

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



REPORT OF FINANCIAL EXAMINATION  
OF  
**UTAH MEDICAL INSURANCE ASSOCIATION  
BEAVERTON, OREGON**

AS OF

DECEMBER 31, 2012

STATE OF OREGON

DEPARTMENT OF CONSUMER AND BUSINESS SERVICES

INSURANCE DIVISION

REPORT OF FINANCIAL EXAMINATION

OF

**UTAH MEDICAL INSURANCE ASSOCIATION  
BEAVERTON, OREGON**

**NAIC COMPANY CODE 36676**

AS OF

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**SALUTATION**

March 21, 2014

Honorable Laura N. Cali, Commissioner  
Department of Consumer and Business Services  
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

**UTAH MEDICAL INSURANCE ASSOCIATION  
1915 NW AmberGlen, 4<sup>th</sup> Floor  
Beaverton, OR 97006**

**NAIC Company Code 36676**

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

## **SCOPE OF EXAMINATION**

We have performed a single-state examination of Utah Medical Insurance Association. The last examination of this property and casualty insurer was completed as of December 31, 2007, and was conducted by the Utah Department of Insurance. This is a full-scope examination covering the period January 1, 2008 to December 31, 2012. All accounts and activities of the Company were considered in accordance with the risk-focused examination approach.

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 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, annual statement instructions, and Oregon statutes and administrative rules.

## **COMPANY HISTORY**

The Company was organized in the State of Utah on November 22, 1978, as an unincorporated Inter-Insurance exchange, to provide medical professional liability insurance and related premises liability insurance. The Company commenced business on December 1, 1978, and has been authorized as a property and casualty insurer operating under the provisions of U.C.A. §31A-5-108. The Company is managed by its attorney-in-fact, USMA Insurance Management Company (USMA-IMC), a wholly owned subsidiary of the Utah

Medical Association organized for the purpose of acting as attorney-in-fact for the Company and its members.

The Company filed an application for domestication in accordance with Oregon Revised Statutes (ORS) 731.363, "Authorized foreign insurer becoming domestic insurer" and ORS 731.367, "Transfer of domicile by unincorporated authorized foreign insurer." The process required that the Company become admitted as an unincorporated foreign insurer and then become a domestic insurer. On October 22, 2012, the re-domestication from Utah to Oregon became effective.

## **CORPORATE RECORDS**

### **Rules and Regulations**

The Company operates under amended and restated Rules and Regulations dated April 24, 1991. The rules and regulations were restated and amended as of September 20, 2012.

These Rules and Regulations require the Board of Governors to consist of twelve members, all of whom during their respective term shall be eligible for and maintain membership in the UMIA.

The Company's records generated during the examination period were reviewed. The records consist of minutes of the meeting of the Board of Governors and USMA Insurance Management Company. The minutes contained detailed information about the Company including current events, officer and governor elections, investment transactions and regulatory issues. The minutes adequately described and supported the Company's transactions and events.

## MANAGEMENT AND CONTROL

### Board of Governors

Article IV of the Rules and Regulations state the business and affairs of the Company shall be managed and controlled by the Board of Governors, consisting of twelve (12) individuals.

As of December 31, 2012 these members were as follows:

<u>Name and Address</u>	<u>Principal Affiliation</u>	<u>Member Since</u>
Robert O. Aagard, MD American Fork, UT	Physician Obstetrician & Gynecologist	2012
Kelly L. Banks, MD Bozeman, MT	Physician General Surgery	2012
Jeff A. Barklow, MD Salt Lake City, UT	Physician Nephrologist	2012
M. Eric Carter, MD American Fork, UT	Physician Cardiologist	2012
David A. Harris, MD West Valley, UT	Physician Pediatrics	2012
Richard F. Labasky, MD Sandy, UT	Physician Urology	2012
Douglas R. Mower, MD American Fork, UT	Physician Family Practice	2012
Gilbert R. Schorlemmer, MD Salt Lake City, UT	Physician Thoracic Surgery	2012
Brian E. Shiozawa, MD Salt Lake City, UT	Physician Emergency Medicine	2012
Mark S. Shockey, MD* Salt Lake City, UT	Physician Pulmonary Internal Medicine	2012
Randall J. Stockham, MD Salt Lake City, UT	Physician Anesthesiologist	2012
Jay A. Swedberg, MD Casper, WY	Physician Family Practice	2012

