

REPORT ON EXAMINATION

of the

**UNITEDHEALTHCARE OF TENNESSEE, INC.
9900 BREN ROAD E
MINNETONKA, MINNESOTA**

as of

DECEMBER 31, 2008

DEPARTMENT OF COMMERCE AND INSURANCE

STATE OF TENNESSEE

NASHVILLE, TENNESSEE

RECEIVED

MAY 25 2010

Dept. of Commerce & Insurance
Company Examinations

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Minnetonka, Minnesota
May 25, 2010

Honorable Leslie A. Newman
Commissioner
State of Tennessee
Department of Commerce and Insurance
Nashville, Tennessee 37243

Dear Commissioner:

Pursuant to your instructions and in accordance with Tennessee insurance laws, regulations, and resolutions adopted by the National Association of Insurance Commissioners (NAIC), a financial examination and market conduct review were made of the condition and affairs of the

**UNITEDHEALTHCARE OF TENNESSEE, INC.
MINNETONKA, MINNESOTA**

hereinafter and generally referred to as the "Company," and a report thereon is submitted as follows:

INTRODUCTION

This examination was called by the Commissioner of Commerce and Insurance of the State of Tennessee and commenced on May 14, 2009. The examination was conducted under the association plan of the NAIC by duly authorized representatives of "The Department of Commerce and Insurance," State of Tennessee.

SCOPE OF EXAMINATION

This examination report covers the period from December 31, 2004, the date of the last previous examination, to the close of business on December 31, 2008, and includes any material transactions and/or events occurring subsequent to the examination date and noted during the course of the examination.

The examination of the financial condition was conducted in accordance with guidelines and procedures contained in the National Association of Insurance Commissioners (NAIC) Financial Examiners Handbook. During the course of examination, assets were verified and valued and liabilities were determined and estimated as of December 31, 2008. The financial condition of the Company and its amount of solvency were thereby established. Test checks were made of income and disbursement items for selected periods, and a general review was made of the Company's operations, practices, and

compliance with applicable statutes and regulations. All asset and liability items contained in the financial statement of this report were examined and verified with relative emphasis according to their amount and potential impact on capital and surplus. In addition, the following topics were reviewed:

- Company History
- Charter and Bylaws
- Management and Control
- Corporate Records
- Fidelity Bonds and Other Insurance
- Territory (includes inforce/premium by state)
- Plan of Operation
- Market Conduct Activities
- Reinsurance
- Retirement Plan and Other Employee Benefits
- Loss Experience
- Accounts and Records
- Statutory Deposits
- Agreements with Parent, Subsidiaries and Affiliates
- Pecuniary Interest
- Commission Equity
- Dividends or Distribution
- Litigation
- Subsequent Events
- Financial Statement

The previous examination was conducted as of December 31, 2004 and resulted in changes to the Company's surplus account. The examination report made several comments in the previous examination report. These comments are outlined under the caption "COMMENTS – PREVIOUS EXAMINATION".

COMMENTS – PREVIOUS EXAMINATION

- The descriptions for par value, statement value and market value of the deposits pledged to TDCI were overstated by approximately \$40,035 on Schedule E – Part 3 – Special Deposits in the 2004 Annual Statement. The Company correctly reported these values on Schedule D; therefore the amounts were not misstated in the Plan's financial statements. See the "Statutory Deposits" section of this report for further information.
- It was noted in the examination report that H & W Indemnity, Ltd. provided the Plan coverage through a Managed Care Professional Liability Policy. H & W Indemnity, Ltd. was not a licensed insurance carrier or an approved alien or foreign surplus lines carrier in the State of Tennessee as of the date of this

examination. The Company should refrain from entering into any additional contracts with H & W Indemnity, Ltd. as long as they remain unlicensed and unapproved in Tennessee.

- The Company did not fully disclose the gross amount of uncollected premiums in column 1 and the non-admitted portion in column 2 on the Assets section in the 2004 Annual Statement. Furthermore, the Plan did not fully disclose the aging of uncollected premiums and the non-admitted portion on Exhibit 2 in the 2004 Annual Statement as required by Tenn. Code Ann. § 56-32-108, Tenn. Comp. R. & Regs. 0780-1-28.01, NAIC Accounting Practices and Procedures and NAIC Annual Statement Instructions. The Company should comply with Tenn. Code Ann. 56-32-108, Tenn. Comp. R. & Regs., 0780-1-28.01, NAIC Accounting Practices and Procedures and NAIC Annual Statement Instructions when disclosing gross and non-admitted premiums and the aging of uncollected premiums in future reports submitted to TDCI.
- As noted previously in the examination report the Company participated in an "Amended and Restated Custodian Agreement" by and between UHG and State Street. This agreement did not meet two (2) specific requirements set forth in Tenn. Comp. R. & Regs., 0780-1-46.04. (1) The Agreement did not have a specific provision requiring a "standard or responsibility on the part of the custodian which shall not be less than the responsibility of a bailee for hire or a fiduciary under statutory or case law of Tennessee". (2) The Agreement did not contain concise language allowing the "Participant" to withdraw securities immediately upon demand subject to instructions of the "Participant". During the examination it was recommended that the Plan take immediate action to execute a revised custodial agreement in order to add the aforementioned specific terms required by Tenn. Comp. R. & Regs., 0780-1-46.04.

Review during the present examination indicated that the Company has addressed all findings made during the previous examination.

COMPANY HISTORY

The Company was incorporated on September 17, 1990, as a for-profit corporation under the provisions of the Tennessee Business Corporation Act and was organized as a health maintenance organization pursuant to Title 56, Chapter 32, Tennessee Code Annotated for the purpose of providing managed health care services to residents of Tennessee. The Company was issued a Certificate of Authority, effective September 13, 1991, to transact business in the State of Tennessee and commenced business on January 1, 1992. The current Certificate of Authority is dated January 26, 2001 and is valid until suspended or revoked. The Company was originally named "Complete Health of Tennessee, Inc." and was located in Birmingham, Alabama. Its principal offices were moved to Nashville in 1996 and Brentwood in 2000.

At its incorporation in 1990, the Company was authorized to issue two thousand (2,000) shares of common stock, with each share to have a par value of one cent (\$0.01). All shares were issued to the Company's sole shareholder, Complete Health Services, Inc. ("CHS"). Share Certificate #2 was issued September 11, 1991 reflecting a change in par value of the stock to fifty dollars (\$50) per share. However, the Company states that this certificate was issued in error and it was eventually cancelled February 10, 1998.

Effective May 31, 1994, CHS was acquired by United HealthCare Corporation (now UnitedHealth Group Incorporated, "UHG") pursuant to the terms of an "Agreement and Plan of Merger" dated January 19, 1994 among UHG, UHC Red Acquisition, Inc. and CHS. UHC Red Acquisition, Inc. was merged with and into CHS, leaving CHS as the surviving entity and a wholly owned subsidiary of UHG. To reflect the new affiliation, CHS changed its name to United HealthCare South, Inc. ("UHC South") on September 1, 1995.

UHC South changed the Company's name to United Healthcare of Tennessee, Inc. on May 1, 1996.

On April 30, 1996, United HealthCare Services, Inc. (UHS), an HMO management corporation and wholly owned subsidiary of UHG, purchased UHC South from UHG.

On December 31, 1996, HealthWise of Tennessee, Inc. was purchased by UHC South from HealthWise of America, Inc., another wholly owned subsidiary of UHG. On December 31, 1996, UHC South merged HealthWise of Tennessee, Inc. into the Company, with the Company being the surviving entity.

