

STATE OF INDIANA) BEFORE THE INDIANA
) SS:
COUNTY OF MARION) COMMISSIONER OF INSURANCE

IN THE MATTER OF:)
)
Physicians Health Plan of Northern Indiana, Inc.)
1700 Magnavox Way, Suite 201)
Fort Wayne, Indiana 46804)

Examination of: **Physicians Health Plan of Northern Indiana, Inc.**

NOTICE OF ENTRY OF ORDER

Enclosed is the Final Order entered by Stephen W. Robertson, Commissioner of the Indiana Department of Insurance, after fully considering and reviewing the Verified Report of Examination of Physicians Health Plan of Northern Indiana, Inc., any relevant examination work papers, and any written submissions or rebuttals. The Verified Report of Examination, as amended by the Final Order, has been adopted by the Commissioner.

Pursuant to Ind. Code § 27-1-3.1-12(b), within thirty (30) days of receipt of the Final Order, each director of Physicians Health Plan of Northern Indiana, Inc. shall file an affidavit with the Indiana Department of Insurance stating that he/she has received a copy of the Verified Report of Examination and the Final Order.

The Final Order is a final administrative decision that may be appealed pursuant to Ind. Code § 4-21.5-5.

8/9/2019
Date _____ Roy Eft
Chief Financial Examiner

CERTIFIED MAIL NUMBER: 7016 2070 0001 1479 8391

STATE OF INDIANA) BEFORE THE INDIANA
) SS:
COUNTY OF MARION) COMMISSIONER OF INSURANCE

IN THE MATTER OF:)
)
Physicians Health Plan of Northern Indiana, Inc.)
1700 Magnavox Way, Suite 201)
Fort Wayne, Indiana 46804)

Examination of: **Physicians Health Plan of Northern Indiana, Inc.**

FINDINGS AND FINAL ORDER

The Indiana Department of Insurance conducted an examination into the affairs of the Physicians Health Plan of Northern Indiana, Inc. (hereinafter "Company") for the time period January 1, 2015 through December 31, 2017.

The Verified Report of Examination was filed with the Commissioner of the Department of Insurance (hereinafter "Commissioner") by the Examiner on April 10, 2019.

A copy of the Verified Report of Examination, along with a Notice of Opportunity to Make Written Submission or Rebuttal, was mailed to the Company via Certified Mail on June 24, 2019 and was received by the Company on June 27, 2019.

On July 16, 2019, pursuant to Ind. Code § 27-1-3.1-10, the Company filed a response to the Verified Report of Examination. The Commissioner has fully considered the Company's response.

NOW THEREFORE, based on the Verified Report of Examination and the response filed by the Company, the Commissioner hereby FINDS as follows:

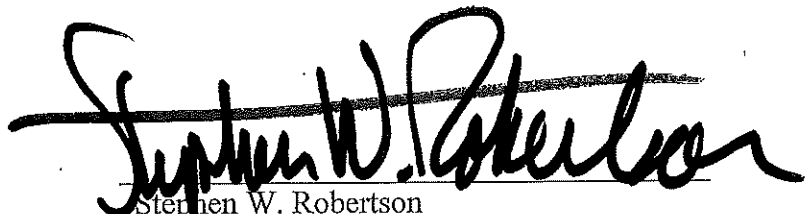
1. The suggested modifications to the Verified Report of Examination submitted by the Company are reasonable and shall be incorporated into the Verified Examination Report. A copy of the Verified Report of Examination, as amended, is attached hereto.

2. The Verified Report of Examination, as amended, is true and accurate report of the financial condition and affairs of the Company as of December 31, 2017.
3. The Examiners' recommendations are reasonable and necessary in order for the Company to comply with the insurance laws of the state of Indiana.

Based on the FINDINGS, the Commissioner does hereby ORDER:

1. Pursuant to Ind. Code § 27-1-3.1-11(a)(1), the Verified Report of Examination is adopted and shall be filed. Hereafter the Verified Report of Examination, as amended, may constitute prima facie evidence of the facts contained therein in any action or proceeding taken by the Indiana Department of Insurance against the Company, its officers, directors, or agents.
2. The Company shall comply with the Examiner's Recommendations enumerated in summary form and throughout the text of the Verified Report of Examination, as amended. A written response to these recommendations should be provided to the Department within 30 days of receipt of this order.
3. Compliance with the Examiner's recommendations shall be completed on or before the filing of the subsequent annual statement. In the event it is not feasible to comply with a recommendation before the filing of the subsequent annual statement, the Company shall submit a written explanation as to why it was not feasible with the filing of the annual statement.

