not attest to the fair presentation of the financial statements included herein. Management prepared these statements and is responsible for them. Any adjustments found during the examination will be documented separately after the Company's financial statements.

This examination report includes significant findings of fact, as mentioned in the N.D.C.C. § 26.1-03-19.3, and general information about the insurer and its financial condition. There may be other items identified during the examination that, due to their nature, are not included within the examination report but are separately communicated to other regulators and/or the Company.

STATUS OF PRIOR EXAM FINDINGS

This examination included a review to determine the current status of the exception conditions commented upon in the preceding Report on Examination which covered the period from January 1, 2015 to December 31, 2019. The status of each prior finding is summarized below:

Recommendation	Response	Status
It is recommended that the Finance Committee document its quarterly review of investment activity within its meeting minutes per N.D. Admin. Code § 45-03-12-05(4).	During review of the board minutes during the exam period, it was noted that the Company's board reviews the investment activity on a quarterly basis.	Resolved
It is recommended that the Company only use licensed reinsurance intermediaries.	The Company works directly with BCS Financial on its current XOL & GT reinsurance coverages.	Resolved

The Department determined that the Company had satisfactorily addressed 2 of 2 prior findings, 0 findings are repeated in this examination.

SUBSEQUENT EVENTS

On August 21, 2025, the Company and Cambia Health Solutions announced a strategic affiliation intended to unify operations and share technology infrastructure while maintaining local presence. Under the agreement BCBSND will retain its local name, board of directors, and mutual status, staying governed by its voting policyholders. The affiliation became effective February 1, 2026.

On February 2, 2026, the Department commenced a market conduct examination of the Company. This examination remains ongoing as of the date of this report, with no current end date established.

HISTORY

The North Dakota Hospital Service Association was incorporated on March 20, 1940, under the laws of the State of North Dakota relating to benevolent and charitable corporations. On February 28, 1964, the Articles of Incorporation were amended, changing the name to Blue Cross of North Dakota.

The North Dakota Physicians Service was incorporated on December 7, 1945, under the laws of the State of North Dakota relating to benevolent and charitable corporations. On March 27, 1971, the Articles of Incorporation were amended, changing the name to Blue Shield of North Dakota.

On July 1, 1986, the merger of the two companies was approved, with the name of the surviving company being Blue Cross and Blue Shield of North Dakota.

