REPORT ON EXAMINATION

of the

WINDSOR HEALTH PLAN, INC.

7100 Commerce Way

Brentwood, Tennessee 37027

as of

December 31, 2008

DEPARTMENT OF COMMERCE AND INSURANCE

STATE OF TENNESSEE

NASHVILLE, TENNESSEE

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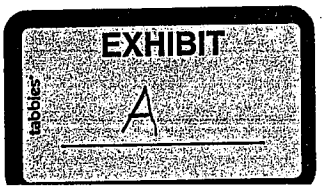

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STATE OF TENNESSEE
DEPARTMENT OF COMMERCE AND INSURANCE
INSURANCE DIVISION
500 JAMES ROBERTSON PARKWAY - 4TH FLOOR
NASHVILLE, TENNESSEE 37243-1135

Brentwood, Tennessee
June 07, 2010

Honorable Alfred W. Gross Chairman, NAIC Financial Condition (E) Committee Virginia Bureau of Insurance P. O. Box 1157 Richmond, Virginia 23218-1157	Honorable Leslie A. Newman Commissioner of Commerce & Insurance State of Tennessee 500 James Robertson Parkway Nashville, Tennessee 37243
Honorable James J. Donelon Secretary, Southeastern Zone, NAIC Louisiana Department of Insurance 1702 N. 3rd Street Baton Rouge, LA 70802	

Commissioners:

Pursuant to your instructions and in accordance with the Tennessee Insurance Laws, regulations, and resolutions adopted by the National Association of Insurance Commissioners (NAIC), a financial examination and a market conduct review was made of the conditions and affairs of the

WINDSOR HEALTH PLAN, INC.
BRENTWOOD, TENNESSEE

as of December 31, 2008 (the "Company" or "WHP").

INTRODUCTION

This examination was arranged by the Department of Commerce and Insurance of the State of Tennessee (TDCI or Department) under rules promulgated by the NAIC. It was commenced on January 12, 2009, and was conducted by duly authorized representatives of the TDCI. Due to the Company being licensed in several states, this examination is classified as an Association examination and therefore was called through the NAIC's Examination Tracking System. TDCI sent notices and had discussions with the other four (4) states where the Company is licensed to determine if they had any concerns with the Company; however, none of the other states participated or gave Notice of intent to participate in the examination.

The previous examination was made as of June 30, 2004, by representatives of the State of Tennessee's Tenncare Division and the Office of the Comptroller of the Treasury Division of State Audit. That examination was a Limited Scope Financial and Compliance Examination and Claims Processing Market Conduct Examination. Their report reflects the results of a market conduct examination "by test" of the claims processing system of the Company. Further, their report reflects the results of a limited scope examination of the financial statement account balances as reported by the Company. Their report also reflects the results of a compliance examination of WHP's policies and procedures regarding statutory and contractual requirements. The examination resulted in no changes to the Company's surplus.

SCOPE OF EXAMINATION

This examination covers the period July 1, 2004 through December 31, 2008 and includes any material transactions and/or events occurring subsequent to the examination date which were noted during the course of examination.

During the course of examination, assets were verified and valued, and liabilities were determined or estimated as of December 31, 2008, in accordance with rules and procedures as prescribed by the statutes of Tennessee, the Company's state of domicile. The examination of the financial condition of the Company was conducted in accordance with guidelines and procedures contained in the *NAIC Financial Condition Examiners Handbook.*

An examination of all assets and liabilities contained in the financial statement of this report was made and individual items were verified with a degree of emphasis determined by the examiner-in-charge during the planning stage of the examination. Independent actuaries were utilized in the review of the Company's loss reserves. In addition, independent reinsurance specialists were utilized in the review of the Company's reinsurance agreements and overall reinsurance program.

A letter of representation, dated as of the date of this report and certifying that management has disclosed all significant matters and records, was obtained from management and has been included in the work papers of this examination.

The Company is audited annually as part of the audit conducted for the holding company system, of which it is a member, by an independent accounting firm. The auditors' workpapers for the year ended 2007 were made available to the examiners during the planning phase of this examination. Workpapers of the auditors' fraud review testing were relied upon where sufficient for the purposes of this examination. Copies of these workpapers are included in the examination files where appropriate.

An examination was also made into the following matters:

- Company History
- Growth of Company
- Charter and Bylaws
- Management and Control
- Holding Company System
- Pecuniary Interest of Officers and Directors
- Corporate Records
- Fidelity Bond and Other Insurance
- Employee Benefits and Pension Plans
- Territory and Plan of Operation
- Market Conduct Activities
- Loss Experience
- Reinsurance
- Agreements with Parent, Subsidiaries and Affiliates
- Litigation and Contingent Liabilities
- Statutory Deposits
- Accounts and Records
- Subsequent Events
- Financial Statements

These will be discussed as follows:

COMPANY HISTORY

The Company was incorporated on May 14, 1993, pursuant to the provisions of the Tennessee Business Corporation Act, with the name VUMC Care, Inc., for the purpose of providing managed health care services to individuals participating in the State of Tennessee's TennCare Program. On September 3, 1993, TDCI issued the Company a certificate of authority to operate as an HMO. At inception, VUMC Care, Inc. was a wholly-owned subsidiary of Vanderbilt Health Services, Inc. (VHS), which was a wholly-owned subsidiary of Vanderbilt University. The initial capitalization of the Company was authorized for a maximum of 100,000 shares of common stock with a par value of $1 per share. Effective March 24, 1994, the Company's name was changed to Vanderbilt Health Plans, Inc.

In March 2001, the TDCI approved the sale, effective August 31, 2000, of 100% of the Company's stock held by VHS to Health Plans Holding Corporation (HPHC), a Tennessee Corporation. The consideration included a surplus note issued by the Company to VHS for a principal amount of $4,231,300. In July, 2001 HPHC's name was changed to Windsor Health Group (WHG). On August 21, 2001, the Company's name changed to Victory Health Plan, Inc., (VHP).

On February 18, 2005, the Company's name was changed to Windsor Health Plan of TN, Inc. Effective January 1, 2006, the Company contracted with the Centers for Medicare and Medicaid Services ("CMS") to begin operating Medicare Advantage Prescription Drug ("MA-PD") plans in three regions within the state of Tennessee. As a contracted managed care organization ("MCO") in the State of Tennessee's TennCare program, the Company also provided managed care and administrative services to TennCare enrollees in Middle Tennessee.

In August 2006, the Company changed its name from Windsor Health Plan of TN, Inc. to Windsor Health Plan, Inc. dba VHP CommunityCare. The Company continued to conduct all TennCare business in the VHP name, except on documents and other items where the legal name was required.

In 2006, the State of Tennessee issued a Request for Proposal (RFP) for MCO's for the provision of managed care service for TennCare enrollees and other related populations in Middle Tennessee with the selected MCO's to assume full insurance risk effective April 1, 2007. The Company participated in a joint venture which submitted a proposal that was not selected. Consequently, the Company's active participation in the TennCare program terminated on April 1, 2007.

In September 2006, the Company renewed its contract with CMS to include an expansion of its MA-PD service area and plan offerings effective January 1, 2007. The Company was approved by CMS to expand its service area from seven counties in Tennessee to thirty-one counties in the states of Tennessee, Arkansas, and Mississippi. As part of this expansion, the Company also became licensed as an HMO in the states of Arkansas and Mississippi for the purpose of offering Medicare products.

In September 2006, the Company also contracted with CMS to begin providing prescription drug benefits on a stand-alone basis ("PDP plans") to Medicare eligible beneficiaries in the states of Tennessee, Alabama, Mississippi, and Arkansas, effective January 1, 2007. Additionally, the Company entered into a contract with CMS to begin providing private fee for service ("PFFS") products to Medicare-eligible beneficiaries in the state of Tennessee effective January 1, 2007.

Effective February 22, 2007, the Company's charter was amended to increase the number of authorized shares of capital stock to 600,000 common shares, par value $1.

In September 2007, the Company again renewed its contract with CMS to include further expansion of its Medicare service areas and plan offerings effective January 1, 2008. The Company was approved by CMS to expand its MA-PD service area from thirty-one counties in the states of Tennessee, Arkansas, and Mississippi to ninety-six counties in the states of Tennessee, Arkansas, Mississippi, South Carolina and Alabama. It was also approved to expand its PDP service areas to

include the state of South Carolina. As part of this expansion, the Company also became licensed as an HMO in the states of Alabama and South Carolina.

The surplus note payable requires quarterly payments of interest at prime subject to approval of the TDCI Commissioner, with the principal balance due on March 29, 2008. In February 2008, the Company received approval from the Commissioner to pay $1,253,740 of accrued interest associated with the surplus note for the periods of July, 2002 through June, 2007. In March 2008, the Company amended the surplus note payable. The maturity date was extended to March 29, 2012, and the interest rate increased to prime plus 2%.

In January 2009, WHG entered into a new credit facility with a financial institution for $12,500,000 with a maturity date of June 30, 2010. WHG used $7,500,000 of the loan proceeds from the new credit facility to pay-off the outstanding balance of its previous credit facility. The Company's stock was pledged as collateral under the terms of the credit facility.

As of December 31, 2008, the Company had authorized capital stock of 600,000 shares of common stock with a par value of $1.00 per share, of which 100,000 shares were issued and outstanding for a capital paid up of $100,000. All of the outstanding shares were owned by WHG as of the examination date. The Company is a wholly owned subsidiary of WHG, a holding company incorporated in Tennessee.

