

STATE OF INDIANA     )  
                                  )  
COUNTY OF MARION    )

BEFORE THE INDIANA  
COMMISSIONER OF INSURANCE

9695-AG10-0903-136

IN THE MATTER OF:

SIHO Insurance Services  
417 Washington Street  
Columbus, IN 47201

NAIC Number: 95812

AGREED ORDER

The Indiana Department of Insurance ("Department") and Southern Indiana Health Organization Insurance Services ("SIHO") hereby enter into an Agreed Order ("Agreement") regarding the premium rate charged by SIHO during 2009. This agreement is subject to the review and approval of Stephen W. Robertson, Executive Director and Acting Commissioner (the "Commissioner").

WHEREAS, SIHO is an insurance company licensed and authorized to conduct business in the State of Indiana and issue and deliver policies of accident and sickness insurance; and

WHEREAS, the Commissioner has the authority, pursuant to Ind. Code § 27-1-3-19, when the Commissioner determines that any insurance company is conducting its business in the State of Indiana in an unauthorized manner or a manner contrary to law, to compel compliance by an order to direct the discontinuance of any practice; and

WHEREAS, 27-8-5 requires that each policy of accident and sickness insurance must be filed with and reviewed by the Department before it may be issued or delivered; and

WHEREAS, the Department is responsible for enforcing the statutory provisions applicable to companies engaging in the business of insurance in the State of Indiana; and

WHEREAS, Ind. Code § 27-8-15-16(1) provides that the premium rates charged during a rating period to small employers under the rating system may not vary from the midpoint rate by more than thirty-five percent (35%) above or below the midpoint rate; and

WHEREAS, SIHO submitted to the Department a rate filing that complied with Ind. Code § 27-8-15-16(1) and that was approved by the Department; and

WHEREAS, from January 1, 2008, to June 30, 2010, SIHO charged a premium rate that was outside the boundaries identified in Ind. Code § 27-8-15-16(1) and that was different than the rate filed and approved; and

WHEREAS, on May 27, 2010, SIHO voluntarily disclosed to the Department its use of the improper premium rate; and

WHEREAS, the Department and SIHO desire to resolve their differences without further delay or the onset of any administrative action;

NOW, THEREFORE, the parties agree to the following;

1. The Commissioner has jurisdiction over the subject matter and SIHO in all matters related to charging premiums.
2. This Agreement is executed voluntarily by the parties.
3. No later than ten (10) business days following the execution of this Order by the Commissioner, SIHO shall provide an overall outline to the Department defining a plan (the "Plan") to achieve full compliance with Ind. Code § 27-8-15-16.
4. The Plan shall address each small group policy renewal beginning July 1, 2010, the effective date of the premium increase, extending through July 1, 2011.
5. SIHO shall pay to the Department a fine in the amount of Nineteen Thousand Three Hundred Ninety-Five Dollars (\$19,395), calculated from one half of one percent (0.5%) of

SIHO's December 31, 2009 Budget Surplus. SIHO will remit this amount no later than thirty (30) days following the execution of this Agreed Order by the Commissioner.

6. SIHO shall provide monthly reports to the Department beginning September 1, 2010, extending through at least August 1, 2011.

7. The monthly report shall clearly indicate full and complete compliance with Ind. Code § 27-8-15 for renewals occurring during each month and attest to compliance for each group and be signed by a vice president or more senior executive.

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8. The monthly report shall provide documentation regarding each small group renewal. The documentation shall be sufficient to allow the Department to audit each group for compliance with every aspect of Ind. Code § 27-8-15.

9. The report shall be furnished to the Department within ten (10) days of each monthly renewal calculation. If, after August 1, 2011, the Department finds SIHO to be in compliance, reporting responsibilities may discontinue upon written direction from the Department.

10. SIHO shall meet with the Department quarterly, within fifteen (15) business days of the end of each quarter, beginning no later than October 15, 2010 and extending through at least July 15, 2011, either by telephone, email, or in person at the Department's Indianapolis office, to discuss the monthly reports and progress towards complete compliance. If, after July 15, 2011, the Department finds SIHO to be in compliance, SIHO's meeting responsibilities may discontinue upon written direction from the Department.

11. SIHO shall reimburse the Department for expenses related to the review of the additional reporting and meeting requirements as well as the Department's additional monitoring of SIHO's progress towards compliance within fifteen (15) business days following the receipt of a quarterly invoice documenting the expenses incurred by the Department. Department

expenses will include but not be limited to employee time at a rate of One Hundred Twenty-Five Dollars (\$125) per hour and contractor time at the contractor's actual rate. Reimbursement for Department expenses will not exceed Twenty Thousand Dollars (\$20,000) per year.

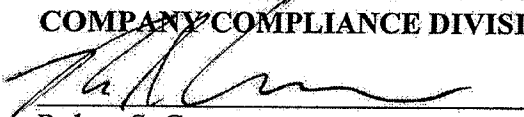
12. The Department agrees to accept SIHO's compliance with the terms of this Agreement as full resolution of SIHO's prior non-compliance.

13. SIHO further waives its rights to continue its judicial review of this Agreement or to initiate any other legal cause of action based upon the facts and circumstances which are the subject matter of this Agreement.

14. SIHO agrees that any disputes arising regarding compliance with the terms of this Agreement are administrative matters subject to the provisions of Indiana's Administrative Orders and Procedures Act, Ind. Code § 4-21.5-3-1, *et. seq.*.

