

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

IN THE MATTER OF:)
)
Health Resources, Inc.)
P.O. Box 659)
Evansville, Indiana 47704)

Examination of: **Health Resources, Inc.**

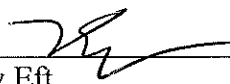
NOTICE OF ENTRY OF ORDER

Enclosed is the Final Order entered by Amy L. Beard, Commissioner of the Indiana Department of Insurance, after fully considering and reviewing the Verified Report of Examination of Health Resources, Inc., any relevant examination work papers, and any written submissions or rebuttals. The Verified Report of Examination, as sent to you on May 20, 2024 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 Health Resources, Inc. 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.

June 20, 2024
Date


Roy Eft
Chief Financial Examiner

CERTIFIED MAIL NUMBER: 7019 0700 0000 3590 3123

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Health Resources, Inc.)
P.O. Box 659)
Evansville, Indiana 47704)

Examination of: **Health Resources, Inc.**

FINDINGS AND FINAL ORDER

The Indiana Department of Insurance conducted an examination into the affairs of the Health Resources, Inc. (hereinafter “Company”) for the time period January 1, 2020 through December 31, 2022.

The Verified Report of Examination was filed with the Commissioner of the Department of Insurance (hereinafter “Commissioner”) by the Examiner on April 26, 2024.

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 May 20, 2024 and was received by the Company on May 23, 2024.

The Company did not file any objections.

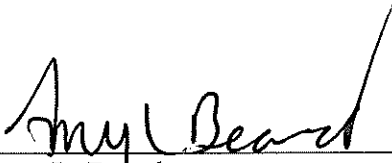
NOW THEREFORE, based on the Verified Report of Examination, I hereby make the following **FINDINGS**:

1. That the Verified Report of Examination is a true and accurate report of the financial condition and affairs of the Health Resources, Inc. as of December 31, 2022.
2. That the Examiner’s Recommendations are reasonable and necessary in order for the Health Resources, Inc. to comply with the 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, 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 this 20th day of
June, 2024.



Amy L. Beard
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.

STATE OF INDIANA
Department of Insurance
REPORT OF EXAMINATION
OF
HEALTH RESOURCES, INC.

NAIC Co. CODE 96687
NAIC GROUP CODE 01212

As of

December 31, 2022

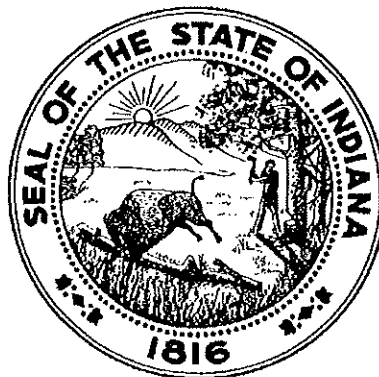


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STATE OF INDIANA

ERIC J. HOLCOMB, GOVERNOR

Indiana Department of Insurance

Amy L. Beard, Commissioner
311 W. Washington Street, Suite 103
Indianapolis, Indiana 46204-2787
Telephone: 317-232-2385
Fax: 317-234-2103
Website: in.gov/idoi

April 26, 2024

Honorable Amy L. Beard, 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 4157, an examination has been made of the affairs and financial condition of:

**Health Resources, Inc.
P.O. Box 659
Evansville, Indiana 47704**

hereinafter referred to as the "Company", or "HRI", an Indiana domestic stock, health maintenance organization. The examination was conducted remotely with assistance from the corporate office in Evansville, Indiana.

The Report of Examination, reflecting the status of the Company as of December 31, 2022, is hereby respectfully submitted.

