

REPORT ON EXAMINATION
OF
MVP HEALTH SERVICES CORPORATION
AS OF
DECEMBER 31, 2007

DATE OF REPORT

JUNE 30, 2009

EXAMINER

JEFFREY USHER

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

David A. Patterson
Governor

Eric R. Dinallo
Superintendent

June 30, 2009

Honorable Eric R. Dinallo
Superintendent of Insurance
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 Number 22768, dated May 29, 2009, attached hereto, I have made an examination into the condition and affairs of MVP Health Services Corporation, a not-for-profit health services corporation licensed pursuant to Article 43 of the New York Insurance Law, as of December 31, 2007 and submitted the following report thereon.

The examination was conducted at the Plan's home office located at 625 State Street, Schenectady, New York.

Whenever the designations "the Plan" or "MVPHSC" appear herein, without qualification, they should be understood to indicate MVP Health Services Corporation.

1. SCOPE OF EXAMINATION

The previous examination of the Plan was conducted as of December 31, 2003. This examination covers the four-year period from January 1, 2004 through December 31, 2007. Transactions occurring subsequent to the date of this examination were reviewed where deemed appropriate by the examiner.

The examination comprised a verification of assets and liabilities as of December 31, 2007, in accordance with statutory accounting principles, as adopted by the Department, a review of income and disbursements deemed necessary to accomplish such verification, and utilized, to the extent considered appropriate, work performed by the Plan's independent certified public accountants. A review or audit was also made of the following items as called for in the *Examiners Handbook of the National Association of Insurance Commissioners* (NAIC):

- History of Plan
- Management of Plan
- Corporate records
- Fidelity bonds and other insurance
- Employee relations and welfare
- Territory and plan of operations
- Growth of Plan
- Reinsurance
- Accounts and records
- Loss experience
- Financial statements

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

A review was also made to ascertain what actions were taken by the Plan with regard to comments and recommendations contained in the prior report on examination.

2. DESCRIPTION OF PLAN

MVP Health Services Corporation was incorporated on October 8, 1992 and filed its Certificate of Incorporation with the New York Department of State on October 16, 1992.

The Plan was incorporated under Section 402 of the Not-for-Profit Corporation Law and licensed pursuant to Article 43 of the New York Insurance Law as a not-for-profit health services corporation. At the time of examination the Plan provided dental insurance only to its subscribers.

The Plan is a Type D membership corporation as defined in Section 201 of the New York Not-for-Profit Corporation Law. Pursuant to its by-laws the Plan has one corporate member, MVPRT Holding, Inc.

A. Management and Controls

Pursuant to the Plan's charter and by-laws, management of the Plan is to be vested in a board of directors consisting of not less than three nor more than nineteen members. At December 31, 2007, the six (6) members of the board of directors were as follows:

Name and ResidencePrincipal Business AffiliationProvider Representative

Herschel Lessin, MD
Poughkeepsie, New York

Pediatrician,
Children's Medical Group, PLLC

Community Representatives

Jon Rich
Alplaus, New York

Board member,
MVP Health Service Corporation

Murray Jaros, Esq.
Niskayuna, New York

Attorney,
New York State Association of
Towns

Subscriber Representatives

Karen Johnson
Schenectady, New York

Director of Development,
Proctors Theatre

Leland Tupper
Schenectady, New York

Board Member,
MVP Health Service Corporation

Officer/Employee

David W. Olikier
Schenectady, New York

President,
MVP Health Plan, Inc.

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

The principal officers of the Plan as of December 31, 2007 were as follows:

<u>Name</u>	<u>Title</u>
David W. Oliker	President and Chief Executive Officer
Thomas Combs	Treasurer, Executive Vice President and Chief Financial Officer
Denise Gonick	Secretary, Executive Vice President and Chief Legal Officer

B. Territory and Plan of Operation

The Plan is licensed to do business as a not-for-profit health service corporation within the State of New York pursuant to Article 43 of the New York Insurance Law. During the examination period, the Plan wrote only stand-alone indemnity dental insurance.

The Plan's enrollment during the examination period was as follows:

<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<u>20,115</u>	<u>18,782</u>	<u>12,214</u>	<u>10,638</u>

The above decrease in enrollment during the examination period was attributed to a loss in market share to competitors.

During the examination period, MVPHSC solicited business as a direct writer utilizing in-house licensed agents. Licensed brokers were also utilized to write business for the Plan.

