

BEFORE JAMES A. DODRILL, INSURANCE COMMISSIONER
OF THE STATE OF WEST VIRGINIA

In the Matter of:

THP INSURANCE COMPANY (NAIC#60016)

ADMINISTRATIVE PROCEEDING NO. 20-AP-FINCON-02013

**AGREED ORDER ADOPTING REPORT OF FINANCIAL EXAMINATION AND
DIRECTING ACTION**

COMES NOW James A. Dodrill, Insurance Commissioner of the State of West Virginia, (hereinafter the “Insurance Commissioner”) and issues this Order which adopts the REPORT OF FINANCIAL EXAMINATION as of December 31, 2018, of THP INSURANCE COMPANY (hereinafter referred to as “Company”) based upon the following findings, to wit:

JURISDICTION & FINDINGS OF FACT

1. The Insurance Commissioner is charged with the duty of administering and enforcing the provisions of Chapter 33, of the *West Virginia Code* of 1931, as amended.
2. The Company is organized pursuant to provisions of Article 22, Chapter 33 of the *West Virginia Code*.
3. The Company was incorporated and commenced business on March 1, 1999. The Company is licensed as a for-profit life insurer in the states of West Virginia, Ohio, and Pennsylvania. However, the Company files its financial statements on the health blank because it writes primarily POS and PPO health insurance plans. The Company’s parent, The Health Plan of West Virginia (“HPWV”) owns 100% of the 10,000 shares of the Company. The par values of the shares are \$100 per share. On August 1, 2008, The Company’s affiliate Hometown Insurance Group was merged into the Company.

4. An examination of the financial condition and operational affairs of the Company for period beginning January 1, 2016 and ending December 31, 2018, was conducted in accordance with *Code* §33-2-9(c) by the Insurance Commissioner.

5. On May 17, 2020, the examiner filed a Report of Financial Examination with the Insurance Commissioner pursuant to W.Va. *Code* § 33-2-9(j)(2). A copy of the Report of Financial Examination is attached hereto as Exhibit A and incorporated herein as if set forth in full.

6. On or about May 27, 2020, a true and accurate copy of the Report of Financial Examination was sent and received via email to Jeff Knight. A copy of the Letter dated May 27, 2020, is attached hereto as Exhibit B.

7. Pursuant to W.Va. *Code* § 33-2-9(j)(2), the Company was notified and afforded a period of thirty (30) days, after receipt of the Report of Financial Examination, to make a submission, rebuttal, or objection concerning any matter contained in the Report.

8. By letter dated June 22, 2020, management of the Company acknowledged that they had reviewed the Report of Financial Examination and did not materially dispute the findings of the examination. A copy of the Company's letter of June 22, 2020, is attached hereto as Exhibit C.

CONCLUSIONS OF LAW

1. *Code* § 33-2-9(j)(2) provides that no later than sixty (60) days following completion of the examination, the examiner in charge shall file with the Insurance Commissioner a verified, written Report of Financial Examination under oath and upon receipt of the verified report, the Insurance Commissioner shall transmit the Report of Financial Examination to the Company with a notice that shall afford the Company a reasonable opportunity of not more than thirty (30) days, to make a written submission or rebuttal.

2. *Code* § 33-2-9(j)(3) provides that within thirty (30) days of the end of the period allowed for the receipt of written submissions or rebuttals the Insurance Commissioner shall fully

consider and review the Report of Financial Examination, together with any written submissions or rebuttals, and shall enter an ORDER adopting the Report of Financial Examination as filed or with modifications or corrections, enter an ORDER rejecting the Report of Financial Examination with directions to the examiners to reopen the examination or call for an investigatory hearing.


