



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 First Commonwealth of Missouri, Inc. for the period ended December 31, 2023, 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.

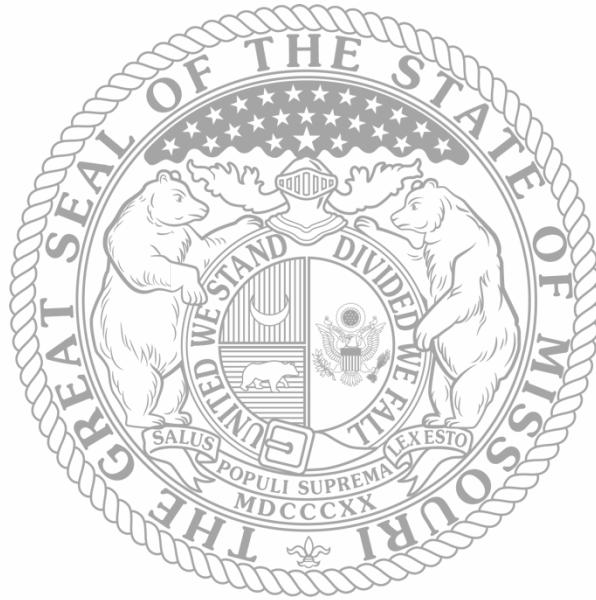
Based on such findings and conclusions, I hereby ORDER that the report of the financial examination of First Commonwealth of Missouri, Inc. as of December 31, 2023, be and is hereby ADOPTED as filed and for First Commonwealth of Missouri, Inc. to take the following action or actions, which I consider 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 8th day of August, 2025.



A handwritten signature in blue ink, reading 'Angela L. Nelson', is written over a horizontal line.

Angela L. Nelson, Director
Department of Commerce and Insurance



REPORT OF THE
FINANCIAL EXAMINATION OF

FIRST COMMONWEALTH OF MISSOURI, INC.

AS OF
DECEMBER 31, 2023

STATE OF MISSOURI
DEPARTMENT OF COMMERCE & INSURANCE

JEFFERSON CITY, MISSOURI

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St. Louis, MO
June 26, 2025

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

First Commonwealth of Missouri, Inc. (NAIC #47716)

hereinafter referred to as such, as FCWMO, or as the Company. Its administrative office is located at 550 West Jackson Boulevard (Suite 1800), Chicago, IL 60661, telephone number (312) 993-1000. The fieldwork for this examination began on April 8, 2025, and concluded on the above date.

SCOPE OF EXAMINATION

Period Covered

The Missouri Department of Commerce and Insurance (Department) has performed a multiple-state financial examination of First Commonwealth of Missouri, Inc. The last examination of the Company by the Department covered the period of January 1, 2014, through December 31, 2018. The current examination covers the period of January 1, 2019, through December 31, 2023, as well as a review of any material transactions and events occurring subsequent to the examination period through the date of this report.

Procedures

We conducted our examination in accordance with the National Association of Insurance Commissioners (NAIC) *Financial Condition Examiners Handbook (Handbook)*, except where practices, procedures, and applicable regulations of the Department or statutes of the state of Missouri prevailed. The *Handbook* requires that we plan and perform the examination to evaluate the financial condition, assess corporate governance, identify current and prospective risks of the Company, and evaluate system controls and procedures used to mitigate those risks. An examination also includes the identification and evaluation of significant risks that could cause the Company's surplus to be materially misstated, both on a current and prospective basis.

This examination also included a review of significant estimates made by management and evaluation of 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.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. Those activities considered in the examination as key to FCWMO included Investments, Premium/Underwriting and Reserves/Claims Handling. The examination also included a review and evaluation of information technology general controls.

This examination was conducted as part of a coordinated examination of the insurance holding company system of which The Guardian Life Insurance Company of America is the ultimate controlling entity. The Guardian Life Insurance Company of America holding company consists of sixteen insurance companies domiciled in numerous states. The New York Department of Financial Services is the lead state regulator for the group. Along with Missouri, eleven other states participated in the coordinated examination.

This examination report includes significant findings of fact, as mentioned in Section 374.205 RSMo (Examination, director may conduct, when...) 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.), are not included within the examination report but are separately communicated to other regulators and/or the Company.