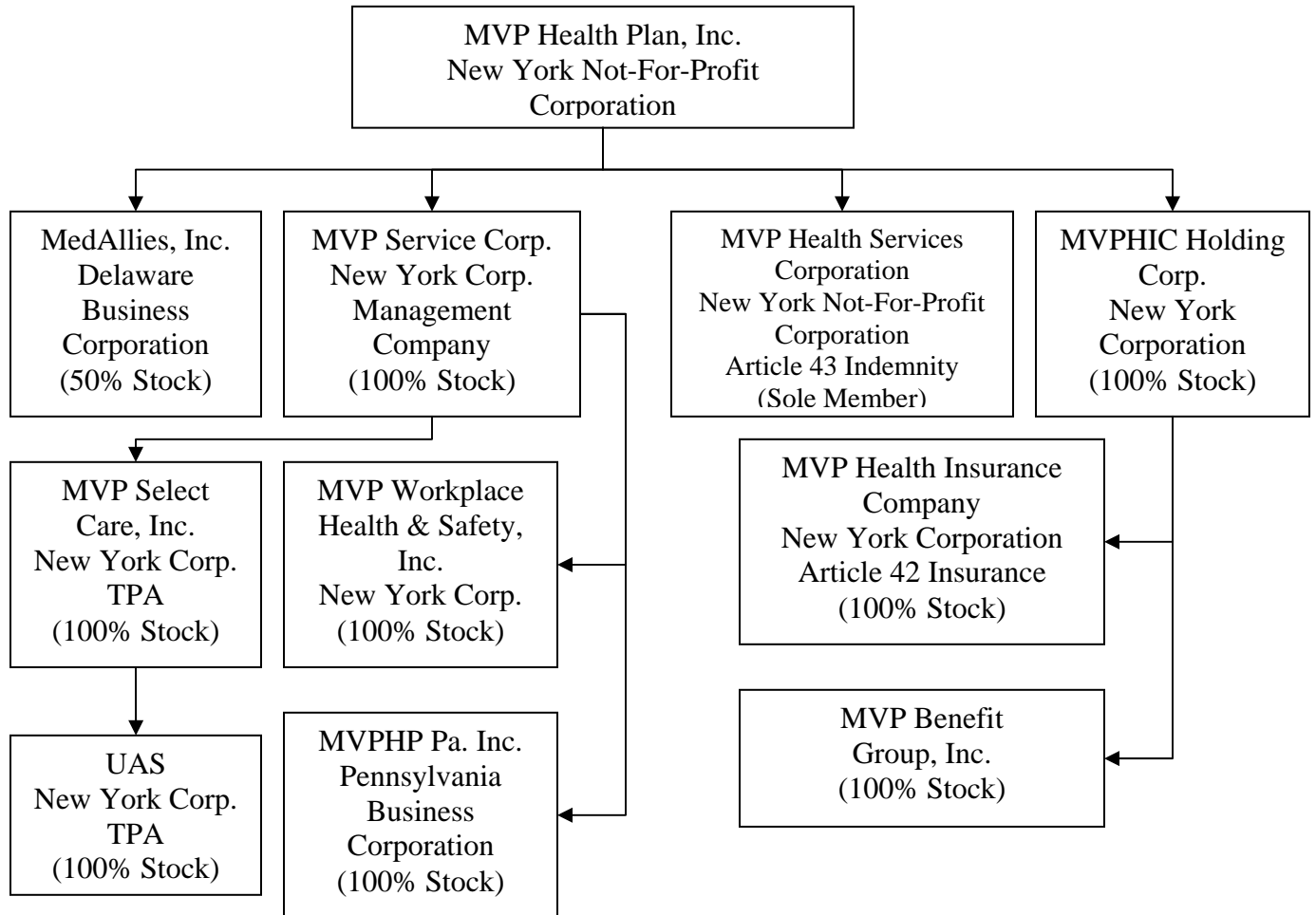
C. Reinsurance

The Plan did not assume or cede any reinsurance during the four year period covered by this examination.