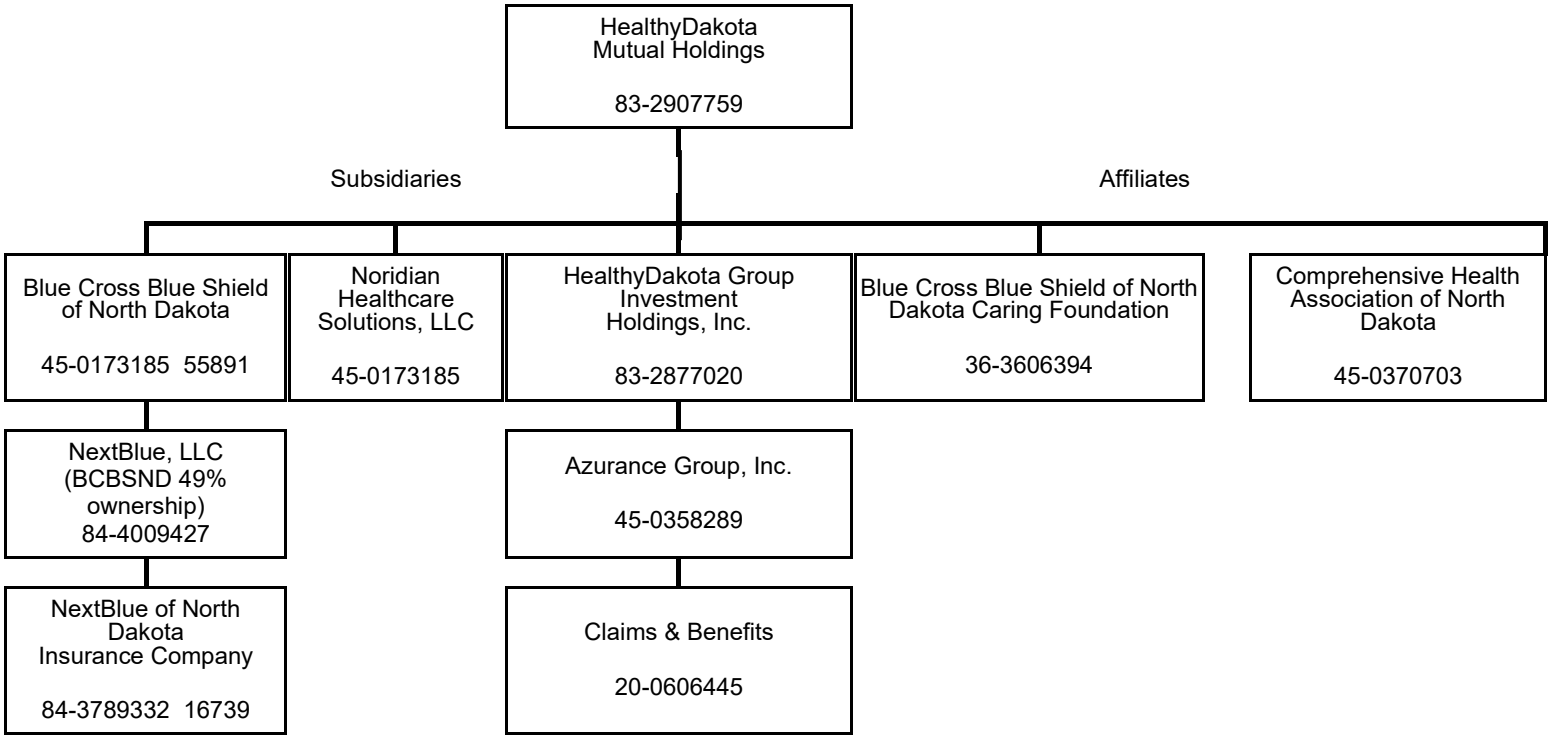
Effective January 30, 1998, the Company converted from a not-for-profit health services corporation to a nonprofit mutual insurance company and the Company's name was changed from Blue Cross Blue Shield of North Dakota to Noridian Mutual Insurance Company. The conversion also passed ownership to the policyholders and gave the Company the ability to market products in states other than North Dakota.

Effective January 1, 2019, the Company's name was changed from Noridian Mutual Insurance Company to Blue Cross Blue Shield of North Dakota, and the policyholders approved a plan that formed a Mutual Holding Company named "HealthyDakota Mutual Holdings" ("HDMH") and ceded ultimate control to HDMH.

MANAGEMENT AND CONTROL

Holding Company System

The Company is a member of a holding company system. The relationship of the Company to its parent, subsidiaries, and affiliates at December 31, 2024, is shown in the following organizational chart:



HealthyDakota Mutual Holdings (Parent Entity)

- Blue Cross Blue Shield of North Dakota
  - NextBlue, LLC
    - NextBlue of North Dakota Insurance Company
- HealthyDakota Group Investment Holdings Inc.
  - Azurance Insurance Group, Inc.
    - Claims & Benefits
- Noridian Healthcare Solutions, LLC.

Affiliates

- Blue Cross Blue Shield of North Dakota Caring Foundation (affiliate)
- Comprehensive Health Association of ND (affiliate)

Holding Company

HealthyDakota Mutual Holdings, (HDMH) On December 7, 2018, the policyholders of Noridian Mutual Insurance Company approved a plan that formed a mutual holding company named “HealthyDakota Mutual Holdings” and ceded ultimate control to HDMH, which became the sole member of the Company.

Subsidiaries

Twenty First Century Information Solutions Inc., (“Twenty First Century”) incorporated May 18, 1994, is a wholly owned subsidiary of the Company. It was initially formed to furnish computer services to allow providers to become electronically integrated with the Company. Twenty First Century was the intermediate holding company for Corelink until the Company’s ownership interests were transferred to Azure Equity Management, LLC on July 2, 2019. At December 31, 2019, the reported value of the investment in Twenty First Century was $0.

NextBlue, LLC, (“NB”) incorporated November 8, 2019, is a joint venture between the Company and Covantage Health Partners, Inc., (“Covantage”) a subsidiary of Blue Cross Blue Shield of Michigan (“BCBSM”). NB is an intermediate holding company with NextBlue of North Dakota Insurance Company as its sole asset. The Company owns a 49 percent stake in NB, valued at $14,347,159 as of December 31, 2024.

