COMMONWEALTH OF MASSACHUSETTS

OFFICE OF CONSUMER AFFAIRS AND BUSINESS REGULATION

DIVISION OF INSURANCE

REPORT OF EXAMINATION OF THE

BLUE CROSS AND BLUE SHIELD OF MASSACHUSETTS, INC.

Boston, Massachusetts

As of December 31, 2024

NAIC GROUP CODE 3637

NAIC COMPANY CODE 53228

EMPLOYER ID NUMBER 04-1045815

BLUE CROSS AND BLUE SHIELD OF MASSACHUSETTS, INC.

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COMMONWEALTH OF MASSACHUSETTS
Office of Consumer Affairs and Business Regulation
DIVISION OF INSURANCE
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May 29, 2026

The Honorable Michael T. Caljouw
Commissioner of Insurance
Commonwealth of Massachusetts
Division of Insurance
One Federal Street, Suite 700
Boston, MA 02110

Honorable Commissioner:

Pursuant to your instructions and in accordance with Massachusetts General Laws, Chapter 176A, Section 6, Chapter 176B, Section 9, and other applicable statutes, an examination has been made of the financial condition and affairs of

BLUE CROSS AND BLUE SHIELD OF MASSACHUSETTS, INC.

The Company's home office is located at 101 Huntington Avenue, Suite 1300, Boston, MA 02199-7611. The following report thereon is respectfully submitted.

SCOPE OF EXAMINATION

Blue Cross and Blue Shield of Massachusetts, Inc. ("Company" or "BCBSMA") was last examined as of December 31, 2021, by the Massachusetts Division of Insurance (“Division”). The current examination was also conducted by the Division and covers the three-year period from January 1, 2022, through December 31, 2024, including 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 standards and procedures established by the National Association of Insurance Commissioners (“NAIC”) Financial Condition (E) Committee and prescribed by the current NAIC *Financial Condition Examiners Handbook,* the examination standards of the Division and with Massachusetts General Laws. The Handbook requires that we plan and perform the examination to evaluate the financial condition and identify current and prospective risks of the Company by obtaining information about the Company, including corporate governance, identifying and assessing inherent risks within the Company, and evaluating 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. 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 Massachusetts General Laws, Chapter 176A, Section 6, Chapter 176B, Section 9, 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.

The Company is audited annually by Ernst & Young (“E&Y”), an independent certified public accounting firm. The firm expressed unqualified opinions on the Company’s financial statements for calendar years 2022 through 2024. A review and use of the Certified Public Accountants’ work papers were made to the extent deemed appropriate and effective. The Company has an internal audit department. Work papers prepared by the Company's internal audit department have been reviewed as a source of information and were tested and leveraged as deemed appropriate and effective.

Representatives from the firm of KPMG LLP ("KPMG") were engaged by the Division to assist in the examination by performing certain examination procedures at the direction of and under the overall management of the Division’s examination staff. KPMG's Health Actuaries were involved in the performance of those procedures to the extent that such procedures related to the Company's reserves for unpaid claims and loss adjustment expenses and provider risk sharing settlements as of December 31, 2024.

KPMG's Information Technology Advisory Services personnel were engaged to review the Company's Information Technology environment to assist in determining the level of reliance to be placed on the information generated by the data processing systems.

SUMMARY OF SIGNIFICANT FINDINGS OF FACT

There were no significant findings identified during the previous examination, and there are no significant findings related to the current examination.

COMPANY HISTORY

Blue Cross and Blue Shield of Massachusetts began as the Associated Hospital Service Corporation of Massachusetts in 1937. The corporation aimed to spread the cost of hospital treatment among a large group of employed persons and, upon its opening, was the twenty-sixth plan of its kind in the United States, differing from others in its offering of statewide coverage. In 1939, the name Blue Cross was officially adopted by the American Hospital Association as the national symbol for the Hospital Service movement and in 1941, Blue Shield was established as a result of physician interest in the prepayment concept of financing health care.

Over the years, Blue Cross and Blue Shield of Massachusetts continued to grow and adapt to the needs of consumers, offering ever-increasing comprehensive coverage. The two separate organizations merged to become Blue Cross and Blue Shield of Massachusetts, Inc. and continued as part of a national network of affiliated plans, the Blue Cross and Blue Shield Association.