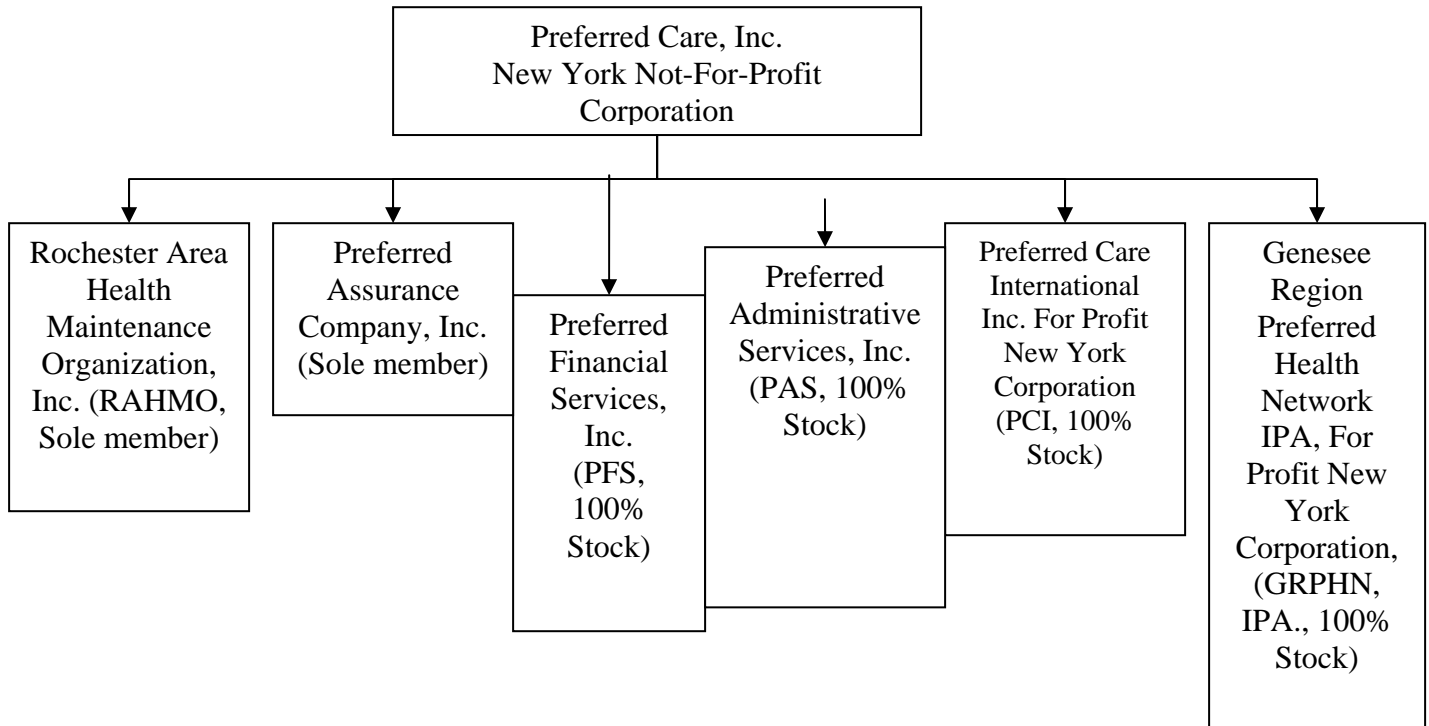
D. Holding Company System

The Plan is a wholly-owned subsidiary of MVPRT Holdings, Inc. which is a wholly-owned subsidiary of MVPHIC Holding Corporation. MVP Health Care, Inc. (Ultimate Parent) and its wholly-owned 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, became affiliated 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 HMO and PC reorganized their respective enterprises under a holding company structure, with the ultimate holding company changed to MVP Health Care, Inc. This latter entity now serves as the direct (or indirect) parent company of all of the former subsidiaries of PC and the HMO, and all of its subsidiaries.

The following chart depicts the MVP Health Plan, Inc. holding company system prior to January, 2006:



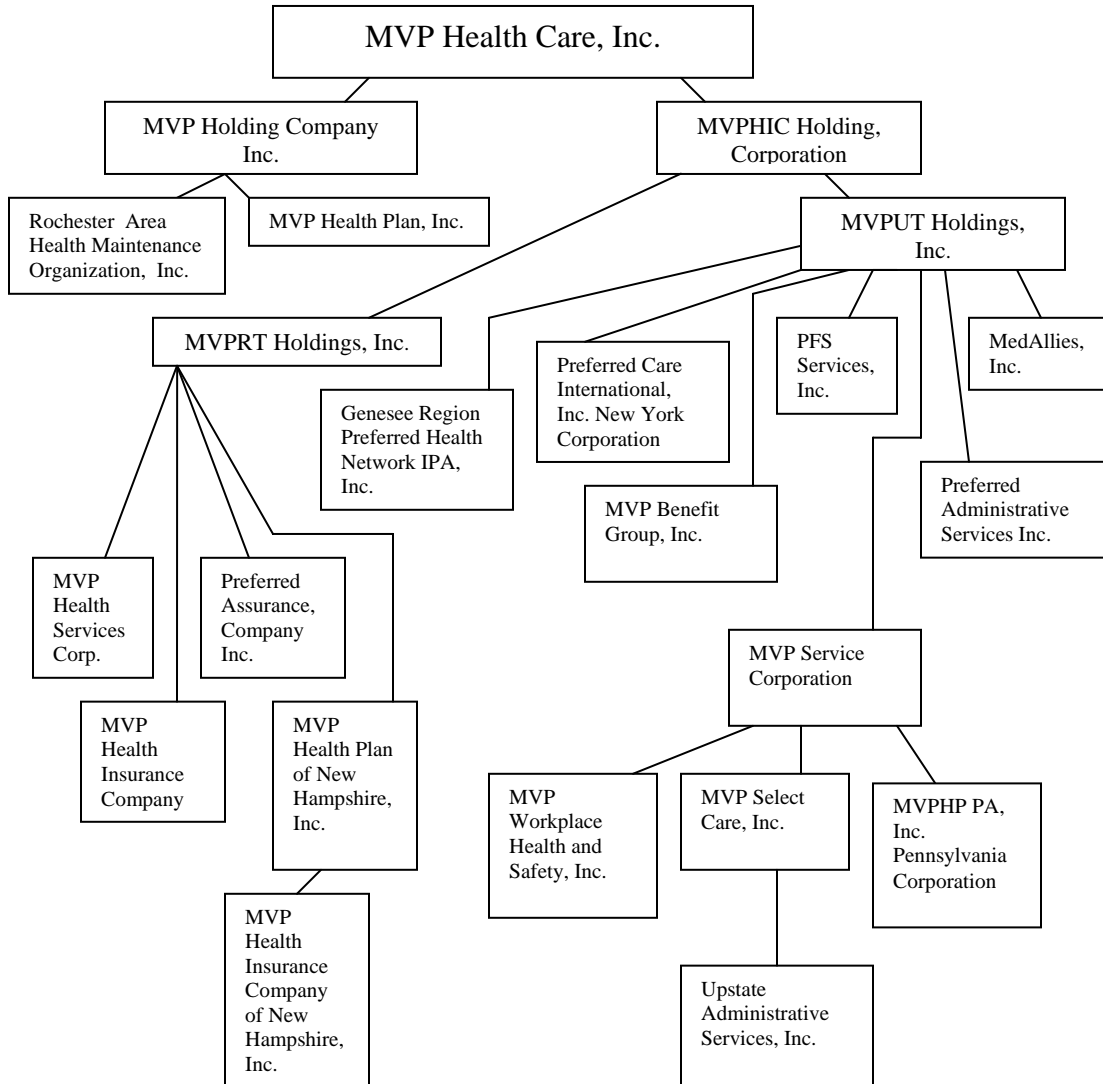
The following chart depicts the Preferred Care, Inc. holding company system prior to January, 2006:



As a result of the reorganization of the corporate structure, Rochester Area Health Maintenance Organization, Inc. (RAHMO) and MVPHP are now wholly-owned subsidiaries of MVPHP Holding Company, Inc., which in turn is a wholly owned subsidiary of the Ultimate Parent, MVP Health Care, Inc.

MVP Health Service Corporation., Preferred Assurance Company, Inc., and MVP Health Insurance Company are wholly-owned subsidiaries of MVPRT Holdings, Inc., which, in turn, is a wholly-owned subsidiary of MVPHIC Holding Corp. MVPHIC Holding Corp. is a wholly- owned subsidiary of the Ultimate Parent, MVP Health Care Inc.

The following is the current organization chart of MVP Health Care, Inc. (Ultimate Parent) and its subsidiaries subsequent to January, 2006 and as of December 31, 2007:



MVP Health Services Corporation

MVP Health Services Corporation (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.

MVP Health Plan, Inc.

MVP Health Plan, Inc. (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 Independent Practice Association (IPA) model HMO, is also a federally qualified HMO.

Prior to the reorganization of the HMO and PC, MVPHP and its wholly-owned subsidiaries constituted an integrated health care management company. MVPHP's wholly- owned subsidiaries were: MVP Service Corporation which provides management services, MVP Health Services Corporation, which provides dental insurance products to New York employer groups, and MVPHIC Holding Corporation.

MVPHP Holding Company, Inc.