ACCREDITED BY THE NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

AGENCY SERVICES 317-232-2389 COMPANY COMPLIANCE 317-232-3495 CONSUMER SERVICES 317-232-2395/1-800-622-4461 FINANCIAL SERVICES 317-232-2390 MEDICAL MALPRACTICE 317-232-5253 COMPANY RECORDS 317-232-2383 STATE HEALTH INSURANCE PROGRAM 1-800-452-4800

SCOPE OF EXAMINATION

The Company was last examined by representatives of the Indiana Department of Insurance (INDOI) and covered the period from January 1, 2017 through December 31, 2019. The present risk-focused examination was conducted by Noble Consulting Services, Inc., and covered the period from January 1, 2020 through December 31, 2022, 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, assess corporate governance, identify current and prospective risks of the Company, 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.

Davies Group staff provided all actuarial services throughout the examination and conducted a review of the Company's actuarial related risks as of December 31, 2022.

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

This examination report includes significant findings of fact, as mentioned in the Indiana Code (IC) 27-1-3.1-10 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 Company.

HISTORY

The Company was founded by practicing dentists in 1986 to provide quality dental plans to the public. All outstanding common stock of HRI was originally owned by various dentists and dental practices in which no single person or entity owned more than 5% of the outstanding voting common stock. HRI is a for-profit limited-service health maintenance organization (HMO) domiciled in Indiana.

On December 3, 2015, the Company became a wholly owned subsidiary of HRI Intermediate Holdings, Inc. (Intermediate), which is a wholly owned subsidiary of HRI Holdings Corporation (Holdings). HKW Capital Partners IV, L.P. and HKW Capital Partners IV-A, L.P. became the ultimate controlling persons.

On December 29, 2017, HRI, Intermediate, and Holdings became wholly owned subsidiaries of ProMedica Insurance Corporation (PIC), formerly known as Vanguard Health Ventures, a for-profit holding company incorporated in Ohio.

Effective with the December 31, 2018, statutory merger, Holdings, Intermediate, and HRI merged. HRI is the surviving entity and a wholly owned subsidiary of PIC. PIC is a wholly owned subsidiary of ProMedica Health System, Inc. (PHS), a not-for-profit Ohio corporation. PHS is considered the ultimate controlling person for HRI. PHS is the largest provider-sponsored health plan in Ohio. The group has five (5) other insurers, three (3) in Ohio, one (1) in Michigan, and one (1) in Indiana.

CAPITAL AND SURPLUS

The Company has 100,000 shares of no-par value common stock authorized. There are 32,850 shares issued and outstanding.

DIVIDENDS TO STOCKHOLDERS

The Company paid the following dividends, to PIC during the examination period:

<u>Year</u>	<u>Total</u>	<u>Ordinary Dividends</u>	<u>Extraordinary Dividends</u>
2022	\$ -	\$ -	\$ -
2021	13,071,078	13,071,078	-
2020	7,608,773	7,608,773	-
Total	<u>\$ 20,679,851</u>	<u>\$ 20,679,851</u>	<u>\$ -</u>

In accordance with IC 27-1-23-4(h), the payment of dividends to holding companies or affiliated insurers may not exceed the greater of 10% of the prior year's surplus or the net income of such insurer of the prior year. All dividends paid during the examination period were ordinary in nature and did not require prior regulatory approval. In accordance with IC 27-1-23-1.5, the Company notified the INDOI of all declared dividends to the parent during the examination period.

No dividends were paid in 2022. A charitable contribution of \$15.3 million was made in December 2022 to PHS. See Other Significant Issues section of this Report of Examination.

TERRITORY AND PLAN OF OPERATION

The Company is a limited service, for-profit dental only HMO currently selling four (4) distinct products. The Company's primary product is a fully insured group dental plan. The Company offers the standalone fully insured prepaid group dental plan to large and small employer groups in Indiana and Kentucky. The Company's second product option is an Administrative Services Only (ASO) (self-insured) group plan which transfers no risk to the Company. The Company's third product option is a network access plan that gives participants minimal benefits but allows access to the network. The Company's fourth product is a Third-Party Administration (TPA) partnership with Paramount health plans, and will be offered to other health plans beginning in 2024. The Company also partners with vision carriers to provide bundled billing of dental and vision benefits. As of December 31, 2022, across insured business, ASO, and TPA services, the Company provides dental coverages and services to 233,291 members throughout Indiana and Kentucky, and 45,132 members in Ohio and Michigan. While vision insurance is not written directly by the Company, through partnerships, the Company provides vision benefits to 26,096 members.