Signed this 9 day of August, 2019.

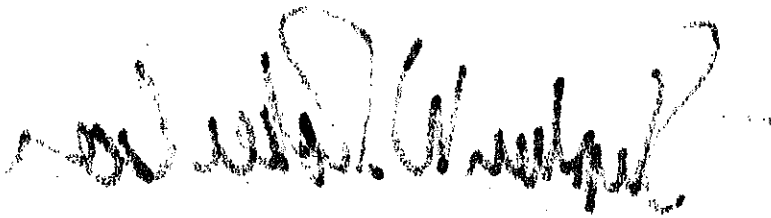
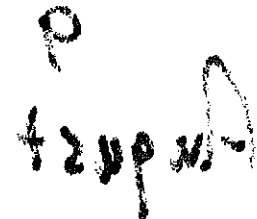

Stephen W. Robertson
Insurance Commissioner

ABOUT AFFIRMATIONS

The following pages for affirmations need to be signed by each Board Member and returned to the Indiana Department of Insurance within thirty (30) days in accordance with I.C. §27-1-3.1-12(b).

If your affirmations list individuals that are no longer on your Board of Directors, you may simply retype the form on plain white paper with the correct names and a line to the right for signature. If the names are misspelled, you may do the same, simply re-type the corrected form with a line to the right for signature.

Should you have any questions or difficulties with these forms or you require additional time past the thirty (30) day requirement, please do not hesitate to contact this department at (317) 232-2390.

A large, stylized handwritten signature in black ink, appearing to be a name like "Robert L. ...".Handwritten initials "P" and "f 200 11-1" in black ink.

STATE OF INDIANA
Department of Insurance
REPORT OF EXAMINATION

OF

PHYSICIANS HEALTH PLAN OF NORTHERN INDIANA, INC.

NAIC Co. CODE 95436
NAIC GROUP CODE 3828

As of

December 31, 2017

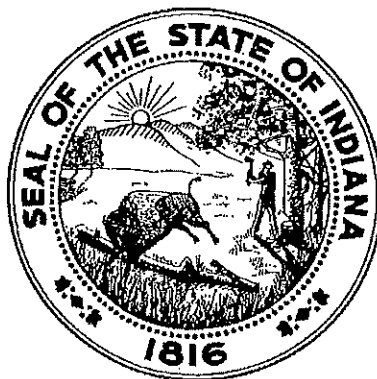


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STATE OF INDIANA

ERIC J. HOLCOMB, GOVERNOR

Indiana Department of Insurance

Stephen W. Robertson, Commissioner

311 W. Washington Street, Suite 103

Indianapolis, Indiana 46204-2787

Telephone: 317-232-2385

Fax: 317-232-5251

Website: in.gov/idoi

May 3, 2019

Honorable Stephen W. Robertson, Commissioner
Indiana Department of Insurance
311 West Washington Street, Suite 300
Indianapolis, Indiana 46204-2787

Dear Commissioner:

Pursuant to the authority vested in Appointment Number 3976, an examination has been made of the affairs and financial condition of:

Physicians Health Plan of Northern Indiana, Inc.
1700 Magnavox Way, Suite 201
Fort Wayne, IN 46804

hereinafter referred to as the "Company", or "PHPNI", an Indiana domestic 501(c)(4) tax-exempt health maintenance organization (HMO). The examination was conducted at the corporate offices of the Company in Fort Wayne, Indiana.

The Report of Examination, reflecting the status of the Company as of December 31, 2017, is hereby respectfully submitted.

ACCREDITED BY THE NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

AGENCY SERVICES
317-232-2413

COMPANY COMPLIANCE
317-232-3495

CONSUMER SERVICES
317-232-2395/1-800-622-4461

FINANCIAL SERVICES
317-232-2390

MEDICAL MALPRACTICE
317-232-2402

COMPANY RECORDS
317-232-5692

STATE HEALTH INSURANCE PROGRAM
1-800-452-4800

SCOPE OF EXAMINATION

The Company was last examined by representatives of the Indiana Department of Insurance (INDOI), and covered the period from January 1, 2012 through December 31, 2014. The present risk focused examination was conducted by Noble Consulting Services, Inc., and covered the period from January 1, 2015 through December 31, 2017, and included any material transactions and/or events occurring subsequent to the examination date and noted during the course of this examination.

