

STATE OF OHIO
DEPARTMENT OF INSURANCE
2100 STELLA COURT
COLUMBUS, OHIO 43215-1067

IN RE: :
THE REVOCATION OR SUSPENSION :
OF THE CERTIFICATE OF AUTHORITY :
OF PEOPLES HEALTH PLAN OF OHIO, :
INC. :

AGREED ENTRY AND ORDER

Peoples Health Plan of Ohio, Inc. ("Peoples") currently holds a Certificate of Authority ("COA") in the State of Ohio to conduct the business of a health insuring corporation.

On November 25, 2002, the Ohio Department of Insurance ("Department") issued a Notice of Hearing by which the Department proposed to revoke or suspend the COA of Peoples to do business in the State of Ohio.

Peoples, in order to resolve all outstanding issues, does hereby agree to the issuance of this ORDER TERMINATING its COA to transact the business of insurance in the State of Ohio based upon the allegations contained in the Notice of Hearing.

This ORDER represents a full and final adjudication of all allegations contained within the Notice of Hearing and shall be entered upon and include the following terms:

1. Immediately upon the final execution of this Order by the Superintendent of the Ohio Department of Insurance ("Superintendent"), Peoples shall immediately cease and desist from engaging in any activity which requires a COA to undertake, other than those tasks specifically necessary to the successful run-off of the business or those tasks expressly delegated by the Superintendent, or her designee.
2. The Supervision Order issued by the Superintendent to Peoples on March 28, 2002 is incorporated herein by reference and shall remain in effect pursuant to R.C. 1751.35(D) throughout the period in which Peoples is concluding the affairs of the health insuring corporation until such time as the conditions set forth in the Supervision Order, and this Order, have been determined to have been met by the Superintendent and/or until the Superintendent otherwise terminates said Supervision Order.
3. Within five business days from the final execution of this Order, Peoples shall submit to the Ohio Department of Job and Family Services a notice

withdrawing its request for hearing in the termination matter currently pending before the Ohio Department of Job and Family Services.

4. Within five business days of the execution of the Order, Peoples will dismiss, with prejudice, the action for Declaratory Judgment, Case No. 03CVH-02-1842 currently pending in the Franklin County Court of Common Pleas.

5. All officers, directors, trustees, managers, employees or agents of Peoples, or any other person, firm, association, partnership, corporation or other entity in charge of any aspect of Peoples' affairs, any parent, holding company, subsidiary or affiliated corporation or any other representative acting in concert with Peoples, shall cooperate with the Superintendent in the performance of her duties.

6. Contemporaneous with the execution of this agreement, Peoples shall deliver to the Department a Consent to Rehabilitation in a form supplied by the Department. In the event of a default of any provision of this agreement the Department retains the right to submit the Consent to the Court in Case No. 03CVH02 0231 to obtain an Order of Rehabilitation. The Department will provide Peoples notice of its intent to proceed to Rehabilitation five calendar days before seeking an Order of Rehabilitation.

7. All officers, directors, trustees, managers, employees or agents of Peoples, or any other person, firm, association, partnership, corporation or other entity in charge of any aspect of Peoples' affairs, any parent, holding company, subsidiary or affiliated corporation, are hereby restrained as follows, except with the written consent of the Superintendent or her designee:

a. From disposing of, using, releasing, transferring, withdrawing, allowing to be withdrawn or concealing in any manner or in any way the property or assets of Peoples, of any kind or nature whatsoever, wherever situated, or from disposing of any account, or any other assets owned, owed to or held for the benefit of Peoples, or any account, debt, share account, trust account, or other assets owned or held individually, jointly, or severally, for Peoples, except under the express written authorization of the Superintendent or her designee.

b. From doing anything, directly or indirectly, to prevent the Superintendent or her designee from gaining access to, acquiring, examining or investigating any books, documents or records, including all electronic data files, pertaining to or concerning Peoples or its affairs, under whatever name such books, documents or records may be filed or found or wheresoever such books, documents or records may be found or situated.

