

**REPORT ON EXAMINATION**

**OF**

**MVP HEALTH INSURANCE COMPANY**

**AS OF**

**DECEMBER 31, 2013**

**DATE OF REPORT**

**JUNE 19, 2015**

**EXAMINERS**

**ELSAID E. ELBIALLY, CFE**

**JEFFREY L. USHER, AFE**

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NEW YORK STATE  
DEPARTMENT *of*  
FINANCIAL SERVICES

Andrew M. Cuomo  
Governor

Anthony J. Albanese  
Acting Superintendent

June 19, 2015

Honorable Anthony J. Albanese  
Acting Superintendent of Financial Services  
Albany, New York 12257

Sir:

Pursuant to the provisions of the New York Insurance Law and acting in accordance with the instructions contained in Appointment Number 31184, dated April 30, 2014, attached hereto, we have made an examination into the financial condition and affairs of MVP Health Insurance Company, a for-profit stock company licensed pursuant to the provisions of Article 42 of the New York Insurance Law, as of December 31, 2013.

The following report is respectfully submitted thereon.

The examination was conducted at the home office of MVP Health Insurance Company located at 625 State Street, Schenectady, New York.

Wherever the designations the “Company” or “MVPHIC” appear herein, without qualification, they should be understood to indicate MVP Health Insurance Company.

Wherever the designation “the MVP Companies” appears herein, without qualification, it should be understood to indicate MVP Health Insurance Company, MVP Health Plan, Inc. and MVP Health Services Corp., collectively.



Wherever the designation “MVP” appears herein, without qualification, it should be understood to indicate MVP Health Care, Inc., the ultimate parent.

Wherever the designation the “Department” appears herein, without qualification, it should be understood to indicate the New York State Department of Financial Services.

A separate market conduct examination of MVPHIC was conducted as of December 31, 2013 to review the manner in which MVPHIC conducted its business practices and fulfilled its contractual obligations to policyholders and claimants. A separate report will be submitted thereon.

Concurrent financial and market conduct examinations were made of MVP Health Plan, Inc. (“MVPHP”), a not-for-profit health maintenance organization (HMO) licensed pursuant to the provisions of Article 44 of the New York Public Health Law and MVP Health Services Corp. (“MVPHSC”), a not-for-profit corporation licensed pursuant to the provisions of Article 43 of New York Insurance Law. These two companies are affiliates within the MVP holding company system as detailed herein. Separate reports thereon have been submitted for each of the above entities.

## 1. SCOPE OF THE EXAMINATION

We have performed a multi-state examination of MVP Health Insurance Company. The previous examination covered the period of January 1, 2008 through December 31, 2010. This examination of the Company is a financial examination as defined in the National Association of Insurance Commissioners (“NAIC”) *Financial Condition Examiners Handbook, 2014 Edition* (the “Handbook”) and it covered the three-year period from January 1, 2011 through December 31, 2013. The examination was conducted observing the guidelines and procedures in the Handbook. Where deemed appropriate by the examiners, transactions occurring subsequent to December 31, 2013 were also reviewed.

The examination was conducted using a risk-focused basis in accordance with the provisions of the Handbook, which provides guidance for the establishment of an examination plan based on the examiners’ assessment of risk in the Company’s operations and utilizes that evaluation in formulating the nature and extent of the examination. The examiners planned and performed the examination to evaluate the Company’s current financial condition, as well as to identify prospective risks that may threaten the future solvency of MVPHIC.

The examiners identified key processes, assessed the risks within those processes and assessed the internal control systems and procedures used to mitigate those risks. The examination also included an assessment of the principles used and significant estimates made by management, an evaluation of the overall financial statement

presentation, and determined management's compliance with the Department's statutes and guidelines, Statutory Accounting Principles, as adopted by the Department, and NAIC annual statement instructions.

Information concerning the Company's organizational structure, business approach and control environment were utilized to develop the examination approach. The examination evaluated the Company's risks and management activities in accordance with the NAIC's nine branded risk categories.

