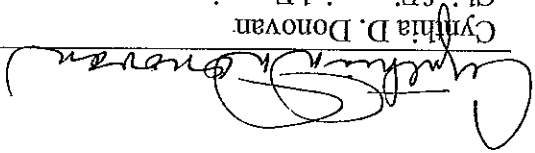


Date

11/5/2015

Cynthia D. Donovan
Chief Financial Examiner



to Ind. Code § 4-21.5-5.

The Final Order is a final administrative decision that may be appealed pursuant of the Verified Report of Examination and the Final Order.

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

Commissioner.

of Examination, as sent to you on October 13, 2015, has been adopted by the examination work papers, and any written submissions or rebuttals. The Verified Report Report of Examination of PHP Insurance Company of Indiana, Inc., any relevant the Indiana Department of Insurance, after fully considering and reviewing the Verified Enclosed is the Final Order entered by Stephen W. Robertson, Commissioner of

NOTICE OF ENTRY OF ORDER

Examination of PHP Insurance Company of Indiana, Inc.

8101 West Jefferson Boulevard
Fort Wayne, IN 46804
PHP Insurance Company of Indiana, Inc.

IN THE MATTER OF:

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

Based on the FINDINGS, the Commissioner does hereby ORDER:

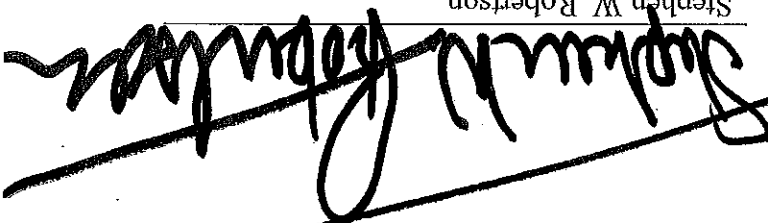
1. Pursuant to Ind. Code § 27-1-3.1-11(a)(1), the Verified Report of Examination is adopted and shall be filed. Hereafter the Verified Report of Examination, may constitute prima facie evidence of the facts contained therein in any action or proceeding taken by the Indiana Department of Insurance against 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. 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 and Sealed this 5th day of November, 2015.

Stephen W. Robertson
Insurance Commissioner
Indiana Department of Insurance



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.

Michael J. Clump



December 31, 2014

As of

NAIC CO. CODE 12331
NAIC GROUP CODE 3828

PHP INSURANCE COMPANY OF INDIANA, INC.

OF

REPORT OF EXAMINATION

Department of Insurance

STATE OF INDIANA

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STATE OF INDIANA

MICHAEL R. PENCE, Governor

Indiana Department of Insurance
311 W. Washington Street, Suite 300
Indianapolis, Indiana 46204-2787
Telephone: (317) 232-2385
Fax: (317) 232-5251
Stephen W. Robertson, Commissioner

IDOI

August 19, 2015

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 3862, an examination has been made of the affairs and financial condition of:

**PHP Insurance Company of Indiana, Inc.
8101 W Jefferson Boulevard,
Fort Wayne, Indiana 46804**

hereinafter referred to as the "Company", or "PHPIC", an Indiana domestic stock, life, accident and health insurance company. 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, 2014, is hereby respectfully submitted.

ACCREDITED BY THE
NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

AGENCY SERVICES (317) 232-2413

COMPANY COMPLIANCE (317) 233-0697

CONSUMER SERVICES (317) 232-2395

EXAMINATIONS/FINANCIAL SERVICES (317) 232-2390

MEDICAL MALPRACTICE (317) 232-2402

SECURITIES/COMPANY RECORDS (317) 232-1991

STATE HEALTH INSURANCE (317) 232-2402

1-800-832-4

SCOPE OF EXAMINATION

The Company was last examined by representatives of the Indiana Department of Insurance (INDOI) as of the period ending December 31, 2011. The present risk focused examination was conducted by Noble Consulting Services, Inc., and covered the period from January 1, 2012 through December 31, 2014, 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 and identify prospective risks of the Company by obtaining information about the Company, including corporate governance, identifying and assessing inherent risks within the Company, and evaluating system controls and procedures used to mitigate those risks. An examination also includes assessing the principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation, management's compliance with Statutory Accounting Principles, and Annual Statement instructions, when applicable to domestic state regulations.

