



STATE OF TENNESSEE
DEPARTMENT OF COMMERCE AND INSURANCE

REPORT ON EXAMINATION
OF
TRH HEALTH INSURANCE COMPANY
(NAIC # 89005)
(NAIC Group # 4677)
COLUMBIA, TENNESSEE

AS OF
DECEMBER 31, 2020

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Columbia, Tennessee
April 4, 2022

Honorable Carter Lawrence
Commissioner
Tennessee Department of Commerce and Insurance
500 James Robertson Parkway
Nashville, Tennessee 37243

Dear Commissioner:

In accordance with your instructions and pursuant to Tennessee Code Annotated (“Tenn. Code Ann.”) § 56-1-408, a full-scope financial examination and market conduct review, as of December 31, 2020, has been made of the condition and affairs of:

TRH HEALTH INSURANCE COMPANY

NAIC # 89005
NAIC Group # 4677
147 Bear Creek Pike
Columbia, TN 38401

hereinafter referred to as “TRHH” or the “Company” and a report thereon is submitted as follows:

INTRODUCTION

This examination was arranged by the Tennessee Department of Commerce and Insurance (TDCI or “Department”). The examination was conducted by duly authorized representatives of the Department. This examination was called through the National Association of Insurance Commissioners (NAIC) Financial Examination Electronic Tracking System (FEETS). The examination was performed as a full-scope coordinated group examination and was conducted concurrently with the statutory financial condition examination of Members Health Insurance Company, domiciled in the State of Arizona. The TDCI served as lead state for the coordinated group examination.

SCOPE OF EXAMINATION

The last examination of the Company was made as of December 31, 2015. This examination covers the period January 1, 2016, through December 31, 2020, and includes any material transactions and/or events occurring subsequent to the examination date, which were noted during the course of examination.

The examination was conducted in accordance with rules and procedures as prescribed by the statutes of the State of Tennessee, and in accordance with practices and procedures promulgated by the NAIC in the *Financial Condition Examiners Handbook* ("Handbook"), as deemed appropriate. The examination was planned and performed to evaluate the financial condition of the Company, as of December 31, 2020. The examination sought to identify prospective risks by obtaining information about the Company, including its corporate governance, by identifying and assessing inherent risks within the Company, and by evaluating system controls and procedures used to mitigate those risks. The examination also included assessing the principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation and management's compliance with statutory accounting principles and annual statement instructions.

All significant risks were considered when planning which key activities and accounts would be examined. The key activities included: Investments; Premiums/Underwriting; Reserves/Claims Handling; Capital and Surplus; and Related Party.

The Company's 2020 Annual Statement was compared with or reconciled to the corresponding general ledger account balances.

A separate market conduct review was performed concurrently with the financial examination. See the "Market Conduct Activities" section of this report.

Independent information technology specialist services, provided by Lewis & Ellis, Inc. were utilized in the examination review of the Company's information technology general controls (ITGC).

The actuarial firm of Lewis & Ellis, Inc. was utilized in the examination review of the Company's statutory reserves, as well as the risk assessment and review of controls for reserving and pricing risks.

The Company's Certified Public Accountant (CPA) workpapers were reviewed for the 2020 audit and copies were incorporated into the examination, as deemed appropriate.

COMPLIANCE WITH PREVIOUS EXAMINATION FINDINGS

There were no recommendations noted in the prior examination report as of December 31, 2015.

COMPANY HISTORY

The Company was incorporated on February 24, 1999, under the Tennessee Business Corporation Act as a for-profit corporation authorized to transact business in the State of Tennessee.

On February 25, 1999, RH Group Services, Inc. (RHGS), of Columbia, Tennessee, purchased one million (1,000,000) shares of the Company's common stock, par value \$1.00 per share, in consideration of the payment of \$3.00 per share in securities. The officers of the Company were authorized to execute and deliver a stock certificate representing said shares, upon receipt of \$3,000,000. As of December 31, 2020, the Company has one million (1,000,000) shares of common stock authorized and issued. All shares are owned by RHGS.

Effective July 20, 2000, the Company was issued an initial Certificate of Authority by the TDCI to transact the business of accident and health insurance as defined by Tenn. Code Ann. § 56-2-201. This Certificate was in force for the period under examination and is perpetual until it is surrendered by the Company or subjected to regulatory action by the TDCI.

