REPORT ON EXAMINATION

OF

MVP HEALTH INSURANCE COMPANY

AS OF

DECEMBER 31, 2016

DATE OF REPORT	**OCTOBER 18, 2018**
EXAMINERS	**ALEX QUASNITSCHKA, CFE**
	JEFFREY USHER, CFE

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NEW YORK STATE
DEPARTMENT of
FINANCIAL SERVICES

Andrew M. Cuomo
Governor

Maria T. Vullo
Superintendent

October 18, 2018

Honorable Maria T. Vullo
Superintendent of Financial Services
Albany, New York 12257

Madam:

Pursuant to the requirements of the New York Insurance Law, and acting in accordance with the instructions contained in Appointment Number 31754, dated April 6, 2018 attached hereto, we have made an examination into the 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, 2016. The following report is respectfully submitted thereon.

The examination was conducted at the administrative office of MVP Health Care, Inc., the ultimate parent of MVP Health Insurance Company, located at 625 State Street, Schenectady, New York.

Wherever the designations “MVPHIC” or the “Company” 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 Plan, Inc., MVP Health Insurance Company 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 of the MVP Companies.

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 Medical Loss Ratio (“MLR”) examination of MVPHIC was conducted as of December 31, 2016, to assess compliance with the requirements of Title 45 of the Code of Federal Regulations, Part 158, which implements section 2718 of the Public Health Service Act. A separate report will be submitted thereon.

Concurrent Financial and MLR examinations were made of MVP Health Plan, Inc. (“MVPHP”), a not-for-profit health maintenance organization (“HMO”) certified 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 the 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

The prior examination of the Company was conducted as of December 31, 2013. This examination of the Company was a financial examination as defined in the National Association of Insurance Commissioners ("NAIC") *Financial Condition Examiners Handbook, 2017 Edition* (the "Handbook") and covered the three-year period from January 1, 2014 through December 31, 2016. The examination was conducted observing the guidelines and procedures in the Handbook. Where deemed appropriate by the examiners, transactions occurring subsequent to December 31, 2016 were also reviewed.

The examination was conducted on 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 was utilized to develop the examination approach. The examination evaluated MVPHIC'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 examination also evaluated MVPHIC's critical risk categories in accordance with the NAIC's ten critical risk categories. These categories are as follows:

- Valuation/Impairment of Complex or Subjectively Valued Invested Assets
- Liquidity Considerations
- Appropriateness of Investment Portfolio and Strategy
- Appropriateness/Adequacy of Reinsurance Program
- Reinsurance Reporting and Collectability
- Underwriting and Pricing Strategy/Quality
- Reserve Data
- Reserve Adequacy
- Related Party/Holding Company Considerations
- Capital Management

The Company was audited annually during the years covered by this examination. For the year ended 2014, MVP utilized PricewaterhouseCoopers, LLP ("PwC") as its external auditor. For the years 2015 through 2016 and subsequent, MVPHIC was audited by the accounting firm KPMG, LLP ("KPMG"). The Company received an unqualified opinion in each of those years. Certain audit work papers of KPMG were reviewed and relied upon in conjunction with this examination. A review was also made of the ultimate parent's corporate governance structure, which included its Internal Audit function and Enterprise Risk Management program, as they relate to the Company.

A review was made of the Company's compliance with the provisions of Insurance Regulation 118 (11 NYCRR 89), "Audited Financial Statements." This regulation is based on the Model Audit Rule ("MAR"), as established by the NAIC, and all references to MAR within this report may be interpreted as reference to Regulation 118. Additionally, as part of this examination and in accordance with the provisions of the Handbook, a review was made of MVPHIC's computer systems and operations that support MVPHIC on a risk-focused basis.

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 results of the examiners' review are contained in Item 5 of this report.

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.

2. DESCRIPTION OF THE COMPANY

MVP Health Insurance Company is a New York State for-profit accident and health insurance company incorporated on April 24, 2000, 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 Vermont Department of Financial Regulation 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 value per share common stock, which were issued on February 11, 2002. The shares were issued to its parent and the sole shareholder of the Company's outstanding stock, MVPHIC Holding Corp.

Per the executed loan agreement dated December 23, 2009, between MVPHP and MVPHIC, MVPHP issued a Surplus Note to MVPHIC in the amount of $47 million pursuant to Section 1307 of the New York Insurance Law. The loan agreement was approved by the Department on December 23, 2009. On February 23, 2016, MVPHIC received approval from the Department to repay the loan principal of $47 million and total accrued interest in the amount of $1,036,704. The repayment occurred on March 23, 2016. After repaying the loan, MVPHIC had adequate capital and surplus to maintain its net premium income to capital and surplus ratio of 8:1 for its network-based products (EPO and PPO) and 4:1 for its non-network based products, as agreed to with the Department on September 13, 2004.