The Company's capital structure appears in the 2008 Annual Statement as follows:

Common capital stock	$ 100,000
Gross paid in and contributed surplus	90,721,962
Surplus Note	4,231,300
Unassigned funds (surplus)	(95,672,747)
Total capital and surplus	($619,485)

GROWTH OF COMPANY

The following exhibit depicts certain aspects of the growth and financial history of the Company for the period subject to this examination according to its annual statements as filed with the TDCI:

Year	Total Revenues	Medical & Hospital Expenses	Net Income	Admitted Assets	Capital and Surplus
2004	$-0-	($55,034)	$268,873	$5,144,185	$4,975,647
2005	-0-	(19,038)	377,817	5,453,930	5,288,524
2006	57,048,413	45,655,995	1,342,180	23,317,372	6,618,137
2007	117,588,131	95,026,919	828,702	28,178,386	4,620,778
2008	279,828,786	245,001,950	(10,127,413)	58,000,755	(619,485)

CHARTER AND BYLAWS

The original Charter of the Company was filed and recorded with the Tennessee Secretary of State on May 14, 1993. The Company has amended its Charter many times since it was originally filed. The Company Amended and Restated its Charter on August 18, 1997, which was subsequently filed and recorded with the Tennessee Secretary of State on August 22, 1997. The Company has amended its Charter five (5) times since it was restated in August 1997, four (4) of which occurred during the period of examination. The reasons for the Charter amendments that occurred during the period of examination were for change of corporate name, change of registered agent, change of corporate address and an increase in authorized number of shares of capital stock.

The amended Charter authorizes the corporation "to transact the business of a health maintenance organization, as defined in Tennessee Code Annotated, Title 56, Chapter 32; to do all things which the Board of Directors determines to be necessary or appropriate in connection or associated therewith; and to engage in any lawful business." It authorizes the Company to issue six hundred thousand (600,000) common shares, par value $1.00 per share. The corporation is for-profit.

The Bylaws of the Company in effect at December 31, 2008 were amended by the unanimous consent of the Board on March 31, 2001. No amendments or restatements were made to the Company's Bylaws during the period of examination.

The Bylaws provide for an annual shareholders' meeting at which a Board of Directors is elected. Officers are elected by the Board of Directors. The Bylaws are such as generally found in corporations of this type and contain no unusual provisions. They provide for the regulation of the business and for the conduct of the affairs of the Company, the Board of Directors and its shareholders.

Dividends to Stockholders:

The Company paid one cash dividend to its shareholders during the period of examination. The dividend of $1,300,000 was determined to be ordinary based upon its definition as stated in TENN. CODE ANN. § 56-11-106(b)(2). The Company notified the TDCI of the ordinary cash dividend on December 19, 2007 in accordance with TENN. CODE ANN. § 56-11-105(e). The Company paid the stated dividend to its shareholders on December 29, 2007.

MANAGEMENT AND CONTROL

The Company's Bylaws state that the business and affairs of the corporation shall be managed by a Board of Directors who shall be elected at the annual meeting of the shareholders. Directors need not be residents of the State of Tennessee or shareholders of the corporation. The Company's Bylaws state that the number of directors shall consist of not less than three (3) persons nor more than nine (9) persons as set forth from time to time by resolution of the Board of Directors. A majority of

directors constitutes a quorum.

Directors serve until the next annual meeting of the shareholders and thereafter, until a successor has been elected.

The shareholder meeting minutes for the period of examination do not reflect an election of a Board of Directors for the Company; however, the Company lists the following persons as its Board of Directors and was serving as such as of December 31, 2008:

Name	Principal Occupation
Philip Hertik	Chairman of the Board, WHG, WHP
Michael Bailey	President & CEO, WHG, WHP
Willis Jones	Executive Vice Pres. & Secretary, WHG, WHP

The Company's Bylaws require that an annual meeting of the shareholders be held for the purpose of electing directors and for such other business shall be held at such place, either within or without Tennessee, and shall be held on the third Monday of May of each year.

The Bylaws allow any action required or permitted to be taken at a meeting of the Board, or of any committee thereof, to be taken without a meeting, if prior to such action a written consent thereto is signed by all Board or committee members and such written consent is filed with the minutes of proceedings. Such consent shall have the same force and effect as a vote at a meeting. Any or all of the stockholders, directors, or committee members may participate in meetings by means of conference telephone or similar communication equipment.

The Bylaws provide that the officers of the corporation shall consist of a President and Secretary and, as deemed appropriate by the Board of Directors, such other officers or assistant officers, including Chairman of the Board, as may be designated and elected by the Board of Directors. Officers need not be Directors or shareholders of the corporation. One person may simultaneously hold two or more offices except the President may not simultaneously hold the office of Secretary.

The Board of Directors meeting minutes for the period of examination do not reflect an election of officers for the Company; however, the Company lists the following persons as its officers and was serving as such as of December 31, 2008:

Name:	Title:
Philip Hertik	Chairman of the Board
Michael Bailey	President & Chief Executive Officer
Willis Jones	Executive Vice President & Secretary

The Board of Directors may designate, establish and charter such committees as it deems necessary or desirable. Such committees shall have and exercise only that authority of the Board delegated to it by the resolution creating such committee.

As of the examination date, the Company had the following committees:

Operational Performance Committee (OPC)
Pharmacy and Therapeutic Committee (P & T)
Medical Advisory Committee

During our review of the Company's Charter, Bylaws, shareholder, Board of Directors and committee meeting minutes, we noted several deficiencies in the Company's corporate records. The following list presents our findings of noted deficiencies in the Company's corporate records for the period of examination:

1. There were no recorded annual meetings of the shareholders or Board of Directors of the Company for the entire period of examination. This failure is not in compliance with the Company's Bylaws.
2. The shareholders did not formally elect a Board of Directors of the Company for the entire period of examination. This failure is not in compliance with the Company's Bylaws.
3. The Board of Directors did not formally elect officers of the Company for the entire period of examination. This failure is not in compliance with the Company's Bylaws.
4. The Board of Directors did not approve any investment transactions of the Company for the entire period of examination. This failure is not in compliance with TENN. CODE ANN. § 56-3-301(b)(1).
5. There were no recorded shareholders or Board of Director meeting minutes of any kind for the full year of 2008. This failure is not in compliance with the Company's Bylaws.

It is recommended that the Company take actions to comply and remedy the above noted deficiencies as soon as possible. After the Company was advised of these deficiencies, their legal representative, who acts as Secretary for their Board of Directors Meetings, prepared all Board of Directors and shareholder annual meeting minutes going back to 2006. These minutes were based on templates that the legal representative had previously prepared and were signed by the Directors and shareholders on May 17, 2010.

HOLDING COMPANY SYSTEM

The Company is a member of an insurance holding company system as defined by TENN. CODE ANN. § 56-11-101, and as such, is subject to the "Insurance Holding Company System Act of 1986," set forth in TENN. CODE ANN. §§ 56-11-101, *et seq*. The Company is a wholly owned subsidiary of Windsor Health Group (WHG), a holding company incorporated in Tennessee. WHG is the ultimate parent of the Company. WHG is owned by a collection of three (3) individuals (WHP's Board Members), Vanderbilt Health Services, Inc. and three (3) separate investment capital limited partnerships. WHG files a Holding Company Registration Statement annually as required by TENN. CODE ANN. § 56-11-105. An organizational chart is included at the end of this report.

PECUNIARY INTEREST OF OFFICERS AND DIRECTORS

The Company's established procedure for assessing conflicts of material interest or affiliation on the part of its officers, directors, and employees required any officer, director, or employee to disclose the existence of any actual or potential conflict of interest to the Company's executive team. The Company stated that they did not receive any conflict of interest disclosures from any officer, director, or employee during the period of examination.

The Company's conflicts of interest policy did not require annual disclosure statements to be prepared by any of its officers, directors or employees. The Company is required to comply with TENN. CODE ANN. § 56-3-103, prohibiting officers and directors of insurance companies from being pecuniarily interested in the investment or disposition of funds of a domestic insurance company. Without being able to review conflict of interest annual disclosure statements prepared by the Company's officers, directors, or employees, it is impossible to determine Company compliance with TENN. CODE ANN. § 56-3-103. It is recommended that the Company amend its conflict of interest policy to include required annual disclosure statements be prepared by its officers, directors, and employees.

CORPORATE RECORDS

The minutes of meetings of the Company's shareholders, Board of Directors, and committees were reviewed for the period under examination. As noted under the Management and Control section of the report, the Company's shareholders, Board of Directors, and committee minutes were very limited in their number and often omitted information. For a complete list of the noted deficiencies for the Company's corporate records for this examination, please refer to the list on page 8.

FIDELITY BOND AND OTHER INSURANCE

The Company is listed as a named insured on a Financial Institution Bond carried by WHG. Other insurance policies were reviewed and the Company is listed as a named insured on the following insurance coverages maintained by WHG at December 31, 2008:

Commercial Property Liability	Director and Officer Liability
Errors and Omissions Liability	Business Automobile Liability
Workers' Compensation	Commercial Umbrella Liability
Excess Liability	Key Man Life Insurance

The Company's fidelity coverage is in excess of the suggested minimum amount per the *NAIC Financial Condition Examiners Handbook.* The bonds and policies affording the aforementioned coverages were inspected and appear to be in-force as of the date of this examination. All of the above policies were issued by companies licensed to transact business in the State of Tennessee or by authorized surplus lines insurers. Similar coverages were in effect as of the date of this examination

report.

EMPLOYEE BENEFITS AND PENSION PLANS

The Company receives all management, administrative and general services from Windsor Management Services, Inc. (WMS) in accordance with the Management Services Agreement that is described later in the report under the heading Agreements with Parent, Subsidiaries and Affiliates. As of December 31, 2008, the Company had no employees, therefore no employee benefit plans. However, WMS provides its employees with term life insurance, medical insurance, disability insurance and a 401(k) retirement plan.

TERRITORY AND PLAN OF OPERATION

Territory:

The Company is a stock for-profit HMO licensed to transact business in five (5) southern states. As of December 31, 2008, and as of the date of this examination report the Company was licensed to transact business in the State of Tennessee, Arkansas, Mississippi, Alabama, and South Carolina. Certificates of Authority granted by the licensed states were reviewed and found to be in force at year-end 2008.

The Company currently operates in 150 counties; 58 in Tennessee, 44 in Arkansas, 40 in Mississippi, 4 in Alabama, and 4 in South Carolina.

The Company believes with its proven sales, marketing strategies, and provider networks that the Company can expand in similar markets in the states of Georgia, North Carolina, Kentucky and Missouri in the coming years.