These categories are as follows:

- Pricing/Underwriting
- Reserving
- Operational
- Strategic
- Credit
- Market
- Liquidity
- Legal
- Reputational

The Company was audited annually, for the years 2011 through 2013, by the accounting firm of PricewaterhouseCoopers LLP ("PwC"). The Company received an unqualified opinion in each of those years. Certain audit work papers of PwC were reviewed and relied upon in conjunction with this examination. A review was also made of the ultimate parent's (MVP Health Care, Inc.) corporate governance structure, which included its internal audit function, enterprise risk management program and model audit rule (Insurance Regulation No. 118) compliance as they relate to the Company.

This report on examination is confined to financial statements and comments on those matters which involve departures from laws, regulations or rules, or which require explanation or description.

The examiners reviewed the corrective actions taken by the Company with respect to the recommendations concerning financial issues contained in the prior report on examination. The result of the examiners' review is contained in item 5 of this report.

## **2. DESCRIPTION OF THE COMPANY**

MVP Health Insurance Company was incorporated on April 24, 2000 as a for-profit accident and health insurer. The Company was licensed in June 2001, pursuant to Article 42 of the New York Insurance Law, to write insurance business as defined under Section 1113(a)(3) of the New York Insurance Law.

The Company began operations by delivering health care services in the State of New York in July 2001. The Company received approval to operate as an accident and health insurer in the State of Vermont on May 14, 2002.

The Company issued 60,000 shares of \$5.00 par value per share capital stock on December 14, 2000, for a sale price of \$5.00 per share, resulting in a total consideration of \$300,000. In addition, MVPHIC received a capital/surplus contribution of \$3,700,000 from its parent at that time, MVPHIC Holding Corp. In early 2002, the State of Vermont Insurance Department required an additional infusion of capital in order to issue a license

to the Company. Therefore, the Company increased its paid-in capital from \$300,000 to \$2,000,000 by the sale of an additional 340,000 shares of \$5.00 par and sale value per share on February 11, 2002, to its parent, and the sole shareholder of the Company's outstanding stock, MVPHIC Holding Corp.

In 2011, MVP transferred \$85.5 million to MVPHIC. As a result, MVPHIC was able to adhere to its commitment to the Department to maintain a ratio of not more than 8:1 of net premium to capital and surplus.

A. Corporate Governance

Pursuant to the Company's charter and by-laws, management of the Company is to be vested in a board of directors consisting of thirteen members. As of December 31, 2013, the board of directors consisted of only eight members, as set forth below.

<u>Name and Residence</u>	<u>Principal Business Affiliation</u>
Richard D'Ascoli, M.D. Niskayuna, New York	Physician, Orthopedic Surgery, Schenectady Regional Orthopedics Associates, Inc.
Alan P. Goldberg Albany, New York	Financial Services, Investment Banking, First Albany Securities
Denise V. Gonick, Esq. Schenectady, New York	President and Chief Executive Officer, MVP
Karen B. Johnson Schenectady, New York	Director of the Capital Campaign, Proctors Theatre Schenectady County Legislator
Ernest Levy, M.D. Cooperstown, New York	Physician, Neurosurgery, Retired
Herschel R. Lessin, M.D. Poughkeepsie, New York	Physician, Pediatrics, Children's Medical Group, PLLC
Jon K. Rich Alplaus, New York	Retired
Arthur J. Roth Loudonville, New York	Special Tax Consultant, Hodgson Russ, LLP

Board meetings were held annually during each year of the exam period. The minutes of all meetings of the board of directors, and committees thereof held during the examination period were reviewed. The meetings were generally well attended, with all directors attending at least one-half of the meetings they were eligible to attend.

During the examiners' review of the board of directors for MVPHIC, it was noted that the number of directors for MVPHIC were nine (9) for the year 2011 and eight (8) for the years 2012 and 2013, which is not in compliance with MVPHIC's by-laws.

Article IV, Section 2 of the Company's by-laws states:

*"The number of Directors of the Company shall be thirteen (13)."*

The Company indicated that the change to the number of directors from thirteen (13) to nine (9) was reflected in the Company's December 2006 Certified Resolution of the Shareholder. Due to a clerical error, the Company did not revise Article IV, Section 2 of its by-laws and Article V of its charter to coincide with the Certified Resolution.