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 originally incorporated as Confi-Dent Health Plan, Inc. on October 18, 1988, as a wholly-owned subsidiary of Group Health Plan, Inc. The Company's name was changed to Champion Dental Services, Inc. on September 6, 1989. First Commonwealth, Inc. purchased the Company on December 31, 1996, and changed the Company's name to First Commonwealth of Missouri, Inc. on January 3, 1997.

Mergers, Acquisitions, and Major Corporate Events

There were no mergers, acquisitions or other major corporate events during the examination period.

Dividends and Capital Contributions

The Company declared and paid extraordinary dividends as follows. All dividends were approved by the Department.

Year	Amount
2019	\$ 90,000
2020	370,000
2021	100,000
2022	-
2023	-
Total	\$ 560,000

Surplus Notes

There were no surplus notes issued or outstanding during the examination period.

MANAGEMENT AND CONTROL

Board of Directors

The management of the Company is vested in a Board of Directors that are elected by the shareholders. The Company's Bylaws specify that there shall be no less than three (3) members. The Board of Directors elected and serving as of December 31, 2023, were as follows:

<u>Name and Address</u>	<u>Principal Occupation and Business Affiliation</u>
Thomas Barnes Laconia, NH	Controller First Commonwealth of Missouri, Inc.
Sharri Norman Spokane, WA	President, CEO & COO First Commonwealth of Missouri, Inc.
Jill Purcell Saco, ME	Head of Dental & Vision Product The Guardian Life Insurance Company of America

Senior Officers

The officers elected and serving, as of December 31, 2023, were as follows:

<u>Name</u>	<u>Office</u>
Sharri Norman	President, CEO & COO
Sanford Penn	Vice President & Appointed Actuary
Thomas Barnes	Controller
Rose Burachio	Secretary
John Dolan	Assistant Secretary
Gail Wallach	Assistant Secretary
Harris Oliner	Assistant Secretary
Debra Udicious	Treasurer
Chi Kwok	Investment Officer

Principal Committees

As of December 31, 2023, the Company had an audit committee consisting of three members, which included Thomas Barnes, Sharri Norman and Jill Purcell.

Corporate Records

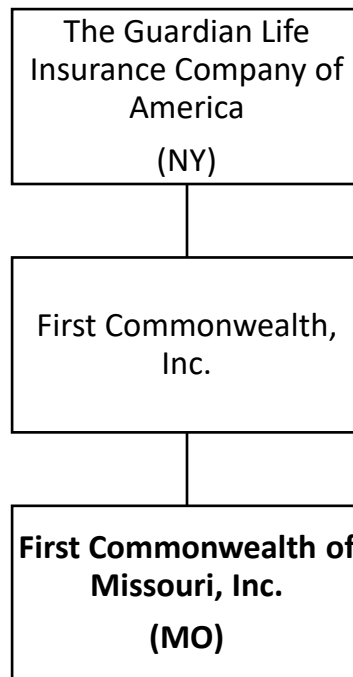
The Company's Articles of Incorporation and Bylaws were reviewed. There were no revisions to either document during the examination period. The minutes of the Board, shareholders and Audit Committee were reviewed for the period under examination.

Holding Company, Subsidiaries, and Affiliates

FCWMO is a member of an Insurance Holding Company System, as defined by Section 382.010 RSMo (Definitions). The Company is wholly-owned by First Commonwealth, Inc., which in turn is wholly-owned by The Guardian Life Insurance Company of America, a New York domiciled mutual life insurance company.

Organizational Chart

The following organizational chart depicts the applicable portion of the holding company group as of December 31, 2023. All companies are wholly-owned unless otherwise noted.

**Intercompany Transactions**

The following agreements represent significant contracts executed with affiliated entities that were in effect as of December 31, 2023. A brief description of these agreements are as follows:

Investment Management: An agreement between Guardian Life Insurance Company of America (Guardian) and FCWMO, effective October 1, 2009, whereby Guardian is authorized to identify, purchase, sell, repurchase, resell, convert, tender or exchange securities or other investments according to the FCWMO Investment Plan.

Amended and Restated Management and Administrative Services: An agreement between Guardian, First Commonwealth, Inc. and FCWMO, effective March 23, 2010, whereby Guardian performs a list of management and administrative services for the Company. First Commonwealth, Inc. maintains membership information for the dental entities, collects fees and forwards amounts owed to Guardian on a monthly basis.

