

REPORT OF EXAMINATION
OF THE
CAREAMERICA LIFE INSURANCE COMPANY
AS OF
DECEMBER 31, 2024

A handwritten signature in blue ink, appearing to be 'D. Silva', is located in the bottom right corner of the page.

Filed on November 3, 2025

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Sacramento, California
October 23, 2025

Honorable Ricardo Lara
Insurance Commissioner
California Department of Insurance
Sacramento, California

Dear Commissioner:

Pursuant to your instructions, an examination was made of the

CAREAMERICA LIFE INSURANCE COMPANY

(hereinafter also referred to as the Company). The Company's home office is located at 601 12th Street, Oakland, California 94607.

SCOPE OF EXAMINATION

We have performed our multi-state examination of the Company. The previous examination of the Company was as of December 31, 2020. This examination covered the period from January 1, 2021 through December 31, 2024.

The examination was conducted in accordance with the National Association of Insurance Commissioners Financial Condition Examiners Handbook (Handbook). The Handbook requires the planning and performance of the examination to evaluate the Company's financial condition, assess corporate governance, identify current and prospective risks, and evaluate system controls and procedures used to mitigate those risks. The examination also includes identifying and evaluating significant risks that could cause the Company's surplus to be materially misstated both currently and prospectively.

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 findings of fact and general information about the Company 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.), were not included within the examination report but separately communicated to other regulators and/or the Company.

The examination was conducted concurrently with the examination of the Company's affiliate, Blue Shield of California Life & Health Insurance Company.

COMPANY HISTORY

Capitalization

The Company is authorized to issue 14,000 shares of common stock with a par value of \$350 per share. As of December 31, 2024, there were 7,267 shares issued and outstanding.

MANAGEMENT AND CONTROL

The Company is a member of an insurance holding company system of which California Physicians' Service (d.b.a. Blue Shield of California) is the ultimate controlling entity. The following organizational chart depicts the relationships of the companies within the holding company system as of December 31, 2024 (all ownership is 100%):

- California Physicians' Service d.b.a. Blue Shield of California (California)
- Blue Shield of California Life & Health Insurance Company (California)
- CareAmerica Life Insurance Company (California)**
- Altais (California)
 - Altais Health, LLC (Delaware)
 - Altais Clinical Services (California)
- FullSpan Holding Company, Inc. (California)
 - Blue Shield of California Promise Health Plan (California)
 - Honu Kai Holding, LLC (Delaware)
 - Honu Kai Assurance, Ltd. (Hawaii)

The Company is overseen by a one-member Board of Director, elected annually. The Board member and principal officers serving as of December 31, 2024 is as follows:

Board of Directors

Name and Location

Paul S. Markovich
Oakland, California

Principal Business Affiliation

President and Chief Executive Officer
California Physicians' Service

Principal Officers

Name

Patrice Bergman
Michelle Mortensen
Hope H. Scott
Ian Lebby*
Emily R. Glidden
Craig Laidig
Lisa Crawford
Devin Gensch

Title

President and Chief Executive Officer
Controller
Secretary
Actuary
Treasurer
Assistant Secretary
Assistant Secretary
Assistant Secretary

**Ian Lebby was replaced by John Rodgers, effective June 8, 2025.*

Management Agreements

Administrative Services Agreement: Effective January 1, 2005, the Company entered into an Administrative Services Agreement (Agreement) with its parent, Blue Shield of California (BSC). Under the terms of the Agreement, BSC provides the Company with personnel services, facilities, information systems, administrative and operational support on an actual cost basis. The Agreement was approved by the California Department of Insurance (CDI) on December 29, 2004. This Agreement has been revised twice, with each revision submitted to and approved by the CDI on December 21, 2005, and May 25, 2010. The total fees incurred by the Company for services under this Agreement were \$180,867, \$45,443, \$57,621, and \$7,861 for 2021, 2022, 2023, and 2024, respectively.