ORDER

It is, therefore, **ORDERED** as follows:

1. The Report of Financial Examination of the Company, attached hereto as Exhibit A, is hereby ADOPTED and APPROVED by the Insurance Commissioner.
2. A copy of this Agreed Order Adopting Report of Financial Examination and Directing Action and the Report of Financial Examination shall be mailed to the Company via certified mail, return receipt requested, upon entry by the Insurance Commissioner.
3. The Company shall file with the Insurance Commissioner, within thirty (30) days of the issuance of this Agreed Order, affidavits executed by each of its directors stating under oath that they have received a copy of the Report of Financial Examination and a copy of this Agreed Order Adopting Report of Financial Examination and Directing Action in accordance with *Code* § 33-2-9(j)(4).
4. The Company shall take whatever actions are required to comply with the recommendations set forth in the Report of Financial Examination, if any, and shall demonstrate compliance to the satisfaction of the Insurance Commissioner, if necessary.
5. The Company, as indicated by its signature hereon, waives any right(s) to any notice, administrative hearing or appeal therefrom for the actions taken by the Insurance Commissioner herein this Agreed Order Adopting Report of Financial Examination and Directing Action. The Company reserves its rights to notice, administrative hearing or appeal for any future enforcement actions taken by the Commissioner that might result from this Agreed Order, if any.

6. This matter is dismissed from the administrative docket of the Insurance Commissioner.

ENTERED this 29th day of June, 2020.


James A. Dodrin
West Virginia Insurance Commissioner

THE PARTIES DO SO AGREE:

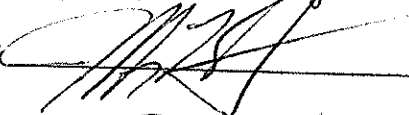
OFFICES OF THE INSURANCE COMMISSIONER
STATE OF WEST VIRGINIA

By: 
Gregory A. Elam, Associate General Counsel

Date: 6/26/2020

THP INSURANCE COMPANY

BY: Jeffrey M. Knight
[Print Name]

Signed: 

Its: Jeffrey M. Knight, President / COO

Dated: 6-25-2020

REPORT OF EXAMINATION
OF
THP INSURANCE COMPANY
WHEELING, WV
NAIC #60016
AS OF DECEMBER 31, 2018

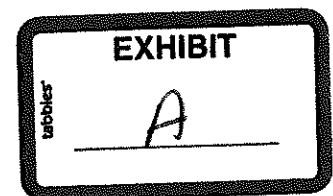


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SALUTATION

May 27, 2020
Charleston, West Virginia

The Honorable James A. Dodrill
West Virginia Insurance Commissioner
900 Pennsylvania Ave.
Charleston, West Virginia 25302

Pursuant to the authority vested in the West Virginia Offices of the Insurance Commissioner ("WVOIC"), as well as rules, regulations and procedures promulgated by the National Association of Insurance Commissioners ("NAIC"), an examination has been made of the administrative affairs, books, records, and financial condition of:

THP Insurance Company
1110 Main Street
Wheeling, WV 26003

hereinafter referred to as the "Company". The following Report of Examination is respectfully submitted.

SCOPE OF EXAMINATION

The examiners have performed a multi-state financial examination of the Company. The last examination covered the three-year period from January 1, 2013 through December 31, 2015. The examination commenced on June 26, 2019 pursuant to W.Va. Code §33-2-9(a), as amended, and covers the three-year period from January 1, 2016 through December 31, 2018.

The purpose of this examination is to assess the financial condition of the Company and set forth findings of fact (together with citations of pertinent laws, regulations and rules) with regard to any material adverse findings disclosed by the examination.

The general procedures of the examination followed rules and standards as set forth in the NAIC Financial Condition Examiners Handbook ("Handbook") and West Virginia Laws, Regulations, and Directives of the WVOIC. The examination was conducted to evaluate the financial condition and identify prospective risks of the Company by obtaining information about the Company including corporate governance, identifying and assessing inherent risk within the Company and evaluating system controls and procedures used to mitigate those risks. In addition, the principles used, and significant estimates made by management, as well as evaluating the overall financial statement presentation, management's compliance with Statements of Statutory Accounting Principles ("SSAP") and annual statement instructions were assessed.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. Accordingly, planning materiality and tolerable error thresholds were based on professional judgment after considering the nature of the business written by the Company, operating results, and the Company's financial position as of December 31, 2018.

