



DEPARTMENT OF COMMERCE & INSURANCE

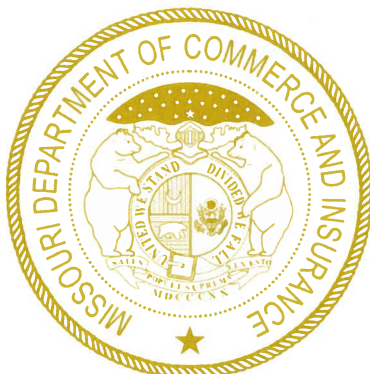
P.O. Box 690, Jefferson City, Mo. 65102-0690

ORDER

After full consideration and review of the report of the financial examination of Vision Service Plan Insurance Company 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.

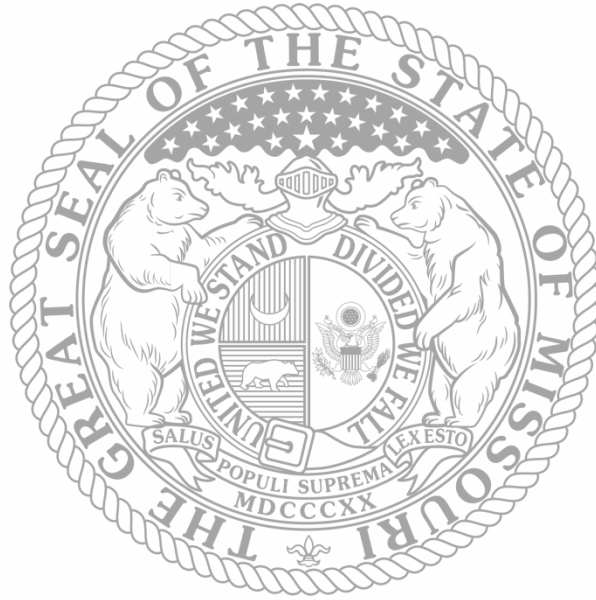
Based on such findings and conclusions, I hereby ORDER that the report of the financial examination of Vision Service Plan Insurance Company as of December 31, 2023, be and is hereby ADOPTED as filed and for Vision Service Plan Insurance Company to take the following action or actions, which I consider 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 28th day of July, 2025.



Angela L. Nelson

Angela L. Nelson, Director
Department of Commerce and Insurance



REPORT OF
FINANCIAL EXAMINATION OF

VISION SERVICE PLAN INSURANCE COMPANY

AS OF
DECEMBER 31, 2023

STATE OF MISSOURI
DEPARTMENT OF COMMERCE & INSURANCE

JEFFERSON CITY, MISSOURI

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Jefferson City, MO
May 30, 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

Vision Service Plan Insurance Company (NAIC #32395)

hereinafter referred to as such, as VSPIC-MO, or as the Company. Its administrative office is located at 3333 Quality Drive, Rancho Cordova, California, telephone number (916) 851-5000. The fieldwork for this examination began on October 28, 2024, and concluded on the above date.

SCOPE OF EXAMINATION

Period Covered

The Missouri Department of Commerce and Insurance (Department) has performed a multi-state financial examination of Vision Service Plan Insurance Company. 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 VSPIC-MO included investments, taxes, related party, underwriting, claims handling/reserving, and capital and surplus. 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 Vision Service Plan Group, which consists of twelve insurance companies domiciled in numerous states. The Ohio Department of Insurance is the lead state regulator for the group. Illinois, New York, and Virginia regulators also participated in the coordinated examination.

This examination report includes significant findings of fact, as mentioned in section 374.205 of the Revised Statutes of Missouri (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

VSPIC-MO was incorporated and commenced business on June 1, 1987, as joint stock casualty insurance company under Chapter 379 RSMo (Insurance other than life). The Company was originally wholly-owned by California Vision Service, which is now known as Vision Service Plan or VSP.

On April 1, 1993, VSP transferred all of its shares of VSPIC-MO to Altair Holding Company, Inc., a subsidiary of VSP. During 2009, the Company's stock was transferred to VSP Holding Company, Inc. (VSP Holding).

