



DEPARTMENT OF COMMERCE & INSURANCE

P.O. Box 690, Jefferson City, Mo. 65102-0690

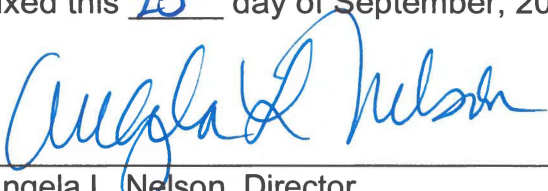
ORDER

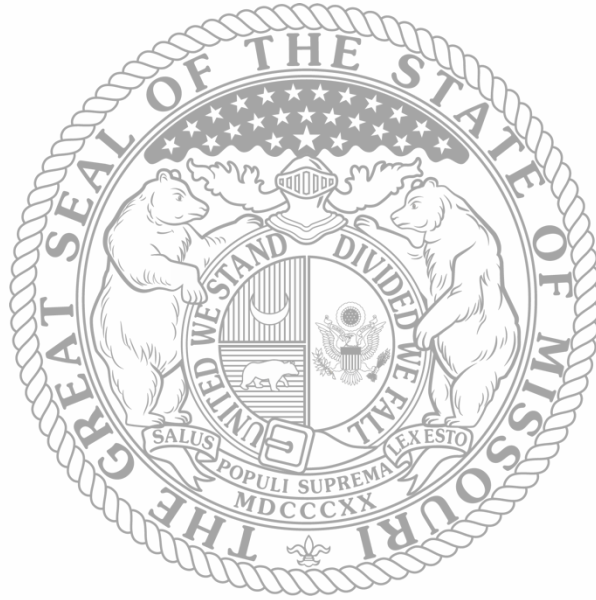
After full consideration and review of the report of the financial examination of Missouri Affiliated Governments Insurance Consortium for the period ended December 31, 2024, together with any written submissions or rebuttals and any relevant portions of the examiner's workpapers, I, Angela L. Nelson, Director of the Missouri Department of Commerce and Insurance pursuant to section 374.205.3(3)(a), RSMo, adopt such examination report. After my consideration and review of such report, workpapers, and written submissions or rebuttals, I hereby incorporate by reference and deem the following parts of such report to be my findings and conclusions to accompany this order pursuant to section 374.205.3(4), RSMo: summary of significant finding, company history, management and control, territory and plan of operation, growth of company and loss experience, reinsurance, accounts and records, financial statements, comments on financial statement items, financial statement changes resulting from examination, and summary of recommendations.

Based on such findings and conclusions, I hereby ORDER that the report of the financial examination of Missouri Affiliated Governments Insurance Consortium as of December 31, 2024, be and is hereby ADOPTED as filed and for Missouri Affiliated Governments Insurance Consortium to take the following action or actions, which I consider necessary to cure any violation of law, regulation or prior order of the Director revealed by such report: (1) account for its financial condition and affairs in a manner consistent with the Director's findings and conclusions.

So ordered, signed and official seal affixed this 25th day of September, 2026.




Angela L. Nelson, Director
Department of Commerce and Insurance



REPORT OF
FINANCIAL EXAMINATION OF

MISSOURI AFFILIATED GOVERNMENTS INSURANCE CONSORTIUM

AS OF
DECEMBER 31, 2024

STATE OF MISSOURI
DEPARTMENT OF COMMERCE & INSURANCE

JEFFERSON CITY, MISSOURI

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Jefferson City, MO
July 31, 2026

Honorable Angela L. Nelson, Director
Missouri Department of Commerce and Insurance
301 West High Street, Room 530
Jefferson City, Missouri 65101

Director Nelson:

In accordance with your financial examination warrant, a full-scope financial examination has been made of the records, affairs, and financial condition of

Missouri Affiliated Governments Insurance Consortium

hereinafter referred to as such, as MAGIC, or as the Company. Its administrative office is located at 12444 Powerscourt Drive, Suite 500, St. Louis, Missouri, 63131. The fieldwork for this examination began on February 5, 2026, and concluded on the above date.

