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

IN THE MATTER OF:)
)
American Medical Insurance Exchange)
100 Brookwood Place)
Birmingham, Alabama 35209)

Examination of **American Medical Insurance Exchange**

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 **American Medical Insurance Exchange**, 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 **American Medical Insurance Exchange** 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.

5/17/2011
Date

Cynthia D. Donovan
Cynthia D. Donovan
Chief Financial Examiner

CERTIFIED MAIL NUMBER: 7005 3110 0002 4443 8486

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

IN THE MATTER OF:)
)
American Medical Insurance Exchange)
100 Brookwood Place)
Birmingham, Alabama 32509)

Examination of **American Medical Insurance Exchange**

FINDINGS AND FINAL ORDER

The Indiana Department of Insurance conducted an examination into the affairs of the **American Medical Insurance Exchange** (hereinafter "Company") for the time period January 1, 2005 through December 31, 2009.

The Verified Report of Examination was filed with the Commissioner of the Department of Insurance (hereinafter "Commissioner") by the Examiner on April 4, 2011.

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 April 19, 2011 and was received by the Company on April 22, 2011.

On April 29, 2011, 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, 2009.
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 and Sealed this 17th day of May, 2011.

Stephen W. Robertson
Insurance Commissioner

STATE OF INDIANA

Department of Insurance

REPORT OF EXAMINATION

OF

AMERICAN MEDICAL INSURANCE EXCHANGE

NAIC COMPANY CODE 31402

As of

December 31, 2009

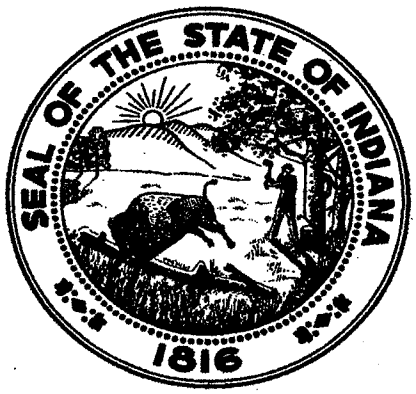


TABLE OF CONTENTS

SALUTATION 1
SCOPE OF EXAMINATION 2
HISTORY 2
CAPITAL AND SURPLUS 2
TERRITORY AND PLAN OF OPERATION 3
GROWTH OF THE COMPANY 3
MANAGEMENT AND CONTROL 3
- Directors 3
- Officers 4

CONFLICT OF INTEREST 4
OATH OF OFFICE 5
CORPORATE RECORDS 5
- Articles of Incorporation 5
- Bylaws 5
- Minutes 5

AFFILIATED COMPANIES 5
- Organizational Structure 5
- Affiliated Agreements 5
- Organizational Chart 7

FIDELITY BOND AND OTHER INSURANCE 8
STATUTORY AND SPECIAL DEPOSITS 8
REINSURANCE 8
RESERVES 8
ACCOUNTS AND RECORDS 8
FINANCIAL STATEMENTS 9
- Balance Sheet 9
- Income Statement and Capital and Surplus Account 10

COMMENTS ON THE FINANCIAL STATEMENTS 11
OTHER SIGNIFICANT FINDINGS 11
SUBSEQUENT EVENTS 11
MANAGEMENT REPRESENTATION 11

STATE OF INDIANA

MITCHELL E. DANIELS, JR., Governor

IDOI

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

April 4, 2011

Honorable Joseph Torti, III, Chairman
Financial Condition (E) Committee, NAIC
Deputy Director and Superintendent of Insurance
Department of Business Regulation
Division of Insurance
1511Pontiac Avenue
Cranston, Rhode Island 02920

Honorable Stephen W. Robertson, Commissioner
Indiana Department of Insurance
Secretary, Midwestern Zone
311 West Washington Street, Suite 300
Indianapolis, Indiana 46204

Dear Superintendent and Commissioner:

Pursuant to the authority vested in Appointment Number 3644, an examination has been made of the affairs and financial condition of:

American Medical Insurance Exchange
965 Emerson Parkway, Suite H
Greenwood, Indiana 46143

an Indiana domiciled inter-insurance reciprocal exchange hereinafter referred to as the "Exchange." The examination was conducted offsite from the corporate offices of the Exchange at 100 Brookwood Place, Birmingham, Alabama 35209.