The examination was conducted in accordance with the NAIC *Financial Condition Examiners Handbook* (Handbook). The Handbook requires that we plan and perform the examination to evaluate the financial condition, assess corporate governance, identify current and prospective risks of the Company, and evaluate system controls and procedures used to mitigate those risks. An examination also includes identifying and evaluating significant risks that could cause an insurer's surplus to be materially misstated both currently and prospectively.

Alberts Actuarial Consulting, LLC., provided actuarial services throughout the examination and conducted a review of the Company's actuarial related risks as of December 31, 2017.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. This may include assessing significant estimates made by management and evaluating management's compliance with Statutory Accounting Principles. The examination does not attest to the fair presentation of the financial statements included herein. If, during the course of the examination an adjustment is identified, the impact of such adjustment will be documented separately following the Company's financial statements.

This examination report includes significant findings of fact, as in the Indiana Code (IC) 27-1-3.1-10 and general information about the insurer and its financial condition. There may be other items identified during the examination that, due to their nature (e.g., subjective conclusions, proprietary information, etc.), are not included within the examination report but separately communicated to other regulators and/or the Company.

HISTORY

PHPNI was incorporated and began business in 1983 as a 501(c)(4) tax exempt, not-for-profit corporation. PHPNI is sponsored by independent physicians as a not-for-profit HMO and is an individual practice association model which primarily contracts with employer groups. PHPNI is organized and operated pursuant to Article 13 of the Indiana Insurance Law. PHPNI is the ultimate controlling parent of PHP Insurance Company of Indiana, Inc. (PHPIC), which was incorporated as a life insurance company on September 28, 2005, and commenced business on May 1, 2006.

CAPITAL AND SURPLUS

The Company is organized as a 501(c)4, not-for-profit social welfare organization. The Company has no shareholders and therefore does not provide stockholder or shareholder dividends.

TERRITORY AND PLAN OF OPERATION

PHPNI is licensed by the INDOI in forty (40) counties in northern Indiana, excluding the Chicago metropolitan area counties of Lake and Porter, and offers fully-insured products to employer groups. PHPNI primarily sells group insurance policies in Allen County and the surrounding 17 counties around Fort Wayne, IN.

The Company focuses on employer groups with 2 to 250 employees where the Company is the only insurance option. The Company utilizes brokers almost exclusively. On August 23, 2016, PHPNI announced it would stop selling individual health plans, both on and off the ACA marketplace, for the plan year 2017. The Company does not participate in Medicare or Medicaid.

PHPNI indirectly owns PHPIC and PHP Management Systems, Inc. (PHPMSI) through its non-operational holding company, PHP Holding Company.

GROWTH OF THE COMPANY

The following exhibit summarizes the financial results of the Company during the examination period:

Year	Admitted Assets	Liabilities	Capital and Surplus	Total Revenue	Net Income
2017	\$ 86,514,447	\$ 30,450,031	\$ 56,064,416	\$ 157,145,664	\$ 4,348,661
2016	82,349,132	33,256,011	49,093,121	180,061,175	(231,984)
2015	84,627,937	40,738,485	43,889,452	192,498,397	2,707,313

The impact of the exit from the individual market at the end of 2016 is notable throughout the financial statements, most notably in the decrease in revenue and increase in net income. Likewise, the liabilities reflect the reduction in claims. The increase in assets is largely a result of the performance of the investment portfolio.

MANAGEMENT AND CONTROL

Directors

The Bylaws provide that the business affairs of the Company are to be managed by a Board of Directors (Board) consisting of no less than thirteen (13) and no more than seventeen (17) directors. The directors shall be of two types: Physician Directors and Consumer Directors. Physician Directors shall comprise at least one-half (1/2) and no more than two-thirds (2/3) of the directors and are elected for three years; but one-third of the terms of the Physician Directors shall expire each year. No Physician Director shall serve more than three consecutive terms. At least one-third of the directors shall be Consumer Directors. They are to serve a term of one year and are to be elected each year by the Physician Directors. No Consumer Director shall serve more than six consecutive terms on the Board.