SCOPE OF EXAMINATION

Period Covered

The Missouri Department of Commerce and Insurance (DCI) has performed a single-state financial examination of MAGIC. This is the first examination of the Company and covers the period of September 23, 2019, through December 31, 2024, as well as a review of any material transactions and events occurring subsequent to the examination period through the date of this report.

Procedures

This examination was conducted using the guidelines set forth by applicable regulations of the Missouri Department of Commerce and Insurance and statutes of the state of Missouri. Standard examination procedures were modified as necessary under the circumstances.

SUMMARY OF SIGNIFICANT FINDINGS

There were no material adverse findings, significant non-compliance issues, or material changes to the financial statements noted during the examination.

COMPANY HISTORY

General

The Company was incorporated on September 23, 2019 and provided a fully insured health insurance plan for members and their employees through December 31, 2023. Effective January 1, 2024, MAGIC began providing a health insurance plan for its members' employees on a self-insured basis. The Company operates under the provisions of Sections 537.600 to 537.650 RSMo (Sovereign Immunity).

Dividends and Assessments

The Articles of Incorporation and Bylaws do not have any provisions for dividend payments or other distributions to members except upon dissolution of the Company.

The Articles of Incorporation and Bylaws have provisions for member assessments if a deficit occurs and the assessments are approved by the Board of Directors. Assessments may not exceed 200% of a member's annual premiums. There were no assessments approved during the examination period or subsequent periods through December 31, 2025.

MANAGEMENT AND CONTROL

Board of Directors

The management of the Company is vested in a Board of Directors, which is appointed by the members. The Company's Bylaws specify that each member of MAGIC shall have a representative on the Board of Directors. The Board had five members during the examination period, and not every member had a Board representative. The Board of Directors serving, as of December 31, 2024, were as follows:

<u>Name</u>	<u>Principal Occupation</u>	<u>Member</u>
Rick Watson	County Clerk	Henry County
Robert Sawyer	Associate Commissioner	Hickory County
Jessica Cole	County Clerk	McDonald County
Tonya Garvin	Public Administrator	McDonald County
Doug Lensing	Associate Commissioner	Montgomery County

Officers

The officers elected and serving, as of December 31, 2024, were as follows:

<u>Name</u>	<u>Office</u>
Robert Sawyer	President
Doug Lensing	Vice President
Rick Watson	Treasurer
Jessica Cole	Secretary

Committees

The Bylaws allow for the formation of an Executive Committee, but this committee was not operating as of the examination date.

Corporate Records

The Company's Articles of Incorporation and Bylaws were reviewed to determine compliance and the purpose of any amendments.

The original Articles of Incorporation were certified on September 23, 2019. The Articles of Incorporation were amended on October 13, 2021 to allow for annual assessments greater than the \$500 per year maximum that previously existed. The Articles of Incorporation were amended and restated on January 25, 2024 with the following substantive changes:

- The previous \$500 per year assessment of members was eliminated. Provisions were added to require member contributions (premiums) in compliance with the rating structure in the Bylaws and require assessments for any member deficits as set forth in the Bylaws.
- The maximum assessment for any member was set at 200% of the previous year's contributions.

The original Bylaws were dated July 29, 2019. The Bylaws were amended and restated on January 1, 2024 with the following key substantive changes:

- The Member's Committee, which was an advisory body to the Board of Directors and was staffed by one representative from each member, was eliminated. The Member's Committee had powers to elect and remove members of the Board of Directors, terminate and dissolve the Company, change insurance carriers, and change or modify the insurance plans offered to members. Upon elimination of the Member's Committee, those powers reverted to the Board of Directors.
- The Board of Directors was changed from 5 members elected by the Member's Committee to allow each member of MAGIC to have one representative on the Board.
- The officer position of Chairperson was eliminated and a Vice President position was added.
- Written notice for the withdrawal of membership was increased from 60 days to 9 months prior to the effective date of withdrawal.
- Definitions were added for member contributions, rate structure, calculation of a member deficit, and assessments required to address a deficit.

