

Examination Warrant Numbers 18-01143-95923-R1
18-01143-10244-R1
18-01143-12743-R1

Report of Examination of

**Geisinger Health Plan
Geisinger Indemnity Insurance Company
Geisinger Quality Options, Inc.
Danville, Pennsylvania**

As of December 31, 2018

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For Informational Purposes Only

Harrisburg, Pennsylvania
March 30, 2020

Honorable Joseph DiMemmo, CPA
Deputy Insurance Commissioner
Commonwealth of Pennsylvania
Insurance Department
Harrisburg, Pennsylvania

Dear Sir:

In accordance with instructions contained in Examination Warrant Numbers 18-01143-95923-R1, 18-01143-10244-R1, and 18-01143-12743-R1, dated August 14, 2018, an examination was made of

Geisinger Health Plan, NAIC Code: 95923

a Pennsylvania domiciled multi-state, health maintenance organization (“HMO”), hereinafter referred to as “GHP.” The examination was conducted at GHP’s home office, located at 100 North Academy Avenue, Danville, Pennsylvania 17822.

Geisinger Indemnity Insurance Company, NAIC Code: 10244

a Pennsylvania domiciled multi-state, property and casualty, accident and health insurance company, hereinafter referred to as “GIIC.” The examination was conducted at GIIC’s home office, located at 100 North Academy Avenue, Danville, Pennsylvania 17822.

Geisinger Quality Options, Inc., NAIC Code: 12743

a Pennsylvania domiciled multi-state, risk-assuming preferred provider organization, which is not a licensed insurer (“RANLI-PPO”), hereinafter referred to as “GQO.” The examination was conducted at GQO’s home office, located at 100 North Academy Avenue, Danville, Pennsylvania 17822.

A report of this examination is hereby respectfully submitted.

SCOPE OF EXAMINATION

The Pennsylvania Insurance Department (“Department”) has performed an examination of GHP, GIIC, and GQO (collectively referred to as the “Companies” or “Geisinger Insurance Group”), which were last examined as of December 31, 2013. This examination covered the five-year period from January 1, 2014, through December 31, 2018.

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 Companies share the same key processes, systems, and management. The Handbook provides for a group examination of multiple insurers in an insurance holding company group that have similar key processes, systems, and/or management.

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.

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. Statements were prepared by management and are therefore the responsibility of management. 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 certified public accounting firm of KPMG, LLP ("CPA") provided an unmodified audit opinion on the Companies' year-end financial statements based on statutory accounting principles. Relevant work performed by the CPA, during its annual audit of the Companies, was reviewed during the examination and incorporated into the examination workpapers.

HISTORY

GHP, a non-profit corporation, was incorporated on August 20, 1984, licensed by the Department on January 29, 1985, and commenced business on or about March 1, 1985.

GHP is currently authorized to transact business as an HMO in Pennsylvania pursuant to 40 P.S. § 1554.

GIIC, a for-profit corporation, was incorporated on May 18, 1995, licensed by the Department on February 21, 1996, and commenced business on or about February 21, 1996.

GIIC is currently authorized to transact the class of insurance described in 40 P.S. § 382 (c)(2) Accident and Health.

GQO, a for-profit corporation, was incorporated on February 7, 2006, approved by the Department on November 7, 2006, and commenced business on or about March 1, 2007.

GQO is currently approved to transact business as a RANLI-PPO pursuant to 40 P.S. § 764a and 31 Pa. Code § 152.1 et seq.

MANAGEMENT AND CONTROL

NET WORTH AND CAPITALIZATION

As of December 31, 2018, GHP's total surplus was \$286,372,628, consisting entirely of unassigned funds (surplus). GHP is a non-stock corporation.

As of December 31, 2018, GHP's minimum net worth required to conduct the business as an HMO pursuant to 31 Pa. Code § 301.121(b)(2) is \$53,336,362. GHP has met the minimum net worth requirements throughout each year of the examination period.

As of the December 31, 2018, GIIC's total capital was \$33,574,765, consisting of 100,000 capital shares of issued and outstanding common stock with a par value of \$10.00 per share amounting to \$1,000,000; \$59,700,000 in gross paid in and contributed surplus; and \$(27,125,235) in unassigned funds (surplus).

GIIC's minimum capital and minimum surplus requirements for the types of business for which it is licensed, pursuant to 40 P.S. § 386, is \$750,000 in capital and \$375,000 in surplus. GIIC has met all governing requirements throughout the examination period.

As of December 31, 2018, GQO's total capital was \$32,815,998, consisting of 100,000 capital shares of issued and outstanding common stock with a par value of \$20.00 per share amounting to \$2,000,000; \$30,500,000 in gross paid in and contributed surplus; and \$315,998 in unassigned funds (surplus).

GQO's minimum capital requirement, pursuant to 31 Pa. Code § 152.9, is to maintain admitted assets in excess of liabilities by at least the minimum capital and surplus required of a stock casualty insurer with accident and health powers. The minimum capital and surplus for a stock casualty insurer with accident and health powers is \$1,125,000 pursuant to 40 P.S. § 386. GQO has met all governing requirements throughout the examination period.

MEMBERS AND STOCKHOLDERS

GHP has voting members who are appointed by Geisinger Health ("GH"), a Pennsylvania, non-profit corporation. GH indirectly controls GHP, through its power to appoint the members of GHP.

GH directly owns all 100% of the issued and outstanding common stock of both GIIC and GQO.

The Companies paid the following dividends or distributions to GH during the examination period.

Year	Company	Type	Amount
2018	GHP	Extraordinary	\$ 45,000,000
2017	GHP	Extraordinary	\$ 52,000,000
2016	GHP	Ordinary	\$ 12,700,000
2015	GIIC	Extraordinary	\$ 13,800,000
	GQO	Extraordinary	\$ 7,000,000

The Companies received the following surplus contributions from GH during the examination period.

Year	Company	Amount
2018	GIIC	\$ 12,000,000
2017	GIIC	\$ 20,000,000
2016	GIIC	\$ 12,500,000
	GQO	\$ 6,500,000
2015	GHP	\$ 20,800,000
	GIIC	\$ 2,000,000

The Companies reported to the Department all dividends or distributions to GH and/or contributions from GH in accordance with the requirements of 40 P.S. § 991.1405 or 40 P.S. § 991.1404(e). The Department approved all extraordinary dividends or distributions and surplus contributions pursuant to 40 P.S. § 991.1405(b)(1) or 40 P.S. § 991.1405(a)(2)(i) during the examination period.

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 on or around March 31.

During the examination period, the Companies’ Annual Registration Statements filed with the Department did not provide complete and accurate information required pursuant to 40 P.S. § 991.1404(b) and 31 Pa. Code § 25.17.

It is recommended that the Companies ensure their future Annual Registration Statements furnish accurate and complete information regarding transactions and agreements with affiliates pursuant to 40 P.S. § 991.1404(b) and 31 Pa. Code § 25.17.

The Companies’ holding company system is ultimately controlled by GH. GH was formally known as Geisinger Health System Foundation prior to its name change effective January 1, 2017. GH and its insurance and non-insurance subsidiaries comprise a physician-led, integrated health services organization that includes an array of health service providers, multispecialty physician-group practices, insurance operations, and a community-based medical college and degree-granting institution.

The chart on the next page depicts the Companies and members of its holding company system. The chart does not include all entities within the holding company system due to the

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size and complexity of the business operations. All subsidiaries depicted are wholly-owned, unless otherwise noted.

The following is a description of the Companies' key affiliates within its holding company system:

Geisinger System Services ("GSS"), a Pennsylvania, non-profit corporation, provides shared services to the GH entities. These services include human resources, information technology, public relations and marketing, development, housekeeping, maintenance, legal and finance.

Geisinger Clinic ("GC"), a Pennsylvania, non-profit corporation, is a multispecialty physician-group practice of approximately 1,834 physicians practicing at primary and specialty clinics.

AtlantiCare Regional Medical Center, Inc. ("ARMC"), a New Jersey, non-profit corporation, is a tertiary/quaternary care hospital with Atlantic City and Mainland campuses in southern New Jersey.

Geisinger-Bloomsburg Hospital ("GBH"), a Pennsylvania, non-profit corporation, is a community hospital in Bloomsburg, Pennsylvania.

Community Medical Center doing business as Geisinger-Community Medical Center ("GCMC"), a Pennsylvania, non-profit corporation, is an acute care hospital in Scranton, Pennsylvania.

Geisinger Jersey Shore Hospital ("GJSH"), a Pennsylvania, non-profit corporation, is a critical access hospital in Jersey Shore, Pennsylvania.

Geisinger-Lewistown Hospital ("GLH"), a Pennsylvania, non-profit corporation, is a community hospital in Lewistown, Pennsylvania.

Geisinger Medical Center ("GMC"), a Pennsylvania, non-profit corporation, is a large tertiary/quaternary care teaching hospital located in Danville, Pennsylvania and an acute care campus in Shamokin, Pennsylvania.

