

**STATE OF OREGON  
DEPARTMENT OF  
CONSUMER & BUSINESS SERVICES**

**DIVISION OF FINANCIAL  
REGULATION**



REPORT OF FINANCIAL EXAMINATION

OF

**OREGON'S HEALTH CO-OP  
PORTLAND, OREGON**

AS OF

DECEMBER 31, 2014

STATE OF OREGON

DEPARTMENT OF CONSUMER AND BUSINESS SERVICES

DIVISION OF FINANCIAL REGULATION

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PORTLAND, OREGON**

**NAIC COMPANY CODE 15095**

AS OF

DECEMBER 31, 2014

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**SALUTATION**

February 8, 2016

Honorable Laura N. Cali, Commissioner  
Department of Consumer and Business Services  
Division of Financial Regulation  
State of Oregon  
350 Winter Street NE  
Salem, Oregon 97301-3883

Dear Commissioner:

In accordance with your instructions and guidelines in the National Association of Insurance Commissioners (NAIC) Examiners Handbook, pursuant to ORS 731.300 and 731.302, respectively, we have examined the business affairs and financial condition of

**OREGON'S HEALTH CO-OP**  
**220 NW 2<sup>ND</sup> Avenue, Suite 600**  
**Portland, Oregon 97209**

**NAIC Company Code 15095**

hereinafter referred to as the "Company" or the "Plan." The following report is respectfully submitted.

## SCOPE OF EXAMINATION

We have performed our single state examination of Oregon's Health CO-OP. The Oregon domiciled insurer was last examined as of January 31, 2013, as a qualifying examination. This examination covers the period of February 1, 2013 to December 31, 2014.

We conducted our examination pursuant to ORS 731.300 and in accordance with ORS 731.302(1), which allows the examiners to consider the guidelines and procedures in the NAIC *Financial Condition Examiners 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 Plan 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.

All accounts and activities of the Plan 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 Plan's financial statements.

This examination report includes significant findings of fact, as mentioned in ORS 731.302 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 Plan.

## COMPANY HISTORY

Community Care of Oregon, Inc., dba Oregon's Health CO-OP, is a not for profit public benefit corporation formed pursuant to Chapter 65 of the Oregon Revised Statutes. The corporation was organized and operates exclusively as a consumer operated and oriented health plan defined as a "CO-OP" in Section 1322 of Public Law 111-148, as amended (the "Affordable Care Act").

On October 3, 2013, the Company filed amended articles of incorporation to change its name to Oregon's Health CO-OP. The Company was funded through the Centers for Medicare and Medicaid Services (CMS) in order to participate on the Oregon Health Exchange beginning January 1, 2014.

### Capitalization

Pursuant to a loan agreement with the Centers for Medicare and Medicaid Services (CMS), dated March 23, 2012, the Plan secured a start-up loan in the amount of \$7,147,900 and has access to solvency loans up to a total of \$49,500,000. The start-up loan has a 0% rate of interest and will become due five years from the initial disbursement date.

### Surplus Notes

The Plan reported total surplus notes of \$22,531,500 as of December 31, 2014. The notes all met the requirements of SSAP No. 41, in that the notes are subordinated to all policyholder claims and all payments of interest and principal must be approved by the director of the Department of Consumer and Business Services (DCBS) prior to payment.

On January 14, 2013, the Plan secured a surplus note of \$1,000,000 from CareOregon, Inc., to be used for marketing expenses. The note has a 0% rate of interest and is due by December 31, 2017. On October 31, 2013, the Plan sold another surplus note to CareOregon,

Inc., in the amount of \$1,200,000, also for marketing expenses. This note has an interest rate of 5.25% for the first two years and 6.25% for the last three years. The note is due on September 30, 2018.