GROWTH OF THE COMPANY

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

<u>Year</u>	<u>Admitted Assets</u>	<u>Liabilities</u>	<u>Capital and Surplus</u>	<u>Total Revenues</u>	<u>Net Income</u>
2022	\$ 27,633,548	\$ 8,224,849	\$ 19,408,699	\$ 62,107,362	\$ (7,936,940)
2021	37,824,044	9,944,594	27,879,450	63,066,862	8,316,641
2020	39,795,179	7,805,834	31,989,345	64,966,193	13,071,078

The Net Loss in 2022 is the result of the \$15.3 million charitable contribution to PHS, which flowed through the income statement and was not treated as a dividend.

Net income in 2020 increased due to a favorable impact from COVID shutdowns during March through May. Only emergency dental procedures were performed during the shutdowns and rescheduling of procedures proved to be a challenge the rest of the year, resulting in lower-than-normal claims expense. Claims levels returned to normal subsequent to 2020. Excluding the 15.3 million charitable contribution, 2022 net income would have been \$7.3 million.

MANAGEMENT AND CONTROL

Directors

The Bylaws provide that the business affairs of the Company are to be managed by a Board of Directors (Board) consisting of no less than five (5), and no more than twenty (20) members. At least one (1) of the directors must be a resident of Indiana. The shareholders, at each annual meeting, elect the members of the Board.

The following is a listing of persons serving as directors as of December 31, 2022, and their principal occupations as of that date:

Name and Address	Principal Occupation
Sameh Almadani, M.D. Saline, Michigan	Physician ProMedica Physicians Group
Terry Bawel Evansville, Indiana	Retired- Former Chief Executive Officer Health Resources, Inc.
Lisa Burke, D.O. Ottawa Hills, Ohio	Physician ProMedica Physicians Group
Elaine Canning Holland, Ohio	Vice President Palmer Energy
Shraddha Gupta Sylvania, Ohio	Global Supply Chain Leader Owens Corning
James Hoffman Ottawa Hills, Ohio	President KeyBank
John Imm, M.D. Sylvania, Ohio	Executive Vice President Chubb & Son, a Division of Federal Insurance Company
Lori Johnston Grand Rapids, Ohio	President Paramount
Joshua Nace Perrysburg, Ohio	President Health Resources, Inc.
Larry Peterson Sylvania, Ohio	President Active Mobility
Joseph Sferra, M.D. Toledo, Ohio	Physician ProMedica Central Physicians
Zachary Vassar Ottawa Hills, Ohio	President & Chief Executive Officer Toledo Alliance for the Performing Arts
Mark Wagoner Ottawa Hills, Ohio	Attorney Shumaker, Loop & Kendrick, LLP
David Waterman Toledo, Ohio	Attorney Shumaker, Loop & Kendrick, LLP
Douglas Welch Holland, Ohio	Owner/Principal Welchco Company
James White Jr. Toledo, Ohio	Attorney Shumaker, Loop & Kendrick, LLP

Officers

The Bylaws state that the elected officers of the Company shall consist of a Chairperson, a President, a Chief Financial Officer, a Chief Legal Officer/General Counsel and such other officers or assistant officers as may be necessary. Officers are elected to annual terms of service unless removed, with or without cause, by action of the shareholder.

The following is a list of key officers and their respective titles as of December 31, 2022:

<u>Name</u>	<u>Office</u>
James White Jr.	Chairman of the Board
Joshua Nace	President
Louis Robichaux	Treasurer and Interim Chief Financial Officer
Stephen Sadowski	Secretary, General Counsel, and Chief Legal Officer

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, 2022.

CORPORATE RECORDS

Articles of Incorporation

As of February 6, 2020, the Company filed for restatement of Articles of Incorporation which was approved on February 25, 2020. The new amendments restate the Company's name, registered office and registered agent, and number of shares authorized to issue.