Mergers and Acquisitions, and Major Corporate Events

There were no mergers or acquisitions during the examination period. However, in 2022, the Company's direct parent, VSP Holding, transferred 55.1% of its ownership interest in VSPIC-MO to VSP and the remaining 44.9% to the Ohio domestic insurer, Vision Service Plan Insurance Company (VSPIC-OH). Prior to this transaction, VSPIC-MO was directly and wholly owned by VSP Holding. A request for an exemption from filing a Form A was filed by the Company and approved by the Department.

Dividends and Capital Contributions

No capital contributions were received during the examination period. VSPIC-MO paid the following ordinary dividends to its parent companies during the examination period:

Year	Amount
2019	\$ 29,500,000
2020	31,000,000
2021	43,300,000
2022	59,100,000
2023	69,700,000
Total	\$ 232,600,000

The 2022 dividend was paid to VSP Holding, while the 2023 dividend was paid to VSP and VSPIC-OH, in accordance with ownership percentages.

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 on an annual basis. The Company's Amended and Restated Bylaws specify that there shall be nine members, who serve a term of one year. 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>
Kate A. Renwick-Espinosa Rancho Cordova, CA	President VSP Vision Care
Bradley N. Garber Rancho Cordova, CA	Vice President, Deputy General Counsel VSP Vision Care
Michael J. Guyette Rancho Cordova, CA	President and Chief Executive Officer VSP Vision Care
Lauren M. Levine Rancho Cordova, CA	Vice President, Consolidated and Vision Care Accounting VSP Vision Care
Monica R. Perez Rancho Cordova, CA	Senior Vice President, Finance VSP Vision Care
David E. Plevyak Rancho Cordova, CA	Senior Vice President, Finance VSP Vision Care
Lisa P. Fields Rancho Cordova, CA	Senior Vice President, Deputy General Counsel VSP Vision Care
Susan L. Taylor Rancho Cordova, CA	Market Director VSP Vision Care
Stuart L. Thompson Rancho Cordova, CA	Senior Vice President, Deputy Counsel VSP Vision Care

Senior Officers

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

<u>Name</u>	<u>Office</u>
Kate A. Renwick-Espinosa	President
Monica R. Perez	Treasurer
Theresa A. Wilson	Secretary

Principal Committees

The VSPIC-MO Board of Directors does not have any committees of its own. Instead, it participates in the committees of its ultimate parent, VSP. As of December 31, 2023, VSP had the following committees:

Finance Committee	Audit & Risk Committee
Compensation & Human Capital Committee	Nominating & Governance Committee
Network Committee	Supply Chain Committee
Insurance/Marketplace Committee	

Corporate Records

The Company's Articles of Incorporation and the Amended and Restated Bylaws were reviewed. There were no revisions of either document during the examination period. The minutes of the Board of Directors, Shareholders, and VSP Committees were reviewed for the period under examination.

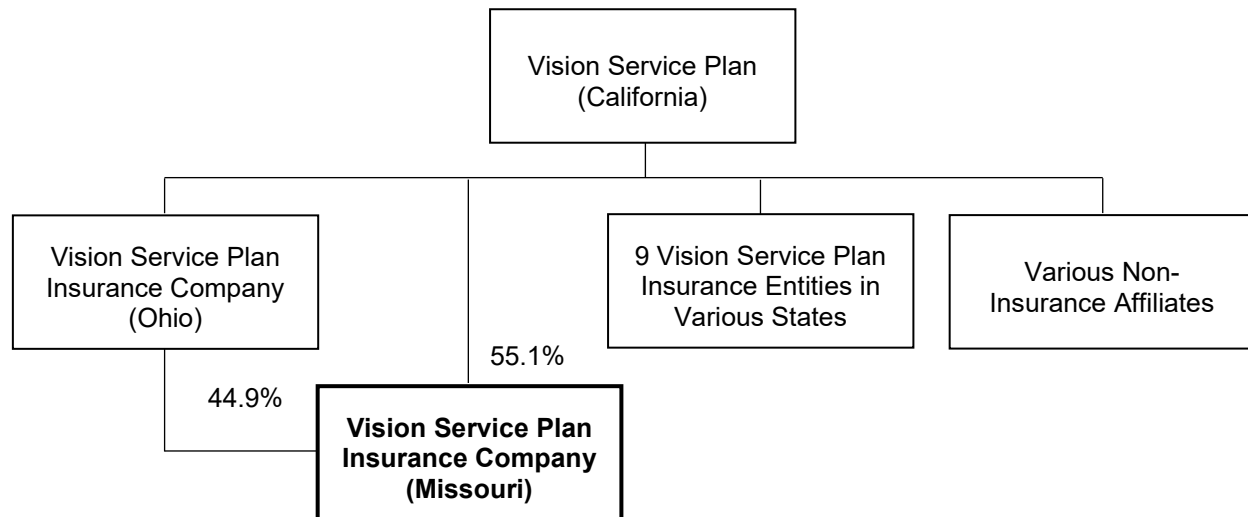
Holding Company, Subsidiaries, and Affiliates