NextBlue of North Dakota Insurance Company (“NBNDIC”) was incorporated on December 13, 2019 under the laws of the State of North Dakota. NBNDIC was organized to produce Medicare Advantage business. The Department issued a Report on the Organization of NBNDIC as of January 31, 2020 and a Certificate of Authority on March 9, 2020. NBNDIC began producing business on January 1, 2021. The Company and BCBSM each have guarantee agreements with NBNDIC to satisfy the liabilities of its portion of the NB joint venture, if necessary.

Noridian Healthcare Solutions, LLC (“NHS”), a Delaware limited liability company, was formed in 2002, to operate as a regional claims contractor for the federal government's Medicare program. The Company processes Medicare claims under its A/B MAC Contract for Jurisdiction F (both Part A and Part B) for North Dakota, South Dakota, Utah, Wyoming, Arizona, Montana, Washington, Alaska, Oregon and Idaho. The Company processes Medicare claims under its DME (Durable Medical Equipment) MAC Contract for Jurisdiction D for Alaska, American Samoa, Arizona, California, Guam, Hawaii, Idaho, Iowa, Kansas, Missouri, Montana, Nebraska, Nevada, North Dakota, Northern Mariana Islands, Oregon, South Dakota, Utah, Washington, and Wyoming. Effective January 1, 2022, BCBSND transferred 100% ownership of Noridian to its parent company, HealthyDakota Mutual Holdings. This transaction resulted in approximately $59.5 million in investments being transferred off BCBSND's balance sheet.

Noridian Insurance Services, Inc. (“NISI”) is a wholly owned subsidiary of the Company, which operates as an insurance agency and provides employee benefit plan administration for pension, health and other welfare plans throughout the Upper Midwest area. With the formation of the HDMH mutual holding company on January 1, 2019, NISI changed its name to Azurance Insurance Group, Inc. (“Azurance”) and the Company transferred its ownership to HealthyDakota Group Investment Holdings Inc. (“HDGIH”).

Affiliates

Comprehensive Health Association of North Dakota (“CHAND”) is a statutorily created association organized to provide health care coverage to high-risk individuals who would otherwise not be able to obtain coverage. The Company is the lead insurer and administrator of the program. Not less than 87.5 percent of the association plan premium paid to the lead carrier may be used to pay claims.

Blue Cross Blue Shield of North Dakota Caring Foundation, Inc. (“Foundation”) is a 501(c)(3) charitable organization funded by the Company. Through giving and grant making, the Foundation addresses health issues across the state that help improve the health and wellbeing of North Dakotans and their communities.

Membership

The sole member of the Company is HDMH.

An HDMH member, as defined in the HDMH Bylaws, is (a) an owner of an individual accident and health policy or health service contract or an owner of a stop-loss insurance policy issued

by BCBSND, as long as the policy is in force and unless such ownership, including membership, is transferred to a new owner of the policy or contract; or (b) a person named as a subscriber or certificate holder under a group accident and health insurance policy or health service contract issued by BCBSND that is in force.

The annual meeting of the members of HDMH shall be held in the month of December of each year at the time, day, and place determined by the Board of Directors ("Board") for the purpose of electing directors, reporting on the activities and financial condition of the Corporation and transacting any other business as may properly come before the meeting.

Special meetings of the members of HDMH may be called at any time upon written request of the President/CEO, the Chairman of the Board, five or more Directors, the lesser of 50 members or ten percent of the members, or as otherwise required by law.

Board of Directors

The Bylaws provide that the Company's Board of Directors shall, at all times, consist of the persons that also serve on the board of directors of HDMH. At the Annual Meeting, nominated Directors shall be elected by the Sole Member and shall serve for such term as such Director serves on the Sole Member's board of directors.

The HDMH Bylaws state the Board of Directors shall consist of between 9 and 15 persons among three classes: a) Members of the corporation, or officers, directors or trustees of Members of the corporation, who are not providers of health care services and who are not employees of, or persons having financial interest in, any provider of health care services ("Member Directors"), b) providers of healthcare services, including physicians, persons affiliated with hospitals, or individuals working in the health care delivery industry determined to be qualified ("Provider Directors"), and c) persons who meet neither the qualifications to be a Member Director nor a Provider Director ("At Large Directors"). A majority should be Member Directors and there must be more Provider Directors than At Large Directors.