Bylaws

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

Minutes

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

The PIC committee meeting minutes for the examination period, and through the fieldwork date, were reviewed for the Audit and Compliance Committee, and Finance Council.

AFFILIATED COMPANIES

Organizational Structure

The following abbreviated organizational chart shows the Company's parent and affiliates as of December 31, 2022:

	<u>NAIC Co. Code</u>	<u>Domiciliary State/Country</u>
ProMedica Health System, Inc.		OH
ProMedica Insurance Corporation		OH
Health Resources, Inc.	96687	IN
Paramount Advantage	12353	OH
Paramount Benefits Agency, Inc.		OH
Paramount Care, Inc.	95189	OH
Paramount Care of Indiana, Inc.	16833	IN
Paramount Care of Michigan, Inc.	95566	MI
Paramount Insurance Company	11518	OH
Paramount Preferred Options, Inc.		OH
Health Management Solutions, Inc.		OH
Paramount Preferred Solutions, Inc.		OH

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 INDOI, as required, in accordance with IC 27-1-23-4.

Cost Sharing Agreements

Effective January 1, 2021, the Company has entered into a Cost Sharing Agreement with PHS, PIC, and certain affiliates. Under this cost sharing agreement, PHS allocates corporate overhead costs primarily in management, legal services, information services, and investment management. Under this agreement, the Company paid \$72 thousand to PHS in 2022.

Service Agreements

Effective July 1, 2023, the Company entered into a Standard Administrative Services Only Agreement with PHS. Under this agreement, HRI acts as the administrative manager for PHS's employee dental plan. PHS paid the Company \$8.4 million in administrative fees and claims reimbursements in 2022. The Form D prior notice of transaction for this agreement was filed subsequent to the exam period in 2023. See Other Significant Issues section of this Report of Examination.

Effective January 1, 2021, the Company entered into an Administrative Services Agreement with Paramount Insurance Company (PICO). Under the agreement, the Company agrees to perform certain administrative services including claims administration for PICO. In 2022, PICO paid the Company \$59.5 thousand for services related to this agreement.

Effective January 1, 2021, the Company entered into an Administrative Services Agreement with Paramount Care, Inc. (PCI). Under the agreement, the Company agrees to perform certain administrative services including claims administration for PCI. In 2022, PCI paid the Company \$2.5 million for services related to this agreement.

Effective January 1, 2021, the Company entered into an Administrative Services Agreement with Paramount Care of Indiana (PCIN). Under the agreement, the Company agrees to perform certain administrative services including claims administration for PCIN. In 2022, PCIN paid the Company \$2.5 thousand for services related to this agreement.

Effective January 1, 2021, the Company entered into an Administrative Services Agreement with Paramount Care of Michigan (PCIM). Under the agreement, the Company agrees to perform certain administrative services including claims administration for PCIM. In 2022, PCIM paid the Company \$514.4 thousand for services related to this agreement.

Network Access Agreements

Effective July 18, 2019, HRI, PCI and PCIM (collectively referred to as Paramount Elite), entered into a Network Access Agreement. HRI has established and maintains a network of institutional, professional and ancillary providers for use by its members, known as the Paramount Network. Under the terms of the agreement, HRI and Paramount Elite agree that HRI will permit Paramount Elite full and complete access to the Paramount Network. This agreement is in effect for ten (10) years. There are no fees charged or collected pursuant to this agreement.

Effective July 18, 2019, HRI and PICO, entered into a Network Access Agreement. HRI has established and maintains a network of institutional, professional and ancillary providers for use by its members, known as the Paramount Network. Under the terms of the agreement, HRI and PICO agree that HRI will permit PICO full and complete access to the Paramount Network. This agreement is in effect for ten (10) years. There are no fees charged or collected pursuant to this agreement.