In 1992, BCBSMA launched an insured Health Maintenance Organization ("HMO") line of business branded as HMO Blue. The product reflected a change that was in line with the interests of the emerging market and represented a transition from traditional health insurance to managed care.

BCBSMA is also the sole corporate member of two foundations; The Blue Cross Blue Shield of Massachusetts Foundation ("BCBSF") founded in 2001 which is committed to expanding high quality care access to the underserved in Massachusetts consistent with its original charter, and the Health Care Assistance Foundations, Inc. (HCAF), inactive since 2005.

In January 2005, BCBSMA transferred its insured HMO business to a separately incorporated, not-for-profit subsidiary, Blue Cross and Blue Shield of Massachusetts HMO Blue, Inc. ("HMO Blue"). HMO Blue provides hospitalization, medical and other health benefits as a licensed health maintenance organization. HMO Blue and BCBSMA operate under common management and Board of Directors ("Board") control. HMO Blue was licensed by the Division effective January 1, 2005. As a condition of granting an HMO license to HMO Blue, the Division required BCBSMA and HMO Blue to enter into an agreement to issue a surplus note to the other company if either entity's health risk-based capital ("RBC") falls outside a specified range. BCBSMA also entered into a unilateral agreement with HMO Blue to guarantee all of HMO Blue's current and future financial obligations.

Effective January 1, 2014, the Company adopted Statement of Statutory Accounting Principles No. 106, Affordable Care Act Assessments ("SSAP 106"). SSAP 106 provides accounting treatment for the assessment under Section 9010 of the Patient Protection and Affordable Care Act (“ACA”) of entities issuing health insurance. Additionally, the Company also adopted SSAP No. 107, Accounting for the Risk- Sharing Provisions of the Affordable Care Act ("SSAP 107"). The ACA imposes fees and premium stabilization provisions on health insurance issuers offering commercial health insurance. The risk-sharing provisions include three programs known as risk adjustment, reinsurance, and risk corridor. The required payments to the programs are reported as assessments and amounts distributed back to the insurance companies are presented as recoverables or receivables on the balance sheet.

BCBSMA has one wholly controlled subsidiary; HMO Blue, and two wholly owned subsidiaries; FERM Captive, LLC (“FERM Captive”) established in 2021, and Zaffre Health Solutions, LLC (“Zaffre Health Solutions”) established in 2012. The general business of Zaffre Health Solutions is to engage in certain strategic investments that provide services to a wide array of businesses in the healthcare industry.

In addition, the Company has two other affiliated companies, BlueCross BlueShield Venture Partners, L.P. (“BCBS Venture”) and BlueCross BlueShield Venture Partners II, L.P. (“BCBS Venture II”). BCBS Venture is a strategic corporate venture fund formed by eleven Blue Cross and Blue Shield plans to invest in emerging companies that will bring greater innovation, efficiency, consumer-focus, and transparency to healthcare. BCBS Venture II is a strategic corporate venture fund formed by twenty Blue Cross and Blue Shield plans to primarily make equity investments in emerging companies of strategic interest to Blue Plans while pursuing positive financial returns.

MANAGEMENT AND CONTROL

Board of Directors Minutes

The minutes of meetings of the Board and its Committees for the period under examination were read and they indicated that all meetings were held in accordance with the Company’s bylaws and the laws of the Commonwealth of Massachusetts. Activities of the Committees were ratified at meetings of the Board.

Articles of Organization and Bylaws

The articles of organization and bylaws of the Company were reviewed, and there were no changes during the examination period. The bylaws provide guidance related to corporate governance, including the roles and responsibilities of the directors and officers of the Company.

Board of Directors

In accordance with the bylaws, the members may determine the size of the Board and shall annually elect or reelect directors to succeed the directors whose terms then expire for a term of three years. The Board shall be divided into three classes such that the term of one class of directors expires each year. If the members increase the number of directors, the additional directors shall be placed into the existing classes such that the terms of the directors expire (as nearly may be) one third each year. Directors elected to a class mid-term shall complete the term of the class into which he or she was elected. The president and chief executive officer, if also a director, shall not be a part of any class and shall serve term coterminous with his or her employment as chief executive officer and president of the corporation. Except for the president and chief executive officer, no director may serve more than four (4) consecutive three (3) year terms.

