

Examination Warrant Number 21-00936-13630-R1
21-00936-16053-R1

Report of Examination of

**CBHNP Services, Inc.
Harrisburg, Pennsylvania**

**Independence Assurance Company
Philadelphia, Pennsylvania**

As of December 31, 2021

For Informational Purposes Only

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Harrisburg, Pennsylvania
May 17, 2023

Honorable Diana L. Sherman, CPA, CFE (Fraud), CISA, CITP
Acting Deputy Insurance Commissioner
Commonwealth of Pennsylvania
Insurance Department
Harrisburg, Pennsylvania

Dear Madam:

In accordance with instructions contained in Examination Warrant Numbers 21-00936-13630-R1 and 21-00936-16053, dated August 8, 2021, an examination was made of

CBHNP Services, Inc., NAIC Code: 13630

A Pennsylvania domiciled, single-state, Risk Assuming Non-Licensed Insurer Preferred Provider Organization (“RANLI PPO”) hereinafter referred to as “CBHNP” or “Company”.

Independence Assurance Company, NAIC Code: 16053

A Pennsylvania domiciled, single-state, RANLI PPO hereinafter referred to as “IAC” or “Company”.

CBHNP and IAC are collectively references as the “Companies”.

A report of this examination is hereby respectfully submitted.

SCOPE OF EXAMINATION

The Pennsylvania Insurance Department (“Department”) has performed an examination of CBHNP, which was last examined as of December 31, 2016, and IAC, which was licensed effective February 2, 2017. This examination covered the five-year period from January 1, 2017 through December 31, 2021.

Work programs employed in the performance of this examination were designed to comply with the standards promulgated by the Department and 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 financial condition, assess corporate governance, identify current and prospective risks of the Companies, evaluate system controls and procedures used to mitigate those risks, and review subsequent events. An examination also includes identifying and evaluating significant risks that could cause an insurer’s surplus to be materially misstated both currently and prospectively.

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All accounts and activities of the Companies were considered in accordance with the risk-focused examination process. This may include assessing significant estimates made by management and evaluating management's compliance with statutory accounting principles.

The examination does not attest to the fair presentation of the financial statements included herein. If, during the course of the examination an adjustment is identified, the impact of such adjustment will be documented separately following the Companies' financial statements.

This examination report includes significant findings of fact, in accordance with 40 P.S. § 323.5(a), and general information about the Companies and its financial condition. There may be other items identified during the examination that, due to their nature (e.g., subjective conclusions, proprietary information, etc.), are not included within the examination report but separately communicated to other regulators and/or the Companies.

For each year of the examination period, the Companies were exempt from filing a financial statement that was audited by a certified public accountant by meeting the criteria outlined in 31 Pa. Code § 147.13(e).

The following companies were examined at the same time during the above examination:

Company	State of Domicile	NAIC Code
Blue Cross Complete of Michigan LLC	Michigan	11557
AmeriHealth Caritas District of Columbia, Inc.	District of Columbia	15088
AmeriHealth Caritas Florida, Inc.	Florida	14378
AmeriHealth Caritas Louisiana, Inc.	Louisiana	14143
AmeriHealth Caritas New Hampshire, Inc.	New Hampshire	16496
AmeriHealth Caritas North Carolina, Inc.	North Carolina	16539
AmeriHealth Caritas Ohio, Inc.	Ohio	16980
AmeriHealth Caritas Texas, Inc.	Texas	16451
AmeriHealth HMO, Inc.	Pennsylvania	95044
AmeriHealth Insurance Company of New Jersey	New Jersey	60061
AmeriHealth Michigan, Inc.	Michigan	15104
Healthcare Delaware, Inc.	Delaware	95794
Independence Hospital Indemnity Plan, Inc.	Pennsylvania	54704
Independence Insurance, Inc.	Delaware	60254
Inter-County Health Plan, Inc.	Pennsylvania	53252
Inter-County Hospitalization Plan, Inc.	Pennsylvania	54763
Keystone Health Plan East	Pennsylvania	95056
QCC Insurance Company	Pennsylvania	93688

Vista Health Plan, Inc.

Pennsylvania

96660

HISTORY

CBHNP was incorporated on April 3, 2007, licensed by the Department on June 10, 2009, and commenced business on June 10, 2009.

CBHNP is currently authorized to transact business as a risk assuming PPO as described in 40 P.S. § 764a(d)(1).

IAC was incorporated on June 17, 2016, licensed by the Department on February 2, 2017, and commenced business on February 2, 2017.