Plan of Operation:

The Company was formed for the purpose of providing managed care services to residents of Tennessee under TennCare Management Medicaid Program. In 2004, following the Medicare Modernization Act of 2003, the Company decided to expand into the new Medicare Advantage (MA) Program. In 2005, the Centers for Medicare and Medicaid Services (CMS) approved the Company to operate as a Medicare Advantage Prescription Drug ("MA-PD") plan in seven counties in Tennessee. In 2006, the Company started operating as a provider of Medicare in Tennessee. In 2007, the Company expanded its Medicare business into Mississippi and Arkansas; covering 31 counties across three states. During this time the Company exits out of the TennCare Management Medicaid Program and launches a stand alone Medicare Prescription Drug Plan (PDP) product or Medicare Part D Plan. In 2008, the Company expands Medicare business into Alabama and South Carolina; covering 96 counties across five states.

The Company is a HMO that provides managed care services to government-sponsored healthcare programs. The Company offers Medicare Advantage Prescription Drug Plans ("MA-PD"), Prescription Drug Plans ("PDP"), and enrolling competitors' MA Private Fee for Service ("PFFS") members in the counties that they are approved to operate in.

The Company utilizes the CMS guidelines and the administration expertise that has been developed by its affiliate, Windsor Management Services, Inc. (WMS), to select and manage risks. The Company has no employees. All product support and general and administrative services are provided by WMS.

The Company intends to be a regional provider of managed care services to government-sponsored healthcare programs in the south and southeast. The Company desires to offer these plans through localized marketing and an in house sales force. As a provider of network based MA-PD products with open access to network physicians, the Company intends to prove its ability to identify attractive markets and develop extensive provider networks with favorable contracts.

MARKET CONDUCT ACTIVITIES

In accordance with the policy of the TDCI, a market conduct review was made of the Company as of December 31, 2008, in conjunction with this examination. The market conduct review procedures were modified by incorporating Federal Guidelines under United States Code of Federal Regulations Title 42-Public Health Chapter IV-Centers for Medicare and Medicaid Services (CMS), Department of Health and Human Services (HHS). The following items were addressed:

Underwriting and Rating:

The Company principally issues Medicare Advantage and Part D insurance plans to individuals through CMS/HHS.

The Company utilizes the underwriting manuals and rates developed by CMS using the approved Federal Guidelines for Medicare under CMS/HHS prior to use. The Company's policy plans and premium rates are approved by CMS/HHS. The TDCI does not review or approve the Company's guidelines, plans, or rates.

Policy Forms and Filings:

The Company is not required by the TDCI to file their policies, forms, or rates for "use and file" or prior approval by the Department. The Department of CMS/HHS approves all of the Company's policy plans, forms, and rates prior to use. The examiners reviewed a sample of the policy's, forms, and rates that were used by the Company during the period of examination. All policy's forms and rates were reviewed and noted without exception as having been filed and approved with the Departments of CMS/HHS prior to their use.

Advertising:

The Company's advertising program utilizes media as well as printed and published materials, TV and Billboard ads, and descriptive literature and sales aids, such that may encourage and create public interest in products offered by the Company. All regional advertising is in the name of the Company.

General product information and information about other Company services are available on the Company's internet website. The Company's website through its "Windsor Medicare Extra" section provides a means for electronic submissions of insurance applications, filing of claims, and obtaining copies of all policy forms.

All advertisement and promotional materials are reviewed and approved by Company management and CMS prior to use. Advertising material provided by the Company was reviewed and no deceptive or misleading statements were noted.

Policyholder Complaints:

The Company maintains a complaint register as required by various federal/state Unfair Trade Practices Acts. The Company's complaint register lists the date the complaint was received, who the complaint was received from, the nature of the complaint, who responded to the complaint, the disposition of the complaint, and the state of origin. The register and the accompanying files are maintained for a minimum of ten years.

Company complaint files were reviewed to confirm that the Company is processing complaints in accordance with its Complaint Log Procedure. The complaint files adequately documented each complaint and demonstrated that the Company is handling complaints promptly and appropriately. The complaints received by the Company essentially fall into three categories; ten (10) compliance member's eligibility, enrollment and disenrollment; one (1) billing/refunds, and one (1) sales agent issue. The examiner did check with the TDCI concerning the sales agent complaint. No exceptions were noted.

Claims Review:

A sample of the Company's medical and pharmacy paid claims were reviewed as of the examination period. The examiner used Audit Command Language Software (ACL) to draw a sample of medical and pharmacy claims to review.

There were no open and unpaid claims as of year end because in 2008 the Company upgraded their claims handling software with Perot Systems, which is an outside service vendor the Company uses for claims handling. The conversion took place at the end of the year and the Company decided to pay all outstanding unpaid claims as of December 31, 2008.

From the examiner review of the paid claims sample it indicated that the Company was in compliance with TENN. CODE ANN. §§ 56-8-104 and 56-32-126, unfair trade practices and prompt payment requirements, respectfully, and paid in accordance with the policy provisions. The above mentioned Tennessee Statutes mirror similar CMS regulation requirements. No exceptions were noted from the examiners review.

LOSS EXPERIENCE

As developed from applicable amounts included in the Company's annual statements filed with the TDCI, the ratios of losses and loss adjustment expenses ("LAE") incurred to earned premiums for the period subject to this examination were as follows:

Year	Losses & LAE Incurred	Earned Premiums	Loss Ratio
2004	($55,034)	$0	N / A
2005	(19,038)	0	N / A
2006	45,737,200	57,048,413	80.2%
2007	95,121,883	117,588,131	80.9%
2008	245,649,494	279,828,786	87.8%
Total All Years	$386,434,505	$454,465,330	85.0%

REINSURANCE AGREEMENTS

Reinsurance Ceded:

The following is a summary of the active ceded reinsurance agreements in effect at December 31, 2006, 2007, and 2008. The Company did not assume any reinsurance for the period under review.

Health Policies:

The Company had three (3) ceded health reinsurance agreements effective at December 31, 2006, 2007, and 2008. These agreements are between the Company and the reinsurer and cover Medicare HMO and SNP health insurance. The general terms of the agreements are as follows:

	2006	2007	2008
Reinsurer	*Allianz Life Ins Co of America Minneapolis, Minnesota*	*Executive Risk Indemnity Inc. Wilmington, Delaware*	*HCC Life Insurance Company Kennesaw, Georgia*
Effective Period	*January 1, 2006 - January 1, 2007*	*January 1, 2007 - January 1, 2008*	*January 1, 2008 - January 1, 2009*
Business Ceded	*Medicare HMO Medicare Dual Eligible*	*Medicare HMO Medicare Dual Eligible*	*Medicare HMO Medicare Dual Eligible Medicare SNP (Mental Health) Medicare SNP (CHF, COPD and Diabetes)*
Type of Reinsurance	*Specific Excess*	*Specific Excess*	*Specific Excess*
Limits	*90% per individual up to $2M lifetime maximum*	*90% per individual up to $1M maximum benefit per policy period*	*90% per individual up to $2M maximum benefit per policy period*
Company's Retention	*$100,000 per insured*	*$150,000 per insured*	*$175,000 per insured*

Other Considerations:

All of the Company's active reinsurance agreements were found to contain such language as recommended by the NAIC and as required for reinsurance credit by TENN. CODE ANN. § 56-2-207(a)(2). All agreements also appear to effectuate proper transfer of risk in accordance with SSAP No. 61 and NAIC guidelines.

It was noted that the agreement with Executive Risk Indemnity Inc. did not include an errors & omissions clause.

AGREEMENTS WITH PARENT, SUBSIDIARIES AND AFFILIATES

The Company had four (4) agreements with affiliated companies in effect as of December 31, 2008. The following are summaries of the agreements in effect as of this examination of the Company:

Management Services Agreement with Windsor Management Services, Inc. (WMS):

Effective March 15, 2005, the Company entered into a Management Services Agreement with WMS. This Agreement replaced the prior similar agreements that the Company had been a party to since January 1, 2000 and December 21, 2000, respectfully, with Vanderbilt Management Services, Inc. (previous name of WMS).

According to the terms and provisions of the Agreement, WMS agrees to provide the Company with certain administrative services for its internal operations and processing of its insurance business. Such services include managerial and administrative support, equipment, office space, marketing, product support, and such other services as may be required.

The Company has no employees of its own. Services necessary to its business are provided by WMS pursuant to the Agreement. The compensation paid by the Company to WMS shall be paid monthly a management fee equal to fourteen percent (14%) of the aggregate monthly premiums received by the Company from Medicare Advantage enrollees plus the monthly premium with respect to such enrollees paid to the Company by Medicare program under Company Medicare Advantage contract. Transactions under the Agreement for services were reviewed for compliance with the Agreement and charges appear to be commensurate with services rendered. The Agreement was determined to satisfy the requirements of TENN. CODE ANN. § 56-11-106(a)(l).

During the period of examination the WMS Board of Directors elected to forgive several of the Company's monthly management fees. Most recently in 2008, the WMS Board of Directors elected to forgive $4,831,683 of the monthly management fees of Medicare line of business. In accordance with statutory guidance, the Company recorded the amount forgiven as a capital contribution.

Notice of this Management Service Agreement was never submitted to the TDCI as required by TENN. CODE ANN. § 56-11-106(a)(2)(D), in the form of a Form D filing, so a formal approval or disapproval of this agreement was never issued by the TDCI. It is recommended that the Company file the current Management Service Agreement with the TDCI in the form of a Form D filing as required by TENN. CODE ANN. § 56-11-106(a)(2)(D), and to maintain compliance with this statute at all times in the future.

Administrative Services Agreement with Windsor HomeCare Network, LLC (WHN):

Effective March 15, 2005, the Company entered into an Administrative Services Agreement with WHN.

According to the terms and provisions of the Agreement, WHN agrees to provide the Company with certain managed ancillary health services for its members. Such services include access to their provider network with contracted discounts, case management and utilization reviews, and other services as may be required.