The Board shall have a chair of the Board. The chair of the Board shall preside at all meetings of the members, the directors and the executive committee, if any. He or she shall also have such other powers and duties as may be given to or imposed upon him or her by these bylaws or by the directors.

The Board shall have one or more vice chairs. The vice chairs of the Board, or one of the vice chairs of the Board if there are more than one, shall act as chair of the Board in the chair of the Board's absence. The vice chair or vice chairs of the Board shall have such other powers and duties as the directors may from time to time determine.

Except as otherwise provided by law vacancies in the Board occurring during the year may be filled for the unexpired term by a majority vote of the remaining directors, though less than a quorum, at any meeting of the Board, provided that after such vacancies are filled the composition of the Board complies with the law and Company bylaws. Notwithstanding any vacancy on the Board, the Board shall continue to act on behalf of the Company with its full authority and effect thereof.

Any director may resign by written notice given to the chair of the Board, the president, the secretary or the Board. Directors may be removed from office at any time for cause by vote of a majority, and without cause by vote of two thirds, of the directors then in office, provided that a director may be removed for cause only after a reasonable notice and opportunity to be heard before the Board.

At December 31, 2024, the Company’s Board consisted of the following:

Director	Title
Vanessa Calderon-Rosado	CEO, Inquilinos Boricuas en Accion (IBA)
Thomas H. Lee	Chief Medical Officer, Press Ganey Associates
Dorothy E. Puhy	Retired EVP/Chief Operating Officer Dana-Farber Cancer Institute, Inc.
Phyllis R. Yale	Advisory Partner, Bain & Company, Inc.
Francis X. Callahan	President, Massachusetts Building Trades Union
Marcy L. Reed	Former President MA and Executive Vice President, US Policy & Social Impact, National Grid
Martin T. Meehan	President, University of Massachusetts
Corey E. Thomas	Chairman & Chief Executive Officer, Rapid7, Inc.

Lauren A. Smith, MD	Vice President of Strategic Portfolios, Robert Wood Johnson Foundation
Quincy L. Miller	Vice Chair, President and Chief Operating Officer, Eastern Bank
Paula A. Price	Former CFO, Macy's, Inc.
Ami Parekh	Chief Health Officer, Included Health, Inc.
Edward A. Kelly	General President, International Association of Fire Fighters
Mary B. Strother	Senior Vice President, Northeaster University
Sarah Iselin	President and CEO, BCBSMA, Inc.

Officers

The Company shall have as its officers a president, one or more executive vice presidents, one or more senior vice presidents, a chief financial officer, a chief actuary, a chief legal officer, a secretary, a treasurer, one or more assistant secretaries, and one or more assistant treasurers. The secretary, treasurer, assistant secretaries and assistant treasurers shall be elected by the members annually at their annual meeting, and the other officers designated above shall be elected by the directors annually at the first meeting of the directors following the annual meeting of the members, provided that each officer shall continue to hold office after the expiration of his or her elected term until a successor is elected and qualified. The officers shall not be chosen from the Board.

The officers of the Company as of December 31, 2024, were as follows:

Officer	Title
Sarah Iselin	President & Chief Executive Officer
Richard D. Lynch	EVP & Chief Operating Officer
Ruby Kam	EVP & Chief Financial Officer
Donald Savery	SVP, General Counsel & Secretary
Dawn Perry	SVP & Chief Audit Officer
Anthony Criscuolo	SVP & Treasurer
Mark Collura	Assistant Treasurer
Enrico A. Giammarco	Assistant Treasurer
Michael Guerriere	SVP & Chief Actuary
Alona G. Abalos	VP & Associate General Counsel