The Bylaws were also amended and restated on August 13, 2025. The requirement for written notice for a member to withdraw membership was reduced from 9 months to 90 days. The penalty for failure to provide the requisite notice of withdrawal was reduced from 6 months of contributions to 3 months of contributions.

The minutes of the Board of Directors' meetings were reviewed for proper approval of corporate transactions.

Service Providers

MAGIC does not have any employees. All business functions are outsourced to third parties. Below is a summary of the service providers utilized, as of December 31, 2024:

- **Gallagher Benefit Services, Inc. (Gallagher)** – Administrator for the management and operations of the Company. Services provided include financial monitoring reports, claims analysis and projections, actuarial estimates for loss reserves, and premium rate recommendations.
- **UMR, Inc. (UMR)** – A third party administrator for the provision of medical and pharmacy benefits under the Company's health plan. Claims handling, provider networks, member services, and other services are provided.
- **Haynes Benefits, P.C.** – Legal counsel that is responsible for corporate records, filings, and consultation for Board of Directors' actions.

TERRITORY AND PLAN OF OPERATIONS

Members of MAGIC must be political subdivisions of the State of Missouri. As of December 31, 2024, the Company had 10 members that included 8 counties, 1 county disabilities board, and 1 county emergency call center. The largest member accounted for 18% of total premiums for the 2024 policy year.

Each member annually selects the type of health plans and deductibles that will be available to the members' employees. Premium rates are determined individually for each member according to the calculations and recommendations from Gallagher.

MAGIC's health insurance plan operates through an Administrative Services Agreement with UMR. All claims for member enrollees are paid by UMR, which bills the Company for claim reimbursement on a weekly basis. The health plans available to member employees are a preferred provider organization (PPO) plan and a health savings account (HSA) plan. The PPO and HSA plans have various options for enrollee copays, coinsurance, annual deductibles, and monthly premiums.

GROWTH OF COMPANY

The year ending December 31, 2024 was the Company's first year of operations. There were 344 enrollees in the MAGIC health insurance plan, as of December 31, 2024, and 358 enrollees, as of December 31, 2025. One member county resigned from MAGIC at the end of 2024 but was replaced by a new member county that was added for 2025.

REINSURANCE

Assumed

The Company does not assume any business.

Ceded

Reinsurance is provided on both an individual and aggregate stop-loss basis through an agreement with United HealthCare Insurance Company (UHIC). UHIC is the parent company of UMR, which is the administrator of MAGIC's health insurance plan.

Effective January 1, 2024, the reinsurance coverage for an individual member was 100% of losses in excess of the Company's retention of \$175,000 per member, per year. The aggregate reinsurance coverage was \$1,000,000 of losses in excess of an annual retention calculated as 95% of estimated annual premiums. The Company's reinsurance provided by UHIC was renewed, effective January 1, 2025, with no changes in the amount of individual or aggregate coverage and the associated retentions.

The Company is contingently liable for all reinsurance losses ceded to others. This contingent liability would become an actual liability in the event that an assuming reinsurer fails to perform its obligations under the reinsurance agreement or policy.

ACCOUNTS AND RECORDS

Independent Auditor

The certified public accounting (CPA) firm Sikich CPA, LLC, located in St. Louis, Missouri, performed an audit of the Company's financial statements, as of December 31, 2024. The CPA workpapers for this audit were reviewed and used in the course of the examination as deemed appropriate.

Basis of Accounting

The CPA audit report, as of December 31, 2024, disclosed that MAGIC uses a cash basis of accounting, in which revenues are recorded when received and expenses are recorded when paid. Accruals for receivables, accounts payable, loss reserves, and other liabilities are not recorded under a cash basis of accounting.