Some services necessary to its business are provided by WHN pursuant to the Agreement. The compensation paid by the Company to WHN shall be paid monthly on the 15th an ASO service fee to be mutually determined. The capitation rate will increase annually on the effective date by the average of the percentage increase from the prior year in the Consumer Price Index-All Urban Consumers-South Region and the percentage increase from the prior year in the Consumer Price Index-All Urban Consumers-South Region-Medical Care. Transactions under the Agreement for services were reviewed for compliance with the Agreement and charges appear to be commensurate with services rendered. The Agreement was determined to satisfy the requirements of TENN. CODE ANN. § 56-11-106(a)(l).

Notice of this Administrative Services Agreement was never submitted to the TDCI as required by TENN. CODE ANN. § 56-11-106(a)(2)(D), in the form of a Form D filing, so a formal approval or disapproval of this agreement was never issued by the TDCI. It is recommended that the Company file the current Administrative Services Agreement with the TDCI in the form of a Form D filing as required by TENN. CODE ANN. § 56-11-106(a)(2)(D), and to maintain compliance with this statute at all times in the future.

Delegation Agreement with Windsor HomeCare Network, LLC (WHN):

Effective March 15, 2005, the Company entered into a Delegation Agreement with WHN.

According to the terms and provisions of the Agreement, WHN agrees to provide the Company with certain home health care and related services for its members. Such services include access to their provider network maintenance, utilization management, quality improvement activities, credentialing and re-credentialing providers, and other services as may be required.

Some services necessary to its business are provided by WHN pursuant to the Agreement. There is no compensation paid based on this agreement as it is a part of the ASO Agreement with WHN of same date. CMS requires that a delegation of duties by a plan (WHP) with respect to services provided under an MA Plan be appropriately documented by written agreement as part of the Plan applying to the CMS to become a sponsor of one or more Medicare Advantage (MA) health benefit plans (MA Plans) effective January 1, 2006. The Agreement was determined to satisfy the requirements of TENN. CODE ANN. § 56-11-106(a)(l).

Notice of this Delegation Agreement was never submitted to the TDCI as required by TENN. CODE ANN. § 56-11-106(a)(2)(D), in the form of a Form D filing, so a formal approval or disapproval of this agreement was never issued by the TDCI. It is recommended that the Company file the current Delegation Agreement with the TDCI in the form of a Form D filing as required by TENN. CODE ANN. § 56-11-106(a)(2)(D), and to maintain compliance with this statute at all times in the future.

Federal and State Income Tax Allocation Agreement with WHG and Affiliates:

Effective as of the first day of the tax year ending with December 31, 2006 (January 1, 2007), the Company entered into a Consolidated Tax Allocation Agreement with their ultimate parent, WHG, and other affiliated companies.

The Agreement states the Company has elected through the provisions of the Internal Revenue Code to be included in its ultimate parent's (WHG) consolidated tax return.

The Agreement states the Consolidated Group elects to file their federal income tax return pursuant to elections under certain stated Sections of the Internal Revenue Code of 1986. The consolidated tax liability is allocated to each member of the consolidated group based upon the percentage of each member's tax computed on a separate return basis to the total tax as computed for all members. In lieu of actual payments, adjustments to intercompany payables and receivables will be made if such exist on the Company's books. Transactions under the Tax Allocation Agreement were reviewed for compliance with the Contract with no exceptions.

The Company as of the examination date of December 31, 2008 did not have an executed Tax Allocation Agreement with WHG. Subsequently, the Company did execute a Tax Allocation Agreement with their parent company and affiliates on December 17, 2009, with a retroactively effective date of January 1, 2007.

LITIGATION AND CONTINGENT LIABILITIES

During the period of examination and as of December 31, 2008, the Company is a party to various pending legal proceedings arising in the ordinary course of business. Based in part upon the opinion of its counsel as to the ultimate disposition of such lawsuits and claims, Company management believes that the liability, if any, resulting from the disposition of such proceedings will not be material to the Company's financial condition or results of operations.

STATUTORY DEPOSITS

In compliance with statutory and other requirements, the Company maintained deposits with the named jurisdictions or custodians as of December 31, 2008.

The following are deposits with states where special deposits are for the benefit of all policyholders, claimants, and creditors of the Company:

Jurisdiction	Description of Security	Book Adjusted Carrying Value	Fair Value	Par Value
Tennessee - Department of Insurance	Federal Home Loan Bank 4.70%, Due 8/10/2010 CUSIP# 3133XCJ38	$1,517,125	$1,548,329	$1,465,000
Tennessee - Department of Insurance	Federal Home Loan Bank 5.00%, Due 3/9/2012 CUSIP# 3133XJUT3	805,415	847,000	770,000
Tennessee - Department of Insurance	Federal Home Loan Bank 5.375%, Due 8/20/2012 CUSIP# 3133XLZU0	1,955,477	1,992,749	1,940,000
Tennessee - Department of Insurance	Federal Home Loan Mortgage Corporation 5.750%, Due 3/15/2009 CUSIP# 3134A3EM4	500,549	505,470	500,000
	Sub-Total	$4,778,566	$4,893,548	$4,675,000

The following are deposits with jurisdictions where special deposits are **not** for the benefit of all policyholders, claimants, and creditors of the Company:

Jurisdiction	Description of Security	Book Adjusted Carrying Value	Fair Value	Par Value
Alabama Department of Insurance	Federal Home Loan Mortgage Corporation 7.000%, Due 3/15/2010 CUSIP# 3134A33L8	$513,062	$535,155	$500,000
Arkansas Insurance Department	Federal National Mortgage Association 7.125%, Due 6/15/2010 CUSIP# 31359MFS7	320,508	325,407	300,000
South Carolina - Department of Insurance	Federal Home Loan Bank 4.400%, Due 6/15/2010 CUSIP# 3133XC4F7	312,993	320,441	305,000
	Sub-Total	$1,146,563	$1,181,003	$1,105,000
	Grand-Total	$5,925,129	$6,074,551	$5,780,000

Deposits with said jurisdictions or custodians were verified by direct correspondence with the custodians of such deposits.

ACCOUNTS AND RECORDS

TENN. COMP. R. & REGS. 0780-01-65.07(3) states that no partner or other person responsible for rendering a report by a certified public accounting firm may act in that capacity for more than seven (7) consecutive years. In 2000, the Company switched accounting firms from KPMG LLP to Deliotte & Touche LLP. Since the Company began using Deliotte & Touche LLP in 2000, they have already switched partners for the engagement in 2002 and again in 2008. Therefore, the Company is in compliance with this regulation.

During the course of the examination, accounts were verified by various tests and procedures deemed necessary to establish values for assets and liabilities appearing in the Company's financial statements. Test checks, for selected periods, were made of premium receipts, investment income, interest due and accrued, claim payments, and other disbursements. All annual statements for the period under examination were reviewed for completeness and adequacy of disclosure. The Company's risk-based capital filings were reviewed and a sample was tested for correctness. These test checks and reviews revealed no material discrepancies.

The Company filed their 2008 audited financial statement with the TDCI approximately seven (7) months late in violation of TENN. CODE ANN. § 56-32-108. TENN. CODE ANN. § 56-32-108 requires health maintenance organizations (HMO) to file their annual reports on the form prescribed by the National Association of Insurance Commissioners (NAIC). On such form, the NAIC requires HMO's to file audited financial statements by June 1 of each year. The TDCI did not receive the Company's audited financial statement until December 23, 2009. The Company was fined by the TDCI for this violation of TENN. CODE ANN. § 56-32-108. It is recommended that the Company maintain compliance with TENN. CODE ANN. § 56-32-108 at all times in the future.

SUBSEQUENT EVENTS

Subsequent Going Concern Note from Company's Delayed Release 2008 CPA Report:

The Company's certified public accounting firm, Deliotte & Touche LLP, signed and finalized their 2008 report on the Company on December 23, 2009. Included in their report was a going concern note disclosure that described the difficulties that the Company was experiencing with their business during 2008 and their plan going forward.

The Company's parent, WHG, is a party to a credit facility agreement with a maturity date of June 30, 2010. On May 5, 2010, WHG amended the new credit facility, which changed the maturity date from June 30, 2010 to December 31, 2011. The Company's stock was pledged as collateral under the terms of the credit facility.

The Company's auditors as stated in their 2008 report noted that there is no assurance that the Company will be able to increase revenues or reduce expenses through the measures included in the Company's plan going forward.

The Company's certified public accounting firm, Deliotte & Touche LLP, signed and finalized their 2009 report on the Company on May 7, 2010. The Company did not receive a going concern note disclosure from their auditors in their 2009 report.

Subsequent Paid-In Capital Contributions to the Company:

As of the examination date of December 31, 2008, the Company's capital and surplus was reported by them to be ($619,485). Subsequent to our examination "as of" date, the Company received four (4) additional paid-in capital contributions from its parent, WHG. On April 20, May 15, July 20, and December 29, 2009, WHG transferred $2,300,000, $6,500,000, $2,500,000, and $1,000,000, respectively for a total of $12.3 million to the Company as paid-in capital contributions. The purpose of these additional capital contributions was to get the Company back into compliance with Tennessee's HMO net worth requirement as outlined in TENN. CODE ANN. § 56-32-112, meet their other State's net worth requirements and obviously improve their RBC Ratio. As of December 31, 2009, the Company's capital and surplus was reported by them to be $16,174,314, which does meet the State's HMO net worth requirement as stated in TENN. CODE ANN. § 56-32-112.

Subsequent Compliance with Tennessee's HMO Net Worth Requirement:

As of the examination date of December 31, 2008, the Company's capital and surplus was reported by them to be ($619,485). This amount of capital and surplus reported by the Company as of December 31, 2008 does not meet the State's HMO net worth requirement as stated in TENN. CODE ANN. § 56-32-112. Subsequent to our examination "as of" date, the Company received additional paid-in capital contributions from their parent totaling $12.3 million. These additional capital contributions received helped increase the Company's capital and surplus amount to $16,174,314 as of December 31, 2009. As of December 31, 2009, the Company is now in compliance with TENN. CODE ANN. § 56-32-112. It is recommended that the Company be in compliance with the State's HMO net worth requirement as outlined in TENN. CODE ANN. § 56-32-112 at all times in the future.