Subsequent to the examination period, MVP submitted a letter dated December 14, 2017, to the Department requesting its approval for MVPHIC to redeem and retire shares of MVPHIC stock in an amount equal to $21.5 million, pursuant to a Plan of Stock Redemption and Retirement (the "Plan"). Pursuant to the Plan, MVPHIC would repurchase 342,958 shares of its stock from MVPRT Holdings, Inc. ("MVPRT"), for a purchase price of $21.5 million payable by

MVPHIC to MVPRT. Upon consummation of the purchase price payment by MVPHIC to MVPRT, MVPHIC would immediately retire the shares as well as amend its corporate charter to provide that the authorized amount of capital stock of MVPHIC will be reduced to 57,042 shares of common stock at a par value of five dollars ($5.00) per share. Subsequently, MVPRT would transfer $21.5 million to MVPHSC. In support of this transfer, MVP stated there was a shift in the New York membership and annual premiums in products offered by MVPHIC to products offered by MVPHSC over the past few years. By letter from the Department to MVP dated December 31, 2017, the Department granted approval of the above referenced Plan.

The Company's authorized control level Risk-Based Capital ("RBC") was $2,642,267 as of December 31, 2016. Its total adjusted capital was $24,971,200 yielding an RBC ratio of 945.07% as of December 31, 2016.

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 ("Board") consisting of at least eight members. As of the examination date, the board of directors consisted of eight members, as set forth below.

As of December 31, 2016, the Board and their principal business affiliations were as follows:

Name and Residence	Principal Business Affiliation
Burt Danovitz, Ph.D. Utica, NY	Retired Executive Director and CEO, Resource Center for Independent Living
Richard D'Ascoli, M.D. Niskayuna, NY	Physician, Ortho, NY

Name and Residence	Principal Business Affiliation
Alan Paul Goldberg Albany, NY	Retired President & CEO, First Albany Securities
Denise Verfenstein Gonick, Esq. * Schenectady, NY	President and CEO, MVP Health Care, Inc.
Karen Brown-Johnson Schenectady, NY	Proctors Theater, Director Fund Raising
Ernest Levy, M.D. Cooperstown, NY	Physician, Self employed
William Reddy Rochester, NY	Retired, Veterans Outreach Center, Inc.
Arthur Joel Roth Loudonville, NY	Tax Consultant

* Denise V. Gonick was also the Company's President and CEO.

The Board met at least annually in compliance with its charter and by-laws during each calendar year within the examination period. A review of the Board's meeting minutes held during the examination period revealed that the meetings were generally well attended, with all members attending at least one-half of the meetings they were eligible to attend.

The principal officers of the Company as of December 31, 2016 were as follows:

Name	Title
Denise Verfenstein Gonick, Esq.	President & Chief Executive Officer
Dawn Kristen Jablonski, Esq.	Secretary
Karla Ann Austen	Treasurer & Chief Financial Officer

Enterprise Risk Management

The Company is required to be compliant with Insurance Regulation 203 (11 NYCRR 82) as it relates to Enterprise Risk Management ("ERM") and Own Risk Solvency Assessment ("ORSA"). The Company has a formal ERM framework with defined risk appetites and tolerances for proactively addressing and mitigating risks, including prospective business risks. Exhibit M of the Handbook (*Understanding the Corporate Governance Structure*) was utilized by the examiners as guidance for assessing corporate governance. Overall, it was determined that MVPHIC's Board and key executives maintain an effective control environment.

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 its affiliates. As issues are identified, MVP establishes leadership teams to gain an understanding of the impact on 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.

Information Technology ("IT")

MVP and its subsidiaries has more than 700,000 members across the states of New York and Vermont. MVP manages and maintains a set of computerized application systems to support the Company's business processes. MVP has primary and secondary data centers. MVP also has hardware located in facilities within the state of Vermont. In addition, MVP has a contract for recovery services for its primary facility.

The examination encompassed a review of the controls for financially significant applications, systems and infrastructure. The IT portion of the examination was performed in accordance with the Handbook and utilized applicable procedures found in Exhibit C – *Evaluation of Controls in Information Technology* – of the Handbook.