The following is a listing of persons serving as directors at December 31, 2017, and their principal occupations as of that date:

Name and Address	Principal Occupation
Michael R. DeWald Roanoke, Indiana	Partner (Retired) Dulin, Ward, and DeWald, Inc.
Timothy R. Dirig Auburn, Indiana	Owner/Principal Dirig Consulting
Peter P. Fetting Fort Wayne, Indiana	Assistant Vice President & Director of Benefits (Retired) Lincoln National Corporation
Theresa A. Gutierrez Fort Wayne, Indiana	Physician Fort Wayne Pediatrics
Judith L. Kennedy Churubusco, Indiana	Physician Parkview Physicians Group – Obstetrics/Gynecology
Nicholai I. Kiehl Fort Wayne, Indiana	Physician Parkview Physicians Group - Urology
Karl R. LaPan Fort Wayne, Indiana	President and Chief Executive Officer Northeast Indiana Innovation Center
R. V. Prasad Mantravadi Fort Wayne, Indiana	Physician Radiation Oncology Associates
Andrew W. O’Shaughnessy Fort Wayne, Indiana	Physician Nephrology Associates of Northern Indiana
John R. Sampson Fort Wayne, Indiana	President and Chief Executive Officer Northeast Indiana Regional Partnership
Donald F. Schenkel Fort Wayne, Indiana	Chairman Wayne Pipe & Supply
David W. Stein Fort Wayne, Indiana	Physician Ear Nose and Throat Associates
James C. Stevens Fort Wayne, Indiana	Physician Fort Wayne Neurological Center
Joel C. Valcarcel Fort Wayne, Indiana	Physician Parkview Physicians Group – Family Medicine

Officers

The Bylaws state that the elected officers of the Company shall consist of a Chairman, a Vice Chairman, a Treasurer, and a Secretary. The Chairman and Vice Chairman shall be Physician Directors, but all other offices may be occupied by either Physician Directors or Consumer Directors. The officers shall be elected by the Board at its annual meeting. The Board shall have the power to appoint, from time to time, such other officers and agents as it may deem necessary for the proper conduct of business of the Company, who shall hold their offices for such terms and exercise such powers and perform such duties as may be authorized, from time to time, by the Board.

The following is a list of key officers and their respective titles as of December 31, 2017:

<u>Name</u>	<u>Office</u>
Michael D. Cahill	President and CEO
Michael R. DeWald	Treasurer
Karl R. LaPan	Secretary
James C. Stevens	Chairman
Theresa A. Gutierrez	Vice Chairman
Dustin W. Crider	Chief Financial Officer
Gail M. Doran	Chief Operating Officer
Dale A. Bultemeier	Assistant VP Ancillary Services
James E. Underwood	VP of Enterprise Planning & Development
James C. Wehrenberg	Executive Medical Liaison
Keven W. Linker	VP of Informatics and Provider Contracting
James A. Brunnemer	Chief Administrative Officer

CONFLICT OF INTEREST

Directors and officers are required to review and sign Conflict of Interest statements annually. It was determined that all directors and officers listed in the Management and Control section of this Report of Examination have reviewed and signed their statements as of December 31, 2017.

CORPORATE RECORDS

Articles of Incorporation

There were no amendments made to the Articles of Incorporation during the examination period.

Bylaws

The Bylaws were amended as of September 22, 2016. The amendment was brought about primarily to amend Article IV, section 1, 2, and 3 of the Bylaws that increased the number of directors which shall constitute the Board of Directors to at least thirteen (13) and no more than seventeen (17) directors from at least ten (10) and no more than twenty-one (21) directors stated in the previous Bylaws. The amendment to the Bylaws changed the total number of terms a Physician Director can serve on the Board from four (4) to three (3).

The Bylaws were amended to include a floor in the percent of physicians on the board, which must account for at least one-half (1/2) of the Directors with a limit of no more than two-thirds (2/3). Practice managers may be appointed by Physician Directors and will be considered Physician Directors for Board composition purposes as a result of the amendment. Lastly, the amended Bylaws limit Consumer Directors to six (6) consecutive terms with a requirement that the Consumer Director must take at least one (1) year off from service and then may be nominated to be on the Board again. During the one (1) year period, the individual may continue to serve on Board committees.

There were no other amendments made to the Bylaws during the examination period.

Minutes

The Board meeting minutes were reviewed for the period under examination through the fieldwork date. Significant actions taken during each meeting were noted.