Subsequent Compliance with Acceptable form of Custodian Agreements:

As of December 31, 2008, the Company held investments at Regions Bank, Fifth Third Bank and Bank of America and did not have a custodian agreement at each of these institutions that complies with TENN. COMP. R. & REGS. 0780-01-46-.03 or guidelines set in the *NAIC Financial Condition Examiners Handbook* for custodian agreements. During this examination once this improper holding of securities was determined, the TDCI advised the Company to either move these securities to a custodian under a proper custodian agreement or enact a proper custodian agreement with these banks at once. It is recommended that in the future the Company hold their securities with a custodian under a proper custodian agreement that complies with TENN. COMP. R. & REGS. 0780-01-46-.03 and the guidelines set in the *NAIC Financial Condition Examiners Handbook* for custodian agreements at all times.

Subsequent to the examination date in early 2010, the Company worked with two (2) financial institutions to enact a proper custodian agreement for the purpose of holding securities with each custodian. This work was done under guidance furnished by the TDCI. The two (2) banks where the Company's securities are held are Pinnacle Bank and Regions Bank. The Company was able to establish custodian agreements with Pinnacle Bank and Regions Bank in early 2010. These custodian agreements were pre-approved by the TDCI and they do comply with TENN. COMP. R. & REGS. 0780-01-46-.03 and the guidelines set in the *NAIC Financial Condition Examiners Handbook* for custodian agreements.

Subsequent Quota Share Reinsurance Transaction:

For the period of January 1, 2009 to January 1, 2010, the Company did not have reinsurance coverage. For the period January 1, 2010 to January 1, 2011, the Company entered into a 50% quota share reinsurance agreement with Munich Reinsurance America, Inc. (DE) that covers the Company's Medicare Advantage and Medicare Advantage-Prescription Drug business. The agreement's ceding commission to the Company is determined based on loss ratio and may vary from 11.5% - 17.5% of premiums. In the event that the loss ratio is less than 77.5%, the reinsurer is required to pay 35% of its net profit to the Company as a profit commission.

The primary purpose of the transaction is surplus and RBC relief. However, because the Company is an HMO, it does not qualify for reinsurance credit in accordance with TENN. CODE ANN. § 56-2-208.

Financial Statement

There follows a statement of assets, liabilities and a statement of revenue and expenses as of December 31, 2008, together with a reconciliation of capital and surplus for the period under review, as established by this examination.

Assets

	Assets	Non-Admitted Assets As a Result of the Exam	Net-Admitted Assets
Bonds	$5,925,129		$5,925,129
Cash and short-term investments	39,091,616		39,091,616
Investment income due and accrued	96,346		96,346
Premiums and considerations:			
Uncollected premiums	385,940		385,940
Accrued retrospective premiums	6,599,942		6,599,942
Reinsurance:			
Amounts recoverable from reinsurers	336,668		336,668
Amounts receivable relating to uninsured plans	787,911		787,911
Receivables from parent, subsidiaries and affiliates	2,460,520	$260,520	2,200,000
Health care and other amounts receivable	2,316,683		2,316,683
Totals	$58,000,755	$260,520	$57,740,235

Liabilities, Capital and Surplus

Claims unpaid		$28,039,252
Unpaid claims adjustment expenses		841,178
Aggregate health policy reserves		3,011,379
Premiums received in advance		410,371
General expenses due or accrued		341,729
Liability for amounts held under uninsured plans		28,814,392
Total Liabilities		$61,458,301
Common capital stock	$100,000	
Gross paid in and contributed surplus	90,721,962	
Surplus notes	4,231,300	
Unassigned funds (surplus)	(98,771,328)	
Total Capital and Surplus		(3,718,066)
Totals		$57,740,235

Statement of Revenue and Expenses

REVENUES:		
Net premium income	$279,828,786	
Total Revenues		$279,828,786
HOSPITAL AND MEDICAL:		
Hospital / medical benefits	$179,124,520	
Outside referrals	24,684,428	
Emergency room and out-of-area	4,937,405	
Prescription drugs	36,714,252	
Incentive pool, withhold adjustments and bonus amounts	163,794	
Subtotal	$245,624,399	
LESS:		
Net reinsurance recoveries	622,449	
Total Hospital and Medical	$245,001,950	
Claims adjustment expenses	647,544	
General administrative expenses	44,635,917	
Total Underwriting Deductions		290,285,411
Net Underwriting Gain or (Loss)		($10,456,625)
Net investment gains (losses)		(117,012)
Net income or (loss) after capital gains tax and before all other federal income taxes		($10,573,637)
Federal and foreign income taxes incurred		(446,224)
Net Income (Loss)		($10,127,413)

Capital and Surplus Account

	2004	2005	2006	2007	2008	
Total Capital and Surplus per Company December 31, previous year	$4,387,792	$4,975,647	$5,288,457	$6,618,139	$4,620,778	
Net income or (loss)	$268,873	$377,817	$1,342,182	$828,702	($10,127,413)	
Change in net deferred income tax	0	0	0	260,594	2,069,600	
Change in non-admitted assets and related items	318,982	(65,007)	52,440	(1,786,657)	(7,112,714)	√
Surplus adjustment: Paid in	0	0	(64,940)	(1,300,000)	6,831,683	
Net change in total capital and surplus for the year	$587,855	$312,810	$1,329,682	($1,997,361)	($8,338,844)	
Total Capital and Surplus per Company December 31, current year	$4,975,647	$5,288,457	$6,618,139	$4,620,778	($3,718,066)	

√ - This amount includes all adjustments made by the examiners during this examination.

ANALYSIS OF CHANGES IN FINANCIAL STATEMENT AND COMMENTS RESULTING FROM EXAMINATION

ASSETS

Bonds: $5,925,129

The amount shown above is the same as reported by the Company in its 2008 Annual Statement. **Justification for two (2) Recommendations:** During our examination of this asset, we noted two (2) separate findings that require recommendations to the Company. The first finding was also mentioned in the Management and Control section of this report, which noted that the Company's Board of Directors did not approve any investment transactions of the Company for the entire period of examination. This is not in compliance with TENN. CODE ANN. § 56-3-301(b)(1). It is recommended that the Company comply with TENN. CODE ANN. § 56-3-301(b)(1) and have its Board of Directors approve all of its investment transactions at all times in the future.

The second (2cd) finding was also mentioned in the Subsequent Events section of this report, which noted as of December 31, 2008, the Company held investments at Regions Bank, Fifth Third Bank and Bank of America and did not have a custodian agreement at each of these institutions that complies with TENN. COMP. R. & REGS. 0780-01-46-.03 or guidelines set in the *NAIC Financial Condition Examiners Handbook* for custodian agreements. During this examination once this improper holding of securities was determined, the TDCI advised the Company to either move these securities to a custodian under a proper custodian agreement or enact a proper custodian agreement with these banks at once. It is recommended that in the future the Company hold their securities with a custodian under a proper custodian agreement that complies with TENN. COMP. R. & REGS. 0780-01-46-.03 and the guidelines set in the *NAIC Financial Condition Examiners Handbook* for custodian agreements at all times.

Subsequent to the examination date in early 2010, the Company worked with two (2) financial institutions to enact a proper custodian agreement for the purpose of holding securities with each custodian. This work was done under guidance furnished by the TDCI. The two (2) banks where the Company's securities are held are Pinnacle Bank and Regions Bank. The Company was able to establish custodian agreements with Pinnacle Bank and Regions Bank in early 2010. These custodian agreements were pre-approved by the TDCI and they do comply with TENN. COMP. R. & REGS. 0780-01-46-.03 and the guidelines set in the *NAIC Financial Condition Examiners Handbook* for custodian agreements.

Cash, Cash Equivalents and Short-Term Investments: $39,091,616

The amount shown above is the same as reported by the Company in its 2008 Annual Statement. **Justification for Recommendation:** During our examination of this asset, we noted a finding that

requires a recommendation to the Company. In examination of cash equivalents as reported by the Company in the 2008 Annual Statement it was found that the Company reported four (4) corporate bonds as being classified as cash equivalents that should have been reported as long-term bonds. The corporate bonds reported as cash equivalents by the Company are considered to be readily convertible to cash; however they do not meet the SSAP #2 (*Cash, Drafts, and Short-term Investments*) requirement of having an original maturity of three months or less. The bonds in question have maturities of 15 to 32 years beyond the ending period of the examination and should instead be classified as long-term corporate bonds in accordance with SSAP #26 (*Bonds, excluding Loan-backed and Structured Securities*) paragraph 2d. Subsequent to the period of examination on February 26, 2009 the Company sold the above corporate bonds and as of the date of this report holds no investments in corporate bonds. It is recommended that any future Company investment in corporate bonds be reported in the Annual Statement as long-term bonds as required by the *NAIC Accounting Practices and Procedures Manual* and the *NAIC Annual Statement Instructions.*

Uncollected Premiums in the Course of Collection: $385,940

The amount shown above is the same as reported by the Company in its 2008 Annual Statement. **Justification for Comment:** The TDCI's contracted actuarial firm, Lewis & Ellis, Inc., noted one finding during their review of the Company's uncollected premium asset that requires a comment. The Company was unable to provide proper documentation to support a manual adjustment made to the uncollected premium asset. The amount of this manual adjustment was $30,693. The Company was unable to provide the detail associated with this manual adjustment and indicated it was an arbitrary estimate made by management. Given the size of this adjustment, we have considered the amount to be immaterial. However, we recommend the Company maintain proper documentation for all manual adjustments made to ledger entries in future reporting periods.