On December 16, 2004, the parent, RHGS injected \$10,000,000 cash as paid-in surplus to the Company.

Effective March 22, 2010, the Company entered into an assumption reinsurance and risk transfer agreement with Tennessee Rural Health Improvement Association (TRH). All of the under-age-sixty-five (65) health insurance contracts from TRH were transferred to the Company. On December 20, 2010, RHGS made a capital contribution of \$26,175,107 to better capitalize and support the assumption of the new business.

During 2011, RHGS made capital contributions to the Company totaling \$14,000,000. During 2012, RHGS made additional capital contributions of \$3,000,000.

Effective January 10, 2015, the Company entered into an Assumption Reinsurance and Risk Transfer Agreement with TRH. On completion of the transaction, TRH contributed capital of \$17,301,244 to the Company.

During the examination period, the Company received \$8,000,000 as a paid in surplus adjustment from its parent.

MANAGEMENT AND CONTROL

MANAGEMENT

Directors

The business and affairs of the corporation shall be managed and controlled by a Board of Directors (“Board”) which are elected annually. In accordance with the Bylaws, the Board shall consist of not less than one (1) nor more than twenty-five (25) directors.

The following persons were duly elected by the shareholders and were serving as members of the Board, as of December 31, 2020:

<u>Name</u>	<u>Principal Occupation</u>
Lonnie Earl Roberts	President and Chairman, TRH Health Insurance Company
Jeffrey Lynn Aiken	President, Tennessee Farm Bureau Federation
Dan Hare Elrod	Attorney / Partner, Butler Snow, LLP
Sheila Renee Orrell	Chief Financial Officer, Duck River Electric
Anthony Craig Kimbrough	Chief Executive Officer, TRH Health Insurance Company

Officers

The Bylaws of the Company provide that the Board shall annually elect a President, Chief Executive Officer (CEO), Secretary, Chief Financial Officer or Treasurer, Chief Compliance and Privacy Officer, Chief Operating Officer, and other officers as the CEO may propose and the Board approves.

The following officers were duly elected by the Board and were serving as officers of the Company, as of December 31, 2020:

<u>Name</u>	<u>Title</u>
Lonnie Earl Roberts	President and Chairman
Anthony Craig Kimbrough	Chief Executive Officer
LeAnn Garner Tice	Chief Operating Officer
Renee Christy Adams	Chief Financial Officer
Jackie Randall Wilmore	Chief Marketing Officer
Ryan Douglas Brown	Secretary and Chief Compliance and Privacy Officer
Scottie Raymond Alberd	Chief Information Officer

Committees

The Bylaws require the Board to form an Investment Committee to be composed of such number of persons as the Board determines and appoints.

Additionally, the Board may, by resolution, appoint an executive committee or any other committee(s) for any purpose(s) to the extent permitted by law. The powers of the committee(s) shall be specified in the resolution of the appointment.

Investment Committee

The following members were elected by the Board and serving as members of the Investment Committee as of December 31, 2020:

Anthony Kimbrough	Renee Adams
LeAnn Tice	Sean Elder
Ryan Brown	Allison Durham
Jackie Wilmore	

Audit Committee

The following members were elected by the Board and serving as members of the Audit Committee as of December 31, 2020:

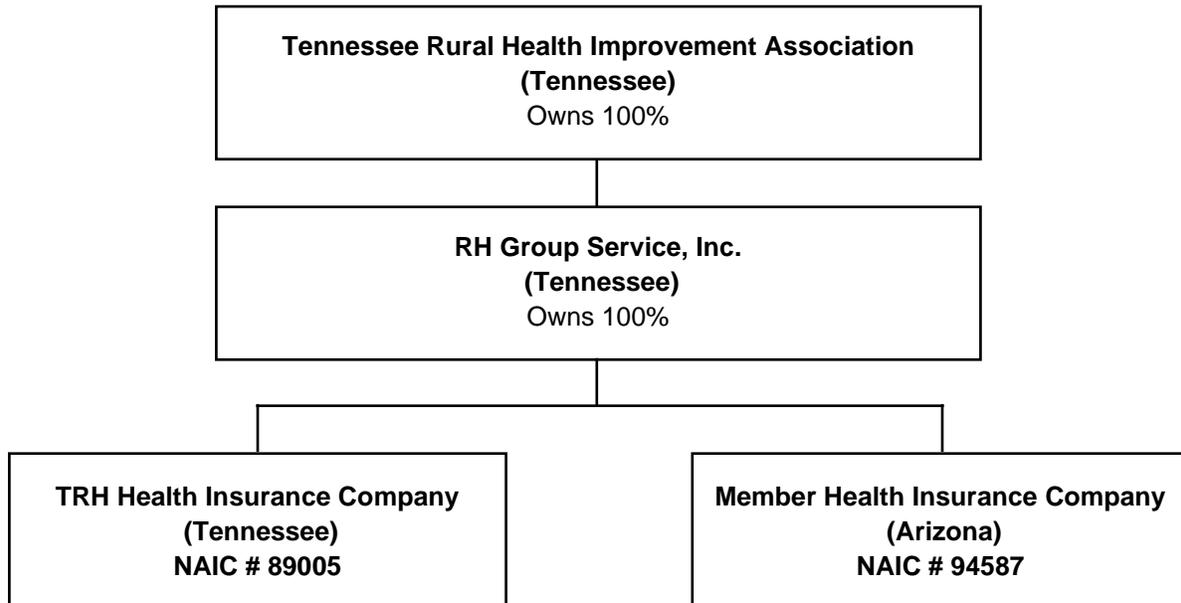
Lonnie Roberts	Dan Elrod
Jeff Aiken	Shelia Orrell

The administrative and executive functions of the Company are performed by the staff of its upstream parent, TRH, under recitals of a Management Services Agreement. The agreement is further detailed under the caption, “Agreements with Parent, Subsidiaries, and Affiliates.”

CONTROL

The Company is a member of an insurance holding company system as defined by Tenn. Code Ann. § 56-11-101(b)(7), and as such, is subject to the Insurance Holding Company System Act of 1986, set forth in Tenn. Code Ann. §§ 56-11-101, *et seq.* All outstanding shares of the Company are owned by the holding company, RHGS, a Tennessee domiciled corporation. The Ultimate Controlling Person (UCP) is TRH, which is domiciled in Tennessee, as shown in the following organizational chart.

ORGANIZATIONAL CHART



DIVIDENDS

The Company did not pay cash dividends to shareholders during the examination period.

CORPORATE RECORDS

The minutes of meetings of the Company's shareholders, Board, and committees were reviewed for the period under examination. The minutes were complete as to necessary detail and appear to adequately reflect the acts of the respective bodies. The review of the minutes indicates that all investment transactions were approved by the Board pursuant to Tenn. Code Ann. § 56-3-408(b)(1).

Charter

The Charter of the Company in effect as of December 31, 2020, is the Company's original charter, which was filed and recorded with the Tennessee Secretary of State, on February 24, 1999. The Charter was approved by the TDCI on February 17, 1999.

The Charter states that the purpose of the Company is "to engage in the business of health insurance, including, without limitation, issuing contracts of insurance and/or reinsuring or accepting reinsurance of all forms of health insurance." In addition, the Charter recites other general and specific powers in detail. They are usual in nature and consistent with corporations of this type.

The Charter authorizes a maximum number of one million (1,000,000) shares of common stock with a par value of one dollar (\$1.00) per share.

No amendments have been made to the Charter during the period of examination.

Bylaws

The Restated Bylaws of the Company, in effect as of December 31, 2020, were last amended effective March 12, 2013.

The current Bylaws are such as generally found in corporations of this type and contain no unusual provisions. They provide for the regulation of the business and for the conduct of the affairs of the Company, the Board, and its shareholders.

AGREEMENTS WITH PARENT AND AFFILIATES

The Company had the following significant agreements with its parent and affiliated companies in effect, as of December 31, 2020:

Management Services Agreement

The Company has a Management Services Agreement with TRH, the upstream parent corporation. This agreement was entered into on March 22, 2010. TRH agrees to provide the Company with certain administrative services for its internal operations and processing its insurance business. Such services include general management of the Company; financial record keeping assistance; investment services and analysis; reports to the federal, state, and local taxing and regulatory authorities; and general corporate legal work on a regular basis. The agreement is effective until terminated upon one hundred (100) days' written notice by either party.