The report is presented on an exception basis. It is designed to set forth the facts with regard to any material adverse findings disclosed during the examination. If necessary, comments and recommendations have been made in those areas in need of correction or improvement. In such cases, these matters were discussed with responsible Company officials during the course of the examination.

SUMMARY OF SIGNIFICANT FINDINGS

As a result of the current examination, the following recommendations are being made:

1. The Company's Administrative Services Agreement was not in compliance with SSAP 70, in that the allocation of expenses does not yield the most accurate results.
2. The Company did not record its other than temporary impairment, if any, in accordance with SSAP 26R and SSAP 30 on a quarterly basis.
3. The Company's methodology and assumptions to calculate its premium deficiency reserve (PDR) were found to be deficient for Medicare lines of business. Due to anticipated overall gains for the Medicare Advantage blocks based on the 2019 bid pricing, the Company's actuary did not perform a detailed Gross Premium Valuation ("GPV") for the Medicare segment.
4. Certain areas of the Actuarial Memorandum did not meet the NAIC Annual Statement Instruction requirements.
5. Appointed Actuary did not opine on the 2018 Medicare Risk Adjustment Receivable.
6. Meeting minutes provided did not contain any evidence that the appointed actuary presented and reviewed their Actuarial Opinion with the Board of Directors on an annual basis as required by W. Va. Code §33-4-14 (a).

HISTORY

The Company was incorporated and commenced business on March 1, 1999. The Company is licensed as a for-profit life insurer in the states of West Virginia, Ohio and Pennsylvania. However, the Company files its financial statements on the health blank because it writes primarily POS and PPO health insurance plans. The Company's parent, The Health Plan of West

Virginia (“HPWV”) owns 100% of the 10,000 shares of the Company. The par value of the shares is \$100 per share. On August 1, 2008, the Company’s affiliate Hometown Insurance Group was merged into the Company.

Capitalization

At December 31, 2018, the Company’s reported total capitalization was \$19,384,135 consisting of \$1,000,000 in common stock, \$85,320,000 in gross paid in and contributed surplus and (\$66,955,865) in unassigned funds. At December 31, 2018 Company had authorized and outstanding 10,000 shares of common stock having a par value of \$100 per share.

According to W.Va. Code §33-3-5b(a), the Company must maintain a minimum of \$1,000,000 in capital and \$1,000,000 in surplus to engage in the business for which they are licensed. The Company has met this requirement throughout the examination period.

Dividends

The Company did not pay any dividends to stockholder during the examination period.

Mergers and Acquisitions

There were no mergers or acquisitions during the examination period.

Significant changes in key trends

Direct premium written by line of business for the exam period is summarized below:

	DIRECT PREMIUM WRITTEN		
	2018	2017	2016
Medicare	\$21,564,729	\$18,952,358	\$11,252,372
Medicare Supplement	\$18,381,293	\$16,241,823	\$13,405,405
Comprehensive	\$59,843,669	\$49,516,337	\$43,398,595
TOTAL	\$99,789,691	\$84,710,518	\$68,056,372

MANAGEMENT AND CONTROL

BOARD OF DIRECTORS

The corporate powers of the Company are vested in the Board of Directors consisting of not less than five nor more than seven directors, and is in compliance with Article III, Section 1 of the Company's Bylaws and in compliance with W. Va. Code §33-5-3. The individuals serving as members of the Board of Directors on December 31, 2018 were as follows:

<u>Name and Address</u>	<u>Business Affiliation</u>	<u>Board Member Since</u>
John E. Wright, IV Wheeling, WV	American Plate Glass	1999
Jill L. Hall Scott Depot, WV	Jackson Kelly PLLC	2014
John D. Holloway, MD Wheeling, WV	Sole Proprietor	1999
James M. Pennington Wheeling, WV	President of the Company	2014
Jeffrey M. Knight Wheeling, WV	Treasurer of the Company	2015

OFFICERS

The annual meeting of the Board of Directors shall elect the officers of the Company. Bylaws require that that the officers of the Company "shall be a President, a Secretary, and a Treasurer, and such other officers and assistant officers as the Board of Directors may deem appropriate."

