

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

IN THE MATTER OF:)
)
Indiana University Health Plans Insurance Company)
950 North Meridian Street, Suite 200)
Indianapolis, Indiana 46204)

Examination of: **Indiana University Health Plans Insurance Company**


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 Indiana University Health Plans Insurance Company, any relevant examination work papers, and any written submissions or rebuttals. The Verified Report of Examination, as sent to you on June 25, 2021, 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 Indiana University Health Plans Insurance Company 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.

July 9, 2021
Date


Roy Eft
Chief Financial Examiner

CERTIFIED MAIL NUMBER: 7018 1130 0001 7982 6093

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

IN THE MATTER OF:)
)
Indiana University Health Plans Insurance Company)
950 North Meridian Street, Suite 200)
Indianapolis, Indiana 46204)

Examination of: **Indiana University Health Plans Insurance Company**

FINDINGS AND FINAL ORDER

The Indiana Department of Insurance conducted an examination into the affairs of the Indiana University Health Plans Insurance Company (hereinafter “Company”) for the time period June 5, 2017 through December 31, 2019.

The Verified Report of Examination was filed with the Commissioner of the Department of Insurance (hereinafter “Commissioner”) by the Examiner on May 12, 2021.

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 June 25, 2021 and was received by the Company on June 28, 2021.

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 Indiana University Health Plans Insurance Company as of December 31, 2019.
2. That the Examiner’s Recommendations are reasonable and necessary in order for the Indiana University Health Plans Insurance Company 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 9 day of
July, 2021.


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

INDIANA UNIVERSITY HEALTH PLANS INSURANCE COMPANY

NAIC Co. CODE 16175
NAIC GROUP CODE 4637

As of

December 31, 2019

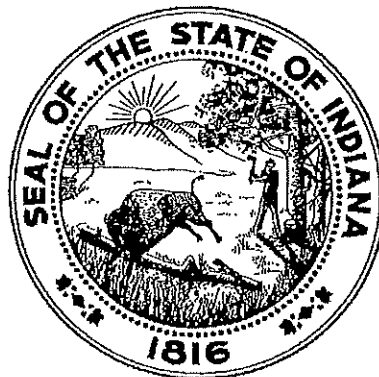


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STATE OF INDIANA

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: 317-232-5251
Website: in.gov/idoi

May 12, 2021

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 4060, an examination has been made of the affairs and financial condition of:

Indiana University Health Plans Insurance Company
950 North Meridian Street, Suite 200
Indianapolis, Indiana 46204

hereinafter referred to as the "Company", or "IUHPIC", an Indiana domestic stock, property and casualty insurance company. The examination was conducted at the corporate offices of the Company in Indianapolis, Indiana.

The Report of Examination, reflecting the status of the Company as of December 31, 2019, 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 317-232-2402 COMPANY RECORDS 317-232-5692 STATE HEALTH INSURANCE PROGRAM 1-800-452-4800

SCOPE OF EXAMINATION

IUHPIC was formed on June 5, 2017 so this is the initial examination of the Company. This risk-focused examination was conducted by Noble Consulting Services, Inc., and covered the period from June 5, 2017 through December 31, 2019, 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.

Kirk Braunius, ASA, MAAA; Brett Miller, FCAS, MAAA, ARM; and Brian Simon, ASA, MAAA, of Merlinos & Associates, Inc., provided the actuarial services throughout the examination and conducted a review of the Company's actuarial related risks as of December 31, 2019.

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 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

IUHPIC is a for-profit property and casualty insurance company formed on June 5, 2017. The Company is a wholly-owned subsidiary of Indiana University Health, Inc., (IU Health) previously known as Clarian Health Partners, Inc. IU Health is a private, Indiana based not-for-profit corporation that was formed in 1997 through the consolidation of three (3) downtown Indianapolis hospitals: Indiana University Hospital, Methodist Hospital of Indiana, and Riley Hospital. As of December 31, 2019, no business has been written by IUHPIC.

