

REPORT ON ORGANIZATION

OF THE

MVP HEALTH INSURANCE COMPANY

AS OF

FEBRUARY 28, 2001

DATE OF REPORT

EXAMINER

March 2, 2001

JOSEPH S. KRUG

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STATE OF NEW YORK
INSURANCE DEPARTMENT
25 BEAVER STREET
NEW YORK, NEW YORK 10004

March 2, 2001

Honorable Gregory V. Serio
Superintendent of Insurance
Albany, NY 12257

Sir:

Pursuant to instructions contained in Appointment Number 21700 dated February 13, 2001, and attached hereto, I have made an examination "on organization" of MVP Health Insurance Company and the following report thereon is respectfully submitted.

Whenever the term, the "Company" appears herein without qualification, it should be understood to refer to MVP Health Insurance Company.

1. ORGANIZATION

MVP Health Insurance Company was incorporated on April 24, 2000. The declaration of intention and charter were approved by the State of New York Insurance Department pursuant to Section 1201 of the Insurance Law and placed on file with the Department on the same date.

The Company's office is located on 111 Liberty Street, Schenectady, NY 12305.

The members of the board of directors and the principal officers are as follows:

Board of Directors

<u>Name and Residence</u>	<u>Principal Business Affiliation</u>
Richard J. D'Ascoli, M.D. Niskayuna, NY	Orthopedics
Samuel L. Feldman Niskayuna, NY	President, CFK Life Plans, Inc.
Joseph F. Heavey Poughkeepsie	Administrator, The Children's Medical Group
John F. Houck, Jr. M.D. New Hartford, NY	Physician, Adirondack Community Physicians
Murray M. Jaros, Esq. Niskayuna, NY	Attorney
Karen B. Johnson Schenectady, NY	Director of Development, Proctors Theatre
Herschel R. Lessin, M.D. Poughkeepsie, NY .	Vice President, Hudson Valley Pediatric Group PC
Mary C. Militano, Esq. Scotia, NY	Attorney

Name and ResidencePrincipal Business Affiliation

David W. Oliker
Charlton, NY

President/CFO,
MVP Health Plan

Jon K. Rich
Alplaus, NY

Retired

Joseph J. Schwerman, M.D.
Hyde Park, NY

Emergency Physician,
St. Francis Hospital

Leland C. Tupper
Schenectady, NY

Retired

Timothy P. Wade.
Scotia, NY

Vice President,
M&T Bank

OfficersNameTitle

David W. Oliker

President/CEO

Alfred W. Gatti

Vice-President

Denise Gonick

Secretary

Mark Brumbaugh

Comptroller

David Field

Treasurer and CFO

2. SCOPE OF EXAMINATION

The examination was conducted at the Company's office located at 111 Liberty Street, Schenectady, New York 12305.

The examination comprised a verification of issuance of the Company's capital stock, the receipt of capital and surplus funds, and the determination of assets and liabilities. The records examined included the declaration of intention, the charter, the by-laws, the corporate minute book, and the stock register.

3. CAPITALIZATION AND SUBSCRIPTION

MVP Health Insurance Company is a wholly owned subsidiary of MVPHIC Holding Company. 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, there was a surplus contribution of \$3,700,000.

4. BALANCE SHEET

The following balance sheet sets forth the Company's financial condition as of February 28, 2001 as determined by this examination.

Assets

Bonds	\$	330,310	
Cash and short-term investments		3,673,437	
Interest income due and accrued		<u>18,911</u>	
 Total assets			 <u><u>\$4,022,658</u></u>

Liabilities

Total liabilities	\$	-0-	
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Capital and Surplus

Common capital stock	\$	300,000	
Gross paid in and contributed surplus		3,700,000	
Unassigned surplus		<u>22,658</u>	
 Total Capital and Surplus			 <u>4,022,658</u>
 Total liabilities and surplus	 \$		 <u><u>4,022,658</u></u>

5. AUTHORIZED POWERS AND MINIMUM CAPITAL REQUIRED

The Company is authorized by its declaration of intention and charter to transact the kinds of insurance as described in the following numbered paragraphs of Section 1113(a) of the New York Insurance Law:

<u>Paragraph</u>	<u>Line of Business</u>
(3)(i) and (ii)	Accident and health
(30)	Substantially similar kind of insurance

Furthermore the Company is authorized by its declaration of intention and charter to transact the kinds of insurance as described in the following numbered paragraph of Section 1114 of the New York Insurance Law:

<u>Paragraph</u>	<u>Line of Business</u>
(a)	Reinsurance

The minimum financial requirements for these lines of business, as set forth in Section 4204 and 4206 of the New York Insurance Law, are as follows:

Initial Surplus	\$450,000
Surplus to be maintained	300,000
Deposit	200,000
Capital	300,000
Minimum capital investments	300,000

Pursuant to the provisions of Section 1314 of the New York Insurance Law, the Company has placed qualifying securities with a par value of \$200,000 in an account in the name of the Superintendent of Insurance at Chase Manhattan Bank, Rochester NY.