These directors shall be elected by a majority of the members present or represented by proxy at the annual meeting. Each director shall be elected for a term of three years. No director shall serve more than four successive three-year terms.

The Bylaws require that the Board of Directors shall meet not fewer than four times annually. The December meeting of the board of Directors shall constitute the Annual Meeting. Special meetings may be called at any time by the President, Chairman of the Board, five or more Directors, the Board of Directors, the Sole Member, or otherwise required by law. The Annual meeting of the Sole Member shall be held at a date and time determined by the Board of Directors for the purposes of electing Directors, reporting on the activities and financial condition of the Corporation and transacting any other necessary business.

Directors serving as of December 31, 2024 were as follows:

Name	City, State	Term Expires	Occupation
Kathy Anderson	Bismarck, ND	2033	CEO Nurturing Wellness Pediatrics
Darrold Bertsch	Bowman, ND	2031	Retired CEO Sakakawea Medical Center
Kristi Schlosser Carlson	Bismarck, ND	2031	Chief Legal Officer North Dakota Farmers Union
Aaron Garman	Beulah, ND	2034	Medical Director of Coal County Community Health Center
Lisa Helbling	West Fargo, ND	2029	Retired CFO of ImmunoPrecise Antibodies
Dennis Hill	Bismarck, ND	2025	Retired VP & General Manager North Dakota Association of Rural Electric Cooperatives
Tami Norgard	Fargo, ND	2035	Attorney Vogel Law Firm
Lynn Paulson	Fargo, ND	2031	VP & Director Bell Bank
Shelly Peterson	Bismarck, ND	2033	Retired President North Dakota Long Term Care Association
Michael Schumacher	Fargo, ND	2032	CFO Dakota Medical Foundation and Impact Foundation
David Sprynczynatyk	Bismarck, ND	2024	Retired Adjutant General State of North Dakota
Jason Stein	Fargo, ND	2035	Chief Information Officer Border States
Richard Vetter	Fargo, ND	2033	Chief Medical Officer Essentia Health

Officers

Officers are elected at the organizational meeting of the Board of Directors by a majority vote for a period of one year. Officers serving at December 31, 2024 were as follows:

Officer	Title
Lisa Helbling	Board Chair
Kristi Schlosser	Vice Chair

Committees

Audit Committee

Directors serving as of December 31, 2024 were as follows:

Member
Michael Schumacher, Chair
Kathy Anderson
Aaron Garman
Tami Norgard
Lynn Paulson
Lisa Helbling, ex officio

Finance and Investment Committee

Directors serving as of December 31, 2024 were as follows:

Member
Kristi Schlosser Calrson, Chair
Dennis Hill
Lynn Paulson
Jason Stein
Richard Vetter
Lisa Helbling, ex officio

Human Resources & Compensation Committee

Directors serving as of December 31, 2024 were as follows:

Member
Dennis Hill, Chair
Shelly Peterson
Jason Stein
Kristi Schlosser Calrson
Dave Sprynczynatyk, ex officio
Lisa Helbling, ex officio

Quality Committee

Directors serving as of December 31, 2024 were as follows:

Member
Darrold Bertsch, Chair
Kathy Anderson
Aaron Garman
Shelly Peterson
Richard Vetter
Lisa Helbling, ex officio

CORPORATE RECORDS

Articles of Incorporation and Bylaws

No changes were made to the Articles of Incorporation or the Bylaws since the prior examination.

Board of Directors and Committee Minutes

The minutes of the Board of Directors, committees, and policyholder(s) were read for the period under examination.

The minutes of the various meetings indicate that the meetings were well attended and were held in accordance with the Bylaws, Articles of Incorporation, and statutory requirements. The deliberations of the board were adequately documented and supported the Company's transactions and events.

AFFILIATED TRANSACTIONS

Management Agreement

The Company has various agreements in place with HDMH, its subsidiaries, and its affiliates that provide the facilities and administrative resources necessary to carry out each entities' operations. The Company is also the lead entity in an investment pooling arrangement where it guarantees a rate of return equal to the Barclay's 1-5 Government Credit Index on all funds it receives from under the pooling agreement, notwithstanding the actual performance of the investment portfolio.