The Report of Examination, reflecting the status of the Exchange as of December 31, 2009, is hereby respectfully submitted.

SCOPE OF EXAMINATION

The Exchange was last examined by representatives of the Indiana Department of Insurance (IDOI) as of the period ending December 31, 2004. The present examination was conducted by Huff, Thomas & Company (HuffThomas) and covered the period from January 1, 2005, through December 31, 2009, and included any material transactions and/or events occurring subsequent to the examination date and noted during the course of this examination.

This examination was conducted in accordance with procedures and guidelines prescribed by the National Association of Insurance Commissioners (NAIC) for the purpose of determining the Exchange's financial condition. Examination procedures included the verification and evaluation of assets, determination of liabilities and review of income and disbursement items, minutes, corporate documents, and other records to the extent deemed necessary.

The comments and recommendations from the previous IDOI examination were reviewed. It was noted the Exchange has taken corrective action with respect to all prior recommendations.

HISTORY

American Medical Insurance Exchange was incorporated on October 25, 1988, and commenced operations under the laws of Indiana on November 1, 1988. The Exchange was organized to transact business on the reciprocal or inter-insurance plan. The subscribers' agreement designates American Insurance Management Corporation (AIMC) as the attorney-in-fact. AIMC was incorporated under the Indiana General Corporation Act on August 31, 1988, as American Medical Insurance Management Corporation. On September 1, 1988, the Articles of Incorporation of AIMC were amended to change the name of the attorney-in-fact to American Insurance Management Corporation. Effective July 1, 1996, AIMC was acquired by PICOM Insurance Company (currently known as ProAssurance Casualty Company), a wholly owned subsidiary of Professionals Group, Inc. (PGI). On June 27, 2001, ProAssurance Corporation (ProAssurance), a publicly traded corporation, acquired all of the outstanding stock of PGI.

CAPITAL AND SURPLUS

The Articles of Incorporation for the attorney-in-fact of the Exchange, AIMC, provide for one hundred thousand (100,000) authorized shares of common capital stock without par value. AIMC had advanced funds totaling $865,000 to the surplus of the Exchange on the following dates: September 19, 1988, $300,000 Guaranty Fund Certificate; December 29, 1989, $315,000 Guaranty Fund Certificate; December 31, 1990, $150,000 Guaranty Fund Certificate; and December 31, 1991, $100,000 Guaranty Fund Certificate. The advances were made by waiving the management fees or taking the fees and immediately re-depositing the funds for certificates. As of December 31, 2009, all outstanding shares of AIMC are owned by PRA Professional Liability Group, Inc., a Delaware holding corporation.

TERRITORY AND PLAN OF OPERATION

The Exchange is currently inactive and has not written any business since December 31, 1996. The Exchange is licensed only in the State of Indiana. Prior to January 1, 1997, the Exchange offered professional liability insurance to physicians, surgeons, dentists, nurses and physical therapists in the State of Indiana.

GROWTH OF THE COMPANY

Comparative financial data, as reported in the Exchange's filed Annual Statements for the period under examination, was as follows:

Year	Admitted Assets	Liabilities	Capital & Surplus	Premium Income	Net Income
2009	$ 576,095	$ 10,523	$ 565,572	$0	$ (6,400)
2008	577,471	5,499	571,972	0	2,303
2007	569,727	58	569,669	0	17,197
2006	554,745	2,272	552,473	0	18,043
2005	535,511	1,081	534,430	0	8,127

The increase in Liabilities from 2008 to 2009 primarily resulted from the accrual of state examination fees in 2009. The Exchange's net income is entirely comprised of investment income. The decrease in net income since 2007 mainly occurred due to a shift in the Exchange's investment portfolio from higher yielding short-term investments to lower yielding cash equivalents.