Amended and Restated Tax Sharing: An agreement between Guardian and its subsidiaries, including FCWMO, effective March 2, 2018, whereby each participant computes its tax as if it were filing a separate unconsolidated return and remits such tax payment to Guardian.

TERRITORY AND PLAN OF OPERATION

The Company is licensed as a prepaid dental plan per Chapter 354 RSMo (Health Service Corporations). At December 31, 2023, the Company was licensed only in Missouri.

FCWMO markets its products through local insurance agencies and independent brokers. Broker commissions are paid monthly. The Company provides brochures explaining the products and funding alternatives available to prospective enrollees.

The Company offered a Dental HMO Plan and a Dental PPO Plan during the examination period. These products are described below.

Dental HMO Plan

This product allows groups to select benefit levels and co-payment amounts related to covered services. Coverage provided under the Dental HMO Plan includes diagnostic and preventative services, basic and restorative services, major services and orthodontic services. Subscribers are required to select a general dentist from the Company's provider listing. The selected dentist then arranges for all dental care needs. The Company pays monthly capitation fees, based on the number of subscribers, to participating dentists. The Dental HMO product is typically offered in conjunction with the Company's PPO products, Guardian's PPO products or other Guardian products (life, disability, etc.).

Dental PPO Plan

This product provides coverage similar to the Dental HMO Plan. Subscriber co-payments are lower for services provided by a dentist in the PPO network. Network dentists agree to receive lower reimbursement rates in order to gain access to FCWMO enrollees.

GROWTH OF COMPANY AND LOSS EXPERIENCE

The table below summarizes the Company's growth for the period under examination:

(\$000s omitted)

Year	Total Assets	Net Premiums Earned	Underwriting Gain (Loss)	Net Income (Loss)	Capital and Surplus	Ratio of Net Premiums to Surplus
2019	\$ 1,119	\$ 1,331	\$ 221	\$ 186	\$ 820	1.62
2020	1,216	1,151	313	252	700	1.64
2021	986	1,061	161	135	737	1.44
2022	1,012	1,050	189	154	889	1.18
2023	1,070	766	128	105	996	0.77

The table below summarizes the Company's total revenues, incurred dental expenses, and medical loss ratios for the period under examination:

(\$000s omitted)

Year	Total Revenues	Total Dental Benefits	Dental Loss Ratio
2019	\$ 1,332	\$ 895	.67
2020	1,152	670	.58
2021	1,061	753	.71
2022	1,052	682	.65
2023	767	499	.65

REINSURANCE

General

The Company does not assume or cede any reinsurance.

ACCOUNTS AND RECORDS

Independent Auditor

The certified public accounting (CPA) firm, Pricewaterhouse Coopers LLP, in New York, NY, performed the statutory audit of the Company for the years under examination. Reliance was placed upon the CPA workpapers as deemed appropriate.

Actuarial Opinion

The Company's actuarial opinion regarding loss reserves, loss adjustment expense (LAE) reserves, and other actuarial items was issued by Sanford Penn, FSA, MAAA, for all years in the examination period. Mr. Penn is employed by Guardian Life Insurance Company of America in New York, NY.

Consulting Actuary

No consulting actuary was engaged to review the FCWMO reserves.

Information Systems

In conjunction with this examination, Robert Ficken, AES, IT Director with The NOVO Consulting Group, conducted a review of the Company's information systems.

FINANCIAL STATEMENTS

The following financial statements are based on the statutory financial statements filed by the Company with the Department and present the financial condition of First Commonwealth of Missouri, Inc. for the period ending December 31, 2023. The accompanying comments on financial statements reflect any examination adjustments to the amounts reported in the financial statements and should be considered an integral part of the financial statements. The failure of any column of numbers to add to its respective total is due to rounding or truncation.

There may have been additional differences found in the course of this examination, which are not shown in the "Comments on Financial Statement Items." 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 key activity.