During 2013 and 2014, the Plan issues a series of solvency loans to CMS to provide financing to meet the Plan's risk based capital requirements under the Oregon Insurance Code, as follows:

<u>Issued</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Maturity</u>
1/11/2013	\$ 7,014,605	0.37%	1/11/2028
4/15/2013	3,124,292	0.37%	4/15/2025
12/30/2013	5,608,000	0.37%	12/30/2028
11/15/2013	<u>4,009,100</u>	0.37%	11/15/2029
Total	\$19,756,000		

The Plan requested an additional solvency loan for \$575,000 on January 26, 2015, which was funded by CMS on March 1, 2015. The Plan included the amount on its December 31, 2014, annual statement.

## CORPORATE RECORDS

### Board Minutes

The Company's Bylaws, Section 4.10, state the Board of Directors shall have all corporate powers, be exercised by or under the authority of, and the business and affairs of the corporation shall be controlled by the Board of Directors. In general the Board has sufficient experience and expertise to oversee the policies and practices of the CO-OP.

In review of the Bylaws, Section 5.1 states that the Board of Directors can appoint and delegate responsibilities and authority to committees. Active committees include Finance Audit and Compliance, Executive, and Governance committees. The actions of the various committees were summarized and reported to the Board of Directors during its regular

meetings. A quorum, as defined by the Bylaws, met at all meetings held during the period under review.

The chief executive officer's salary is approved by the Board designated Executive Committee. Compensation of other senior officers, including the Plan's Chief Financial Officer, is indirectly approved through the Board's approval of an annual budget. This process complies with the provisions of ORS 732.320(3).

### **Articles of Incorporation**

On October 3, 2013, the Company amended the Articles of Incorporation to changes its name from Community Care of Oregon, Inc., to Oregon's Health CO-OP. No other changes were made during the period under examination. The Articles of Incorporation conform to the Oregon Insurance Code.

### **Bylaws**

The Bylaws were most recently amended and restated on October 30, 2012. No changes were made during the period under examination. The Plan's Bylaws conform to Oregon statutes.

## **MANAGEMENT AND CONTROL**

### **Board of Directors**

The Bylaws, in Article V Section 4.10, states the business affairs of the corporation shall be managed by its Board of Directors. Section 5.2 states the number of directors constituting the Board of Directors shall be a minimum of three (3) and maximum of fifteen (15). The Plan was governed by nine Board members at December 31, 2014, as follows:

<u>Name and Address</u>	<u>Principal Affiliation</u>	<u>Member Since</u>
Deborah Tompkins West Linn, Oregon	President Tompkins Benefit Group, Inc.	2013
Ira R. Zarov Portland, Oregon	Board Member, Professional Liability Fund	2014
Bjorn Borstelmann Portland, Oregon	Self Employed, Shipmaster at Postage Pirate	2014
Hilary M. Bradbury Portland, Oregon	Professor, OHSU School of Medicine	2014
Susan E. King Portland, Oregon	Executive Director, Oregon Nurse Association	2012
Andrew C. Kyler Portland, Oregon	CEO, Care Partners	2014
Erik Isaacman Portland, Oregon	Acupuncturist, Inner Gate Acupuncture & Herbal Clinic	2014
Thomas G. Gragnola Portland, Oregon	Medical Director Greenfield Clinic	2013
Henry H. Lazenby, Jr. Portland, Oregon	Consulting Services & Attorney Lazenby & Associates	2013

**Officers**

Principal officers serving the Plan at December 31, 2014, were:

<u>Officer</u>	<u>Office</u>
Deborah Tompkins	Chair
Ira Zarov	Vice Chair & Financial Expert
Dr. Ralph Prows <sup>1</sup>	CEO & President
Peggy Grunden, CPA	CFO & COO

Mr. Phil Jackson, current President and CEO, replaced Mr. Prows, effective June 19, 2015, in an interim position. He was officially named CEO on September 16, 2015.