It is recommended that MVPHIC update its by-laws and charter to reflect the change in number of directors per the December 2006 Certified Resolution of the Shareholder.

It is further recommended that the Company maintain the required number of members of its Board of Directors, in compliance with Article IV, Section 2 of its by-laws and Article V of its charter.

The principal officers of the Company as of December 31, 2013 were as follows:

<u>Name</u>	<u>Title</u>
Denise V. Gonick, Esq.	President and Chief Executive Officer
Dawn K. Jablonski, Esq.	Secretary
Daniel Drislane	Interim Chief Financial Officer

Corporate governance, enterprise risk management (“ERM”), internal audit department (“IAD”), and Insurance Regulation No. 118 processes for the Company are provided by MVP Health Care, Inc., the ultimate parent of the Company.

#### Enterprise Risk Management (ERM)

The MVP Companies did not have in place an ERM framework during the examination period to proactively identify and mitigate various business risks, including prospective business risks. In accordance with Insurance Regulation No. 203 (11 NYCRR 82) “Enterprise Risk Management and Own Risk and Solvency Assessment,” the Company’s ultimate parent, MVP, is required to adopt a formal enterprise risk management function effective June 25, 2014. In 2014, the MVP Companies started the process of developing an ERM framework by forming a steering committee and entering into a consultation agreement to guide the MVP companies in establishing and implementing an effective ERM framework. MVP appointed a Chief Risk Officer in July 2014. The examiners noted that the process for completion of MVP ERM framework is on track with the timeline established by MVP. The timeline is to complete the process

in the 3<sup>rd</sup> quarter of year 2015.

In addition, MVP has established a government affairs department, to address emerging policy issues within the health insurance industry and those facing MVP and all of its affiliates, including MVPHIC. As issues are identified, MVP establishes leadership teams to gain an understanding of the impact to the MVP Companies. These leadership teams are developed to provide recommendations to the members of the executive team which have the responsibility for MVP's strategy on emerging issues.

#### Internal Audit Department (IAD)

MVP Health Care, Inc., the ultimate parent, established an Internal Audit Department to serve all the subsidiaries within its holding company system, including MVPHIC. The IAD reports to the Audit Committee of the Board of Directors (the "AC") which is comprised entirely of members independent of MVP and MVPHIC.

The IAD assists all levels of management by reviewing and testing financial and operational controls and processes established by management to ensure compliance with laws, regulations and policies. The scope of the IAD program is coordinated with PwC, MVP's independent certified public accountant, to ensure optimal audit coverage and efficiency.

Insurance Regulation No. 118

The Company's parent MVPRT Holdings, Inc., as well as its ultimate parent MVP Health Care, Inc. are both non-publicly traded companies and therefore not subject to the Sarbanes-Oxley Act of 2002. However, the ultimate parent and the New York entities are subject to the provisions of Insurance Regulation No. 118. Insurance Regulation No. 118 (11 NYCRR 89) – "Audited Financial Statements," is similar to the NAIC's Model Audit Rule ("MAR"), and applies to certain New York regulated entities, including MVPHIC. Insurance Regulation No. 118 became effective January 1, 2010.

MVP's management of general controls is applied to all its subsidiaries and affiliates, which include the Company. As part of its Insurance Regulation No. 118 analysis, risks from various operations were identified and segregated by operational cycles and entity level controls. The IAD performed its own control testing and accumulated its findings. The examiner relied upon work performed by the IAD, as prescribed by the Handbook.

B. Territory and Plan of Operation

The Company was authorized to write accident and health insurance business in the States of New York and Vermont as of December 31, 2013.

