

Report of Examination of

OHA Insurance Solutions, Inc.
Columbus, Ohio

As of December 31, 2013

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Columbus, Ohio
October 17, 2014

Honorable Mary Taylor
Lieutenant Governor/Director
State of Ohio
Department of Insurance
50 West Town Street
3rd Floor – Suite 300
Columbus, Ohio 43215

Dear Lieutenant Governor/Director:

In accordance with Section 3901.07 of the Ohio Revised Code (“ORC”), the Ohio Department of Insurance (“Department”) conducted an examination of

OHA Insurance Solutions, Inc.

an Ohio domiciled, stock, property and casualty insurance company, hereinafter referred to as the “Company.”

Scope of Examination

The Department last examined the Company as of December 31, 2008. The Department’s current examination covers the period of January 1, 2009, through December 31, 2013.

The examination was conducted in accordance with the National Association of Insurance Commissioners (“NAIC”) Financial Condition Examiners Handbook (“Handbook”). The Handbook requires that the Department plan and perform the examination to evaluate the Company’s financial condition and identify prospective risks including corporate governance, identify and assess inherent risks and evaluate system controls and procedures used to mitigate those risks. An examination also includes assessing the principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation, management’s compliance with Statutory Accounting Principles and annual statement instructions when applicable to domestic state regulations.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process.

For all years under examination, the Certified Public Accounting firm of Crowe Horwath LLP provided an unqualified opinion on the Company’s financial statements based on Statutory Accounting Principles. The audited financial reports were reviewed during the examination.

Management and Control

Board of Directors

Management of the Company is vested in its Board of Directors, which was comprised of the following members as of the examination date.

Name	Principal Occupation
James R. Castle	Retired President and Chief Executive Officer, Ohio Hospital Association
Michael D. Abrams	President and Chief Executive Officer, Ohio Hospital Association
Mary L. Gallagher	Executive Vice President, Ohio Hospital Association
Robert Krisowaty	Retired Chief Financial Officer and Treasurer, Westfield Group
Susan S. Makos	Former Executive Vice President, Catholic Healthcare Partners
Gregory Morrison, MD	Vice President of Medical Affairs, Grant Medical Center
D. Brent Mulgrew	Executive Director, Ohio State Medical Association
Cynthia A. Powell	Chief Risk Officer, State Auto Insurance Companies
Walter A. Reiling, Jr., MD	Physician
Susan J. Stanfield	President and Chief Executive Officer, OHA Insurance Solutions, Inc.

Officers

As of the examination date, the following principal executive officers were elected and serving in accordance with the Company's Bylaws:

Name	Title
Susan J. Stanfield	President and Chief Executive Officer
Mary L. Gallagher	Secretary
Ralph E. Burnheimer	Treasurer and Chief Financial Officer
David K. Langley	Vice President of Claims

Insurance Holding Company System

The Company is a member of a holding company system as defined in Section 3901.32 of the ORC. The following displays the chain of ownership of the insurance company as of December 31, 2013:

Series A Preferred Shareholders (convertible, non-voting)*
Class A Common Shareholders (OHA member hospitals)*
Class B Common Shareholder (Ohio Hospital Association)*
 OHA Holdings, Inc.
 OHA Insurance Solutions, Inc.

*Share ownership in OHA Holdings, Inc.

Territory and Plan of Operations

The Company was licensed to transact business in the State of Ohio. The table below illustrates the Company's 2013 premiums written, in thousands, by line of business:

Line of Business	Direct	Assumed	Ceded	Net	Net %
Medical professional liability – occurrence	\$ 198	\$ 0	\$ 16	\$ 182	4.6
Medical professional liability – claims-made	5,338	0	1,717	3,621	91.1
Other liability – claims-made	<u>2,789</u>	<u>0</u>	<u>2,618</u>	<u>171</u>	<u>4.3</u>
Totals	<u>\$ 8,325</u>	<u>\$ 0</u>	<u>\$ 4,351</u>	<u>\$ 3,974</u>	<u>100.0</u>

Reinsurance

The Company purchases reinsurance on an excess of loss basis. The excess treaties provide protection for policy limits in excess of a per claim retention of \$500,000.

All contracts contained an insolvency clause, errors and omission clause and an arbitration clause, which meet the guidelines prescribed by the NAIC.

Financial Statements

The financial condition and the results of its operations for the five-year period under examination as reported and filed by the Company with the Department and audited by the Company's external auditors are reflected in the following:

Statement of Assets, Liabilities, Surplus and Other Funds

Statement of Income

Statement of Changes in the Capital and Surplus Account

**Statement of Assets, Liabilities, Surplus and Other Funds
December 31, 2013**

Assets

Bonds	\$ 36,807,601
Common stocks	1,194,871
Cash and short-term investments	<u>3,167,365</u>
Subtotal, cash and invested assets	41,169,837
Investment income due and accrued	295,816
Uncollected premiums and agents' balances	212,810
Deferred premiums, agents' balances and installments booked but deferred and not yet due	1,329,030
Amounts recoverable from reinsurers	18,682
Current federal income taxes recoverable	146,273
Net deferred tax asset	<u>463,063</u>
Total assets	<u>\$ 43,635,511</u>

Liabilities

Losses	\$ 7,884,946
Loss adjustment expenses	4,900,294
Other expenses	192,406
Unearned premiums	2,019,907
Advance premium	49,200
Ceded reinsurance premiums payable	3,834,428
Amounts withheld or retained by company for account of others	604,087
Aggregate write-ins for liabilities	<u>269,000</u>
Total liabilities	<u>19,754,268</u>