Effective July 18, 2019, PICO and HRI, entered into a Network Access Agreement. PICO has established and maintains a network of institutional, professional and ancillary providers for use by its members, known as the Paramount Network. Under the terms of the agreement, PICO and HRI agree that PICO will permit HRI full and complete access to the Paramount Network. This agreement is in effect for ten (10) years. There are no fees charged or collected pursuant to this agreement.

Consolidated Federal Income Tax Allocation Agreement

Effective January 1, 2021, the Company entered into a Tax Sharing Agreement with PIC. Under the terms of this agreement, tax returns are completed on a consolidated basis and allocations are based upon separate return calculations with a current credit for net losses. Intercompany tax balances are settled through the holding company, PIC. In 2022, the Company was allocated taxes of \$1.6 Million related to this agreement.

FIDELITY BOND AND OTHER INSURANCE

The Company protects itself against loss from any fraudulent or dishonest acts by any employees through a fidelity bond issued by Great American Insurance Company. The bond has a single loss coverage limit of \$10 million. The fidelity bond is adequate to meet the prescribed minimum coverage specified by the NAIC.

The Company had additional types of coverage in-force as of December 31, 2022, including but not limited to commercial general liability, fiduciary insurance, and workers' compensation.

PENSION, STOCK OWNERSHIP, AND INSURANCE PLANS

The Company, through a cost sharing agreement with PHS, contributes a match to an employee 401(k) plan covering employees who meet the eligibility requirements. PHS matches employee deferrals up to 3% of eligible compensation.

SPECIAL AND STATUTORY DEPOSITS

The Company reported the following deposits, as of December 31, 2022:

<u>State</u>	<u>Book Value</u>	<u>Fair Value</u>
For All Policyholders:		
Indiana	\$ 50,000	\$ 50,000
Kentucky	50,000	50,000
Total Deposits	<u>\$ 100,000</u>	<u>\$ 100,000</u>

REINSURANCE

The Company has no reinsurance.

ACCOUNTS AND RECORDS

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 years ended December 31, 2021, and December 31, 2022, were agreed to the respective Annual Statement. The Annual Statement for the year ended December 31, 2022 was agreed to the independent audit report without material exception. The Company's accounting procedures, practices, and account records were deemed satisfactory.

FINANCIAL STATEMENTS

HEALTH RESOURCES, INC.

Assets

As of December 31, 2022

	<u>Per Examination*</u>
Bonds	\$ 13,596,156
Stocks:	
Common stocks	2,973,846
Real estate:	
Properties held for sale	944,523
Cash, cash equivalents and short-term investments	9,293,658
Subtotals, cash and invested assets	<u>26,808,183</u>
Investment income due and accrued	85,178
Premiums and considerations:	
Uncollected premiums and agents' balances in course of collection	270,679
Amounts receivable relating to uninsured plans	112,178
Net deferred tax asset	87,526
Receivables from parent, subsidiaries and affiliates	243,723
Aggregate write-ins for other than invested assets	<u>26,081</u>
Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts	<u>27,633,548</u>
Totals	<u>\$ 27,633,548</u>

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

HEALTH RESOURCES, INC.
Liabilities, Surplus and Other Funds
As of December 31, 2022

	Per Examination*
Claims unpaid	\$ 1,672,193
Unpaid claims adjustment expenses	80,704
Premiums received in advance	1,438,678
General expenses due or accrued	1,137,493
Current federal and foreign income taxes on realized capital gains (losses)	408,855
Amounts due to parent, subsidiaries and affiliates	3,269,458
Liability for amounts held under uninsured plans	217,468
Total liabilities	8,224,849
Common capital stock	7,577,619
Unassigned funds (surplus)	11,831,080
Total capital and surplus	19,408,699
Total Liabilities, capital and surplus	\$ 27,633,548

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

HEALTH RESOURCES, INC.
Statement of Revenue and Expenses
For the Year Ended December 31, 2022