The Company pays a monthly fee to TRH equal to the costs or deductions incurred by the parent in rendering the above referenced services. These costs or deductions incurred by TRH shall be allocated in a fair and reasonable manner to result in a Per Contract Per Month fee (PCPM). The agreement was approved by the TDCI on October 29, 2010.

The Agreement was determined to satisfy the requirements of Tenn. Code Ann. § 56-11-106(a)(1).

Tax Allocation Agreement

The Company is party to a tax sharing agreement with TRH which also includes RHGS, and Members Health Insurance Company. The current agreement is dated February 22, 2010.

A consolidated return is filed for the four (4) entities above. Allocation is based upon separate return calculations with the ability to recoup net losses against future net income subject to federal taxes. Intercompany balances are settled at least annually, after the return is filed.

The Agreement was determined to satisfy the requirements of Tenn. Code Ann. § 56-11-106(a)(1).

Administrative Services for Employee Benefits

The Company entered into contracts to provide administrative services for the employee welfare benefit plans of TRH, effective January 1, 2005. The Company receives an administrative fee for administering health and dental benefits for each company’s employees.

The Company does not assume any insurance or financial risk in administering the claims for the employee benefit plans. Amounts are transferred to the Company weekly by each benefit plan for their respective claims.

TERRITORY AND PLAN OF OPERATION

TERRITORY

As of December 31, 2020, the Company was licensed to transact business in the State of Tennessee. The Certificate of Authority was reviewed and found to be in order. The Company currently has no applications pending for admission to any other states or territories.

Premium tax records were reviewed for the Company, and no exceptions were noted.

Schedule T - Premiums

<u>State</u>	<u>Licensed (Yes or No)</u>	<u>Accident & Health</u>	<u>Total Premiums</u>
TN	Yes	\$270,948,400	\$270,948,400

PLAN OF OPERATION

The Company was licensed to write health insurance in the State of Tennessee on July 20, 2000. The Company provides Medicare Supplement plans and Grandfathered plans under the Affordable Care Act (ACA) to individuals who are members of TRH and Tennessee Farm Bureau Federation. No premium was written by the Company until 2010, when the Company entered into an agreement with TRH, whereby all of the under-age-sixty-five (65) health insurance contracts from TRH were transferred to the Company. Effective January 1, 2015, the Company entered into an agreement with TRH, whereby standardized Medicare Supplement contracts were transferred from TRH to the Company.

Effective January 1, 2016, the Company began selling plans with benefits mandated by the ACA, which by the end of 2016 amounted to 2,441 ACA contracts. Due to underwriting losses for the ACA business, the Company did not renew the ACA contracts effective January 1, 2018, and ceased offering ACA plans.

Claims processing was performed by BlueCross BlueShield of Tennessee, Inc. (BCBST), under an Administrative Services Agreement with TRH until July 1, 2015, when the agreement was terminated. BCBST continued to process claims with service dates prior to July 1, 2015, and to process run out claims until June 30, 2016. UMR, Inc. began processing claims for the Comprehensive Medical Plans on July 1, 2015. TRH began processing Medicare Supplement Plan claims for the Company on July 1, 2015.

In 2022, the Company filed an application with Centers for Medicare & Medicaid Services (CMS) to offer Part C (Medicare Advantage) plans in Tennessee. The network will be provided by TRH, along with the administrative functions under an administrative services agreement.

GROWTH OF COMPANY

The table below depicts certain aspects of the growth and financial history of the Company for the period subject to this examination, according to its annual statements filed with the TDCI:

<u>Year</u>	<u>Admitted Assets</u>	<u>Net Premium Written</u>	<u>Capital and Surplus</u>	<u>Hospital Medical Benefits Paid</u>	<u>Net Income (Loss)</u>
2020	\$155,161,426	\$270,948,400	\$123,938,734	\$214,533,017	\$22,793,086
2019	\$128,256,367	\$282,101,908	\$96,230,890	\$227,338,207	\$20,777,332
2018	\$104,677,414	\$290,230,572	\$66,681,092	\$230,744,176	\$19,699,909
2017	\$126,436,161	\$414,763,916	\$62,246,233	\$408,275,305	(\$11,914,640)
2016	\$127,457,609	\$296,535,526	\$71,086,750	\$264,714,604	(\$12,332,504)

Starting January 1, 2016, the Company began offering plans with benefits mandated by the Affordable Care Act (ACA). Due to losses experienced in 2016 and 2017, the Company did not renew the ACA off-exchange contracts as of January 1, 2018, and ceased offering ACA plans.