HealthyDakota Mutual Holdings (HDMH)

On February 18, 2019, HDMH entered into an agreement that guarantees to the full extent of its assets, all of the contractual and financial obligations of the Company to its customers. The Blue Cross Blue Shield Association ("Association") requires HDMH, as the controlling affiliate of the Company, to have this guarantee in place. Similarly, on March 31, 2020, HDMH also signed an agreement guaranteeing the obligations of the Company's subsidiary NBNDIC to the extent of the Company's 49 percent ownership.

NextBlue of North Dakota Insurance Company ("NBNDIC")

Effective January 24, 2020, the Company agreed to provide NBNDIC services including but not limited to account management, network design, provider contracting, and credentialing.

Blue Cross Blue Shield Association

The Blue Cross Blue Shield Association ("Association") is a national trade association and coordinating agency of the 35 Blues plans throughout the United States, including the District of Columbia and Puerto Rico, and the owner and licensor of the Blue Cross and Blue Shield names and trademarks. The Association performs three primary roles: those of a trademark licensor, a trade association, and a provider of various business and coordinating plan services.

The Association protects the value of the Blue Cross and Blue Shield names and trademarks by requiring plans to comply with the terms of a license agreement. The agreement defines the geographic boundaries within which plans may use the names and trademarks and the conditions of that usage. The Association also represents the collective interests of plans before the federal and state governments and certain other national organizations. Additionally, the Association administers programs designed to coordinate plan coverage nationwide for private business and government contracts and provides consulting services to individual plans.

The Association is governed by a Board of Directors composed of the chief executive officers from most Blues plans and is primarily funded by plan dues.

Tax Allocation Agreement

HealthyDakota Mutual Holdings ("HDMH") serves as the common parent of the consolidated group and has elected to apportion the group's consolidated federal income tax liability using the Taxable Income Method, as described under IRC Section 1552(a)(2) and Regulation 1.1552-1(a)(2). Under this method, each member's share of the tax liability is determined based on the ratio of that member's taxable income to the group's total consolidated taxable

income. Settlement of the group's tax liability occurs within 45 days of filing the federal income tax return, though estimated settlement may occur prior to filing with approval from the HDMH president. The consolidated group consists of six members: HealthyDakota Mutual Holdings, Blue Cross Blue Shield of North Dakota, HealthyDakota Group Investment Holdings Inc., Azurance Group Inc., Noridian Healthcare Solutions LLC, and HealthyDakota Group Administrative Services Company.

OPERATING AGREEMENTS

Administrative Services Contracts

The Company functions as an administrator for various self-insured plans, providing claim processing services to the plan sponsors which bear the ultimate risk for payment of claims. Claims are paid by the Company and then reimbursement is obtained from the plan sponsor. The Company bears credit risk from the time the claim is paid until reimbursement is received from the plan sponsor. In return for the claim processing services, the Company receives an administrative fee. For some uninsured plans, the Company issues a stop-loss insurance policy in conjunction with the administrative service contract. The stop-loss policy covers claims incurred by the plan sponsor above a minimum amount. Uninsured plans with insurance coverage are classified as partially insured plans.

Investment Advisor Contract

This agreement, effective June 1, 2021, establishes a non-exclusive investment consulting relationship between Blue Cross Blue Shield of North Dakota (BCBSND) and Cardinal Investment Advisors, LLC (Cardinal). Cardinal provides ongoing advisory services for BCBSND’s general insurance assets and defined contribution assets, including asset allocation reviews, manager searches, and quarterly performance reporting. While Cardinal acknowledges its status as a co-fiduciary under ERISA Section 3(21) for specific plan-related activities, BCBSND retains all ultimate investment decision-making authority.

CONFLICT OF INTEREST

The Company's conflict of interest policy and annual conflict disclosures were reviewed for the period under examination. Disclosures and mitigation plans appeared appropriate. No material undisclosed conflicts were identified during the examination.