15. SIHO and the Department have read and understand the terms of this Agreement and agree to be bound by the terms and conditions set forth herein.

**INDIANA DEPARTMENT OF INSURANCE,  
COMPANY COMPLIANCE DIVISION**

  
Robyn S. Crosson  
Chief Deputy Commissioner,  
Company Compliance

8/25/10  
Date

**SOUTHERN INDIANA HEALTH ORGANIZATION**

\_\_\_\_\_  
Duly authorized signatory for  
Southern Indiana Health Organization

\_\_\_\_\_  
Printed and Title

\_\_\_\_\_  
Date

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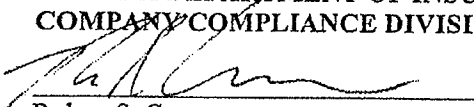
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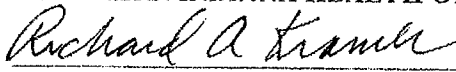
15. SIHO and the Department have read and understand the terms of this Agreement and agree to be bound by the terms and conditions set forth herein.

**INDIANA DEPARTMENT OF INSURANCE,  
COMPANY COMPLIANCE DIVISION**

  
Robyn S. Crosson  
Chief Deputy Commissioner,  
Company Compliance

8/25/10  
Date

**SOUTHERN INDIANA HEALTH ORGANIZATION**

  
Duly authorized signatory for  
Southern Indiana Health Organization

Richard A. Kramer VP  
Printed and Title

8/27/10  
Date

STATE OF INDIANA     )  
                                  )  
COUNTY OF MARION    )

BEFORE THE INDIANA  
COMMISSIONER OF INSURANCE

IN THE MATTER OF:

SIHO Insurance Services  
417 Washington Street  
Columbus, IN 47201

NAIC Number: 95812

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After being fully advised on this matter, the Commissioner as the ultimate authority of the Indiana Department of Insurance ("Department") hereby issues the following Findings of Fact, Conclusions of Law and Final Order.

FINDINGS OF FACT

1. SIHO is an insurance company licensed and authorized to conduct business in the State of Indiana and issue and deliver policies of accident and sickness insurance.
2. SIHO submitted to the Department a rate filing that complied with Ind. Code § 27-8-15-16(1) and that was approved by the Department.
3. From January 1, 2008, to June 30, 2010, SIHO charged a premium rate that was outside the boundaries identified in Ind. Code § 27-8-15-16(1) and that was different than the rate filed and approved.
4. On May 27, 2010, SIHO voluntarily disclosed to the Department its use of the improper premium rate.
5. SIHO and the Department have read and understand the terms of this Agreement.

### CONCLUSIONS OF LAW

1. The Commissioner has jurisdiction over the subject matter and SIHO in all matters related to charging premiums.
2. The Commissioner has the authority, pursuant to Ind. Code § 27-1-3-19, when the Commissioner determines that any insurance company is conducting its business in the State of Indiana in an unauthorized manner or a manner contrary to law, to compel compliance by an order to direct the discontinuance of any practice.
3. 27-8-5 requires that each policy of accident and sickness insurance must be filed with and reviewed by the Department before it may be issued or delivered.
4. Ind. Code § 27-8-15-16(1) provides that the premium rates charged during a rating period to small employers under the rating system may not vary from the midpoint rate by more than thirty-five percent (35%) above or below the midpoint rate.

### FINAL ORDER

The parties, by counsel, having agreed as set forth above, and the Commissioner, being duly advised, now

ORDERS that the Agreed Order is approved, and:

1. No later than ten (10) business days following the execution of this Order by the Commissioner, SIHO shall provide an overall outline to the Department defining a plan (the "Plan") to achieve full compliance with Ind. Code § 27-8-15-16.
2. The Plan shall address each small group policy renewal beginning July 1, 2010, the effective date of the premium increase, extending through July 1, 2011.
3. SIHO shall pay to the Department a fine in the amount of Nineteen Thousand Three Hundred Ninety-Five Dollars (\$19,395), calculated from one half of one percent (0.5%) of

SIHO's December 31, 2009 Budget Surplus. SIHO will remit this amount no later than thirty (30) days following the execution of this Agreed Order by the Commissioner.

4. SIHO shall provide monthly reports to the Department beginning September 1, 2010, extending through at least August 1, 2011.

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7. The report shall be furnished to the Department within ten (10) days of each monthly renewal calculation. If, after August 1, 2011, the Department finds SIHO to be in compliance, reporting responsibilities may discontinue upon written direction from the Department.

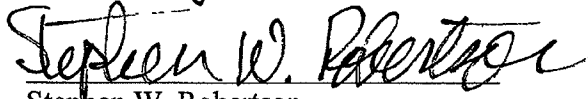
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9. SIHO shall reimburse the Department for expenses related to the review of the additional reporting and meeting requirements as well as the Department's additional monitoring of SIHO's progress towards compliance within fifteen (15) business days following the receipt of a quarterly invoice documenting the expenses incurred by the Department. Department



expenses will include but not be limited to employee time at a rate of One Hundred Twenty-Five Dollars (\$125) per hour and contractor time at the contractor's actual rate. Reimbursement for Department expenses will not exceed Twenty Thousand Dollars (\$20,000) per year.

ALL OF WHICH IS ORDERED THIS 27<sup>th</sup> DAY OF August, 2010.

  
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Stephen W. Robertson  
Executive Director and Acting Commissioner