

Examination Warrant Number 13-00000-76325-R1

Report of Examination of
Senior Health Insurance Company of Pennsylvania
Harrisburg, Pennsylvania
As of December 31, 2013

For Informational Purposes Only

Senior Health Insurance Company of Pennsylvania

TABLE OF CONTENTS

| Subject | Page |
|---|-------------|
| Salutation | 1 |
| Scope of Examination | 1 |
| History | 2 |
| Management and Control: | |
| Capitalization | 4 |
| Stockholder | 4 |
| Insurance Holding Company System | 4 |
| Board of Directors | 5 |
| Officers | 6 |
| Corporate Records: | |
| Minutes | 7 |
| Articles of Agreement | 7 |
| By-Laws | 7 |
| Service and Operating Agreements | 7 |
| Reinsurance: | |
| Ceded | 9 |
| Assumed | 9 |
| Territory and Plan of Operations | 10 |
| Significant Operating Trends | 11 |
| Accounts and Records | 11 |
| Pending Litigation | 11 |
| Financial Statements: | |
| Comparative Statement of Assets, Liabilities, Surplus and Other Funds | 13 |
| Comparative Statement of Income | 14 |
| Comparative Statement of Capital and Surplus | 15 |
| Comparative Statement of Cash Flow | 16 |
| Summary of Examination Changes | 17 |
| Notes to Financial Statements: | |
| Assets: | |
| Investments | 17 |
| Liabilities: | |
| Policyholder and Claim Reserves | 18 |
| Subsequent Events | 20 |
| Recommendations: | |
| Prior Examination | 20 |
| Current Examination | 21 |
| Conclusion | 21 |

Harrisburg, Pennsylvania
May 7, 2015

Honorable Stephen J. Johnson, CPA
Deputy Insurance Commissioner
Commonwealth of Pennsylvania
Insurance Department
Harrisburg, Pennsylvania

Dear Sir:

In accordance with instructions contained in Examination Warrant Number 13-00000-76325-R1 dated March 1, 2013, an examination was made of

Senior Health Insurance Company of Pennsylvania, NAIC Code: 76325

a Pennsylvania domiciled stock life insurance company, hereinafter referred to as “SHIP” or “Company.” The examination was conducted at the Company’s Administrative Office, located at 550 Congressional Boulevard, Suite 200, Carmel, IN 46032.

A report of this examination is hereby respectfully submitted.

SCOPE OF EXAMINATION

The Company was last examined as of December 31, 2008.

This examination covered the five-year period from January 1, 2009 through December 31, 2013, and consisted of a general survey of the Company’s business practices and management, and an evaluation of the Company’s financial condition as of the latter date. Material subsequent events were also reviewed.

Work programs employed in the performance of this examination were designed to comply with the standards promulgated by the Pennsylvania Insurance Department (“Department”) and the National Association of Insurance Commissioners (“NAIC”).

The format of this report is consistent with the current practices of the Department and the examination format prescribed by the NAIC. It is limited to a description of the Company, a discussion of financial items that are of specific regulatory concern, and a factual disclosure of other significant regulatory information.

For the years 2009 to 2012, during the period under examination, the Certified Public Accounting (“CPA”) firm, Strohm Ballweg, LLP, provided an unqualified opinion on the Company’s year-end financial statements based on statutory accounting principles. For the year 2013, during the period under examination, the CPA firm, Eide Bailly, LLP, provided an unmodified opinion on the Company’s year-end financial statements based on statutory accounting principles. Relevant work performed by the CPA firms during the annual audit of the Company was reviewed during the examination and incorporated into the examination workpapers.

Senior Health Insurance Company of Pennsylvania

-2-

HISTORY

The Company was originally formed on July 5, 1887, as a Society for beneficial purposes under the Act of April 29, 1874, as the Home Beneficial Society.

Through Articles of Agreement filed with the Secretary of the Commonwealth of Pennsylvania on December 1, 1964, it reincorporated as a stock limited life insurance company under 15 Pa.C.S. §1911 and was authorized by the Department pursuant to 40 P.S. §382 for the purposes of making insurance upon the health of individuals and against personal injury and disablement and against death resulting from natural and accidental causes, including endowment insurance in such amounts and upon such condition as is now or hereafter may be provided by law in the case of limited life insurance companies.

It was then known as Signal Life Insurance Company, and later as Penn Treaty Life Insurance Company. Penn Treaty Life Insurance Company was suspended in January of 1970, and all of its business was reinsured by Pilgrim Life Insurance Company. The Company was subsequently sold and the suspension lifted.

In January of 1977, all of the issued and outstanding shares of common stock of the Company were purchased by Great Valley Investors, Inc., a Pennsylvania Corporation. In November of 1985, Great Valley Investors, Inc. changed its name to American Travelers Corporation ("ATC"). ATC is an insurance holding company and publicly held Pennsylvania general business corporation. In addition to the Company, ATC owned two subsidiary corporations, namely American Travelers Insurance Services Company, Inc., a Pennsylvania corporation licensed as an insurance agency and United General Life Insurance Company, a Texas domiciled stock life insurance company. On June 10, 1996, the Company's name was changed to American Travelers Life Insurance Company ("ATLIC").

On May 12, 1995, ATLIC purchased a subsidiary, namely the American Accident & Health Insurance Company, from Arista Insurance Company. The name of this subsidiary was subsequently changed to American Travelers Insurance Company of New York and eventually to Conseco Life Insurance Company of New York.

In December 1996, the Company's former direct parent, ATC, was purchased and merged into Conseco, Inc. ("Conseco"). In 1996, the Company was a wholly-owned subsidiary of CIHC, Inc. ("CIHC"), which is a wholly-owned subsidiary of Conseco.

In 1997, Conseco reorganized its holding company structure with ATLIC becoming a wholly-owned subsidiary of Jefferson National Life Insurance Company of Texas, which is a wholly-owned subsidiary of CIHC. In addition, ATLIC acquired a wholly-owned subsidiary, namely Continental Life Insurance Company. On May 30, 1997, the Board, by means of a written consent, approved the plan, agreement and articles of merger of the Company with an affiliated company, namely Transport Life Insurance Company ("TLIC"). TLIC was a life insurance company domiciled in the State of Texas.

Senior Health Insurance Company of Pennsylvania

-3-

In October 1998, the name of the Company was changed from American Travelers Life Insurance Company to Conseco Senior Health Insurance Company (“CSHI”).

As of August 1999, the Company was authorized to transact those classes of insurance as described in 40 P.S. § 382 (a)(1) Life and Annuities and (a)(2) Accident and Health. This was a change from a limited life company to (standard) current powers of a life company.