On January 2, 1998, UHC South merged with and into its parent, UHS. Thus, UHS became the sole shareholder of the Company. On February 10, 1998, Stock Certificate #3 was issued to UHS for the 2000 authorized, \$50 par value shares of the common stock of the Company. This certificate was cancelled June 30, 2000 when Stock Certificate #4 was issued for all outstanding shares to United HealthCare, Inc. (UHC), a newly-formed Delaware subsidiary of UHS. Pursuant to this change, the Company became a wholly owned subsidiary of UHC.

Effective December 31, 2008, the Company changed its name to UnitedHealthcare of Tennessee, Inc.

The Company's development since the previous examination is depicted as follows:

<u>Year</u>	<u>Direct Written Premiums</u>	<u>Net Admitted Assets</u>	<u>Liabilities</u>	<u>Retained Earnings</u>	<u>Total Capital and Surplus</u>
2005	60,015,906	18,577,992	7,889,220	(27,111,312)	18,577,992

<u>Year</u>	<u>Direct Written Premiums</u>	<u>Net Admitted Assets</u>	<u>Liabilities</u>	<u>Retained Earnings</u>	<u>Total Capital and Surplus</u>
2006	50,628,742	18,013,994	8,561,122	(28,347,212)	18,013,994
2007	42,242,268	14,274,435	6,670,541	(30,196,190)	14,274,435
2008	26,831,723	11,855,806	3,212,966	1,106,703	11,855,806

Dividends or Distributions:

The Company's Bylaws provide that "dividends may be declared by the board of directors, at any regular or special meeting, pursuant to law." During the period of examination the TDCI, in accordance with Tenn. Code Ann. § 56-11-106(b) and Tenn. Comp. R. & Reg. 0780-1-67-.17, approved the payment of four (4) extraordinary dividends to its sole shareholder UHC. The Company paid an extraordinary dividend of \$8,600,000 in 2005, \$6,000,000 in 2006, \$5,400,000 in 2007, and \$3,191,000 in 2008 to UHC.

CHARTER AND BY-LAWS

The Company's original Charter dated September 14, 1990 was filed and recorded with the Tennessee Secretary of State on September 17, 1990. The Company's original Charter was filed with the TDCI during the "Qualifying Examination" and subsequent granting of the Company's original Certificate of Authority. The original Charter indicated a perpetual existence and established a for profit corporation. The initial registered agent in Tennessee per the Charter was C T Corporation System with the address of 530 Gay Street, Knoxville, Tennessee. Subsequent amendments to the Charter have occurred during the Company's existence. The Charter was amended during the examination period to reflect the Company's name change to UnitedHealthcare of Tennessee, Inc. effective December 31, 2008.

The Company's Bylaws as adopted May 1, 1996 and approved by the Board on April 24, 1996 were relied upon for this examination. The Company's Bylaws are such as are generally found in corporations of this type and are much more specific than the Charter, since the Company's Charter does not state the purpose for the corporation, does not reflect any primary objectives nor recite any other general or specific powers. The By-Laws may be amended or repealed by a majority of the entire Board of Directors, unless stockholder approval is required. During the examination period, an amendment was made reflecting the Company's name change to UnitedHealthcare of Tennessee, Inc. The name change was effective December 31, 2008.

MANAGEMENT AND CONTROL

Shareholders:

The Company's sole shareholder is UHC.

The Company's Charter is silent as to the duties of the shareholders. The Bylaws of the Company, as amended effective May 1, 1996, state the following:

"Annual meetings of the shareholders, commencing with the year 1991, shall be held on the 4th Thursday in March if not a legal holiday or at such other date and time as shall be designated from time to time by the board of directors, . . . at which they shall elect by plurality vote a board of directors, and transact such other business as may be properly brought before the meeting."

Special meetings "may be called by the president, the board of directors, or the holders of at least ten (10%) percent of all the votes entitled to be cast . . ."

Each outstanding share, regardless of class, is entitled to one vote and a "majority of votes entitled to be cast on a matter by the voting group constitutes a quorum . . .". Shareholders may vote in person or by proxy executed in writing. Actions of the shareholders may be taken by written consent in lieu of a meeting if the consent is "signed by all of the shareholders entitled to vote" on the subject matter.

The shareholders held no actual meetings during the examination period. All actions were by written consents in lieu of meetings.

Board of Directors:

The Company's Bylaws state that "The business affairs of the corporation shall be managed by its board of directors which may exercise all such powers of the corporation" as allowed by law, the Charter and the Bylaws. The number of directors "shall not be less than two (2) nor more than eleven (11)" and they "shall be elected at the annual meeting of the shareholders, and each director elected shall hold office until his successor is elected and qualified." Vacancies on the board "may only be filled by the shareholders," and a quorum is defined by the Bylaws as "a majority of the number of directors . . . unless a greater number is required by law or by the articles of incorporation."

The following persons were duly elected by the shareholders and were serving as members of the board at December 31, 2008:

<u>Director</u>	<u>Home Address</u>	<u>Principal Affiliation</u>
Daniel Laurence Ohman	Duluth, GA	CEO – UnitedHealthcare segment, SE Region
Garland Greever Scott	Brentwood, TN	CEO – UnitedHealthcare of Tennessee, Inc.

The dates of the annual meetings of the board are fixed by the shareholders at their annual meetings. For the period under examination, annual board meetings were held on the same day as the shareholders' meetings. "Regular meetings of the board of directors may be held upon such notice, or without notice, and at such time and at such place as shall from time to time be determined by the board." Action may be taken by the board without a meeting if the action is "evidenced by one or more written consents describing the action taken, signed by each director, and included in the minutes or filed with the corporate records reflecting the action taken." During the examination period, all actions of the board were by written consents.

Officers:

The Bylaws provide that after each annual meeting of the shareholders, the board of directors "shall choose a president and one or more vice-presidents, a secretary and a treasurer, none of whom need be a member of the board." The board may also appoint "such other officers and agents as it shall deem necessary. . ." "The same individual may simultaneously hold more than one office" in the Company. Vacancies "shall be filled by the board of directors or by an officer authorized by the board of directors."

At December 31, 2008, the following persons had been duly elected to and were serving in the positions indicated:

<u>Name</u>	<u>Office Held</u>
Garland G. Scott III	President and Chief Executive Officer
Nyle B. Cottington	Vice President and Assistant Treasurer
Robert W. Oberrender	Treasurer
Mary L. Stanislav	Secretary
Timothy G. Caron	Assistant Secretary
Juanita B. Luis	Assistant Secretary
John W. Kelly	Vice President – Tax Services

Investments:

Tenn. Code Ann. § 56-3-408(b)(1) states that "No investment or loan . . . shall be made by any such insurance company, unless the same shall first have been authorized by the board of directors or by a committee appointed by such board and charged with the duty of supervising such investment or loan."

The board of directors reviews and ratifies the investment transactions of the Company quarterly.

PECUNIARY INTEREST TENN. CODE ANN. § 56-3-103

Directors and officers of the Company are required to complete an Executive Disclosure Form for Conflicts of Interests and Outside Directorships annually. The disclosure forms were reviewed without exception. A check for compliance with Tenn. Code Ann. § 56-3-103 found that no director or officer of the Company had a pecuniary interest in the investment or disposition of Company funds.

AGREEMENTS WITH PARENT, SUBSIDIARIES AND AFFILIATES

The Company is a member of an insurance holding company system as defined by Tenn. Code Ann. § 56-11-101 and is subject to Tenn. Code Ann. § 56-11-101, *et seq.* "Insurance Company System Act of 1986". The Company files a Holding Company Registration Statement annually as required by Tenn. Code Ann. § 56-11-105. The required Forms B and C were filed April 25, 2008.