MANAGEMENT AND CONTROL

The operations of the Exchange are managed by the Directors and Officers of its attorney-in-fact, AIMC.

Directors

The Bylaws for AIMC provide that AIMC shall have a minimum of five (5) Directors and a maximum of twenty (20). As of December 31, 2009, the Exchange, through its attorney-in-fact, had the following six (6) Directors:

Name and Residence	Principal Business Affiliation
William Stancil Starnes Mountain Brook, Alabama	Chief Executive Officer ProAssurance

Victor Thomas Adamo Birmingham, Alabama	President ProAssurance
Edward Lewis Rand, Jr. Birmingham, Alabama	Chief Financial Officer ProAssurance
Howard Harley Friedman Timonium, Maryland	Chief Underwriting Officer ProAssurance
Darryl Keith Thomas Hoover, Alabama	Chief Claims Officer ProAssurance
Lois Jean Wyrick Greenwood, Indiana	Regional Underwriting Vice President ProAssurance

Officers

The AIMC Bylaws provide that the officers shall consist of a President, a Vice President, a Secretary and a Treasurer. The Officers serving for the Exchange as of December 31, 2009, were as follows:

Name	Office
William Stancil Starnes	Chairman
Darryl Keith Thomas	President
Edward Lewis Rand, Jr.	Treasurer and Chief Financial Officer
Kathryn Anne Neville	Secretary
Kelly Bounds Brewer	Vice President and Assistant Treasurer
Howard Harley Friedman	Vice President and Assistant Secretary
Lois Jean Wyrick	Vice President

It was determined the Board of Directors reviews and approves all significant business of the Exchange, including investment transactions. In addition to the Board's involvement with managing the Exchange, the ProAssurance Investment Committee also provides oversight for the Exchange's investment activities.

Based on a review of the information contained in each of the Directors and Officer's biographical affidavits it was determined that these individuals are adequately qualified and have the experience necessary to conduct the operations and affairs of the Exchange.

CONFLICT OF INTEREST

Directors and Officers are required to annually complete a Statement of Conflicts of Interest for the purpose of disclosing any known conflicts of interest. It was determined that all Directors and Officers serving during the examination period completed the required Statement of Conflicts of Interest.

OATH OF OFFICE

Indiana Code (IC) 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 corporation and will not knowingly violate any of the laws applicable to such corporation. It was noted during the examination the Board members did subscribe to an Oath of Office.

CORPORATE RECORDS

The Exchange is not a corporation. It does not have Articles of Incorporation or Bylaws. All of its corporate powers are provided through the AIMC Articles of Incorporation and Bylaws.

Articles of Incorporation

There were no amendments to the AIMC Articles of Incorporation during the period covered by this examination.

Bylaws

The AIMC Bylaws were amended on December 18, 2006, to change the annual Shareholders meeting from September to May, change the minimum number of Directors from one (1) to five (5), and to change other procedural items.

Minutes

The Shareholders and Board of Directors meeting minutes were reviewed for the period under examination through the fieldwork date and significant actions taken during each meeting were noted. It was determined that the annual meetings and other regular Board meetings were held in accordance with the AIMC Bylaws.

AFFILIATED COMPANIES

Organizational Structure

The Exchange is part of a holding company system under which it is managed by AIMC, which is 100% owned by PRA Professional Liability Group, Inc. (PRA), a Delaware holding corporation. PRA in turn is owned by ProAssurance Corporation, also a Delaware holding corporation, which is the ultimate controlling parent. The organization chart section shows the Exchange's relationship to other ProAssurance entities.

Affiliated Agreements

As of December 31, 2009, the Exchange operated under the following intercompany agreements which have been filed with the IDOI in accordance with IC 27-1-23-4(b)(4).