On December 17, 2002, Conseco and CIHC filed voluntary petitions for reorganization under Chapter 11 of the United States Bankruptcy Code. The Company is a separate legal entity and was not included in the petitions. On September 10, 2003, upon consummation of the sixth amended plan of reorganization, Conseco and CIHC emerged from bankruptcy.

On September 12, 2003, CIHC was merged into CIHC Inc. of Texas, which then converted to a Texas insurance company named CIHC Life Insurance Company of Texas (“CIHC Life”) and was granted a certificate of authority as a Texas domiciled insurance company. On the same day, Conseco Life Insurance of Texas was merged into CIHC Life and CIHC Life adopted its current name, Conseco Life Insurance Company of Texas.

The Company ceased sales and went into run-off during 2003.

Effective October 10, 2008, CSHI changed its name to Senior Health Insurance Company of Pennsylvania (“SHIP”) following approval by the Department. Pursuant to the Separation Agreement effective November 12, 2008, SHIP became a stand-alone company operated by Senior Health Care Oversight Trust (“Oversight Trust”). All of the issued and outstanding shares of CSHI that had been held by Conseco were acquired by the Oversight Trust along with aggregate capital contributions of \$175,000,000 to SHIP and the Oversight Trust. The purpose of the Oversight Trust is to enable the Company to service policyholders without distraction of a profit motive while the Company runs off its long term care book of business. The Company’s non-long term care book of business was assigned to Conseco Life Insurance Company (CLIC) pursuant to an Assignment Agreement and secured by a Trust Agreement, both of which were approved by the Indiana Department of Insurance.

On November 12, 2008, the Department issued an order approving the transfer of the ownership of the Company from the subsidiaries of Conseco to the Oversight Trust. Both the Company and the Oversight Trust operate for the exclusive benefit of the policyholders and with a solvency motive rather than a profit motive. The Oversight Trust is a business trust organized under the laws of the Commonwealth of Pennsylvania and is governed by a Board of Trustees. At the time of the transfer of the Company’s stock to the Oversight Trust, Conseco and its subsidiaries contributed \$164,000,000 of capital to the Company. Of this contribution, \$125,000,000 was in the form of a Conseco Senior Note. This note was paid in full on March 30, 2012.

The Company is currently authorized to transact those classes of insurance described in 40 P.S. § 382 (a)(1) Life and Annuities and (a)(2) Accident and Health. However, the Company

Senior Health Insurance Company of Pennsylvania

-4-

ceased writing new business and went into run off in 2003. The Company has continued to renew business and service existing policyholders as it runs off its long term care book of business.

MANAGEMENT AND CONTROL

CAPITALIZATION

As of the examination date, December 31, 2013, the Company's total capitalization was \$98,201,892, consisting of \$2,500,005 common capital stock with 200,000 shares of issued and 166,667 shares of outstanding common stock with a par value of \$15.00 per share; \$5,000,000 preferred capital stock with 20,000 shares of issued and 5,000 shares of outstanding shares of preferred stock with a par value of \$1,000.00 per share; \$1,192,326,042 in paid-in and contributed surplus and (\$1,101,624,154) in unassigned funds.

The total minimum capital and minimum surplus required of the Company to engage in the types of business for which it is licensed pursuant to 40 P.S. § 386 (a), is \$1,100,000 in capital and \$550,000 in surplus. The Company met these requirements during the examination period.

STOCKHOLDER

On November 12, 2008, all issued and outstanding common and preferred shares of the Company were transferred to the Oversight Trust. There were no dividends declared or paid during the examination period.

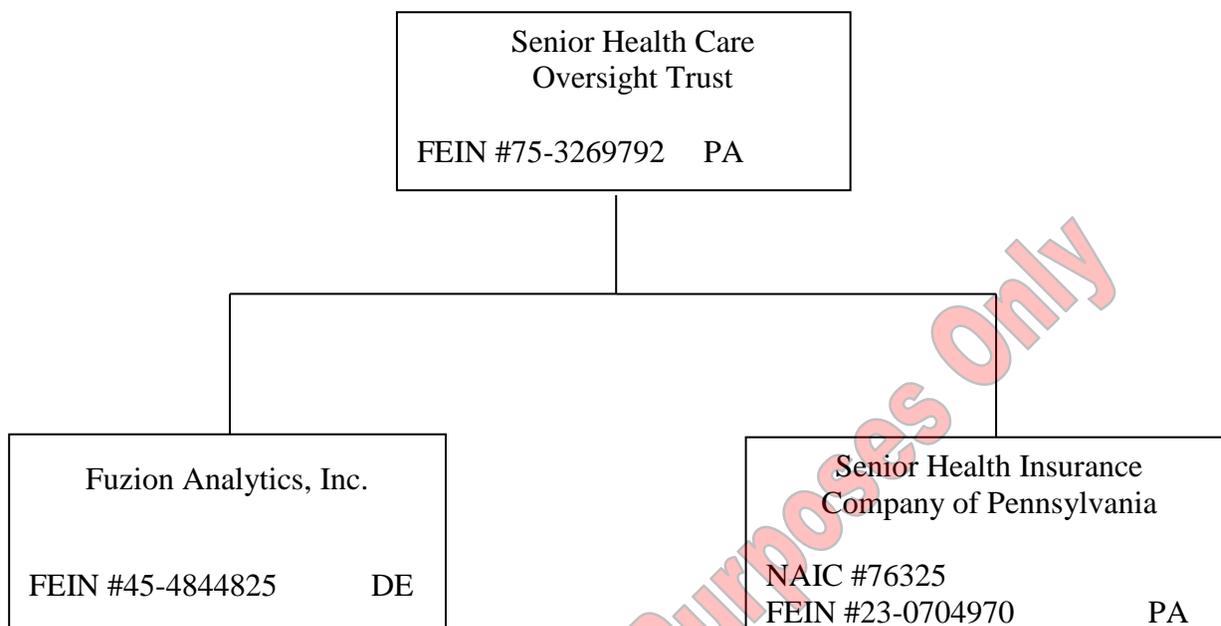
INSURANCE HOLDING COMPANY SYSTEM

The Company, as of the examination date, is a wholly owned subsidiary of the Oversight Trust. The Company meets the requirements for filing an insurance holding company system registration statement, in compliance with the 40 P.S. §§ 991.1401-991.1413. All required holding company registration documents have been properly filed with the appropriate state agencies.

Senior Health Insurance Company of Pennsylvania

-5-

The following is the Company's corporate structure as of December 31, 2013:



The Oversight Trust is a special purpose entity which has the following objectives:

- To ensure the Company satisfies policyholder claims in accordance with the terms of the policies.
- To ensure the Company treats its policyholders fairly and equitably in accordance with the terms of the policies.
- To ensure the Company preserves its assets for the benefit of its policyholders and to ensure that the Company remains solvent.
- Fuzion Analytics, Inc. was formed in 2012 to provide LTC insurance data mining and analytical services to the Company and other LTC carriers.