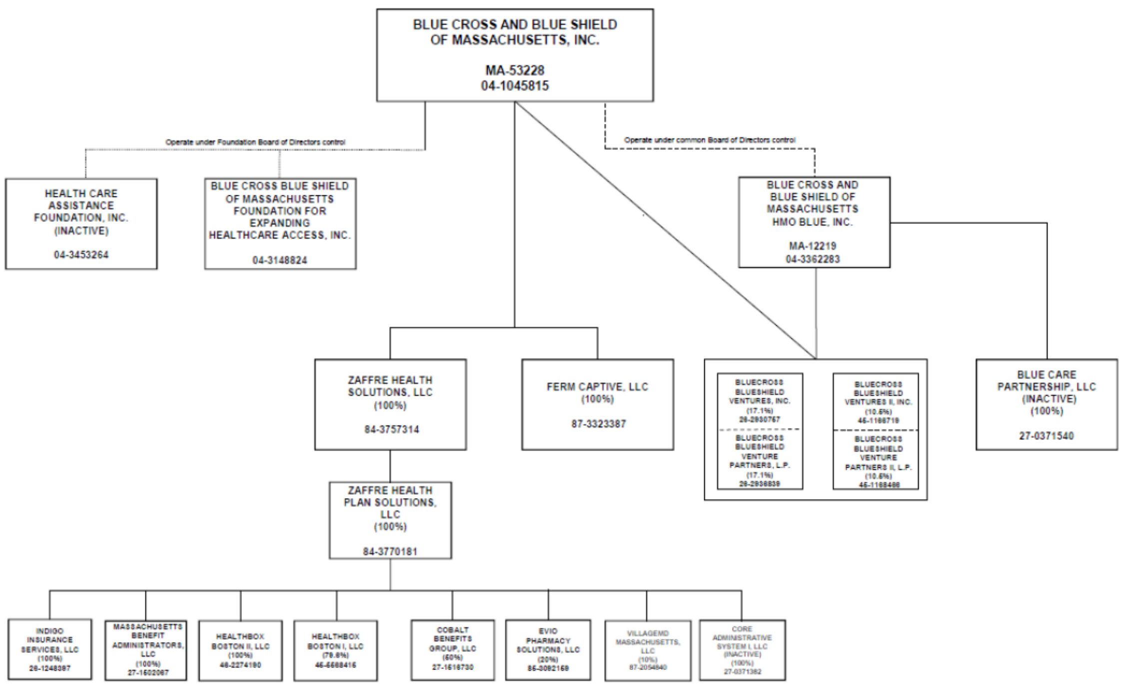
Committees of the Board of Directors

According to the bylaws, except as otherwise provided by law, by the articles of organization or these bylaws, all corporate powers shall be exercised by or under the authority of the directors. The affairs, property and business of the corporation shall be managed under the direction of the directors, and the directors may adopt such rules and regulations for that purpose and for the conduct of its meetings as they may deem proper. The directors shall have the power from time to time to appoint such committees with such membership and duties as they may determine; to appoint, prescribe the duties of and determine the salaries or compensation of officers, agents and employees; to authorize employment contracts which may extend beyond the terms of the directors and may create contract rights which do not prevent but are not otherwise prejudiced by the removal of or failure to reelect any officer; and to delegate to the extent permitted by law any of their powers to committees, officers, agents and employees of the corporation subject to such limitations as the directors may impose.

Affiliated Companies

As stated in the Insurance Holding Company System Form B, Form C and Form F as filed with the Division, the Company is a member of a holding company system and is subject to the registration requirements of Massachusetts General Law Chapter 175, Section 206C, Chapter 176G, Section 28 and 211 Code of Massachusetts Regulation 7.00. BCBSMA is the "ultimate controlling person" of the holding company system.

Organizational Chart



Transactions and Agreements with Subsidiaries and Affiliates

Tax Sharing Agreement
BCBSMA files a consolidated tax return with Zaffre Health Plan Solutions, LLC. Taxes are allocated among members of the consolidate tax return under the terms of the agreement.

Inter-company Agreement
BCBSMA and HMO Blue (together the "Companies") operate under a common Board of Directors management and control. The Company participates in a bilateral inter-company agreement with

BCBSMA to settle any claims, fees, administrative cost expense allocation, and pass-through cash and expenses paid by one company on behalf of the other company.