The Company became a wholly owned subsidiary of United HealthCare, Inc. (UHC), a Delaware holding company, on June 30, 2000. UHC is a wholly owned subsidiary of United HealthCare Services, Inc. (UHS), an HMO management corporation which provides services to the Company under the terms of a management agreement. UHS is wholly owned by UnitedHealth Group Incorporated (UHG), the ultimate parent of the holding company system. Prior to March 6, 2000, UHG was known as United HealthCare Corporation, Inc., the ultimate parent. An organizational chart is attached at the end of this report.

Management Agreement: On December 31, 1999, the Company entered into an Amended and Restated Management Agreement (Agreement) with United HealthCare Services, Inc. (UHS), which provides as follows:

(a) Company shall engage in the business of arranging for the provision of health care coverage to its enrollees, and

(b) UHS shall provide to Company certain administrative, financial and managerial services necessary for its day-to-day operations subject to the directions of the Company's Board of Directors.

These services include, but are not limited to, maintaining the Company's books and records; providing human resources; assisting with the Company's regulatory compliance, including the preparation of financial statements; retaining office space, furniture and equipment; providing all necessary services to providers and enrollees,

including claims processing; maintaining accounting, billing and collection systems; and investing Company assets.

Other entities in the holding company system are paid by the Company through UHS according to a clause in the management agreement which states that UHS shall:

"Establish a process by which, on a regular basis, the Company may make payments to and receive payments from, affiliated entities of UHS with whom either Company or UHS may have contractual relationships by which products or services are performed on behalf of or for the benefit of, the Company."

The Agreement provides for the Company to pay UHS a monthly management fee which is calculated as percentage of Company's Gross Revenues for that month. The fee is to be paid on or before the 10th calendar day of each month. Management fees under this arrangement totaled approximately \$3,223,000 in 2008 and \$5,047,000 in 2007 and were allocated between claims adjustment and general and administrative expenses on the Statement of Revenues and Expenses in the Annual Statements. The terms of the management agreement, including the management fee, have not changed since its December 31, 1999 inception date. This Agreement was filed with and approved by the TDCI on January 13, 2000 in accordance with Tenn. Code Ann. § 56-11-106(a)(2)(D).

Behavioral Services Agreements: At the request of the Actuarial Division of the TDCI the Company entered into two (2) separate agreements with United Behavioral Health, Inc. (UBH). Each agreement contained two (2) separate amendments for rate increases. They are as follows:

1. The Mental Health and Substance Abuse Services Agreement for HMO Business with UBH provides HMO covered members with emergency room, inpatient, outpatient and detoxification services which include psychological testing, diagnostic procedures, treatment programs and inpatient medications. The Agreement's services provided also include utilization management services "to facilitate the continuity, cost effectiveness and appropriateness of care; including clinical triage, referral, prior authorization, concurrent review and discharge planning".
2. The Mental Health and Substance Abuse Services Agreement for Non-HMO Business provides individuals covered by all Non-HMO benefit plans with the same services as the Agreement for HMO Business.

The two (2) agreements each containing two (2) amendments identified above were approved by TDCI on May 16, 2003 in accordance with Tenn. Code Ann. § 56-11-106(a)(2)(D) and Tenn. Code Ann. § 56-32-103(c) and were deemed effective on the approval date by the TDCI. The Company recognized these agreements as effective January 1, 2001. Fees related to these two (2) agreements were approximately \$99,000 in 2008 and \$182,000 in 2007 and were included in hospital / medical benefits on the "Statement of Revenues and Expenses" in the Annual Statements.

Previously, effective January 1, 1995, the Company had entered into a single Agreement for the Provision of Services with United Behavioral Systems, Inc. (now United Behavioral Health, Inc., "UBH") under which UBH provided mental health and substance abuse (MHSA) services to the Company's HMO and Non-HMO members. The original agreement had been amended seven (7) times since its effective date to revise the rates charged for these services.

Transplant Services Agreement: Effective December 2, 1997 the Company entered into a Transplant Services Agreement with UHS on behalf of its division, United Resource Networks (URN), under which UHS will arrange for [the Company's] access to certain Participating Providers for the provision of Transplant Services. The Company may also retain UHS to negotiate discounts for Transplant Services that are not included in the Participation Agreements or not rendered by Participating Providers. Fees related to this agreement were approximately \$8,000 in 2008 and \$16,000 in 2007 and were included in hospital / medical benefits on the Statement of Revenues and Expenses in the Annual Statements. The original agreement was approved by the TDCI on August 4, 1999 with a December 2, 1997 effective date and was approved in accordance with Tenn. Code Ann. § 56-11-106(a)(2)(D) and Tenn. Code Ann. § 56-32-103(c).

This agreement was amended with the approval of the TDCI in accordance with Tenn. Code Ann. § 56-11-106(a)(2)(D) and Tenn. Code Ann. § 56-32-103(c) five (5) times since its original approval date. No amendments occurred during the current examination period.

Optum® Services Agreement: This agreement, as effected November 1, 1999 and last amended effective January 1, 2005, is between Optum, a division of UHS, and UHC, the Company's parent, on behalf of plans that are affiliated with United HealthCare, including the Company. The 5th amendment was executed during the examination period. The amendment was submitted in a Form D filing and approved by the TDCI in accordance with Tenn. Code Ann. § 56-11-106(a)(2)(D) and Tenn. Code Ann. § 56-32-103(c) and approved August 31, 2005.

Previously, Healthy Pregnancy Services were under the recitals of a separate agreement. The services are now provided as part of standard Nurseline and Care 24 Services. The agreement includes an Optum® Care24 Services addendum (effective January 1, 2000, including the previous Care24 and Nurseline Services). Additionally, the agreement offers services under the Optum® and Well Being Information Services addendum (effective November 1, 1999). Optum® Care24 Services consist of education, information, problem assessment, assistance, crisis management, and referral for the Company's covered person's personal problems relating to issues of marital/family relations, dependent care and adult care, alcohol or chemical dependency, financial and/or non-employment related legal issues, illnesses, work related problems, general health information, identification of specific health-related concerns and provision of educational information regarding these concerns. The services are available by telephone 24 hours a day, 365 days per year.

Fees related to all services provided by Optum were approximately \$35,000 in 2008 and \$74,000 in 2007 and were included in hospital / medical benefits on the Statement of Revenues and Expenses in the Annual Statements.

Chiropractic Services Agreement: Effective January 1, 2003 the Company entered into a Chiropractic Services Agreement with American Chiropractic Network, Inc., UHS and United Health Networks, Inc. (UHN) via a Participating Company Addendum to the Master Services Agreement. The Master Services Agreement contained a "Chiropractic Services Addendum" and a "Complementary & Alternative Medicine Services Addendum" (CAM). Under the terms of the agreement, American Chiropractic Network, Inc. provides the Company with network management and administration of chiropractic and complementary and alternative medicine services. Simultaneously to the execution of the agreement, the Company entered into a first amendment to reflect the name change from American Chiropractic Network, Inc. to ACN Group, Inc. (ACN) and add the definition "Clinical Support Program" to better reflect the nature of the service ACN provides the Company. This "Master Services" agreement, first amendment and addenda were approved by the TDCI in accordance with Tenn. Code Ann. § 56-11-106(a)(2)(D) and Tenn. Code Ann. § 56-32-103(c) on March 19, 2003.