INSURANCE COVERAGE

Fidelity Bond

At December 31, 2024, the Company was a named insured on a crime insurance policy issued by Berkshire Hathaway Specialty Insurance insuring against loss sustained by the Company as a result of dishonest or fraudulent acts committed by an employee. The policy provides for a $15,000,000 single loss limit of liability. The coverage meets the minimum amount of fidelity insurance recommended in the NAIC's Financial Examiners Handbook.

Fiduciary Liability

At December 31, 2024, the Company was a named insured on a fiduciary liability insurance policy issued by Berkshire Hathaway Specialty Insurance which covers claims arising from

the administration of employee benefit plans, including penalties under IRC Section 4975 for covered settlements and judgments. The policy provides a $5,000,000 per claim and aggregate limit.

Employment Practices Liability

At December 31, 2024, the Company was a named insured on an employment practices liability insurance policy issued by Berkshire Hathaway Specialty Insurance which covers claims by employees (or third parties) alleging wrongful termination, discrimination, harassment, false arrest, and other employment-related violations. The policy provides a $10,000,000 per claim and aggregate limit.

TERRITORY AND PLAN OF OPERATION

The Company is duly licensed and qualified to transact the business of a nonprofit mutual insurance company in North Dakota, South Dakota, and Minnesota. The Certificate of Authority issued by the State of North Dakota was reviewed and found to be in proper order and effect. The Company did not write any business in Minnesota or South Dakota during the exam period.

The Company is the largest health insurer in North Dakota by market share. Comprehensive health business accounted for 55 percent of the Company's premiums in 2024. In 2022, the Company expanded into Title XIX Medicaid, which accounted for 19 percent of premiums in 2024.

SIGNIFICANT OPERATING RESULTS

Growth

The following exhibit reflects the growth of the Company over the 5-year period ending December 31, 2024.

	2024	2023	2022	2021	2020
Admitted Assets	$938,505,490	$1,006,518,827	$989,774,627	$847,527,889	$790,051,298
Total Liabilities	$481,104,003	$530,264,240	$524,196,246	$324,061,678	$332,145,497
Surplus	$457,401,487	$476,254,587	$465,578,381	$523,466,211	$457,905,801
Net Premiums Written	$1,636,829,812	$1,624,794,910	$1,590,247,301	$1,141,432,650	$1,147,119,618
Underwriting Deductions	$1,686,120,604	$1,628,129,578	$1,590,417,865	$1,135,419,869	$1,131,545,551
Investment Income	$48,032,651	$46,130,371	$18,176,290	$35,232,393	$18,900,639
Net Income	$(7,120,211)	$33,615,180	$10,828,971	$39,798,281	$31,276,564

Underwriting Ratios

The following table presents the Company's underwriting ratios for the examination period. Operations are presented on a modified cash basis.

	2024	2023	2022	2021	2020
Premiums	100%	100%	100%	100%	100%
Deductions:					
Medical Loss Ratio	90.3%	88.0%	88.7%	85.7%	82.7%
Administrative Expense Ratio	12.7%	12.3%	11.3%	12.7%	15.9%
Total Deductions (Combined Ratio)	103%	100.3%	100%	99.4%	98.6%
Net Underwriting Gain (Loss)	(3.0)%	(0.3)%	0.0%	0.6%	1.4%

REINSURANCE

The following table summarizes the Company's reinsurance contracts in force on December 31, 2024:

Type	Reinsurer	Coverage / Scope	Premium	Retention
Excess of Loss	BCS Insurance	Individual or group health plans	$0.77 per member per month provisional rate $1.45 per member per month maximum rate	$2,500,000
Gene+ Risk Protection Pool	BCS Insurance	Covers gene therapy	$1.30 per member per month	$1,000,000 for fully insured Non-ACA and $1,000,000 stop loss

All contracts may be terminated by either party with written notice as specified in each agreement. The contracts contained all of the clauses required by the NAIC's Accounting Practices and Procedures Manual.

In 2019, North Dakota enacted House Bill 1106 to establish the Reinsurance Association of North Dakota (RAND), a state based reinsurance program designed to stabilize the individual health insurance market by lowering premiums and managing high-risk claims. Operating under a federal Section 1332 waiver, RAND reinsures member insurers for 75% of individual claim costs that fall between an attachment point of $100,000 and a maximum limit of $1,000,000 per plan year. The program is funded through a combination of federal passthrough dollars and assessments on insurers writing fully insured small and large group health benefit plans. Insurers are entitled to a state premium tax credit for the amount of assessments paid, ensuring these costs are not passed on to policyholders. RAND is administered by the North Dakota Insurance and Securities Department. Below is a chart showing the assessments BCBSND paid into RAND and the reimbursements they received.