Surplus is a measurement of financial strength in the financial statements of traditional insurance companies and most self-insured entities such as MAGIC. However, surplus is not determined by the Company due to the cash basis of accounting.

Although not recorded in the Company's financial statements, there is a determination of loss reserves in the CPA audit. The determination of this liability is required by the Bylaws. Loss reserves for incurred but unpaid claims were determined to be \$445,434, as of December 31, 2024, based the CPA's analysis of claims paid in 2025.

External Actuary

Robert L. Jordan, ASA, MAAA, FCA, of Arthur J. Gallagher & Co., located in Princeton, New Jersey, provided an estimate of Incurred But Not Reported (IBNR) loss reserves at December 31, 2024.

FINANCIAL STATEMENTS

The following financial statements are based on the financial statements filed by MAGIC with the Missouri Department of Commerce and Insurance and present the cash activity of the Company for the period ending December 31, 2024. The accompanying "Comments on Financial Statement Items" section reflects any examination adjustments to the amounts reported and should be considered an integral part of the financial statements.

There may have been additional differences found in the course of this examination, which are not shown in the "Comments on Financial Statement Items" section. These differences were determined to be immaterial concerning their effect on the financial statements, and therefore, were only communicated to the Company and noted in the workpapers for each individual financial statement item.

ASSETS

As of December 31, 2024

Cash	<u>\$67,461</u>
NET ASSETS AVAILABLE FOR BENEFITS	<u>\$67,461</u>

STATEMENT OF REVENUES AND EXPENSES

For the Year Ended December 31, 2024

Premiums Collected	<u>\$3,704,199</u>
Total Revenues	<u>\$3,704,199</u>
Claims Paid	\$2,983,893
Stop-Loss (Reinsurance) Premiums	398,421
ASO Fees	189,311
Administrative Expenses	<u>65,113</u>
Total Expenses	<u>\$3,636,738</u>
NET CHANGE IN CASH	<u>\$ 67,461</u>

COMMENTS ON FINANCIAL STATEMENT ITEMS

None.

FINANCIAL STATEMENT CHANGES RESULTING FROM EXAMINATION

None.

SUMMARY OF RECOMMENDATIONS

None.

SUBSEQUENT EVENTS

None.

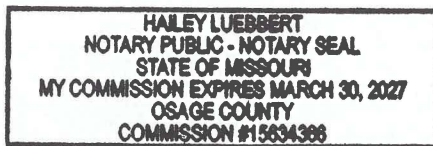
ACKNOWLEDGMENT

The assistance and cooperation extended by Missouri Affiliated Governments Insurance Consortium during the course of this examination is hereby acknowledged and appreciated.

VERIFICATION

State of Missouri)
) ss
 County of Cole)

I, Tim L. Tunks, on my oath swear that to the best of my knowledge and belief the above examination report is true and accurate and is comprised of only facts appearing upon the books, records, or other documents of Missouri Affiliated Governments Insurance Consortium, its agents or other persons examined, or as ascertained from the testimony of its officers or agents or other persons examined concerning its affairs, and such conclusions and recommendations as the examiners find reasonably warranted from the facts.



Tim L. Tunks

Tim L. Tunks, CPA, CFE
 Examiner-In-Charge
 Missouri Department of Commerce and Insurance

Sworn to and subscribed before me this 20th day of August, 2026.

My commission expires: March 30, 2027 *Hailey Luebbert*
 Notary Public

SUPERVISION

The examination process has been monitored and supervised by the undersigned. The examination report and supporting workpapers have been reviewed and approved. Compliance with the guidelines set forth by applicable regulations of the Missouri Department of Commerce and Insurance and statutes of the state of Missouri has been confirmed.



Shannon Schmoeger, CFE, ARe
Chief Financial Examiner
Missouri Department of Commerce and
Insurance