Inter-company Guarantees
As a condition of granting an HMO license to HMO Blue, the Division required HMO Blue and BCBSMA to enter into an agreement with the Division granting the Division discretionary authority to require either company to issue a surplus note to the other company if either of the company's health risk-based capital (RBC) is more than seventy-five percentage points higher than the other company's RBC. Under the terms of its license with the Blue Cross and Blue Shield Association, BCBSMA has also entered into a unilateral agreement with HMO Blue to guarantee all current and future financial obligations of HMO Blue.

Inter-company Loan Agreement
BCBSMA and HMO Blue have an inter-company loan agreement, which allows borrowings between the Companies, however, such amounts are limited to predetermined levels based on certain financial measures.

Senior Management Agreement
Under the existing structure BCBSMA and its senior level management team oversee daily operations and set strategic direction for both Companies. Pursuant to the Senior Management Service Agreement BCBSMA will provide the services of the Senior Level Management team in exchange for an arm's length payment.

Committed Investments to affiliates
BCBSMA and HMO Blue each committed to invest $10,000,000 in BlueCross BlueShield Ventures, Inc. and BlueCross BlueShield Venture Partners, L.P., in the form of 20 Class A shares of the General Partner and 17.1% limited interest in the Partnership. As of December 31, 2024, BCBSMA has contributed $9,802,000 to the Partnership and $100,000 to the General Partner.

BCBSMA and HMO Blue each committed to invest $10,000,000 in BlueCross BlueShield Ventures II, Inc. and Blue Cross BlueShield Venture Partners II, L.P, in the form of 200 Class A shares of the General Partner II and 10.5% limited interest in the Partnership II. As of December 31, 2024, BCBSMA has contributed $9,900,000 to the Partnership II and $100,000 to the General Partner II.

Asset Transfer and Usage Fee Agreement
Effective May 31, 2020, BCBSMA, in accordance with the Asset Transfer and Usage Fee Agreement, transferred an internally developed software assets with a book value of $70,639,000 to HMO Blue in exchange for cash. Beginning June 1, 2020, the Company pays HMO Blue a monthly software usage fee, based on a mutually agreed upon methodology, equal to the fair market value of such usage and calculated in accordance with the U.S. Treasury Transfer Pricing Regulations.

Tri-party Employment Agreement
BCBSMA, HMO Blue and Indigo have a Tri-party Employment Agreement which covers the terms and conditions upon which BCBSMA, HMO Blue and Indigo will concurrently employ

associates who provide sales, account relations and sale related administrative services for all three entities. This agreement allows the Companies and Indigo to contract for employment services through the issuance of multiple employee work assignments. A common paymaster arrangement has been established for payroll and payroll related benefits. BCBSMA charges HMO Blue a fee based on the Company's allocated share of the Benefit Plans expenses.

Management and Administrative Service Agreement
BCBSMA provides core, non-core and routine administrative support services including personnel, office space, equipment, computer processing, office and professional services to Zaffre Health Solutions, Zaffre Health Plan Solutions, Indigo and Massachusetts Benefit Administrators, LLC. Additionally, each subsidiary pays a senior management fee to BCBSMA as its non-exclusive controller to manage and supervise its business through BCBSMA's senior management personnel in accordance with applicable federal, state, and local laws and regulations.

General Service Agreement
Zaffre Health Plan Solutions provides BCBSMA, HMO Blue and Indigo the service of those Companies' employees. The Company compensates Zaffre Health Plan Solutions by paying a management fee.

FERM Captive
In September 2021, the Company approved the creation of FERM Captive as a 100% wholly-owned subsidiary of BCBSMA. It is a single-parent captive insurer created to finance the risks and liabilities, not otherwise reasonably insurable under Director and Officers, Errors and Omissions, and Cyber Liability policies. FERM Captive is registered and operates under the permitted insurance companies' laws in Vermont. BCBSMA made an initial cash contribution of $100,000,000 to capitalize the new entity. In late 2022, BCBSMA utilized FERM Captive for a layer of coverage in the Errors and Omissions insurance tower to secure more competitive and stable premiums. By mid-2023, a limited layer of medical stop-loss reinsurance ($2M in excess of $3M per total claim) was placed with FERM.

TERRITORY AND PLAN OF OPERATION

BCBSMA is headquartered in Boston, Massachusetts. The Company is licensed to transact business in the Commonwealth of Massachusetts. As of December 31, 2024, BCBSMA's service area included all of Massachusetts with a focus on the greater metropolitan Boston area.