### **Conflict Of Interest**

The Plan's Board adopted a formal statement of policy concerning conflict of interest for all Directors, officers and responsible employees. Board members, senior officers and key employees are required to annually sign a conflict of interest declaration. From a review of the completed conflict of interest questionnaires, the Plan personnel did not perform due diligence in completing the conflict of interest statements on an annual basis and the Board of Directors did not review and approve statements and disclosures.

**It is recommended the Board of Directors comply with the Conflict of Interest Policy by reviewing the Conflict of Interest Statements and Disclosures on an annual basis. It is also recommended the Company develop a procedure by which the Board or committee thereof, discloses whether or not any conflicts were identified and how they were handled to allow the examiner to determine compliance with ORS 731.386.**

### **Insurance Company Holding System**

This is not applicable as the Plan is not part of a holding company structure.

### **INTERCOMPANY AGREEMENTS**

This is not applicable as the Plan is not part of a holding company structure.

### **FIDELITY BOND AND OTHER INSURANCE**

The examination of insurance coverages involved a review of adequacy of limits and retentions, and the solvency of the insurers providing the coverages. The Plan's insurance coverages are provided through insurance policies from unaffiliated carriers. The Plan is insured up to \$1,000,000 with retention of \$25,000 against losses from acts of dishonesty and fraud by its employees and agents. Fidelity coverage was found to meet the coverage level recommended by the NAIC.

Other insurance coverages in force at December 31, 2014, were found to be adequate, and are as follows:

Managed care errors and omissions liability  
 Workers' compensation and employers' liability  
 Commercial general liability

**TERRITORY AND PLAN OF OPERATION**

During the period under examination, the Plan provided coverage in all counties of the state of Oregon. The Plan offers health insurance plans for individuals and small groups on the Health Insurance Marketplace and for individuals, small groups, and large groups outside the marketplace.

The Plan reported total enrolled members since inception, as follows:

<b><u>Line of Business</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>1<sup>st</sup> Qtr 2015</u></b>	<b><u>2<sup>nd</sup> Qtr 2015</u></b>
Ind. Hospital & Medical	0	689	10,004	9,726
Group Hospital & Medical	0	893	2,744	3,577
Other	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total enrollment	<u>0</u>	<u>1,582</u>	<u>12,748</u>	<u>13,303</u>

**GROWTH OF THE COMPANY**

Growth of the Plan since inception is reflected in the following schedule. Amounts were derived from Plan's filed annual statements, except in those years where a report of examination was published by the Division of Financial Regulation.

<b><u>Year</u></b>	<b><u>Assets</u></b>	<b><u>Liabilities</u></b>	<b><u>Capital and Surplus</u></b>	<b><u>Net Income (Loss)</u></b>
2012	\$ 1,617,493	\$ 3,263,236	\$(1,645,743)	\$(1,536,643)
2013	18,496,099	11,721,281	6,774,818	(9,396,145)
2014*	18,223,970	13,865,892	4,358,080	(6,781,274)

\*Per examination

## LOSS EXPERIENCE

The following exhibit reflects the annual underwriting results of the Plan since it began operations. The amounts were compiled from copies of the Plan's filed annual statements and, where indicated, from the previous examination report.

<u>Year</u>	(1) <u>Total Revenues</u>	(2) <u>Total Hospital and Medical</u>	(2)/(1) <u>Simple Medical Loss Ratio</u>	(3) <u>Claim Adjustment and General Expenses</u>	(2)+(3)/(1) <u>Combined Loss Ratio</u>
2012	0	0	-	1,537	-
2013	0	0	-	5,876	-
2014*	4,280,560	5,959,679	139.2%	6,554,697	292.4%

\*Per examination

A combined loss incurred and expense to premium ratio of more than 100% would indicate an underwriting loss. The Plan reported underwriting losses in each year of its existence.

## REINSURANCE

### Assumed

None.