IAC is currently authorized to transact business as a risk assuming PPO as described in 40 P.S. § 764a(d)(1).

MANAGEMENT AND CONTROL

CAPITALIZATION

As of December 31, 2021, CBHNP's total capital and surplus was \$2,834,346, consisting of 100 capital shares of issued and outstanding common stock with a par value of \$0.01 per share amounting to \$1; \$1,999,999 in gross paid in and contributed surplus; and \$834,346 in unassigned funds (surplus).

CBHNP's minimum net worth requirement for the types of business for which it is licensed, pursuant to 31 Pa. Code § 152.9(a), is \$1,125,000. CBHNP has met all governing requirements throughout the examination period.

As of December 31, 2021, IAC's total capital and surplus was \$5,127,473, consisting of 1,000 capital shares of issued and outstanding common stock with no par value and an implied value of \$0.01 per share amounting to \$10; \$5,000,000 in gross paid in and contributed surplus; and \$127,463 in unassigned funds (surplus).

IAC's minimum net worth requirement for the types of business for which it is licensed, pursuant to 31 Pa. Code § 152.9(a), is \$1,125,000. IAC has met all governing requirements throughout the examination period.

STOCKHOLDERS

All outstanding shares of CBHNP are owned by Community Behavioral Healthcare Network of Pennsylvania, Inc. ("CBHNP Parent"), a Pennsylvania business corporation.

All outstanding shares of IAC are owned by Independence Blue Cross, LLC ("IBC"), a Pennsylvania limited liability company.

INSURANCE HOLDING COMPANY SYSTEM

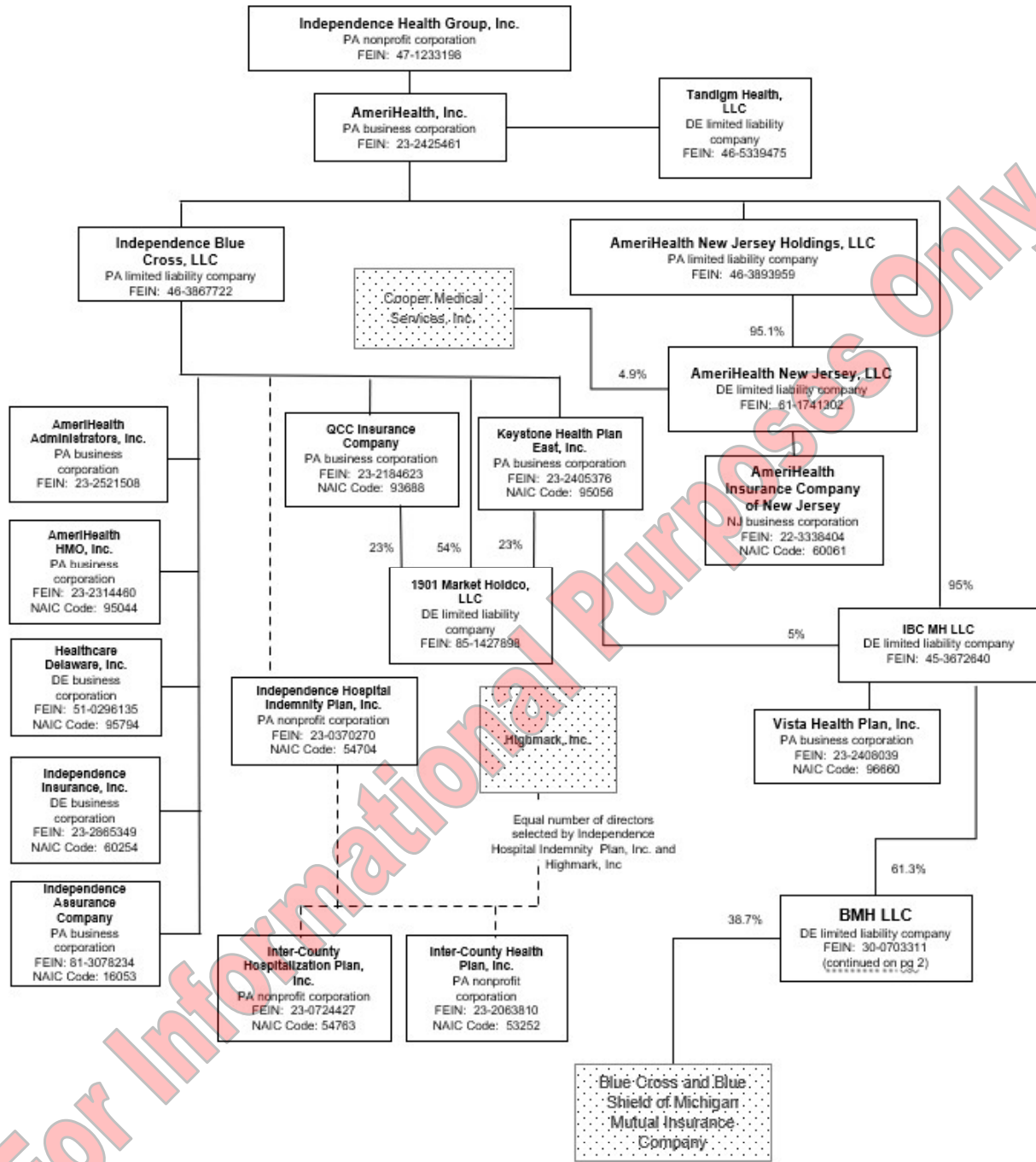
The Companies meet the requirements for filing an insurance holding company system annual registration statement (“Annual Registration Statement”), in accordance with 40 P.S. § 991.1404. For each year of the examination period, the Companies filed the required Annual Registration Statements by March 31.