The following officers were appointed and serving as of December 31, 2018:

<u>Name</u>	<u>Title</u>
James M. Pennington	President
Jeffrey M. Knight	Treasurer
John Wright	Secretary

COMMITTEES

Company did not have any standing committees during the years under examination.

Articles of Incorporation

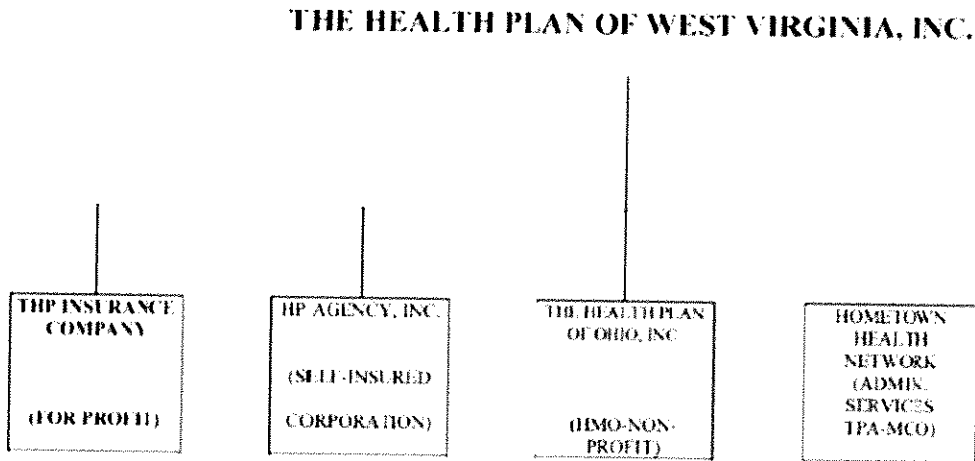
Company’s Articles of Incorporation were not amended during the years under examination.

Bylaws

Company’s Bylaws were not amended during the years under examination.

ORGANIZATIONAL CHART

At December 31, 2018, an abbreviated organization chart for the Company and its subsidiaries is shown below:



AGREEMENTS

Administrative Services Agreement (“ASA”)

The HPWV provides administrative services to the Company under an administrative services contract that was effective January 1, 2014. Under the terms of the contract, HPWV provides executive management, administration, marketing, accounting and claims management services in return for a monthly fee. The monthly fee is computed at 3% of the premiums received by THP for

its products and such fee is paid monthly and is determined based upon the premiums paid in the preceding month. THP makes the monthly payment on or before the 15th day of the following month. Effective January 1, 2019, the Contract was amended to require THP to pay 5.5% of its total revenue to the HPWV in return for executive management, administration, marketing, accounting and claims administration services. **The ASA was found to be not in compliance with SSAP 70 in that the expense allocation between the Company and The TPWV does not yield the most accurate results.**

TERRITORY AND PLAN OF OPERATION

The Company is licensed in West Virginia, Ohio and Pennsylvania. As of the end of 2018, the Company has been licensed as a Third-Party Administrator in 49 states.

REINSURANCE

Assumed

As of the end of 2018 year, Company assumed \$12,776,521 of premiums from two MEWAs.

Ceded

The Company purchased reinsurance which provides coverage for catastrophic inpatient hospital claims. The specific deductible is \$600,000 of allowable expenses subject to 20% coinsurance up to and including \$2,000,000 per member per agreement period and 0% thereafter with an unlimited lifetime reinsurance indemnity for each member. In addition to the specific deductible, there are also specific aggregation deductibles for each line of business ranging from \$25,000 to \$800,000. Company and HPWV share a combined reinsurance risk with the reinsurance carrier through a layered risk arrangement.

The Company also purchased reinsurance for stop-loss insurance sold to self-insured groups. The reinsurer is liable for up to 100% of claims and claim expenses per covered person per policy year in excess of \$650,000 above the employer group's specific deductible. THP is contingently liable for reinsured losses to the extent that the reinsurance company cannot meet its obligations under the reinsurance contract.