	2024	2023	2022	2021	2020
Assessments Paid	$19,200,066	$4,700,309	N/A	N/A	$13,219,608
Reimbursements Received	$30,601,264	$30,459,842	$21,578,114	$19,331,426	$14,947,226

ACCOUNTS AND RECORDS

The Company's accounting procedures, internal controls, and transaction cycles were reviewed during the course of the examination and a trial balance as of December 31, 2024 was obtained and traced to the appropriate schedules of the Company's 2024 Annual Statement.

The Company is audited annually by an outside firm of independent certified public accountants. The work papers of this firm were made available to the Examiners and were used to the extent deemed appropriate for this examination.

FINANCIAL STATEMENTS

The following pages present a Statement of Assets, Liabilities, and Surplus as of December 31, 2024, a Statement of Income for 2024, and a Reconciliation of Capital and Surplus changes for the full examination period.

These financial statements are based on the statutory financial statements filed by the Company with the North Dakota Insurance and Securities Department and present the financial condition of the Company for the period ending December 31, 2024. The accompanying comments on financial statements reflect any examination adjustments to the amounts reported in the annual statement and should be considered an integral part of the financial statements.

Blue Cross Blue Shield of North Dakota

Statement of Assets
As of December 31, 2024

	Assets	Non-Admitted	Net Admitted
ASSETS			
Bonds	$479,155,193	$0	$479,155,193
Preferred Stocks	0		0
Common stocks	62,441,211		62,441,211
Mortgage loans on real estate	0		0
Real estate	14,854,867		14,854,867
Cash, cash equivalents and short-term investments	36,702,725		36,702,725
Other invested assets	95,983,339		95,983,339
Receivables for securities	17,731		17,731
Aggregate write-ins for invested assets	0		0
Subtotal, cash and invested assets	$689,155,066	$0	$689,155,066
Investment income due and accrued	3,794,976		3,794,976
Uncollected premiums and agents' balances	29,913,968	4,797,234	25,116,734
Deferred premiums, agents' balances - not yet due			
Accrued retrospective premiums	3,817,740		3,817,740
Amounts recoverable from reinsurers	37,906,158		37,906,158
Amounts receivable relating to uninsured plans	76,839,883	4,387,933	72,451,950
Current federal and foreign income tax recoverable	4,957,616		4,957,616
Net deferred tax asset	18,780,416	7,047,347	11,733,069
Electronic data processing equipment and software	2,020,946		2,020,946
Furniture and equipment	7,807,548	7,807,548	
Receivables from parent, subsidiaries and affiliates	12,096,908		12,096,908
Health care and other amounts receivable	85,650,330	10,196,003	75,454,327
Aggregate write-ins for other than invested assets	22,343,578	22,343,578	
TOTAL ASSETS	$995,085,133	$56,579,643	$938,505,490

Blue Cross Blue Shield of North Dakota

Statement of Liabilities, Surplus and Other Funds
As of December 31, 2024

LIABILITIES	
Unpaid Losses	$170,817,177
Accrued medical incentive pool and bonus amounts	8,317,000
Loss adjustment expenses	3,463,000
Aggregate health policy reserves	88,476,965
Aggregate health claim reserves	5,985,000
Premiums received in advance	25,472,449
General expenses due or accrued	49,617,818
Ceded reinsurance premiums payable	3,772,696
Amounts withheld or retained for the account of others	826,630
Payable to parent, subsidiaries and affiliates	58,004,190
Liability for amounts held under uninsured plans	54,787,533
Aggregate write-ins for liabilities	11,563,545
Total Liabilities	$481,104,003
SURPLUS AND OTHER FUNDS	
Common capital stock	
Preferred capital stock	
Aggregate write-ins for special surplus funds	
Surplus notes	
Gross paid in and contributed surplus	
Unassigned funds (surplus)	
Total Surplus	$457,401,487
TOTAL LIABILITIES, SURPLUS AND OTHER FUNDS	$938,505,490