Independence Health Group, Inc. (“IHG”), a Pennsylvania nonprofit corporation, is named as the ultimate controlling entity/person of the holding company system containing IAC. IHG and Blue Cross Blue Shield of Michigan Mutual Insurance Company (“BCBSM”), a Michigan domiciled nonprofit mutual insurer, are named as the ultimate controlling entities/persons of the holding company system containing CBHNP.

The organizational chart below depicts the direct and indirect ownership of companies within IHG’s holding company system as of December 31, 2021. The organizational chart does not depict all entities contained within the holding company system due to the size and complexity of the business operations within the holding company system. The holding company system consists of various insurance and non-insurance entities.

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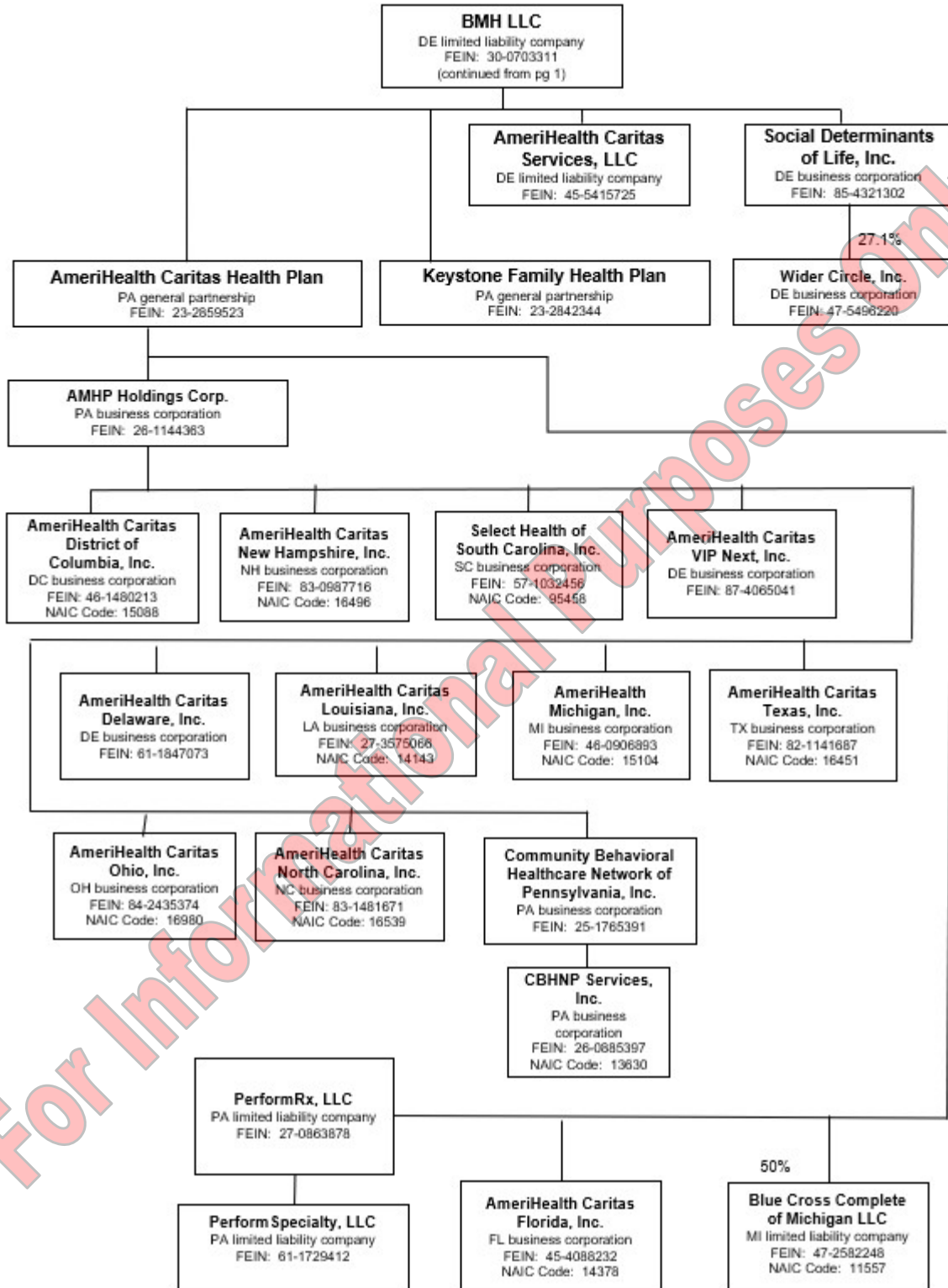
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Members of the Holding Company System include but are not limited to the following entities briefly described below:

