REPORT ON EXAMINATION

OF

MVP HEALTH INSURANCE COMPANY

AS OF

DECEMBER 31, 2010

DATE OF REPORT	**JUNE 18, 2012**
EXAMINERS	**ELSAID E. ELBIALLY, CFE**
	JEFFREY L. USHER

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June 18, 2012

Honorable Benjamin M. Lawsky
Superintendent of Financial Services
Albany, New York 12257

Sir:

Pursuant to the requirements of the New York Insurance Law and acting in accordance with the instructions contained in Appointment Numbers 30733 and 30734, dated September 13, 2011, 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, 2010. 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 “Department” appears herein, without qualification, it should be understood to indicate the New York State Department of Financial Services.

On October 3, 2011, the New York State Insurance Department merged with the New York State Banking Department to become the New York State Department of Financial Services.

A separate market conduct examination reviewing the manner in which MVPHIC conducts its business practices and fulfills its contractual obligations to policyholders and claimants is currently being conducted as of December 31, 2010. A separate report will be submitted thereon.

Concurrent 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, MVP Health Services Corp. ("MVPHSC"), a not-for-profit corporation licensed pursuant to the provisions of Article 43 of New York Insurance Law and Preferred Assurance Company, Inc. ("PAC"), a not-for-profit corporation licensed pursuant to the provisions of Article 43 of New York Insurance Law. These three companies are affiliates within the MVP holding company system as detailed herein. Separate financial reports thereon have been submitted for each of the above entities.

1. SCOPE OF THE EXAMINATION

The Company was previously examined as of December 31, 2007. This examination of the Company is a financial examination as defined in the National Association of Insurance Commissioners ("NAIC") *Financial Condition Examiners Handbook, 2010 Edition* (the "Handbook") and it covers the three-year period from January 1, 2008 through December 31, 2010. The examination was conducted observing the guidelines and procedures in the Handbook, and where deemed appropriate by the examiner, transactions occurring subsequent to December 31, 2010, were also reviewed.

The examination was conducted using a risk-focused approach in accordance with the provisions of the Handbook, which provides guidance for the establishment of an examination plan based on the examiner's assessment of risk in the Company's operations and utilized that evaluation in formulating the nature and extent of the examination. The risk-focused examination approach was included in the Handbook for the first time in 2007. The current examination was the first such type of examination of the Company. The examiner's planned and performed the examination to evaluate the Company's current financial condition, as well as 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, and Statutory Accounting Principles, as adopted by the Department and 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 calendar years 2008 through 2010, 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 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 pursuant to Article 42 of the New York Insurance Law. The Company was licensed in June 2001, 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 1, 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 Corporation. 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 at $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 Corporation.

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Prior to January 2006, the Company was a wholly-owned subsidiary of MVPHIC Holding Corporation, which was a wholly-owned subsidiary of MVP Health Plan, Inc. (MVPHP), the ultimate parent of the Company.

On January 6, 2006, MVPHP combined with Preferred Care, Inc. (PC). Under the terms of the agreement, MVPHP and PC reorganized their respective enterprises under a holding company structure with MVP Health Care, Inc. established as the ultimate parent. The sole shareholder of the company became MVPRT Holdings, Inc., which is a wholly-owned subsidiary of MVPHIC Holding Corporation, which is a wholly-owned subsidiary of MVP Health Care, Inc., the ultimate parent.

A. Management and Controls

Pursuant to the Company's charter and by-laws, management of the Company is to be vested in a board of directors consisting of nine members. As of December 31, 2010, the board of directors consisted of nine members, as set forth below:

Name and Residence	Principal Business Affiliation
Richard D'Ascoli, M.D. Niskayuna, New York	Orthopedic Surgeon, Schenectady Regional Orthopedics
Alan Goldberg Albany, New York	Retired
Karen B. Johnson Schenectady, New York	Director of Development, Proctors Theatre
Herschel R. Lessin, M.D. Poughkeepsie, New York	Pediatrician, Children's Medical Group, PLLC
Ernest Levy, M.D. Cooperstown, New York	Physician, Self-Employed
David W. Oliker Charlton, New York	President and Chief Executive Officer, MVP Health Plan, Inc.
Jon K. Rich Alplaus, New York	Retired
Arthur J. Roth Loudonville, New York	Special Tax Consultant, Hodgson Russ, LLP
Joseph J. Schwerman, M.D. Queensbury, New York	Family Practitioner, Hudson Headwaters Health Network

