

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

**IN THE MATTER OF
THE REPORT OF EXAMINATION OF
ARKANSAS COMMUNITY CARE, INC.**

AID NO. 2012- 084

ADOPTION ORDER

Now on this day the matter of the Report of Examination (“Report”) as of December 31, 2010 of Arkansas Community Care, Inc. (“Company”), of Oakland, California, NAIC No. 12282, is taken under consideration by Jay Bradford, Insurance Commissioner for the State of Arkansas (“Commissioner”), as presented by Associate Counsel, Amanda Capps Rose, and the Finance Division of the Arkansas Insurance Department (“Department”). From the facts, matters and other things before him, the Commissioner finds as follows:

FINDINGS OF FACT

1. That the Commissioner has jurisdiction over the Company and the subject matter involved herein.
2. That the Company is an Arkansas-domiciled health maintenance organization.
3. That pursuant to Ark. Code Ann. §§ 23-61-201, *et seq.*, and § 23-76-122, the Commissioner authorized and directed the Department to conduct a regular examination of the affairs, transactions, accounts, records, and assets of the Company as of December 31, 2010.
4. That said examination was commenced by the Department on December 15, 2010 and completed on November 18, 2011.

5. That the verified Report of Examination was filed with the Department on January 17, 2012. It was then mailed to the Company via certified mail on January 17, 2012. The Company received the Report on January 19, 2012, according to the certified mail return receipt returned to the Department.

6. Based upon the review of the Company's actuarial items, it is recommended that the Company take the following actions:

- (a) The most recent available projections should be used in the premium deficiency reserve evaluation for future Annual Statement filings;
- (b) When any estimate is changed, all financial reporting should be adjusted accordingly;
- (c) Asset adequacy methods used by the Company should be more typical of health insurers of a similar type; and
- (d) The Company should file updated Actuarial Opinions and Actuarial Memorandums corresponding to any modifications to actuarial liabilities.

7. Based upon the review of the Company's information technology policies and procedures, it is recommended that the Company take the following actions:

- (a) The Company should establish a working steering committee and keep formal minutes of meetings that document IT involvement in, and C-level approval of, all projects and progress reports;
- (b) Responsibility for technological security should be distributed to key personnel rather than remain the sole responsibility of Company's Vice President of IT;
- (c) The physical security policy adopted by the Company should be fully implemented; and

- (d) The Company should complete and implement its disaster recovery plan.

CONCLUSIONS OF LAW

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

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

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

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

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

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

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

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

IT IS SO ORDERED this 1st day of ~~February~~ ^{March}, 2012.



JAY BRADFORD
INSURANCE COMMISSIONER
STATE OF ARKANSAS