8. Within five business days from the final execution of this Order by the Superintendent, Peoples shall submit to the Department its run-off plan. At a

minimum, this plan must include a list of the resources available and employees to be retained during the run-off period, an analysis of the projected payout of its claims reserves, projected monthly balance sheets and statements of operations for the entire run-off period, a list of bar dates by which all provider claims must be filed, and sample copies of all communications intended to be distributed to providers. If the projections indicate that cash is inadequate to fund the run-off, then additional funds must be infused into Peoples. If Peoples fails to submit an acceptable run-off plan within five business days, the Department will engage a consultant, at the sole expense of Peoples, to prepare such plan on behalf of Peoples.

9. On or before May 1, 2003, Peoples shall submit to the Department an audited financial report of its balance sheet as of December 31, 2002, as prepared by an independent certified public accountant or accounting firm. If Peoples fails to submit the audited financial report of its balance sheet as of December 31, 2002 on or before May 1, 2003, the Department will engage a consultant, at the sole expense of Peoples, to prepare such report on behalf of Peoples.

10. Throughout the run-off period and until released from such requirement by the Superintendent or her designee, Peoples shall submit to the Department accurate monthly financial statements in statutory format, with a comparison to the projected monthly balance sheets and statements of operations mentioned above, including explanations for material variances, due no later than the twentieth day of the month following the last day of the month reported. If Peoples fails to submit accurate monthly financial statements in statutory format within this time period, the Department will engage a consultant, at the sole expense of Peoples, to prepare such statements on behalf of Peoples.

11. Throughout the run-off period, signatory authority over all of Peoples' banking and investment accounts, including but not limited to those listed below, will remain with the Department, as changed in accordance with the Order of Seizure entered against Peoples on February 21, 2003.

354341006121	Key Bank
354341008283	Key Bank
354342030336	Key Bank
354341007467	Key Bank
354342032530	Key Bank
657524431	National City Bank

12. Pursuant to R.C. 1751.35(D) the Superintendent shall retain jurisdiction over Peoples until such time as all outstanding claims and other obligations of Peoples have been satisfied, and may enter such Orders to carry out this Order and to effectuate the winding up of Peoples' affairs as she deems necessary.

13. The Department shall retain Peoples' statutory deposit until such time as the Superintendent is satisfied that all outstanding obligations of Peoples have

been satisfied. Said retention will be for a period of at least six (6) months following the below mentioned attestation that the run-off is complete.

14. Peoples shall enter in an agreement with a documents retention firm suitable to the Superintendent or her designee, paid in advance at Peoples sole expense, and deliver to this firm, records of Peoples to be archived for a period of not less than seven (7) years following the termination of the Supervision Order.

15. Following the satisfaction of all outstanding obligations of Peoples, the appropriate officer of Peoples shall deliver to the Superintendent an attestation that all obligations of Peoples have been satisfied together with such other proof as may be required by the Superintendent. Said attestation shall include verification that the terms of the Supervision Order and any Orders entered thereafter have been abated or that they are no longer applicable together with proof suitable to the Superintendent or her designee. Peoples shall also deliver to the Superintendent or her designee a certified copy of a Resolution of the Board of Directors of Peoples that all outstanding obligations of the company have been satisfied. Thereafter, the Superintendent shall enter an Order terminating the Order of Supervision and releasing any funds other than the statutory deposit, to Peoples' Board of Directors.

16. Any violation of this Order, the Supervision Order or any Order entered in furtherance thereof, including but not limited to the submission of timely and accurate financial statements and/or the infusion of additional capital if required, shall constitute a violation of an Order of Supervision and may result in the immediate institution of delinquency proceedings.

17. The terms, provisions and paragraphs of this Order will be severable. In the event that any provision of this Order is held to be unlawful or unenforceable such portion will be deemed omitted and this Order will be construed as if the provision had never been contained in the Order. Any severed provisions will not affect the validity of the remainder of the Order and all remaining provision will remain in full force and effect.

ENTERED this ^{- 5TH} ~~3rd~~ day of March, 2003, upon the Journal of the Ohio Department of Insurance.

Peoples Health Plan of Ohio, Inc.

Ann H. Womer Benjamin
Superintendent Ohio Department of
Insurance

BY:

Harrie H. Beards

Ann H. Womer Benjamin