IHG holds 100% of the controlling interest in AmeriHealth, Inc. (“AmeriHealth”), a Pennsylvania business corporation.

AmeriHealth holds 100% of the controlling interest in Independence Blue Cross, LLC. (“IBC”), a Pennsylvania limited liability company. IAC is a wholly owned subsidiary of IBC.

AmeriHealth holds 95% of the controlling interest in IBC MH LLC (“IBC MH”), a Delaware limited liability company. Keystone Health Plan East, Inc. (“KHPE”), a Pennsylvania domiciled insurance company subsidiary of IBC, holds the remaining 5% of the controlling interest in IBC MH.

IBC MH holds 61.3% of the controlling interest in BMH LLC (“BMH”), a Delaware limited liability company. BCBSM holds the remaining 38.7% of the controlling interest in BMH.

BMH holds 100% of the controlling interest in BMH SUBCO I LLC and BMH SUBCO II LLC, Delaware limited liability companies.

BMH SUBCO I LLC and BMH SUBCO II LLC each hold 50% of the controlling interest in AmeriHealth Caritas Health Plan (“ACHP”), a Pennsylvania general partnership.

ACHP holds 100% of the controlling interest in AMHP Holdings Corp. (“AMHP”), a Pennsylvania business corporation.

AMHP holds 100% of the controlling interest in CBHNP Parent, a Pennsylvania business corporation. CBHNP is wholly owned by CBHNP Parent.

BOARD OF DIRECTORS

Management of CBHNP is vested in its Board of Directors (“Board”), which was comprised of the following members as of December 31, 2021:

Name and Address	Principal Occupation
Susan C. Blue Washington Boro, Pennsylvania	Chief Executive Officer Community Services Group
Steven H. Bohner Garnet Valley, Pennsylvania	Executive Vice President Health Markets AmeriHealth Caritas
Russell R. Gianforcaro Broomall, Pennsylvania	Regional President AmeriHealth Caritas
Alan J. Hartl Collegetown, Pennsylvania	Psychologist and Consultant Self-employed

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James A. Laughman
West Chester, Pennsylvania

Executive Director and PerformCare
President
AmeriHealth Caritas

According to Article 4, Section 4.2 of its by-laws, directors of CBHNP are elected at the annual meeting of the shareholders. Each director holds office until the next annual meeting of the shareholders and until his or her successor has been duly selected qualified.

Management of IAC is vested in its Board of Directors (“Board”), which was comprised of the following members as of December 31, 2021:

Name and Address

Principal Occupation

Brian Lobley
Gladwyne, Pennsylvania

Executive Vice Present, Chief Operating
Officer and President, Health Markets
Independence Blue Cross, LLC

Juan A. Lopez, Jr.
Merchantville, New Jersey

Executive Vice President, Chief Financial
Officer and Treasurer
Independence Blue Cross, LLC

Marcia F. Rost
Lafayette Hill, Pennsylvania

Executive Vice President, Chief Strategy
and Communications Officer
Independence Blue Cross, LLC

Richard L. Snyder, M.D.
Berwyn, Pennsylvania

Executive Vice President, Facilitated Health
Network and Chief Medical Officer
Independence Blue Cross, LLC

Paula J. Sunshine
Merion, Pennsylvania

Senior Vice President and Chief Marketing
Executive
Independence Blue Cross, LLC

According to Article 4, Section 4.03(b) of its by-laws, directors of IAC, other than the President and Chief Executive Officer of the corporation, are elected annually for one-year terms and until a successor has been selected and qualified.