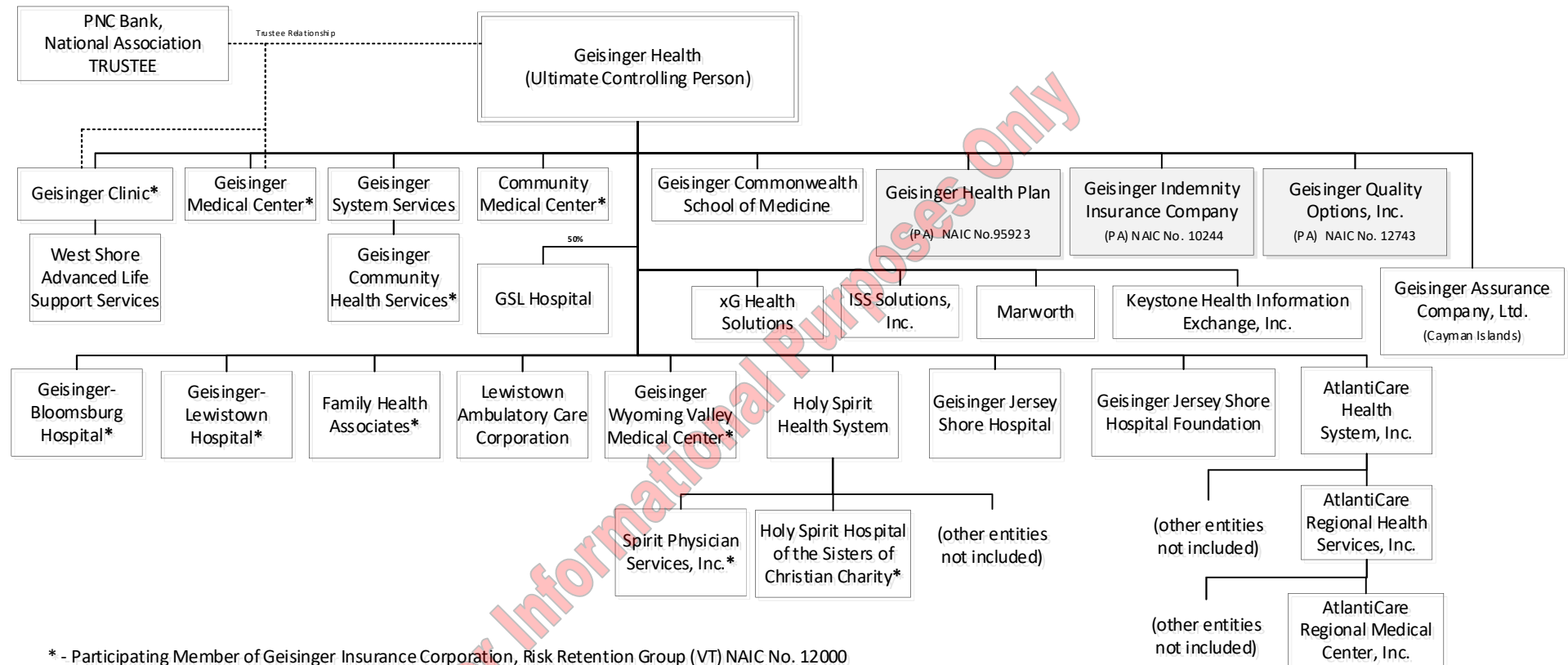
Holy Spirit Hospital of the Sisters of Christian Charity, Inc. doing business as Geisinger Holy Spirit ("GHS"), a Pennsylvania, non-profit corporation, is an acute care hospital in Camp Hill, Pennsylvania.

Geisinger Wyoming Valley Medical Center ("GWV"), a Pennsylvania, non-profit corporation, is a tertiary/quaternary hospital with an acute care campus near Wilkes-Barre, Pennsylvania and an outpatient campus in Wilkes-Barre, Pennsylvania.

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Organizational Chart



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Geisinger Insurance Corporation, Risk Retention Group (“RRG”), a Vermont mutual benefit corporation, is a non-profit corporation organization and operated exclusively to assist affiliated non-profit healthcare members. GH’s subsidiaries that are members of the RRG are depicted in the organization chart on Page 6.

Geisinger Assurance Company, Ltd. (“GAC”) is a wholly-owned, captive insurance subsidiary of GH that is domiciled in the Cayman Islands. GAC provides reinsurance to RRG for liability arising out of affiliates’ activities, including professional liability and general liability coverages.

In accordance with rules and procedural requirements for insurance holding company systems, the Companies are required to provide the Department with prior notice of a proposed transaction with a person in its insurance holding company system in accordance with 40 P.S. § 991.1405(a)(2) by furnishing information required under 31 Pa. Code § 25.21. During the exam period, the Companies entered into numerous affiliated transactions without providing the Department with prior notice of the proposed transactions pursuant to 40 P.S. § 991.1405(a)(2) and 31 Pa. Code § 25.21.

It is recommended that in the future, the Companies provide to the Department prior notice of proposed transactions with persons in their holding company system in accordance with requirements of 40 P.S. § 991.1405(a)(2) and 31 Pa. Code § 25.21.

BOARD OF DIRECTORS

Management of the Companies is vested in its Board of Directors (“Board”), which was comprised of the following members as of the examination date, December 31, 2018:

Name and Address	Principal Occupation
Heather M. Acker Waverly, Pennsylvania	Executive Vice President and Chief Financial Officer Gentex Corporation
William H. Alexander* Hummelstown, Pennsylvania	Professor University of Pennsylvania
John C. Bravman, PhD Lewisburg, Pennsylvania	President Bucknell University
Bruce J. Brown, CPA Hummelstown, Pennsylvania	Chief Executive Officer and Principal Brown, Schultz, Sheridan & Fritz
Michael J. Charlton Galloway, New Jersey	President and Chief Executive Officer ICON Hospitality
Karen P. Davis, PhD* Toledo, Ohio	Economist Johns Hopkins University
V. Christopher Holcombe, PE Danville, Pennsylvania	President Milton Steel Company
Pam D. Kehaly* Las Vegas, Nevada	Senior Vice President Anthem
Thomas H. Lee Jr., MD, MSc Milton, Massachusetts	Chief Medical Officer Press Ganey Associates, Inc.

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Jaewon Ryu, MD, JD
Lewisburg, Pennsylvania

Interim President and
Chief Executive Officer**
Geisinger Health

Christopher B. Sullivan
Waverly, Pennsylvania

Chairman and Chief Executive Officer
Primus Technologies Corporation

Steven R. Youso
Lewisburg, Pennsylvania

President and Chief Executive Officer
Geisinger Health Plan

* Subsequent to the date of examination, Mr. Alexander resigned as a director effective January 1, 2019; Ms. Kehaly resigned as a director effective June 10, 2019; and Dr. Davis retired as a director effective December 31, 2019.

** Subsequent to the date of examination, Dr. Ryu, was appointed President and Chief Executive Officer of GH effective July 1, 2019.

The Board consists of three classes, approximately equal in number. Seats of each class are up for election on a rotating basis. Directors of each class shall hold office for three years, unless termination occurs sooner because of death, disability, resignation, or removal. Directors may serve four consecutive three-year terms, with a maximum continuous service length of twelve years.

COMMITTEES

As of the examination date, December 31, 2018, the following committees were appointed by the Board and serving in accordance with each of the Companies' by-laws:

Audit Committee

Heather M. Acker - Chair
Bruce J. Brown, CPA
V. Christopher Holcombe, PE

Geisinger Family Committee

Christopher B. Sullivan - Chair
Michael J. Charlton
Thomas H. Lee, Jr., MD, MSc
Virginia McGregor

Governance Committee

Thomas H. Lee, Jr., MD, MSc - Chair
Heather M. Acker
William H. Alexander*
Christopher B. Sullivan

Member Experience and Quality Committee

John Bulger	Virginia McGregor
Michael J. Charlton	Robert McAnaney
Karen P. Davis, PhD*	Sue Robel
Chris Fanning	Jaewon Ryu

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Lisa Golden	John Shuman
Pam D. Kehaly*	Janet Tomcavage
Thomas H. Lee Jr., MD, MSc	

The Audit Committee is responsible for performing the duties required pursuant to 40 P.S. § 991.1405(c)(4). The membership of this committee complies with the requirements of 40 P.S. § 991.1405(c)(4).

The Governance Committee is responsible for the duty of nominating Board members required pursuant to 40 P.S. § 991.1405(c)(4.1). The membership of this committee complies with the requirements of 40 P.S. § 991.1405(c)(4.1).

The Geisinger Family Committee is responsible for the duties of evaluating the performance and compensation of officers required pursuant to 40 P.S. § 991.1405(c)(4.1). The membership of this committee does not comply with the requirements of 40 P.S. § 991.1405(c)(4.1).

It is recommended that the Companies revise the membership of the Geisinger Family Committee to comply with the requirements of 40 P.S. § 991.1405(c)(4.1) or have another committee that satisfies the membership requirements perform the duties pursuant to 40 P.S. § 991.1405(c)(4.1).

OFFICERS

As of the examination date, December 31, 2018, the following officers were appointed and serving in accordance with the Companies' by-laws:

Name	Title
Steven R. Youso	President and Chief Executive Officer
Kevin V. Roberts, CPA	Senior Vice President and Treasurer
David J. Felicio, Esquire	Chief Legal Officer & Secretary
Thomas H. Lee Jr., MD, MSc	Chairman of the Board
David J. Weader, Esquire	Assistant Secretary
Kurt J. Wrobel	Assistant Treasurer

CORPORATE RECORDS

MINUTES

A compliance review of the Companies' corporate minutes revealed the following:

- The annual meetings of the members of GHP and the stockholders of GIIC and GQO were held in compliance with the by-laws.
- The members of GHP and the stockholders of GIIC and GQO elect directors at such meetings in compliance with the by-laws.
- Quorums were present at all Board meetings.

- The Companies' investment transactions are approved quarterly by the Board.
- All directors attend Board meetings regularly.

ARTICLES OF INCORPORATION

There were no amendments to the Companies' articles of incorporation during the examination period.

BY-LAWS

During the exam period, the Companies made the following revisions to their by-laws.

On September 17, 2014, the Board approved amended and restated by-laws of the Companies that were revised to provide a process for selection of Board members resulting from an affiliation agreement with Holy Spirit Health System.