Receivables from Parent, Subsidiaries and Affiliates: $2,200,000

The amount shown above is $260,520 less than what was reported by the Company in its 2008 Annual Statement. **Justification for Change and Recommendation:** During our examination of this asset, we noted a finding that requires a financial change and recommendation be made to the Company. As of December 31, 2008, the Company reported a receivables from parent, subsidiaries and affiliates in the amount $2,460,520. Early in 2009, the Company received payments from their parent WHG totaling $2,200,000 as a partial payment for this receivable. The Company did not receive the rest of the balance due on this receivable until 2010, which was $260,520. The late receipt of this balance due does not meet the requirements to be an admitted asset under SSAP # 25; pp. 6 (Settlement Requirements for Intercompany Transactions). Due to the Company not receiving this amount in a timely fashion as required by SSAP # 25, the amount of $260,520 will be non-admitted for this examination. It is recommended that in the future the Company comply with the guidance in the *NAIC Accounting Practices and Procedures Manual* SSAP # 25 (Settlement Requirements for Intercompany Transactions) when they report amounts for this asset.

LIABILITIES, SURPLUS AND OTHER FUNDS

Claims Unpaid:	$28,039,252
Unpaid Claims Adjustment Expenses:	$841,178

Claims unpaid is $2,774,879 more than reported by the Company in its 2008 Annual Statement and unpaid claims adjustment expenses is $63,182 more than reported by the Company in its 2008 Annual Statement. **Justification for Change and Comment:** The TDCI's contracted actuarial firm, Lewis & Ellis, Inc., during their review of the Company's reserves noted a reserve deficiency that requires a financial change and comment be made to the Company. Lewis & Ellis, Inc. had the added benefit of looking at the Company's reserves after 13 months of run-out. Due to this "hindsight" view of the Company's stated 2008 reserves, it was apparent that the Company's Claims Unpaid liability was inadequate by $2,774,879. Lewis & Ellis, Inc. increased the Company's Claims Unpaid liability by that amount. In addition, the Company applies a factor of 3% to their IBNR to calculate the Unpaid Claims Adjustment Expense Reserve (UCAE). Due to this, Lewis & Ellis, Inc. used the revised IBNR to recalculate the UCAE and increased that reserve by $63,182. The TDCI agrees with Lewis & Ellis, Inc. actuarial findings and will be increasing the Company's Claims Unpaid and UCAE reserve amounts by the above stated amounts for this examination.

Total Capital and Surplus:	($3,718,066)

Total capital and surplus as established by this examination is $3,098,581 less than what was reported by the Company in its December 31, 2008, Annual Statement. For this examination, we decreased receivables from parent, subsidiaries and affiliates by $260,520, increased claims unpaid by $2,774,879 and increased unpaid claims adjustment expenses by $63,182. These amounts are outlined in the subsequent schedule which indicates the various items making up the changes. The changes in the various items indicated are discussed in detail under the appropriate captions elsewhere in this report.

TENN. CODE ANN. § 56-32-112(a)(2) requires an insurer of this Company's type, health maintenance organization (HMO), to establish and maintain minimum net worth equal to the greater of (1) $1,500,000 or (2) an amount totaling 4% of the first $150 million of annual premium revenue earned plus 1.5% of the amount earned in excess of $150 million for the most recent Annual Statement filed with the Commissioner. The Company's premium revenue per documentation obtained from their 2008 Annual Statement totaled $279,828,786; therefore, based upon TENN. CODE ANN. § 56-32-112(a)(2), the Company's minimum statutory net worth requirement was $7,947,432 as of December 31, 2008. Therefore, the Company as of December 31, 2008, for this examination does not maintain capital and surplus in excess of the amount required per TENN. CODE ANN. § 56-32-112(a)(2).

Subsequent to our examination "as of" date, the Company received additional paid-in capital contributions from their parent totaling $12.3 million. These additional capital contributions received helped increase the Company's capital and surplus amount to $16,174,314 as of December 31, 2009 as reported by them in their 2009 Annual Statement.

The Company's premium revenue per documentation obtained from their 2009 Annual Statement totaled $366,622,814; therefore, based upon TENN. CODE ANN. § 56-32-112(a)(2), the Company's minimum statutory net worth requirement was $9,249,342 as of December 31, 2009. The Company reported total capital and surplus of $16,174,314 as of December 31, 2009, which is $6,924,972 in excess of their minimum net worth requirement.

As of December 31, 2009, the Company is now in compliance with TENN. CODE ANN. § 56-32-112. It is recommended that the Company be in compliance with the State's HMO net worth requirement as outlined in TENN. CODE ANN. § 56-32-112 at all times in the future.

ANALYSIS OF CHANGES IN FINANCIAL STATEMENT PER EXAMINATION AS THEY AFFECT SURPLUS

Item	Reclassification	Increase	Decrease	Surplus
Total Capital and Surplus per Company				($619,485)
Receivables from parent, subsidiaries and affiliates			$260,520	
Claims unpaid			2,774,879	
Unpaid claims adjustment expenses			63,182	
Totals	$0	$0	$3,098,581	
Total Decrease per Examination				(3,098,581)
Total Capital and Surplus per Examination				($3,718,066)

COMMENTS AND RECOMMENDATIONS

The following list presents a summary of comments and recommendations noted in this report:

Comments:

A. Subsequent Events – Page 19

During this examination we noted three (3) subsequent event issues that require comments to this examination report. These three (3) subsequent event issues are described in detail below:

1. Company's 2008 CPA Report Going Concern Note: The Company's certified public accounting firm, Deliotte & Touche LLP, signed and finalized their 2008 report on the Company on December 23, 2009. Included in their report was a going concern note disclosure that described the difficulties that the Company was experiencing with their business during 2008 and their plan going forward.

   As mentioned earlier in the Company History section of this report, the Company's parent WHG is a party to a credit facility agreement with a maturity date of June 30, 2010.. On May 5, 2010, WHG amended the new credit facility, which changed the maturity date from June 30, 2010 to December 31, 2011. The Company's stock was pledged as collateral under the terms of the credit facility.

   The Company's auditors as stated in their report noted that there is no assurance that the Company will be able to increase revenues or reduce expenses through the measures included in the Company's plan going forward.

   The Company's certified public accounting firm, Deliotte & Touche LLP, signed and finalized their 2009 report on the Company on May 7, 2010. The Company did not receive a going concern note disclosure from their auditors in their 2009 report.

2. Subsequent Paid-In Capital Contributions to the Company: As of the examination date of December 31, 2008, the Company's capital and surplus was reported by them to be ($619,485). Subsequent to our examination "as of" date, the Company received four (4) additional paid-in capital contributions from its parent, WHG. On April 20, May 15, July 20, and December 29, 2009, WHG transferred $2,300,000, $6,500,000, $2,500,000, and $1,000,000, respectively for a total of $12.3 million to the Company as paid-in capital contributions. The purpose of these additional capital contributions was to get the Company back into compliance with Tennessee's HMO net worth requirement as outlined in TENN. CODE ANN. § 56-32-112, meet their other State's net worth requirements and obviously improve their RBC Ratio. As of December 31, 2009, the Company's capital and surplus was reported by them to be $16,174,314, which does meet the State's HMO net worth requirement as stated in TENN. CODE ANN. § 56-32-112.

3. Subsequent Quota Share Reinsurance Transaction: For the period of January 1, 2009 to January 1, 2010, the Company did not have reinsurance coverage. For the period January 1, 2010 to January 1, 2011, the Company entered into a 50% quota share reinsurance agreement with Munich Reinsurance America, Inc. (DE) that covers the Company's Medicare Advantage and Medicare Advantage-Prescription Drug business. The agreement's ceding commission to the Company is determined based on loss ratio and may vary from 11.5% - 17.5% of premiums. In the event that the loss ratio is less than 77.5%, the reinsurer is required to pay 35% of its net profit to the Company as a profit commission.

   The primary purpose of the transaction is surplus and RBC relief. However, because the Company is an HMO, it does not qualify for reinsurance credit in accordance with TENN. CODE ANN. § 56-2-208.

B. Uncollected Premiums in the Course of Collection – Page 27

In addition to the reserve increases, Lewis & Ellis, Inc. also noted one finding during their review of the Company's uncollected premium asset. The Company was unable to provide proper documentation to support a manual adjustment made to the uncollected premium asset. The amount of this manual adjustment was $30,693. The Company was unable to provide the detail associated with this manual adjustment and indicated it was an arbitrary estimate made by management. Given the size of this adjustment, we have considered the amount to be immaterial. However, we recommend the Company maintain proper documentation for all manual adjustments made to ledger entries in future reporting periods.

C. Claims Unpaid and Unpaid Claims Adjustment Expenses – Page 28

The TDCI's contracted actuarial firm, Lewis & Ellis, Inc., during their review of the Company's reserves noted a reserve deficiency that required a financial change be made to the Company. Lewis & Ellis, Inc. had the added benefit of looking at the Company's reserves after 13 months of run-out. Due to this "hindsight" view of the Company's stated 2008 reserves, it was apparent that the Company's Claims Unpaid liability was inadequate by $2,774,879. Lewis & Ellis, Inc. increased the Company's Claims Unpaid liability by that amount. In addition, the Company applies a factor of 3% to their IBNR to calculate the Unpaid Claims Adjustment Expense Reserve (UCAE). Due to this, Lewis & Ellis, Inc. used the revised IBNR to recalculate the UCAE and increased that reserve by $63,182. The TDCI agrees with Lewis & Ellis, Inc. actuarial findings and will be increasing the Company's Claims Unpaid and UCAE reserve amounts by the above stated amounts for this examination.

Recommendations:

A. Management and Control – Page 6

During our review of the Company's Charter, Bylaws, shareholder, Board of Directors and committee meeting minutes, we noted several deficiencies in the Company's corporate records. The following list presents our findings of noted deficiencies in the Company's corporate records for the period of examination:

1. There were no recorded annual meetings of the shareholders or Board of Directors of the Company for the entire period of examination. This failure is not in compliance with the Company's Bylaws.
2. The shareholders did not formally elect a Board of Directors of the Company for the entire period of examination. This failure is not in compliance with the Company's Bylaws.
3. The Board of Directors did not formally elect officers of the Company for the entire period of examination. This failure is not in compliance with the Company's Bylaws.
4. The Board of Directors did not approve any investment transactions of the Company for the entire period of examination. This failure is not in compliance with TENN. CODE ANN. § 56-3-301(b)(1).
5. There were no recorded shareholders or Board of Director meeting minutes of any kind for the full year of 2008. This failure is not in compliance with the Company's Bylaws.