\*Chairman

The Rules and Regulations did not conform to ORS 732.305 which requires at least five or one-quarter of the directors, whichever is fewer, be residents of this state. The residency requirement was delayed as the Company was being acquired in 2013. Subsequent compliance under new ownership was noted. See subsequent events.

**Officers**

Article VI of the Rules and Regulations state the officers of the Company shall be a Chairman of the Board, a Vice-Chairman, a Secretary and an Assistant Secretary. Principal officers serving at December 31, 2012, were as follows:

<b><u>Name</u></b>	<b><u>Title</u></b>
Mark S. Shockey, MD	Chairman of the Board
Randall J. Stockman, MD	Vice Chairman
Brian E. Shiozawa, MD	Secretary
Richard F. Labasky, MD	Assistant Secretary
Patrice F. Hirning, MD	Medical Director
Elliott J. Williams	Legal Counsel

The following are the officers of the Company's Attorney-In-Fact, IMC, a wholly owned subsidiary of Utah Medical Association and organized for the purpose of acting as Attorney-In-Fact for the Company and its members.

**Attorney-In-Fact – IMC**

Ronald A. Miller, MD	Chairman
Martin J. Osowski	President
Robert D. Whipple, MD	Vice Chairman
Lynn M. Gaufin, MD	Treasurer
David J. Howe, MD	Secretary
Joseph D. Perry	Vice President Finance
R. Douglas Smith	Vice President Claims
Stewart W. Pierce	Vice President Policyholder Relations
Mara K. Nixon	Vice President Marketing

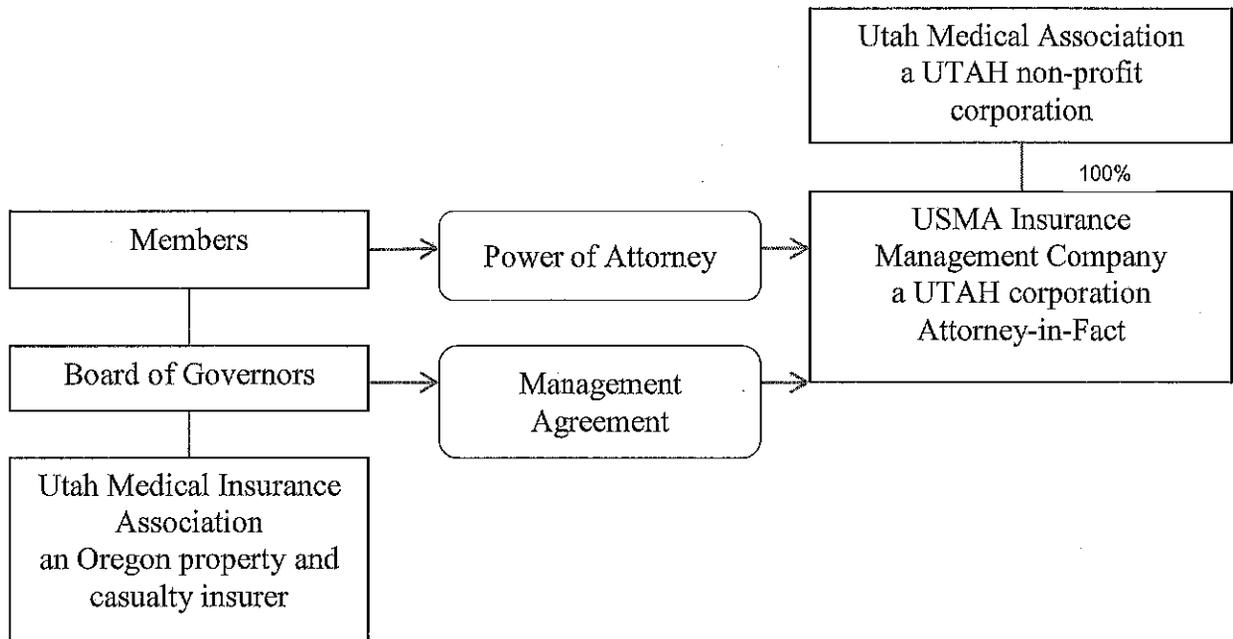
The Company does not have separate committees. The Governors receive and review reports of the committees and management of the Attorney-In-Fact, IMC.