Treatment of Policyholders – Market Conduct

In accordance with Massachusetts General Laws, Chapter 175, Section 4, the Division performed a limited-scope market conduct examination of the market conduct affairs of the Company. The examination included but was not limited to the Company's' 2022 calendar year health insurance business in Massachusetts. As a result of the exam, two corrective actions were identified that require that the Company submit a report to the Division's Market Conduct Section on or before February 12, 2026:

1) Indicating the internal grievance procedures have been documented and implemented correctly both within internal documentation and on the Company's website.

2) Detailing their findings on the review of the Cotiviti claim denial workflow documents to ensure that a more stringent business practice is not occurring by making mental health providers provide additional clinical evidence when other claims denials do not require that same level of proof.

REINSURANCE

The Company has a specific excess of loss reinsurance agreement with Axis Specialty Company. This ceding reinsurance agreement provides the Company with increased capacity to write larger risks and maintain its exposure to loss within its capital resources.

BCBSMA has Gene + Risk Protection Excess of Loss Reinsurance Agreement with BCS Insurance Company. Under this policy, BCBSMA is reimbursed 100% of gene therapy claims as defined in the agreement over the policy retention of $1,000,000.

BCBSMA also had a Specific and Aggregate Excess of Loss Reinsurance Agreement with Independence Life and Annuity Insurance Company effective April 24, 2020, to December 31, 2023. This assumed reinsurance agreement provided BCBSMA with the ability to continue operations in the National Stop Loss marketplace. The Company terminated the Agreement with Independence Life and Annuity Insurance Company but will continue to process any run out claims activity after the effective date.

In addition, the Company uses FERM Captive for a limited layer of medical stop-loss reinsurance ($2M in excess of $3M per total claim).

FINANCIAL STATEMENTS

The following financial exhibits are based on the statutory financial statements prepared by management and filed by the Company with the Division and present the financial condition of the Company for the period ending December 31, 2024. The financial statements are the responsibility of Company management.

Statement of Assets, Liabilities, Capital and Surplus as of December 31, 2024

Statement of Revenue and Expenses for the Year Ended December 31, 2024

Reconciliation of Capital and Surplus for Each Year in the Three-Year Period Ended December 31, 2024

Statement of Assets, Liabilities, Capital, and Surplus
As of December 31, 2024

Assets	Per Annual Statement
Bonds	$988,592,649
Preferred stocks	5,287,867
Common stocks	221,038,810
Real estate properties occupied by the Company	49,633,857
Real estate properties held for sale by the Company	4,579,200
Cash, cash equivalents and short-term investments	254,835,614
Other invested assets	620,720,713
Receivables for securities	1,777,365
Subtotals, cash and invested assets	2,146,466,075
Investment income due and accrued	6,283,057
Premiums and considerations:	
Uncollected premiums and agents' balances	340,837,403
Accrued retrospective premiums and contracts subject to redetermination	6,316,346
Amounts receivables relating to uninsured plans	240,740,408
Current federal and foreign income tax recoverable and interest thereon	659,780
Electronic data processing equipment and software	4,918,451
Receivables from parent, subsidiaries and affiliates	37,251,239
Health care and other amounts receivable	321,089,546
Aggregate write-ins for other than invested assets	97,054,063
Total assets	$3,201,616,367
Liabilities	
Claims unpaid	$488,536,694
Unpaid claims adjustment expenses	5,336,679
Aggregate health policy reserves	221,665,906
Premiums received in advance	107,039,782
General expenses due or accrued	287,044,495
Ceded reinsurance payable	588,900
Amounts withheld or retained for the account of others	342,816
Borrowed money and interest thereon	195,113,174
Payable for securities	879,726
Liability for amounts held under uninsured plans	644,910,691
Aggregate write-ins for other liabilities	159,255,316
Total liabilities	2,110,714,178
Surplus notes	560,000,000
Unassigned funds (surplus)	530,902,189
Total capital and surplus	1,090,902,189
Total liabilities capital, and surplus	$3,201,616,367

Blue Cross and Blue Shield of Massachusetts, Inc.