BOARD OF DIRECTORS

Management of the Company is vested in its Board of Directors ("Board"), which was comprised of the following members as of the examination date, December 31, 2013:

Name and Address

Julianne Marie Bowler * (Chair)
Jamestown, RI

Cecil Dale Bykerk *
Omaha, NE

Thomas Edward Hampton *
Washington, DC

Principal Occupation

VP of Regulatory Affairs & Strategy
Atlantic Charter Insurance Company

President
CDBykerk Consulting, LLC

Senior Advisor
Dentons US LLP

Senior Health Insurance Company of Pennsylvania

-6-

| | |
|---------------------------------------|---|
| Paul Edwin Lorentz Carmel, IN | Treasurer and Chief Financial Officer SHIP |
| John Martin Morrison * Helena, MT | Senior Partner Morrison, Motl & Sherwood, LLP |
| Gregory Vincent Serio * Albany, NY | Partner & Managing Director Park Strategies, LLC |
| Brian Charles Wegner Carmel, IN | President and Chief Executive Officer Senior Health Insurance Company of Pennsylvania |

*Independent from Company

The business and affairs of the Company shall be managed by a board consisting of not less than seven (7) directors, one of whom shall be elected as chairman of the board. The number of director(s) to serve each year may be fixed annually by the stockholders or at any time between annual stockholders meetings by vote of the Board. Each director shall hold office for a term of one year or until the earlier of such director's resignation, removal, disability or death, or until such director's successor shall have been duly elected and qualified. No exceptions were noted as part of the review of the Board.

The Company's Board has established two committees: an audit committee and a nomination and compensation committee ("NCC"). Both committees are comprised of the five (5) independent Board members noted above. The audit committee meets quarterly and the NCC meets at least annually. Thomas Hampton, CPA, CFE, MBA serves as the chairperson and a designated financial expert of the audit committee.

The Company has established board and committee membership that meets the necessary independence and has established independent committees to perform the required functions in compliance with 40 P.S. § 991.1405 (c)(3), (c)(4) and (c)(4.1).

The Company requires Board members and officers to review and sign Code of Business Conduct and Ethics statements which include a conflict of interest section on an annual basis. It was determined that Board members and officers have reviewed and signed statements as of the year ended December 31, 2013.

OFFICERS

As of the examination date, December 31, 2013, the following officers were appointed and serving in accordance with the Company's By-Laws:

| Name | Title |
|--------------------|---------------------------------------|
| Brian C. Wegner | President and Chief Executive Officer |
| Paul E. Lorentz | Treasurer and Chief Financial Officer |
| Ginger S. Darrough | Secretary and Chief Analytics Officer |
| Patrick L. Carmody | General Counsel |

CORPORATE RECORDS

MINUTES

During the period under examination, all Board meetings were held in compliance with the Company By-Laws. Quorums were established for all Board meetings. A review of the Board meetings held during the period under examination indicated that the meetings were well attended.

Review of the Board minutes disclosed that approval has been made of investment activity throughout the examination period. As required by 40 P.S. § 504.1(b), the Board or a committee thereof, charged with the duty of supervising investments and loans, must authorize or ratify any investment or loan or an investment practice made or engaged in by a domestic life insurance company.

ARTICLES OF AGREEMENT

There were no amendments to the Articles of Agreement during the examination period.

BY-LAWS

There were no amendments to the By-Laws during the examination period.

SERVICE AND OPERATING AGREEMENTS

The following agreements were in effect at the Company as of December 31, 2013:

SUBSCRIPTION AGREEMENT

The Company is party to a Software Subscription Agreement (“Subscription Agreement”) with its affiliate, Fuzion Analytics, Inc. (“Fuzion”). The Subscription Agreement executed August 31, 2012, but effective July 1, 2012, is a services agreement under which the Company is granted rights to access and utilize various data warehouse, reporting, and analytics technologies related to long-term care (“LTC”) insurance. Payments under the Subscription Agreement are based on the Company’s business in force as set forth in the Subscription Agreement. The Company paid Fuzion \$992,183 for services under this agreement in 2013.

CONSULTING AND PROFESSIONAL SERVICES AGREEMENT

The Company is party to a Consulting and Professional Services Agreement (“Consulting Agreement”) with its affiliate, Fuzion. The Consulting Agreement executed August 31, 2012, but effective July 1, 2012, is a services agreement under which the Company may obtain various consulting and professional development services in connection with the data warehouse, reporting, and analytics technologies utilized under the Subscription Agreement. Payment for

Senior Health Insurance Company of Pennsylvania

-8-

services is on terms as set forth in the Consulting Agreement. The Company paid Fuzion \$2,095,299 for services under this agreement in 2013.

ADMINISTRATIVE SERVICES AGREEMENT

The Company is a party to an Administrative Services Agreement, (“Administrative Agreement”) with its affiliate, Fuzion. The Administrative Agreement, executed August 31, 2012, but effective July 1, 2012, is a services agreement under which the Company will provide facilities, management personnel, and technical personnel to Fuzion. Payments for services are on terms set forth in the Administrative Agreement. Fuzion paid the Company \$1,028,909 for services under this agreement in 2013. Subsequent to the examination period, this Agreement was terminated on March 1, 2014 in connection with the execution of a Management Services Agreement between the Company and Fuzion. See the Subsequent Events section of this Report for additional details.

The above three intercompany agreements were approved by the Department and determined to meet the fair and reasonable standards in 40 P.S. § 991.1405 (a)(1).

ASSET MANAGEMENT AGREEMENT

On November 12, 2008, the Company entered into an asset management agreement with Conning, Inc. for the provision of investment advisory services, portfolio management, and investment accounting. Fees are based on a detailed schedule incorporated in the contract. This agreement may be terminated by either party with a ninety day written notice. The Company reported expenses of \$2,478,709 during 2013 related to this agreement.

MASTER SERVICES AGREEMENT

A Master Services Agreement with Univita was effective January 1, 2008 and amended on November 12, 2008, so that services were provided solely to the Company upon the Company assuming the administration of the LTC business of former affiliates and relinquishing its non-long term care insurance book of business to CLIC. Under this contract, Univita is to provide software and software conversion and IT services including disaster recovery, premium billings, claims handling, policyholder services with the exception of complaints, and certain general accounting services. The Company continues to handle policyholder complaints. Fees are based on a detailed schedule incorporated in the contract. The contract is to remain in effect for ten years and will renew annually thereafter unless terminated in writing by either party with a one hundred eighty day notice. The Company reported expenses of \$16,976,444 during 2013 related to this agreement. Subsequent to the examination period, Univita changed its name and is now known as Long Term Care Group.