Based on the lines of business for which the Company is licensed, the Company is required to have initial surplus of \$450,000 and maintain a minimum surplus of \$300,000

pursuant to Article 42 of the New York Insurance Law. In addition, the Company entered into a commitment with the Department, upon licensing, to maintain a ratio of not more than 4:1 of net premium to capital and surplus. On September 13, 2004, the Department approved the Company's request to revise its commitment, so that the Company maintains a ratio of not more than 8:1 of net premium to capital and surplus. During this exam period and subsequent year, the ratios were as follows:

<u>Year</u>	<u>Ratio</u>
2011	6:1
2012	7:1
2013	7:1
2014	4.6:1

All of the net premium to capital and surplus ratios during the period under examination were in compliance with MVPHIC's commitment with the Department.

The Company is subject to Section 1322 of the New York Insurance Law. The Company maintained a risk-based capital level above 400% during the exam period.

The Company offers a variety of insurance products, such as a preferred provider option (PPO), a point-of-service option (POS) and a traditional indemnity insurance product. The Company provides health insurance coverage to private and public sector employer groups.

The Company's enrollment in New York and Vermont for each year under examination and subsequent year, by product type, was as follows:

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
PPO	174,450	145,710	106,038	54,985
POS	9,626	10,137	7,970	6,389
Indemnity only	<u>1,914</u>	<u>2,120</u>	<u>2,266</u>	<u>362</u>
Total	<u>185,990</u>	<u>157,967</u>	<u>116,274</u>	<u>61,736</u>

During the examination period, the membership of the Company decreased to 116,274, a 37.5% decrease from calendar year 2011. The reason for the decrease in enrollment was due to uncompetitive rates and large rate increase as well as loss of large groups to self-funded plans. Additionally, upon renewal in 2014, all New York small group MVPHIC products were discontinued as well as all Vermont small group and individual non grandfathered products.

The Company's direct written premium for each year under examination and year subsequent to exam was as follows:

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
New York	\$609,290,906	\$577,257,192	\$412,523,444	\$287,214,159
Vermont	<u>\$124,996,319</u>	<u>\$119,588,567</u>	<u>\$115,487,591</u>	<u>\$66,070,636</u>
Total	<u>\$734,287,225</u>	<u>\$696,845,759</u>	<u>\$528,011,035</u>	<u>\$353,284,795</u>

During the examination period, the Company solicited business as a direct writer through the use of the Company's in-house licensed agents. The Company also contracted with licensed agents and brokers for the production of business.

C. Reinsurance

Assumed Reinsurance

The Company did not assume any business during the examination period.

Ceded Reinsurance

At December 31, 2013, the Company had a reinsurance agreement with Zurich American Insurance Company, an authorized reinsurer. The agreement requires the reinsurer to pay specified percentages of all eligible hospital and medical service claims paid by the Company during the contract year as follows:

Excess of loss coverages:

Annual Deductibles:

\$575,000 of eligible expenses per member in each agreement year for commercial business, PPO and Indemnity Members.

Annual Reimbursement:

90% of the eligible expenses, in excess of the annual deductible, for each member in the agreement year except non-reinsurer approved organ and tissue implants, which are reimbursable at 60%.