**Conflict Of Interest**

The Company's Board adopted a formal Code of Ethics including reporting of all conflicts of interest for all directors, officers and responsible employees. Board members, senior officers and key employees of the Company and the Attorney-in-Fact are required to annually sign a conflict of interest declaration. From a review of the completed conflict of interest questionnaires, the Company's personnel performed due diligence in completing the conflict of interest statements. No material conflicts of interest were noted.

**Insurance Company Holding System**

The Company is an Inter-Insurance exchange managed by its Attorney-in-Fact, USMA Insurance Management Company, a Utah corporation wholly owned by the Utah Medical Association. The following organizational chart shows the relationship between the entities related to the Company:



There were no other affiliated or subsidiary entities in the insurance company holding system.

## INTERCOMPANY AGREEMENTS

The following agreements are in place between the Company and entities within the insurance company holding system:

### *Management Agreement – Attorney In Fact*

The agreement provides that the Attorney-in-Fact shall be responsible for the administration and management of the Company, including the production, underwriting and servicing of insurance for Company members. The Attorney-in-Fact agrees to provide the following: personnel and facilities, underwriting services, record keeping, reinsurance services, claims processing, investments and promotional materials. Fees shall be computed on the basis of acceptable insurance accounting practices, including an underwriting fee equal to 20% of net billed premiums.

## FIDELITY BOND AND OTHER INSURANCE

The insurance coverage is provided through insurance policies with the Company listed as the insured. The Company is insured up to \$1,000,000 per occurrence, after a \$25,000 single loss deductible, against losses from acts of dishonesty and fraud by its employees and agents. Fidelity bond coverage was found to meet the coverage recommended by the NAIC.

Other insurance coverages in force at December 31, 2012, were found to be adequate, and is as follows:

Directors and officer liability	Errors and omissions
Employment practices	Commercial liability

## TERRITORY AND PLAN OF OPERATION

The Company was licensed and authorized to transact medical malpractice and premises liability insurance in the following six states with written premium in four of the six.

Idaho	\$ 512,710
Montana	10,035,269
Nevada	0
Oregon	0
Utah	34,965,999
Wyoming	<u>6,862,412</u>
Total Direct Premium	<u>\$ 52,376,390</u>

As of December 31, 2012, the Company markets its products under a general agency plan in the states of Wyoming and Idaho. The Company markets directly in the states of Utah and Montana. The Company reported no business written in the States of Oregon and Nevada.

## GROWTH OF THE COMPANY

The growth of the Company since the last financial examination is reflected in the following schedule. The amounts were derived from Company's filed annual statements, except in those years where a report of examination has been prepared by the Utah Insurance Department and the Oregon Insurance Division.

<u>Year</u>	<u>Assets</u>	<u>Liabilities</u>	<u>Surplus and Other Funds</u>	<u>Net Income (Loss)</u>
2007*	\$219,613,471	\$168,731,824	\$50,881,647	\$ 3,671,537
2008	230,718,580	173,153,921	57,564,659	11,278,382
2009	248,388,241	182,913,959	64,474,282	2,910,803
2010	259,032,857	187,184,691	71,848,166	5,220,704
2011	262,823,716	181,430,090	81,393,626	10,140,146
2012*	272,220,682	172,319,929	99,900,753	16,963,362

\*Per examination

The changes in liabilities during the period are the result of reduced premium volume and for the most recent years, some reserve reductions. Changes to assets and surplus are the result of positive net underwriting income and net investments gains.