Senior Health Insurance Company of Pennsylvania

-9-

REINSURANCE

CEDED

The Company's business consists of a closed block of LTC business which is being run off. The Company writes no new business.

In the fourth quarter of 2008, the Company assigned all of its non-LTC business to its former affiliate, CLIC, pursuant to an assignment agreement. Pursuant to this arrangement the Company remains contingently liable for the business in the event that CLIC, for whatever reason, fails to perform its obligations under the reinsurance agreement. In recognition of this exposure, the agreement requires CLIC to maintain assets in a trust account, of which the Company is the beneficiary, in an amount equal to the estimated liabilities of the assigned business.

Effective April 1, 2013, the Company terminated certain coinsurance agreements with CLIC under which it ceded LTC business. It simultaneously entered into an assumption reinsurance agreement with Washington National Life Insurance Company ("WNIC") under which it ceded most of the policies recaptured under the aforementioned termination. It further entered into a coinsurance agreement with WNIC under which it ceded a small block of business consisting of policyholders who rejected the assumption transaction. This latter reinsurance ceded transaction constitutes the sole ceded risk for the Company as of December 31, 2013. It involves minimal premium and a total of approximately \$1.3 million in ceded reserve credits.

| | |
|----------------------|--|
| Reinsurer: | Washington National Life Insurance Company |
| Type of contract: | 100% Coinsurance |
| Intermediary: | None |
| Effective date: | April 1, 2013 |
| Term: | Unlimited |
| Business covered: | All business involving policy holders who rejected an Assumption transaction with Washington National. |
| Company's retention: | 0% |
| Reinsurance limits: | 100% of all business transferred |
| Insolvency clause: | Yes |

The contract contains satisfactory arbitration and insolvency clauses. The contract transfers risk.

ASSUMED

In a few instances, the Company utilizes reinsurance as the transfer vehicle through which it administers and runs-off some of the aforementioned blocks of business. The two (2) most significant of these assumed transactions are a contract with the Stonebridge Life Insurance Company under which the Company reported substantially all of its assumed premium income and 99% of its assumed contract reserves. There is also a similar arrangement with Primerica

Senior Health Insurance Company of Pennsylvania

-10-

Life Insurance Company which accounts for the remainder of the business reported as assumed reinsurance.

Reinsurer: Stonebridge Life Insurance Company
Type of contract: 100% Coinsurance
Intermediary: None
Effective date: October 11, 1994
Term: Indefinite
Business covered: LTC policies for JCPenney business
Company's retention: 100%
Reinsurance limits: None

The contract contains satisfactory arbitration and insolvency clauses. The contract transfers risk.

TERRITORY AND PLAN OF OPERATIONS

The Company is licensed in forty-six (46) states, the District of Columbia, and the Virgin Islands.

The Company ceased sales and went into run-off during 2003. In the past, the Company's book of business was largely LTC policies along with small numbers of senior life policies, Medicare supplement policies, disability, hospital indemnity, and specified disease policies. Following its separation from Conseco, the Company became responsible only for the run-off of existing LTC policies, having assigned its non-LTC business to CLIC.

The following is a distribution of premiums by line of business for the year ending December 31, 2013:

| Line of Business | Direct and Assumed Premium | Ceded Premium | Net Premium | Percentage of Total |
|---------------------------|----------------------------------|------------------|-----------------------|------------------------|
| December 31, 2013 | | | | |
| Group accident and health | \$ 3,789,731 | \$ 880 | \$ 3,788,851 | 2.2% |
| Other accident and health | 170,029,776 | 76,201 | 169,953,576 | 97.8% |
| Totals | <u>\$ 173,819,507</u> | <u>\$ 77,081</u> | <u>\$ 173,742,427</u> | <u>100.0%</u> |

Senior Health Insurance Company of Pennsylvania

-11-

SIGNIFICANT OPERATING TRENDS

The Company reported the following during the period covered by this examination:

| | 2013 | 2012 | 2011 | 2010 | 2009 |
|---------------------------|------------------|------------------|------------------|------------------|------------------|
| Admitted Assets | \$ 2,985,938,782 | \$ 3,080,745,346 | \$ 3,161,093,979 | \$ 3,317,023,144 | \$ 3,251,994,962 |
| Liabilities | \$ 2,887,736,889 | \$ 2,975,278,318 | \$ 3,046,696,672 | \$ 3,139,708,226 | \$ 3,058,545,856 |
| Capital and Surplus Funds | \$ 98,201,892 | \$ 105,467,028 | \$ 114,397,307 | \$ 177,314,918 | \$ 193,449,106 |
| Net Premiums Written | \$ 173,742,427 | \$ 194,026,529 | \$ 213,842,327 | \$ 234,207,151 | \$ 249,911,056 |
| Benefits to Policyholders | \$ 415,959,588 | \$ 407,358,000 | \$ 395,023,956 | \$ 394,183,295 | \$ 412,625,449 |
| Net Investment Income | \$ 174,725,085 | \$ 185,462,132 | \$ 188,796,407 | \$ 194,385,253 | \$ 197,848,334 |
| Net Income | \$ (3,371,981) | \$ (3,954,985) | \$ (57,176,757) | \$ (14,979,578) | \$ (17,456,702) |

Since the prior examination, the Company has experienced the following changes in its total number of certificates in force, the overall amount of insurance in force, and the average amount of insurance in force per policy:

| | <u>Certificates In Force</u> | <u>Insurance In Force</u> | <u>Average Policy In Force</u> |
|--|----------------------------------|-------------------------------|------------------------------------|
| <u>Ordinary Accident and Health</u> | | | |
| December 31, 2013 | 82,323 | \$ 167,079,079 | \$ 2,030 |
| December 31, 2008 | 131,412 | 259,958,331 | 1,978 |
| Net Increase/(decrease) | <u>(49,089)</u> | <u>\$ (92,879,252)</u> | <u>\$ 52</u> |
| <u>Group Accident and Health</u> | | | |
| December 31, 2013 | 2,745 | \$ 3,716,184 | \$ 1,354 |
| December 31, 2008 | 5,663 | 7,606,269 | 1,343 |
| Net Increase/(decrease) | <u>(2,918)</u> | <u>\$ (3,890,085)</u> | <u>\$ 11</u> |

As the Company is in runoff status, the certificates in force are gradually decreasing.

ACCOUNTS AND RECORDS

Following the separation of the Company from Conseco, some of the Company's operating functions were contracted with various vendors, detailed under "Service and Operating Agreements" section above, with oversight performed by Company staff at the Company's home office. The Company performs its accounting functions directly utilizing automated record-keeping systems for financial reporting and budgeting.