IC 27-1-7-7(b) states an annual meeting of Shareholders, Members, or Policyholders shall be held within five (5) months after the close of each fiscal year of the Company and at such time within that period as the Bylaws may provide. The Company’s Bylaws state that the annual meeting of shareholders is to be held no later than six (6) months after the end of the fiscal year of the Corporation. For each year under review, the annual meeting of shareholders was held within five (5) months following the close of each fiscal year.

AFFILIATED COMPANIES

Organizational Structure

The following organizational chart shows the Company and its subsidiaries as of December 31, 2017:

	NAIC Co. Code	Domiciliary State/Country
Physicians Health Plan of Northern Indiana, Inc.	95436	IN
PHP Holding Company		IN
PHP Insurance Company of Indiana, Inc.	12331	IN
PHP Management Systems, Inc.		IN
Pro-Claim Plus, Inc.		IN
Lion Tech, Inc.		IN
Innovative Healthcare Strategies, Inc.		IN

Affiliated Agreements

The following affiliated agreements and transactions were disclosed as part of the Form B – Holding Company Registration Statement and were filed with the INDOI, as required, in accordance with IC 27-1-23-4.

Management Agreements

Effective January 1, 2003, a Management Agreement was entered into by and between PHPNI and PHPMSI, in which PHPNI shall provide PHPMSI comprehensive managerial services necessary for PHPMSI’s general agency business and third-party administration business operations. Such services include, but are not limited to, access to PHPNI information systems; accounting and financial analysis services; medical management services; utilization review services; utilization review services; provider contracting services; claims administration services; and other general administrative services. During 2017, the Company charged PHPMSI \$507,672 in management fees for services provided by PHPNI.

Effective October 4, 2005, a Management Agreement was entered into by and between PHPNI and PHPIC, in which PHPNI shall provide to PHPIC comprehensive managerial services necessary for PHPIC's day-to-day operations. Such services include, but are not limited to, access to PHPNI's information systems; accounting and financial analysis services; actuarial services; underwriting services; medical management services; utilization review services; provider contractor services; claims administrative services; and other general administrative services. During 2017, PHPNI charged PHPIC \$49,267 in management fees for services provided by PHPNI.

FIDELITY BOND AND OTHER INSURANCE

The Company protects itself against loss from any fraudulent or dishonest acts by any employees through a fidelity bond issued by Federal Insurance Company. The bond has a single loss coverage limit of \$3,000,000, with a \$50,000 deductible. The fidelity bond is adequate to meet the prescribed minimum coverage specified by the NAIC.

The Company had additional types of coverage in-force at December 31, 2017, including but not limited to, cyber security liability, commercial property liability, employment practices liability, management indemnity/directors and officers liability, managed care error and omissions liability, and workers' compensation liability.

PENSION, STOCK OWNERSHIP, AND INSURANCE PLANS

The Company has adopted a qualified defined contribution retirement plan for its employees. Both the Company and its employees may make contributions. Company contributions are determined annually. Contributions expensed for 2017 and 2016 were \$401,511 and \$369,383, respectively.

SPECIAL AND STATUTORY DEPOSITS

The Company reported a deposit For All Policyholders as of December 31, 2017 with a book value and fair value of \$5,086,702 and \$5,068,312, respectively.

REINSURANCE

Reinsurance Ceded

Effective January 1, 2017, PHPNI executed an HMO reinsurance agreement with HM Life Insurance Company for group health. This treaty provides stop loss coverage for claims by members. The retention level is \$500,000 per member with a 10% loss sharing agreement for losses above the \$500,000 threshold. The maximum covered loss for each member under this agreement is \$5,000,000. The premium cost for this contract was \$2.96 per member per month.

Effective January 1, 2017, the Company renewed a contract with OptumHealth Care Solutions, Inc. (OptumHealth), to manage and reinsure human organ and bone marrow transplants. Under this contract, covered losses are 100% ceded to OptumHealth with a maximum benefit for each member of \$2,000,000. The premium cost for this contract was \$3.77 per member per month.

ACCOUNTS AND RECORDS

The Company's accounting procedures, practices, account records, and supporting data were reviewed and tested to the extent deemed necessary. The trial balances prepared from the Company's general ledger for the years ended December 31, 2016 and December 31, 2017, were agreed to the respective Annual Statements. The Annual Statements for the years ended December 31, 2015 through December 31, 2017, were agreed to each year's independent audit report without material exception. The Company's accounting procedures, practices, and account records were deemed satisfactory.