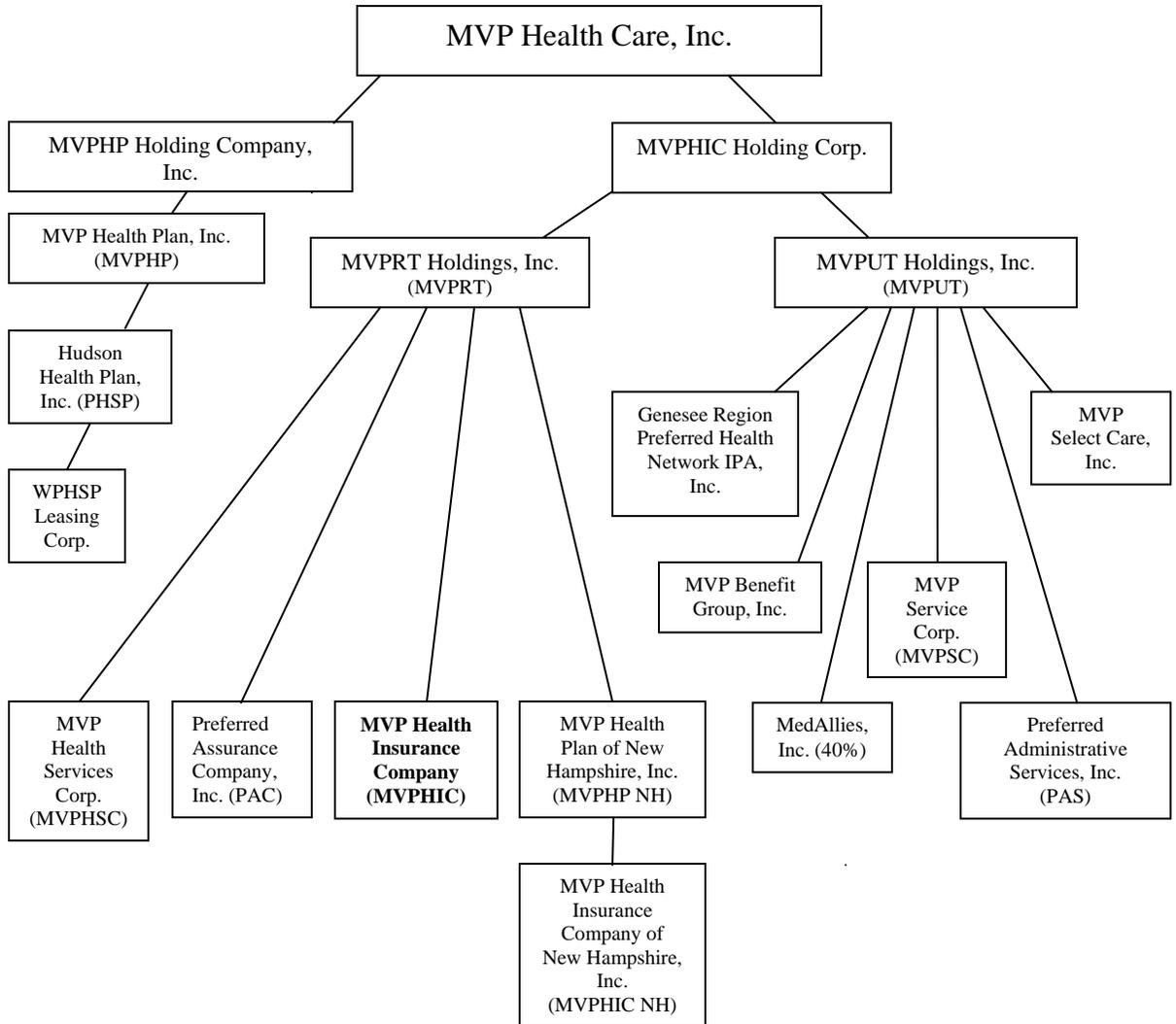
Reimbursement maximum:

\$2,000,000 per member, per agreement year.

The reinsurance agreement contained all the required standard clauses, including the insolvency clause required by Section 1308 of the New York Insurance Law.

D. Holding Company System

The following is the organizational chart of MVP Health Care, Inc., and its subsidiaries and affiliates as of December 31, 2013:



The Company is a wholly-owned subsidiary of MVPRT Holdings, Inc., which is a wholly-owned subsidiary of MVPHIC Holding Corp. MVP Health Care, Inc. is the ultimate parent.

MVPHIC Holding Corp. (“MVPHICHC”)

MVPHIC Holding Corp. was incorporated on December 13, 2000, pursuant to Section 402 of New York Business Corporation Law. It was specifically formed to hold the stock of MVPHIC. MVPHIC is an Article 42 for-profit accident and health insurance company licensed in the State of New York. MVPHIC Holding Corp. holds and controls 100% ownership of both MVPRT Holdings, Inc. (“MVPRT”) and MVPUT Holdings, Inc. (“MVPUT”), MVP Health Care, Inc., in turn, owns and controls 100% of the stock of MVPHIC Holding Corp.