FINANCIAL STATEMENTS

The following financial statements are based on the statutory financial statements filed by the Company with the WVOIC and present the financial condition of the Company for the period ending December 31, 2018. The accompanying comments on financial statements reflect any examination adjustments to the amounts reported in the annual statement and should be considered an integral part of the financial statements.

STATEMENT OF ASSETS DECEMBER 31, 2018

	<u>Assets</u>	<u>Non-Admitted</u>	<u>Admitted Assets</u>
Bonds	\$100,000		\$100,000
Common Stocks	28,844,732		28,844,732
Cash and Equivalents	12,788,157		12,788,157
Receivables for Securities	9,959		9,959
Subtotals	\$41,742,848		\$41,742,848
Investment Income Due and Accrued	770		770
Uncollected Premium	313,660		313,660
Accrued Retro Premiums	1,717,153		1,717,153
Amounts Recoverable from Reinsurers	1,002,664		1,002,664
Amounts receivable relating to uninsured plans	3,724,557	414,977	3,309,580
Current FFIT Recoverable	69,100		69,100
EDP and Software	5,910	3,833	2,077
Receivables from Affiliates	9,380,801		9,380,801
Health Care	1,290,861	106,906	1,183,955
Aggregate write-in for other than invested assets	2,645,115	330,908	2,314,207
Total Assets	\$61,893,439	\$856,624	\$61,036,815

**STATEMENT OF LIABILITIES, CAPITAL AND SURPLUS
DECEMBER 31, 2018**

Claims Unpaid	\$22,343,402
Unpaid Claims Adjustment Expenses	514,222
Health Service Act	8,695,056
Premiums received in advance	1,864,631
General Expenses Due or Accrued	1,742,788
Amounts Due to Affiliates	3,326,296
Liability Under Uninsured Plans	3,186,286
Total Liabilities	\$41,672,680
Common capital stock	1,000,000
Gross paid in and contributed surplus	85,320,000
Unassigned Funds (Surplus)	(66,955,865)
Total Capital and Surplus	19,364,135
Total Liabilities, Capital and Surplus	\$61,036,815

**STATEMENT OF REVENUE AND EXPENSES
DECEMBER 31, 2018**

Member Months	245,138
Net Premium Income	112,067,247
Aggregate Write-Ins for other Non-Health Revenues	50,769
Total Revenues	112,118,016
Hospital and Medical:	
Hospital/medical benefits	90,528,223
Other Professional Services	4,979,827
Emergency Room and Out-of-Area	7,518,960
Prescription drugs	10,326,917
Subtotal	113,353,927
Less:	
Net Reinsurance Recoveries	1,371,206
Total Hospital and Medical	111,982,721
Claims Adjustment Expenses	2,195,131
General Administrative Expenses	976,964
Increase in Reserves for L&H Contracts	5,409,176
Total Underwriting Deductions	120,564,176
Net Underwriting Gain (Loss)	(8,446,160)
Net Investment Income Earned	1,082,197
Net Realized Capital Gains	(58,452)
Net Investment Gains	1,023,745
Net Income Before Taxes	(7,422,415)
Federal and Foreign Income Tax	(64,032)
Net Income (Loss)	(\$7,358,383)

**RECONCILIATION OF SURPLUS
DECEMBER 31, 2018**

Surplus as of Prior Examination – 12/31/2015	\$24,711,233
Net Income	2,322,691
Change in net unrealized capital gains	107,946
Change in non-admitted assets	(2,459,396)
Aggregate write-ins for gains in surplus	(602,963)
Net change in capital and surplus	<u>(631,722)</u>
Surplus at December 31, 2016	<u>\$24,079,511</u>
Net Income	2,474,502
Change in net unrealized capital gains	449,985
Change in non-admitted assets	1,753,055
Net change in capital and surplus	<u>4,677,542</u>
Surplus at December 31, 2017	<u>\$28,757,053</u>
Net Income (Loss)	(7,358,383)
Change in net unrealized capital gains	(1,970,278)
Change in non-admitted assets	(64,253)
Net change in capital and surplus	<u>(9,392,914)</u>
Surplus at December 31, 2018	<u>\$19,364,135</u>

SUMMARY OF EXAMINATION CHANGES

There were no adjustments to the financial statements as a result of the examination.