Actuarial Options, LLC, provided all actuarial services throughout the examination and conducted a review of the Company's actuarially determined balances as of December 31, 2014.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process.

HISTORY

Physicians Health Plan of Northern Indiana, Inc. (PHPNI) is the ultimate controlling parent of PHPIC, which was incorporated as an Indiana domestic life, accident, and health insurance company on September 28, 2005, and commenced business on May 1, 2006. PHPIC holds Class IA and Class IB life and health licenses to conduct business in Indiana.

CAPITAL AND SURPLUS

As of December 31, 2014, PHPIC had 20,000 shares authorized and 5,000 shares issued and outstanding as of December 31, 2014. The par value of each share is \$200. All shares of PHPIC were owned by PHP Holding Company during the period of examination. PHPIC paid no dividends during the examination period.

TERRITORY AND PLAN OF OPERATION

PHPIC holds life and health insurance licenses to conduct business throughout Indiana. Currently PHPIC is phasing out the dental products it offers and PHPNI plans to utilize PHPIC to write employer stop-loss medical policies starting in late 2015. All administrative functions of PHPIC are being performed by PHPNI under a management agreement. PHPIC's and PHPNI's primarily use brokers to distribute their products.

The Bylaws state that the officers of the Company shall consist of a President, one (1) or more Vice Presidents, a Secretary, a Treasurer, and such other officers as may be appointed by the Board.

Officers

Name and Address	Principal Occupation
James A. Brunner Fort Wayne, Indiana	Chief Financial Officer Physicians Health Plan of Northern Indiana, Inc.
Dustin W. Crider Fort Wayne, Indiana	Corporate Controller Physicians Health Plan of Northern Indiana, Inc.
Gail M. Doran Fort Wayne, Indiana	Chief Operating Officer Physicians Health Plan of Northern Indiana, Inc.
Suzanne S. Risk Fort Wayne, Indiana	AVP of IT & Business Systems Physicians Health Plan of Northern Indiana, Inc.
Craig M. Petersen Fort Wayne, Indiana	Vice President of Sales Physicians Health Plan of Northern Indiana, Inc.

The Articles of Incorporation provide that the Board of Directors (Board) shall be composed of not less than five (5) nor more than nine (9) members. The directors shall hold office from annual meeting to annual meeting. The following is a listing of persons serving as directors at December 31, 2014, and their principal occupations as of that date:

Directors

MANAGEMENT AND CONTROL

Although member months were marginally higher in 2014, revenue decreased compared to 2013 because of a decrease in the average dental per-member-per-month (PMPM) premium rate charged due to changes in the mix of business. The Company reported a net underwriting loss of \$63,656 in 2014 compared to a net underwriting gain of \$21,307 in 2013 due to a 3.8% decrease in PMPM premiums compared to a 7% increase in PMPM dental claim costs. This led to the Net Loss in 2014.

Year	Admitted Assets	Liabilities	Capital and Surplus	Total Revenues	Net Income
2014	\$ 2,487,519	\$ 116,900	\$ 2,370,619	\$ 802,339	\$ (8,717)
2013	2,523,237	130,137	2,393,100	827,307	57,657
2012	2,353,197	87,694	2,265,503	728,472	22,619

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

GROWTH OF THE COMPANY

The following is a list of key officers and their respective titles as of December 31, 2014:

Name	Office
Gail M. Doran	President
Craig M. Petersen	Vice President
James A. Brunnemer	Secretary
Dustin W. Crider	Treasurer

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, 2014.

OATH OF OFFICE

Indiana Code (IC) 27-1-7-10(i) stipulates that every director, when elected, shall take and subscribe to an oath stating that he or she will faithfully, honestly, and diligently administer the affairs of the Company and will not knowingly violate any of the laws applicable to such Company. It was determined that all directors listed in the Management and Control section of this Report of Examination have subscribed to an oath as of December 31, 2014.