COMMITTEES

As of December 31, 2021, no committees were appointed by the Boards of the Companies.

OFFICERS

As of December 31, 2021, the following officers were appointed and serving in accordance with CBHNP’s by-laws:

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Name	Title
James A. Laughman	President
Michael J. Burgoyne	Treasurer
Robert E. Tootle, Esq.	Secretary

As of December 31, 2021, the following officers were appointed and serving in accordance with IAC's by-laws:

Name	Title
Brian Lobley	President, Chief Executive Officer and Chairman
Juan A. Lopez, Jr.	Executive Vice President, Chief Financial Officer and Treasurer
Thomas A. Hutton	Executive Vice President, General Counsel and Secretary

CORPORATE RECORDS

MINUTES

A compliance review of corporate minutes of CBHNP revealed the following:

- The Annual Meetings of the CBHNP's stockholder were not held in 2018, 2019, 2020, or 2021 in compliance with its by-laws.
- The stockholder did not elect directors annually in 2018, 2019, 2020, or 2021 in compliance with the by-laws.
- The officers of the Board of Directors were not being elected annually in compliance with its by-laws.
- The Board of Directors did not appoint committees in compliance with its by-laws.
- Quorums were present at all directors' meetings.
- All directors attend Board meetings regularly.

It is recommended that CBHNP comply with its own by-laws as relates to holding its annual meeting of the stockholder, electing directors annually, electing officers annually, and appointing committees.

A compliance review of corporate minutes of IAC revealed the following:

- The Annual Meetings of the IAC's stockholder were held in compliance with its by-laws.
- The stockholder of IAC elects directors at such meetings in compliance with the by-laws.
- Quorums were present at all directors' meetings.

- All directors attend Board meetings regularly.

ARTICLES OF INCORPORATION

There were no changes to the Companies' Articles of Incorporation during the examination period.

BY-LAWS

There were no changes to CBHNP's and IAC's by-laws during the examination period.

SERVICE AND OPERATING AGREEMENTS

CBHNP is party to various service and operating agreements, which includes intercompany and related-party agreements. The following significant agreements were in place during the examination period:

Management Agreement

Effective August 7, 2009, CBHNP entered into a Management and Network Access Agreement with CBHNP Parent. Under the terms of this agreement, CBHNP Parent leases its provider network to CBHNP, and performs various administrative and management services for CBHNP.

Tax Allocation Agreements

Effective January 1, 2012, CBHNP entered into a Tax Allocation Agreement with AMHP and CBHNP Parent. The agreement provides for the submission of a consolidated income tax return by AMHP for all parties. Effective July 1, 2017, the agreement was amended to add additional affiliated companies. The amended agreement provides for the submission of a consolidated income tax return by BMH LLC for all parties and for the contribution by all parties of their fair and equitable share of the taxes.

IAC is not party to any service or operating agreements.

REINSURANCE

CEDED

The Companies did not cede any business during the examination period.

ASSUMED

The Companies did not assume any business during the examination period.

TERRITORY AND PLAN OF OPERATIONS

The Companies are licensed only in Pennsylvania but did not write any premiums as of December 31, 2021.

SIGNIFICANT OPERATING TRENDS

The following table indicates the growth of the CBHNP during the period covered by this examination:

CBHNP	2021	2020	2019	2018	2017
Admitted Assets	\$ 2,834,346	\$ 2,832,080	\$ 2,826,916	\$ 2,805,156	\$ 2,780,010
Capital and Surplus Funds	\$ 2,834,346	\$ 2,832,080	\$ 2,826,916	\$ 2,805,156	\$ 2,780,010
Net Investment Income	\$ 2,266	\$ 5,164	\$ 0	\$ 0	\$ 0
Net Income	\$ 2,266	\$ 5,164	\$ 21,759	\$ 25,147	\$ 8,326

The following table indicates the growth of the IAC during the period covered by this examination:

IAC	2021	2020	2019	2018	2017
Admitted Assets	\$ 5,127,482	\$ 5,127,335	\$ 5,125,324	\$ 5,036,969	\$ 5,000,010
Liabilities	\$ 9	\$ 335	\$ 1,503	\$ 0	\$ 0
Capital and Surplus Funds	\$ 5,127,473	\$ 5,127,000	\$ 5,123,821	\$ 5,036,969	\$ 5,000,010
Net Investment Income	\$ 1,700	\$ 22,550	\$ 110,690	\$ 36,959	\$ 0
Net Income	\$ 473	\$ 3,179	\$ 86,852	\$ 36,959	\$ 0

CBHNP and IAC did not write any premium income during the examination period.