On September 16, 2015, the Board approved revisions to the by-laws of the Companies that were revised to provide a process for selection of Board members resulting from an affiliation agreement with AtlantiCare Health System, Inc.

On December 7, 2016, the Board approved revisions to the by-laws of the Companies that were revised to reflect its parent's, GH, name change from Geisinger Health System Foundation; to incorporate a term limit for members of the Board and certain Board officers; to change names of certain Board committees; and to create a new standing committee.

On December 13, 2018, the Board approved revisions to the by-laws of the Companies that were revised to provide a process for selection of Board members resulting from an affiliation agreement with Evangelical Community Hospital.

During the exam period, the Companies did not file the amended and restated by-laws with the Department in compliance with the Department's Financial Filing Requirements. After the examination period and as a result of this examination, the Companies filed the amended and restated by-laws with the Department.

It is recommended that the Companies timely file future by-law changes in accordance with the Department's Financial Filing Requirements.

Subsequent to the date of examination, the Companies amended and restated their by-laws (see "Subsequent Events," page 33).

SERVICE AND OPERATING AGREEMENTS

The Companies are parties to various service and operating agreements with both affiliated and non-affiliated entities. The following significant agreements were in effect as of December 31, 2018:

1. Agreement to Provide Administrative Services between GHP and GSS effective July 1, 2005 and amended March 1, 2013. Pursuant to the agreement, GSS shall provide management, administrative, and consulting services to GHP.

2. Agreement to Provide Case Management Services between GHP and GSS on behalf of Keystone Accountable Care Organization (“KACO”) effective January 1, 2016 and amended April 5, 2018. Pursuant to the agreement, GHP shall provide case management services to KACO.
3. Agreement to Provide Administrative Services between GHP and GQO effective November 15, 2006. Pursuant to the agreement, GHP provides management, administrative, and consulting service to GQO.
4. Agreement to Provide Administrative Services between GIIC and GSS effective January 1, 2014, and amended January 1, 2015, January 1, 2016, January 1, 2017, and January 1, 2018. Pursuant to the agreement, GIIC administers health service benefits for GSS for the self-funded health benefit plan. Subsequent to the date of examination, the agreement was amended effective January 1, 2019.
5. Agreement to Provide Administrative Services between GIIC and GHP effective June 1, 1996, and amended July 1, 2009, and January 1, 2012. Pursuant to the agreement, GHP shall provide its quality improvement and utilization management system and member grievance system to members of employer health benefit plans administered by GIIC.
6. Agreement to Provide Administrative Services between GQO and GSS effective November 15, 2006 and amended March 26, 2012. Pursuant to the agreement, GSS shall provide data processing, purchase of office supplies, budget, accounting, and other common services to GQO.

The agreements described above meet the fair and reasonable standards of 40 P.S. § 991.1405(a)(1)(i).

The Companies contract with various healthcare providers to provide medical, hospital, pharmacy, health network management, home health and hospice, and other services to the Companies’ members. Significant health care services are provided by the Companies’ affiliated providers; however, the Companies also contract with some non-affiliated healthcare providers. The following significant agreements were in effect as of December 31, 2018:

1. Medical and/or Professional Services Participation Agreement between the Companies, and GC effective July 1, 2018. Pursuant to the agreement, GC provides certain medical and/or professional services to the Companies’ members and the agreement provides for a shared risk arrangement between the Companies and GC. Subsequent to the date of examination, the agreement was amended on January 1, 2019; March 1, 2019; July 1, 2019; August 1, 2019; October 8, 2019, December 1, 2019; and January 1, 2020.
2. Facility Participation Agreement between the Companies and GMC, GWV, GBH, GLH, GCMC, GHS, and GJSH (collectively, “Facilities”), effective July 1, 2018. Pursuant to the agreement, the Facilities provide health care services to the

Companies' members and the agreement provides for a shared risk arrangement between the Companies and Facilities. Subsequent to the date of examination, the agreement was amended on January 1, 2019; August 1, 2019; October 1, 2019; October 15, 2019; and January 1, 2020. The October 15, 2019, amendment removed the shared risk arrangement provisions of the agreement.

3. Behavioral Health Services Agreement between the Companies and Magellan Health Care, Inc. and Magellan Behavioral Health of New Jersey, LLC (collectively, "Magellan") effective July 1, 2016. Pursuant to the agreement, Magellan provides mental health and substance abuse services for the Companies.
4. Service Agreement between the Companies and MedImpact Healthcare Systems, Inc. ("MedImpact") effective February 1, 2018. Pursuant to the agreement, MedImpact provides prescription drug benefit management and administration services for the Companies.
5. Delegated Service Agreement between the Companies and Avesis Third Party Administrators, Inc. ("Avesis") effective April 1, 2016, and amended effective January 1, 2017, and January 1, 2018. Pursuant to the agreement, Avesis arranges for the provision of covered dental services to the Companies' members and performs credentialing; certain quality improvement activities and utilization management; and claims processing, adjudication, and payment.

REINSURANCE

CEDED

The following summarizes the significant reinsurance contracts in effect as of December 31, 2018:

Medical Excess Reinsurance Contract

The Companies entered into a Medical Excess Reinsurance Contract with RGA Reinsurance Company. The contract's effective date is July 1, 2018, and the term of the agreement is one year.

The Companies' retention and the reinsurance limits are as follows:

Companies' Retention	Reinsurance Limits	Types of Business
\$750,000 (90% payable)	\$4,250,000	commercial non-exchange and exchange; Medicaid; and Medicare

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Stop Loss Excess of Loss Reinsurance Contract

GIIC entered into a Self-Insured Medical Specific and Aggregate Stop Loss Excess of Loss Reinsurance Contract with PartnerRe America Insurance Company. The contract's effective date is January 1, 2018, and the term of the agreement is one year.

GIIC's retention and the reinsurance limits are as follows:

Layer	Company's Retention	Reinsurance Limits	Types of Business
1 st	\$500,000 (individual non-deductible) \$400,000 (individual deductible) \$750,000 (small group specific and aggregate) \$1,000,000 (aggregate stop loss)	\$500,000 (individual non-deductible) \$1,000,000 (individual deductible) \$250,000 (small group specific and aggregate) \$1,000,000 (stop loss aggregate)	medical stop loss policies
2 nd	\$1,000,000 (individual) \$1,000,000 (small group aggregate)	\$1,000,000 (individual) \$1,000,000 (small group aggregate)	
3 rd	\$2,000,000 (individual) \$2,000,000 (small group aggregate)	\$1,000,000 (individual) \$1,000,000 (small group aggregate)	
4 th	\$3,000,000 (individual) \$3,000,000 (small group aggregate)	\$1,000,000 (individual) \$1,000,000 (small group aggregate)	
5 th	\$4,000,000 (individual) \$4,000,000 (small group aggregate)	\$1,000,000 (individual) \$1,000,000 (small group aggregate)	
6 th	\$5,000,000 (individual) \$5,000,000 (small group aggregate)	\$1,000,000 (individual) \$1,000,000 (small group aggregate)	

Chiropractic Quota Share

The Companies entered into a Quota Share Reinsurance and Administrative Services Agreement with American Specialty Health Insurance Company, Inc. The effective date of the agreement is July 1, 2003, and the term of the agreement was one year, with continuous

automatic renewals. The agreement was amended eight times with the most recent amendment as of April 1, 2011.

Company's Retention	Reinsurance Limits	Types of Business
0%	100% quota share of reinsured benefits	chiropractic benefit plans

ASSUMED

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

TERRITORY AND PLAN OF OPERATION

As of December 31, 2018, GHP is authorized as an HMO in Pennsylvania and New Jersey. GHP offers Medicare Advantage, Medicaid, Children's Health Insurance Program ("CHIP"), and commercial managed care products.

The Companies operate in 45 of Pennsylvania's 67 counties, with a significant presence in central, south-central, and northeastern Pennsylvania and in several counties in southern New Jersey. The Companies market its products primarily through brokers and the Companies' employees. In-house marketing is accomplished through telemarketing, internet sales, and through regional sales offices located in the cities of Danville, Harrisburg, Moosic, State College and Wilkes-Barre, Pennsylvania.

As of December 31, 2018, the Companies and various affiliated providers are operating pursuant to a shared risk arrangement with various affiliated providers effective July 1, 2018. The arrangement is operated to improve health care value and member/patient experience for the communities the Companies serve by reducing the cost of care.

The following chart summarizes GHP's direct and assumed, ceded, and net written premiums by line of business as of December 31, 2018:

Line of Business	Direct and Assumed Premium	Ceded Premium	Net Premium	Percentage of Total
December 31, 2018				
Comprehensive (hospital and medical)	\$ 800,884,532	\$ 2,044,250	\$ 798,840,282	30.0%
Fed employees health benefits program premium	7,023,121	16,101	7,007,020	0.3%
Title XVIII - Medicare	891,307,412	117,761	891,189,651	33.4%
Title XIX - Medicaid	971,461,334	1,680,208	969,781,126	36.4%
Health subtotal	<u>2,670,676,399</u>	<u>3,858,320</u>	<u>2,666,818,079</u>	<u>100.0%</u>
Totals	<u>\$ 2,670,676,399</u>	<u>\$ 3,858,320</u>	<u>\$ 2,666,818,079</u>	<u>100.0%</u>

GHP offers subscriber contracts to employees of the Federal government, employer groups (small and large), individuals; Medicare subscribers in all jurisdictions; and Medicaid subscribers in one region of Pennsylvania. GHP contracts with the United States Office of Personnel Management to provide health benefits to members of the Federal Employees Health Benefits Program ("FEHBP"). The FEHBP is a nationwide program which provides medical coverage to Federal employees and their dependents. As of December 31, 2018, premium

derived from subscriber contracts with the Federal government was less than 1.0% of GHP's total net premium, while employer groups and individuals accounted for approximately 30.0%. In addition, GHP contracts with the Centers for Medicare and Medicaid Services ("CMS") to provide medical care to Medicare beneficiaries. As of December 31, 2018, premium derived from Medicare beneficiaries was approximately 33.4% of GHP's total net premium. In 2013, GHP became a Managed Care Organization to participate in the Pennsylvania HealthChoices program for Medicaid beneficiaries. As of December 31, 2018, premium derived from Medicaid was approximately 36.4% of GHP's total net premium.