SUBSEQUENT EVENTS

Beginning in December 2019 in China and progressing to the United States in March 2020, the coronavirus (SARS-CoV-2), also known as COVID-19, reached pandemic status on March 11, 2020 per the World Health Organization. In efforts to slow the spread of COVID-19, the Federal Government along with various state governments and local municipalities have strongly encouraged and/or mandated work, school and travel restrictions along with mass “non-essential” business shutdowns. These actions have brought the US economy to at or near a grinding halt. As a result, the entire US economy, including the US stock market, has experienced significant deterioration. At the exam report date, the extent of short and long-term detrimental impact upon insurers, particularly workers’ compensation insurers, as well as the US and global economy as a whole, remains unknown.

SUMMARY OF EXAMINATION RECOMMENDATIONS

The following recommendations were made as a result of the examination:

1. It is recommended that the Company amends its Agreement and adopts a method that yields the most accurate results, as required by SSAP 70.
2. It is recommended that the Company comply with the SSAP 26R and SSAP 30 and record its OTTI on a quarterly basis.
3. It is recommended that the Company's actuary perform a full GPV analysis for Medicare block of business.
4. It is recommended that the actuary revise the Actuarial Memorandum to provide both narrative and technical components for all reserves and assets upon which he is opining; provide a reconciliation of the data used for the analysis to the U&I Exhibit Part 2B for all lines of business; include reliance statements for data and/or calculations provided by other employees or outside Company vendors; indicate when only a portion of an Annual Statement line is being opined on.
5. It is recommended that the Appointed Actuary include the Medicare Risk Adjustment Receivable in future opinions.
6. It is recommended that the appointed actuary present and review their Actuarial Opinion with the Board of Directors on an annual basis as required by W. Va. Code §33-4-14 (a).

ACKNOWLEDGEMENT AND SIGNATURE

This is to certify that the undersigned is a duly qualified Examiner appointed by the West Virginia Offices of the Insurance Commissioner. In addition to the undersigned, Mario Ascic, CFE, consulting examiner of Lewis & Ellis, Inc., Karen Elsom, FCAS, MAAA, consulting actuary of Lewis & Ellis, Inc. and Lindsey Pittman, CPA, CFE, CISA, IT Specialist of Lewis & Ellis, Inc. participated in the examination.

The examination was performed in accordance with those procedures authorized by the NAIC Financial Condition Examiner's Handbook and other procedures appropriate for this examination. The attached report of examination is a true and complete report of financial condition of THP Insurance Company as of December 31, 2018 as determined by this examination.

Respectfully Submitted,



Katerina Bolbas, CFE, CIA, MCM

Examiner-in-Charge

Lewis & Ellis, Inc.

Representing the WV Offices of the Insurance Commissioner



Jamie Taylor, CFE, PIR

Chief Financial Examiner

Company Analysis and Examination Division

Financial Conditions

WV Offices of the Insurance Commissioner



STATE OF WEST VIRGINIA
Offices of the Insurance Commissioner

James A. Dodrill
Insurance Commissioner

May 27, 2020

Mr. Jeff Knight, Interim President
The Health Plan of West Virginia, Inc.
THP Insurance Company
1110 Main Street
Wheeling, WV 26003


RE: Reports of Examination as of December 31, 2018
Health Plan of West Virginia, Inc. – NAIC #59575
THP Insurance Company – NAIC #60016

Dear Mr. Knight:

Please find enclosed a copy of the **Reports of Examination** of Health Plan of West Virginia, Inc. and THP Insurance Company (collectively "Health Plan Group"). This examination was performed in accordance with the provisions of Chapter 33, Article 2, Section 9 of the *West Virginia Code* of 1931, as amended. The **Reports of Examination** reflect the financial affairs and condition of the Health Plan Group as of December 31, 2018.

You are hereby notified that you have thirty (30) days from receipt of this letter to make written submission or rebuttals with respect to any matter contained in the **Reports of Examination**. If an exception is taken, it must be filed with this agency during the statutory time period. If no exception is taken, please respond accordingly by the end of the thirty (30) day comment period.