## REINSURANCE

### Assumed

None.

### Ceded

At December 31, 2012, the Company maintained a reinsurance program with various reinsurers. It was determined the reinsurance agreements clearly specified the risk taken by the reinsurer, with no unusual provisions reducing the reinsurer's risk. A summary of the program is as follows:

<u>Type</u>	<u>Coverage</u>
1. Primary excess of loss and first excess cession	Primary: Excess of \$600,000 not to exceed \$2,400,000. This on \$1,000,000/\$3,000,000 coverage. First Excess: Excess of \$1,000,000 not to exceed \$1,000,000.
2. Second excess of loss cession	Excess of \$2,000,000 not to exceed \$4,000,000
3. Catastrophe "Awards Made" excess of loss	Excess Policy Limits and/or Extra Contract Obligations subject to limit of \$5,000,000 each loss occurrence.
4. E-MD Quota Share	80% quota share with limit of \$50,000 per occurrence.
5. Medefense and Medefense Plus Quota Share	Medefense: 100% quota share subject to limit of liability of \$100,000 each loss and \$100,000 annually. Medefense Plus: 100% quota share subject to limit of liability of \$1,000,000 each loss and \$1,000,000 aggregate.
6. Physicians employment practices legal expense and loss reimbursement Quota Share	50% quota share of net liability subject to maximum limit of 100% of \$25,000.

The reinsurance agreements contained a proper insolvency clause in accordance with ORS 731.508(3) and as required to take reserve credits for reinsurance ceded.

In view of the Company's reported surplus of \$99,900,753 at December 31, 2012, the insurer does not maintain risk on any one subject in excess of 10% of its surplus to policyholders, in compliance with ORS 731.504.

### **ACCOUNTS AND RECORDS**

In general, the Company's records and source documentation supported the amounts presented in its December 31, 2012, 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 DEPOSITS**

The Company had deposits with the Oregon Insurance Division, Department of Consumer Business Services, pursuant to the provisions of ORS 731.632. The deposit consisted of US Treasury Notes with a par value of \$100,000. The Company also listed deposits with other States on Schedule E – Part 3, which were confirmed directly with those jurisdictions.

## SUBSEQUENT EVENTS

A number of subsequent events took place in 2013. See below:

1. The Company paid a termination fee to The Doctors Company, An Inter-Insurance Exchange of \$4 million as part of its decision to terminate a prior agreement and plan of merger.
  
2. As a result of competing bids, on January 31, 2013, the Company entered into an agreement to be acquired by MMIC Insurance, Inc. (MMIC). The Form A was approved by the Oregon Insurance Division April 30, 2013, and the Plan of Acquisition and/or Merger was formally closed on June 30, 2013. Pursuant to the Plan of Acquisition and/or Merger, the Company converted from a reciprocal to a mutual to a stock company and changed its name to UMIA Insurance, Inc. The Company became a wholly owned, stock insurance subsidiary of MMIC Insurance, Inc.
  
3. An ordinary dividend of \$16.9 million was paid on August 22, 2013.

## FINANCIAL STATEMENTS

The following financial statements show the financial condition of Utah Medical Insurance Association as of December 31, 2012:

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

**UTAH MEDICAL INSURANCE ASSOCIATION**  
**ASSETS**  
**As of December 31, 2012**

<b>ASSETS</b>	<b>Balance per Company</b>	<b>Examination Adjustments</b>	<b>Balance per Examination</b>	<b>Notes</b>
Bonds	\$232,883,515	\$ -	\$232,883,515	1
Common stocks	18,225,499	-	18,225,499	1
Cash, cash equivalents and short-term investments	14,389,893	-	14,389,893	1
Aggregate write-ins for invested assets	<u>-</u>	<u>-</u>	<u>-</u>	
Subtotal, cash and invested assets	<u>\$265,498,906</u>	<u>\$ -</u>	<u>\$265,498,906</u>	
Investment income due and accrued	2,564,170	-	2,564,170	
Premiums and considerations				
Uncollected premiums, agents' balances in course of collection	27,467	-	27,467	
Deferred premiums, agents' balances and installments booked but deferred and not yet due	191,463	-	191,463	
Amounts recoverable from reinsurers	1,882,859	-	1,882,859	
Net deferred tax asset	2,055,817	-	2,055,817	
Aggregate write-ins for other than invested assets	<u>-</u>	<u>-</u>	<u>-</u>	
Total Assets	<u>\$272,220,682</u>	<u>\$ -</u>	<u>\$272,220,682</u>	