CAPITAL AND SURPLUS

The Company had 1,000,000 shares of common stock with a par value of \$1 per share, authorized, issued and outstanding at the examination date. The Company received gross paid-in capital and contributed surplus from its parent company of \$1,250,000 in 2017.

DIVIDENDS TO STOCKHOLDERS

There were no dividends paid by IUHPIC during the examination period.

TERRITORY AND PLAN OF OPERATION

IUHPIC is a for-profit property and casualty company that intends to market Medical Stop Loss products to self-funded employers in Indiana and will focus on employers with more than 25 employees. The Company will coordinate with its affiliates to provide a full complement of services to self-funded groups (administration, provider networks and medical stop loss insurance). IUHPIC intends to create unique stop loss products to partner with employers to improve utilization and control health care costs and may partner with other insurance companies to offer innovative medical stop loss options. IU Health provides leased employees and performs necessary administrative functions for the Company including financial accounting and reporting, accounts payable, and legal and administrative services.

The Company also intends to market employer group health insurance to employer groups located in Indiana, including employer groups that, in addition to employing Indiana residents, have employees that reside outside of Indiana. The insurance product will provide in-network and out-of-network benefits and the provider network will include providers outside of the state of Indiana.

GROWTH OF THE COMPANY

The following exhibit 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>
2019	\$ 2,190,921	\$ 2,221	\$ 2,188,700	\$ -	\$ 42,112
2018	2,156,233	1,985	2,154,248	-	(117,085)
2017	2,258,386	165,344	2,093,041	-	(74,359)

*Amounts include immaterial rounding differences

The decrease in liabilities in 2018 was due to the settlement of amounts due to affiliates prior to year-end. Investment income increased in 2018; however, net loss increased due to a greater increase in salary expense offset by a decrease in legal expense. The 2019 increase in net income was primarily due to an increase in investment income resulting from favorable market returns combined with a reduction in administrative expenses.

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 between five (5) and nine (9) directors. Based on IC 27-1-7-11, 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, 2019, and their principal occupations as of that date:

<u>Name and Address</u>	<u>Principal Occupation</u>
John F. Fitzgerald M.D. Indianapolis, Indiana	Senior Vice President, Population Health Indiana University Health, Inc.
David A. Ingram, Jr., M.D.	President

Indianapolis, Indiana	Indiana University Health Care Associates, Inc.
Ryan C. Kitchell	Chief Administrative Officer
Zionsville, Indiana	Indiana University Health, Inc.
Cynthia S. Miller	Retired
Carmel, Indiana	
Steven L. Pollack	Chief Executive Officer
Carmel, Indiana	TaiAn Financial, LLC
Ronald L. Stiver	President, System Clinical Services
Indianapolis, Indiana	Indiana University Health, Inc.

Officers

The Bylaws state that the elected officers of the Company shall consist of the President, Secretary, Treasurer, and Chairman of the Board. The Board may also appoint other officers or agents such as Vice Presidents, Assistant Secretaries, and Assistant Treasurers from time to time by resolution. The officers shall be elected by the Board and any two (2) or more offices may be held by the same person except those of President and Secretary.

The following is a list of key officers and their respective titles as of December 31, 2019:

<u>Name</u>	<u>Office</u>
Ronald L. Stiver	Interim President
Gerald C. Bradford	Treasurer
Tina L. Korty	Secretary

* Ronald Stiver was replaced as President by Stephanie Motter in August 2020

CONFLICT OF INTEREST

Directors and officers are required to review and sign Conflict of Interest statements annually. It was determined that all officers listed in the Management and Control section of this Report of Examination have reviewed and signed their statements as of December 31, 2019.

OATH OF OFFICE

IC 27-1-7-10(i) stipulates that every director, when elected, shall take, and subscribe to an oath stating that he or she will faithfully, honestly, and diligently administer the affairs of the Company and will not knowingly violate any of the laws applicable to such Company. It was determined that none of the directors listed in the Management and Control section of this Report of Examination have subscribed to an oath since the 2017 inception of IUHPIC. See Other Significant Issues section of this Report of Examination.