As of December 31, 2018, GIIC is licensed in Pennsylvania and West Virginia. GIIC offers self-funded and preferred provider organization ("PPO") plans with its primary products being Medicare PPO plans. Additionally, GIIC operates as a third-party administrator ("TPA") in Pennsylvania, Maine, and New Jersey.

The following chart summarizes GIIC's direct and assumed, ceded, and net written premiums by line of business as of December 31, 2018:

Line of Business	Direct and Assumed Premium	Ceded Premium	Net Premium	Percentage of Total
December 31, 2018				
Medicare Supplement	\$ 3,577,467	\$ 24,042	\$ 3,553,425	1.5%
Title XVIII - Medicare	237,242,397	1,594,365	235,648,032	97.7%
Other health	2,091,362	0	2,091,362	0.9%
Health subtotal	<u>\$ 242,911,226</u>	<u>\$ 1,618,407</u>	<u>\$ 241,292,819</u>	<u>100.0%</u>
Totals	<u>\$ 242,911,226</u>	<u>\$ 1,618,407</u>	<u>\$ 241,292,819</u>	<u>100.0%</u>

GIIC contracts with CMS to provide medical care to Medicare beneficiaries. As of December 31, 2018, premium derived from Medicare beneficiaries was approximately 97.7% of GIIC's total net premium. Additionally, GIIC offers Medicare Supplemental plans to all Pennsylvania Medicare eligible residents to help pay for health care costs not covered by Original Medicare in 2011. As of December 31, 2018, premium derived from Medicare Supplemental plans was approximately 1.5% of GIIC's total net premium. GIIC also offers stop-loss insurance policies (per-claim and aggregate) to both large and small groups.

As of December 31, 2018, GQO is approved as a RANLI-PPO in Pennsylvania and is licensed in New Jersey. GQO offers direct access and coordinated care PPO plans.

The following chart summarizes GQO's direct and assumed, ceded, and net written premiums by line of business as of December 31, 2018:

Line of Business	Direct and Assumed Premium	Ceded Premium	Net Premium	Percentage of Total
December 31, 2018				
Comprehensive (hospital and medical)	\$ 267,583,741	\$ 3,477,982	\$ 264,105,759	100.0%
Health subtotal	<u>267,583,741</u>	<u>3,477,982</u>	<u>264,105,759</u>	<u>100.0%</u>
Totals	<u>\$ 267,583,741</u>	<u>\$ 3,477,982</u>	<u>\$ 264,105,759</u>	<u>100.0%</u>

SIGNIFICANT OPERATING TRENDS

The following tables indicate the change in key financials of each of the Companies during the period covered by this examination:

GHP	2018	2017	2016	2015	2014
Admitted Assets	\$ 635,226,695	\$ 535,177,341	\$ 545,325,084	\$ 465,356,964	\$ 388,944,109
Liabilities	\$ 348,854,067	\$ 283,916,895	\$ 328,776,241	\$ 269,901,203	\$ 218,532,136
Capital and Surplus Funds	\$ 286,372,628	\$ 251,260,446	\$ 216,548,843	\$ 195,455,761	\$ 170,411,973
Net Premium Income	\$ 2,666,818,079	\$ 2,370,788,889	\$ 2,129,201,033	\$ 1,882,746,726	\$ 1,610,821,208
Benefits to Members	\$ 2,268,929,281	\$ 2,046,656,753	\$ 1,843,460,209	\$ 1,669,307,776	\$ 1,422,795,537
Net Investment Income	\$ 10,205,820	\$ 9,138,644	\$ 7,757,347	\$ 7,326,521	\$ 6,800,001
Net Income	\$ 100,307,243	\$ 86,477,384	\$ 50,297,156	\$ 16,264,620	\$ 8,056,995

GIIC	2018	2017	2016	2015	2014
Admitted Assets	\$ 78,738,072	\$ 77,066,443	\$ 58,321,173	\$ 44,773,867	\$ 62,987,780
Liabilities	\$ 45,163,307	\$ 38,971,736	\$ 38,687,153	\$ 30,217,323	\$ 42,598,418
Capital and Surplus Funds	\$ 33,574,765	\$ 38,094,707	\$ 19,634,020	\$ 14,556,544	\$ 20,389,362
Net Premium Income	\$ 241,292,819	\$ 205,142,732	\$ 138,090,075	\$ 127,557,514	\$ 197,803,094
Benefits to Members	\$ 218,781,131	\$ 184,379,326	\$ 134,803,726	\$ 111,242,147	\$ 173,396,826
Net Investment Income	\$ 560,385	\$ 491,302	\$ 705,457	\$ 944,653	\$ 750,572
Net Income	\$ (13,195,229)	\$ (2,097,845)	\$ (8,144,992)	\$ 7,697,459	\$ 585,735

GQO	2018	2017	2016	2015	2014
Admitted Assets	\$ 66,179,930	\$ 72,074,654	\$ 83,696,412	\$ 68,636,560	\$ 87,809,554
Liabilities	\$ 33,363,932	\$ 34,573,291	\$ 51,765,542	\$ 38,149,766	\$ 49,256,908
Capital and Surplus Funds	\$ 32,815,998	\$ 37,501,363	\$ 31,930,870	\$ 30,486,794	\$ 38,552,646
Net Premium Income	\$ 264,105,759	\$ 284,413,156	\$ 265,008,188	\$ 231,059,197	\$ 287,837,747
Benefits to Members	\$ 234,824,837	\$ 247,210,788	\$ 246,563,184	\$ 197,406,052	\$ 255,569,188
Net Investment Income	\$ 1,067,870	\$ 1,011,011	\$ 1,432,584	\$ 1,601,528	\$ 1,808,980
Net Income	\$ (2,409,219)	\$ 6,081,652	\$ (6,152,013)	\$ 378,157	\$ (6,232,921)

PENDING LITIGATION

The Companies are involved in litigation arising in and out of the normal course of business. The Companies are not party to any current or pending litigation that might have a material, adverse impact on the financial position of the Companies through the date of this examination report.

FINANCIAL STATEMENTS

The financial condition of the Companies, as of December 31, 2018, 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; and
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.

**Note: The financial statements for each of the Companies are presented on a standalone basis and in immediate succession on the following pages.

For Informational Purposes Only

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

Geisinger Health Plan

	2018	2017	2016	2015	2014
Bonds	\$ 182,904,159	\$ 157,722,926	\$ 153,476,043	\$ 148,989,876	\$ 137,995,794
Common stocks	108,693,098	117,549,543	95,977,825	66,171,738	72,063,542
Real estate	12,104,256	11,637,636	9,044,472	9,587,671	10,138,566
Cash, cash equivalents and short-term investments	52,122,126	51,865,922	156,163,597	62,299,676	3,979,658
Other invested assets	0	0	39,800	48,411	289,760
Subtotal, cash and invested assets	355,823,639	338,776,027	414,701,737	287,097,372	224,467,320
Investment income due and accrued	1,323,736	1,108,486	1,108,259	1,134,984	1,136,672
Premiums and considerations	171,518,160	104,845,550	25,829,821	102,510,101	108,266,786
Amounts recoverable from reinsurers	2,934,453	3,439,125	8,482,995	9,532,825	12,125,011
Amounts receivable relating to uninsured plans	6,818,217	2,407,843	56,412	732,187	4,163,922
Current federal and foreign income tax recoverable and interest thereon	441,964	433,531	37,400	0	25,840
Electronic data processing equipment and software	1,427,488	2,570,516	760,946	1,478,853	724,312
Receivable from parent, subsidiaries and affiliates	43,830,221	54,854,282	61,802,251	39,103,773	14,248,242
Health care and other amounts receivable	50,900,922	26,369,509	25,073,467	19,988,114	12,960,938
Aggregate write-ins for other than invested assets	207,895	372,472	7,471,796	3,778,755	10,825,066
Total	\$ 635,226,695	\$ 535,177,341	\$ 545,325,084	\$ 465,356,964	\$ 388,944,109
Claims unpaid	\$ 215,875,943	\$ 195,795,465	\$ 175,941,772	\$ 171,396,008	\$ 125,155,414
Accrued medical incentive pool and bonus amounts	4,493,955	5,628,821	5,196,130	7,199,620	10,140,263
Unpaid claims adjustment expenses	8,650,308	11,520,195	10,091,708	8,214,112	5,539,160
Aggregate health policy reserves	39,806,683	12,417,230	27,634,797	15,077,677	0
Premiums received in advance	15,968,457	13,514,301	21,554,361	17,109,575	22,549,277
General expenses due or accrued	29,666,330	23,876,295	42,103,772	36,139,715	22,614,823
Net deferred tax liability	0	817	43,831	0	0
Amounts due to parent, subsidiaries and affiliates	34,075,894	20,583,542	45,386,782	14,741,650	31,788,727
Payable for securities	92,716	367,405	0	0	0
Liability for amounts held under uninsured plans	0	0	606,580	0	354,687
Aggregate write-ins for other liabilities	223,781	212,824	216,508	22,846	389,785
Total liabilities	348,854,067	283,916,895	328,776,241	269,901,203	218,532,136
Aggregate write-ins for special surplus funds	0	20,299,318	0	18,301,244	14,962,981
Unassigned funds (surplus)	286,372,628	230,961,128	216,548,843	177,154,517	155,448,992
Total capital and surplus	286,372,628	251,260,446	216,548,843	195,455,761	170,411,973
Totals	\$ 635,226,695	\$ 535,177,341	\$ 545,325,084	\$ 465,356,964	\$ 388,944,109