**UTAH MEDICAL INSURANCE ASSOCIATION**  
**LIABILITIES, CAPITAL AND SURPLUS**  
**As of December 31, 2012**

<b>LIABILITIES, SURPLUS AND OTHER FUNDS</b>	<b>Balance per Company</b>	<b>Examination Adjustments</b>	<b>Balance per Examination</b>	<b>Notes</b>
Losses	\$104,624,717	\$ -	\$104,624,717	2
Loss adjustment expenses	36,868,407	-	36,868,407	2
Commissions payable	185,527	-	185,527	
Other expenses	193,220	-	193,220	
Taxes, licenses and fees	909,160	-	909,160	
Current FIT payable	3,189,039	-	3,189,039	
Unearned premiums	10,719,510	-	10,719,510	
Advance premiums	7,355,886	-	7,355,886	
Ceded reinsurance premiums payable	8,274,463	-	8,274,463	
Aggregate write-ins for liabilities	-	-	-	
<b>Total Liabilities</b>	<u><u>\$172,319,929</u></u>	<u><u>\$ -</u></u>	<u><u>\$172,319,929</u></u>	
Common capital stock	\$ -	\$ -	\$ -	
Gross paid in and contributed surplus	-	-	-	
Unassigned funds (surplus)	<u>99,900,753</u>	-	<u>99,900,753</u>	
Surplus as regards policyholders	<u>99,900,753</u>	-	<u>99,900,753</u>	
<b>Total Liabilities, Surplus and other Funds</b>	<u><u>\$272,220,682</u></u>	<u><u>\$ -</u></u>	<u><u>\$272,220,682</u></u>	

**UTAH MEDICAL INSURANCE ASSOCIATION**  
**STATEMENT OF REVENUE AND EXPENSES**  
**For the Year Ended December 31, 2012**

	Balance per Company	Examination Adjustments	Balance per Examination	Notes
<b>Underwriting Income</b>				
Premiums earned	\$49,651,034	\$ -	\$49,651,034	
<b>Deductions</b>				
Losses incurred	12,020,698	-	12,020,698	
Loss expenses incurred	15,601,921	-	15,601,921	
Other underwriting expenses incurred	6,376,992	-	6,376,992	
Aggregate write-ins for underwriting deductions	<u>-</u>	<u>-</u>	<u>-</u>	
Total underwriting deductions	<u>33,999,611</u>	<u>-</u>	<u>33,999,611</u>	
Net underwriting gain or (loss)	15,651,423	-	15,651,423	
<b>Investment Income</b>				
Net investment income earned	7,389,584	-	7,389,584	
Net realized capital gains or (losses)	<u>1,126,788</u>	<u>-</u>	<u>1,126,788</u>	
Net investment gain or (loss)	8,516,372	-	8,516,372	
<b>Other Income</b>				
Net gain or (loss) from agents' or premium balances charged off	(32,277)	-	(32,277)	
Finance and service charges not included in premiums	50,425	-	50,425	
Aggregate write-ins for miscellaneous income	<u>-</u>	<u>-</u>	<u>-</u>	
Total other income	<u>18,148</u>	<u>-</u>	<u>18,148</u>	
Dividends to policyholders	1,099,554	-	1,099,554	
Federal and foreign income taxes incurred	<u>6,123,027</u>	<u>-</u>	<u>6,123,027</u>	
Net income	<u>\$16,963,362</u>	<u>\$ -</u>	<u>\$16,963,362</u>	