	Per Examination*
Member Months	2,499,627
Net premium income	\$ 62,107,362
Total Revenues	62,107,362
Hospital and Medical:	
Hospital/medical benefits	45,064,590
Subtotal	45,064,590
Total hospital and medical	45,064,590
Claims adjustment expenses, including \$105,840 cost containment expenses	509,720
General administrative expenses	7,874,215
Total underwriting deductions	53,448,525
Net investment gain (loss)	8,658,837
Net investment income earned	337,276
Net realized capital gains (losses) less capital gains tax of (\$8,766)	(32,975)
Net investment gains	304,301
Aggregate write-ins for other income or expenses	(14,873,467)
Net income or (loss) after capital gains tax and before all other federal income taxes	(5,910,329)
Federal and foreign income taxes incurred	2,026,611
Net income (loss)	\$ (7,936,940)

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

HEALTH RESOURCES, INC.
Capital and Surplus Account Reconciliation

	2022	2021	2020
Surplus as regards policyholders, December 31 prior year	\$ 27,879,450	\$ 31,989,345	\$ 26,649,097
Net income	(7,936,940)	8,316,641	13,071,078
Change in net unrealized capital gains or (losses) less capital gains tax	(568,480)	619,577	(76,098)
Change in net deferred income tax	53,876	43,890	(43,969)
Change in nonadmitted assets	(16,689)	(21,587)	(1,993)
Dividends to stockholders	-	(13,071,078)	(7,608,773)
Aggregate write-ins for gains and losses in surplus	(2,518)	2,662	3
Change in surplus as regards policyholders for the year	<u>(8,470,751)</u>	<u>(4,109,895)</u>	<u>5,340,248</u>
Surplus as regards policyholders, December 31 current year	<u>\$ 19,408,699</u>	<u>\$ 27,879,450</u>	<u>\$ 31,989,345</u>

COMMENTS ON THE FINANCIAL STATEMENTS

There were no recommended adjustments to the financial statements as of December 31, 2022, based on the results of this examination.

OTHER SIGNIFICANT ISSUES

The Company paid a charitable contribution of \$15.3 million to PHS in December of 2022. This charitable contribution should have been treated as an extraordinary dividend and required prior approval of the INDOI in accordance with IC 27-1-23-4(h). It is recommended that the Company request prior approval for extraordinary dividends or contributions made to a parent in accordance with IC 27-1-23-4(h).

The Company entered into a standard Administrative Services Only Agreement with PHS and performed services as the administrative manager for PHS's employee dental plan in 2022. A Form D for this agreement was not submitted in accordance with IC 27-1-23-4(b) until it was requested by the INDOI in 2023. It is recommended that the Company file a Form D for all affiliate agreements in accordance with IC 27-1-23-4 (b).

SUBSEQUENT EVENTS

Subsequent to the Examination Period, Louis Robichaux was replaced as Treasurer by Terry Metzger.

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 Davies Group performed an examination of Health Resources, Inc., as of December 31, 2022.

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

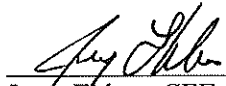
This examination was performed in accordance with those procedures required by the NAIC Financial Condition Examiners Handbook and other procedures tailored for this examination. Such procedures performed on this examination do not constitute an audit made in accordance with generally accepted auditing 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 the condition of the Health Resources, Inc. as of December 31, 2022, as determined by the undersigned.



Joseph DeVries, CPA, CFE
Noble Consulting Services, Inc.

Under the Supervision of:



Jerry Ehlers, CFE, AES
Examinations Manager
Indiana Department of Insurance

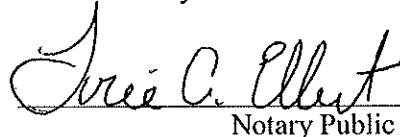
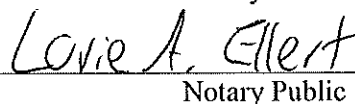
State of: Indiana
County of: Marion

On this 13th day of June, 2024, before me personally appeared, Joseph DeVries and Jerry Ehlers, 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:

July 11, 2025


Notary Public
Notary Public