LOSS EXPERIENCE

The table below shows the loss experience as of December 31, 2020, for each year under examination, developed from applicable amounts included in the Company's annual statements:

<u>Year</u>	<u>Total Revenues</u>	<u>Total Medical and Hospital Expenses</u>	<u>Loss Ratio</u>
2020	\$271,141,120	\$214,533,017	79.1%
2019	282,289,834	227,338,207	80.5%
2018	290,401,740	230,744,176	79.5%
2017	414,894,582	408,275,305	98.4%
2016	<u>296,710,397</u>	<u>264,714,604</u>	<u>89.2%</u>
Total	<u>\$1,555,437,673</u>	<u>\$1,345,605,309</u>	<u>86.5%</u>

In 2016 and 2017, the loss ratio reflects the unprofitable results from the ACA plans.

REINSURANCE AGREEMENTS

Assumed Reinsurance

During the period under examination, the Company did not assume any reinsurance.

Ceded Reinsurance

During the period under examination, the Company did not cede any reinsurance.

ACCOUNTS AND RECORDS

During the course of the examination, certain balances were tested, and amounts were traced from the Company's trial balance to the annual statement. All of the Company's investment securities were confirmed with the custodian of such securities as of the date of this examination. All annual statements for the period under examination were reviewed for completeness and adequacy of disclosure. The Company's risk-based capital filings were reviewed.

The Company was not in compliance with Tenn. Comp. R. & Regs. 0780-01-37-.06, which requires the Company to file its annual statements pursuant to the NAIC *Instructions for Completing Life and Accident and Health Annual Statement Blank*. There were three (3) instances where it was noted that the Company was not in compliance with this rule, which are listed individually below:

1. Two securities were not properly disclosed on the 2020 Annual Statement Schedule D, Part 1, Schedule E, Part 3.
2. 2020 Annual Statement Schedule D, Part 1 reported some exchange-traded funds (ETFs) with no reported "Rate Used to Obtain Fair Value."
3. There was no evidence in the Company's minutes that the opining actuary presented the required information to the Board during the exam period.

The Company's books and records are located in Columbia, Tennessee.

MARKET CONDUCT ACTIVITIES

A market conduct review was made of the Company, as of December 31, 2020, in conjunction with this examination. The following items were addressed:

Operations and Management Standards

Company antifraud initiatives were examined to determine if the initiatives are reasonably designed to prevent, detect, or mitigate fraudulent insurance acts, as required by Tenn. Code Ann. § 56-53-111(a) and (b). No issues were noted.

Additionally, Company procedures and policies relating to privacy were reviewed to determine compliance with Tenn. Code Ann. § 56-8-104(19). No issues were noted.

Complaint Handling Standards

The Company maintains a complaint register, as required by the State of Tennessee Unfair Trade Practices Acts. The register and the accompanying files were maintained for a minimum of five (5) years in accordance with statutory requirements. The Company's complaint procedures and complaint register were examined in accordance with requirements of Tenn. Code Ann. § 56-8-104(11) and the NAIC *Market Regulation Handbook* ("Market Handbook"). There were several instances noted where the Company did not fully comply with Tenn. Code Ann. § 56-8-104(11), in that it did not include one (1) complaint on its register, the final disposition of complaints was not included in the TDCI complaint log, complaints were not separated by company, nor the line of business classification was recorded. See the "Comments and Recommendations" section later in this report.

Marketing and Sales Standards

The Company's advertising materials used as of December 31, 2020, were selected for this examination, including print and internet materials issued by the Company to target consumers and agents. Advertising items were examined in accordance with Tenn. Code Ann. § 56-8-104, and were found to be in compliance.