CORPORATE RECORDS

Articles of Incorporation

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

Bylaws

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

Minutes

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

AFFILIATED COMPANIES

Organizational Structure

The following organizational chart shows the Company's parent and subsidiaries as of December 31, 2014:

NAIC Co.	Domiciliary	Code	State/Country
Physicians Health Plan of Northern Indiana, Inc.	IN	95436	IN
PHP Holding Company	IN		IN
PHP Insurance Company of Indiana, Inc.	IN	12331	IN
PHP Management Systems, Inc.	IN		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 INDOL, as required, in accordance with IC 27-1-23-4.

Management Agreement

Effective October 4, 2005, a Management Agreement was entered into by and between PHPNI and PPHIC, in which PHPNI shall provide to PPHIC comprehensive managerial services necessary for PPHIC's day-to-day operations. Such services include, but are not limited to; access to PPHIC's accounting and financial analysis services, actuarial services, claims administrative services, information systems, medical management services, provider contracting services, underwriting services, utilization review services, and other general administrative services. In consideration for PPHIC's services provided, PPHIC shall reimburse PHPNI for all allocable costs incurred by PHPNI for managerial services provided to support PPHIC's business. In no circumstances may the total charge exceed the greater of allocable costs plus 15% or fair market value for services provided. During 2014, PHPNI charged PPHIC \$50,642 in management fees for services provided by PHPNI.

Consolidated Federal Income Tax Allocation Agreement

Effective January 1, 2007, PPH Holding Company (PPHHC), PPH Management Systems, Inc., (PMPMSI) and PPHIC entered into a Tax Allocation Agreement. PPHIC and PMPMSI pay PPHHC their estimated tax made with respect to such consolidated return year five (5) business days prior to the date on which any corresponding payment is due by PPHHC. PPHHC pays PPHIC and PMPMSI, within five (5) business days, any money refunded by the IRS. PPHIC owed \$10,962 under this agreement at December 31, 2014.

FIDELITY BOND AND OTHER INSURANCE

PHPIC and PHPNI have a crime policy with the Federal Insurance Company. The single loss limit of liability is \$2,000,000 with a deductible amount of \$50,000. Coverage includes computer fraud, employee theft, executive directorship liability, fiduciary liability, forgery, funds transfer fraud, in transit, kidnap/ransom and extortion, outside liability, and premises. The fidelity bond is adequate to meet the prescribed minimum coverage specified by the NAIC.

PHPIC and PHPNI had additional types of coverage in-force at December 31, 2014 including, but not limited to, automobile liability including non-owned autos and hired autos, breach consultant services, breach response services, commercial general liability, commercial property, commercial umbrella liability, electronic data processing equipment, employee benefit liability, employers liability, network systems machinery and equipment, privacy, network security or media wrongful acts, supplemental privacy, and workers' compensation.

Indiana Department of Insurance
NAIC Accredited

The Company's accounting procedures, practices, account records, and supporting data were reviewed and tested to the extent deemed necessary. The trial balance prepared from the Company's general ledger for the year ended December 31, 2014, was agreed to the 2014 Annual Statement. The Annual Statements for the years ended December 31, 2012 through December 31, 2014, were agreed to each year's independent audit report without material exception. The Company's accounting procedures, practices, and account records were deemed satisfactory.

ACCOUNTS AND RECORDS

PHFIC had no reinsurance assumed or ceded during the examination period.