### Ceded

The Plan has a two tier reinsurance program. The first tier is the ACA Reinsurance program. Section 1341 of the Affordable Care Act established a transitional reinsurance program to stabilize premiums in the individual market inside and outside of the marketplaces. The transitional reinsurance program will collect contributions from contributing entities to fund reinsurance-eligible individual market plans, the administrative costs of operating the reinsurance program, and the General Fund of the U.S. Treasury for the 2014, 2015, 2016 benefit years. Above this level, the Plan has a commercial stop-loss agreement to cover risks

above this level. The Company did not have any claims in 2014 that triggered its stop-loss reinsurance.

### **ACCOUNTS AND RECORDS**

In general, the Plan's records and source documentation supported the amounts presented in the Plan's December 31, 2014, annual statement and were maintained in a manner by which the financial condition was readily verifiable pursuant to the provisions of ORS 733.170.

### **STATUTORY DEPOSIT**

As of the examination date, the Company maintained a \$260,000 special deposit at Onpoint Community Credit Union, which meets the requirements of ORS 750.045(2). The deposit was verified from the records of the Division of Financial Regulation. The deposit was properly listed in the 2014 annual statement on Schedule E – Part 3.

### **COMPLIANCE WITH PRIOR EXAMINATION RECOMMENDATIONS**

This is the first examination of the Plan. Prior examination was a qualifying examination.

### **SUBSEQUENT EVENTS**

For the 2015 plan year, the Plan moved to the Federal Health Insurance Marketplace. The Company continues to provide coverage in all counties of the state and offers health insurance places for individuals and small groups within the Federal Health Insurance Marketplace. The CO-OP's membership for 2015 plan year has increased from a 2014 year end membership of only 1,582 to approximately 13,000 as of March 1, 2015.

Ralph Prows, President and CEO stepped down from his position in June 2015. Phil Jackson was named as Interim President and CEO and subsequently was named President and CEO in September 2015.

The remaining balance of the Solvency Loan for Oregon's Health CO-OP, in the amount of \$17,130,896, was dispersed by CMS in November 2015. In addition, the CO-OP has requested the conversion of the start-up loan in the amount of \$7,156,900, to a Surplus Note.

### **FINANCIAL STATEMENTS**

The following financial statements are based on the statutory financial statements filed by the Plan with the Division of Financial Regulation and present the financial condition of the Company for the period ending December 31, 2014. The accompanying comments on financial statements reflect any examination adjustments to the amounts reported in the annual statement and should be considered an integral part of the financial statements. These statements include:

- Statement of Assets
- Statement of Liabilities, Capital and Surplus
- Statement of Revenue and Expenses
- Reconciliation of Surplus since the Last Examination

**OREGON'S HEALTH CO-OP**  
**ASSETS**  
**As of December 31, 2014**

Assets	Balance per Company	Examination Adjustments	Balance per Examination	Notes
Bonds	\$ 14,699,830	\$ -	\$ 14,699,830	1
Preferred stocks	-	-	-	
Common stocks	-	-	-	
Real estate:				
Properties occupied by the company	-	-	-	
Cash, cash equivalents and short-term investments	1,620,883	-	1,620,883	1
Other invested assets	-	-	-	
Receivable for securities	-	-	-	
Aggregate write-ins for invested assets	-	-	-	
Subtotal, cash and invested assets	<u>\$ 16,320,713</u>	<u>\$ -</u>	<u>\$ 16,320,713</u>	
Investment income due and accrued	91,384	-	91,384	
Premiums and considerations				
Uncollected premiums, agents' balances in course of collection	33,491	-	33,491	
Accrued retrospective premiums	484,800	-	484,800	
Amounts recoverable from reinsurers	446,039	-	446,039	
Amounts receivable relating to uninsured plans	176,005	-	176,005	
Receivable from parent, affiliates and subsidiaries	-	-	-	
Health care receivable	6,037	-	6,037	
Aggregate write-ins for other than invested assets	665,500	-	665,500	
Total Assets	<u><u>\$ 18,223,969</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 18,223,969</u></u>	