It is recommended that the Company take actions to comply and remedy the above noted deficiencies as soon as possible. After the Company was advised of these deficiencies, their legal representative, who acts as Secretary for their Board of Directors Meetings, prepared all Board of Directors and shareholder annual meeting minutes going back to 2006. These minutes were based on templates that the legal representative had previously prepared and were signed by the Directors and shareholders on May 17, 2010.

B. Pecuniary Interest of Officers and Directors – Page 9

The Company's conflicts of interest policy does not require annual disclosure statements to be performed by any of its officers, directors or employees. The Company is required to maintain compliance with TENN. CODE ANN. § 56-3-103, prohibiting officers and directors of insurance companies from being pecuniarily interested in the investment or disposition of funds of a domestic insurance company. Without being able to review conflict of interest annual disclosure statements performed by the Company's officers and directors, it is impossible to determine Company compliance with TENN. CODE ANN. § 56-3-103. It is recommended that the Company amend its conflict of interest policy to include required annual disclosure statements be performed by its officers and directors so that the TDCI can determine compliance with TENN. CODE ANN. § 56-3-103.

C. Agreements with Parent, Subsidiaries and Affiliates – Page 14

As of our examination date of December 31, 2008, the Company had three (3) separate agreements with affiliated companies that were never submitted to the TDCI as required by TENN. CODE ANN. § 56-11-106(a)(2)(D), in the form of a Form D filing, so a formal approval or disapproval of these agreements were never issued by the TDCI. The three (3) agreements that were never filed for approval by the TDCI were the Company's Management Service Agreement with WMS, the Administrative Services Agreement with WHN, and the Delegation Agreement with WHN.

It is recommended that the Company file the current Management Service Agreement with WMS, the Administrative Services Agreement with WHN, and the Delegation Agreement with WHN with the TDCI in the form of a Form D filing as required by TENN. CODE ANN. § 56-11-106(a)(2)(D), and to maintain compliance with this statute at all times in the future.

D. Accounts and Records – Page 19

The Company filed their 2008 audited financial statement with the TDCI approximately seven (7) months late in violation of TENN. CODE ANN. § 56-32-108. TENN. CODE ANN. § 56-32-108 requires HMO's to file their annual reports on the form prescribed by the National Association of Insurance Commissioners (NAIC). On such form, the NAIC requires HMO's to file audited financial statements by June 1 of each year. The TDCI did not receive the Company's audited financial statement until December 23, 2009. The Company was fined by the TDCI for this violation of TENN. CODE ANN. § 56-32-108. It is recommended that the Company maintain compliance with TENN. CODE ANN. § 56-32-108 at all times in the future.

E. Subsequent Events and Capital and Surplus – Page 19 and 28

As of the examination date of December 31, 2008, the Company's capital and surplus was reported by them to be ($619,485). Due to findings for this examination, the Company's capital and surplus was lowered an additional $3,098,581. After these examination changes, the Company's capital and surplus as stated for this examination is ($3,718,066). Therefore, the Company as of December 31, 2008, for this examination does not maintain capital and surplus in excess of the amount required per TENN. CODE ANN. § 56-32-112(a)(2).

Subsequent to our examination "as of" date, the Company received additional paid-in capital contributions from their parent totaling $12.3 million. These additional capital contributions received helped increase the Company's capital and surplus amount to $16,174,314 as of December 31, 2009 as reported by them in their 2009 Annual Statement.

The Company's premium revenue per documentation obtained from their 2009 Annual Statement totaled $366,622,814; therefore, based upon TENN. CODE ANN. § 56-32-112(a)(2), the Company's minimum statutory net worth requirement was $9,249,342 as of December 31, 2009. The Company reported total capital and surplus of $16,174,314 as of December 31, 2009, which is $6,924,972 in excess of their minimum net worth requirement.

As of December 31, 2009, the Company is now in compliance with TENN. CODE ANN. § 56-32-112. It is recommended that the Company be in compliance with the State's HMO net worth requirement as outlined in TENN. CODE ANN. § 56-32-112 at all times in the future.

F. Subsequent Events and Bonds – Page 19 and 26

As of December 31, 2008, the Company held investments at Regions Bank, Fifth Third Bank and Bank of America and did not have a custodian agreement at each of these institutions that complies with TENN. COMP. R. & REGS. 0780-01-46-.03 or guidelines set in the *NAIC Financial Condition Examiners Handbook* for custodian agreements. During this examination once this improper holding of securities was determined, the TDCI advised the Company to either move these securities to a custodian under a proper custodian agreement or enact a proper custodian agreement with these banks at once. It is recommended that in the future the Company hold their securities with a custodian under a proper custodian agreement that complies with TENN. COMP. R. & REGS. 0780-01-46-.03 and the guidelines set in the *NAIC Financial Condition Examiners Handbook* for custodian agreements at all times.

Subsequent to the examination date in early 2010, the Company worked with two (2) financial institutions to enact a proper custodian agreement for the purpose of holding securities with each custodian. This work was done under guidance furnished by the TDCI. The two (2) banks where the Company's securities are held are Pinnacle Bank and Regions Bank. The Company was able to establish custodian agreements with Pinnacle Bank and Regions Bank in early 2010. These custodian agreements were pre-approved by the TDCI and they do comply with TENN. COMP. R. & REGS. 0780-01-46-.03 and the guidelines set in the *NAIC Financial Condition Examiners Handbook* for custodian agreements.

G. Management and Control and Bonds – Page 6 and 26

As noted in the Management and Control section of this report, the Company's Board of Directors did not approve any investment transactions of the Company for the entire period of examination. This is not in compliance with TENN. CODE ANN. § 56-3-301(b)(1). It is recommended that the Company comply with TENN. CODE ANN. § 56-3-301(b)(1) and have its Board of Directors approve all of its investment transactions at all times in the future.

H. Cash, Cash Equivalents and Short-Term Investments – Page 26

In examination of cash equivalents as reported by the Company in the 2008 Annual Statement it was found that the Company reported four (4) corporate bonds as being classified as cash equivalents that should have been reported as long-term bonds. The corporate bonds reported as cash equivalents by the Company are considered to be readily convertible to cash; however they do not meet the SSAP #2 (*Cash, Drafts, and Short-term Investments*) requirement of having an original maturity of three months or less. The bonds in question have maturities of 15 to 32 years beyond the ending period of the examination and should instead be classified as long-term corporate bonds in accordance with SSAP #26 (*Bonds, excluding Loan-backed and Structured Securities*) paragraph 2d. Subsequent to the period of examination on February 26, 2009 the Company sold the above corporate bonds and as of the date of this report holds no investments in corporate bonds. It is recommended that any future Company investment in corporate bonds be reported in the Annual Statement as long-term bonds as required by the *NAIC Accounting Practices and Procedures Manual* and the *NAIC Annual Statement Instructions*.

I. Receivables from Parent, Subsidiaries and Affiliates – Page 27

As of December 31, 2008, the Company reported a receivables from parent, subsidiaries and affiliates in the amount $2,460,520. Early in 2009, the Company received payments from their parent WHG totaling $2,200,000 as a partial payment for this receivable. The Company did not receive the rest of the balance due on this receivable until 2010, which was $260,520. The late receipt of this balance due does not meet the requirements to be an admitted asset under SSAP # 25; pp. 6 (Settlement Requirements for Intercompany Transactions). Due to the Company not receiving this amount in a timely fashion as required by SSAP # 25, the amount of $260,520 will be non-admitted for this examination. It is recommended that in the future the Company comply with the guidance in the *NAIC Accounting Practices and Procedures Manual* SSAP # 25 (Settlement Requirements for Intercompany Transactions) when they report amounts for this asset.

CONCLUSION

The customary insurance examination practices and procedures, as promulgated by the NAIC have been followed in connection with the verification and valuation of assets and the determination of liabilities of Windsor Health Plan, Inc. located in Brentwood, Tennessee.

In such manner, it was found that as of December 31, 2008, the Company had admitted assets of $57,740,235 and liabilities, exclusive of surplus, of $61,458,301. Thus, there existed for the additional protection of the policyholders, the amount of ($3,718,066) in the form of common capital stock, gross paid in and contributed surplus, surplus notes and unassigned funds. During 2009, the Company received several capital additions from its parent WHG which have restored the Company's capital and surplus level above the statutory minimum requirements.

The courteous cooperation of the officers and employees of the Company, extended during the course of the examination, is hereby acknowledged.

In addition to the undersigned, Mike Mayberry, FSA, MAAA, Brian Rankin, FSA, Dave Dillon, FSA, MAAA, Sarah Hoover, ASA, MAAA, Jackie Hortsman, ASA, MAAA, Kathy Hembey, and Kathlen Knight of the contracting actuarial firm, Lewis & Ellis, Inc., Richardson, Texas, and Norman Chandler, CPA, CPCU, ARe, AIAF, ARC, ACP, of the contracting reinsurance specialist firm, TaylorChandler, LLC, Montgomery, Alabama, participated in the work of this examination.

Respectfully submitted,

A. Jay Uselton, CFE
Examiner-in-Charge
State of Tennessee
Southeastern Zone, NAIC

Kurt Polasko, CFE
Insurance Examiner, AFE
State of Tennessee
Southeastern Zone, NAIC

Gregory Bronson, CIE, MCM
Insurance Examiner, III
State of Tennessee
Southeastern Zone, NAIC

Rebecca E. Walker
Insurance Examiner, III
State of Tennessee
Southeastern Zone, NAIC

EXAMINATION AFFIDAVIT

The undersigned deposes and says that he has duly executed the attached examination report of Windsor Health Plan, Inc. located in Brentwood, Tennessee dated June 07, 2010, and made as of December 31, 2008, on behalf of the Tennessee Department of Commerce and Insurance. Deponent further says he is familiar with such instrument and the contents thereof, and the facts therein set forth are true to the best of his knowledge, information and belief.