The agreement has been amended several times subsequent to the previous examination. All amendments have been submitted and approved by the Company to the TDCI as required by Tenn. Code Ann. § 56-11-106(a)(2)(D) and Tenn. Code Ann. § 56-32-103(c). The most recent amendments to the agreement were the sixth and seventh agreements with each having effective dates of April 1, 2007, submission dates of April 9, 2007, and approval dates of May 3, 2007. The sixth amendment expanded the management and administration of Therapy Services, provided under the third agreement, to physicians and licensed therapy providers within UHN's network of providers. The seventh amendment increased the rate for Network Management and CSP Plus services for UHC of TN's members covered fully-insured benefit contracts for members covered under a self-insured Benefit Contract for Chiropractic Services.

Fees related to this agreement of approximately \$10,000 in 2008 and \$4,000 in 2007, are included in medical services expenses in the Annual Statements.

Spectera Master Services Agreement: Effective July 14, 2005, the Company entered into a Participating Organization Addendum to the Specter Master Services Agreement with affiliates to provide administrative services related to vision benefit management and claims processing for its enrollees. The agreement was entered into by and between Spectera, Inc., a Maryland corporation, and United HealthCare Services, Inc. (UHS) on January 1, 2004. Under the agreement, Spectera is responsible for developing, contracting and managing a network of vision providers to provide vision services and products (frames and lenses and contact lenses) to the Company's Members. The services and products include establishing a provider credentialing process, having a quality management program, setting network participation requirements for providers, and providing appropriate geographic access to providers.

Fees related to this agreement were approximately \$2,000 in 2008 and \$4,000 in 2007 and were included in hospital / medical benefits on the Statement of Revenues and Expenses in the Annual Statements. This agreement and the participating organization addendum were approved by the TDCI in accordance with Tenn. Code Ann. § 56-11-106(a)(2)(D) and Tenn. Code Ann. § 56-32-103(c) on July 14, 2005.

Premium Allocation Agreement: The Company is party to a management agreement with UHS. Another affiliate, UnitedHealthcare Insurance Company (UHIC) provides health insurance coverage which is marketed and issued in conjunction with products marketed by the Company. Therefore, effective January 1, 1998, UHIC and UHS entered into a Premium Allocation Agreement whereby UHIC is entitled to receive consideration for these products which shall be "(i) fair and reasonable; (ii) determined according to actuarial review conducted at least annually; (iii) allocated in conformity with customary insurance accounting practices consistently applied." The Company is bound to this agreement by addendum. This agreement was never filed for approval with TDCI as required by Tenn. Code Ann. § 56-11-106(a)(2)(D) and Tenn. Code Ann. § 56-32-103(c). The Company stated in a letter dated December 30, 2004 addressed to the TDCI the Allocation Agreement will not be filed for approval since it has not been in use since December 31, 2000. The agreement remained inactive as of December 31, 2008.

Tax Sharing Agreement: A Tax Sharing Agreement by and among United HealthCare Corporation (now UHG) and its subsidiaries was effective January 1, 1990 and last amended October 1, 1996. The Company became a party to the agreement June 1, 1994. The agreement provides that:

"A Consolidated Tax Return shall be prepared and filed by the UHC Group [UHG] for the taxable year ended December 31, 1990, and for each subsequent taxable year in respect of which the Agreement is in effect . . .

"Each member shall pay [UHG] . . . an amount equal to the full separate federal, state and local (if any) income tax liability attributable to the net taxable income of such Member that would have been paid if such Member had filed separate federal, state and local income tax returns.

"[UHG] shall have the responsibility and authority to act as the agent for each Member in making tax payments due the IRS, state and local government authorities as well as collecting refunds due from such tax authorities.

"[UHG] shall, within sixty (60) days after filing the return, refund to the applicable Member(s) any overpayment."

The agreement provides for other subsidiaries to be joined to the agreement as necessary.

Subordinated Revolving Credit Agreement: By Addendum effected December 20, 1999, the Company became party to the Subordinated Revolving Credit Agreement by and between United HealthCare Corporation (now UHG) and other entities in the holding company system. The agreement is designed to meet the short-term cash needs of the Company and its affiliates.

Under the agreement, UHG agrees to lend and re-lend to Borrower such amounts as Borrower may request, not to exceed the aggregate principal amount, which is \$5,000,000. The agreement was renewed effective December 31, 2008 and will be automatically renewed annually unless either party gives written notice to the other party at least 60 days prior to the termination date of its intent to terminate the agreement. Interest on the outstanding balance of each loan is calculated as the London Interbank Offered Rate (LIBOR) plus 50 basis points. No interest was paid on the line of credit in 2008 and 2007.

The Company had no outstanding debt under the line of credit at December 31, 2008 or December 31, 2007.

Medicare Prescription Drug Benefit Administration Agreement: Effective January 1, 2007 United HealthCare Services, Inc. and certain Affiliates, including the Company, and RxSolutions, Inc. entered into the Medicare Prescription Drug Benefit Administration Agreement. Under terms of the agreement, the Administrator agrees to perform Core Part D services, Specialty Pharmacy services, and Mail Order Pharmacy Services to support the Part D Plans. The agreement was submitted on an informational basis due to preemption of Medicare product to the TDCI on February 20, 2007. The TDCI acknowledged receipt of the filing March 7, 2007.

Facility Participation Agreement for Specialty Pharmacy Provider Agreement: The Company entered into two (2) separate agreements between UnitedHealthcare Insurance Company, on behalf of itself and its affiliates, and RxSolutions. The agreements are basically identical. The agreement for medical benefits is for pharmacy medications covered under the Registrant's medical benefits. The agreement for pharmacy benefits is for pharmacy medications covered under the Registrant's pharmacy benefits. The agreements only cover the Company's commercial business. The two (2) agreements were approved by the TDCI on October 30, 2008 in accordance with Tenn. Code Ann. § 56-11-106(a)(2)(D) and Tenn. Code Ann. § 56-32-103(c) and were deemed effective on the approval date by the TDCI. The Company recognized these agreements as effective May 1, 2008.

CORPORATE RECORDS

The Company's original Certificate of Authority was issued September 13, 1991 and was replaced by a certificate dated May 9, 1996 when the Company changed its name. The current Certificate of Authority was issued December 31, 2008 and is effective until suspended or revoked.

The minutes of the annual meetings of the Company's sole shareholder (UHC) were provided to the examiners. The shareholder's primary function is to elect directors to the board annually.

The meeting minutes of the Company's board of directors were provided to the examiners for the period under examination. The minutes were complete as to necessary detail and appear to properly reflect the acts of the Company's board. Review of the minutes indicates that investment transactions were approved by the Board of Directors. Attachments and exhibits provided to the directors are maintained with the minutes.

STATUTORY DEPOSITS

In compliance with Tenn. Code Ann. §§ 56-32-12(b)(2) and (3), the Company was maintaining the following deposits for the benefit of Tennessee policyholders at December 31, 2008:

<u>Jurisdiction</u>	<u>Description</u>	<u>Par Value</u>	<u>Book/Adjusted Carrying Value</u>	<u>Fair Value</u>
Tennessee	U.S. Treasury Note, 3.125%, due 4/15/09, CUSIP #912828CE8	\$1,800,000	\$1,791,583	\$1,814,976
Tennessee	FHLMC 1105 Cls EZ (CMO), 7.95%, due 4/1/20, CUSIP #312906FZ8	\$37,612	\$37,663	\$1,032
Totals		<u>\$1,837,612</u>	<u>\$1,829,246</u>	<u>\$1,816,008</u>

The above deposits were verified with the custodian for the State of Tennessee at the TDCI.