FINANCIAL STATEMENTS

PHYSICIANS HEALTH PLAN OF NORTHERN INDIANA, INC.

Assets

As of December 31, 2017

	<u>Per Examination*</u>
Bonds	\$ 43,276,194
Stocks:	
Common stocks	23,888,514
Real estate:	
Properties occupied by the Company	1,979,255
Cash, cash equivalents and short-term investments	<u>12,255,623</u>
Subtotals, cash and invested assets	81,399,586
Investment income due and accrued	342,909
Premiums and considerations:	
Uncollected premiums and agents' balances in course of collection	719,341
Accrued retrospective premiums	103,135
Reinsurance:	
Amounts recoverable from reinsurers	1,286,440
Electronic data processing equipment and software	537,662
Receivables from parent, subsidiaries and affiliates	113,758
Health care and other amounts receivable	<u>2,011,616</u>
Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts	<u>86,514,447</u>
Total**	<u>\$ 86,514,447</u>

* There were no adjustments to the as-filed financial statements, therefore the Annual Statement amounts agree to the examination amounts.

**Please see page 13 of this Report of Examination for "Comments on the Financial Statements".

PHYSICIANS HEALTH PLAN OF NORTHERN INDIANA, INC.
 Liabilities, Surplus and Other Funds
 As of December 31, 2017

	Per Examination*
Claims unpaid	\$ 17,708,993
Unpaid claims adjustment expense	699,448
Aggregate health policy reserves	3,025,030
Premiums received in advance	3,324,141
General expense due or accrued	5,006,536
Ceded reinsurance premiums payable	505,265
Amounts withheld or retained for the account of others	103,223
Amounts due to parent, subsidiaries and affiliates	77,395
Total liabilities	30,450,031
Aggregate write-ins for special surplus funds	1,149,649
Gross paid in and contributed surplus	3,047,600
Unassigned funds (surplus)	51,867,167
Total Capital and Surplus**	56,064,416
Total Liabilities, Capital and Surplus	\$ 86,514,447

* There were no adjustments to the as-filed financial statements, therefore the Annual Statement amounts agree to the examination amounts.

**Please see page 13 of this Report of Examination for "Comments on the Financial Statements".

PHYSICIANS HEALTH PLAN OF NORTHERN INDIANA, INC.
Statement of Income
For the Year Ended December 31, 2017

	Per Examination*
Member Months	373,451
Net Premium Income	\$ 157,037,713
Aggregate write-ins for other non-health revenues	107,951
Total Revenues	157,145,664
Hospital and Medical:	
Hospital/medical benefits	111,367,222
Prescription drugs	18,729,966
Subtotal	130,097,188
Less:	
Net reinsurance recoveries	3,826,205
Total Hospital and Medical	126,270,983
Claims adjustment expenses	7,381,443
General administrative expense	20,489,791
Total Underwriting Deductions	154,142,217
Net underwriting gain or (loss)	3,003,447
Net Investment Income earned	1,336,426
Net realized capital gains (losses) less capital gain tax	(11,079)
Net investment gains	1,325,347
Aggregate write-ins for other income or expenses	19,867
Net income or (loss) after capital gains tax and before all other federal income taxes	4,348,661
Net income	\$ 4,348,661

* There were no adjustments to the as-filed financial statements, therefore the Annual Statement amounts agree to the examination amounts.

PHYSICIANS HEALTH PLAN OF NORTHERN INDIANA, INC.
Capital and Surplus Account Reconciliation

	2017*	2016*	2015*
Capital and surplus prior reporting year	\$ 49,093,121	\$ 43,889,452	\$ 44,772,256
Net income or (loss)	4,348,661	(231,984)	2,707,313
Change in net unrealized capital gains or (losses) less capital gains tax	2,739,161	1,766,935	(1,149,436)
Change in nonadmitted assets	(273,527)	3,537,718	(2,546,681)
Surplus adjustments:			
Paid in	157,000	131,000	106,000
Net change in capital and surplus	<u>6,971,295</u>	<u>5,203,669</u>	<u>(882,804)</u>
Capital and surplus end of reporting year**	<u>\$ 56,064,416</u>	<u>\$ 49,093,121</u>	<u>\$ 43,889,452</u>

* There were no adjustments to the as-filed financial statements, therefore the Annual Statement amounts agree to the examination amounts.