MVPRT and MVPUT are New York corporations. MVPRT controls subsidiaries which are regulated by the New York State Department of Financial Services, Vermont Department of Financial Regulation, and New Hampshire Insurance Department. MVPUT controls certain other subsidiaries which are not subject to such regulation.

MVPHIC Holding Corp. controls four subsidiaries of MVPRT Holdings, Inc. Three of the four subsidiaries, MVP Health Services Corp., MVP Health Insurance Company and Preferred Assurance Company, Inc., are regulated by the New York State Department of Financial Services.

MVP Health Plan, Inc. (“MVPHP”)

MVPHP was incorporated on July 30, 1982, pursuant to Section 402 of the New York Not-For-Profit Corporation Law for the purpose of operating as a health maintenance organization, as such term is defined in Article 44 of the New York Public Health Law. MVPHP operates as an IPA model HMO.

MVP Health Services Corp. (“MVPHSC”)

MVPHSC is a not-for-profit corporation, licensed under Article 43 of the New York Insurance Law. During the examination period, MVPHSC issued only indemnity dental insurance products. MVPHSC is a subsidiary of MVPRT Holdings, Inc., which is a wholly-owned subsidiary of MVPHIC Holding Corp. MVPHIC Holding Corp. is a wholly-owned subsidiary of MVP Health Care, Inc.

Staffing Services Agreement

The Company has a staffing services agreement with MVP Service Corp. (“MVPSC”). MVPSC is wholly-controlled by MVPUT. MVPSC’s employees perform all day-to-day operations of the Company, and charges the Company for its share of costs based on a contractual cost allocation methodology pursuant to an agreement approved by the Department. The Department approved this agreement on March 14, 2008.

Office Facilities, Equipment and Supplies Agreement

During the exam period, MVPHIC was party to an agreement with MVPHP by which MVPHP provided MVPHIC with space, furnishings, equipment, supplies and facilities necessary for MVPHIC to operate its business. MVPHP bills MVPHIC periodically, but not less than quarterly, for access to the equipment provided. The Department approved this agreement on March 14, 2008.

Tax Allocation Agreement

MVPHIC Holding Corp., entered into a tax allocation agreement with its affiliates, including MVPHIC and MVPHSC, dated January 6, 2006, and amended on December 22, 2009. The amended agreement complied with the Department's requirements and was approved by the Department on January 8, 2010.

E. Significant Operating Ratios

The following ratios have been computed as of December 31, 2013 based upon the results of this examination:

Net premiums written to capital and surplus	7.3 to 1
Uncollected premiums to surplus	8.4%
Cash and invested assets to unpaid claims	2.6 to 1
Surplus to unpaid claims	137.6%

The above ratios fall within the National Association of Insurance Commissioners (NAIC) benchmarks.

The underwriting ratios presented below are on an earned-incurred basis and encompass the three-year period covered by this examination.

	<u>Amounts</u>	<u>Percentage</u>
Claims	\$1,715,931,767	87.8%
Increase in reserves for A&H contracts	3,409,613	.2%
Claims adjustment expenses	51,263,541	2.6%
General administrative expenses	297,788,726	15.2%
Net underwriting loss	<u>(113,107,695)</u>	<u>(5.8%)</u>
Net premiums earned	<u>\$1,955,285,952</u>	<u>100.0%</u>

### 3. FINANCIAL STATEMENTS

#### A. Balance Sheet

The following statements show the assets, liabilities, capital and surplus as of December 31, 2013, as contained in the Company's 2013 filed annual statement, a condensed summary of operations and a reconciliation of the capital and surplus account for each of the years under review. The examiners' review of a sample of transactions did not reveal any differences which affected the Company's financial condition as presented in its financial statements contained in the December 31, 2013 filed annual statement.

The firm of PwC was retained by the Company to audit the Company's GAAP basis statements of financial position as of December 31<sup>st</sup> of each year in the examination period, and the related statements of operations, changes in stockholder's equity, and cash flows for the year then ended. A GAAP to statutory footnote has been presented within the financial statements of the Company for each of the years audited for the changes in capital and surplus.