**OREGON'S HEALTH CO-OP**  
**LIABILITIES, CAPITAL AND SURPLUS**  
**As of December 31, 2014**

Liabilities, Surplus and other Funds	Balance per Company	Examination Adjustments	Balance per Examination	Notes
Claims unpaid	\$ 1,162,623	\$ -	\$ 1,162,623	2
Accrued medical incentive pool and bonus	-	-	-	
Unpaid claim adjustment expenses	37,060	-	37,060	2
Aggregate health policy reserves	2,367,000	-	2,367,000	
Premiums received in advance	1,384,831	-	1,384,831	
General expenses due or accrued	1,059,944	-	1,059,944	
Current FIT payable	-	-	-	
Net deferred tax liability	-	-	-	
Ceded reinsurance premiums payable	120,849	-	120,849	
Remittances and items not allocated	35,617	-	35,617	
Borrowed money	7,147,900	-	7,147,900	
Aggregate write-ins for liabilities	550,068	-	550,068	
<b>Total Liabilities</b>	<b>\$ 13,865,892</b>	<b>\$ -</b>	<b>\$ 13,865,892</b>	
Surplus notes	\$ 22,531,500	\$ -	\$ 22,531,500	
Unassigned funds (surplus)	(18,173,420)	-	(18,173,420)	
Surplus as regards policyholders	4,358,080	-	4,358,080	
<b>Total Liabilities, Surplus and other Funds</b>	<b>\$ 18,223,972</b>	<b>\$ -</b>	<b>\$ 18,223,972</b>	

**OREGON'S HEALTH CO-OP**  
**STATEMENT OF REVENUE AND EXPENSES**  
**For the Year Ended December 31, 2014**

Revenue	Balance per Company	Examination Adjustments	Balance per Examination	Notes
Net premium income	\$3,795,760	\$ -	\$3,795,760	
Change in unearned premium reserves and reserve for rate credits	484,800	-	484,800	
Aggregate write-ins for health care related revenues	-	-	-	
<b>Total revenue</b>	<b>4,280,560</b>	<b>-</b>	<b>4,280,560</b>	
<b>Hospital and Medical:</b>				
Hospital/medical benefits	3,096,204	-	3,096,204	
Other professional services	71,802	-	71,802	
Outside referrals	302,106	-	302,106	
Emergency room and out-of-area	232,785	-	232,785	
Prescription drugs	2,790,820	-	2,790,820	
Incentive pool, withhold adjustments and bonus amounts	-	-	-	
<b>Subtotal</b>	<b>6,493,718</b>	<b>-</b>	<b>6,493,718</b>	
<b>Less:</b>				
Net reinsurance recoveries	(534,039)	-	(534,039)	
<b>Total medical and hospital</b>	<b>5,959,678</b>	<b>-</b>	<b>5,959,678</b>	
Non-health claims	-	-	-	
Claim adjustment expenses	167,872	-	167,872	
General administrative expenses	6,386,825	-	6,386,825	
Increase in reserves for life and accident and health contracts	(1,241,000)	-	(1,241,000)	
<b>Total underwriting deductions</b>	<b>11,273,375</b>	<b>-</b>	<b>11,273,375</b>	
<b>Net underwriting gain or (loss)</b>	<b>(6,992,815)</b>	<b>-</b>	<b>(6,992,815)</b>	
Net investment income earned	207,113	-	207,113	
Net realized capital gains (losses)	4,428	-	4,428	
Net investment gains (losses)	211,541	-	211,541	
Net gain or (loss) from agents' or premium balances charged off	-	-	-	
Aggregate write-ins for other income or expense	-	-	-	
Federal income taxes incurred	-	-	-	
<b>Net investment income earned</b>	<b>\$(6,781,274)</b>	<b>\$ -</b>	<b>\$(6,781,274)</b>	

**OREGON'S HEALTH CO-OP**  
**RECONCILIATION OF SURPLUS SINCE THE LAST EXAMINATION**  
**For the Year Ended December 31,**