PENDING LITIGATION

The Company is not involved in any pending litigation that, in the opinion of management, would have a material effect on the Company's financial condition as of the date of this examination report.

FINANCIAL STATEMENTS

The financial condition of the Company, as of December 31, 2013, 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.

For Informational Purposes Only

Senior Health Insurance Company of Pennsylvania

-13-

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

| | 2013 | 2012 | 2011 | 2010 | 2009 |
|---|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Bonds | \$ 2,701,253,892 | \$ 2,778,504,532 | \$ 2,832,670,460 | \$ 2,915,505,417 | \$ 2,993,925,959 |
| Preferred stocks | 26,966,078 | 31,643,883 | 24,211,828 | 12,637,497 | 11,109,252 |
| Common stocks | 67,855,727 | 52,193,006 | 36,318,649 | 25,965,574 | 8,462,378 |
| Mortgage loans on real estate | 85,090,290 | 103,250,796 | 128,297,451 | 151,593,297 | 163,803,516 |
| Cash, cash equivalents and short-term investments | 25,529,603 | 35,862,277 | 69,175,590 | 39,853,430 | 29,765,195 |
| Other invested assets | 37,127,052 | 36,895,324 | 25,798,900 | 20,845,231 | 418,892 |
| Receivable for securities | 0 | 86,295 | 297,692 | 4,248 | 57,273 |
| Securities lending reinvested collateral assets | 0 | 0 | 0 | 97,141,025 | 0 |
| Subtotal, cash and invested assets | 2,943,822,642 | 3,038,436,113 | 3,116,770,570 | 3,263,545,719 | 3,207,542,465 |
| Investment income due and accrued | 38,401,161 | 39,050,890 | 40,453,322 | 39,561,282 | 41,072,398 |
| Premiums and considerations | 1,665,128 | 1,513,652 | 1,690,472 | 2,885,869 | 2,243,278 |
| Amounts recoverable from reinsurers | 26,713 | 326,730 | 233,078 | 0 | 0 |
| Other amounts receivable under reinsurance contracts | 667 | 9,358 | 13,752 | 157,120 | 181,193 |
| Amounts receivable relating to uninsured plans | 819,722 | 875,020 | 864,231 | 892,235 | 275,000 |
| Current federal and foreign income tax recoverable and interest thereon | 680,000 | 0 | 282,404 | 9,465,782 | 0 |
| Guaranty funds receivable or on deposit | 210,399 | 195,392 | 261,317 | 246,510 | 160,911 |
| Electronic data processing equipment and software | 207,186 | 177,842 | 524,834 | 268,627 | 438,216 |
| Receivable from parent, subsidiaries and affiliates | 105,163 | 160,349 | 0 | 0 | 81,501 |
| Total | <u>\$ 2,985,938,782</u> | <u>\$ 3,080,745,346</u> | <u>\$ 3,161,093,979</u> | <u>\$ 3,317,023,144</u> | <u>\$ 3,251,994,962</u> |
| Aggregate reserve for accident and health contracts | \$ 2,753,777,140 | \$ 2,858,860,367 | \$ 2,939,013,969 | \$ 2,936,289,899 | \$ 2,960,421,855 |
| Contract claims: | | | | | |
| Accident and health | 32,508,685 | 30,717,659 | 32,218,157 | 31,614,569 | 35,531,966 |
| Premiums and annuity considerations received in advance | 3,349,851 | 3,561,389 | 4,405,913 | 5,201,940 | 5,806,490 |
| Contract liabilities not included elsewhere: | | | | | |
| Other amounts payable on reinsurance assumed and ceded | 39,578 | 126,522 | 131,540 | 51,354 | 58,049 |
| Interest maintenance reserve | 55,992,732 | 48,023,456 | 45,364,653 | 45,911,272 | 38,401,237 |
| Commissions to agents due or accrued | 1,411,731 | 3,698,594 | 4,412,756 | 5,130,126 | 1,821,838 |
| General expenses due or accrued | 4,331,897 | 3,914,273 | 4,830,674 | 4,718,849 | 5,250,555 |
| Taxes, licenses and fees due or accrued | 87,780 | 487,273 | 520,801 | 247,756 | 409,486 |
| Federal income taxes due or accrued | 0 | 0 | 0 | 0 | 429,767 |
| Amounts withheld or retained by company as agent or trustee | 2,565 | 0 | 2,724 | 19,170 | 5,146 |
| Remittances and items not allocated | 119,755 | 451,776 | 224,039 | (217,143) | 1,895,790 |
| Miscellaneous liabilities: | | | | | |
| Asset valuation reserve | 29,977,000 | 17,555,000 | 8,130,000 | 5,989,000 | 1,660,813 |
| Payable to parent, subsidiaries and affiliates | 351,138 | 313,578 | 0 | 0 | 0 |
| Derivatives | 759,326 | 68,155 | 0 | 0 | 0 |
| Payable for securities | 31,456 | 0 | 0 | 0 | 0 |
| Payable for securities lending | 0 | 0 | 0 | 97,141,025 | 0 |
| Aggregate write-ins for liabilities | 4,996,257 | 7,500,275 | 7,441,446 | 7,610,407 | 6,852,864 |
| Total liabilities | <u>2,887,736,889</u> | <u>2,975,278,318</u> | <u>3,046,696,672</u> | <u>3,139,708,226</u> | <u>3,058,545,856</u> |
| Common capital stock | 2,500,005 | 2,500,005 | 2,500,005 | 2,500,005 | 2,500,005 |
| Preferred capital stock | 5,000,000 | 5,000,000 | 5,000,000 | 5,000,000 | 5,000,000 |
| Gross paid in and contributed surplus | 1,192,326,042 | 1,192,326,042 | 1,192,326,042 | 1,192,326,042 | 1,192,047,307 |
| Unassigned funds (surplus) | (1,101,624,154) | (1,094,359,019) | (1,085,428,740) | (1,022,511,129) | (1,006,098,206) |
| Surplus | <u>90,701,889</u> | <u>97,967,023</u> | <u>106,897,302</u> | <u>169,814,913</u> | <u>185,949,101</u> |
| Total capital and surplus | <u>98,201,892</u> | <u>105,467,028</u> | <u>114,397,307</u> | <u>177,314,918</u> | <u>193,449,106</u> |
| Totals | <u>\$ 2,985,938,782</u> | <u>\$ 3,080,745,346</u> | <u>\$ 3,161,093,979</u> | <u>\$ 3,317,023,144</u> | <u>\$ 3,251,994,962</u> |