6. HOLDING COMPANY SYSTEM

The Company is a wholly owned subsidiary of MVPHIC Holding Company.

On September 1, 2000, the Company entered into an Administrative Service Agreement with MVP Service Corp., a member of its holding company system, to provide the following services:

Administration and policyholder services

Actuarial and underwriting

Provider recruiting, credentialing and contracting

Ongoing provider relations

Utilization review and quality assurance services

Obtaining and maintaining appropriate insurance policies

Recommendations regarding new benefit packages and service area expansions

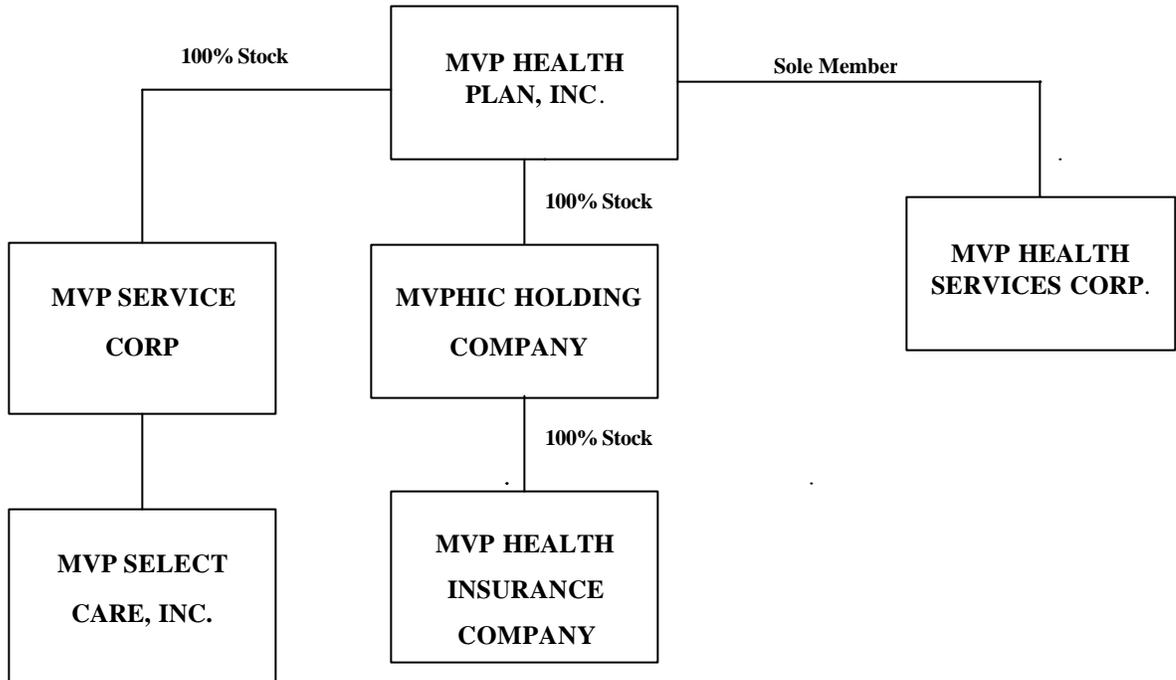
Marketing services

Management information services

Accounting and record keeping

Policyholder services including claims adjudication

The following chart depicts the Company in relationship to its parent and affiliated companies as of February 28, 2001:



7. CONCLUSION

Based upon the foregoing examination, it is concluded that the Company sold 60,000 shares of \$5.00 par value per share capital stock for a sale price of \$5.00 per share resulting in a total consideration of \$300,000. In addition, there was a surplus contribution of \$3,700,000.

Appointment No. 21700

STATE OF NEW YORK
INSURANCE DEPARTMENT

I, NEIL D. LEVIN, Superintendent of Insurance of the State of New York,
pursuant to the provisions of the Insurance Law, do hereby appoint:

Joseph S. Krug

as a proper person to examine into the affairs of the

MVP Health Insurance Company

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

Company

with such other information as he shall deem requisite.

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

this 13th day of February 2001

NEIL D. LEVIN
Superintendent of Insurance



(by) Gregory Serio
First Deputy Superintendent