Producer Licensing Standards

Tenn. Code Ann. §§ 56-6-101, *et seq.*, requires the Company to sell its products and services through producers who are properly licensed and appointed by the Company. In the examination of producer licensing, a random sample of producers were selected, and their state issued licensure and appointment by the Company were examined. The Company was found to be in compliance with the relevant market conduct standards.

Policyholder Services Standards

The Company's timeliness of policy issuance, premium billing, response to policyholder requests, provision of adequate disclosures, and compliance with applicable statutes and rules were examined. The Company was found to be in compliance with the relevant market conduct standards.

Underwriting and Rating Standards

A random sample of policies was selected to determine whether premiums were based on applicable filed rates. Premiums were manually recalculated, based on age-rated tables. No exceptions were noted.

A sample of the policy forms and rates that the Company used during the period of examination were reviewed. The rates and forms were noted, without exception, as having been filed with the TDCI prior to use, in accordance with Tenn. Code Ann. § 56-26-102. The filings are consistent in form and included appropriate documentation.

Claims Handling Standards

In the examination of claims handling practices, the Company's efficiency of claim handling, accuracy of payment, adherence to contract provisions, and compliance with applicable statutes and rules were examined. In conducting the examination, random samples were selected from claims approved, resisted, and denied by the Company. No exceptions were identified regarding prompt settlements, upon receipt of proper evidence of the Company's liability.

Mental Health Parity

The Company's identification of the independent standards which were used to define mental health conditions, substance use disorders, and medical/surgical conditions were determined to be in compliance with Tenn. Code Ann. § 56-7-2360. The Company's comparative analysis of the design and application of non-quantitative treatment limitations was reviewed and found to be in accordance with 42 U.S.C. § 300gg-26(a)(8)(A).

SUBSEQUENT EVENTS

During the examination, a review of subsequent events was performed. No events were noted that required additional disclosure in this examination report. Management stated in its Letter of Representation that they were not aware of any events subsequent to December 31, 2020, that could have a material effect on the Company's financial condition. Our review confirmed the Company's disclosures in its 2020 Annual Statement and in its Letter of Representation.

FINANCIAL STATEMENTS

There follows a statement of assets, liabilities, surplus and other funds, and a statement of revenue and expenses, as of December 31, 2020, together with a reconciliation of capital and surplus for the period under review, as reported by the Company in its 2020 Annual Statement. *(Note: Immaterial differences in totals are due to rounding)*

	<u>Assets</u>	<u>Non-Admitted Assets</u>	<u>Net Admitted Assets</u>
Bonds	\$107,101,947		\$107,101,947
Common stocks	19,704,070	\$1,253,378	18,450,692
Cash, cash equivalents, and short-term investments	23,290,856		23,290,856
Investment income due or accrued	1,253,210		1,253,210
Premiums and considerations:			
Uncollected premiums and agents' balances in the course of collection	2,252		2,252
Amounts receivable relating to uninsured plans	13,288		13,288
Current federal income tax recoverable	1,079,529		1,079,529
Net deferred tax asset	912,289	121,507	790,782
Guaranty funds receivable	1,124,905		1,124,905
Receivables from parent, subsidiaries, and affiliates	822,629	822,629	
Healthcare and other amounts receivable	4,732,570	2,678,604	2,053,966
Aggregate write-ins for other than invested assets	<u>28,410</u>	<u>28,410</u>	<u>0</u>
Totals	<u>\$160,065,954</u>	<u>\$4,904,528</u>	<u>\$155,161,426</u>

LIABILITIES, SURPLUS, AND OTHER FUNDS

Claims unpaid		\$23,579,537
Unpaid claims adjustment expenses		796,396
Aggregate health policy reserve, including the liability of \$0 for medical loss ratio rebate per the Public Health Service Act		3,573,833
Premiums received in advance		641,88
General expenses due and accrued		1,082,082
Amounts due to parent, subsidiaries, and affiliates		3,692
Aggregate write-ins for other liabilities		<u>1,545,270</u>
 Total Liabilities		 \$31,222,693
 Common capital stock	\$1,000,000	
Gross paid in and contributed surplus	80,476,351	
Unassigned funds (surplus)	<u>42,462,383</u>	
 Total Capital and Surplus		 <u>123,938,734</u>
 Total Liabilities, Capital, and Surplus		 <u>\$155,161,427</u>