Senior Health Insurance Company of Pennsylvania

-14-

Comparative Statement of Income For the Year Ended December 31, 2013

| | 2013 | 2012 | 2011 | 2010 | 2009 |
|--|----------------|----------------|-----------------|-----------------|-----------------|
| Premiums and annuity considerations for life and A&H contracts | \$ 173,742,427 | \$ 194,026,529 | \$ 213,842,327 | \$ 234,207,151 | \$ 249,911,056 |
| Net investment income | 174,725,085 | 185,462,132 | 188,796,407 | 194,385,253 | 197,848,334 |
| Amortization of interest maintenance reserve (IMR) | 5,932,174 | 3,685,395 | 3,529,036 | 3,270,919 | 2,543,148 |
| Commissions and expense allowances on reinsurance ceded | 12,323 | 41,041 | 56,111 | 57,740 | 44,536 |
| Miscellaneous Income: | | | | | |
| Aggregate write-ins for miscellaneous income | 0 | 0 | 0 | 0 | 912 |
| Totals | 354,412,008 | 383,215,098 | 406,223,881 | 431,921,063 | 450,347,986 |
| Disability benefits and benefits under accident and health contracts | 415,959,587 | 407,358,001 | 395,023,956 | 395,242,045 | 414,898,351 |
| Interest and adjustments on contract or deposit-type funds | 0 | 0 | 0 | (1,058,750) | (2,272,902) |
| Increase in aggregate reserves for life and A&H policies and contracts | (105,083,227) | (80,153,602) | 2,724,067 | (24,131,956) | (36,834,819) |
| Totals | 310,876,360 | 327,204,399 | 397,748,023 | 370,051,339 | 375,790,630 |
| Commissions on premiums, annuity considerations & deposit-type funds (direct) | 12,650,473 | 14,331,802 | 15,993,334 | 18,677,306 | 21,337,489 |
| Commissions and expenses allowances on reinsurance assumed | 1,317,475 | 1,514,930 | 1,791,723 | 2,153,356 | 2,183,134 |
| General insurance expenses | 35,145,277 | 34,725,568 | 34,028,369 | 33,437,347 | 31,485,809 |
| Insurance taxes, licenses and fees | 3,861,797 | 4,310,273 | 4,327,807 | 4,956,325 | 5,365,701 |
| Aggregate write-ins for deductions | 0 | 0 | 0 | 0 | 2,289,455 |
| Totals | 363,851,383 | 382,086,971 | 453,889,256 | 429,275,673 | 438,452,218 |
| Net gain from operations before dividends to policyholders and federal income taxes | (9,439,374) | 1,128,126 | (47,665,375) | 2,645,390 | 11,895,768 |
| Net gain from operations after dividends to policyholders and before federal income taxes | (9,439,374) | 1,128,126 | (47,665,375) | 2,645,390 | 11,895,768 |
| Federal and foreign income taxes incurred (excluding tax on capital gains) | (8,693,539) | (2,559,311) | (1,824,438) | (2,485,431) | (4,519,716) |
| Net gain from operations after dividends to policyholders and federal income taxes and before realized capital gains or (losses) | (745,835) | 3,687,437 | (45,840,937) | 5,130,821 | 16,415,484 |
| Net realized capital gains or (losses) less capital gains tax (excluding gains/losses transferred to the IMR) | (2,626,146) | (7,642,422) | (11,335,820) | (20,110,399) | (33,872,186) |
| Net income | \$ (3,371,981) | \$ (3,954,985) | \$ (57,176,757) | \$ (14,979,578) | \$ (17,456,702) |

Senior Health Insurance Company of Pennsylvania

-15-

**Comparative Statement of Capital and Surplus
For the Year Ended December 31, 2013**

| | 2013 | 2012 | 2011 | 2010 | 2009 |
|--|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Capital and surplus, December 31, previous year | \$ 105,467,028 | \$ 114,397,307 | \$ 177,314,919 | \$ 193,449,106 | \$ 210,610,729 |
| Net income | (3,371,981) | (3,954,985) | (57,176,757) | (14,979,578) | (17,456,702) |
| Change in net unrealized capital gains or (losses) | 7,994,028 | 3,350,297 | (2,932,651) | 2,587,792 | 387,588 |
| Change in net deferred income tax | 0 | (129,792,582) | 20,120,300 | 16,812,986 | 10,109,751 |
| Change in nonadmitted assets | 534,818 | 130,891,990 | (20,787,504) | (16,505,935) | (11,440,198) |
| Change in asset valuation reserve | (12,422,000) | (9,425,000) | (2,141,000) | (4,328,187) | 68,464 |
| Surplus adjustments: | | | | | |
| Paid in | 0 | 0 | 0 | 278,734 | 1,169,474 |
| Net change in capital and surplus for the year | <u>(7,265,136)</u> | <u>(8,930,279)</u> | <u>(62,917,612)</u> | <u>(16,134,188)</u> | <u>(17,161,623)</u> |
| Capital and surplus, December 31, current year | <u>\$ 98,201,892</u> | <u>\$ 105,467,028</u> | <u>\$ 114,397,307</u> | <u>\$ 177,314,918</u> | <u>\$ 193,449,106</u> |