Expense Allocation Agreement

Effective May 1, 2009, the Exchange entered into an Expense Allocation Agreement with ProAssurance and its affiliates. This agreement provides that management and employees of ProAssurance and its subsidiaries may provide services on behalf of one another. Under the provisions of this agreement, direct expenses incurred shall be allocated to the company incurring the expenses and indirect expenses will be allocated using fair and reasonable method that conforms to customary insurance accounting practices.

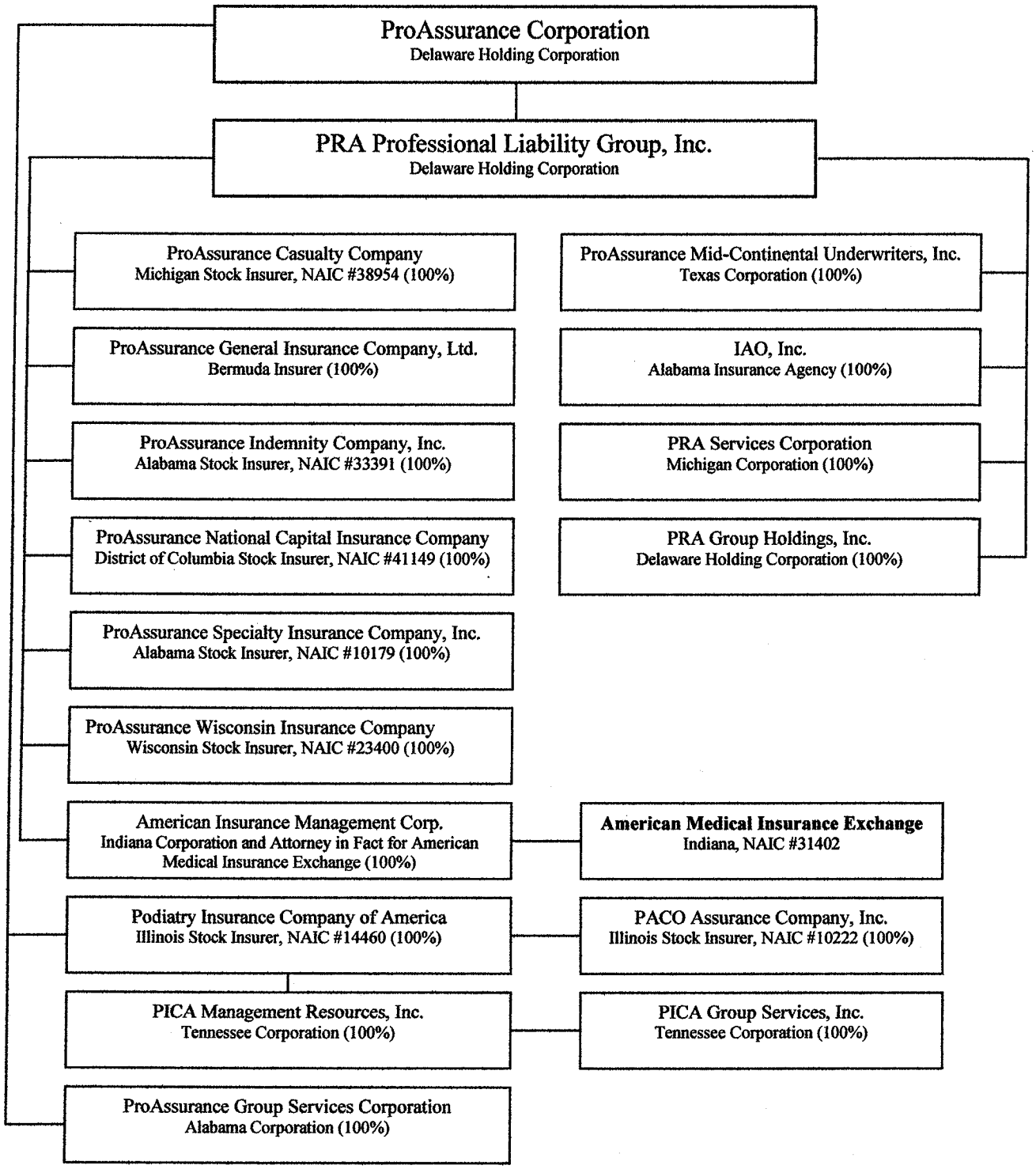
Management Services Agreement

Effective May 1, 2009, the Exchange entered into a Management Services Agreement with ProAssurance and its affiliates. Under the terms of this agreement, the members agree to share certain management services including but not limited to administration, accounting, actuarial, legal, underwriting, compliance, claims, information systems, marketing and sales, human resources, and risk management. For purposes of the agreement, ProAssurance Indemnity Company, Inc. is designated as the manager and is responsible for the coordination of the delivery of the specified services. The expenses incurred under the terms of the agreement are allocated to the Exchange and its affiliates based on the allocation method established by the Expense Allocation Agreement.

Tax Allocation Agreement

Effective April 17, 2009, the Exchange became party to the ProAssurance Corporation and Subsidiaries Consolidated Tax Allocation Agreement with various affiliates within the ProAssurance holding company system. This agreement provides for the filing of consolidated federal income tax returns by ProAssurance on behalf of the insurers and non-insurer affiliates in the holding company system, and the allocation of tax liabilities among those entities. Under the agreement the consolidated tax liability of the Group is allocated among the members in accordance with the ratio which that portion of the consolidated taxable income attributable to each member having taxable income bears to the consolidated taxable income. Settlements are made by each member based on the member's respective obligation or benefit as calculated on a separate return basis.