**UTAH MEDICAL INSURANCE ASSOCIATION**  
**RECONCILIATION OF SURPLUS SINCE THE LAST EXAMINATION**  
**For the Year Ended December 31,**

	2012	2011	2010	2009	2008
Surplus as regards policyholders, December 31, previous year	<u>\$81,393,626</u>	<u>\$71,848,166</u>	<u>\$64,474,282</u>	<u>\$57,564,659</u>	<u>\$50,881,647</u>
Net income	16,963,362	10,140,146	5,220,704	2,910,803	11,278,382
Change in net unrealized capital gains or (losses)	1,491,897	(403,826)	1,143,360	1,784,204	(3,362,929)
Change in net unrealized foreign exchange capital gain or (loss)	-	-	-	-	-
Change in net deferred income tax	(2,639,577)	(557,846)	(408,401)	347,075	(165,387)
Change in non-admitted assets	2,750,040	366,986	1,418,221	1,862,747	(1,062,254)
Change in provision for reinsurance	-	-	-	4,800	(4,800)
Change in surplus notes	-	-	-	-	-
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	-	-	-	-	-
Dividends to parent (cash)	-	-	-	-	-
Change in treasury stock	-	-	-	-	-
Examination adjustment	-	-	-	(6)	-
Aggregate write-ins for gains and losses in surplus	<u>(58,595)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in surplus as regards policyholders for the year	<u>18,507,127</u>	<u>9,545,460</u>	<u>7,373,884</u>	<u>6,909,623</u>	<u>6,683,012</u>
Surplus as regards policyholders, December 31, current year	<u>\$99,900,753</u>	<u>\$81,393,626</u>	<u>\$71,848,166</u>	<u>\$64,474,282</u>	<u>\$57,564,659</u>

Examination adjustment in 2009 was due to rounding error.

## NOTES TO FINANCIAL STATEMENTS

### Note 1 – Invested Assets

The examiner verified the balances in the investment and cash accounts were held in the name of the Company, and confirmed the balances held with the respective custodians and banks.

Most of the Company's long-term bond investments were in US Treasury obligations, federal agency bonds, municipal obligations, and corporate issues. The Company did report an exposure in mortgaged-backed and asset-backed securities. All MBS/ABS issues were investment rated at year-end 2012, and the book carrying value of \$33.8 million comprised over 14.5% of the total long-term bond portfolio, or almost 12.7% of all invested assets.

Common stocks were comprised of exchange listed industrial and miscellaneous stocks and three mutual funds.

Cash and short-term deposits consisted of cash on deposit and three short-term money market funds.

A comparison of the investments over the past five years is as follows:

<u>Year</u>	<u>A</u> <u>Bonds</u>	<u>B</u> <u>Common</u> <u>Stocks</u>	<u>C</u> <u>Cash and</u> <u>Short-term</u>	<u>Ratio</u> <u>A/</u> <u>Total Assets</u>	<u>Ratio</u> <u>B/</u> <u>Total Assets</u>	<u>Ratio</u> <u>C/</u> <u>Total Assets</u>
2008	\$189,056,884	\$10,070,245	\$24,290,842	81.9%	4.4%	10.5%
2009	209,750,153	12,987,341	18,035,780	84.4%	5.2%	7.3%
2010	223,115,740	15,946,653	10,689,773	86.1%	6.2%	4.1%
2011	228,958,867	15,377,594	8,826,244	87.1%	5.9%	3.4%
2012*	232,883,515	18,225,499	14,389,893	85.6%	6.7%	5.3%

\*Per examination

The Board of Directors approved the investment transactions pursuant to ORS 733.740. As of December 31, 2012, sufficient invested assets were invested in amply secured obligations of the United States or FDIC insured cash deposits, as required by ORS 733.580.

Effective August 2, 2012, the Company entered into a custody agreement with Wells Fargo Bank, NA. The agreement contains all the relevant protections described in OAR 836-027-0200(4)(a)-(l).