Statement of Revenue and Expenses
For the Year Ended December 31, 2024

	Per Annual Statement
Member Months	19,177,256
Net premium income	$3,922,749,919
Change in unearned premium and reserve for rate credits	(58,324,610)
Total revenues	3,864,425,309
Deductions:	
Hospital/medical benefits	2,401,311,358
Other professional services	363,326,270
Emergency room and out-of-area	62,731,086
Prescription drugs	718,687,984
Incentive pool, withhold adjustments and bonus amounts	2,820,109
Subtotal	3,548,876,807
Net reinsurance recoveries	(1,302,279)
Total hospital and medical	3,547,574,528
Claims adjustment expenses	221,933,179
General administrative expenses	159,741,067
Total underwriting deductions	3,929,248,774
Net underwriting gain or (loss)	(64,823,465)
Net investment income earned	48,505,492
Net realized capital gains (losses) less capital gains tax	4,569,141
Net investment gains	53,074,633
Aggregate write-ins for other income or expenses	8,752,612
Net income or (loss), after capital gains tax and before all other federal income taxes	(2,996,220)
Federal and foreign income taxes incurred	(0)
Net income (loss)	$(2,996,220)

Reconciliation of Capital and Surplus
For Each Year in the Three-Year Period Ended December 31, 2024

	2024	2023	2022
Capital and surplus, December 31 prior year	$806,485,816	$855,605,066	$881,414,169
Net income or (loss)	(2,996,220)	(41,167,373)	(24,169,574)
Change in net unrealized capital gains	33,009,452	46,048,352	(55,073,135)
Change in net unrealized foreign exchange capital gain or (loss)	(247,125)	185,086	683,527
Change in net deferred income tax	5,456,678	6,389,869	(11,012,534)
Change in nonadmitted assets	(10,111,663)	(63,235,728)	14,692,635
Change in surplus notes	275,000,000		
Aggregate write-ins for gains or (losses) in surplus	(15,694,749)	2,660,543	49,069,979
Net change in capital and surplus for the year	284,416,373	(49,119,251)	(25,809,102)
Capital and surplus, December 31 current year	$1,090,902,189	$806,485,816	$855,605,066

ANALYSIS OF CHANGES IN FINANCIAL STATEMENTS RESULTING FROM THE EXAMINATION

There have been no changes made to the financial statements as a result of the examination.

COMMENTS ON FINANCIAL STATEMENT ITEMS

As a result of the examination, no issues with non-compliance, adverse findings, or material changes to the financial statements were identified.

The Company uses estimates for determining its claims incurred but not yet reported which are based on historical claim payment patterns, healthcare trends and membership and includes a provision for adverse changes in claim frequency and severity. Amounts incurred related to prior years may vary from previously estimated liabilities as the claims are ultimately settled.

KPMG Health Actuaries prepared independent estimates of the unpaid claim liabilities ("UCL") as of December 31, 2024. For December 31, 2024, completion factors for the projection of ultimate claims were developed using historical payment patterns and actuarial judgment. "Low" and "High" estimates were developed by subtracting the claims paid-to-date from the actuarial range of incurred estimates. The actuarial estimates, as determined by KPMG Health Actuaries, indicate that BCBSMA 's UCL are reasonable as of December 31, 2024.

SUBSEQUENT EVENTS

In October 2025, the Company announced that it is offering a voluntary separation program to about 18% of its employees who are at least 55 years old and have worked for the organization for a minimum of 10 years. Management is currently working through the succession planning for the impacted roles.

Prem Somasundaram became the permanent Chief Information Officer in January 2025.

The Company sold its One Enterprise Drive property in Quincy, MA to Foxrock Properties LLC for approximattely $9 million prior to closing costs in early 2025.

SUMMARY OF RECOMMENDATIONS

There were no significant recommendations noted by the examination team for improvements in process, activities and/or controls that should be noted in this report.

SIGNATURE PAGE

Acknowledgement is made of the cooperation and courtesies extended by the officers and employees of the Company during the examination.

The assistance rendered by KPMG LLP who participated in this examination hereby is acknowledged:

Michael Lewandowski

Michael Lewandowski, CFE
Supervising Examiner
Commonwealth of Massachusetts
Division of Insurance