

**BEFORE THE INSURANCE COMMISSIONER
FOR THE STATE OF ARKANSAS**

**IN THE MATTER OF
THE REPORT OF EXAMINATION OF
CARE IMPROVEMENT PLUS SOUTH
CENTRAL INSURANCE COMPANY**

A.I.D. NO. 2010- 003

ADOPTION ORDER

Now on this day the matter of the Report of Examination ("Report") as of December 31, 2008, of Care Improvement Plus South Central Insurance Company ("Company"), of Little Rock, Arkansas, NAIC #12567, is taken under consideration by Jay Bradford, Insurance Commissioner for the State of Arkansas ("Commissioner"), as presented by Associate Counsel, Amanda Capps Rose, and the Finance Division of the Arkansas Insurance Department ("Department"). From the facts, matters and other things before him, the Commissioner finds as follows:

FINDINGS OF FACT

1. That the Commissioner has jurisdiction over the Company and the subject matter involved herein.
2. That the Company is an Arkansas-domiciled accident and health insurer with authority limited to Medicare only products.
3. That pursuant to Ark. Code Ann. §§ 23-61-201, *et seq.*, the Commissioner authorized and directed the Department to conduct a regular examination of the affairs, transactions, accounts, records, and assets of the Company as of December 31, 2008.
4. That said examination was commenced by the Department on May 11, 2009 and completed on October 29, 2009.

5. That the verified Report of Examination was filed with the Department on December 23, 2009. It was then mailed to the Company via certified mail on December 23, 2009. The Company received the Report on December 28, 2009, according to the tracking service available through the United States Postal Service.

6. That the Report of Examination contains the following comments or discrepancies regarding the Company's operation:

a. The Company should consider using the NAIC recommended formula for the calculation of premium deficiency reserves. Additionally, the Company should use the most recent financial projections available and follow SSAP No. 9 guidance in determining the need for a premium deficiency reserve in its financial statements.

b. The previous examination of the Company as of December 31, 2007 indicated that the Company failed to perform asset adequacy testing for the examination period as required by Arkansas Insurance Department Rule 64. Although the Company did perform such testing for the year ended December 31, 2008, it is recommended that the Company perform more rigorous testing in determining what constitutes a moderately adverse condition based on the Company's historical results for items, including but not limited to, morbidity, expenses and lapses.

CONCLUSIONS OF LAW

Based upon the above and foregoing Findings of Fact, the Commissioner makes the following Conclusions of Law:

1. That the Commissioner and the Department have jurisdiction over the parties and the subject matter contained herein.

2. That this Order has been properly entered in accordance with the Arkansas Insurance Code and Arkansas Insurance Department Rules.

THEREFORE, pursuant to the provisions of Ark. Code Ann. § 23-61-205, the Commissioner hereby orders:

1. That the Examination Report, as filed with the Department, is hereby adopted.

2. That, with regard to the items in Findings of Fact above:

a. The Company shall consider using the NAIC recommended formula for the calculation of premium deficiency reserves. Additionally, the Company shall use the most recent financial projections available and follow SSAP No. 9 guidance in determining the need for a premium deficiency reserve in its financial statements.

b. In compliance with Arkansas Insurance Department Rule 64, the Company shall perform more rigorous perform asset adequacy testing in determining what constitutes a moderately adverse condition based on the Company's historical results for items, including but not limited to, morbidity, expenses and lapses.

3. That the Department shall forward a copy of this Order and the adopted Examination Report, as filed, to the Company via certified mail. The mailing to the Company shall include specimen affidavit forms for the Company's Directors to use in acknowledgement of receipt of the adopted Report of Examination and this Order.

4. That within twenty (20) days of receipt of this Order and the adopted Examination Report, the Company shall file with the Department affidavits executed by each one of its Directors, stating under oath or affirmation that each has received a copy of this Order and the adopted Examination Report.

5. That the adopted Examination Report shall be open for public inspection upon the expiration of thirty (30) days from the Company's receipt of this Order.

IT IS SO ORDERED this 7th day of January, 2010.



JAY BRADFORD
INSURANCE COMMISSIONER
STATE OF ARKANSAS