**Note 2 – Actuarial Reserves**

The Company retained James D. Hurley, ACAS, MAAA, of the firm Towers Watson Pennsylvania Inc., to opine on its loss and loss adjustment expense reserves as of December 31, 2012. Mr. Hurley prepared an actuarial analysis of the Company experience for the purpose of developing estimates of unpaid loss and LAE at year-end 2012. A separate actuarial analysis was performed on the provision for future utilization of DD&R premium waiver benefit (free tail) in the Company's claims-made policy.

David Dahl, FCAS, MAAA, Property/Casualty Actuary for the Oregon Insurance Division, reviewed the reports for reasonableness. Mr. Dahl 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 examiners who reviewed the underlying data used to create the annual statement filing, as well as prepared his own independent calculations. The Company reported the following:

	Annual Statement
Reserve for Unpaid Losses	\$ 104,624,717
Reserve for Unpaid LAE	36,868,407
Other Reserves-DD&R	<u>10,200,000</u>
Total Actuarial Liabilities	<u>\$ 151,693,124</u>

The appointed actuary opined that the reserves for unpaid losses and LAE carried by the Company as of December 31, 2012, were reasonable. Mr. Dahl's total estimate agreed with the appointed actuary's estimate and he concurred that the reserves of the Company were reasonably stated as of December 31, 2012.

**SUMMARY OF COMMENTS AND RECOMMENDATIONS**

The examiner made no changes to surplus as a result of this examination and there were no recommendations.

**CONCLUSION**

During the five year period covered by this examination, the surplus of the Company has increased from \$50,881,647, as presented in the December 31, 2007, report of examination to \$99,900,753, as shown in this report. The comparative assets and liabilities are:

	<u>2012</u>	<u>December 31,</u>	<u>2007</u>	<u>Change</u>
Assets	\$272,220,682		\$219,613,471	\$52,607,211
Liabilities	<u>172,319,929</u>		<u>168,731,824</u>	<u>3,588,105</u>
Surplus	<u>\$ 99,900,753</u>		<u>\$ 50,881,647</u>	<u>\$49,019,106</u>

**ACKNOWLEDGMENT**

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

In addition to the undersigned, Joseph A. Rome, CFE, lead insurance examiner, Timothy R. Hurley, staff examiner, and David Dahl, FCAS, MAAA, Property/Casualty Actuary for the State of Oregon, Department of Consumer and Business Services, Insurance Division, participated in this examination.

Respectfully submitted,

  
\_\_\_\_\_  
Greg A. Lathrop, CFE  
Acting Chief Examiner  
Department of Consumer and Business Services  
State of Oregon

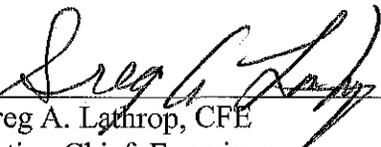
AFFIDAVIT

STATE OF OREGON            )  
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County of Marion            )

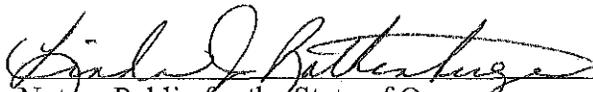
Greg A. Lathrop, CFE, being duly sworn, states as follows:

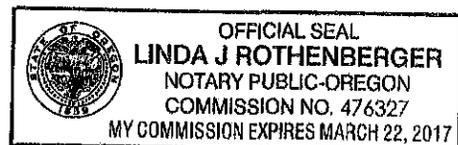
1. I have authority to represent the state of Oregon in the examination of Utah Medical Insurance Association, Beaverton, Oregon.
2. The Insurance Division of the Department of Consumer and Business Services of the state of Oregon is accredited under the National Association of Insurance Commissioners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

The affiant says nothing further.

  
 \_\_\_\_\_  
 Greg A. Lathrop, CFE  
 Acting Chief Examiner  
 Department of Consumer and Business Services  
 State of Oregon

Subscribed and sworn to me this 13 day of June, 2014.

  
 \_\_\_\_\_  
 Notary Public for the State of Oregon



My Commission Expires: 3/22/2017