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

The principal officers of the Company as of December 31, 2010 were as follows:

Name	Title
David W. Oliker	President and Chief Executive Officer
Mark A. Fish	Executive Vice-President and Chief Financial Officer
Denise V. Gonick, Esq.	Executive Vice-President and Chief Legal Officer

B. Corporate Governance

Corporate governance, enterprise risk management ("ERM"), internal audit department ("IAD"), and model audit rule ("MAR") processes for the Company are provided by MVP Health Care, Inc. ("MVP"), the ultimate parent of the Company.

Exhibit M of the Handbook (Understanding the Corporate Governance Structure) was utilized by the examiners as guidance for assessing the Company's Corporate Governance. Overall, it was determined that the Company's Corporate Governance structure is adequate, sets an appropriate "tone at the top", supports a proactive approach to operational risk management, and contributes to an effective system of internal controls. It was found that corporate Board of Directors and key executives encourage integrity and ethical behavior throughout the organization and that senior management promotes a corporate culture that acknowledges, understands and maintains an effective control environment.

Enterprise Risk Management

The Company has not formally adopted an ERM framework for proactively addressing and mitigating risks, including prospective business risks. It is prudent for the Company to consider utilizing the services of an independent risk management specialist or officially appoint a Chief Risk Officer ("CRO") and establish a Risk Committee ("RC") to further its ERM initiatives.

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.

The examiners identified prospective risks to MVPHIC, relative to the effects of the Patient Protection and Affordable Care Act and the overall regulatory environment. However, MVP identified these potential risks and 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 the issues are identified, MVP establishes leadership teams to gain an understanding of the impact to MVP. These leadership teams are developed to provide recommendations to the members of the executive team responsible for MVP's strategy on emerging issues. The leadership teams also work with internal stakeholders to inform them on emerging issues, and the necessary actions needed to support MVP's strategy.

Internal Audit Department

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 Audit Committee of the Board of Directors (the "AC") 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 maximum efficiency.

The examiners interview of MVP's Audit Committee chairman as well as the review of the 2008-2010 evaluations of the IAD director revealed that the annual evaluation of IAD director is prepared and signed by the Chief Financial Officer ("CFO"). Also, the IAD director's compensation is determined by the CFO.

Preferred corporate governance protocols call for the responsibilities and performance of the internal audit department director to be measured by the Audit Committee, to ensure independence from senior management.

This position is supported throughout the audit industry, including specific guidance from organizations such as the American Institute of Certified Public Accountants ("AICPA") and the Institute of Internal Auditors ("IIA").

Per the IIA:

> "The internal auditor occupies a unique position, he or she is employed by management but is also expected to review the conduct of management which can create significant tension since the internal auditor's independence from management is necessary for the auditor to objectively assess management's action, but the internal auditor's dependence on management for employment is very clear; and to maintain objectivity, internal auditors should have no personal or professional involvement with or allegiance to the area being audited; and should maintain an un-biased and impartial mindset in regard to all engagements."

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.

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.

Model Audit Rule

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 its subsidiaries are subject to the provision of the Model Audit Rule and therefore are subject to its requirements. The Department's Regulation No. 118 (NYCRR 98) – Audited Financial Statements, represents MAR requirements for the New York regulated entities including MVPHIC. Regulation No. 118 was promulgated on an emergency basis in December 2009 and was effective January 1, 2010.

MVP's management of general controls is applied to all its subsidiaries, which included the Company. As part of its MAR analysis, risks from various operations were identified and segregated by operational cycles and entity level controls. In coordination with the Company's management, risks identified were labeled and, cataloged using specific control codes. The IAD performed its own control testing and accumulated its findings. The examiners' review of control testing showed that general controls appear to be working at a satisfactory level. The examiner relied upon work performed by the IAD, as prescribed by the Handbook.