	2014	2013	2012
Surplus as regards policyholders, December 31, previous year	<u>\$ 6,774,818</u>	<u>\$ (1,645,748)</u>	<u>\$ -</u>
Net income	(6,781,274)	(9,396,145)	(1,536,648)
Change in net unrealized capital gains or (losses)	-	-	-
Change in net unrealized foreign exchange capital gains	-	-	-
Change in net deferred income tax	-	-	-
Change in non-admitted assets	(220,064)	(130,189)	(109,100)
Change in provision for reinsurance	-	-	-
Change in surplus notes	4,584,600	17,946,900	-
Cumulative effects of changes in accounting principles	-	-	-
Capital changes:			
Paid in	-	-	-
Transferred from surplus (Stock Dividend)	-	-	-
Transferred to surplus	-	-	-
Surplus adjustments:			
Paid in	-	-	-
Transferred to capital (Stock Dividend)	-	-	-
Transferred from capital	-	-	-
Distributions to parent (cash)	-	-	-
Aggregate write-ins for gains and losses in surplus	-	-	-
Change in surplus as regards policyholders for the year	<u>(2,416,738)</u>	<u>8,420,566</u>	<u>(1,645,748)</u>
Surplus as regards policyholders, December 31, current year	<u>\$ 4,358,080</u>	<u>\$ 6,774,818</u>	<u>\$ (1,645,748)</u>

## NOTES TO FINANCIAL STATEMENTS

### Note 1 – Invested Assets

At year-end 2014, the Plan's long-term bond investments were diversified in investment grade bonds in the amount of \$14,699,831. The portfolio of investments included US Treasuries, US Agencies, municipals and other corporate obligations. The Plan did not report any direct exposure in mortgaged-backed or asset-backed securities and held no preferred or common stock investments.

Cash and Short-term deposits consisted of cash management funds of \$1,597,961 and short-term investments of \$22,923.

A comparison of the major investments over the past three years shows the following:

<u>Year</u>	<u>A</u>	<u>B</u>	<u>Ratio</u>	<u>Ratio</u>
	<u>Bonds</u>	<u>Cash and Short-term</u>	<u>A/ Total Assets</u>	<u>B/ Total Assets</u>
2012	-	1,617,493	-	100.0%
2013	9,862,271	8,572,268	53.3%	46.3%
2014 *	14,699,830	1,620,883	80.7%	8.9%

The Board reviewed the investment transactions in each of the years under review, but it failed to reflect its approval of the purchase and sale transactions pursuant to ORS 733.740. As of December 31, 2014, sufficient assets were invested in amply secured obligations of the United States, the State of Oregon, or in FDIC insured cash deposits, and the Plan was in compliance with ORS 733.580.

**It is recommended the Board or Board delegated Finance, Audit, and Compliance Committee approve the sales and purchases of investments in compliance with ORS 733.740.**

Effective December 17, 2009, the Plan entered into a custodial agreement with U.S. Bank National Association. The agreement contained all of the relevant protections described in OAR 836-027-0200(4)(a) through (l).

### Note 2 – Actuarial Reserves

A review of the unpaid claims and claim adjustment expense reserves for the Plan was performed by Frank G. Edwards, Jr., ASA, MAAA, life and health actuary for INS Consultants, Inc. As part of his review, he examined the Actuarial Report Supporting Statements as of December 31, 2014 prepared by Thomas Snook, FSA, MAAA, Principal & Consulting Actuary of Milliman.