Amended and Restated Tax Sharing Agreement: Effective December 31, 2019, the Company entered into an Amended and Restated Tax Sharing Agreement (Agreement) with BSC and its affiliates, Blue Shield of California Life & Health Insurance Company, FullSpan Holding Company, Inc., Blue Shield of California Promise Health Plan, and Altais, for the purpose of filing a consolidated federal income tax return, and, where appropriate, state and local consolidated, combined or unitary income tax returns. The Agreement was filed with the CDI on January 26, 2022, and approved on April 19, 2022. The federal income tax incurred by the Company for 2021, 2022, 2023, and 2024 were \$40,459, \$76,341, \$86,460, and \$99,978, respectively.

TERRITORY AND PLAN OF OPERATION

The Company is a California domiciled life and health insurance company with licenses in Arizona, Louisiana, Mississippi, Nevada, New Mexico, North Dakota, and Oregon. The Company is in runoff and does not actively market the business. The Company's only remaining source of business is the coverage of individual term life insurance policies in Arizona and California. The total premium written in 2024 was \$11,488, of which \$11,296 was written in Arizona and \$192 in California.

REINSURANCE

Assumed

The Company did not assume any reinsurance during the examination period.

Ceded

The Company did not cede any reinsurance during the examination period.

FINANCIAL STATEMENTS

The following financial statements are based on the statutory financial statements filed by the Company with the California Department of Insurance for the period ending December 31, 2024. The accompanying comments to the amounts in the financial statements should be considered an integral part of the financial statements. No adjustments were made to the financial statements as a result of the examination.

Statement of Financial Condition as of December 31, 2024

Summary of Operations and Capital and Surplus Account for the Year Ended
December 31, 2024

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

Statement of Financial Condition
as of December 31, 2024

<u>Assets</u>	<u>Ledger and Nonledger Assets</u>	<u>Assets Not Admitted</u>	<u>Net Admitted Assets</u>	<u>Notes</u>
Bonds	\$ 10,172,342	\$	\$ 10,172,342	
Cash, cash equivalents, and short-term investments	1,107,187		1,107,187	
Investment income due and accrued	61,627		61,627	
Aggregate write-ins for other-than-invested assets	32,279	32,279	0	
Total assets	<u>\$ 11,373,435</u>	<u>\$ 32,279</u>	<u>\$ 11,341,156</u>	

<u>Liabilities, Surplus, and Other Funds</u>			<u>Notes</u>
Aggregate reserve for life contracts		\$ 29,540	(1)
General expenses due or accrued		5,389	
Current federal and foreign income taxes		68,938	
Net deferred tax liability		219,649	
Asset valuation reserve		37,979	
Payable to parent, subsidiaries and affiliates		16,424	
Aggregate write-ins for liabilities		28,119	
Total liabilities		406,038	
Common capital stock	2,543,450		
Gross paid in and contributed surplus	2,987,900		
Unassigned funds (surplus)	5,403,768		
Total surplus		10,935,118	
Total liabilities, surplus, and other funds		<u>\$ 11,341,156</u>	

Summary of Operations and Capital and Surplus Account
for the Year Ended December 31, 2024

Underwriting Income

Premiums and annuity considerations	\$ 11,488
Net investment income	323,358
Amortization of Interest Maintenance Reserve	<u>414</u>
Total	335,260

Deductions:

Death benefits	\$ 10,128
Increase in aggregate reserves for life and accident and health contracts	414
General insurance expenses and fraternal expenses	30,930
Insurance taxes, licenses and fees, excluding federal income taxes	<u>29,152</u>
Totals	<u>70,624</u>

Net gain from operations after dividends to policyholders, refunds to members and before federal income taxes	264,636
Federal and foreign income taxes incurred	<u>99,979</u>
Net income	<u>\$ 164,657</u>