PwC concluded that the GAAP financial statements presented fairly, in all material respects, the financial position of the Company at the respective audit dates. Balances reported in these audited financial statements were reconciled to the corresponding years' annual statements with no discrepancies noted.

Assets

Bonds	\$ 112,044,970
Common stocks	15,446,358
Cash and short-term investments	9,147,894
Receivables for securities	856,044
Investment income due and accrued	579,052
Uncollected premium	6,105,182
Reinsurance recoverable	1,022,045
Receivable from parent, subsidiaries and affiliates	4,968,598
Health care receivable	4,452,067
Aggregate write-ins for other than invested assets	<u>840,501</u>
Total Assets	<u>\$155,462,711</u>

Liabilities

Claims unpaid	\$52,799,086
Accrued medical incentive pool and bonus amounts	2,668,769
Unpaid claims adjustment expenses	1,816,000
Aggregate health policy reserves	16,322,923
Premiums received in advance	964,357
General expenses due and accrued	1,787,796
Amounts due to parent, subsidiaries and affiliates	5,539,476
Payable for securities	<u>926,817</u>
Total Liabilities	<u>\$82,825,224</u>

Capital and Surplus

Common capital stock	\$2,000,000
Gross paid in and contributed surplus	234,650,280
Surplus notes	47,000,000
New York State statutory deposit	200,000
Unassigned funds (surplus)	<u>(211,212,793)</u>
Total capital and surplus	<u>\$72,637,487</u>
Total liabilities, capital and surplus	<u>\$155,462,711</u>

Note 1: No liability appears on the above statement for loans in the amount of \$47,000,000, per Statutory Accounting rules, a surplus note is considered capital and surplus. The loans were granted pursuant to the provisions of Section 1307 of the New York Insurance Law. As provided in Section 1307, repayment of

principal and/or interest shall only be made out of free and divisible surplus, subject to the prior approval of the Superintendent.

Note 2: The Internal Revenue Service has not conducted any audits of the income tax returns filed on behalf of the Company during the period under this examination. The examiner is unaware of any potential exposure of the Company to any further tax assessment, and no liability has been established relative to such contingency.

## B. Statement of Revenue and Expenses and Change in Capital and Surplus

Capital and surplus decreased by \$5,933,270 during the examination period, January 1, 2011 through December 31, 2013, detailed as follows:

### Revenue

Total revenue		\$1,955,285,952
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### Expenses

Hospital/medical benefits	\$1,347,132,139	
Other professional services	56,292,243	
Emergency room and out of area	42,682,562	
Prescription drugs	226,888,667	
Aggregate write-ins for other hospital and medical	39,864,243	
Incentive pool	5,991,595	
Net reinsurance recoveries	<u>(2,919,682)</u>	
Total hospital and medical		\$1,715,931,767

### Administrative expenses

Claim adjustment expenses	51,263,541	
General administrative expenses	<u>297,788,726</u>	
Total administrative expenses		349,052,267
Increase in reserves for A&H contracts		<u>3,409,613</u>
Total underwriting deductions		<u>2,068,393,647</u>

Net underwriting loss		(113,107,695)
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Net investment income earned	7,120,438	
Net realized capital gain (or loss)	<u>6,969,434</u>	
Net investment gains		<u>14,089,872</u>

Net loss before federal income taxes		(99,017,823)
Federal income taxes incurred		<u>1,089</u>
Net loss		<u><u>\$(99,018,912)</u></u>

Changes in Capital and Surplus

Capital and surplus, per report on examination, as of December 31, 2010	<u>Gains in Surplus</u>	<u>Losses in Surplus</u>	\$78,570,757
Net loss		\$99,018,912	
Change in net unrealized capital gains	\$1,384,635		
Change in non-admitted assets	803,457		
Surplus adjustment: paid in:			
MVP Health Care to MVPHIC	85,500,000		
Tax share adjustment		<u>390,130</u>	
Consolidated Tax Share Benefit	<u>5,787,680</u>		
Total gains and losses	<u>\$93,475,772</u>	<u>\$99,409,042</u>	
Net decrease in capital and surplus			<u>\$(5,933,270)</u>
Capital and surplus, per report on examination, as of December 31, 2013			<u>\$72,637,487</u>