STATEMENT OF REVENUE AND EXPENSES

Member Months		<u>1,151,570</u>
Net premium income	\$270,948,400	
Change in unearned premium reserves and reserve for rate credits	188,334	
Aggregate write-ins for other health care related revenues	<u>4,386</u>	
Total Revenues		<u>\$271,141,120</u>
Hospital/medical benefits	43,150,600	
Other professional services	98,657,406	
Emergency room and out-of-area	52,599,314	
Prescription drugs	<u>20,125,697</u>	
Total Hospital and Medical	214,533,017	
Claims adjustment expenses, including cost containment expenses	6,498,509	
General administrative expenses	26,257,239	
Increase in reserves for life and accident and health contracts	<u>(325,000)</u>	
Total Underwriting Deductions		<u>246,963,765</u>
Net underwriting gain (loss)		24,177,355
Net investment income earned		4,714,087
Net realized capital gains (losses) less capital gains tax		(55,995)
Federal and foreign income taxes incurred		<u>(6,042,361)</u>
Net Income (Loss)		<u>\$22,793,086</u>

CAPITAL AND SURPLUS ACCOUNT

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Capital and Surplus					
December 31, previous year	<u>\$96,230,888</u>	<u>\$66,681,092</u>	<u>\$62,246,233</u>	<u>\$71,086,750</u>	<u>\$79,293,356</u>
Net income or (loss)	22,793,086	20,777,332	19,699,909	(11,914,640)	(12,332,504)
Change in net unrealized capital gains or (losses) less capital gains tax	765,829	671,789	(237,679)	469,208	126,901
Change in net deferred income tax	811,624	435,985	(575,896)	(3,948,975)	3,042,081
Change in non-admitted assets	3,337,305	7,664,691	(14,451,475)	(1,446,110)	956,916
Surplus adjustments: Paid in	<u>0</u>	<u>0</u>	<u>0</u>	<u>8,000,000</u>	<u>0</u>
Net change in capital and surplus for the year	<u>27,707,843</u>	<u>29,549,796</u>	<u>4,434,859</u>	<u>(8,840,517)</u>	<u>(8,206,607)</u>
Capital and Surplus					
December 31, current year	<u>\$123,938,732</u>	<u>\$96,230,888</u>	<u>\$66,681,092</u>	<u>\$62,246,233</u>	<u>\$71,086,750</u>

ANALYSIS OF CHANGES IN FINANCIAL STATEMENTS

Total Capital and Surplus

\$123,938,734

Total capital and surplus, as established by this examination, is the same as reported by the Company in its 2020 Annual Statement. There were no changes made to any asset or liability items as a result of our examination performed as of December 31, 2020.

COMMENTS AND RECOMMENDATIONS

The following list presents a summary of comments and recommendations noted in this report:

Comments

There were no comments noted during the completion of this examination.

Recommendations

1. As noted in the "Accounts and Records" section of the report, the Company had three (3) issues related to completion of information within Schedule D, Part 1 and Schedule E, Part 3. Also, there was no evidence of the actuarial report being presented to the Board of Directors by the opining actuary.

It is recommended that the Company comply with Tenn. Comp. R. & Regs. 0780-01-37-.06, which requires the Company to file its annual statements pursuant to the NAIC *Instructions for Completing Life and Accident and Health Annual Statement Blank*.

2. As noted in the "Complaint Handling Standards" section of this report, it was found that the Company's complaints were not complete, and some attributes were not recorded as part of the complaint register, as required by Tenn. Code Ann. § 56-8-104(11).

It is recommended that the Company comply with applicable standards, rules and regulations for the documentation of complaints, grievances, and appeals and to ensure that complaints, grievances, and appeals are recorded in accordance with Tenn. Code Ann. § 56-8-104(11).

CONCLUSION

Rules and procedures as prescribed by the statutes of the State of Tennessee and guidance from the NAIC Handbook, as deemed appropriate, have been followed in connection with the verification and valuation of assets and the determination of liabilities of TRH Health Insurance Company.