Comparative Statement of Income For the Year Ended December 31,

Geisinger Health Plan

	2018	2017	2016	2015	2014
Net premium income	\$ 2,666,818,079	\$ 2,370,788,889	\$ 2,129,201,033	\$ 1,882,746,726	\$ 1,610,821,208
Aggregate write-ins for other health care related revenues	5,125,718	4,629,546	3,213,553	2,033,244	1,943,738
Total revenues	<u>2,671,943,797</u>	<u>2,375,418,435</u>	<u>2,132,414,586</u>	<u>1,884,779,970</u>	<u>1,612,764,946</u>
Hospital/medical benefits	1,736,745,475	1,540,324,860	1,392,998,667	1,281,296,606	1,102,181,617
Emergency room and out-of-area	104,117,471	89,882,941	76,951,680	66,769,989	57,535,879
Prescription drugs	408,239,184	384,659,338	338,671,593	289,482,659	230,961,833
Aggregate write-ins for other hospital and medical	(19,206,962)	0	0	0	0
Incentive pool, withhold adjustments and bonus amounts	39,034,113	31,789,614	34,838,269	31,758,522	32,116,208
Subtotal (hospital and medical)	<u>2,268,929,281</u>	<u>2,046,656,753</u>	<u>1,843,460,209</u>	<u>1,669,307,776</u>	<u>1,422,795,537</u>
Net reinsurance recoveries	3,440,463	5,614,636	8,949,882	14,090,780	13,269,718
Total hospital and medical	<u>2,265,488,818</u>	<u>2,041,042,117</u>	<u>1,834,510,327</u>	<u>1,655,216,996</u>	<u>1,409,525,819</u>
Claims adjustment expenses, including cost containment expenses	40,339,987	38,210,524	27,831,899	31,453,396	50,081,641
General administrative expenses	283,989,574	221,571,761	236,421,910	199,673,561	159,091,831
Total underwriting deductions	<u>2,589,818,379</u>	<u>2,300,824,402</u>	<u>2,098,764,136</u>	<u>1,886,343,953</u>	<u>1,618,699,291</u>
Net underwriting gain or (loss)	<u>82,125,418</u>	<u>74,594,033</u>	<u>33,650,450</u>	<u>(1,563,983)</u>	<u>(5,934,345)</u>
Net investment income earned	10,205,820	9,138,644	7,757,347	7,326,521	6,800,001
Net realized capital gains or (losses)	6,797,284	4,866,359	2,687,678	4,861,995	4,477,085
Net investment gains or (losses)	17,003,104	14,005,003	10,445,025	12,188,516	11,277,086
Aggregate write-ins for other income or expenses	1,172,241	(2,547,404)	6,297,281	5,639,666	2,698,982
Net income or (loss) before federal income taxes	<u>100,300,763</u>	<u>86,051,632</u>	<u>50,392,756</u>	<u>16,264,199</u>	<u>8,041,723</u>
Federal income taxes incurred	(6,480)	(425,752)	95,600	(421)	(15,272)
Net income (loss)	<u>\$ 100,307,243</u>	<u>\$ 86,477,384</u>	<u>\$ 50,297,156</u>	<u>\$ 16,264,620</u>	<u>\$ 8,056,995</u>

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

Geisinger Health Plan

	2018	2017	2016	2015	2014
Capital and surplus, December 31, previous year	\$ 251,260,446	\$ 216,548,843	\$ 195,455,761	\$ 170,411,973	\$ 166,930,089
Net income or (loss)	100,307,243	86,477,384	50,297,156	16,264,620	8,056,995
Change in net unrealized capital gains and (losses)	(14,561,139)	13,556,866	5,577,254	(5,732,862)	3,882,847
Change in net deferred income tax	817	43,014	(43,829)	0	(1,383,544)
Change in nonadmitted assets	(4,785,535)	(12,477,673)	(21,975,970)	(6,561,824)	(7,074,414)
Aggregate write-ins for gains or (losses) in surplus	(45,849,204)	(52,887,988)	(12,761,529)	21,073,854	0
Net change in capital and surplus	35,112,182	34,711,603	21,093,082	25,043,788	3,481,884
Capital and surplus, December 31, current year	\$ 286,372,628	\$ 251,260,446	\$ 216,548,843	\$ 195,455,761	\$ 170,411,973

For Informational Purposes Only

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

Geisinger Health Plan

	2018	2017	2016	2015	2014
Cash from Operations					
Premiums collected net of reinsurance	\$ 2,627,387,313	\$ 2,271,635,654	\$ 2,224,118,331	\$ 1,892,538,143	\$ 1,608,106,507
Net investment income	10,042,324	9,065,049	7,822,174	7,285,360	6,493,320
Miscellaneous Income	5,125,718	4,629,546	3,213,553	2,033,244	1,943,738
Total	2,642,555,355	2,285,330,249	2,235,154,058	1,901,856,747	1,616,543,565
Benefit and loss related payments	2,275,485,914	2,008,741,270	1,854,991,366	1,646,445,271	1,409,155,258
Commissions, expenses paid and aggregate write-ins for deductions	286,781,163	306,957,993	226,090,285	221,215,990	169,928,587
Federal and foreign income taxes paid (recovered)	(27,668)	0	133,000	(26,261)	(15)
Total deductions	2,562,239,409	2,315,699,263	2,081,214,651	1,867,635,000	1,579,083,830
Net cash from operations	80,315,946	(30,369,014)	153,939,407	34,221,747	37,459,735
Cash from Investments					
Proceeds from investments sold, matured or repaid:					
Bonds	63,621,923	35,063,984	33,574,641	43,987,354	20,739,317
Stocks	49,286,064	18,418,569	11,316,660	21,067,830	11,638,949
Net gain or (loss) on cash, cash equivalents and short term investments	(3,298)	0	0	0	(5)
Miscellaneous proceeds	1,951,687	6,305,688	4,668,552	3,288,953	2,882,724
Total investment proceeds	114,856,376	59,788,241	49,559,853	68,344,137	35,260,985
Cost of investments acquired (long-term only):					
Bonds	89,497,432	39,004,459	38,242,438	54,520,313	47,385,670
Stocks	47,547,797	21,800,101	32,714,297	16,465,155	9,517,607
Real estate	1,706,963	4,943,732	150,116	124,170	0
Other invested assets	0	3,495,000	3,495,000	2,100,000	1,800,000
Miscellaneous applications	985,891	52,915	471,626	272,539	179,959
Total investments acquired	139,738,083	69,296,207	75,073,477	73,482,177	58,883,236
Net cash from investments	(24,881,707)	(9,507,966)	(25,513,624)	(5,138,040)	(23,622,251)
Cash from Financing and Miscellaneous Sources					
Cash provided (applied):					
Other cash provided or (applied)	(55,178,035)	(64,420,695)	(34,561,862)	29,236,311	(30,155,819)
Net cash from financing and miscellaneous sources	(55,178,035)	(64,420,695)	(34,561,862)	29,236,311	(30,155,819)
Reconciliation of cash and short-term investments:					
Net change in cash and short-term investments	256,204	(104,297,675)	93,863,921	58,320,018	(16,318,335)
Cash and short-term investments:					
Beginning of the year	51,865,922	156,163,597	62,299,676	3,979,658	20,297,993
End of the year	\$ 52,122,126	\$ 51,865,922	\$ 156,163,597	\$ 62,299,676	\$ 3,979,658

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

Geisinger Indemnity Insurance Company

	2018	2017	2016	2015	2014
Bonds	\$ 24,255,057	\$ 17,983,572	\$ 17,410,635	\$ 31,989,991	\$ 37,273,389
Cash, cash equivalents and short-term investments	17,383,113	35,684,633	8,628,298	(64,735)	7,709,648
Receivable for securities	0	0	0	0	324,111
Subtotal, cash and invested assets	41,638,170	53,668,205	26,038,933	31,925,256	45,307,148
Investment income due and accrued	168,889	118,262	112,504	221,861	245,188
Premiums and considerations	5,597,632	3,860,870	1,289,041	2,000,294	6,287,034
Amounts recoverable from reinsurers	145,970	239,792	0	0	0
Amounts receivable relating to uninsured plans	7,881,989	5,732,781	631,516	339,278	1,204,081
Current federal and foreign income tax recoverable and interest thereon	370,860	822,806	1,120,459	905,141	260,536
Net deferred tax asset	0	1,918,058	1,693,099	323,398	1,853,578
Receivable from parent, subsidiaries and affiliates	2,554,883	8,311	12,501,077	7,351	34,580
Health care and other amounts receivable	20,356,898	10,671,897	14,916,838	8,994,304	7,732,623
Aggregate write-ins for other than invested assets	22,781	25,461	17,706	56,984	63,012
Total	\$ 78,738,072	\$ 77,066,443	\$ 58,321,173	\$ 44,773,867	\$ 62,987,780
Claims unpaid	\$ 23,420,887	\$ 22,009,104	\$ 17,479,282	\$ 16,751,100	\$ 22,700,323
Accrued medical incentive pool and bonus amounts	669,463	327,090	79,303	0	673,405
Unpaid claims adjustment expenses	1,210,232	926,637	838,035	701,941	1,016,232
Aggregate health policy reserves	6,109,460	300,576	1,608,545	194,391	0
Premiums received in advance	175,256	416,361	1,741,245	1,574,749	3,886,011
General expenses due or accrued	22,625	162,243	922,739	2,242,489	1,296,997
Amounts due to parent, subsidiaries and affiliates	4,230,224	9,136,689	8,732,667	5,175,707	8,063,601
Liability for amounts held under uninsured plans	9,159,375	5,644,427	7,285,047	3,576,946	4,951,185
Aggregate write-ins for other liabilities	165,785	48,609	290	0	10,664
Total liabilities	45,163,307	38,971,736	38,687,153	30,217,323	42,598,418
Aggregate write-ins for special surplus funds	0	3,282,233	0	2,380,224	4,496,528
Common capital stock	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Gross paid in and contributed surplus	59,700,000	47,700,000	27,700,000	15,200,000	27,000,000
Unassigned funds (surplus)	(27,125,235)	(13,887,526)	(9,065,980)	(4,023,680)	(12,107,166)
Total capital and surplus	33,574,765	38,094,707	19,634,020	14,556,544	20,389,362
Totals	\$ 78,738,072	\$ 77,066,443	\$ 58,321,173	\$ 44,773,867	\$ 62,987,780