C. 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, 2010.

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 the ratios were as follows:

Year	Ratio
2008	6:1
2009	8:1
2010	9:1
2011	6:1

The 2010 ratio was in excess of the 8:1 range. However, the 2011 ratio was within such range. In order to meet the Company's commitment that its ratio of net premium to capital and surplus does not exceed 8:1, on February 28, 2011 the Company received a surplus contribution of $11.5 million from its affiliate MVPHP.

In December 2009, with the approval of the Superintendent of Insurance, the Company received from its ultimate parent, MVP Health Care, Inc., $52 million cash contribution to surplus and an additional $47 million from its affiliate MVPHP in the form of a loan pursuant to Section 1307 of the New York Insurance Law. These infusions of capital eliminated the Company's insolvency of $25.8 million, as of September 30, 2009 and restored the Company's ratio of net premium written to surplus to an 8 to 1 range. The repayment of the Section 1307 loan and the accumulated accrued interest shall only be paid out of future free and divisible surplus of the Company and will be subject to the prior approval of the Superintendent. The total accumulated accrued interest as of December 31, 2010, was $333,185.

In addition, due to its deteriorating financial condition, the Company received a total of $175,109,870 in 2010 and 2011, as contributions to surplus, from MVPHP, as follows:

Year	Contribution to surplus
2010	$90,000,000
2011	$85,109,870

The Company offers a variety of insurance products, such as a preferred provider option (PPO), an exclusive provider option (EPO), 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 for each year under examination, by product type, were as follows:

	2008	2009	2010
PPO	42,340	148,088	184,716
POS	21,207	16,154	13,997
Indemnity only	2,013	1,841	1,929
Total	65,560	166,083	200,642

At the end of calendar year 2010, the membership of the Company increased to 200,642, a 206% increase over calendar year 2008. The reason for this significant increase is mostly member migration from the affiliate's HMO product to MVPHIC's various insurance products.

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

	2008	2009	2010
New York	$117,637,012	$349,415,671	$575,929,658
Vermont	$ 21,828,181	$ 81,032,977	$122,300,605
Total	$139,465,193	$430,448,648	$698,230,263

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.

D. Reinsurance

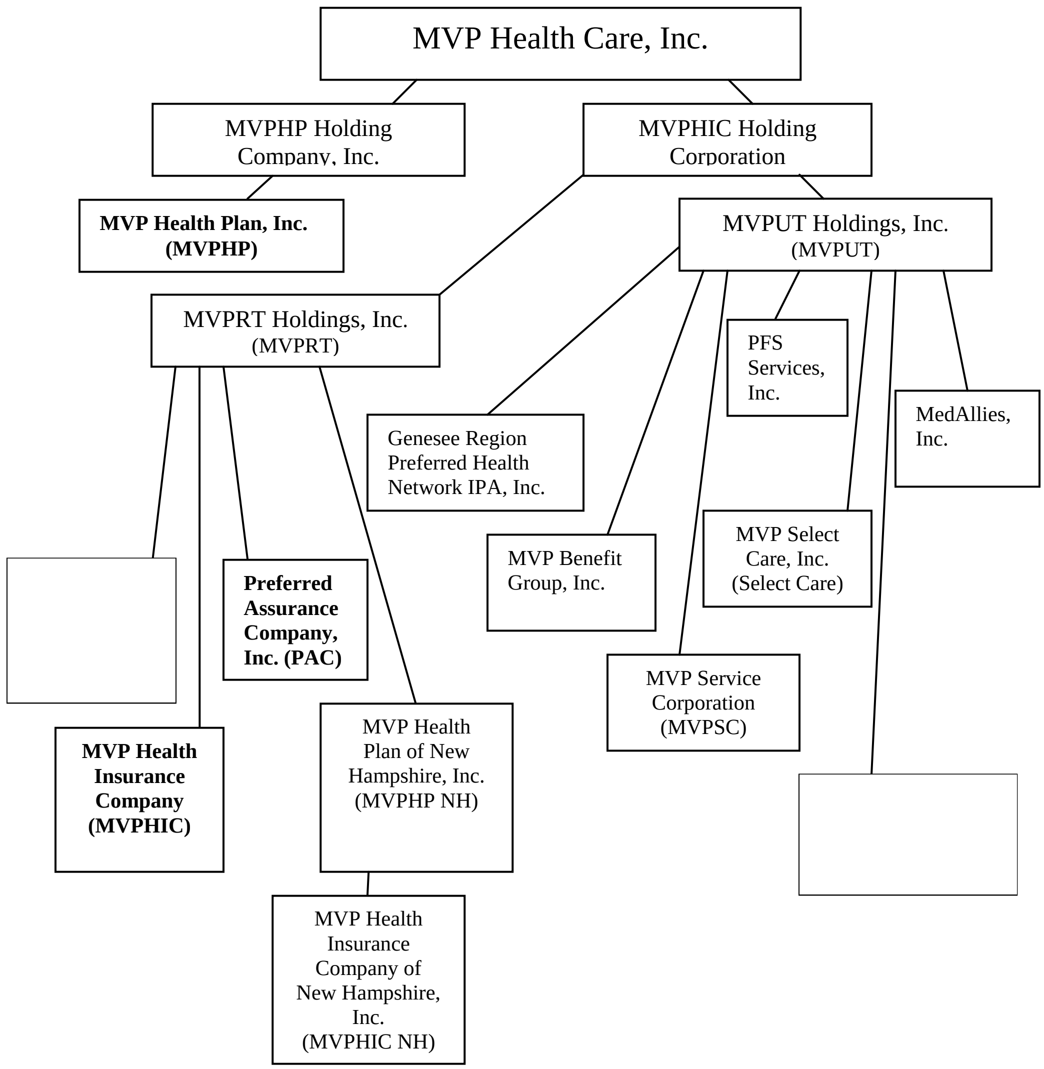
For the period January 1, 2008 through December 31, 2010, MVPHIC had a reinsurance agreement with Zurich American Insurance Company, an authorized reinsurer. The covered services ceded under the agreement were medical services for individual and group accident and health policies. The reinsurance agreement contained all the required standard clauses, including the insolvency clause required by Section 1308 of the New York Insurance Law. The reinsurance limits of liability are 80% of $2,000,000 of net loss for each member for each contract year.