Capital and Surplus

Common capital stock	1,000,000
Gross paid in and contributed surplus	20,192,015
Unassigned funds	<u>2,689,228</u>
Total capital and surplus	<u>23,881,243</u>
Total liabilities, capital and surplus	<u>\$ 43,635,511</u>

Statement of Income
For the Year Ended December 31, 2013

Premiums earned	<u>\$ 3,779,569</u>
Losses incurred	864,125
Loss adjustment expenses incurred	1,373,670
Other underwriting expenses incurred	2,256,903
Aggregate write-ins for underwriting deductions	<u>106,000</u>
Total underwriting deductions	<u>4,600,698</u>
Net underwriting (loss)	<u>(821,129)</u>
Net investment income earned	897,322
Net realized capital gains	<u>11,862</u>
Net investment gain	<u>909,184</u>
Net income before federal income taxes	88,055
Federal income taxes incurred	<u>(131,387)</u>
Net income	<u>\$ 219,442</u>

Statement of Changes in the Capital and Surplus Account
As of and For the Year Ended December 31
(In thousands)

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Capital and surplus, prior year end	<u>\$ 23,393</u>	<u>\$ 22,471</u>	<u>\$ 22,709</u>	<u>\$ 22,004</u>	<u>\$ 21,086</u>
Net income (loss)	219	1,025	(345)	223	164
Change in net unrealized capital gains (losses)	127	(114)	(1)	230	342
Change in net deferred income tax	(80)	(125)	115	59	39
Change in non-admitted assets	212	110	(40)	57	152
Surplus adjustments	<u>10</u>	<u>26</u>	<u>33</u>	<u>136</u>	<u>221</u>
Net change in capital and surplus	<u>488</u>	<u>922</u>	<u>(238)</u>	<u>705</u>	<u>918</u>
Capital and surplus, current year end	<u>\$ 23,881</u>	<u>\$ 23,393</u>	<u>\$ 22,471</u>	<u>\$ 22,709</u>	<u>\$ 22,004</u>

Notes to Financial Statements

Investments

The Company's investments were in compliance with ORC Section 3925.08 and valued in accordance with the relevant Statements of Statutory Accounting Principles and the NAIC Securities Valuation Office.

Loss and Loss Adjustment Expense (LAE) Reserves

The Company's Board of Directors appointed James D. Hurley, ACAS, MAAA, from Towers Watson, to render the Company's Statement of Actuarial Opinion ("Opinion"). Mr. Hurley prepared an Actuarial Report supporting the Opinion in connection with the preparation of the Company's 2013 Annual Statement.

Thomas S. Botsko, ACAS, MAAA, the Department's Property and Casualty Actuary, reviewed the Actuarial Report and performed other procedures as considered necessary to evaluate the reserves. On the basis of his analysis, Mr. Botsko concluded the reserves fall within a reasonable range of reserve estimates at December 31, 2013.

Subsequent Event

Effective January 1, 2014, FinCor Holdings, Inc. acquired OHA Holdings, Inc., the Company's parent. FinCor Holdings, Inc. is a subsidiary of Medical Professional Mutual Insurance Company ("MPM"), a Massachusetts insurer. MPM is the ultimate controlling entity of Coverys, a group of insurers and other companies that specialize in medical professional liability insurance.

Conclusion

The balance sheet contained in this Report of Examination reflects the financial condition of the Company as of December 31, 2013, and is summarized as follows:

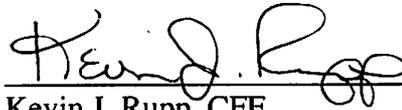
Total Admitted Assets	<u>\$ 43,635,511</u>
Liabilities	\$ 19,754,268
Capital and Surplus	<u>23,881,243</u>
Total Liabilities, Capital and Surplus	<u>\$ 43,635,511</u>

Acknowledgement

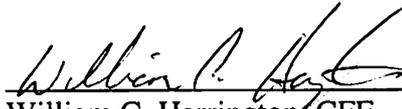
Appreciation is expressed for the assistance extended by the officers and employees of the Company during the course of this examination.

In addition to the aforementioned and undersigned, the following representatives of the Department participated in this examination: Ryan S. Gibson, AES, CFE, CISA, FLMI, and Stephen W. Bishel, CPA.

Respectfully,



Kevin J. Rupp, CFE
Examiner-in-Charge
Ohio Department of Insurance



William C. Harrington, CFE
Chief Examiner
Ohio Department of Insurance

Verification

As required by Section 3901.07 of the Ohio Revised Code, the undersigned hereby attest to the best of their knowledge and belief that the attached is a true Report of Examination as of December 31, 2013.

Kevin J. Rupp
Examiner-In-Charge

12/16/14
Date

William C. Harrington
Chief Examiner

12/16/14
Date

State of Ohio
County of Franklin

Personally appeared before me the above named, Kevin J. Rupp, personally known to me, who executed the above instrument and that the statements and answers contained therein are true and correct to the best of his knowledge and belief.

Subscribed and sworn to before me this 16 day of December, 2014.

Elizabeth Chase
(Notary Public)
ELIZABETH CHASE
NOTARY PUBLIC, STATE OF OHIO
MY COMMISSION EXPIRES MAY 22, 2017
My Commission Expires

State of Ohio
County of Franklin

Personally appeared before me the above named William C. Harrington, personally known to me, who executed the above instrument and that the statements and answers contained therein are true and correct to the best of his knowledge and belief.

Subscribed and sworn to before me this 16 day of December, 2014.

Elizabeth Chase
(Notary Public)
ELIZABETH CHASE
NOTARY PUBLIC, STATE OF OHIO
MY COMMISSION EXPIRES MAY 22, 2017
My Commission Expires