Mr. Edwards reviewed the reconciliation of the data used in the Company's Actuarial Report to the data in the actuarial work papers and found them to be consistent. He relied on work performed by the examination team who reviewed the underlying data used to create the

annual statement filing, as well as prepared his own independent calculations. He determined the following:

	<u>Actuarial Liability</u>
Claims Unpaid	\$ 1,162,623
Unpaid Claims Adjustment Expenses (CAE)	37,060
Aggregate Health Policy Reserves	2,367,000
Premium received in advance	1,384,831
ACA risk adjustment- small group	<u>505,000</u>
Total Actuarial Liabilities	<u>\$ 5,456,514</u>
Other Items	
Premiums Received in Advance	1,384,831
Accrued Retrospective Premiums	484,800
Amounts Recoverable from Reinsurers	446,039
ACA Risk Adjustment	90,000

The appointed actuary opined that the reserves for unpaid claims and CAE carried by the Company as of December 31, 2014, were reasonable. Mr. Edwards' total estimate equaled the appointed actuary's and he concurred that the reserves of the Company were fairly stated as of December 31, 2014.

### **SUMMARY OF COMMENTS AND RECOMMENDATIONS**

The following is a summary of the recommendations made in this report of examination:

#### Page

- 9 It is recommended the Board of Directors comply with the Conflict of Interest Policy by reviewing the Conflict of Interest Statements and Disclosures on an annual basis. It is also recommended that the Plan develop a procedure by which the Board or Committee thereof, discloses whether or not any conflicts were identified and how they were handled to allow the Examiner to determine compliance with ORS 731.386.
  
- 18 It is recommended the Board or Board delegated Finance, Audit, and Compliance Committee approve the sales and purchases of investments in compliance with ORS 733.740.

## CONCLUSION

No adjustments were made to the Plan's total capital and surplus as a result of this examination. During the period covered by this examination, the surplus of the Plan has decreased from \$6,774,818, as presented in the December 31, 2013, report of examination to \$4,358,080, as shown in this report. The comparative assets and liabilities are:

	<u>2014</u>	<u>December 31,</u> <u>2013</u>	<u>Change</u>
Assets	\$18,223,970	\$18,496,099	\$ (272,129)
Liabilities	<u>13,865,892</u>	<u>11,721,281</u>	<u>2,144,611</u>
Surplus	<u>\$ 4,358,080</u>	<u>\$ 6,774,818</u>	<u>\$(2,416,738)</u>

ACKNOWLEDGMENT

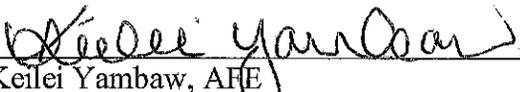
The cooperation and assistance extended by the officers and employees of the Plan during the examination process are gratefully acknowledged.

In addition to the undersigned, Greg Lathrop, CFE, PIR, Supervising Financial Examiner for the State of Oregon, Department of Consumer and Business Services, Division of Financial Regulation, participated in this examination. We would also like to thank the following for their participation in this coordinated examination:

INS Consultants

Frank Edwards, ASA, MAAA, Actuary

Respectfully submitted,

  
\_\_\_\_\_  
Keilei Yambaw, AFE  
Financial Examiner  
Department of Consumer and Business Services  
State of Oregon

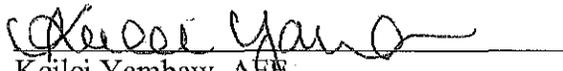
**AFFIDAVIT**

STATE OF OREGON            )  
  )    ss  
County of Marion            )

Keilei Yambaw, AFE, being duly sworn, states as follows:

1. I have authority to represent the state of Oregon in the examination of Oregon's Health CO-OP, Portland, Oregon.
2. The Division of Financial Regulation of the Department of Consumer and Business Services of the state of Oregon is accredited under the National Association of Insurance Commissioners Financial Regulation Standards and Accreditation.
3. I have reviewed the examination work papers and examination report. The examination of Oregon's Health CO-OP was performed in a manner consistent with the standards and procedures required by the Oregon Insurance Code.

The affiant says nothing further.

  
Keilei Yambaw, AFE  
Financial Examiner  
Department of Consumer and Business Services  
State of Oregon

Subscribed and sworn to me this 27 day of June, 2016.

  
Notary Public for the State of Oregon

My Commission Expires: 3/22/2017