The Company is subject to a retention that includes a deductible of $200,000 per member per contract year, a coinsurance of 20% of net loss in excess of the deductible and any amounts in excess of the reinsurance limits of liability. Zurich American Insurance Company will pay to MVPHIC 80% of the amount of net loss in excess of the deductible subject to the reinsurance limits of liability.

E. Holding Company System

The Company is a wholly-owned subsidiary of MVPRT Holdings, Inc., which is a wholly-owned subsidiary of MVPHIC Holding Corporation. MVP Health Care, Inc. is the ultimate parent. MVP and its subsidiaries comprise an integrated health benefits insurance and health benefit management holding company system. On January 6, 2006, MVP Health Plan, Inc. ("HMO"), a tax-exempt New York State not-for-profit corporation, licensed as a health maintenance organization to deliver health care services in New York and Vermont, combined with Preferred Care, Inc. ("PC"), a tax-exempt New York State not-for-profit corporation. Under terms of their agreement and plan of reorganization by and between Preferred Care, Inc. and MVP Health Plan, Inc., the PC and HMO reorganized their respective enterprises under a holding company structure, with the ultimate holding company changed to MVP Health Care, Inc., which now serves as the direct or indirect parent company of all of the former PC affiliates and of the HMO and all of its affiliates.

The following is the organizational chart of MVP Health Care, Inc., and its subsidiaries as of December 31, 2010:



MVPHIC Holding Corporation ("MVPHICHC")

MVPHIC Holding Corporation was incorporated on November 22, 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

Corporation 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 Corporation.

MVPRT and MVPUT are New York corporations. MVPRT controls subsidiaries which are regulated by the New York State Department of Financial Services and various Insurance Departments (Vermont Department of Financial Regulation and New Hampshire Insurance Department). MVPUT controls subsidiaries which are not regulated.

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

<u>MVP Health Plan, Inc. ("MVPHP")</u>

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, which operates as an IPA model HMO, is also a federally qualified HMO.

MVP Health Services Corp. ("MVPHSC")

MVPHSC is a not-for-profit corporation, licensed under Article 43 of the New York Insurance Law. Prior to January 2002, MVPHSC offered point-of-service (POS) health insurance products. Currently MVPHSC issues only indemnity dental insurance products. MVPHSC is a subsidiary of MVPRT Holdings, Inc., which is a wholly-owned subsidiary of MVPHIC Holding Corporation. MVPHIC Holding Corporation is a wholly-owned subsidiary of MVP Health Care, Inc.