Organizational Chart



FIDELITY BOND AND OTHER INSURANCE

The Exchange protects itself against loss from any fraudulent or dishonest acts by any employees through a fidelity bond. The Exchange is insured for losses up to $10,000,000 with a $100,000 deductible. The fidelity bond coverage limit was adequate to meet the prescribed minimum coverage specified by the NAIC. Other significant insurance coverages in force at December 31, 2009, included Error & Omissions, Directors & Officers Liability, Umbrella Liability, Excess Umbrella Liability, and Workers' Compensation. All other coverages were determined to be adequate as of December 31, 2009.

STATUTORY AND SPECIAL DEPOSITS

The Exchange reported the following special deposit with the State of Indiana for the benefit of all policyholders as of December 31, 2009:

	Book Value	Fair Value
US Treasury Note	$101,841	$103,480
Total Deposits	$101,841	$103,480

REINSURANCE

There was no reinsurance in force during the period covered by this examination.

RESERVES

The Exchange has remained inactive during the examination period and does not write business or have any claim reserve liabilities. As a result, the Exchange was granted an exemption by the IDOI from including an actuarial opinion with the Annual Statement as generally required under the provisions of IC 27-1-20-21.3.

ACCOUNTS AND RECORDS

The Exchange's accounting procedures, practices, account records, and supporting data were reviewed and tested to the extent deemed necessary. The trial balance prepared from the Exchange's general ledger for the year ended December 31, 2009, was agreed to the 2009 Annual Statement without exception. The Examiners determined the Exchange's accounting procedures, practices, and account records were satisfactory.

The Exchange was granted an exemption by the IDOI from filing audited financial statements under IC 27-1-3.5-5.