VSPIC-MO is a member of an Insurance Holding Company System, as defined by section 382.010, RSMo (Definitions). VSPIC-MO is owned 55.1% by VSP and 44.9% by VSPIC-OH. VSPIC-OH is a wholly owned subsidiary of VSP.

VSP is a nonprofit corporation organized under the laws of the state of California. It provides and administers vision care plans to make professional optometric services available to eligible members of participating clients. In addition to controlling its affiliated vision care benefit plans, VSP diversifies its business through administrative services, optics, eyewear, practice management, and retail development segments.

Organizational Chart

The following organizational chart depicts the applicable portion of the holding company group as of December 31, 2023. All subsidiaries shown 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:

Administrative and Marketing Agreement: VSPIC-MO and VSP are parties to an Administrative and Marketing Agreement that has been in effect since December 4, 2007. Under the terms of the agreement, VSP provides VSPIC-MO with certain administrative, management, and marketing services for a fee. The agreement also provides VSPIC-MO with the license to use the “Vision Service Plan” and “VSP” service marks and designs.

Intercompany Tax Sharing Agreement: Under the terms of the Intercompany Tax Sharing Agreement, VSPIC-MO and select affiliated companies file a consolidated federal income tax return with the ultimate parent company, VSP. The taxes paid under this agreement are to be no greater than if the affiliate had filed a separate federal income tax return. VSPIC-MO has been party to the Intercompany Tax Sharing Agreement since August 15, 2008.

TERRITORY AND PLAN OF OPERATION

VSPIC-MO is licensed under Chapter 379 RSMo (Insurance other than life) to write accident and health insurance. VSPIC-MO writes only group vision service insurance to subscriber groups on both a risk and self-funded basis. Subscriber groups which purchase coverage on a risk basis pay an agreed upon monthly premium based on the total number of eligible members. Subscriber groups, which elect self-funded programs, reimburse the Company for benefits paid and pay an administrative fee. All sales and marketing services are provided to the Company by its ultimate parent, VSP. VSP utilizes both in-house agents and independent brokers to market its products.

As of December 31, 2023, the Company is licensed in four states: Missouri, Florida, Georgia, and New Mexico. In terms of total direct premiums written, Missouri has the highest share at approximately 52.3%, followed by Florida with 30.6%, Georgia with 13.9%, and New Mexico with 3.2%.

GROWTH OF COMPANY AND LOSS EXPERIENCE

The Company experienced steady growth in premiums, operating income, total assets, and capital and surplus. Its operations were profitable during the examination period, as shown by growth in underwriting gain and net income.

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	\$ 100,876	\$ 235,543	\$ 38,136	\$ 31,473	\$ 55,783	422.2%
2020	137,768	242,668	58,472	43,758	72,204	336.1%
2021	157,814	277,562	73,402	59,176	94,344	294.2%
2022	160,352	290,031	86,565	69,731	103,083	281.4%
2023	160,907	301,809	81,213	68,904	104,409	289.1%

Total hospital and medical benefits increased \$24.6 million during the examination period, compared to a \$73.4 million increase in total revenues during the same period. However, total hospital and medical benefits increased at a slower rate than total revenues, resulting in a decline in the medical loss ratio over the exam period.