Preferred Assurance Company, Inc. ("PAC")

PAC is licensed to do business within New York State as a non-profit health corporation pursuant to the provisions of Article 43 of the New York Insurance Law. PAC provides coverage for hospital, medical and other health services for the out-of-network component of MVPHP's point-of-service product in the Rochester metropolitan area. PAC markets Preferred Provider Organization (PPO) and Exclusive Provider Organization (EPO) products. PAC is a subsidiary of MVPRT Holdings, Inc.

MVP Service Corporation ("MVPSC')

The Company has a management services and consulting agreement with 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 the agreement approved by the Department.

Tax Allocation Agreement

MVPHIC Holding Corporation, entered into a tax allocation agreement with its affiliates, including the three New York State regulated entities, MVPHIC, MVPHSC and PAC dated January 6, 2006, as amended on December 22, 2009. The amended agreement complied with the Department's requirements and was approved on January 8, 2010.

F. Significant Operating Ratios

The following ratios have been computed as of December 31, 2010 based upon the results of this examination:

Net premiums written to capital and surplus	9 to 1
Uncollected premiums to surplus	15%
Cash and invested assets to unpaid claims	2 to 1
Surplus to unpaid claims	99%

The above ratios fall within the National Association of Insurance Commissioners (NAIC) benchmarks, except for the net premium to capital and surplus ratio.

The Department of Financial Services approved the Company's request to maintain a ratio of not more than 8:1 of net premium written to capital and surplus.

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

	Amounts	Percentage
Claims	$1,180,631,227	93.44%
Claims adjustment expenses	32,925,879	2.61%
General administrative expenses	190,621,374	15.08%
Increase in reserves for A&H contracts	12,913,310	1.02%
Net underwriting loss	(153,565,795)	(12.15%)
Net premiums earned	$1,263,525,995	100.0%

3. FINANCIAL STATEMENTS

A. Balance Sheet

The following shows the assets and liabilities as determined by this examination. This statement is the same as the balance sheet filed by the Company as of December 31, 2010:

Assets	Examination	Company
Bonds	$ 63,512,872	$ 63,512,872
Common stocks	15,623,396	15,623,396
Cash and short term investment	88,513,546	88,513,546
Receivables for securities	69,538	69,538
Investment income due and accrued	490,547	490,547
Uncollected premium	11,720,392	11,720,392
Reinsurance recoverable	1,651,250	1,651,250
Receivable from parent and affiliates	6,310,726	6,310,726
Health care receivable	5,015,276	5,015,276
Total asset	$192,907,543	$192,907,543

Liabilities	Examination	Company
Claims unpaid	$79,743,999	$79,743,999
Unpaid claims adjustment expenses	2,984,000	2,984,000
Aggregate health policy reserves	12,913,310	12,913,310
Premiums received in advance	714,295	714,295
General expenses due and accrued	7,255,539	7,255,539
Current federal tax payable	23,458	23,458
Amount due to parent and affiliates	10,694,887	10,694,887
Payable for securities	7,298	7,298
Total liabilities	$114,336,786	$114,336,786
Capital and surplus		
Common capital stock	$2,000,000	$2,000,000
Gross paid in and contributed surplus	149,540,410	149,540,410
Surplus notes	47,000,000	47,000,000
New York State statutory deposit	200,000	200,000
Unassigned funds (surplus)	(120,169,653)	(120,169,653)
Total capital and surplus	$78,570,757	$78,570,757
Total liabilities, capital and surplus	$192,907,543	$192,907,543

Note 1: 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.

Note 2: No liability appears on the above statement for loans in the amount of $47,000,000. 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.