A. Jay Uselton, CFE
Examiner-in-Charge
State of Tennessee
Southeastern Zone, NAIC

County Davidson

State Tennessee

Subscribed and sworn to before me this 8th day of June, 2010

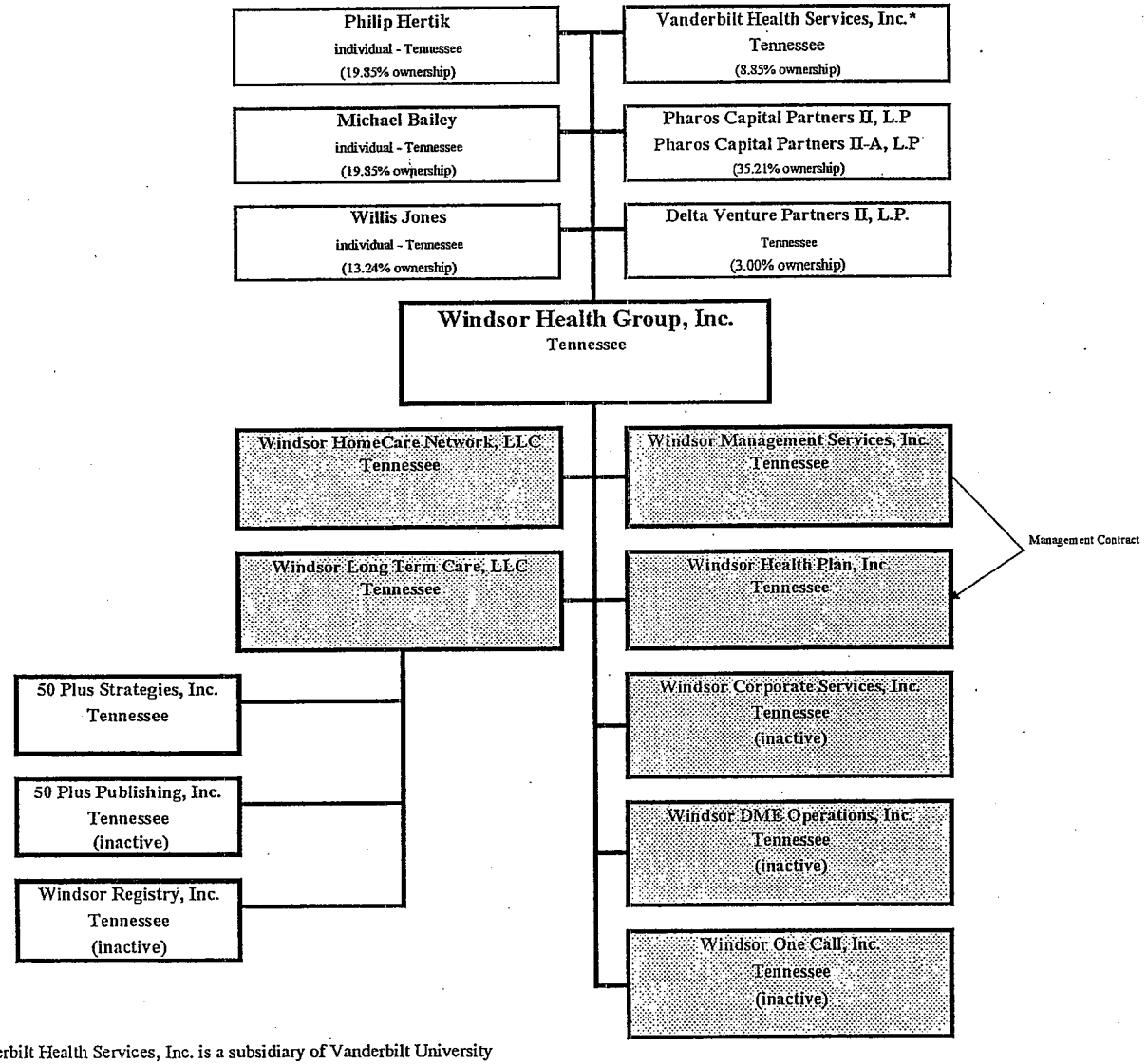
Helen W. Dorsey
(NOTARY)

My Commission Expires

03/03/2014

HELEN W DORSEY
STATE OF TENNESSEE NOTARY PUBLIC
DAVIDSON COUNTY

Windsor Health Group, Inc.
Organizational Chart
As of December 31, 2008



*Vanderbilt Health Services, Inc. is a subsidiary of Vanderbilt University

WINDSOR
HEALTH PLAN, INC.

June 18, 2010

Horace E. Gaddis, Jr., CFE
Insurance Examinations Director
Department of Commerce and Insurance
500 James Robertson Parkway, 4th Floor
Nashville, TN 37243

Dear Horace:

We are in receipt of your letter dated June 8, 2010 regarding the Financial Examination Report of Windsor Health Plan, Inc. made as of December 31, 2008. We have reviewed the Financial Examination Report and enclosed you will find written responses to each item listed within the Comments and Recommendations section of the Examination Report.

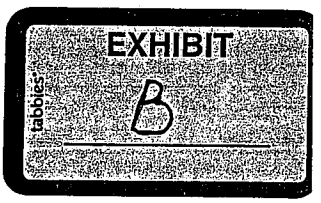
If you have any questions, please feel free to contact me or Molly Arcia at (615) 782-7906.

Sincerely,

Michael D. Bailey
President & CEO

Enclosure:
Management's Responses to TDCI Comments and Recommendations

7100 Commerce Way, Suite 285 • Brentwood, TN 37027
615-782-7800 • 1-800-316-2273 • www.windsorextra.com



MANAGEMENT'S RESPONSES TO TDCI COMMENTS AND RECOMMENDATIONS

COMMENTS

A. Subsequent Events – Page 19

1. Company's 2008 CPA Report Going Concern Note
   The Company's certified public accounting firm, Deloitte & Touche LLP, signed and finalized the 2009 report on the Company on May 7, 2010. The 2009 report did not include a going concern note disclosure.
2. Subsequent Paid-In Capital Contributions to the Company
   As of December 31, 2009, the Company's capital and surplus was reported as $16,174,314 which meets the State's HMO net worth requirement. This capital is also reflected in the 2009 WHP audit report certified by Deloitte & Touche LLP.
3. Subsequent Quota Share Reinsurance Transaction
   The primary purpose of the transaction was to create additional statutory capital to meet the requirements of those states where the Company does business (other than Tennessee) that follow risk based capital guidelines.

B. Uncollected Premiums in the Course of Collection – Page 27
Management's Response: The Company will maintain proper documentation for all manual adjustments made to the general ledger in future reporting periods including immaterial amounts.

C. Claims Unpaid and Unpaid Claims Adjustment Expenses – Page 28
Management's Response: Subsequent to the filing of the 2008 annual statement with TDCI, the Company revised its estimate of medical costs payable relating to 2008 and prior years. This approximate $2 million increase in the estimated liability for medical costs payable resulted from the Company's continuous review process and was recorded in 2009 in accordance with Statement of Statutory Accounting Principles (SSAP) No. 55, *Unpaid Claims, Losses and Loss Adjustment Expenses.*

RECOMMENDATIONS

A. Management and Control – Page 6-8
Management's Response: Actions by Written Consent were prepared and executed for Board of Directors and shareholder meetings for each year from 2006 through 2010 to date. The Company will hold meetings (or take action by written consent) of the Board of Directors and shareholders at least annually, and at such other times as may be required or advisable. The Company, at a minimum, will take appropriate action to provide for the formal election of the Board of Directors, the formal election of the officers of the Company, and approval of all investment transactions.

B. Pecuniary Interest of Officers and Directors – Page 9

Management's Response: The Company will amend its conflict of interest policy to include required annual disclosure statements be provided and formally documented by its officers and directors.

C. Agreements with Parent, Subsidiaries and Affiliates – Page 14

Management's Response: During October 2005, the Company filed with TDCI the Management Services Agreement with Windsor Management Services, Inc. (WMS) pursuant to Form A filing. Subsequent to the examination report, on May 24, 2010, the Company filed Form D reports regarding the Tax Payment Allocation Agreement among Windsor Health Group, Inc. and Affiliates, as well as the Administrative Services Agreement and Delegation with Windsor HomeCare Network, LLC (WHCN). The Company subsequently filed a Form D with respect to the Home Health Services Agreement that is intended to supersede the Administrative Services Agreement on June 1, 2010, as amended on June 14, 2010.

D. Accounts and Records – Page 19

Management's Response: The 2009 audited financial statements were issued on May 7, 2010, which is prior to the required filing date of June 1, 2010. The Company will file audited financial statements by June 1 of each year to maintain compliance with NAIC and TDCI.

E. Subsequent Events and Capital and Surplus – Page 19 and 28

During 2009 the Company received additional paid-in capital contributions from WHG totaling $12.3 million. These additional capital contributions helped increase the Company's capital and surplus amount to $16,174,314 as of December 31, 2009 as reported in the 2009 Annual Statement.

F. Subsequent Events and Bonds – Page 19 and 26

Management's Response: The Company has received approval from the TDCI for the current custodian agreements with Regions Morgan Keegan and Pinnacle National Bank. The Company will hold securities with a custodian under proper custodian agreements that comply with Tennessee statutes as well as NAIC guidelines for custodian agreements at all times.

G. Management and Control and Bonds – Page 6 and 26

Management's Response: The Company will properly document the Board of Directors' approval of all investment transactions on a quarterly basis in the future.

H. Cash, Cash Equivalents and Short-term Investments – Page 26

Management's Response: The Company will report all investments in corporate bonds (if any) as long-term bonds within the Annual Statement as required by the *NAIC Accounting Practices and Procedures Manual* and the *NAIC Annual Statement Instructions*.

I. Receivables from Parent, Subsidiaries and Affiliates – Page 27

Management's Response: The Company will comply with statutory guidance in the *NAIC Accounting Practices and Procedures Manual* SSAP No. 25 (Settlement Requirements for Intercompany Transactions) when reporting for this or similar assets.