Blue Cross Blue Shield of North Dakota

Statement of Income
For the Year Ending 2024

UNDERWRITING INCOME		
Premiums earned		$1,636,829,812
DEDUCTIONS:		
Losses incurred	$1,461,607,224	
Loss adjustment expenses incurred	68,351,054	
Other underwriting expenses incurred	139,609,559	
Aggregate write-ins for underwriting deductions	16,552,767	
Total underwriting deductions	1,686,120,604	
Net underwriting gain (loss)		$(49,290,792)
INVESTMENT INCOME		
Net investment income earned	$28,415,279	
Net realized capital gains (losses)	19,617,372	
Net investment gain (loss)	48,032,651	
OTHER INCOME		
Net gain (loss) from agents' balances charged off	$0	
Finance and service charges	0	
Aggregate write-ins for miscellaneous income	(4,472,326)	
Total other income	(4,472,326)	
Net income before dividends and taxes		$(5,730,467)
Dividends to policyholders		0
Net income after dividends, before taxes		$(5,730,467)
Federal and foreign income taxes incurred		1,389,744
NET INCOME		$(7,120,211)

Blue Cross Blue Shield of North Dakota

Reconciliation of Capital and Surplus
December 31, 2020 through December 31, 2024

	2024	2023	2022	2021	2020
Capital and Surplus December 31, prior year	$476,254,587	$465,578,381	$523,466,211	$457,905,801	$495,742,406
Net income or (loss)	$(7,120,211)	$33,615,180	$10,828,971	$39,798,281	$31,276,564
Change in net unrealized capital gains or (losses)	$(13,684,363)	$(4,073,918)	$(21,262,157)	$2,358,222	$5,819,944
Change in net deferred income tax	$2,643,374	$(2,799,156)	$950,083	$(2,936,281)	$(13,208,182)
Change in nonadmitted assets	$(1,317,890)	$1,449,682	$21,818,184	$24,531,057	$(10,423,917)
Aggregate write-ins for gains or (losses) in surplus	$625,990	$(17,515,582)	$(70,222,911)	$1,809,131	$(398,717)
Net change in capital and surplus	$(18,853,100)	$10,676,206	$(57,887,830)	$65,560,410	$13,065,692
Capital and Surplus December 31, current year	$457,401,487	$476,254,587	$465,578,381	$523,466,211	$457,905,801

COMMENTS ON THE FINANCIAL STATEMENTS

Financial statement balances at December 31, 2024 are commented upon only if financial changes, recommendations, or special explanations are considered necessary.

There were no examination adjustments made to surplus as a result of this examination.

CONCLUSION

The financial condition of Blue Cross Blue Shield of North Dakota, Fargo, North Dakota, as determined by this examination is summarized as follows:

TOTAL ADMITTED ASSETS		$938,505,490
Liabilities	$481,104,003	
Surplus to Policyholders	$457,401,487	
TOTAL LIABILITIES AND SURPLUS		$938,505,490

During the 5-year period under examination, admitted assets increased by $172,724,836, liabilities increased by $160,163,458, and surplus to policyholders increased by $12,561,378.

ACKNOWLEDGMENT

The assistance and cooperation of the officers and employees of the Company is hereby acknowledged.

Name	Designation	Representing
Colton Schulz	CFE, CISA, CRISC, CFE (Fraud)	Department
Cole Mork		Department
Colton Storseth	FSA, MAAA	Department
Joe Dietrick	CFE, CPA, CISA, AES	Jennan Enterprises, LLC
Jenny Jeffers	CISA, AES	Jennan Enterprises, LLC
Eric Free	CFE, ALMI	Risk and Regulatory Consultants
Mike Misluk	CIA	Risk and Regulatory Consultants
Lisa Parker	ASA, MAAA	Risk and Regulatory Consultants
Trisha	FSA, MAAA	Risk and Regulatory Consultants
Mike Presley	FSA, MAAA	Risk and Regulatory Consultants
Becky Sheppard	FSA, MAAA	Risk and Regulatory Consultants

Respectfully submitted,



Cole Mork
Staff Examiner
North Dakota Insurance and Securities Department

COMMENTS AND RECOMMENDATIONS

No examination level comments or recommendations were made.