MVPHP Holding Company, Inc. was formed on January 6, 2006, as a not-for-profit corporation,; its ultimate parent being MVP Health Care, Inc. As a result of the restructuring which took place in 2006, MVPHP Holding Company, Inc. became the immediate parent of RAHMO and MVP Health Plan, Inc. As of December 31, 2007, the net worth of RAHMO and MVP Health Plan, Inc was \$183,334,542 and \$138,719,155, respectively. MVPHP Holding Company, Inc, as of December 31, 2007, had a consolidated net value of \$322,053,697, which was the combined net worth of RAHMO and MVP Health Plan, Inc. as of such date.

MVPHIC Holding Corporation

MVPHIC Holding Corporation was incorporated on November 22, 2000, pursuant to Section 402 of the New York Business Corporation Law. It was specifically formed to hold the stock of MVP Health Insurance Company (MVPHIC). MVPHIC is a for-profit accident and health insurance company licensed pursuant to Article 42 of the New York Insurance Law. MVPHIC Holding Corporation holds and controls 100% ownership of MVPRT Holdings, Inc. and MVPUT Holdings, Inc. MVP Health Care, Inc., in turn, owns and controls 100% of the stock of MVPHIC Holding Corporation.

MVPHIC Holding Corporation controls five subsidiaries of MVPRT Holdings, Inc. Three of the five subsidiaries are regulated by the New York Insurance Department. Such New York regulated entities are as follows: MVP Health Services

Corporation, Preferred Assurance Company, Inc., and MVP Health Insurance Company.

As of December 31, 2007, MVPRT Holdings, Inc. and MVPUT Holdings, Inc., had a net value of \$6,852,493 and \$36,076,674, respectively. MVPHIC Holding Corp. valued its investments in MVPRT Holdings, Inc. and MVPUT Holdings, Inc. in the amount of \$42,929,167 as of December 31, 2007, which is the combined value of MVPRT Holdings, Inc. and MVPUT Holdings Inc. as of such date.

The structure under the reorganization included the addition of two holding company entities, MVPRT Holdings, Inc. (MVPRT) and MVPUT Holdings, Inc. (MVPUT). MVPRT contains subsidiaries which are regulated by various Insurance and Health Departments (New York Insurance and Health Departments, Vermont Department of Banking, Insurance, Securities & Health Care Administration and the New Hampshire Insurance Department). MVPUT controls subsidiaries which are not regulated. MVPRT Holdings, Inc. maintains 100% ownership of MVP Health Insurance Company (MVPHIC) and MVP Health Plan of New Hampshire and is the parent company of MVP Health Services Corporation (MVPHSC) and Preferred Assurance Company, Inc. (PAC). MVPRT Holdings, Inc. is a wholly owned subsidiary of MVPHIC Holding Corp.

Rochester Area Health Maintenance Organization, Inc.

Rochester Area Health Maintenance Organization, Inc. (RAHMO) is a not-for-profit corporation operating as a federally qualified health maintenance organization pursuant to the provisions of Article 44 of the New York Public Health Law and

operating under the provisions of Section 501(c)(4) of the Internal Revenue Code. RAHMO is exempt from federal income taxes on related income pursuant to Section 501(a) of the Internal Revenue Code. As of December 31, 2007, RAHMO was controlled by its sole member, MVPHP Holding Company, Inc., which is a wholly-owned subsidiary of MVP Health Care, Inc, the ultimate holding company. Preferred Care, Inc. was the sole member of RAHMO, prior to its affiliation with MVP Health Plan, Inc.

Preferred Assurance Company, Inc.

Preferred Assurance Company, Inc. (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 of hospital, medical and other health services for the out-of-network component of RAHMO's point-of-service product in the Rochester metropolitan area. In 2008, PAC marketed preferred provider organization (PPO) and exclusive provider organization (EPO) products. PAC 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.

MVP Health Insurance Company

MVP Health Insurance Company, (MVPHIC) is a for-profit New York corporation, wholly-owned by MVPHIC Holding Corporation, which is a wholly-owned

subsidiary of MVP Health Care, Inc. MVPHIC was incorporated on April 24, 2000. MVPHIC received its license as an accident and health insurance company under Article 42 of the New York Insurance Law in June, 2001. MVPHIC underwrites PPO, point-of-service (out-of-network) and indemnity-only products for large and small groups.

