

Report of Examination of

Molina Healthcare Insurance Company
(now known as Catamaran Insurance of Ohio, Inc.)
Columbus, OH

As of December 31, 2011

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Columbus, Ohio
April 29, 2013

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

Dear Madam:

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

Molina Healthcare Insurance Company

an Ohio domiciled, stock, life, accident and health insurance company, hereinafter referred to as the “Company.”

Scope of Examination

The Department last examined the Company as of December 31, 2006. The Department’s current examination covers the period of January 1, 2007 to and including December 31, 2011.

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 Ernst & Young LLP provided an unqualified opinion on the Company’s financial statements based on Statutory Accounting Principles. The audited financial reports and workpapers 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:

<u>Name</u>	<u>Principal Occupation</u>
Robert W. Gordon	Vice President – Business Development, Molina Healthcare, Inc.
John C. Molina	Chief Financial Officer, Molina Healthcare, Inc.
J. Mario Molina, M.D.	President and Chief Executive Officer, Molina Healthcare, Inc.
John M. Puente	Assistant General Counsel, Molina Healthcare, Inc.
Joseph W. White	Chief Accounting Officer, Molina Healthcare, Inc.

Officers

As of the examination date, the following officers were serving in the designated position:

Name	Title
John C. Molina	President
Joseph W. White	Treasurer
Jeffrey D. Barlow	Secretary

Insurance Holding Company System

The Company is a member of an insurance holding company system as defined in ORC Section 3901.32. The Company is a wholly-owned subsidiary of Molina Healthcare, Inc. (“Molina”), a Delaware corporation. Molina is the ultimate controlling person in the holding company system and its common stock is publicly traded on the New York Stock Exchange.

Territory and Plan of Operations

The Company is licensed to operate in 48 states and the District of Columbia. Effective January 1, 1997, the Company coinsured all of its business with Protective Life Insurance Company. No new business was written during the examination period.

Reinsurance

The Company has a reinsurance agreement to cede 100% of its liability for all insurance business written prior to January 1, 1997 to Protective Life Insurance Company.

The Company does not assume any reinsurance business.

Financial Statements

The financial condition and the results of its operations for the 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, 2011

Bonds	\$ 4,935,559
Cash, cash equivalents and short-term investments	<u>3,907,554</u>
Subtotal, cash and invested assets	8,843,113
Investment income due and accrued	<u>16,187</u>
Total admitted assets	<u><u>\$ 8,859,300</u></u>
Interest maintenance reserve	\$ 168,635
General expenses due or accrued	61,875
Current federal income taxes	431
Asset valuation reserve	24,356
Payment to parent, subsidiaries and affiliates	250
Escheat liability	<u>1,028</u>
Total liabilities	<u>256,575</u>
Common capital stock	2,727,274
Gross paid in and contributed surplus	4,990,293
Unassigned funds (surplus)	<u>885,158</u>
Total surplus and other funds	<u>8,602,725</u>
Total liabilities, surplus and other funds	<u><u>\$ 8,859,300</u></u>

**Summary of Operations
As of December 31, 2011**

Net investment income	73,603
Amortization of Interest Maintenance Reserve	<u>15,377</u>
Total	88,980
General insurance expenses	25,680
Insurance taxes, licenses and fees, excluding federal income taxes	<u>211,533</u>
Total	237,213
Net gain from operations before federal income taxes	(148,233)
Federal income taxes incurred	<u>(119,860)</u>
Net loss	<u>\$ (28,373)</u>

Statement of Changes in the Capital and Surplus Account
(in thousands)

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Capital and surplus, December 31 prior year	\$ 8,634	\$ 8,577	\$ 8,414	\$ 8,190	\$ 8,022
Net income (loss)	(28)	60	288	101	171
Change in net deferred income tax	0	(350)	(391)	0	(1)
Change in non-admitted assets	0	350	270	121	(1)
Change in Asset Valuation Reserve	(3)	(3)	(4)	2	(1)
Change in surplus during the year	(31)	57	163	224	168
Capital and surplus, December 31 current year	<u>\$ 8,603</u>	<u>\$ 8,634</u>	<u>\$ 8,577</u>	<u>\$ 8,414</u>	<u>\$ 8,190</u>

Notes to Financial Statements

Investments

The Company's investments were in compliance with ORC Section 3907.14 and valued in accordance with the relevant Statements of Statutory Accounting Principles and the NAIC Securities Valuation Office.

Aggregate Reserves

The Company's Board of Directors appointed Brian F. Goebel, FSA, MAAA, Chief Actuary of Molina Healthcare, Inc., to render the Company's Statement of Actuarial Opinion ("Opinion") in connection with the preparation of the Company's December 31, 2011 Annual Statement.

Conclusion

The balance sheet contained in this Report of Examination reflects the financial condition of the Company as of December 31, 2011, and is summarized as follows:

Total Assets	<u>\$ 8,859,300</u>
Liabilities	256,575
Capital and Surplus	<u>8,602,725</u>
Total Liabilities, Capital and Surplus	<u>\$ 8,859,300</u>

Subsequent Events

The Company was acquired by Catalyst Health Solutions, Inc. ("Catalyst") in February 2012 and the Company's name was subsequently changed to Catalyst Rx Plan Services Insurance Company, Inc. ("Catalyst Rx").

In July 2012, Catalyst merged with and into SXC Health Solutions Corp. ("SXC"). Subsequent to the merger, SXC changed its name to Catamaran Corporation and Catalyst Rx's name was changed to Catamaran Insurance of Ohio, Inc.

Acknowledgement

In addition to the undersigned, David T. Finkler, CPA, CFE, CISA, AES of the Department participated in this examination.

Respectfully,



David A. Cook, CFE
Assistant Chief Examiner
Office of Risk Assessment
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, 2011.

[Signature] 5/23/13
Assistant Chief Examiner Date

State of Ohio

County of Franklin

Personally appeared before me the above named David A. Cook 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/her knowledge and belief.

Subscribed and sworn to before me this 23 day of May, 2013.

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