Capital and Surplus Account

Surplus as regards policyholders, December 31, 2023	\$ 10,747,320
Net income	\$ 164,657
Change in net deferred income tax	45,167
Change in nonadmitted assets	(26,156)
Change in asset valuation reserve	<u>4,130</u>
Change in surplus as regards policyholders for the year	<u>187,798</u>
Surplus as regards policyholders, December 31, 2024	<u>\$ 10,935,118</u>

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

Surplus as regards policyholders, December 31, 2020			\$ 10,471,540	<u>Notes</u>
	Gain in Surplus	Loss in Surplus		
Net income	\$ 307,422	\$		
Change in net deferred income tax	188,815			
Change in nonadmitted assets		32,278		
Change in asset valuation reserve		381		
Total gains and losses in surplus	\$ 496,237	\$ 32,659		
Net increase in surplus as regards policyholders			<u>463,578</u>	
Surplus as regards policyholders, December 31, 2024			<u>\$ 10,935,118</u>	

COMMENTS ON FINANCIAL STATEMENT ITEMS

(1) Aggregate Reserve for Life Contracts

California Department of Insurance actuary performed an actuarial review of the aggregate reserves for the above liability account. Based on the review, the Company's reserves as of December 31, 2024 were found to be reasonably stated and have been accepted for purposes of this examination.

SUBSEQUENT EVENTS

On October 17, 2024, the Company filed a Form A application with the California Department of Insurance (CDI) to restructure the holding company group, creating a new Delaware non-profit entity, Ascendium, Inc., as the ultimate controlling parent and Aries Health LLC, a nonprofit Delaware limited liability company, as the second-tier holding company. The restructuring was approved by the CDI on December 6, 2024 and became effective January 1, 2025. The restructure is expected to have a minimal impact to the Company's operations and is expected to provide improved tax treatment for the group, enhance opportunities for growth in the marketplace for non-insurance affiliates, and enable entities within the holding company system to align more effectively with the group's objectives.

Effective for January 1, 2025, the Company entered into a Second Amended and Restated Tax Sharing Agreement with Ascendium, Inc., a Delaware non-stock non-profit corporation (the "Ultimate Controlling Person"), California Physicians Service, dba Blue Shield of California, a California corporation (the "Former Ultimate Controlling Person") and the following entities: Stellarus, LLC, a Delaware limited liability corporation, Blue Shield of California Life & Health Insurance Company, FullSpan Holding Company, Inc., Blue Shield of California Promise Health Plan, Altais, and Honu Kai Assurance, Ltd., for the purpose of filing a consolidated federal income tax return. Pursuant to the terms of the Agreement, Ascendium, as the new parent, together with its subsidiaries, including the Company, will allocate and settle the consolidated income tax liability among the members of the group in a consolidated tax filing, in accordance with the Internal Revenue

Service Code section 1552(a) and Treasury Regulations Section 1.1552-1. The Agreement was filed with the CDI for review on December 6, 2024 and was approved on February 25, 2025.

SUMMARY OF COMMENTS AND RECOMMENDATIONS

Current Report of Examination

None.

Previous Report of Examination

Management Agreements – (page 3): It was recommended that the Company file the Amended and Restated Tax Sharing Agreement with the California Department of Insurance for prior approval as required by California Insurance Code (CIC) Section 1215.5(b)(4). It was also recommended that the Company disclose the Amended and Restated Tax Sharing Agreement as required by CIC section 1215.4(b)(3)(H). The Company is now in compliance.

Corporate Records - (page 5): It was recommended that the Company provide updated and accurate information in the Annual Information Statement filings. This was a repeat finding from the prior examination. The Company is now in compliance.

ACKNOWLEDGMENT

Acknowledgment is made of the cooperation and assistance extended by the Company's officers and employees during the course of this examination.

Respectfully submitted,

Jack Lee, CFE
Examiner-In-Charge
Senior Insurance Examiner
Department of Insurance
State of California

Kyo Chu, CFE
Senior Insurance Examiner, Supervisor
Department of Insurance
State of California