MVP Service Corporation (MVPSC)

The Plan has a management services and consulting agreement, approved by this Department, with its affiliate, MVP Service Corporation, a company owned by MVPUT Holdings, Inc. MVP Service Corporation's employees perform all day-to-day operations of the Plan. MVPSC charges the Plan for its share of costs based on a contractual cost allocation methodology..

MVP Health Plan of New Hampshire, Inc.

MVP Health Plan of New Hampshire, Inc. (MVPHP NH) is a wholly owned subsidiary of MVPRT Holdings, Inc., which is a wholly owned subsidiary of MVPHIC Holdings Corporation. MVPHP NH is the immediate parent of MVP Health Insurance Company of New Hampshire, Inc. These entities are domestic business corporation incorporated under the New Hampshire revised statutes annotated (RSA) 293-A. MVPHP NH is licensed to operate as a health maintenance organization in the state of New Hampshire.

MVP Select Care, Inc.

MVP Select Care, Inc. (Select Care) is a for-profit New York corporation, wholly-owned by MVP Service Corporation. Select Care was incorporated in 1987 to provide administrative services to companies that self-insure health care benefits.

MVP Select Care, Inc. owns 100% of Upstate Administrative Services (UAS), a New York corporation licensed as a third party administrator. UAS business was fully integrated into Select Care to achieve administrative service efficiencies.

On November 16, 1992, Select Care entered into an administrative services agreement with MVPSC, whereby MVPSC's employees provide for all the day-to-day operations of Select Care.

After the execution of the agreement and plan of reorganization by and between Preferred Care, Inc. and MVP Health Plan, Inc., the Ultimate Parent, MVP Health Care, Inc. funded the Greater Rochester Health Foundation (Foundation) pursuant to the New York Not-for-Profit Corporation Law for the purpose of promoting, and improving the delivery, efficiency and quality of health services in the Rochester, New York region.

E. Consolidated Tax Agreement

It was noted that after the reorganization of MVP Health Care Inc., MVP HIC Holding Corporation and all of its subsidiaries, including the Plan, filed a 2007

consolidated federal corporate income tax filings. However, the Plan did not have a consolidated tax agreement in effect with MVPHIC Holding Corporation as required by Section 1505(d) of the New York Insurance Law which states in part,

“The following transactions between a domestic controlled insurer and any person in its holding company system may not be entered into unless the insurer has notified the superintendent in writing of its intention to enter into any such transaction at least thirty days prior thereto, or such shorter period as he may permit, and he has not disapproved it within such period:

... (3) rendering of services on a regular or systematic basis; or (4) any material transaction, specified by regulation, which the superintendent determines may adversely affect the interests of the insurer's policyholders or shareholders.”

It is recommended that the Plan enter into a written consolidated tax agreement with MVPHIC Holding Corporation as required by Section 1505(d) of the New York Insurance Law. It is further recommended that said consolidated tax agreement be constructed in conformity with Circular Letter No. 33 (1979) and that the Plan file such agreement with the New York Insurance Department.

F. Underwriting Ratios

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

	<u>Amounts</u>	<u>Ratios</u>
Medical expenses incurred	\$15,260,403	72%
Claim adjustment expenses	662,220	3%
General administrative expenses	2,826,007	13%
Net underwriting gain	<u>2,432,553</u>	<u>12%</u>
Premiums earned	<u>\$21,181,185</u>	<u>100%</u>

G. Allocation of Expenses

The Plan as of December 31, 2007 had entered into a cost sharing agreement with several affiliated companies. The Plan's portion of shared costs was determined using a cost allocation worksheet which used various drivers to calculate the percentage of cost that is allocated to the participating companies. Examples of such drivers included number of groups (statistical driver) and corporate projects (judgmental driver).

The following observation was noted relative to the allocation of expenses:

The examination review revealed that Plan's costs are charged to various cost centers, including claims adjustment expenses and general administration expenses.. A review of the definitions and functions of the cost centers revealed that some of the cost centers have more than one function and the costs should be allocated to more than one expense grouping (e.g., cost containment, claim adjustment, general administrative and/or investment expenses as shown on the Underwriting and Investment Exhibit, "Part 3 – Analysis of Expenses"). The Plan elected to choose what it considered to be the most appropriate expense group and did not separate these costs among the expense groupings.

It is recommended that the Plan apply the guidelines of NAIC SSAP No. 70 and Department Regulation No. 30 by revising and updating its expense allocation methodology in order to reflect an appropriate allocation among the proper annual statement expense groupings within the Underwriting & Investment Exhibit of the Plan's annual statement.