In such manner, it was found that as of December 31, 2020, the Company had admitted assets of \$155,161,426 and liabilities, exclusive of capital and surplus, of \$31,222,693. Thus, there existed for the additional protection of the policyholders, the amount of \$123,938,734 in the form of common capital stock, gross paid in and contributed surplus, and unassigned funds. Tenn. Code Ann. §§ 56-2-114 and 56-2-115 require an insurer of this Company's type to maintain a minimum capital of \$1,000,000 and minimum surplus of \$1,000,000, respectively. For this examination, as of December 31, 2020, the Company maintains capital and surplus sufficient to satisfy those requirements.

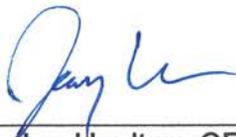
The courteous cooperation of the officers and employees of the Company, extended during the course of the examination, is hereby acknowledged.

In addition to the undersigned, Linda Merriweather CISA, APIR, CGFM; Nneka LaBon, APIR; James Pearce, MCM; Insurance Examiners; Rhonda Bowling-Black, CFE, ARE, MCM; Shelli Isiminger, FLMI, CICSR, AIE, MCM, AIRC, Market Conduct Examiners from the State of Tennessee; Mike Mayberry, FSA, MAAA; Lindsey Pittman, CFE, CISA, AES, and Jessica Lynch, CFE of the actuarial and contracting firm Lewis & Ellis, Inc., Allen, Texas; participated in the work of this examination.

Respectfully submitted,



Katerina Bolbas, CFE
Examiner-in-Charge
Lewis & Ellis, Inc.
Representing the State of Tennessee



A. Jay Uselton, CFE
Department Designee
Tennessee Department of Commerce and Insurance

AFFIDAVIT

The undersigned deposes and says that she has duly executed the attached examination report of TRH Health Insurance Company located in Columbia, Tennessee, dated April 4, 2022, and made as of December 31, 2020, on behalf of the Tennessee Department of Commerce and Insurance. Deponent further says she is familiar with such instrument and the contents thereof, and the facts therein set forth are true to the best of her knowledge, information, and belief.



Katerina Bolbas, CFE
Examiner-in-Charge
Lewis & Ellis, Inc.
Representing the State of Tennessee

State Michigan

County Berrien

TONA R. SCOTT
Notary Public, State of Michigan
County of Berrien
My Commission Expires Nov. 24, 2027
Acting in the County of Berrien

Subscribed to and sworn before me

this 21st day of June, 2022



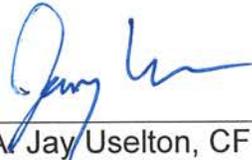
(NOTARY)

My Commission Expires: 11/24/2027



AFFIDAVIT

The undersigned deposes and says that he has duly executed the attached examination report of TRH Health Insurance Company located in Columbia, Tennessee, dated April 4, 2022, and made as of December 31, 2020, on behalf of the Tennessee Department of Commerce and Insurance. Deponent further says he is familiar with such instrument and the contents thereof, and the facts therein set forth are true to the best of his knowledge, information, and belief.



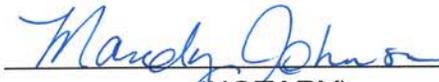
At Jay Uselton, CFE
Department Designee
State of Tennessee

State Tennessee

County Davidson

Subscribed to and sworn before me

this 22nd day of June, 2022



(NOTARY)



My Commission Expires: 7/7/2025

EXHIBIT B

TRH Health Insurance Company

P.O. Box 1801

COLUMBIA, TENNESSEE 38402-1801

(931) 560 -0041 FAX (931) 388-8326

June 24, 2022

E. Joy Little
Director of Financial Examinations/Chief Examiner
Tennessee Department of Commerce and Insurance
500 James Robertson Parkway
Nashville, TN 37243-1135

RE: Report of Examination – TRH Health Insurance Company

Dear Ms. Little:

We hereby acknowledge receipt of the final Report of Examination for TRH Health Insurance Company, made as of December 31, 2020.

By signing below, we indicate acceptance of the report, as transmitted, and without rebuttal.

Sincerely,

A handwritten signature in cursive script that reads "Renee Adams". The signature is written in black ink and is positioned above the printed name and title.

Renee Adams
Chief Financial Officer