AMERICAN MEDICAL INSURANCE EXCHANGE

FINANCIAL STATEMENTS

Balance Sheet

	As of December 31, 2009			
	Per Annual Statement	Examination Adjustments	Per Examination	December 31, Prior Year
Assets				
Bonds	$ 101,841	$ -	$ 101,841	$ 103,912
Cash	16,812	-	16,812	5,692
Cash equivalents	449,984	-	449,984	459,827
Short-term investments	5,580	-	5,580	4,335
Investment income due and accrued	584	-	584	588
Current federal income tax recoverable	1,289	-	1,289	2,866
Aggregate write-ins for other than invested assets	4	-	4	250
Total Assets	**$ 576,094**	**$ -**	**$ 576,094**	**$ 577,471**
Liabilities				
Other expenses	$ 10,523	$ -	$ 10,523	$ 5,499
Total Liabilities	**$ 10,523**	**$ -**	**$ 10,523**	**$ 5,499**
Surplus as regards policyholders				
Guaranty fund	$ 865,000	$ -	$ 865,000	$ 865,000
Unassigned funds	(299,428)	-	(299,428)	(293,028)
Total surplus as regards policyholders	**$ 565,572**	**$ -**	**$ 565,572**	**$ 571,972**
Total liabilities and surplus as regards policyholders	**$ 576,095**	**$ -**	**$ 576,095**	**$ 577,471**

AMERICAN MEDICAL INSURANCE EXCHANGE

FINANCIAL STATEMENTS

Income Statement and Capital and Surplus Account

	As of December 31, 2009			
	Per Annual Statement	Examination Adjustments	Per Examination	December 31, Prior Year
Income				
Net investment income earned	$ 2,713	$ -	$ 2,713	$ 14,234
Net realized capital gains (losses)	-		-	41
Total	**$ 2,713**	**$ -**	**$ 2,713**	**$ 14,275**
Deductions				
Other underwriting expenses incurred	$ 10,199	$ -	$ 10,199	$ 11,610
Totals	**$ 10,199**	**$ -**	**$ 10,199**	**$ 11,610**
Net gain from operations before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	$ (7,486)	$ -	$ (7,486)	$ 2,665
Dividends to policyholders	-	-	-	-
Net gain from operations after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	$ (7,486)	$ -	$ (7,486)	$ 2,665
Federal and foreign income taxes incurred	(1,086)	-	(1,086)	362
Net income	**$ (6,400)**	**$ -**	**$ (6,400)**	**$ 2,303**
Capital and Surplus Account:				
Surplus as regards policyholders, December 31, prior year	$ 571,972	$ -	$ 571,972	$ 569,669
Net income	$ (6,400)	$ -	$ (6,400)	$ 2,303
Change in surplus as regards policyholders for the year	**$ (6,400)**	**$ -**	**$ (6,400)**	**$ 2,303**
Surplus as regards policyholders, December 31, current year	**$ 565,572**	**$ -**	**$ 565,572**	**$ 571,972**

COMMENTS ON THE FINANCIAL STATEMENTS

There were no recommended adjustments to surplus as of December 31, 2009, based on the results of this examination.

OTHER SIGNIFICANT FINDINGS

There were no significant findings made as a result of this examination. In addition, the Exchange has complied with the comments made in the prior report of examination.

SUBSEQUENT EVENTS

There were no events subsequent to the examination date and prior to the completion of fieldwork that were considered material events requiring disclosure in this report.

MANAGEMENT REPRESENTATION

In support of contingencies and accuracy of information provided during the course of the examination, the Examiners obtained a management representation letter in the standard NAIC format. This letter was executed by key financial personnel of the Exchange and provided to the IDOI.

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 Huff, Thomas & Company, hereinafter collectively referred to as the "Examiners" performed an examination of the **American Medical Insurance Exchange,** as of **December 31, 2009**.

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

The examination was performed in accordance with those procedures required by the 2010 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 standard 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 the **American Medical Insurance Exchange,** as of **December 31, 2009,** as determined by the undersigned.

D. Patrick Huth, CFE
Huff, Thomas & Company

State of:
County of:

On this 31st day of March, 2011, before me personally appeared, D. Patrick Huth, to sign this document.

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

My commission expires _____ _____
Notary Public

TAMIKA A ALLEN
NOTARY PUBLIC STATE OF NEW YORK
RICHMOND COUNTY
LIC. #01AL6201112
COMMISSION EXPIRES FEBRUARY 17, 2013