H. Abandoned Property Law

The Plan filed its abandoned property reports for each year within the examination period with the State of New York Comptroller's Office in accordance with the New York Abandoned Property Law. However, the Plan failed to publish the names and addresses of the owners of the unclaimed property within such abandoned property in major newspapers pursuant to the requirements of Section 1316(3) of the New York Abandoned Property Law.

Section 1316(3) of the New York Abandoned Property Law states the following:

"...Within thirty days following the filing of the report of abandoned property with the comptroller pursuant to subdivision two of this section, the insurer shall cause to be published a list of such abandoned property in the same manner as that prescribed for life insurance companies by section seven hundred two of this chapter..."

It is recommended that the Plan comply with the (publishing of) notice requirements of Section 1316(3) of the New York Abandoned Property Law.

3. FINANCIAL STATEMENTS

A. Balance Sheet

The following shows the Plan's assets, liabilities and surplus as of December 31, 2007.

This statement is the same as the balance sheet filed by the Plan.

<u>Assets</u>	<u>Examination</u>	<u>Plan</u>
Cash and short-term investments	\$2,804,697	\$2,804,697
Investment income accrued	4,582	4,582
Uncollected premiums	78,927	78,927
Receivables from parent, subsidiaries and affiliates	<u>387,773</u>	<u>387,733</u>
Total assets	<u><u>\$3,275,939</u></u>	<u><u>\$3,275,939</u></u>
 <u>Liabilities</u>		
Claims unpaid	\$150,921	\$150,921
Unpaid claims adjustment expense	4,000	4,000
General expenses due and accrued	22,776	22,776
Amounts due to parent, and affiliates	<u>360,052</u>	<u>360,052</u>
Total liabilities	<u><u>\$537,749</u></u>	<u><u>\$537,749</u></u>
 <u>Capital and surplus</u>		
Statutory reserve	\$506,627	\$506,627
Unassigned Funds	<u>2,231,562</u>	<u>2,231,562</u>
Total capital and surplus	<u><u>2,738,189</u></u>	<u><u>2,738,189</u></u>
 Total liabilities, capital and surplus	 <u><u>\$3,275,938</u></u>	 <u><u>\$3,275,938</u></u>

Note: The Internal Revenue Service has not conducted any audits of the income taxes filed on behalf of the Plan through the tax year 2007. The examiner is unaware of any potential exposure of the Plan to any tax assessments and no liability has been established herein relative to such contingency.

B. Underwriting and Investment Exhibit

Capital and surplus decreased by \$1,063,268 during the four-year period under examination, January 1, 2004 through December 31, 2007, detailed as follows:

Revenue

Net premium income	\$ 21,181,185	
Net investment income earned	279,745	
Net capital loss	<u>(8,825)</u>	
Total revenue		\$ 21,452,105

Expenses

Other professional services	\$ 15,260,403	
Claims adjustment expenses	662,220	
General administrative expenses	<u>2,826,007</u>	
Total expenses		<u>18,748,630</u>
Net income before federal income taxes		2,703,475
Federal income taxes incurred		<u>1,103,124</u>
Net income		<u>\$1,600,351</u>

Changes in Capital and Surplus

Capital and surplus per report on examination as of December 31, 2003			\$3,801,457
	<u>Gains in</u> <u>Surplus</u>	<u>Losses in</u> <u>Surplus</u>	
Net income	\$1,600,349		
Change in surplus notes		\$1,070,000	
Change in non-admitted assets	86,665		
Aggregate write-ins for losses in surplus	<u>0</u>	<u>1,680,282</u>	
Net decrease in capital and surplus			<u>(1,063,268)</u>
Capital and surplus per report on examination as of December 31, 2007			<u>\$2,738,189</u>

4. CLAIMS UNPAID

The examination liability of \$150,921 for the captioned account is the same as the amount reported by the Plan in its filed annual statement as of December 31, 2007.

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 Plan's internal records and its 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 Plan's past experience in projecting the ultimate cost of claims incurred on or prior to December 31, 2007.