#### 4. COMPLIANCE WITH PRIOR REPORT ON EXAMINATION

The prior report on examination included three (3) recommendations detailed as follows (page number refers to the prior report on examination):

<u>ITEM NO.</u>		<u>PAGE NO.</u>
	<u>Enterprise Risk Management</u>	
1.	It is recommended that the Company officially appoint a Chief Risk Officer and establish a Risk Committee accountable for the overall ERM function. The RC would report directly to the Board of Directors.	9
	<i>The Company has complied with this recommendation.</i>	
	<u>Internal Audit Department</u>	
2.	In order to enhance the independence of the internal audit function, it is recommended that MVP revise the Internal Audit and Audit Committee charters to clearly indicate that the Audit Committee has primary responsibility for the performance evaluation and compensation of the IAD director.	11
	<i>The Company has complied with this recommendation.</i>	
3.	It is also recommended that MVP Audit Committee maintains documentation to support the Audit Committee's review of the IAD director's performance. Details for the IAD director's compensation should also be included.	11
	<i>The Company has complied with this recommendation.</i>	

**5. SUMMARY OF COMMENTS AND RECOMMENDATIONS**

<b><u>ITEM</u></b>		<b><u>PAGE NO.</u></b>
A.	<u>Board of Directors</u>	
i.	It is recommended that MVPHIC update its by-laws and charter to reflect the change in number of directors per the December 2006 Certified Resolution of the Shareholder.	7
ii.	It is further recommended that the Company maintain the required number of members of its Board of Directors, in compliance with Article IV, Section 2 of its by-laws and Article V of its charter.	7

Respectfully submitted,

\_\_\_\_\_  
/S/  
Elsaid E. Elbially, CFE  
Principal Insurance Examiner

STATE OF NEW YORK    )  
  ) SS.  
  )  
COUNTY OF NEW YORK )

Elsaid E. Elbially, being duly sworn, deposes and says that the foregoing submitted report is true to the best of his knowledge and belief.

\_\_\_\_\_  
/S/  
Elsaid E. Elbially, CFE

Subscribed and sworn to before me  
This \_\_\_\_\_ day of \_\_\_\_\_ 2015

Respectfully submitted,

|

\_\_\_\_\_/S/\_\_\_\_\_  
\_\_\_\_\_

Jeffrey L. Usher, AFE  
Associate Insurance Examiner

STATE OF NEW YORK    )  
  ) SS.  
  )  
COUNTY OF NEW YORK )

Jeffrey L. Usher, being duly sworn, deposes and says that the foregoing submitted report is true to the best of his knowledge and belief.

|

\_\_\_\_\_/S/\_\_\_\_\_  
\_\_\_\_\_

Jeffrey L. Usher, AFE

Subscribed and sworn to before me

This \_\_\_\_\_ day of \_\_\_\_\_ 2015

NEW YORK STATE  
DEPARTMENT OF FINANCIAL SERVICES

I, BENJAMIN M. LAWSKY, Superintendent of Financial Services of the State of New York, pursuant to the provisions of the Financial Services Law and the Insurance Law, do hereby appoint:

*Elsaid Elbially*

*as a proper person to examine the affairs of*

*MVP Health Insurance Company*

*and to make a report to me in writing of the condition of said*

*Company*

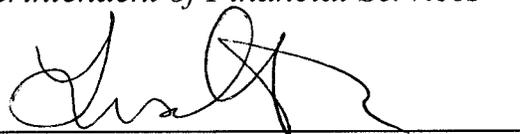
*with such other information as he shall deem requisite.*

*In Witness Whereof, I have hereunto subscribed my name  
and affixed the official Seal of the Department  
at the City of New York*

*this 30th day of April, 2014*

*BENJAMIN M. LAWSKY  
Superintendent of Financial Services*

By:



*Lisette Johnson  
Bureau Chief  
Health Bureau*