FIDELITY BOND AND OTHER INSURANCE

The Company is included as a named insured, by endorsement, on the coverage afforded UHG, the ultimate parent of the holding company system and UHS which employs individuals that perform business functions on behalf of the Company. The crime and fidelity coverage are underwritten by National Union Fire Insurance Company

of Pittsburgh, Pennsylvania. The fidelity bond has an occurrence/aggregate limit of \$10,000,000 and retention of \$25,000,000. The minimum range recommended by the NAIC for a company of this size is \$250,000 to \$300,000. The Company had fidelity coverage which exceeded the minimum suggested coverage.

The Company's policies are summarized as follows:

<u>Type or Class of Coverage</u>	<u>Limits, Retentions and Deductibles</u>
Fidelity Bond (E & O)	\$10,000,000 per occurrence/aggregate with \$25,000,000 retention
Blanket Crime Policy	\$25,000,000 with \$500,000 retention (includes computer fraud and funds transfer fraud)
Professional and Medical Professional Liability	\$20,000,000 per claim; \$20,000,000 annual aggregate with a \$25,000,000 self-insured retention per claim; \$50,000,000 self-insured retention per claim in respect of Class Action Claims
Financial Institution General Liability	\$3,000,000 General Aggregate Limit, \$1,000,000 Products / Completed Operations Aggregate Limit, \$1,000,000 Each Occurrence Limit, \$1,000,000 Advertising Injury and Personal Injury Aggregate Limit, \$1,000,000 Damage to Premises Rented to You Limit, \$250,000 Bodily Injury and Property Damage Deductible Per Claim, \$250,000 Advertising Injury and Personal Injury Deductible Per Claim, \$1,000,000 Employee Benefits Errors and Omissions Aggregate Limit, \$1,000,000 Employee Benefits Errors Limit Each Claim, \$100,000 Deductible Each Claim
Business Auto Liability	\$2,000,000 CSL each accident (no retention and \$5,000 Auto Medical Payments
Workers' Comp and Employers' Liability	Workers Compensation Insurance is applied by Statutory State Law; \$1,000,000 Bodily Injury by

	Accident/each accident; \$1,000,000 Bodily Injury by Disease/policy limit; \$1,000,000 Bodily Injury by Disease/ each employee
Commercial Umbrella	\$25,000,000 Each Occurrence; \$25,000,000 General Aggregate; \$25,000,000 Products/Completed Operations Aggregate
Employee Benefit Plan Fiduciary Liability	\$10,000,000 aggregate / \$1,000,000 retention
Commercial Property (Blanket)	\$50,000,000 Data, Programs or Software, and Computer Systems-Non Physical Damage; Expediting Costs and Extra Expense; Service Interruption; \$100,000,000 Accounts Receivables, Coinsurance Deficiency and Currency Devaluation, Errors and Omissions; \$100,000,000 Dependent Time Element; \$250,000,000 for Flood; \$5,000,000 Terrorism in the Aggregate During Any Policy Year but not to exceed a \$1,000,000 limit per Occurrence; \$250,000,000 Earth Movement.

The Company's Business Auto Liability coverage was issued by Federal Insurance Company. The Company's Commercial Umbrella Liability coverage was issued by American Guarantee & Liability Insurance Company. The Company's Commercial Property (Blanket) policy was underwritten by Factory Mutual Insurance Company. The Company's Workers' Compensation and Employer's Liability policy was issued by Fidelity and Guaranty Insurance Company. The Company's Financial Institutions Policy was issued by Federal Insurance Company. The Company's Professional and Medical Professional Liability coverage was issued by Lloyd's of London, Marsh Ltd. Each of the policies was issued by an insurance company authorized to transact business in the State of Tennessee.

REINSURANCE

The Company did not have any reinsurance agreements in effect as of December 31, 2008. The Company has catastrophic reinsurance coverage with CMS for the Medicare Part D Program. The Company has no risk associated with this arrangement.

Effective January 1, 2005, the Company and the TDCI mutually agreed that the Company should cease using the Stop Loss Agreement for Mental Health and Substance Abuse Services issued by UHI, an affiliated company.

TERRITORY AND PLAN OF OPERATION

The Company is licensed in the State of Tennessee only. The Certificate of Authority for Tennessee was reviewed without exception. The Company's service area includes the following 80 counties:

Anderson	Hamblen	Montgomery
Bedford	Hamilton	Moore
Benton	Hardeman	Obion
Bledsoe	Hardin	Overton
Blount	Haywood	Perry
Bradley	Henderson	Polk
Campbell	Hickman	Putnam
Cannon	Houston	Rhea
Carroll	Humphreys	Roane
Cheatham	Jackson	Robertson
Chester	Jefferson	Rutherford
Claiborne	Knox	Scott
Cocke	Lake	Sequatchie
Coffee	Lawrence	Sevier
Crockett	Lauderdale	Shelby
Cumberland	Lewis	Smith
Davidson	Lincoln	Stewart
Decatur	Loudon	Sumner
Dekalb	Macon	Tipton
Dickson	Madison	Trousdale
Dyer	Marion	Van Buren
Fayette	Marshall	Warren
Franklin	Maury	Wayne
Gibson	McMinn	White
Giles	McNairy	Williamson
Green	Meigs	Wilson
Grundy	Monroe	

The Company provides managed health care services. The Company contracts with businesses for whose employees it renders or arranges necessary medical services. The Company offers its enrollees a variety of managed care programs and products through contractual arrangements with physicians, hospitals, and other health care providers. Providers deliver medical care to its enrollees primarily on a modified fee-for-service or capitated basis.

The Company serves as a plan sponsor offering the Medicare Part D prescription drug insurance coverage under a contract with the Center for Medicare and Medicaid Services (CMS). Payments received by the Company were by CMS premium, member premium, low-income premium subsidy, catastrophic reinsurance subsidy, low-income member cost sharing subsidy, and CMS risk share.

The Company markets its products through a sales force of 227 individual agents, and the individual appointments cover the agencies. The agents perform duties under terms of an agent/agency agreement. The agreements are between agent/agency and UnitedHealthcare, Inc., United HealthCare Insurance Company or any entity controlled by or under common control (collectively "UnitedHealthcare"). An agent may sell health coverage by UnitedHealthcare, as well as ancillary, non-medical coverage. Agents and agencies must sign separate agreements.

MARKET CONDUCT ACTIVITIES

During the examination period, a limited market conduct review was permissible. The TDCI is a signatory regulator of an agreement facilitated by the Market Analysis Working Group (MAWG) of the National Association of Insurance Commissioners (NAIC).

Policy Forms and Rates:

Policy forms and rate filings were reviewed without exceptions. The Company maintains a written underwriting compliance manual.

Advertising:

The Company uses advertising through UnitedHealthcare Insurance Company. Advertising methods include radio, business journals, and websites, notably www.unitedhealthcare.com. No exceptions were noted during review of the advertising files.

Privacy:

The Company has written policies for Commercial and Medicare business which complies with Tenn. Comp. R. & Regs., Chapter 0780-1-72.

LOSS EXPERIENCE

The loss experience of the Company during the examination period is as follows:

<u>Year</u>	<u>Earned Premiums</u>	<u>Medical and Hospital Expenses</u>	<u>Loss Ratio</u>	<u>Administration Expenses</u>	<u>Loss and Experience Ratio</u>
2005	\$60,015,906	\$42,468,947	70.76%	11,919,625	90.62%

<u>Year</u>	<u>Earned Premiums</u>	<u>Medical and Hospital Expenses</u>	<u>Loss Ratio</u>	<u>Administration Expenses</u>	<u>Loss and Experience Ratio</u>
2006	50,628,742	34,750,230	68.64%	8,746,210	85.91%
2007	42,242,268	30,293,158	71.71%	6,901,157	88.05%
2008	26,831,723	17,175,560	64.01%	4,612,067	81.20%

RETIREMENT PLANS AND OTHER EMPLOYEE BENEFITS

The Company has no employees. As previously discussed, all business functions are performed for the Company by its affiliate, UHS, under a management agreement. Retirement and insurance benefits are provided to all personnel in the UHG holding company system by UHS.