Controls for financially significant applications, systems, and underlying infrastructure in each of the NAIC Exhibit C Information Technology Work Program areas listed below represent the framework for the scope of this examination. The following control areas were reviewed:

- Align, Plan and Organize;
- Build, Acquire and Implement;
- Deliver, Service and Support; and
- Monitor, Evaluate, and Assess.

Overall, the IT examination team concluded that MVP's IT General Controls ("ITGC's") are "Effective," resulting in the conclusion that ITGC's are reliable for the purposes of this financial examination. IT review conclusions were based on inquiry, observation, inspection of documentation, independent research and a review of third-party workpapers.

The IT examination team assessed MVP's compliance with the provisions of the Financial Services Regulation, Part 500 (23 NYCRR 500) - Cybersecurity Requirements for Financial Services Companies. MVP appears to be in compliance with the sections of the New York Cybersecurity Regulation that have already taken effect through March 2018, and they appear to be ready for the remaining sections as they come due in the next several months. This conclusion was based on a review of the responses provided by MVP to the Department's Cybersecurity letter, review of prior third-party control assessments, inspection of documentation, observation, and management interviews.

Internal Audit Department

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

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 KPMG, MVP's independent certified public accountant, to ensure optimal audit coverage and efficiency.

During this examination, consideration was given to the significance and potential impact of certain IAD findings. No exceptions relative to the MVPHIC's corporate governance were noted.

Insurance Regulation No. 118 (11 NYCRR 89)

The Company's parent, MVPRT Holdings, Inc., as well as its ultimate parent, MVP, are both non-publicly traded companies and therefore not subject to the Sarbanes-Oxley Act of 2002. However, Insurance Regulation 118 (11 NYCRR 89) – "Audited Financial Statements," is similar to the NAIC's Model Audit Rule ("MAR"), and therefore applies to certain New York regulated insurance entities, including MVPHIC. Insurance Regulation 118 became effective January 1, 2010. The Audit Committee for MVP which is composed of outside Directors, assumed responsibility for all entities within the holding company structure. With the independent and internal auditors, the MVP Audit Committee reviews the effectiveness of the accounting and financial controls and elicits recommendations that may improve controls. The MVP Audit Committee met each quarter during the examination period, and meeting minutes were prepared and retained.

MVP's management of general controls is applied to all its subsidiaries and affiliates, which include the Company. As part of its Insurance Regulation 118 analysis, the 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. To the extent possible, the examiners relied upon the work performed by the IAD, as prescribed by the Handbook.

B. Territory and Plan of Operation

MVPHIC offers a variety of insurance products and provides health insurance coverage to private and public sector employer groups. The insurance products include a broad range of fully insured EPO, PPO, and POS plans for small and large employer groups.

The Company's enrollment by line of business for each year under examination and 2017 was as follows:

	2014	2015	2016	2017
PPO	54,985	45,209	4,540	3,670
POS	6,389	5,980	0	0
Indemnity Only	362	0	0	0
Total	61,736	51,189	4,540	3,670

During the examination period, the membership in PPO decreased from 54,985 to 4,540. The membership further decreased to 3,670 in 2017. The primary reason for the significant decrease between 2015 and 2016 was the migration of membership from MVPHIC to MVPHSC, an Article 43 company as noted above in the "Plan of Stock Redemption and Retirement" section of this report.

The Company's direct written premiums for each year under examination and 2017 were as follows:

	2014	2015	2016	2017
NY	$287,214,159	$212,883,849	$41,253,652	$ 3,897
VT	66,070,636	39,227,851	26,639,530	20,945,792
	$353,284,795	$252,111,700	$67,893,182	$20,949,689

C. Reinsurance

Assumed Reinsurance

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

Ceded Reinsurance

At December 31, 2016, the Company had a stop-loss reinsurance agreement for its commercial business line with HM Life Insurance Company of New York ("HM Life"). The agreement requires the reinsurer to pay specified amounts of eligible expenses paid by MVPHIC during the contract year. Reinsurance premiums paid and reinsurance losses incurred, but not paid are deducted from premiums collected net of reinsurance in the accompanying statutory basis statements of operations. Any amounts due to MVPHIC pursuant to this agreement are recorded as amounts recoverable from reinsurers in the accompanying statutory basis statements of admitted assets, liabilities, and capital and surplus.

Excess of loss coverages:

Retention:

$675,000 of eligible expenses per member per agreement year for the commercial lines of business.