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

(\$000s omitted)

Year	Total Revenues	Total Hospital and Medical Benefits	Medical Loss Ratio
2019	\$ 244,387	\$ 160,912	65.8%
2020	254,683	149,060	58.5%
2021	292,741	169,921	58.0%
2022	305,522	174,370	57.1%
2023	317,803	185,520	58.4%

REINSURANCE

General

The Company's premium activity on a direct written, assumed, and ceded basis for the period under examination is detailed below:

(\$000s omitted)

Premium Type	2019	2020	2021	2022	2023
Direct Premiums Written	\$ 233,795	\$ 241,787	\$ 277,228	\$ 289,662	\$ 302,283
Reinsurance Assumed:					
Non-Affiliates	1,748	881	334	368	182
Reinsurance Ceded:					
Affiliates	-	-	-	-	655
Net Premiums Written	\$ 235,543	\$ 242,668	\$ 277,562	\$ 290,031	\$ 301,809

Assumed Reinsurance

The Company assumes an immaterial amount of group vision business from Highdome PCC Limited.

Ceded Reinsurance

The Company cedes an immaterial amount of group vision business to Community Eye Care of SC, LLC.

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 contract.

ACCOUNTS AND RECORDS

Independent Auditor

The certified public accounting (CPA) firm, Deloitte & Touche, LLP in Sacramento, California, performed the statutory audit of the Company for the years 2019 through 2023. Reliance was placed upon the CPA workpapers as deemed appropriate. Such reliance included, but was not limited to, consideration of fraud, testing of IT general controls, and substantive testing.

Actuarial Opinion

The Company's actuarial opinion regarding reserves and other actuarial items was issued by Frederick W. Kilbourne, FCAS, MAAA, for the years 2019 and 2020. Mr. Kilbourne is employed by The Kilbourne Company in San Marcos, California. The Company's actuarial opinion for 2021 through 2023 was issued by David. J Otto, FCAS, MAAA. Mr. Otto is also employed by The Kilbourne Company.

Consulting Actuary

Pursuant to a contract with the Ohio Department of Insurance, Andrew Larocque, ASA, MAAA of Risk and Regulatory Consulting, LLC, reviewed the underlying actuarial assumptions and methodologies used by VSPIC-MO to determine the adequacy of reserves and other actuarial items. Mr. Larocque determined that the Company made a reasonable provision for the reserves and other actuarial items that were reported in the statutory financial statements, as of December 31, 2023.

Information Systems

Mohammad Arif, CFE, AES, CISA, CIDM, CISSP, Information Systems Financial Examiner with the Ohio Department of Insurance, 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 Vision Service Plan Insurance Company 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	\$ 7,711,612	\$ -	\$ 7,711,612
Stocks:			
Common Stocks	15,252,619	-	15,252,619
Cash, Cash Equivalents, and Short-Term Investments	119,666,345	-	119,666,345
Investment Income Due and Accrued	249,324	-	249,324
Premiums and Considerations:			
Uncollected Premiums and Agents' Balances in the Course of Collection	5,005,822	347,811	4,658,011
Amounts Receivable Relating to Uninsured Plans	8,649,633	13,062	8,636,571
Net Deferred Tax Asset	2,541,381	-	2,541,381
Guaranty Funds Receivable or on Deposit	219,927	-	219,927
Receivables from Parent, Subsidiaries, and Affiliates	392,159	-	392,159
Health Care and Other Amounts Receivable	1,579,114	-	1,579,114
TOTAL ASSETS	\$ 161,267,936	\$ 360,873	\$ 160,907,063

LIABILITIES, CAPITAL AND SURPLUS

As of December 31, 2023

Claims Unpaid	\$ 11,274,413
Unpaid Claims Adjustment Expenses	247,364
Premiums Received in Advance	17,670,079
General Expenses Due or Accrued	5,680,665
Current Federal and Foreign Income Tax Payable and Interest Thereon	5,027,618
Remittances and Items Not Allocated	620,462
Amounts Due to Parent, Subsidiaries, and Affiliates	12,184,935
Reinsurance in Unauthorized and Certified Companies	44,822
Liability for Amounts Held Under Uninsured Plans	91,020
Aggregate Write-Ins for Other Liabilities	3,656,490
TOTAL LIABILITIES	\$ 56,497,868
Common Capital Stock	1,500,000
Unassigned Funds (Surplus)	102,909,195
TOTAL CAPITAL AND SURPLUS	\$ 104,409,195
TOTAL LIABILITIES AND SURPLUS	\$ 160,907,063