**Please see page 13 of this Report of Examination for "Comments on the Financial Statements".

COMMENTS ON THE FINANCIAL STATEMENTS

In connection with the acquisition of Pro-Claim Plus, Inc., Lion Tech, Inc., and Innovative Healthcare Strategies, Inc. by PHPMSI through bank issued debt, PHPNI pledged approximately \$6 million in assets on September 29, 2017. Per SSAP 4, Footnote 2, the pledged assets were non-admissible. Assuming no change to the PHPNI pledge of assets, the Company would non-admit such assets prospectively, beginning with the filing as of June 30, 2019. The impact of this reporting change would be a reduction in both assets and surplus of approximately \$6 million. However, prior to June 30, 2019, PHPMSI refinanced the bank issued debt, which removed the pledge of assets by PHPNI and any related reduction to both admitted assets and surplus.

OTHER SIGNIFICANT ISSUES

There were no other significant issues.

SUBSEQUENT EVENTS

On January 1, 2018, the Company was subject to an annual fee under Section 9010 of the federal Affordable Care Act (ACA). This annual fee is allocated to individual health insurers based on the ratio of the amount of the entity's net premiums written during the preceding calendar year to the amount of health insurance for any U.S. health risk that is written during the preceding calendar year. A health insurance entity's portion of the annual fee becomes payable once the entity provides health insurance for any U.S. health risk for each calendar year beginning on or after January 1 of the year the fee is due. As of December 31, 2017, the Company had written health insurance subject to the ACA assessment and will conduct health insurance business in 2018 and 2019. The Company's portion of the annual health insurance industry fee was \$1,211,586 which was paid on September 30, 2018. This amount is reflected in special surplus. This assessment has an impact to risk based capital (RBC) of 2.05%. Reporting this ACA assessment as of December 31, 2017 did not trigger an RBC action level.

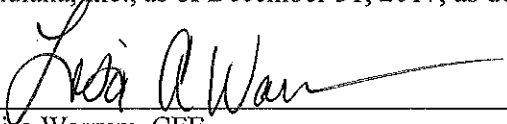
AFFIDAVIT

This is to certify that the undersigned is a duly qualified Examiner-in-Charge appointed by the Indiana Department of Insurance and that she, in coordination with staff assistance from Noble Consulting Services, Inc., and actuarial assistance from Alberts Actuarial Consulting, LLC., performed an examination of Physicians Health Plan of Northern Indiana, Inc., as of December 31, 2017.

The Indiana Department of Insurance is accredited under the National Association of Insurance Commissioners Financial Regulation Accreditation Standards.

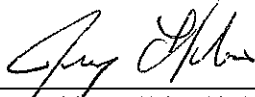
This examination was performed in accordance with those procedures required by the NAIC Financial Condition Examiners Handbook and other procedures tailored for this examination. Such procedures performed on this examination do not constitute an audit made in accordance with generally accepted auditing standards and no audit opinion is expressed on the financial statements contained in this report.

The attached Report of Examination is a true and complete report of condition of Physicians Health Plan of Northern Indiana, Inc., as of December 31, 2017, as determined by the undersigned.



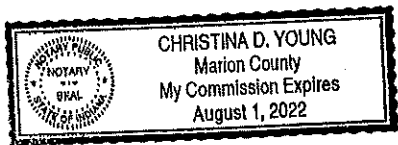
Lisa Warrum, CFE
Noble Consulting Services, Inc.

Under the Supervision of:




Jerry Ehlers, CFE, AES
Examinations Manager
Indiana Department of Insurance

State of: Indiana
County of: Marion

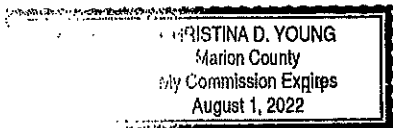


On this 3 day of May, 2019, before me personally appeared, Lisa Warrum and Jerry Ehlers, to sign this document.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal in said County and State, the day and year last above written.

My commission expires: 8-1-22 
Notary Public

Indiana Department of Insurance
NAIC Accredited



Physicians Health Plan of Northern Indiana, Inc.
Financial Examination as of 12/31/2017

