

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

STATE OF ALASKA
DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC
DEVELOPMENT

DIVISION OF INSURANCE
550 W. 7th AVENUE, SUITE 1560
ANCHORAGE, ALASKA 99501-3567

Order No. SR 16-01)
In the Matter of)
MODA HEALTH PLAN,) Order of Impairment
INCORPORATED) under AS 21.09.175 and 3 AAC
NAIC NO. 47098) 21.510 - 21.520

WHEREAS, a Certificate of Authority to transact the business of insurance
in the State of Alaska was issued to **Moda Health Plan, Inc. (MODA),**
domiciled in the State of Oregon.

WHEREAS, on January 27, 2016, the Oregon Department of Consumer
and Business Services, Division of Financial Regulation issued an Order of
Immediate Supervision over **MODA** based on reasonable cause to believe and a
determination that the company is in such condition that its continuation of
business with financial results currently reported is hazardous to the public or to
its insureds.

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1 **WHEREAS**, as of September 30, 2015, **MODA** reported capital and surplus of
2 \$53,120,449. **MODA** has only been able to maintain positive capital and surplus because
3 of significant infusions through surplus notes from outside parties. The total capital and
4 surplus contributed to **MODA** by other parties since its initial creation as a company
5 totals \$110,000,000. Adverse findings reported in annual, quarterly, and monthly
6 financial statements, indicate that the company has inadequate capital and surplus to
7 continue operations in 2016. Total net loss as of September 30, 2015 was \$30,929,039,
8 with an expected annualized amount exceeding that value,¹ further depleting its surplus.
9

10
11 **WHEREAS**, **MODA's** operating net loss for the 9 month period ending
12 September 30, 2015, is \$30,929,039. **MODA's** capital and surplus in excess of
13 the statutory minimum is \$50,620,449. ² The operating loss is greater than 50
14 percent of **MODA's** excess capital and surplus (\$50,620,449).
15

16 **WHEREAS**, the Division has received estimated financial information
17 from **MODA** indicating that 2015 fourth quarter losses have dropped **MODA's**
18 risk based capital ratios within the range that could give rise to action under AS
19 21.14. The Division also has received information from **MODA** as of January
20 2016 its capital and surplus is \$21,670,149 with a total net loss through year-end
21 2015 of \$58 million.
22

23 **WHEREAS**, **MODA's** continued operation has caused or may cause
24 irreparable loss or injury to the insurer or the public.
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28 ¹ Per email sent by company to Alaska Division of Insurance on January 21, 2016 by CFO David
Evans.

29 ² \$53,120,449 - \$2,500,000

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IT IS HEREBY ORDERED, under the provisions of AS 21.09.175 and 3AAC 21.510 that **MODA** is impaired or in imminent danger of becoming impaired based on **MODA's** financial results.

IT IS FURTHER ORDERED, under the authority of 3 AAC 21.520 that **MODA** will comply with the following requirements until such time it is no longer impaired or in imminent danger of being impaired and the conditions provided in the Oregon Order of Immediate Supervision have been satisfied or resolved:

1. Suspend accepting new or renewal business in Alaska;
2. Provide the financial reports listed below to the Alaska Division of Insurance, summarized by Company totals as well as segregated by state:

- Monthly & Year To Date (YTD) Premium receipts
- Monthly & YTD Written premiums
- Claims Paid during month & YTD
- Incurred Losses and Incurred But Not Reported (IBNR) during month & YTD
- Loss lag/runoff reports
- Estimated RBC ratio at month-end
- Estimated total Assets at month-end
- Surplus at month-end

3. Provide at the first of every month, monthly enrollment numbers, on and off the exchange and enrollment numbers based on Center of Medicare and Medicaid Services cost sharing categories.

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4. File a risk based capital report as provided for and under the timelines given in AS
21.14.070

This Order is effective the 28th day of January 2016

Dated this 28th day of January 2016.



LOBI WING-HEIER, DIRECTOR
DIVISION OF INSURANCE