Comparative Statement of Income For the Year Ended December 31,

Geisinger Indemnity Insurance Company

	2018	2017	2016	2015	2014
Net premium income	\$ 241,292,819	\$ 205,142,732	\$ 138,090,075	\$ 127,557,514	\$ 197,803,094
Aggregate write-ins for other health care related revenues	0	338,679	689,196	706,006	1,750,251
Total revenues	241,292,819	205,481,411	138,779,271	128,263,520	199,553,345
Hospital/medical benefits	192,806,789	159,135,338	117,219,320	100,072,310	154,667,357
Emergency room and out-of-area	8,861,794	6,925,831	4,964,038	3,155,485	5,189,322
Prescription drugs	20,551,610	16,852,028	11,825,755	6,141,270	11,718,615
Aggregate write-ins for other hospital and medical	(6,086,978)	0	0	0	0
Incentive pool, withhold adjustments and bonus amounts	2,647,916	1,466,129	794,613	1,873,082	1,821,532
Subtotal (hospital and medical)	218,781,131	184,379,326	134,803,726	111,242,147	173,396,826
Net reinsurance recoveries	167,098	(1,603,751)	0	0	0
Total hospital and medical	218,614,033	185,983,077	134,803,726	111,242,147	173,396,826
Claims adjustment expenses, including cost containment expenses	4,353,799	4,996,966	2,676,518	2,495,740	4,671,202
General administrative expenses	26,692,768	17,174,410	10,504,242	8,274,397	21,664,865
Increase in reserves for life accident and health contracts	5,715,287	0	0	0	0
Total underwriting deductions	255,375,887	208,154,453	147,984,486	122,012,284	199,732,893
Net underwriting gain or (loss)	(14,083,068)	(2,673,042)	(9,205,215)	6,251,236	(179,548)
Net investment income earned	560,385	491,302	705,457	944,653	750,572
Net realized capital gains or (losses)	(97,954)	61,170	(163,515)	53,625	72,164
Net investment gains or (losses)	462,431	552,472	541,942	998,278	822,736
Aggregate write-ins for other income or expenses	61,343	15,930	(1,178)	1,180,684	0
Net income or (loss) before federal income taxes	(13,559,294)	(2,104,640)	(8,664,451)	8,430,198	643,188
Federal income taxes incurred	(364,065)	(6,795)	(519,459)	732,739	57,453
Net income (loss)	\$ (13,195,229)	\$ (2,097,845)	\$ (8,144,992)	\$ 7,697,459	\$ 585,735

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

Geisinger Indemnity Insurance Company

	2018	2017	2016	2015	2014
Capital and surplus, December 31, previous year	\$ 38,094,707	\$ 19,634,020	\$ 14,556,544	\$ 20,389,362	\$ 18,100,913
Net income or (loss)	(13,195,229)	(2,097,845)	(8,144,992)	7,697,459	585,735
Change in net unrealized capital gains and (losses)	0	0	0	0	(9,603)
Change in net deferred income tax	(1,918,058)	(274,210)	1,851,476	(3,290,311)	3,631,103
Change in nonadmitted assets	(1,158,157)	978,735	(1,119,716)	1,547,375	(1,918,786)
Surplus adjustments:					
Paid in	12,000,000	20,000,000	12,500,000	(11,800,000)	0
Aggregate write-ins for gains or (losses) in surplus	(248,498)	(145,993)	(9,292)	12,659	0
Net change in capital and surplus	(4,519,942)	18,460,687	5,077,476	(5,832,818)	2,288,449
Capital and surplus, December 31, current year	<u>\$ 33,574,765</u>	<u>\$ 38,094,707</u>	<u>\$ 19,634,020</u>	<u>\$ 14,556,544</u>	<u>\$ 20,389,362</u>

For Informational Purposes Only

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

Geisinger Indemnity Insurance Company

	2018	2017	2016	2015	2014
Cash from Operations					
Premiums collected net of reinsurance	\$ 245,192,945	\$ 199,797,032	\$ 140,238,222	\$ 129,725,138	\$ 197,421,784
Net investment income	532,701	507,201	863,228	1,028,417	742,786
Miscellaneous Income	0	338,679	689,196	706,006	1,750,251
Total	245,725,646	200,642,912	141,790,646	131,459,561	199,914,821
Benefit and loss related payments	233,075,225	176,533,782	140,585,312	119,126,462	169,745,292
Commissions, expenses paid and aggregate write-ins for deductions	36,639,395	16,672,437	7,386,497	12,328,353	18,662,396
Federal and foreign income taxes paid (recovered)	(816,459)	(304,000)	(304,141)	1,395,278	319,000
Total deductions	268,898,161	192,902,219	147,667,668	132,850,093	188,726,688
Net cash from operations	(23,172,515)	7,740,693	(5,877,022)	(1,390,532)	11,188,133
Cash from Investments					
Proceeds from investments sold, matured or repaid:					
Bonds	14,912,045	5,340,224	21,226,784	11,860,173	16,715,148
Net gain or (loss) on cash, cash equivalents and short term investments	218	0	0	0	0
Miscellaneous proceeds	13,041	0	0	324,111	0
Total investment proceeds	14,925,304	5,340,224	21,226,784	12,184,284	16,715,148
Cost of investments acquired (long-term only):					
Bonds	21,304,177	5,873,646	6,859,357	6,565,647	32,428,898
Miscellaneous applications	13,509	0	0	0	333,714
Total investments acquired	21,317,686	5,873,646	6,859,357	6,565,647	32,762,612
Net cash from investments	(6,392,382)	(533,422)	14,367,427	5,618,637	(16,047,464)
Cash from Financing and Miscellaneous Sources					
Cash provided (applied):					
Capital and paid in surplus, less treasury stock	12,000,000	20,000,000	12,500,000	(11,800,000)	0
Other cash provided or (applied)	(736,623)	(150,936)	(12,297,372)	(202,488)	(146,423)
Net cash from financing and miscellaneous sources	11,263,377	19,849,064	202,628	(12,002,488)	(146,423)
Reconciliation of cash and short-term investments:					
Net change in cash and short-term investments	(18,301,520)	27,056,335	8,693,033	(7,774,383)	(5,005,754)
Cash and short-term investments:					
Beginning of the year	35,684,633	8,628,298	(64,735)	7,709,648	12,715,402
End of the year	\$ 17,383,113	\$ 35,684,633	\$ 8,628,298	\$ (64,735)	\$ 7,709,648

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

Geisinger Quality Options, Inc.

	2018	2017	2016	2015	2014
Bonds	\$ 41,135,977	\$ 36,585,621	\$ 40,473,419	\$ 53,467,656	\$ 64,294,708
Cash, cash equivalents and short-term investments	8,885,849	26,697,458	10,299,160	5,207,702	3,722,421
Other invested assets	0	0	26,534	32,274	193,174
Subtotal, cash and invested assets	50,021,826	63,283,079	50,799,113	58,707,632	68,210,303
Investment income due and accrued	267,967	225,682	240,472	418,713	464,351
Premiums and considerations	6,954,676	2,978,432	12,256,203	4,027,747	8,823,347
Amounts recoverable from reinsurers	866,449	1,939,216	5,343,958	1,789,405	2,479,336
Amounts receivable relating to uninsured plans	0	0	40,169	93,695	104,116
Current federal and foreign income tax recoverable and interest thereon	0	232,220	2,112,726	0	2,632,291
Net deferred tax asset	1,022,706	531,752	1,109,444	1,514,095	859,634
Receivable from parent, subsidiaries and affiliates	24,065	7,006	6,526,776	0	3,772
Health care and other amounts receivable	6,883,297	2,678,533	2,582,712	1,893,873	2,628,102
Aggregate write-ins for other than invested assets	138,944	198,734	2,684,839	191,400	1,604,302
Total	\$ 66,179,930	\$ 72,074,654	\$ 83,696,412	\$ 68,636,560	\$ 87,809,554
Claims unpaid	\$ 22,605,980	\$ 25,351,351	\$ 34,488,258	\$ 26,544,628	\$ 24,763,160
Accrued medical incentive pool and bonus amounts	598,399	310,754	152,806	64,223	1,689,209
Unpaid claims adjustment expenses	944,867	805,491	1,029,562	702,270	960,461
Aggregate health policy reserves	2,123,660	928,398	142,059	186,021	0
Premiums received in advance	4,028,171	5,918,849	8,278,682	6,927,966	7,849,335
General expenses due or accrued	588,815	381,155	1,659,602	2,453,708	4,692,336
Current federal and foreign income tax payable and interest thereon	34,197	0	0	461,702	0
Amounts due to parent, subsidiaries and affiliates	1,794,217	862,612	6,001,312	807,323	7,639,983
Liability for amounts held under uninsured plans	0	14,424	12,997	0	11,792
Aggregate write-ins for other liabilities	645,626	257	264	1,925	1,650,632
Total liabilities	33,363,932	34,573,291	51,765,542	38,149,766	49,256,908
Aggregate write-ins for special surplus funds	0	4,998,791	0	5,295,570	8,270,753
Common capital stock	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Gross paid in and contributed surplus	30,500,000	30,500,000	30,500,000	24,000,000	31,000,000
Unassigned funds (surplus)	315,998	2,572	(569,130)	(808,776)	(2,718,107)
Total capital and surplus	32,815,998	37,501,363	31,930,870	30,486,794	38,552,646
Totals	\$ 66,179,930	\$ 72,074,654	\$ 83,696,412	\$ 68,636,560	\$ 87,809,554

Comparative Statement of Income For the Year Ended December 31,

Geisinger Quality Options, Inc.