PENDING LITIGATION

As of the date of this examination report, the Companies are not a party to any material litigation or arbitration and were not aware of any threatened litigation, other than as routinely encountered in claims activity, which will, in the opinion of Companies management, have a material adverse effect on its financial condition.

FINANCIAL STATEMENTS

The financial condition of the Companies, as of December 31, 2021, and the results of its operations for the five-year period under examination, are reflected in the following statements*:

- Comparative Statement of Assets, Liabilities, Surplus and Other Funds;
- Comparative Statement of Income;
- Comparative Statement of Capital and Surplus;
- Comparative Statement of Cash Flow

*Note: Some financials shown in this report may contain immaterial differences to those reported in the Companies' filed Annual Statements due to rounding errors.

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

CBHNP Services Inc.

	2021	2020	2019	2018	2017
Cash, cash equivalents and short-term investments	\$ 2,834,346	\$ 2,832,080	\$ 2,826,916	\$ 2,805,156	\$ 2,780,010
Subtotal, cash and invested assets	2,834,346	2,832,080	2,826,916	2,805,156	2,780,010
Total	\$ 2,834,346	\$ 2,832,080	\$ 2,826,916	\$ 2,805,156	\$ 2,780,010
Total liabilities	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Common capital stock	1	1	1	1	1
Gross paid in and contributed surplus	1,999,999	1,999,999	1,999,999	1,999,999	1,999,999
Unassigned funds (surplus)	834,346	832,080	826,916	805,156	780,010
Total capital and surplus	2,834,346	2,832,080	2,826,916	2,805,156	2,780,010
Totals	\$ 2,834,346	\$ 2,832,080	\$ 2,826,916	\$ 2,805,156	\$ 2,780,010

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

Independence Assurance Company

	2021	2020	2019	2018	2017
Cash, cash equivalents and short-term investments	\$ 5,124,598	\$ 5,121,870	\$ 5,109,624	\$ 5,036,969	\$ 5,000,010
Subtotal, cash and invested assets	5,124,598	5,121,870	5,109,624	5,036,969	5,000,010
Current federal and foreign income tax recoverable and interest thereon	0	3,515	0	0	0
Aggregate write-ins for other than invested assets	2,884	1,950	15,700	0	0
Total	\$ 5,127,482	\$ 5,127,335	\$ 5,125,324	\$ 5,036,969	\$ 5,000,010
Current federal and foreign income tax payable and interest thereon	\$ 9	\$ 0	\$ 1,503	\$ 0	\$ 0
Amounts due to parent, subsidiaries and affiliates	0	335	0	0	0
Total liabilities	9	335	1,503	0	0
Common capital stock	10	10	10	10	10
Gross paid in and contributed surplus	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Unassigned funds (surplus)	127,463	126,990	123,811	36,959	0
Total capital and surplus	5,127,473	5,127,000	5,123,821	5,036,969	5,000,010
Totals	\$ 5,127,482	\$ 5,127,335	\$ 5,125,324	\$ 5,036,969	\$ 5,000,010

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**Comparative Statement of Income
For the Year Ended December 31,**

CBHNP Services Inc.

	2021	2020	2019	2018	2017
Aggregate write-ins for other non-health revenues	\$ 0	\$ 0	\$ 21,759	\$ 25,147	\$ 8,326
Total revenues	<u>0</u>	<u>0</u>	<u>21,759</u>	<u>25,147</u>	<u>8,326</u>
Net underwriting gain or (loss)	0	0	21,759	25,147	8,326
Net investment income earned	2,266	5,164	0	0	0
Net investment gains or (losses)	2,266	5,164	0	0	0
Net income (loss)	<u>\$ 2,266</u>	<u>\$ 5,164</u>	<u>\$ 21,759</u>	<u>\$ 25,147</u>	<u>\$ 8,326</u>

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**Comparative Statement of Income
For the Year Ended December 31,**

Independence Assurance Company

	2021	2020	2019	2018	2017
General administrative expenses	\$ 1,101	\$ 18,527	\$ 751	\$ 0	\$ 0
Total underwriting deductions	1,101	18,527	751	0	0
Net underwriting gain or (loss)	(1,101)	(18,527)	(751)	0	0
Net investment income earned	1,700	22,550	110,690	36,959	0
Net investment gains or (losses)	1,700	22,550	110,690	36,959	0
Net income or (loss) before federal income taxes	599	4,023	109,939	36,959	0
Federal income taxes incurred	126	844	23,087	0	0
Net income (loss)	\$ 473	\$ 3,179	\$ 86,852	\$ 36,959	\$ 0

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**Comparative Statement of Capital and Surplus
For the Year Ended December 31,**

CBHNP Services Inc.