Coinsurance:

90% of the approved transplants and services other than transplant services after application of Reinsurance Limits and Retention per agreement year, except non-approved transplants, which are reimbursable at 60%.

Reimbursement maximum:

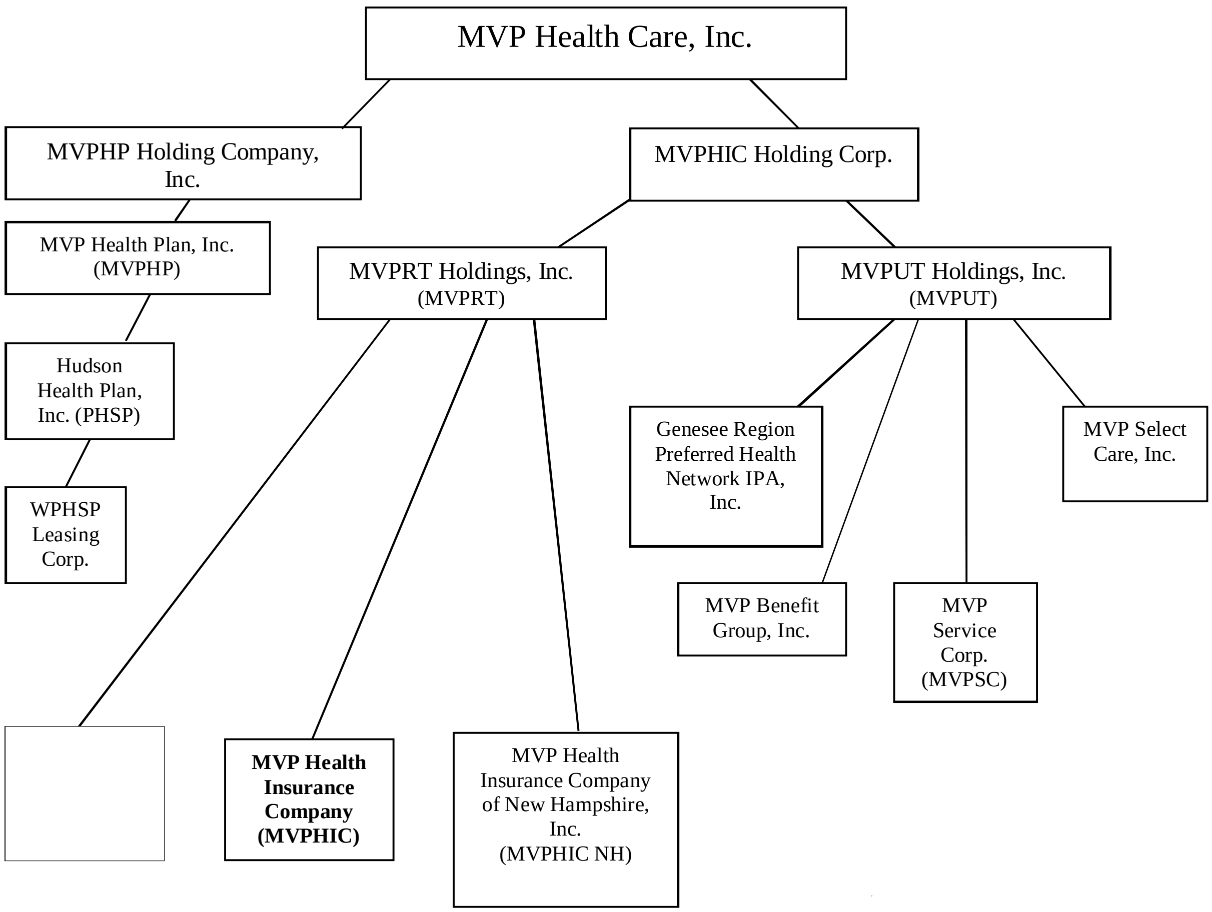
$3,000,000 per member, per agreement year.

The reinsurance agreement contained all the required standard clauses, including the insolvency clause required by Section 1308(a)(2)(A) of the New York Insurance Law.

D. Holding Company System

MVPHIC is a wholly-owned subsidiary of MVPRT Holdings, Inc., which is a wholly-owned subsidiary of MVPHIC Holding Corp. MVP is the ultimate parent. As a member of a holding company system, MVPHIC is required to file registration statements pursuant to Article 15 of the New York Insurance Law and Regulation No. 52 (11 NYCRR 80). All pertinent filings made regarding the aforementioned statutes during the examination period were reviewed, and no exceptions were noted.