	2018	2017	2016	2015	2014
Net premium income	\$ 264,105,759	\$ 284,413,156	\$ 265,008,188	\$ 231,059,197	\$ 287,837,747
Total revenues	264,105,759	284,413,156	265,008,188	231,059,197	287,837,747
Hospital/medical benefits	175,469,524	179,141,666	185,827,407	149,027,503	198,672,579
Emergency room and out-of-area	18,266,747	19,626,139	19,739,792	14,879,145	18,101,017
Prescription drugs	41,082,897	44,733,962	38,370,408	31,020,188	35,129,848
Aggregate write-ins for other hospital and medical	(3,871,077)	0	0	0	0
Incentive pool, withhold adjustments and bonus amounts	3,876,746	3,709,021	2,625,577	2,479,216	3,665,744
Subtotal (hospital and medical)	234,824,837	247,210,788	246,563,184	197,406,052	255,569,188
Net reinsurance recoveries	548,656	124,897	4,780,439	2,510,816	2,995,475
Total hospital and medical	234,276,181	247,085,891	241,782,745	194,895,236	252,573,713
Claims adjustment expenses, including cost containment expenses	5,557,572	5,519,274	4,786,762	5,567,331	12,880,547
General administrative expenses	26,605,480	23,241,399	27,463,454	27,973,094	31,986,201
Total underwriting deductions	266,439,233	275,846,564	274,032,961	228,435,661	297,440,461
Net underwriting gain or (loss)	(2,333,474)	8,566,592	(9,024,773)	2,623,536	(9,602,714)
Net investment income earned	1,067,870	1,011,011	1,432,584	1,601,528	1,808,980
Net realized capital gains or (losses)	(299,397)	38,376	348,724	243,256	508,771
Net investment gains or (losses)	768,473	1,049,387	1,781,308	1,844,784	2,317,751
Aggregate write-ins for other income or expenses	52,330	(776,590)	167,024	(1,356,171)	125,242
Net income or (loss) before federal income taxes	(1,512,671)	8,839,389	(7,076,441)	3,112,149	(7,159,721)
Federal income taxes incurred	896,548	2,757,737	(924,428)	2,733,992	(926,800)
Net income (loss)	\$ (2,409,219)	\$ 6,081,652	\$ (6,152,013)	\$ 378,157	\$ (6,232,921)

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

Geisinger Quality Options, Inc.

	2018	2017	2016	2015	2014
Capital and surplus, December 31, previous year	\$ 37,501,363	\$ 31,930,870	\$ 30,486,794	\$ 38,552,646	\$ 45,854,241
Net income or (loss)	(2,409,219)	6,081,652	(6,152,013)	378,157	(6,232,921)
Change in net unrealized capital gains and (losses)	0	0	0	0	(666,680)
Change in net deferred income tax	542,780	(577,692)	(417,468)	616,716	(148,119)
Change in nonadmitted assets	(2,719,994)	128,356	1,536,894	(2,069,025)	(253,875)
Surplus adjustments:					
Paid in	0	0	6,500,000	(7,000,000)	0
Aggregate write-ins for gains or (losses) in surplus	(98,932)	(61,823)	(23,337)	8,300	0
Net change in capital and surplus	(4,685,365)	5,570,493	1,444,076	(8,065,852)	(7,301,595)
Capital and surplus, December 31, current year	<u>\$ 32,815,998</u>	<u>\$ 37,501,363</u>	<u>\$ 31,930,870</u>	<u>\$ 30,486,794</u>	<u>\$ 38,552,646</u>

For Informational Purposes Only

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

Geisinger Quality Options, Inc.

	2018	2017	2016	2015	2014
Cash from Operations					
Premiums collected net of reinsurance	\$ 257,715,795	\$ 292,390,078	\$ 259,241,651	\$ 233,379,310	\$ 277,815,973
Net investment income	1,019,780	1,003,103	1,643,377	1,610,022	1,859,977
Total	<u>258,735,575</u>	<u>293,393,181</u>	<u>260,885,028</u>	<u>234,989,332</u>	<u>279,675,950</u>
Benefit and loss related payments	240,647,532	252,755,929	237,993,924	193,313,476	256,511,729
Commissions, expenses paid and aggregate write-ins for deductions	30,863,564	29,617,115	27,316,270	44,223,674	41,483,059
Federal and foreign income taxes paid (recovered)	630,131	897,000	1,650,000	(233,940)	0
Total deductions	<u>272,141,227</u>	<u>283,270,044</u>	<u>266,960,194</u>	<u>237,303,210</u>	<u>297,994,788</u>
Net cash from operations	<u>(13,405,652)</u>	<u>10,123,137</u>	<u>(6,075,166)</u>	<u>(2,313,878)</u>	<u>(18,318,838)</u>
Cash from Investments					
Proceeds from investments sold, matured or repaid:					
Bonds	15,134,362	11,596,362	26,642,669	18,800,409	33,147,300
Net gain or (loss) on cash, cash equivalents and short term investments	(394)	0	0	0	0
Miscellaneous proceeds	<u>27,063</u>	<u>2,356,534</u>	<u>2,335,740</u>	<u>1,560,900</u>	<u>333,710</u>
Total investment proceeds	<u>15,161,031</u>	<u>13,952,896</u>	<u>28,978,409</u>	<u>20,361,309</u>	<u>33,481,010</u>
Cost of investments acquired (long-term only):					
Bonds	19,977,958	7,627,722	13,332,260	7,566,892	17,084,995
Other invested assets	0	2,330,000	2,330,000	1,400,000	1,200,000
Miscellaneous applications	<u>27,020</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total investments acquired	<u>20,004,978</u>	<u>9,957,722</u>	<u>15,662,260</u>	<u>8,966,892</u>	<u>18,284,995</u>
Net cash from investments	<u>(4,843,947)</u>	<u>3,995,174</u>	<u>13,316,149</u>	<u>11,394,417</u>	<u>15,196,015</u>
Cash from Financing and Miscellaneous Sources					
Cash provided (applied):					
Capital and paid in surplus, less treasury stock	0	0	6,500,000	(7,000,000)	0
Other cash provided or (applied)	<u>437,990</u>	<u>2,279,987</u>	<u>(8,649,525)</u>	<u>(595,258)</u>	<u>(177,682)</u>
Net cash from financing and miscellaneous sources	<u>437,990</u>	<u>2,279,987</u>	<u>(2,149,525)</u>	<u>(7,595,258)</u>	<u>(177,682)</u>
Reconciliation of cash and short-term investments:					
Net change in cash and short-term investments	(17,811,609)	16,398,298	5,091,458	1,485,281	(3,300,505)
Cash and short-term investments:					
Beginning of the year	<u>26,697,458</u>	<u>10,299,160</u>	<u>5,207,702</u>	<u>3,722,421</u>	<u>7,022,926</u>
End of the year	<u>\$ 8,885,849</u>	<u>\$ 26,697,458</u>	<u>\$ 10,299,160</u>	<u>\$ 5,207,702</u>	<u>\$ 3,722,421</u>

SUMMARY OF EXAMINATION CHANGES

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

NOTES TO FINANCIAL STATEMENTS

ASSETS

INVESTMENTS

As of December 31, 2018, GHP's invested assets were distributed as follows:

	Amount	Percentage
Bonds	\$ 182,904,159	51.5%
Common stocks	108,693,098	30.5%
Real estate	12,104,256	3.4%
Cash	41,592,939	11.7%
Cash equivalents	9,678,674	2.7%
Short-term investments	850,513	0.2%
Totals	<u>\$ 355,823,639</u>	<u>100.0%</u>

GHP's bond and short-term investment portfolio had the following quality and maturity profiles:

NAIC Designation	Amount	Percentage
1 - highest quality	\$ 159,039,060	85.6%
2 - high quality	26,715,486	14.4%
Totals	<u>\$ 185,754,546</u>	<u>100.0%</u>

Years to Maturity	Amount	Percentage
1 year or less	\$ 15,038,428	8.1%
2 to 5 years	74,881,650	40.3%
6 to 10 years	68,927,233	37.1%
11 to 20 years	12,292,000	6.6%
over 20 years	14,615,235	7.9%
Totals	<u>\$ 185,754,546</u>	<u>100.0%</u>

As of December 31, 2018, total cash and investments make up 56.0% of total admitted assets for GHP. Throughout the exam period, the bonds, common stocks, and cash and short-term investment accounts consistently represented a significant portion of GHP's total assets.

GHP maintained 85.6% of its bonds and short-term investments in NAIC-1 (highest quality) securities as rated by the NAIC Securities Valuation Office ("SVO"). GHP holds bonds and short-term investments with various maturity dates, with 85.5% having a maturity of ten years or less.