	2021	2020	2019	2018	2017
Capital and surplus, December 31, previous year	\$ 2,832,080	\$ 2,826,916	\$ 2,805,156	\$ 2,780,010	\$ 2,771,684
Net income or (loss)	2,266	5,164	21,759	25,147	8,326
Net change in capital and surplus	2,266	5,164	21,760	25,146	8,326
Capital and surplus, December 31, current year	\$ 2,834,346	\$ 2,832,080	\$ 2,826,916	\$ 2,805,156	\$ 2,780,010

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**Comparative Statement of Capital and Surplus
For the Year Ended December 31,**

Independence Assurance Company

	2021	2020	2019	2018	2017
Capital and surplus, December 31, previous year	\$ 5,127,000	\$ 5,123,821	\$ 5,036,969	\$ 5,000,010	\$ 0
Net income or (loss)	473	3,179	86,852	36,959	0
Capital changes:					
Paid in	0	0	0	0	10
Surplus adjustments:					
Paid in	0	0	0	0	5,000,000
Net change in capital and surplus	473	3,179	86,852	36,959	5,000,010
Capital and surplus, December 31, current year	\$ 5,127,473	\$ 5,127,000	\$ 5,123,821	\$ 5,036,969	\$ 5,000,010

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**Comparative Statement of Cash Flow
For the Year Ended December 31,**

CBHNP Services Inc.

	2021	2020	2019	2018	2017
Cash from Operations					
Net investment income	\$ 2,266	\$ 5,164	\$ 0	\$ 0	\$ 0
Miscellaneous Income	0	0	21,760	25,146	8,327
Total	<u>2,266</u>	<u>5,164</u>	<u>21,760</u>	<u>25,146</u>	<u>8,327</u>
Net cash from operations	<u>2,266</u>	<u>5,164</u>	<u>21,760</u>	<u>25,146</u>	<u>8,327</u>
Cash from Financing and Miscellaneous Sources					
Cash provided (applied):					
Other cash provided or (applied)	0	0	0	0	(11,938)
Net cash from financing and miscellaneous sources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(11,938)</u>
Reconciliation of cash and short-term investments:					
Net change in cash and short-term investments	2,266	5,164	21,760	25,146	(3,611)
Cash and short-term investments:					
Beginning of the year	2,832,080	2,826,916	2,805,156	2,780,010	2,783,621
End of the year	<u>\$ 2,834,346</u>	<u>\$ 2,832,080</u>	<u>\$ 2,826,916</u>	<u>\$ 2,805,156</u>	<u>\$ 2,780,010</u>

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**Comparative Statement of Cash Flow
For the Year Ended December 31,**

Independence Assurance Company

	2021	2020	2019	2018	2017
Cash from Operations					
Net investment income	\$ 1,700	\$ 22,550	\$ 110,690	\$ 36,959	\$ 0
Total	1,700	22,550	110,690	36,959	0
Commissions, expenses paid and aggregate write-ins for deductions	1,101	18,527	751	0	0
Federal and foreign income taxes paid (recovered)	(3,398)	5,862	21,584	0	0
Total deductions	(2,297)	24,389	22,335	0	0
Net cash from operations	3,997	(1,839)	88,355	36,959	0
Cash from Financing and Miscellaneous Sources					
Cash provided (applied):					
Capital and paid in surplus, less treasury stock	0	0	0	0	5,000,010
Other cash provided or (applied)	(1,269)	14,085	(15,700)	0	0
Net cash from financing and miscellaneous sources	(1,269)	14,085	(15,700)	0	5,000,010
Reconciliation of cash and short-term investments:					
Net change in cash and short-term investments	2,728	12,246	72,655	36,959	5,000,010
Cash and short-term investments:					
Beginning of the year	5,121,870	5,109,624	5,036,969	5,000,010	0
End of the year	\$ 5,124,598	\$ 5,121,870	\$ 5,109,624	\$ 5,036,969	\$ 5,000,010

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SUMMARY OF EXAMINATION CHANGES

There were no examination changes to the preceding financial statements as filed with regulatory authorities over the review period.