COMMITMENTS AND CONTINGENCIES

From the data made available, it appears that the only matters of law in which the Company was involved, during the period under review, were those arising out of the normal course of business and the outcome of such actions should not have a material effect on the financial position of the Company.

ACCOUNTS AND RECORDS

During the course of examination, such tests and audit procedures were made as were considered necessary, including substantial verification of postings, extensions and footings and reconciliation of subsidiary ledgers to control accounts where necessary. General ledger trial balances were reconciled with copies of annual statements for the years 2005, 2006, 2007, 2008.

Accounting records conform to generally accepted insurance accounting practices and appear to properly reflect the operations during the period under examination and the status of the Company at the date of examination.

The Company's Risk Based Capital Report was reviewed. The Company was in compliance with Tenn. Code Ann. § 56-46-101, et seq. (Risk Based Capital for Insurers Act).

An annual audit of the Company is performed by independent accounting firm, Deloitte & Touche, LLP.

The Company's books and records are maintained primarily at the home office location, 9900 Bren Road East, Minnetonka, Minnesota 55343. The Company's charter, bylaws, corporate minutes, investment records, accounting records, statutory statement records, and reinsurance contracts are located at 9900 Bren Road East, Minnetonka, MN 55343. Policy Files are located at 4316 Rice Lake Road, Duluth, MN, 55811, 408 N. Cedar Bluff Road, Knoxville, TN, 37923, 633 Chestnut Street, Chattanooga, TN, 37450, 871 Ridgeway Loop Rd., Memphis, TN, 38120, and 10 Cadillac Drive, Brentwood, TN, 37027. Correspondence files are located at 9900 Bren Road East, Minnetonka, MN 55343 and North Keller Road, Maitland, FL 32751. Bank statements are located at 450 Columbus Boulevard, Hartford, CT 06103. Copies of claims runs are located at 6300 Olson Memorial Highway, Golden Valley, MN 55427. All claims images are stored on optical disks in Golden Valley Data Center, MN. Provider contracts are located at 10 Cadillac Drive, Brentwood, TN 37027. Policy issuance records are located at 5901 Lincoln Drive, Edina, MN 55436, 4316 Rice Lake Road, Duluth, MN, 55811, 408 North Cedar Bluff Road, Knoxville, TN 37923, 1208 Pointe Center Drive, Chattanooga TN 37421, 871 Ridgeway Loop Road, Memphis, TN 38120, 10 Cadillac Drive, Brentwood, TN 37027, and 2003 Meadowview Lane, Kingsport, TN 37660. Underwriting and marketing records are located at 5901 Lincoln Drive, Edina, MN 55436.

SUBSEQUENT EVENTS

Subsequent to the December 31, 2008 date of examination, the Company and The Bank of New York Mellon executed a new custodial agreement that contained the proper provisions as required by Tenn. Comp. R. & Regs., 0780-1-46.04. This new custodial agreement was signed by authorized representatives of the Company on March 18, 2010 and The Bank of New York Mellon on March 31, 2010. See the "Comments" section of this report for further information. Previously, the Company did not have a custodial agreement for assets held with The Bank of New York Mellon.

The Company submitted notice to the TDCI to withdraw from commercial business on October 30, 2009. Throughout 2010, the Company will continue migrating its commercial membership onto UnitedHealthcare Insurance Company of the River Valley (UHIC of the RV), an Illinois domiciled insurance company licensed to conduct business in Tennessee. By the end of 2010, all commercial members will be transitioned off the Company license and onto UHIC of the RV. On December 31, 2010, the Medicare membership will transfer to UnitedHealthcare Plan of the River Valley, Inc., an Illinois domiciled HMO licensed to conduct business in Tennessee.

FINANCIAL STATEMENT

There follows a statement of assets, liabilities and a summary of operations as of December 31, 2008, together with a reconciliation of capital and surplus for the period under review, as established by this examination.

	<u>Assets</u>	Non- Admitted <u>Assets</u>	Net-Admitted <u>Assets</u>
Bonds	\$1,829,245	\$0	\$1,829,245
Cash, Cash Equivalents and Short- Term Investments	9,365,008	0	9,365,008
Investment Income Due and Accrued	12,303	0	12,303
Uncollected Premiums	165,970	0	165,970
Accrued Retrospective Premiums	6,503	0	6,503
Amounts Receivable Relating to Uninsured Plans	202,311	0	202,311
Current Federal and Foreign Income Tax Recoverable and Interest Thereon	175,426	0	175,426
Net Deferred Tax Asset	17,391	0	17,391
Health Care Receivable	<u>89,527</u>	<u>7,878</u>	<u>81,649</u>
Totals	<u>\$11,863,684</u>	<u>\$7,878</u>	<u>\$11,855,806</u>

Liabilities, Surplus and Other Funds

Claims Unpaid		\$2,402,161
Unpaid Claims Adjustment Expenses		49,265
Aggregate Health Policy Reserves		6,600
Aggregate Health Claim Reserves		35,412
Premiums Received in Advanced		362,351
General Expenses Due or Accrued		104,374
Remittances and Items Not Allocated		229
Amounts Due to Parent, Subsidiaries and Affiliates		241,983
Aggregate Write-ins for Other Liabilities		<u>10,291</u>
 Total Liabilities		 3,212,966
 Common Capital Stock	\$100,000	
Gross Paid in and Contributed Surplus	7,436,137	
Unassigned Funds (Surplus)	<u>1,106,703</u>	
 Total Capital and Surplus		 <u>8,642,840</u>
 Total		 <u>\$11,855,806</u>

Summary of Operations

Net Premium Income	\$26,831,723	
Change in Unearned Premium Reserves and Reserve for Rate Credits	<u>(48,973)</u>	
Total Premium Revenue		\$26,782,750
Hospital / Medical Benefits	14,489,188	
Other Professional Services	155,269	
Prescription Drugs	<u>2,531,103</u>	
Subtotal		17,175,560
Net Reinsurance Recoveries	<u>0</u>	
Total Hospital and Medical		17,175,560
Claims Adjustment Expenses	385,068	
General Administrative Expenses	4,226,999	
Increase in Reserves for Life and Accident and Health Contracts	<u>(1,087,300)</u>	
Total Claims and General Administrative Expenses		<u>3,524,767</u>
Total Underwriting Deductions		20,700,327
Net Underwriting Gain or (Loss)		<u>6,082,423</u>
Net Investment Income Earned	409,256	
Net Realized Capital Gains or (Losses)	<u>57</u>	
Net Investment Gains		409,313
Aggregate Write-ins for Other Income or Expenses		532
Net Income or (Loss) Before Federal Income Taxes		6,492,268
Federal Income Taxes Incurred		<u>1,925,531</u>
Net Income (Loss)		<u>\$4,566,737</u>

Capital and Surplus Account

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Surplus as Regards Policyholders, December 31, Previous Year	\$14,798,552	\$10,688,772	\$9,452,872	\$7,603,894
Net Income	4,526,816	4,747,885	3,259,004	4,566,737
Change in Deferred Income Tax	(98,919)	150,798	225,750	(364,216)
Change in Non-Admitted Assets	62,323	(134,583)	66,268	110,371
Change in Surplus Notes	0	0	0	0
Cumulative Effect of Changes in Accounting Principals	0	0	0	0
Capital Changes: Paid in	0	0	0	0
Surplus Adjustments: Paid in	0	0	0	0
Change in Asset Maintenance Reserve	0	0	0	0
Dividends to Stockholder	<u>(8,600,000)</u>	<u>(6,000,000)</u>	<u>(5,400,000)</u>	<u>(3,191,000)</u>
Aggregate Write-Ins for Gains or (Losses) in Surplus	0	0	0	(82,946)
Net Change for the Year	<u>(4,109,780)</u>	<u>(1,235,900)</u>	<u>(1,848,978)</u>	<u>1,038,946</u>
Surplus as Regards Policyholders, December 31, Current Year	<u>\$10,688,772</u>	<u>\$9,452,872</u>	<u>\$7,603,894</u>	<u>\$8,642,840</u>

ANALYSIS OF CHANGES IN FINANCIAL STATEMENT AND COMMENTS
RESULTING FROM EXAMINATION

Differences in various items were noted during the course of the examination; however, none were considered to produce a material effect on surplus, as regards policyholders, either singly or in the aggregate.