ASSETS

As of December 31, 2023

	Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	\$ 547,253	\$ -	\$ 547,253
Cash, Cash Equivalents, and Short-Term Investments	498,305	-	498,305
Investment Income Due and Accrued	1,058	-	1,058
Premiums and Considerations:			
Uncollected Premiums and Agents' Balances in the Course of Collection	10,760	-	10,760
Net Deferred Tax Asset	1,067	1,067	-
Receivables from Parent, Subsidiaries, and Affiliates	5,465	-	5,465
Aggregate Write-ins	7,443	-	7,443
TOTAL ASSETS	\$ 1,071,349	\$ 1,067	\$ 1,070,282

LIABILITIES, CAPITAL AND SURPLUS

As of December 31, 2023

Claims Unpaid	\$ 31,589
Unpaid Claims Adjustment Expenses	823
Aggregate Health Policy Reserves	2,263
Premiums Received in Advance	17,889
General Expenses Due or Accrued	12,982
Current Federal and Foreign Income Tax Payable and Interest Thereon	800
Amounts Withheld or Retained for the Account of Others	846
Amounts Due to Parent, Subsidiaries, and Affiliates	7,131
Aggregate Write-Ins for Other Liabilities	7
TOTAL LIABILITIES	\$ 74,329
Common Capital Stock	50,000
Gross Paid-In and Contributed Surplus	357,253
Aggregate Write-Ins for Other-Than-Special Surplus Funds	150,000
Unassigned Funds (Surplus)	438,700
TOTAL CAPITAL AND SURPLUS	\$ 995,953
TOTAL LIABILITIES AND SURPLUS	\$ 1,070,282

STATEMENT OF REVENUE AND EXPENSES

For the Year Ended December 31, 2023

Net Premium Income	\$ 766,483
Change in Unearned Premium Reserves and Reserve for Rate Credits	(150)
Aggregate Write-Ins for Other Non-Health Revenues	357
Total Revenue	\$ 766,689
Other Professional Services	(498,762)
Emergency Room and Out-of-Area	-
Claims Adjustment Expenses	(5,140)
General Administrative Expenses	(135,078)
Total Underwriting Deductions	\$ (638,980)
Net Underwriting Gain (Loss)	\$ 127,709
Net Investment Income Earned	5,034
Net Investment Gain (Loss)	\$ 5,034
Net Income (Loss) After Capital Gains Tax and Before All Other Federal Income Taxes	\$ 132,743
Federal and Foreign Income Taxes Incurred	(27,376)
NET INCOME (LOSS)	\$ 105,367

RECONCILIATION OF CAPITAL AND SURPLUS

Changes from January 1, 2019 to December 31, 2023

(\$000's omitted)

	2019	2020	2021	2022	2023
Capital and Surplus, Beginning of Year	\$ 724	\$ 820	\$ 700	\$ 737	\$ 889
Net Income (Loss)	186	252	135	154	105
Change in Net Deferred Income Tax	-	-	-	1	(1)
Change in Nonadmitted Assets	-	(2)	2	(3)	3
Dividends to Stockholders	(90)	(370)	(100)	-	-
Net Change in Capital and Surplus	\$ 96	\$ (120)	\$ 37	\$ 152	\$ 107
Capital and Surplus, End of Year	\$ 820	\$ 700	\$ 737	\$ 889	\$ 996

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 the officers and the employees of First Commonwealth of Missouri, Inc. during the course of this examination is hereby acknowledged and appreciated.

VERIFICATION

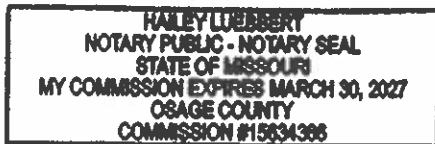
State of Missouri)
)
 County of Cole) ss

I, Conner Nilges, CFE, 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 First Commonwealth of Missouri, Inc., 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.

Conner Nilges
 Conner Nilges, CFE
 Examiner-In-Charge
 Missouri Department of Commerce and
 Insurance

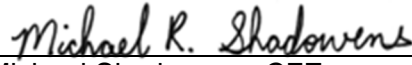
Sworn to and subscribed before me this 8th day of July, 2025.

My commission expires: March 30, 2027 Hailey Hubbert
 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 NAIC procedures and guidelines as contained in the *Financial Condition Examiners Handbook* has been confirmed, except where practices, procedures, and applicable regulations of the Missouri Department of Commerce and Insurance and statutes of the state of Missouri prevailed.

A handwritten signature in black ink that reads "Michael R. Shadowens". The signature is written in a cursive style with a horizontal line underneath it.

Michael Shadowens, CFE
Assistant Chief Financial Examiner
Missouri Department of Commerce and
Insurance