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

Capital and surplus increased $55,837,685 during the three-year examination period, January 1, 2008 through December 31, 2010, detailed as follows:

Revenue			
Net premium income			$1,263,525,995
Expenses			
Hospital/medical benefits	$929,880,362		
Other professional services	21,187,471		
Emergency room and out of area	31,606,478		
Prescription drugs	167,139,646		
Aggregate write-ins for other hospital and medical	34,329,160		
Incentive pool	871,379		
Net reinsurance recoveries	(4,383,269)		
Total hospital and medical		$1,180,631,227	
Administrative expenses			
Claim adjustment expenses	32,925,879		
General administrative expenses	190,621,374		
Total administrative expenses		223,547,253	
Increase in reserves for A&H contracts		12,913,310	
Total underwriting deductions			1,417,091,790
Net underwriting loss			(153,565,795)
Net investment income earned		5,265,655	
Net realized capital loss		2,905,558	
Net investment gains			8,171,213
Aggregate write ins for other income or expenses			14,991
Net loss before federal income taxes			(145,379,591)
Federal income taxes incurred			(59,922)
Net loss			$(145,319,669)

Changes in Capital and Surplus

	Gains in Surplus	Losses in Surplus	
Capital and surplus, per report on examination, as of December 31, 2007			$22,733,072
Net loss		$145,319,669	
Change in net unrealized capital gains	$1,371,023		
Section 1307 surplus note from MVPHP	47,000,000		
Change in non-admitted assets		2,303,950	
Contribution to surplus from MVP	146,000,000		
Aggregate write-ins for gains in surplus	9,090,281		
Total gains and losses	$203,461,304	$147,623,619	
Net increase in capital and surplus			$55,837,685
Capital and surplus, per report on examination, as of December 31, 2010			$78,570,757

4. CLAIMS UNPAID

The examination liability of $79,743,999 is the same as the amount reported by MVPHIC as of December 31, 2010. The examination analysis was conducted in accordance with generally accepted actuarial principles and practices and was based on statistical information contained in the Company's internal records and its filed annual statements as verified by the examiner.

The examination reserve was based upon actual claims payments made through a point in time, plus an estimate for claims remaining unpaid at that date. Such estimate was calculated based on actuarial principles, which utilized the Company's experience in projecting the ultimate cost of claims incurred on or prior to December 31, 2010.

5. COMPLIANCE WITH PRIOR REPORT ON EXAMINATION

The prior report on examination included four (4) recommendations detailed as follows (page number refers to the prior report on examination):

ITEM NO.		PAGE NO.
A.	Shareholders' Meetings	6
	It is recommended that the annual shareholders' meeting be held as required by Article III, Section 1 of its by-laws.	
	The Company has complied with this recommendation.	
B.	Holding Company System	20
	It is recommended that the Company enter into a written consolidated tax agreement with MVPHIC Holding Corporation as required by Section 1505(d) of the New York Insurance Department Law. It is further recommended that said consolidated tax agreement is constructed in conformity with Department Circular Letter No. 33 (1979) and that the Company file such agreement with the New York Insurance Department.	
	The Company has complied with this recommendation.	
C.	Allocation of Expenses	22
	It is recommended that the Company comply with Department Regulation No. 33 by revising and updating its expense allocation methodology in order to reflect an appropriate allocation among the three expense groupings within the underwriting and investment exhibit of the Company's annual statement.	
	The Company has complied with this recommendation.	
D.	Abandoned Property	23
	It is recommended that the Company comply with the publishing requirements of Section 1316(3) of the New York Abandoned Property Law.	
	The Company has complied with this recommendation.	

6. SUMMARY OF COMMENTS AND RECOMMENDATIONS

ITEM NO.		PAGE NO.
A.	Enterprise Risk Management	
	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
B.	Internal Audit Department	
i.	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
ii.	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

Appointment No. 30733

STATE OF NEW YORK
INSURANCE DEPARTMENT

I, **James J. Wrynn**, Superintendent of Insurance of the State of New York, pursuant to the provisions of the Insurance Law, do hereby appoint:

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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 name and affixed the official Seal of this Department, at the City of New York.

This 13th day of September, 2011

James J. Wrynn
Superintendent of Insurance

Appointment No. **30734**

STATE OF NEW YORK
INSURANCE DEPARTMENT

I, **James J. Wrynn**, Superintendent of Insurance of the State of New York, pursuant to the provisions of the Insurance Law, do hereby appoint:

Jeffrey Usher

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 name and affixed the official Seal of this Department, at the City of New York.

This 13th day of September, 2011

James J. Wrynn
Superintendent of Insurance