SUMMARY SCHEDULE FOR "ANALYSIS OF CHANGES IN FINANCIAL STATEMENT AND COMMENTS RESULTING FROM EXAMINATION" AS THEY AFFECT SURPLUS

No schedule or comment applicable. All differences noted were not material singly or in the aggregate.

COMMENTS AND RECOMMENDATIONS

Comments

The Company and The Bank of New York Mellon executed a custodial agreement with the proper provisions as required by Tenn. Comp. R. & Regs., 0780-1-46. The new custodial agreement was signed by authorized representatives of UHG and the Company on March 18, 2010 and The Bank of New York Mellon on March 31, 2010. Previously the Company did not have a custodial agreement for assets held by The Bank of New York Mellon. Corrective actions taken by the Company are discussed in the "Subsequent Events" section of this report.

Recommendations

None.

CONCLUSION

The customary insurance examination practices and procedures, as promulgated by the NAIC, have been followed in connection with the verification and valuation of assets and the determination of the liabilities of the Company.

In such manner, it was found that as of December 31, 2008, the Company had admitted assets of \$11,855,806 and liabilities, exclusive of capital and surplus, of \$3,212,966. Thus, there existed for the additional protection of the policyholders, the amount of \$8,642,840 in the form of paid up capital, gross paid in and contributed surplus and unassigned funds (surplus).

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

In addition to the undersigned, Michael A. Mayberry, FSA, MAAA, of the contracting actuarial firm, Lewis and Ellis, Inc., Richardson, Texas, Donnie R. Nicholson, Insurance Examiner III, State of Tennessee, and David N. Bobo, Insurance Examiner III, State of Tennessee, participated in the work of this examination.

Respectfully submitted,



Bryant Cummings, CFE
Examiner-in-Charge
State of Tennessee
Southeastern Zone, NAIC

EXAMINATION AFFIDAVIT

The undersigned deposes and says that he has duly executed the attached examination report of the UnitedHealthcare of Tennessee, Inc., dated May 25, 2010, and made as of December 31, 2008, on behalf of the TDCI. Deponent further says he is familiar with such instrument and the contents thereof, and that the facts therein set forth are true to the best of his knowledge, information and belief.


Bryant Cummings, CFE
Examiner-in-Charge
State of Tennessee
Southeastern Zone, NAIC