The following is the organizational chart of MVP Health Care, Inc. and its subsidiaries as of December 31, 2016:



* Genesee Region Preferred Health Network IPA, Inc. and MVP Health Insurance Company of New Hampshire, Inc. were dissolved on February 28, 2017 and March 31, 2017, respectively.

The following is a summary of MVP's significant entities within the holding company system shown above:

- 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. controls 100% ownership of both MVPRT and MVPUT Holdings, Inc. ("MVPUT"). MVP, in turn, owns and controls 100% of the stock of MVPHIC Holding Corp. MVPRT and MVPUT are New York corporations. MVPRT controls subsidiaries that 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. During the examination period, MVPHIC Holding Corp. controlled three subsidiaries of MVPRT. Two of the three subsidiaries, MVPHSC and MVPHIC, were regulated by the New York State Department of Financial Services.

- 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 (HMO), as such term is defined in Article 44 of the New York Public Health Law. MVPHP operates as an Independent Practice Association (IPA) model HMO.

- 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 health insurance products. MVPHSC began writing small and large group health insurance business in 2014, attributing to its rapid growth. As of the date of examination, MVPHSC is licensed in the State of New York to write health and dental insurance pursuant to Article 43 of the New York Insurance Law. MVPHSC is a subsidiary of MVPRT Holdings, Inc., while MVPRT is in turn a wholly-owned subsidiary of MVPHIC Holding Corp. MVPHIC Holding Corp. is in turn a wholly-owned subsidiary of MVP Health Care, Inc.

MVPHIC maintains significant intercompany agreements with several affiliated organizations as follows:

Staffing Services Agreement

The Company has a staffing services agreement with MVP Service Corp. (“MVPSC”). MVPSC is wholly-owned by MVPUT. MVPSC’s employees perform all the day-to-day operations of the Company, and charges MVPHIC for its share of costs based on a contractual cost allocation methodology, pursuant to an agreement approved by the Department on March 14, 2008. The first and second amendments to this agreement were approved by the Department on January 1, 2011 and October 29, 2013, respectively.

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. The first and second amendments to this agreement were approved by the Department on January 1, 2011 and October 29, 2013, respectively.

Tax Allocation Agreement

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

Administrative Services Agreement

MVPHIC entered into an administrative services agreement with Hudson Health Plan ("HHP"), Inc. dated June 1, 2014. In connection with HHP becoming part of the MVP holding company system in late 2013, this agreement was put in place to document MVPHIC's use of any HHP facilities, equipment, and supplies, if any. In addition, it was also intended to document the allocation of HHP staff to MVPHIC, if any (all HHP staff became MVP staff on January 1, 2015). During the period under examination, and through the present period, none of the HHP facilities, equipment, supplies or staff were actually allocated to MVPHIC. The agreement was approved by the Department on October 23, 2014.

ACA Fee Allocation Agreement

MVPHIC entered into an ACA Fee Allocation Agreement with MVPHP dated January 1, 2015. Under this agreement, MVPHP agrees to allocate the ACA Fee liability on behalf of various entities within the holding company system. The agreement was approved by the Department on November 24, 2015.

E. Significant Operating Ratios

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

	Amounts	Ratios
Total hospital and medical	$ 565,843,159	84.18%
Other claim adjustment expenses	4,584,420	0.68%
Cost containment expenses	7,723,365	1.15%
General administrative expenses	113,081,989	16.82%
Decrease in reserves	(16,322,923)	-2.43%
Net underwriting loss	(2,720,602)	-0.40%
Total revenues	$ 672,189,408	100.00%

3. FINANCIAL STATEMENTS

The following statements show the assets, liabilities, and surplus as of December 31, 2016, as contained in the Company's 2016 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 result in any differences which affected the Company's financial condition as presented in its financial statements contained in the December 31, 2016 filed annual statement.

KPMG was retained by the Company to audit the Company's GAAP basis statements of financial position as of December 31 for 2015 and 2016, and PwC was retained to audit the Company's GAAP basis statements of financial position as of December 31, 2014, as well as the related statements of operations and changes in net assets, and cash flows for the years 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 and KPMG concluded that the GAAP financial statements presented fairly, in all material respects, the financial position of the Company for all years under review. Balances reported in these audited financial statements were reconciled to the corresponding years' annual statements with no discrepancies noted.