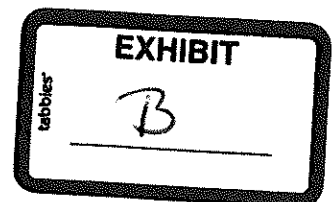
Very truly yours,



James A. Dodrill
Insurance Commissioner

JAD/jot

Enclosure: Copies of Reports of Financial Examination





June 22, 2020

James A. Dodrill
Insurance Commissioner
West Virginia Offices of the Insurance Commissioner
900 Pennsylvania Avenue, 7th Floor
Charleston, West Virginia 25302

Dear Mr. Dodrill:

Regarding the significant findings identified in the THP Insurance Company (the Company) Report of Examination as of December 31, 2018, the following are Management's responses:

Significant Findings and Management's Response

1. The Company's Administrative Services Agreement was not in compliance with SSAP 70, in that the allocation of expenses does not yield the most accurate results.

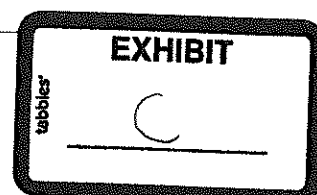
Management's Response

The Company agrees that the Administrative Services Agreement (ASA) in place during the examination period did not contemplate the growth and additional administrative expenses associated with the Company's third party administration (TPA) business. In 2020, the Company will revisit and amend the ASA to ensure that the administrative expenses associated with each individual line of business (fully-insured and TPA) are appropriately allocated and cross-charged between legal entities in accordance with SSAP 70. The Company notes, however, that for all years under examination, the financial statements filed with the West Virginia Offices of the Insurance Commissioner (WVOIC) reflected the terms of the ASA in place and on file with the WVOIC.

2. The Company did not record its other than temporary impairment, if any, in accordance with SSAP 26R and 30 on a quarterly basis.

Management's Response

While the Company has historically evaluated its investments for other than temporary impairment on a quarterly basis, it has not recorded any impairment due to immateriality. Going forward, the Company will evaluate and record any other than temporary impairment on a quarterly basis in accordance with its accounting policy.



3. The Company's methodology and assumptions to calculate its premium deficiency reserve (PDR) were found to be deficient for the Medicare line of business. Due to anticipated overall gains for the Medicare Advantage block based on the 2019 bid pricing, the Company's actuary did not perform a detailed Gross Premium Valuation ("GPV") for the Medicare segment.

Management's Response

While the Company considers the methodology and assumptions used in developing its December 31, 2018 premium deficiency reserve to be reasonable, appropriate, and in accordance with actuarial and accounting standards, the Company will complete a gross premium valuation for its Medicare Advantage line of business in future premium deficiency reserve calculations, if necessary, based on financial performance.

4. Certain areas of the Actuarial Memorandum did not meet the NAIC Annual Statement instruction requirements.

Management's Response

The Company agrees and as a result, completed its 2019 Actuarial Memorandum in accordance with the NAIC Annual Statement instructions.

5. The Appointed Actuary did not opine on the Medicare Risk Adjustment receivable.

Management's Response

The Company agrees and as a result, the Appointed Actuary opined on the Medicare Risk Adjustment receivable in its 2019 Annual Statement.

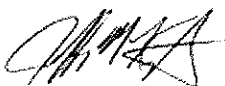
6. Meeting minutes provided did not contain any evidence that the appointed actuary presented and reviewed their actuarial opinion with the Board of Directors on an annual basis as required by W. Va. Code §33-4-14 (a).

Management's Response

The actuarial opinion was presented to and reviewed by the Audit and Corporate Compliance Committee of the Company's parent, The Health Plan of West Virginia, Inc. The actuarial opinion will be reviewed by the Company's Board of Directors in the future.

We appreciate the opportunity to work with the WVOIC on these matters. If there are any questions or concerns about our responses, please feel free to contact me.

Sincerely,



Jeffrey M. Knight, Interim President and Chief Operating Officer