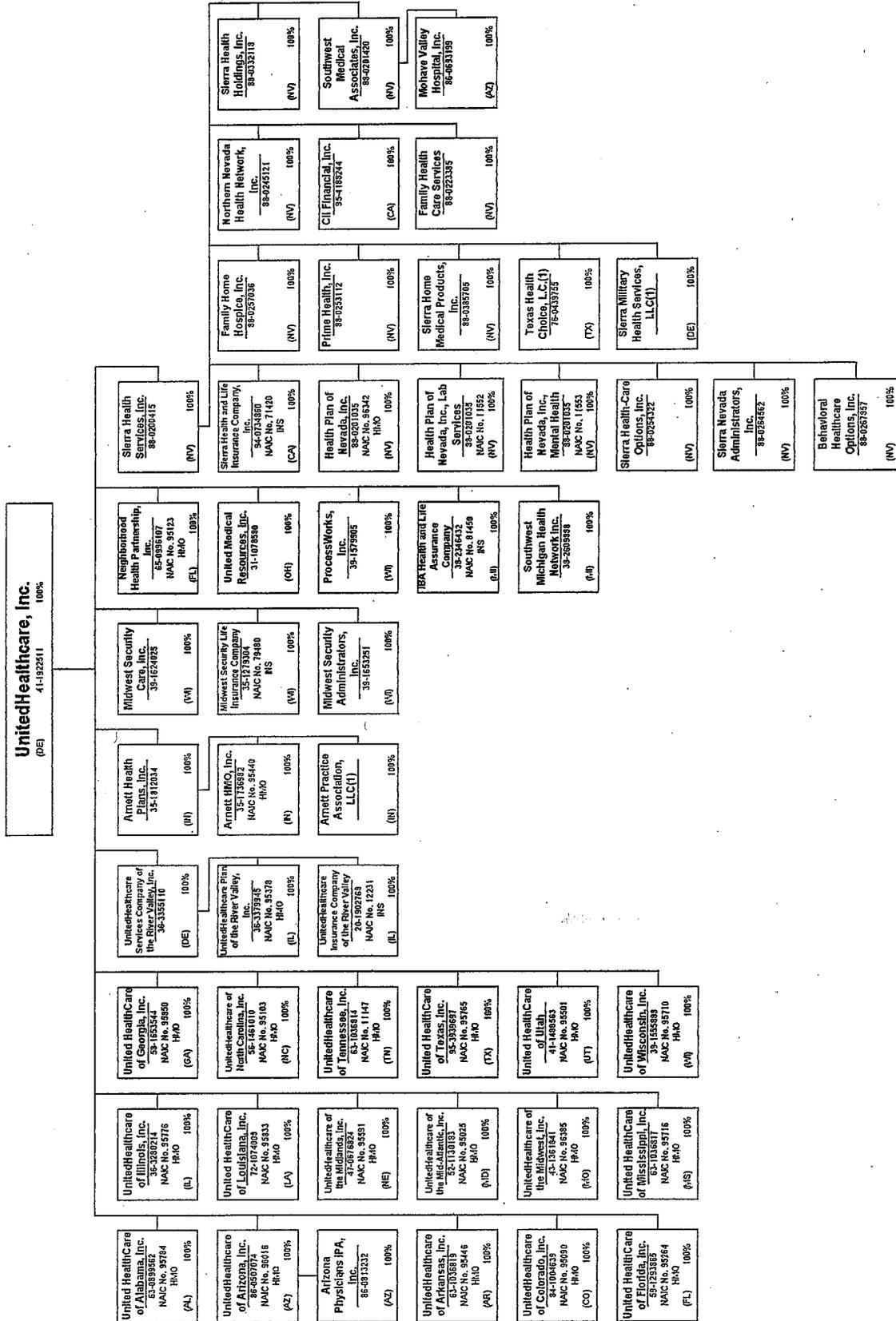
County Davidson
State Tennessee

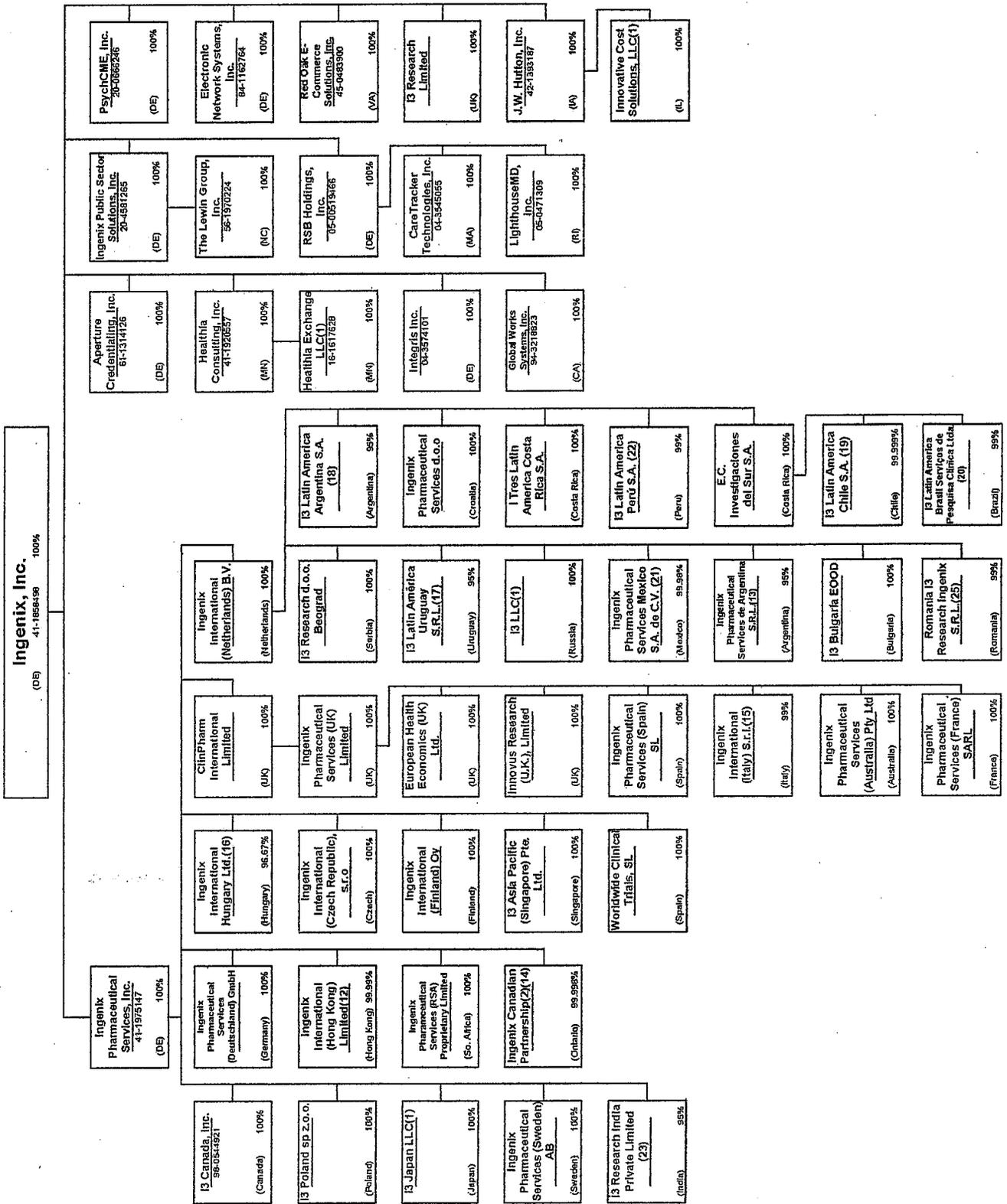
Subscribed and sworn to before me
this 25th day of
May, 2010

Helen W. Dorsey
(Notary)



Commission expires:
03/03/2014





Notes

All legal entities on the Organization Chart are Corporations unless otherwise indicated.

- (1) Entity is a Limited Liability Company
- (2) Entity is a Partnership
- (3) Entity is a Non-Profit Corporation
- (4) Control of the Foundation is based on sole membership, not the ownership of voting securities
- (5) PacificCare Life and Health Insurance Company is 99% owned by PacificCare Health Plan Administrators, Inc. and 1% owned by PacificCare Health Systems, LLC
- (6) United-Health Group Information Services Private Limited is 99.37% owned by United-Health Group International B.V.. The remaining 0.63% is owned by United-Health International, Inc.
- (7) United-Health Group International B.V. is 70.56% owned by United-Health Group Incorporated and 29.44% owned by United HealthCare Services, Inc.
- (8) United Healthcare India (Private) Limited is 99.9952% owned by United-Health Group International B.V. and 0.0048% owned by United-Health International, Inc.
- (9) Omega Insurance Advisors Private Limited is 99.99% owned by United Healthcare India (Private) Limited and 0.01% owned by an individual shareholder
- (10) United-Healthcare Asia Limited is 99% owned by United-Healthcare International Asia, LLC and 1% owned by United-Health International, Inc.
- (11) General partnership interests are held by United HealthCare Services, Inc. (89.77%) and by United-Healthcare, Inc. (10.23%). United HealthCare Services, Inc. also holds 100% of the limited partnership interests. When combining general and limited partner interests, United HealthCare Services, Inc. owns 94.18% and United-Healthcare, Inc. owns 5.83%.
- (12) Ingenix International (Hong Kong) Limited is 99.99% owned by Ingenix Pharmaceutical Services, Inc. and 0.01% owned by Ingenix, Inc.
- (13) Ingenix Pharmaceutical Services de Argentina S.R.L. is 95% owned by Ingenix International (Netherlands) B.V. and 5% owned by Ingenix, Inc.
- (14) Ingenix Canada Partnership is 99.998% owned by Ingenix Pharmaceutical Services, Inc. and 0.002% owned by Ingenix, Inc.
- (15) Ingenix International (Italy) S.r.l. is 99% owned by Ingenix Pharmaceutical Services (UK) Limited and 1% owned by Ingenix Pharmaceutical Services, Inc.
- (16) Ingenix International Hungary Ltd. is 96.67% owned by Ingenix Pharmaceutical Services, Inc. and 3.33% owned by Ingenix, Inc.
- (17) Latin America Uruguay S.R.L. is 95% owned by Ingenix International (Netherlands) B.V. and 5% owned by Ingenix Pharmaceutical Services, Inc.
- (18) Latin America Argentina S.A. is 95% owned by Ingenix International (Netherlands) B.V. and 5% owned by Ingenix Pharmaceutical Services, Inc.
- (19) Latin America Chile S.A. is 99.999% owned by E.C. Investigaciones del Sur S.A. and 0.0001% owned by Ingenix Pharmaceutical Services, Inc.

- (20) Latin America Brasil Serviços de Pesquisa Clínica Ltda. is 99% owned by E.C. Investigaciones del Sur S.A. and 1% owned by Ingenix Pharmaceutical Services, Inc.
- (21) Ingenix Pharmaceutical Services Mexico S.A. de C.V. is 99.98% owned by Ingenix International (Netherlands) B.V. and 2.36% owned by E.C. Investigaciones del Sur S.A.. The remaining 0.02% is owned by Latin America Argentina S.A.
- (22) Latin America Perú S.A. is 99% owned by Ingenix International (Netherlands) B.V. and 1% owned by Latin America Argentina S.A.
- (23) Research India Private Limited is 95% owned by Ingenix Pharmaceutical Services, Inc. and 5% owned by Ingenix, Inc.
- (24) Limited partnership interest is held by UMR Holdings, Inc. (99%), General partnership interest is held by UMR, Inc. (1%)
- (25) Romania Research Ingenix S.R.L. is 99% owned by Ingenix International (Netherlands) B.V. and 1% owned by Ingenix Pharmaceutical Services (UK) Limited
- (26) Dental Benefit Providers, Inc. is 99.999% owned by United HealthCare Services, Inc. and 0.001% owned by PacificDental Benefits, Inc.