CORPORATE RECORDS

Articles of Incorporation

There were no amendments made to the Articles of Incorporation during the examination period.

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.

IC 27-1-7-7(b) states an annual meeting of shareholders, members, or policyholders shall be held within five (5) months after the close of each fiscal year of the Company and at such time within that period as the Bylaws may provide. The Company's Bylaws specify the annual meeting of the sole shareholder shall be held each year on or before May 31, and within the State of Indiana at the principal office of the Company. For each year under review, the annual meeting of shareholders was held within five (5) months following the close of each fiscal year.

As of December 31, 2019, the Board had no committees.

AFFILIATED COMPANIES

Organizational Structure

The following abbreviated organizational chart shows the Company's ultimate controlling party and relevant affiliates as of December 31, 2019:

	<u>NAIC Co. Code</u>	<u>Domiciliary State</u>
Indiana University Health, Inc.		IN
Indiana University Health Plans NFP, Inc.	15450	IN
Indiana University Health Plans Holding Company, Inc.		IN
Indiana University Health Plans, Inc.	13164	IN
Indiana University Health Plans Insurance Company	16175	IN

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.

Administrative Services Agreement

Effective December 31, 2014, IU Health entered into an Administrative Services Agreement (ASA) with certain affiliates to include IUHP, Inc. and IUHP NFP, whereby IUHP, Inc. and IUHP NFP will contract with certain of their affiliates to receive and provide certain administrative services and, upon request, provide for the use and occupancy of certain facilities for one another. The First Amendment to the ASA, effective June 5, 2017, added IUHPIC as a party to the Agreement and made certain changes to fees charged to parties that are non-profit tax

exempt entities. In 2019, IUHPIC paid \$0 to IU Health and did not receive any payment from IU Health under the ASA.

Tax Allocation Agreement

Effective March 11, 2015, IU Health Plans Holding Company entered into an Agreement for the Allocation and Settlement of Consolidated Income Tax Liability (Tax Allocation Agreement) with IUHP, Inc. The agreement became effective for IUHPIC on June 5, 2017. Under the Tax Allocation Agreement, IUHP, Inc. and IUHPIC contract with certain of their affiliates to file consolidated tax filings and to allocate tax liability related to the same. No payments were made under the Tax Allocation Agreement in 2019.

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 to IU Health by Beazley Insurance Company, Inc. The bond has a single loss coverage limit of \$20 million with a \$250,000 deductible. The fidelity bond is adequate to meet the prescribed minimum coverage specified by the NAIC.

The Company had additional types of coverage in-force, either individually or as part of IU Health, as of December 31, 2019, including but not limited to commercial crime and health care general liability. IU Health has obtained a Certificate of Self-Insurance from the Workers' Compensation Board of Indiana.

PENSION, STOCK OWNERSHIP, AND INSURANCE PLANS

The Company participates in a 401(k) defined contribution plan sponsored by IU Health and has no legal obligation for benefits under the plan. The Company has no employees as they are all utilized from its parent.

SPECIAL AND STATUTORY DEPOSITS

The Company reported the following deposits as of December 31, 2019:

<u>State</u>	<u>Book Value</u>	<u>Fair Value</u>
Deposits for the Benefit of All Policyholders:		
Indiana	\$ 103,517	\$ 103,517
Total Deposits	<u>\$ 103,517</u>	<u>\$ 103,517</u>

REINSURANCE

Ceded Reinsurance

The Company has no ceded reinsurance.

Assumed Reinsurance

The Company has no assumed 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 year ended December 31, 2019 was agreed to the respective Annual Statement, which was then agreed to the independent audit report for the year ended December 31, 2019 without material exception. The Company's accounting procedures, practices, and account records were deemed satisfactory.