As of December 31, 2018, GIIC's invested assets were distributed as follows:

	Amount	Percentage
Bonds	\$ 24,255,057	58.2%
Cash	13,153,180	31.6%
Cash equivalents	45,095	0.1%
Short-term investments	4,184,837	10.1%
Totals	<u>\$ 41,638,169</u>	<u>100.0%</u>

GIIC's bond and short-term investment portfolio had the following quality and maturity profiles:

NAIC Designation	Amount	Percentage
1 - highest quality	\$ 23,739,894	83.5%
2 - high quality	4,700,000	16.5%
Totals	<u>\$ 28,439,894</u>	<u>100.0%</u>

Years to Maturity	Amount	Percentage
1 year or less	\$ 5,665,243	19.9%
2 to 5 years	9,233,698	32.5%
6 to 10 years	8,078,559	28.4%
11 to 20 years	2,676,995	9.4%
over 20 years	2,785,399	9.8%
Totals	<u>\$ 28,439,894</u>	<u>100.0%</u>

As of December 31, 2018, total cash and investments make up about 53.0% of total admitted assets for GIIC. Throughout the exam period, the bonds, common stocks, and cash and short-term investment accounts represented a significant portion of GIIC's total assets.

GIIC maintained 83.5% of its bonds and short-term investments in NAIC-1 (highest quality) securities as rated by the NAIC SVO. GIIC holds bonds and short-term investments with various maturity dates, with 80.8% having a maturity of ten years or less.

As of December 31, 2018, GQO's invested assets were distributed as follows:

	Amount	Percentage
Bonds	\$ 41,135,977	82.2%
Cash	7,591,009	15.2%
Cash equivalents	750,181	1.5%
Short-term investments	544,658	1.1%
Totals	<u>\$ 50,021,825</u>	<u>100.0%</u>

GQO's bond and short-term investment portfolio had the following quality and maturity profiles:

NAIC Designation	Amount	Percentage
1 - highest quality	\$ 36,988,946	87.3%
2 - high quality	5,381,645	12.7%
Totals	<u>\$ 42,370,591</u>	<u>100.0%</u>

Years to Maturity	Amount	Percentage
1 year or less	\$ 4,519,070	10.7%
2 to 5 years	17,901,336	42.2%
6 to 10 years	12,914,930	30.5%
11 to 20 years	3,680,384	8.7%
over 20 years	3,354,871	7.9%
Totals	<u>\$ 42,370,591</u>	<u>100.0%</u>

As of December 31, 2018, total cash and investments make up about 75.6% of total admitted assets for GQO. Throughout the exam period, the bonds, common stocks, and cash and short-term investment accounts consistently represented a significant portion of GQO's total assets.

GQO maintained 87.3% of its bonds and short-term investments in NAIC-1 (highest quality) securities as rated by the NAIC SVO. GQO holds bonds and short-term investments with various maturity dates, with 83.4% having a maturity of ten years or less.

The Companies do not have any investments in subsidiaries, affiliates or controlled entities within its investment portfolios.

The Companies have written investment policies pursuant to 40 P.S. § 653b(b). The investment policies are reviewed and approved on an annual basis by the Board. The Companies were following the investment policies at December 31, 2018.

During the examination period, GHP was party to a Master Custody Agreement with The Northern Trust Company dated November 2, 2003 and amended effective December 28, 2005. GIIC was party to a Master Custody Agreement with The Northern Trust Company dated April 5, 2006. GQO was party to a Master Custody Agreement with The Northern Trust Company dated October 1, 2007. The Companies' custodial agreements comply with the requirements of 31 Pa. Code § 148a.3.

LIABILITIES

CLAIMS RESERVES

The Companies' loss reserves and actuarial liabilities reported as of December 31, 2018 are depicted below.

<u>Reserves</u>	<u>GHP</u>	<u>GIIC</u>	<u>GQO</u>
Claims Unpaid	\$215,875,943	\$23,420,887	\$22,605,980
Accrued medical incentive pool & bonus amounts	\$4,493,955	\$669,463	\$598,399
Unpaid claims adjustment expenses	\$8,650,308	\$1,210,232	\$944,867
Aggregate health policy reserves	\$39,806,683	\$6,109,460	\$2,123,660

Kurt J. Wrobel, FSA, MAAA, Chief Financial Officer and Chief Actuary of the Companies, has been the Companies' appointed actuary for each year of the examination period.

The appointed actuary issued Statements of Actuarial Opinion for the Companies concluding for each entity that amounts make good and sufficient provision for all unpaid claims and other actuarial liabilities of the organizations under the terms of its contracts and agreements.

For the examination team to gain an adequate comfort level with reserve estimates for each of the Companies, the Department utilized actuarial staff from Lewis & Ellis, Inc. Actuaries & Consultants ("L&E Actuaries") to assist with a risk-focused review of the Companies' reserving and pricing processes. Certain risks within these processes required detailed examination procedures.

During detailed examination procedures, L&E Actuaries reviewed the Actuarial Memorandum, as of December 31, 2018, for each of the Companies. The Companies' 2018 Actuarial Memorandums did not fully satisfy requirements of the NAIC *Annual Statement Instructions* – Health ("Statement Instructions").

It is recommended that the Companies' future Actuarial Memorandums be prepared in accordance with the requirements of the Statement Instructions.

Based upon all procedures performed and results obtained, the actuarial and examination staff obtained evidence to support the conclusion that loss reserves and actuarial liabilities for each of the Companies are reasonably stated as of December 31, 2018.

SUBSEQUENT EVENTS

In addition to the subsequent events discussed throughout this report, the following significant events transpired since December 31, 2018, through the date of the examination report.

On September 19, 2019, the Board approved amended and restated by-laws for the Companies that revised the standing committees of the Board to no longer include the Member Experience and Quality Committee as a standing committee. The Companies filed the by-law changes with the Department on November 4, 2019.

Roger S. Haddon, Jr., of Evangelical Community Hospital, was appointed to the Companies' Board effective March 21, 2019, as a result of GH's collaboration agreement with Evangelical Community Health.

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 Company. As such, the Department will continue to monitor and share information with the Company as appropriate related to COVID-19 developments.

RECOMMENDATIONS

PRIOR EXAMINATION

There were no recommendations in the Companies' prior examination reports.

CURRENT EXAMINATION

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

1. *It is recommended that the Companies ensure their future Annual Registration Statements furnish accurate and complete information regarding transactions and agreements with affiliates pursuant to 40 P.S. § 991.1404(b) and 31 Pa. Code § 25.17 (see "Insurance Holding Company System" page 4).*
2. *It is recommended that in the future, the Companies provide to the Department prior notice of proposed transactions with persons in their holding company system in accordance with requirements of 40 P.S. § 991.1405(a)(2) and 31 Pa. Code § 25.21 (see "Insurance Holding Company System" page 7).*
3. *It is recommended that the Companies revise the membership of the Geisinger Family Committee to comply with the requirements of 40 P.S. § 991.1405(c)(4.1) or have another committee that satisfies the membership requirements perform the duties pursuant to 40 P.S. § 991.1405(c)(4.1) (see "Committees" page 9).*
4. *It is recommended that the Companies timely file future by-law changes in accordance with the Department's Financial Filing Requirements (see "By-laws" page 10).*
5. *It is recommended that the Companies' future Actuarial Memorandums be prepared in accordance with the requirements of the Statement Instructions (see "Claims Reserves" page 33).*

CONCLUSION

As a result of this examination, the financial condition of the Companies, as of December 31, 2018, was determined to be as follows:

GHP	Amount	Percentage
Admitted assets	\$ 635,226,695	100.0 %
Liabilities	\$ 348,854,067	54.9 %
Capital and Surplus	286,372,628	45.1 %
Total liabilities, capital and surplus	\$ 635,226,695	100.0 %

Geisinger Insurance Group

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Since the previous examination, made as of December 31, 2013, GHP's assets increased by \$297,118,024, its liabilities increased by \$177,675,485, and its surplus increased by \$119,442,539.

GIIC	Amount	Percentage
Admitted assets	\$ 78,738,072	100.0 %
Liabilities	\$ 45,163,307	57.4 %
Capital and Surplus	33,574,765	42.6 %
Total liabilities, capital and surplus	\$ 78,738,072	100.0 %

Since the previous examination, made as of December 31, 2013, GIIC's assets increased by \$27,747,952, its liabilities increased by \$12,274,100, and its surplus increased by \$15,473,852.

GQO	Amount	Percentage
Admitted assets	\$ 66,179,930	100.0 %
Liabilities	\$ 33,363,932	50.4 %
Capital and Surplus	32,815,998	49.6 %
Total liabilities, capital and surplus	\$ 66,179,930	100.0 %

Since the previous examination, made as of December 31, 2013, GQO's assets decreased by \$32,893,381, its liabilities decreased by \$19,855,138, and its surplus decreased by \$13,038,243.

This examination was conducted by financial, information technology, and actuarial staff of Lewis & Ellis, Inc. Actuaries & Consultants, and Judson Fodness, Michael Lisowski, Dennis Williams, and Stephanie Ohnmacht, CFE, with the latter in charge.

Respectfully submitted,



Melissa L. Greiner
Director
Bureau of Financial Examinations



Shannon Hopkins (Jun 5, 2020 14:47 EDT)

Shannon Hopkins, CFE
Examination Manager



Stephanie Ohnmacht, CFE
Examiner-in-Charge

The CFE designation has been conferred by an organization not affiliated with the federal or any state government. However the CFE designation is the only designation recognized by the NAIC for the purposes of directing statutory Association examinations of insurance companies.