For Informational Purposes Only

Senior Health Insurance Company of Pennsylvania

-16-

Comparative Statement of Cash Flow For the Year Ended December 31, 2013

| | 2013 | 2012 | 2011 | 2010 | 2009 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| Cash from Operations | | | | | |
| Premiums collected net of reinsurance | \$ 173,400,877 | \$ 193,340,641 | \$ 214,450,651 | \$ 232,941,177 | \$ 250,069,987 |
| Net investment income | 174,233,901 | 183,392,908 | 186,583,714 | 193,775,491 | 191,726,589 |
| Miscellaneous Income | 12,323 | 41,041 | 56,111 | 57,740 | 39,654 |
| Total | <u>347,647,100</u> | <u>376,774,590</u> | <u>401,090,476</u> | <u>426,774,408</u> | <u>441,836,230</u> |
| Benefit and Loss related Payments | 413,946,797 | 408,952,776 | 394,429,892 | 398,083,314 | 383,430,049 |
| Commissions, expenses paid and aggregate write-ins for deductions | 57,741,452 | 56,358,160 | 56,638,593 | 56,307,977 | 60,629,687 |
| Federal and foreign income taxes paid (recovered) | 680,000 | (282,404) | (9,191,245) | 10,430,965 | 0 |
| Total deductions | <u>472,368,248</u> | <u>465,028,532</u> | <u>441,877,240</u> | <u>464,822,256</u> | <u>444,059,736</u> |
| Net Cash from Operations | <u>(124,721,148)</u> | <u>(88,253,942)</u> | <u>(40,786,764)</u> | <u>(38,047,848)</u> | <u>(2,223,506)</u> |
| Cash from Investments | | | | | |
| Proceeds from investments sold, matured or repaid: | | | | | |
| Bonds | 449,573,102 | 454,056,082 | 272,569,008 | 267,316,071 | 572,633,762 |
| Stocks | 42,964,535 | 19,614,558 | 8,710,768 | 5,883,308 | 2,840,282 |
| Mortgage loans | 18,194,585 | 24,712,656 | 20,555,176 | 8,225,478 | 9,836,658 |
| Other invested assets | 3,861,458 | 623,049 | 0 | 207,547 | 0 |
| Net gain or (loss) on cash, cash equivalents and short term investments | 0 | 4,218 | 31 | 144 | 109,485 |
| Miscellaneous applications | 117,751 | 211,396 | 0 | 53,024 | 0 |
| Total investment proceeds | <u>514,711,431</u> | <u>499,221,959</u> | <u>301,834,983</u> | <u>281,685,572</u> | <u>585,420,187</u> |
| Cost of investments acquired (long-term only): | | | | | |
| Bonds | 356,216,229 | 393,919,672 | 196,956,883 | 212,306,730 | 660,085,886 |
| Stocks | 40,361,207 | 40,603,231 | 33,768,108 | 19,999,558 | 15,097,325 |
| Mortgage loans | 0 | 3,694 | 0 | 0 | 1,483,815 |
| Other invested assets | 4,385,029 | 12,990,030 | 0 | 0 | 0 |
| Miscellaneous applications | 0 | 0 | 293,443 | 0 | 1,799,879 |
| Total investments acquired | <u>400,962,465</u> | <u>447,516,627</u> | <u>231,018,434</u> | <u>232,306,288</u> | <u>678,466,905</u> |
| Net increase (decrease) in policy loans and premium notes | 0 | 0 | 0 | 0 | 0 |
| Net cash from investments | <u>113,748,966</u> | <u>51,705,332</u> | <u>70,816,548</u> | <u>49,379,284</u> | <u>(93,046,718)</u> |
| Cash from Financing and Miscellaneous Sources | | | | | |
| Cash provided (applied): | | | | | |
| Capital and paid in surplus, less treasury stock | 0 | 0 | 0 | 278,734 | 1,169,474 |
| Net deposits on deposit-type contracts and other insurance liabilities | 0 | 0 | 0 | 0 | (29,267) |
| Other cash provided or (applied) | 639,508 | 3,235,298 | (707,624) | (1,521,934) | (7,998,094) |
| Net cash from financing and miscellaneous sources | <u>639,508</u> | <u>3,235,298</u> | <u>(707,623)</u> | <u>(1,243,200)</u> | <u>(6,857,887)</u> |
| Reconciliation of cash and short-term investments: | | | | | |
| Net change in cash and short-term investments | (10,332,674) | (33,313,312) | 29,322,162 | 10,088,237 | (102,128,111) |
| Cash and short-term investments: | | | | | |
| Beginning of the year | 35,862,275 | 69,175,587 | 39,853,426 | 29,765,189 | 131,893,300 |
| End of the year | <u>\$ 25,529,601</u> | <u>\$ 35,862,275</u> | <u>\$ 69,175,587</u> | <u>\$ 39,853,426</u> | <u>\$ 29,765,189</u> |

Senior Health Insurance Company of Pennsylvania

-17-

SUMMARY OF EXAMINATION CHANGES

There were no changes made to the Company's financial statements as a result of this examination.

NOTES TO FINANCIAL ITEMS

ASSETS

INVESTMENTS

As of December 31, 2013, the Company's invested assets were distributed as follows:

| | Amount | Percentage |
|-------------------------------|-------------------------|-------------------|
| Bonds | \$ 2,701,253,892 | 91.7 % |
| Preferred stocks | 26,966,078 | 0.9 % |
| Common stocks | 67,855,727 | 2.3 % |
| Mortgage loans on real estate | 85,090,290 | 2.9 % |
| Cash | (481,180) | 0.0 % |
| Cash equivalents | 8,013,482 | 0.3 % |
| Short-term investments | 17,997,301 | 0.6 % |
| Other invested assets | 37,127,052 | 1.3 % |
| Totals | <u>\$ 2,943,822,642</u> | <u>100.0 %</u> |

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

| NAIC Designation | Amount | Percentage |
|-------------------------|-------------------------|-------------------|
| 1 - highest quality | \$ 1,310,433,477 | 48.1 % |
| 2 - high quality | 1,248,249,519 | 45.8 % |
| 3 - medium quality | 127,253,125 | 4.7 % |
| 4 - low quality | 25,748,703 | 0.9 % |
| 5 - lower quality | 11,532,651 | 0.4 % |
| 6 - in or near default | 4,047,200 | 0.1 % |
| Totals | <u>\$ 2,727,264,675</u> | <u>100.0 %</u> |

| Years to Maturity | Amount | Percentage |
|--------------------------|-------------------------|-------------------|
| 1 year or less | \$ 253,683,403 | 9.2 % |
| 2 to 5 years | 613,744,684 | 22.5 % |
| 6 to 10 years | 659,396,001 | 24.2 % |
| 11 to 20 years | 497,766,516 | 18.3 % |
| over 20 years | 702,674,071 | 25.8 % |
| Totals | <u>\$ 2,727,264,675</u> | <u>100.0 %</u> |

The Company has a written investment policy which the Board reviews and approves on an annual basis as required by 40 P.S. § 504.1(c). The Company's investment strategy is to maximize income and total return over the long-term and within acceptable parameters of risk,

Senior Health Insurance Company of Pennsylvania

-18-

while seeking to balance the duration and cash flows of invested assets with the estimated duration and cash flows of policy liabilities. The portfolio is managed by a third-party insurance asset manager, Conning, Inc., except for commercial mortgages, which are managed by another third-party, 40 | 86 Advisors, Inc.

There were no major changes to the composition of the investment portfolio during 2013. With a slight increase in interest rates, net unrealized gains in the portfolio decreased approximately \$210,000,000. Invested assets are expected to decline approximately \$1.1 billion over the next ten (10) years with the runoff of the Company's LTC policies.

The Company's mortgage loan portfolio is comprised of thirty-seven (37) commercial mortgage loans, geographically diversified among twenty-two (22) states. The Company has originated no new mortgage loans over the examination period and currently has no plans to originate new loans in the future. The decrease in the mortgage loan balance from 2012 to 2013 was primarily due to a shift in interest rates. Interest rates on these loans range from 5.6 percent to 8.6 percent.