FINANCIAL STATEMENTS

INDIANA UNIVERSITY HEALTH PLANS INSURANCE COMPANY

Assets

As of December 31, 2019

	<u>Per Examination*</u>
Cash, cash equivalents and short-term investments	<u>\$ 2,190,921</u>
Subtotals, cash and invested assets	<u>2,190,921</u>
Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts	<u>2,190,921</u>
Totals	<u>\$ 2,190,921</u>

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

INDIANA UNIVERSITY HEALTH PLANS INSURANCE COMPANY
 Liabilities, Capital and Surplus
 As of December 31, 2019

	<u>Per Examination*</u>
General expenses due or accrued	\$ 2,090
Amounts due to parent, subsidiaries and affiliates	131
Total liabilities	2,221
Common capital stock	1,000,000
Gross paid in and contributed surplus	1,250,000
Unassigned funds (surplus)	(61,300)
Total capital and surplus	2,188,700
Totals	\$ 2,190,921

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

INDIANA UNIVERSITY HEALTH PLANS INSURANCE COMPANY
Statement of Revenue and Expenses
For the Year Ended December 31, 2019

	<u>Per Examination*</u>
Net premium income	\$ -
Total revenues	-
General administrative expenses	5,144
Total underwriting deductions	5,144
Net underwriting gain or (loss)	(5,144)
Net investment income earned	47,256
Net investment gains (losses)	47,256
Net income or (loss) after capital gains tax and before all other federal income taxes	42,112
Net income	\$ 42,112

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

INDIANA UNIVERSITY HEALTH PLANS INSURANCE COMPANY
Capital and Surplus Account Reconciliation

	2019	2018	2017
Capital and surplus prior year reporting	\$ 2,154,248	\$ 2,093,041	\$ -
Net income or (loss)	42,112	(117,085)	(74,359)
Capital changes:			
Paid in		-	2,250,000
Aggregate write-ins for gains or (losses) in surplus	(7,660)	178,292	(82,600)
Net change in capital and surplus	<u>34,452</u>	<u>61,207</u>	<u>2,093,041</u>
Capital and surplus end of reporting year	<u>\$ 2,188,700</u>	<u>\$ 2,154,248</u>	<u>\$ 2,093,041</u>

COMMENTS ON THE FINANCIAL STATEMENTS

There were no recommended adjustments to the financial statements as of December 31, 2019, based on the results of this examination.

OTHER SIGNIFICANT ISSUES

Directors and officers are required to review and sign Conflict of Interest statements annually. It was determined that six (6) directors had not signed a Conflict of Interest statement during the examination period. All officers and directors should review and sign Conflict of Interest statements on an annual basis in accordance with Company policy and IC 27-1-7-10(i). In addition, one (1) potentially significant conflict of interest reported by the Company's president in 2018 was not reviewed by executive management or the Board.

SUBSEQUENT EVENTS

COVID-19

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) pandemic. The extent of the impact of COVID-19 on IUHPIC's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, regulatory decisions, and the impact on the financial markets, all of which are uncertain and cannot be predicted. Due to the timing of the examination and field work, the effects of the pandemic on this entity are not fully addressed within this examination report.


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 Merlinos & Associates, Inc., performed an examination of Indiana University Health Plans Insurance Company, as of December 31, 2019.


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 Indiana University Health Plans Insurance Company, as of December 31, 2019, as determined by the undersigned.


Barry Armstrong, CFE
Noble Consulting Services, Inc.

Under the Supervision of:


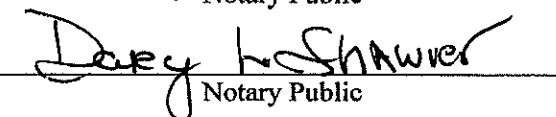

Jerry Ehlers, CFE, AES
Examinations Manager
Indiana Department of Insurance

State of: Indiana
County of: Marion

DARCY L. SHAWVER
NOTARY PUBLIC
SEAL
MARION COUNTY, STATE OF INDIANA
MY COMMISSION EXPIRES OCTOBER 4, 2025
COMMISSION NO 708059

On this 15th day of June, 2021, before me personally appeared, Barry Armstrong 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: October 4th, 2025

Notary Public

Notary Public

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