STATEMENT OF REVENUE AND EXPENSES

For the Year Ended December 31, 2023

Net Premium Income	\$ 301,809,085
Fee-for-Service	15,571,492
Risk Revenue	422,429
Total Revenue	\$ 317,803,006
Other Professional Services	186,033,187
Less Net Reinsurance Recoveries	512,832
Claims Adjustment Expenses	3,867,586
General Administrative Expenses	47,202,268
Total Underwriting Deductions	\$ 236,590,209
Net Underwriting Gain (Loss)	\$ 81,212,797
Net Investment Income Earned	5,977,202
Net Realized Capital Gains (Losses)	(30,966)
Net Investment Gain (Loss)	\$ 5,946,236
Net Gain (Loss) from Agents' or Premium Balances Charged Off	(75,655)
Net Income (Loss) After Capital Gains Tax and Before All Other Federal Income Taxes	\$ 87,083,378
Federal and Foreign Income Taxes Incurred	18,178,966
NET INCOME (LOSS)	\$ 68,904,412

RECONCILIATION OF CAPITAL AND SURPLUS

Changes from December 31, 2019 to December 31, 2023

(\$000's omitted)

	2019	2020	2021	2022	2023
Capital and Surplus, Beginning of Year	\$ 54,522	\$ 55,783	\$ 72,204	\$ 94,344	\$ 103,083
Net Income (Loss)	31,473	43,758	59,176	69,731	68,904
Change in Net Unrealized Capital Gains (Losses)					
Less Capital Gains Tax	1,660	870	2,297	(2,181)	2,302
Change in Net Deferred Income Tax	297	2,373	(2,420)	(140)	(96)
Change in Nonadmitted Assets	(2,669)	421	6,387	429	(39)
Change in Unauthorized and Certified Reinsurance	-	-	-	-	(45)
Dividends to Stockholders	(29,500)	(31,000)	(43,300)	(59,100)	(69,700)
Net Change in Capital and Surplus	\$ 1,261	\$ 16,421	\$ 22,140	\$ 8,739	\$ 1,326
Capital and Surplus, End of Year	\$ 55,783	\$ 72,204	\$ 94,344	\$ 103,083	\$ 104,409

COMMENTS ON FINANCIAL STATEMENT ITEMS

None.

FINANCIAL STATEMENT CHANGES RESULTING FROM EXAMINATION

None.

SUMMARY OF RECOMMENDATIONS

None.

SUBSEQUENT EVENTS

The Company entered into an Affiliate Settlement Agreement (Agreement) with VSP and other affiliated entities. The Agreement is effective October 3, 2024, and allows any party to the Agreement to act as a receiving agent on behalf of any other party to the Agreement, including premiums not due to the receiving party but instead due to an affiliated party and payments received from a claimant eye doctor in connection with covered claims due to an affiliated party. No surcharge or markup will be imposed by the receiving party for the receiving agent services.

There were no other significant subsequent events noted from December 31, 2023, through the date of this report.

ACKNOWLEDGMENT

The assistance and cooperation extended by the officers and the employees of Vision Service Plan Insurance Company during the course of this examination is hereby acknowledged and appreciated. In addition to the undersigned, Kelly Pfefferkorn, CFE, examiner for the Missouri Department of Commerce and Insurance, also participated in this examination.

VERIFICATION


State of Missouri)
) ss
County of Cole)

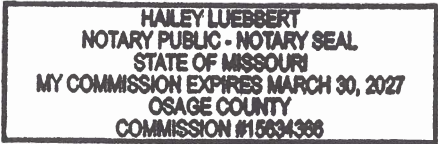
I, Ronald Musopole, CFE, CIA, CRMA, MBA, on my oath swear that to the best of my knowledge and belief the above examination report is true and accurate and is comprised of only facts appearing upon the books, records, or other documents of Vision Service Plan Insurance Company, its agents or other persons 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.



Ronald Musopole, CFE, CIA, CRMA, MBA
Examiner-In-Charge
Missouri Department of Commerce and Insurance

Sworn to and subscribed before me this 11th day of June, 2025.

My commission expires: March 30, 2027 
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.



Sara McNeely, CFE
Assistant Chief Financial Examiner
Missouri Department of Commerce and
Insurance