A. Balance Sheet

Assets	
Bonds	$ 17,389,951
Cash, cash equivalents and short-term investments	11,059,985
Receivables for securities	35,669
Investment income due and accrued	91,631
Uncollected premiums and agents' balances in the course of collection	636,908
Amounts recoverable from reinsurers	101,119
Receivables from parent, subsidiaries and affiliates	525,701
Health care and other amounts receivable	2,028,906
Totals assets	$ 31,869,870
Liabilities	
Claims unpaid	$ 4,511,720
Accrued medical incentive pool and bonus amounts	57,355
Unpaid claims adjustment expenses	132,000
Premiums received in advance	192,130
General expenses due or accrued	696,108
Amounts due to parent, subsidiaries and affiliates	1,308,535
Payable for securities	822
Total liabilities	$ 6,898,670
Capital and Surplus	
Common capital stock	2,000,000
Gross paid in and contributed surplus	234,650,280
Aggregate write-ins for other than special surplus funds	200,000
Unassigned funds (surplus)	(211,879,080)
Total capital and surplus	$ 24,971,200
Total liabilities, capital and surplus	$ 31,869,870

Note: 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 herein relative to such contingency.

B. Statement of Revenue and Expenses

Revenue				
Total revenue			$	672,189,408
Hospital and Medical Expense				
Hospital/medical benefits	$	433,167,085		
Other professional services		17,361,360		
Emergency room and out-of-area		15,443,429		
Prescription drugs		76,474,246		
Aggregate write-ins for other hospital and medical		21,141,551		
Incentive pool, withhold adjustments and bonus amounts		4,490,228		
Net reinsurance recoveries		(2,234,739)		
Total hospital and medical expenses	$	565,843,159		
Claims adjustment expenses, incl. $7,723,365 cost containment expenses		12,307,785		
General administrative expenses		113,081,989		
Decrease in reserves for A&H contracts		(16,322,923)		
Total underwriting deductions				674,910,010
Net underwriting loss			$	(2,720,602)
Net investment income earned		3,796,851		
Net realized capital gains less capital gains tax of $0		4,832,010		
Sub-total net investment gains				8,628,861
Aggregate write-ins for other income or expenses				420
Net income before all other federal income taxes			$	5,908,679
Federal and foreign income taxes incurred				0
Net income			$	5,908,679

Change in Capital and Surplus

	Gains in Surplus	Losses in Surplus	
Capital and surplus per report on examination as of December 31, 2013			$ 72,637,487
Net Income	$ 5,908,679		
Change in net unrealized capital losses		2,755,658	
Change in non-admitted assets		529,356	
Change in surplus notes		47,000,000	
Aggregate write-ins for losses in surplus		3,289,952	
Net decrease in capital and surplus			$ (47,666,287)
Capital and Surplus per report on examination as of December 31, 2016			$ 24,971,200

4. AGGREGATE RESERVES AND UNPAID CLAIMS

The examination liability of $4,511,720 for the above captioned account is the same as the amount reported by the Company as of December 31, 2016.

The examination analysis of the claims unpaid reserve 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 filed annual statements as verified during the examination. The examination reserve was based upon actual 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, 2016.

5. COMPLIANCE WITH PRIOR REPORT ON EXAMINATION

The prior report on examination included two (2) recommendations detailed as follows (page number refers to the prior report on examination):

ITEM NO.		PAGE NO.
	Board of Directors	
1.	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. *The Company has complied with this recommendation.*	7
2.	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 Company has complied with this recommendation.*	7

6. SUMMARY OF COMMENTS AND RECOMMENDATIONS

There are no comments and recommendations for this report on examination.

Respectfully submitted,

_____________/S/ __________
Alex Quasnitschka, CFE

Examiner in Charge

STATE OF NEW YORK)

) SS.

)

COUNTY OF NEW YORK)

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

___________/S/____________________
Alex Quasnitschka, CFE

Subscribed and sworn to before me

This _____ day of _________2018

Respectfully submitted,

___________ /S/______________
Jeffrey Usher, CFE

Principal Insurance Examiner

STATE OF NEW YORK)

) SS.

)

COUNTY OF NEW YORK)

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

_____________/S/_____________
Jeffrey Usher, CFE

Subscribed and sworn to before me
This _____ day of _________2018

APPOINTMENT NO. **31754**

NEW YORK STATE

DEPARTMENT OF FINANCIAL SERVICES

I, __MARIA T. VULLO__, 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:

Risk & Regulatory Consulting, LLC.

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 6th day of April, 2018

MARIA T. VULLO
Superintendent of Financial Services

By:

Lisette Johnson
Bureau Chief
Health Bureau