5. COMPLIANCE WITH PRIOR REPORT ON EXAMINATION

The prior report on examination, as of December 31, 2003, contained the following nine (9) comments and recommendations. Page numbers refers to the prior report on examination:

<u>ITEM NO.</u>	<u>PAGE NO.</u>
<u>Corporate Matters</u>	
1.	<p>It is recommended that the MVPHSC change the composition of its board of directors to comply with Section 4301(k)(1)(A) and (B) of the New York Insurance Law.</p> <p style="text-align: right;">6</p> <p>The Plan has complied with this recommendation.</p>
2.	<p>It is recommended that MVPHSC membership hold annual meetings as required by Article II Section 2.02 of its by-laws.</p> <p style="text-align: right;">7</p> <p>In addition, it is recommended that MVPHSC maintain all minutes of its membership meetings, signed by the Secretary of the Corporation or the Secretary's designee and retained by the Corporation as a permanent record, as required by Section 2.06 of the Plan's by-laws.</p> <p style="text-align: right;">7</p> <p>The Plan has complied with this recommendation.</p>
3.	<p>It is recommended that the board of directors of MVPHSC hold an annual meeting and at least one regular meeting every calendar quarter as required by Article III Section 3.06 (a) and (b) of its by-laws.</p> <p style="text-align: right;">8</p> <p>The Plan has complied with this recommendation.</p>
4.	<p>It is recommended that MVPHSC establish an Executive Committee, and such other standing or special committees as may from time to time be authorized by the board of directors, pursuant to Section 4301(k)(1)(D) of the New York Insurance Law and Article VI Section 6.01 of the Plan's by-laws.</p> <p style="text-align: right;">9</p> <p>The Plan has complied with this recommendation.</p>

ITEM NO.**PAGE NO.**Administrative Service Agreement

5. It is recommended that the administrative service agreement between the Plan and MVPHSC be submitted to the Superintendent of Insurance for review as required by Section 1505(d)(3) of the New York State Insurance Law. 12

The Plan has complied with this recommendation.

Allocation of Expenses

6. It is recommended that MVPHSC apply the guidelines in New York Insurance Department Regulations 30 (11 NYCRR 20) and 33 (11 NYCRR 91) to revise and update its expense allocation methodology in order to reflect an appropriate allocation among the three expense groupings (i.e., claim adjustment expense, general and administrative expense and investment expense) on U & I, Part 3 of its annual statement. 17

The Plan did not comply with this recommendation. A similar recommendation in this report under item B.

7. It is recommended that the Plan establish a follow-up procedure applicable to all checks which remain outstanding for six months from the date of issue. 18

The Plan has complied with this recommendation.

Uncollected Premiums

8. It is recommended that the Plan comply with the requirement of SSAP No. 6 paragraph 10 and charge bad debt to income. 18

The Plan has complied with this recommendation.


9. It is recommended that the Plan comply with the annual statement instructions and appropriately report its gross premium receivables and non-admitted asset premium receivable on the annual statement. 19

The Plan has complied with this recommendation.

7. SUMMARY OF COMMENTS AND RECOMMENDATIONS

<u>ITEM</u>		<u>PAGE NO.</u>
A.	<u>Holding Company System</u>	
	It is recommended that the Plan enter into a written consolidated tax agreement with MVPHIC Holding Corporation as required by Section 1505(d) of the New York Insurance Law. It is further recommended that said consolidated tax agreement be constructed in conformity with Circular Letter No. 33 (1979) and that the Plan file such agreement with the New York Insurance Department.	16
B.	<u>Allocation of Expenses</u>	
	It is recommended that the Plan apply the guidelines of NAIC SSAP No. 70 and Department Regulation No. 30 by revising and updating its expense allocation methodology in order to reflect an appropriate allocation among the proper annual statement expense groupings within the Underwriting and Investment Exhibit of the Plan's annual statement.	17
C.	<u>Abandoned Property Law</u>	
	It is recommended that the Plan comply with the (publishing of) notice requirements of Section 1316(3) of the New York Abandoned Property Law.	18

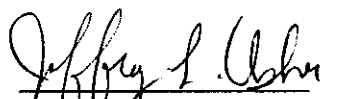
Respectfully submitted,



Jeffrey L. Usher
Associate Insurance Examiner

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

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



Jeffrey L. Usher

Subscribed and sworn to before me
this 6th day of July 2009.



SYLVIA D. LAWSON
NOTARY PUBLIC, STATE OF NEW YORK
NO. 01LAW08782
QUALIFIED IN QUEENS COUNTY
CERTIFICATE FILED IN NEW YORK COUNTY
COMMISSION EXPIRES 3/26/2011

Appointment No. 22768

**STATE OF NEW YORK
INSURANCE DEPARTMENT**

I, **Eric R. Dinallo**, 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 Service Corporation

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

Corporation

with such 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 29th day of May, 2009



Eric R. Dinallo
Superintendent of Insurance