REINSURANCE

State	For All Policyholders:	Indiana	Total Deposits
Book Value	\$ 104,003	\$ 104,088	\$ 104,003
Fair Value		\$ 104,088	\$ 104,088

The Company reported the following statutory deposits, at December 31, 2014:

STATUTORY DEPOSITS

PHP INSURANCE COMPANY OF INDIANA, INC.
Assets
As of December 31, 2014

	Bonds
	Stocks
	Common Stocks
	Cash, cash equivalents and short-term investments
	Subtotals, cash and invested assets
	Investment income due and accrued
	Premiums and considerations:
	Uncollected premiums and agents' balances in course of collection
	Receivables from parent, subsidiaries and affiliates
	TOTAL Assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts
2,487,519	TOTAL
\$ 2,487,519	
27,549	
591	
15,854	
2,443,525	
403,301	
497,495	
\$ 1,542,729	
Per Examination*	

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

PHP INSURANCE COMPANY OF INDIANA, INC.
Liabilities, Surplus and Other Funds
As of December 31, 2014

	Claims unpaid
\$ 58,497	Premiums received in advance
969	General expenses due or accrued
21,465	Current federal and foreign income tax payable and interest thereon on realized capital gains (losses)
10,902	Net deferred tax liability
25,067	TOTAL Liabilities
116,900	Aggregate write-ins for special surplus funds
15,211	Common capital stock
1,000,000	Gross paid in and contributed surplus
1,000,000	Unassigned funds (surplus)
355,408	TOTAL Capital and Surplus
2,370,619	TOTAL Liabilities, Capital and Surplus
\$ 2,487,519	

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

PHP INSURANCE COMPANY OF INDIANA, INC.
 Statement of Revenue and Expenses
 For the Year Ended December 31, 2014

Net premiums income	802,339
TOTAL Revenues	\$ 802,339
Hospital and Medical:	
Other professional services	725,300
Subtotal	725,300
TOTAL Hospital and Medical	725,300
General administrative expenses	140,695
TOTAL Underwriting Deductions	865,995
Net underwriting gain or (loss)	(63,656)
Net investment income earned	48,931
Net investment gains (losses)	48,931
Net income or (loss) after capital gains tax and before all other federal income taxes	48,931
Federal and foreign income taxes incurred	(14,725)
Net income (loss)	\$ (8,717)

* 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

	2014	2013	2012
Capital and surplus prior reporting year	\$ 2,393,100	\$ 2,265,503	\$ 2,188,488
Net income or (loss)	(8,717)	57,657	22,619
Change in net unrealized capital gains (losses) less capital gains tax	23,614	101,957	52,794
Change in net deferred income tax	(6,612)	(28,550)	(14,782)
Change in nonadmitted assets	(30,766)	(3,467)	16,384
Net change in capital and surplus	(22,481)	127,597	77,015
Capital and surplus end of reporting year	\$ 2,370,619	\$ 2,393,100	\$ 2,265,503

COMMENTS ON THE FINANCIAL STATEMENTS

There were no recommended adjustments to the financial statements as of December 31, 2014, based on the results of this examination.

OTHER SIGNIFICANT ISSUES

There were no other significant issues requiring disclosure in this Report of Examination.

SUBSEQUENT EVENTS

As of January 1, 2015, the Company is subject to an annual fee under Section 9010 of the ACA. This annual fee will be allocated to the 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, 2014, the Company has written health insurance subject to the ACA assessment and expects to conduct health insurance business in 2015 and estimates the Company's portion of the annual health insurance industry fee to be payable on September 30, 2015, to be \$15,211. This amount is reflected in the aggregate write-ins for special surplus funds at December 31, 2014. This assessment as of December 31, 2014, would not have triggered an RBC action level.

There were no other events subsequent to the examination date and prior to the completion of fieldwork which were considered material events requiring disclosure in this Report of Examination.

AFFIDAVIT

This is to certify that the undersigned is a duly qualified Examiner-in-Charge appointed by the Indiana Department of Insurance and that he, in coordination with staff assistance from Noble Consulting Services, Inc., and actuarial assistance from Actuarial Options, LLC, hereinafter collectively referred to as the "Examiners", performed an examination of PHP Insurance Company of Indiana, Inc., as of December 31, 2014.

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 PHP Insurance Company of Indiana, Inc., as of December 31, 2014, as determined by the undersigned.

[Signature]
Roy Eft, CPA, CFE, MCM
Noble Consulting Services, Inc.

State of: Indiana
County of: Marion

On this Sun day of October, 2015, before me personally appeared, Roy Eft, 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: 9/8/2017
[Signature]
Notary Public