As of December 31, 2013, long-term bonds included 93.9% of investment grade quality. The credit quality of the portfolio has improved steadily over the examination period. The Company manages portfolio risk through careful credit analysis, investment policy guidelines, and diversification by issuer and industry. Net investment income declined steadily over the examination period, primarily due to a lower invested asset base.

A generally low interest rate environment in 2013 presented opportunities for the Company to trade debt and equity securities for significant gains. While the strategy is to hold investments to maturity, the portfolio is actively managed to maintain alignment with liabilities and to take advantage of opportunities that arise. These opportunities produced gross capital gains of \$24,632,580 in 2013. Of these gains, \$13,901,450 was transferred to the Company's Interest Maintenance Reserve and will be amortized into investment income in the years going forward.

LIABILITIES

POLICYHOLDER AND CLAIM RESERVES

The Company's aggregate reserves as of December 31, 2013 as reported in its 2013 annual statement are as follows:

| | Amount | Percentage |
|---|-------------------------|---------------|
| Aggregate reserve for accident and health contracts | \$ 2,753,777,140 | 98.8% |
| Contract claims: Accident and Health | 32,508,685 | 1.2% |
| Total | <u>\$ 2,786,285,825</u> | <u>100.0%</u> |

Senior Health Insurance Company of Pennsylvania

-19-

Dawn E. Helwig, FSA, MAAA, of Milliman, Inc., Consulting Actuaries was the Company's appointed actuary for each year during the examination period. The Company's appointed actuary concluded December 31, 2013 reserves make an adequate provision for the anticipated cash flows required by the contractual obligations and related expenses of the Company. The Company's appointed actuary also opined that the December 31, 2013 reserves and related actuarial values:

- (a) Are computed in accordance with presently accepted actuarial standards consistently applied and are fairly stated, in accordance with sound actuarial principles,
- (b) Are based on actuarial assumptions which produce reserves at least as great as those called for in any policy and contract provision as to reserve basis and method, and are in accordance with all other contract provisions,
- (c) Meet the requirements of the Insurance Laws and Regulations of the Commonwealth of Pennsylvania, and are at least as great as the minimum aggregate amounts required by the state in which this statement is filed,
- (d) Are computed on the basis of assumptions consistent with those used in computing the corresponding items in the Annual Statement of the preceding year end, and
- (e) Include provision for all actuarial reserves and related Statement items which ought to be established.

The Company's appointed actuary also prepared the Actuarial Opinion Summary and the Actuarial Report ("Report"). The Company documented in its minutes that the Actuarial Report was presented and accepted by the Board on an annual basis during the examination period.

In order for the examination team to gain an understanding of the Company's reserving process and carried reserve amounts, the Department engaged the assistance of actuarial specialists from Actuarial Options, LLC ("AOL") relating to the actuarial portion of the examination.

AOL was engaged to assist the Department examiners in performing a risk-focused review of the Company's reserving and pricing/underwriting processes. AOL assisted in the risk identification, control testing and necessary substantive testing as needed related to the key actuarial activities. Based upon procedures performed and results obtained, no material deficiencies were identified in the reported actuarial reserves and related actuarial values. The Department concurred with the conclusion of the Company's appointed actuary that the December 31, 2013 reserves make an adequate provision for all actuarial reserves and related actuarial values.

SUBSEQUENT EVENTS

TRANSFER OF EMPLOYEES

Subsequent to December 31, 2013, the Company transferred its employees and physical assets to its affiliate, Fuzion, and executed a management services agreement under which Fuzion provides comprehensive management services to the Company. This agreement replaces the Administrative Services Agreement between the Company and Fuzion that is discussed on page 8 of this Report. Fuzion is a wholly-owned subsidiary of the Oversight Trust which was formed in 2012 with its original purpose being to provide LTC insurance data analytics capabilities to the Company and to market this service to other LTC insurance payers. Management fees paid by the Company to Fuzion under the management services agreement are subject to annual decreases based on expected declines in the Company's business as it continues to run off its book of LTC business. Under this arrangement, future operating expenses of the Company are expected to be less than they would be for the Company on a standalone basis. As the Company's business winds down, Fuzion is enhancing and expanding its product offerings which include analytical tools as well as third-party administrator ("TPA") and management services for other LTC insurers.

This intercompany agreement was approved by the Department and meets the requirements of 40 P.S. § 991.1405 (a)(1).

TERMINATION AND TRANSFER OF TPA BUSINESS TO FUZION

During 2013, the Company served as a TPA for certain closed blocks of LTC business controlled by CNO Financial Group, Inc. ("CNO"). There were approximately 10,000 policies under administration at December 31, 2013. This TPA arrangement between the Company and CNO was terminated in February of 2014, pursuant to the ceding of this business by CNO to Beechwood Re (Beechwood). Simultaneous with the CNO reinsurance transaction, Fuzion assumed management of these closed blocks under a management agreement with Beechwood.

RECOMMENDATIONS

PRIOR EXAMINATION

The prior examination report contained the following recommendations:

1. It is recommended that the Company develop and require the Directors and Officers to sign a conflict of interest statement on at least an annual basis.

The Company has complied with this recommendation.

2. It is recommended that the Board, or committee thereof, approve all investment activity to be in compliance with 40 P.S. § 504.1(b).

The Company has complied with this recommendation.

Senior Health Insurance Company of Pennsylvania

-21-

CURRENT EXAMINATION

As a result of the current examination, there were no recommendations made.

CONCLUSION

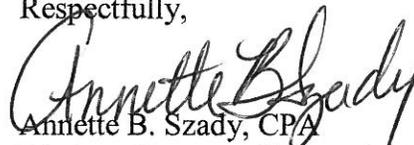
As a result of this examination, the financial condition of Senior Health Insurance Company of Pennsylvania, as of December 31, 2013, was determined to be as follows:

| | Amount | Percentage |
|--|------------------|------------|
| Admitted assets | \$ 2,985,938,782 | 100.0 % |
| Liabilities | \$ 2,887,736,890 | 96.7 % |
| Capital and Surplus | 98,201,892 | 3.3 % |
| Total liabilities, capital and surplus | \$ 2,985,938,782 | 100.0 % |

Since the previous examination made as of December 31, 2008, the Company's assets decreased by \$279,533,321, its liabilities decreased by \$167,124,486, and its surplus decreased by \$112,408,835.

This examination was conducted by Lee Hoepfner, CPA, CFE, Amy Short, CPA, Chelle Atkins, Jim Ryan, CPA, CFE, ARE, and Lisa Warrum, CPA, CFE with the latter in charge.

Respectfully,


Annette B. Szady, CPA

Director, Bureau of Financial Examinations


Philip M. Judge, CFE

Examination Manager



Lisa A. Warrum, CPA, 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.