NOTES TO FINANCIAL ITEMS

ASSETS

INVESTMENTS

As of December 31, 2021, the CBHNP’s invested assets were distributed as follows:

	Amount	Percentage
Cash	2,834,346	100.0%
Totals	<u>\$ 2,834,346</u>	<u>100.0%</u>

As of December 31, 2021, the IAC’s invested assets were distributed as follows:

	Amount	Percentage
Cash	5,124,598	100.0%
Totals	<u>\$ 5,124,598</u>	<u>100.0%</u>

CBHNP and IAC held only cash at December 31, 2021.

CBHNP has a written investment policy as required by 31 Pa. Code § 148a.3. CBHNP was following its investment policy at December 31, 2021. The investment policy was not reviewed and approved on an annual basis by CBHNP’s Board.

It is recommended that the Board of CBHNP authorize its Investment Policy annually in accordance with 40 P. S. § 504.1(c).

IAC has a written investment policy as required by 31 Pa. Code § 148a.3. IAC was following its investment policy at December 31, 2021. The investment policy is reviewed and approved on an annual basis by IAC’s Board.

LIABILITIES

POLICYHOLDER AND CLAIM RESERVES

The Companies reported no policyholder or claim reserves nor did they write any premiums during the examination period.

For each year during the period, the Companies filed for and were granted exemptions from the requirement to file an actuarial opinion on the adequacy of their loss reserves as

provided in the NAIC *Annual Statement Instructions – Health*. The exemption was granted annually to the Companies in correspondence received from the Department.

SUBSEQUENT EVENTS

Change in Board of Directors

As of April 21, 2023, Karen S. Amstutz was elected director by CBHNP's Shareholder to fill the vacancy created by the departure of Steven H. Bohner from CBHNP's Board.

As of April 18, 2023, Gregory E. Deavens, Richard L. Snyder, M.D. and Michael R. Vennera were elected directors by IAC's Shareholder to fill the vacancies created by the departures of Brian Lobley, Marcia F. Rost, and Paula J. Sunshine from IAC's Board and supplement the Board.

COVID-19

The Department is monitoring the impact of the COVID-19 global pandemic. The Department recognizes that COVID-19 could have a significant financial and operational impact on all of its domestic insurers, including the Companies. As such, the Department will continue to monitor and share information with the Companies as appropriate related to COVID-19 developments.

RECOMMENDATIONS

PRIOR EXAMINATION

The prior examination reports of CBHNP and IAC contained no recommendations.

CURRENT EXAMINATION

As a result of the current examination, the following recommendations are being made:

1. ***It is recommended that CBHNP comply with its by-laws as relates to holding its annual meeting of the stockholder, electing directors annually, electing officers annually, and appointing committees*** (See "Minutes", page 9).
2. ***It is recommended that the Board of CBHNP authorize its Investment Policy annually in accordance with 40 P. S. § 504.1(c)*** (See "Investments", page 20).

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CONCLUSION

As a result of this examination, the financial condition of CBHNP Services, Inc., as of December 31, 2021, was determined to be as follows:

	Amount	Percentage
Admitted assets	\$ 2,834,346	100.0 %
Liabilities	\$ 0	0.0 %
Capital and Surplus	2,834,346	100.0 %
Total liabilities, capital and surplus	\$ 2,834,346	100.0 %

Since the previous examination, made as of December 31, 2016, CBHNP's assets increased by \$50,724, its liabilities decreased by \$11,938, and its surplus increased by \$62,662.

As a result of this examination, the financial condition of Independence Assurance Company, as of December 31, 2021, was determined to be as follows:

	Amount	Percentage
Admitted assets	\$ 5,127,482	100.0 %
Liabilities	\$ 9	0.0 %
Capital and Surplus	5,127,473	100.0 %
Total liabilities, capital and surplus	\$ 5,127,482	100.0 %

Since IAC commenced business on February 2, 2017, the Company's assets increased by \$5,127,482, its liabilities increased by \$9, and its surplus increased by \$5,127,473.

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This examination was conducted by Alexis Welsh and Charles Albert of the Department, various examination, information technology, and actuarial staff led by Peggy Hermann, FSA, MAAA from The INS Companies under the primary oversight of George Lentini, CISA, Carl Badean, CFE (Fraud), and Don Gaskill, CFE with the latter and Elizabeth McGarry, CFE of the Department in charge.

Respectfully submitted,

Shannon Hopkins
Shannon Hopkins (Jun 29, 2023 11:11 EDT)

Shannon Hopkins, CFE
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