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FILED

JAN 05 2016 *KG*

Department of Insurance
State of Idaho

BEFORE THE DIRECTOR OF THE DEPARTMENT OF INSURANCE

STATE OF IDAHO

In the Matter of:

MONTANA HEALTH COOPERATIVE
NAIC No. 14933

Application for Admission

Docket No. 18-2940-14

**AMENDMENT TO STIPULATION
AND ORDER CONCERNING
CERTIFICATE OF AUTHORITY**

AMENDED STIPULATION

WHEREAS, Montana Health Cooperative, a Montana non-profit corporation, NAIC No. 14933 (“**MHC**”), and the Idaho Department of Insurance (the “**Department**”) entered into that certain STIPULATION AND ORDER CONCERNING CERTIFICATE OF AUTHORITY dated June 10, 2014 and filed June 13, 2014 (the “**Stipulation**”), which Stipulation set for certain conditions required of MHC to operate as a managed care organization pursuant to chapter 39, Title 41, Idaho Code, in the state of Idaho; and

WHEREAS, the parties agree that it is appropriate to amend the Stipulation as provided below and that such amendment is in the best interest of MHC, the Department, and the Idaho

consumer.

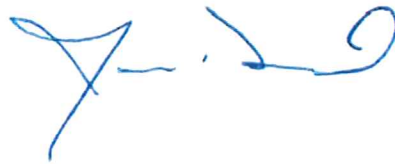
NOW, THEREFORE, MHC and the Department hereby agree that the Stipulation is amended as follows:

1. Terms defined in the Stipulation shall have the same definition herein subject to any revision as provided for herein.
2. MHC shall increase the original Additional Deposit of One Million Five Hundred Thousand Dollars (\$1,500,000.00) by Two Million Five Hundred Thousand Dollars (\$2,500,000.00) so that the total Additional Deposit held by the Department shall be Four Million Dollars (\$4,000,000.00), for the benefit of Idaho policyholders through the Director of the Department of Insurance, pursuant to and in accordance with the Custody Agreement attached hereto as Exhibit A and incorporated herein by this reference. MHC agrees that the Additional Deposit, as amended herein, shall be exclusively for the benefit of Idaho policyholders in the event MHC is unable to perform any obligations under the policies issued to Idaho residents. The increased funds for the Additional Deposit shall be made within ten (10) business days following entry of this Amended Stipulation. The Additional Deposit shall be maintained until such time as the Director determines, in his sole discretion and based on the Director's review of the financial condition of MHC, that it may be released.
3. Notwithstanding anything in the Stipulation to the contrary, including Paragraph 2, MHC shall maintain a Risk-Based Capital (**RBC**) ratio of 400% or better. In the event MHC's RBC falls below 400%, it will stop writing new policies in Idaho unless otherwise permitted by the Director in writing, which decision shall be in the sole discretion of the Director.
4. The parties agree that the Stipulation, as amended herein, is hereby ratified and confirmed. Except as amended herein, the Stipulation remains in full force and effect.
5. The parties agree that the terms of this Amended Stipulation are appropriate and

proper under the circumstances referenced herein and that they have entered into this Amended Stipulation knowingly and voluntarily and with full knowledge of any rights they may be waiving thereby, and MHC further waives its right to seek reconsideration and judicial review following entry of the attached order.

AGREED THIS 31st day of December, 2015.

MONTANA HEALTH COOPERATIVE
a Montana non-profit corporation




By: _____

Name: Jerry Dworak

Its: Chief Executive Officer

IDAHO DEPARTMENT OF INSURANCE

By:  _____
Georgia Siehl
Bureau Chief / Chief Examiner
Company Activities Bureau

ORDER

IT IS HEREBY ORDERED, pursuant to Idaho Code §§ 41-210, 41-212 and 41-308, that the foregoing Amendment to Stipulation is approved and the conditions set forth therein adopted as a requirement for the issuance of a certificate of authority to Montana Health Cooperative to operate in Idaho as a managed care organization pursuant to chapter 39, title 41, Idaho Code.

DATED AND EFFECTIVE this 31st day of December, 2015.

STATE OF IDAHO
DEPARTMENT OF INSURANCE



DEAN L. CAMERON, Director

CERTIFICATE OF SERVICE

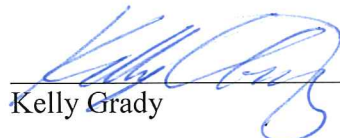
I HEREBY CERTIFY that I have, on this ^{5th day of January, 2016} ~~31st day of December, 2015~~, caused a true and correct copy of the foregoing AMENDMENT TO STIPULATION AND ORDER CONCERNING CERTIFICATE OF AUTHORITY to be served upon the following by the designated means:

Dr. Doug Dammrose
Executive Director
Montana Health Cooperative
1545 E. Iron Eagle Way, Suite 103
Eagle, ID 83616

- ☒ first class mail
- ☐ certified mail
- ☐ hand delivery
- ☐ via facsimile

Richard B. Burleigh
Deputy Attorney General
Idaho Department of Insurance
700 W. State Street
P.O. Box 83720
Boise, Idaho 83720-0043

- ☐ first class mail
- ☐ certified mail
- ☒ hand delivery
- ☐ via facsimile



Kelly Grady

EXHIBIT A
CUSTODY AGREEMENT

THIS AGREEMENT, made this 31st day of December, 2015, by and between Montana Health Cooperative, a Montana non-profit corporation, hereinafter called "Company" and the Trust Department of Wells Fargo Bank, N.A., Boise, Idaho, hereinafter called "Custodian,"

WITNESSETH, that:

WHEREAS, under the provisions of the Amendment To Stipulation And Order Concerning Certificate Of Authority dated December 31, 2015 entered in Idaho Department of Insurance Docket No. 18-2940-14, the Company must deposit cash or securities eligible for deposit under Idaho Code § 41-803 in the amount of Two Million Five Hundred Thousand Dollars (\$2,500,000.00) through the Director of the Department of Insurance, hereinafter called "Director," to be held for the protection of all of the Company's Idaho policyholders; and

WHEREAS, pursuant to Idaho Code § 41-804, these deposits shall be made with and held by the Trust Department of an established bank located in Idaho approved by the Director under custodial arrangements likewise approved by him; and

WHEREAS, the Custodian hereby agrees to act as custodian for the Company and the Director, to hold and safe-keep the securities of the Company herewith delivered to it, or which may hereafter be delivered to the Custodian;

NOW, THEREFORE, the parties mutually agree as follows:

1. The Company has deposited with the Trust Department of the Wells Fargo Bank, N.A., securities having a market value of not less than One Million Five Hundred Thousand Dollars (\$1,500,000.00) as itemized on Schedule A attached hereto, and subject to that certain Custody Agreement dated June 10, 2014, between the parties hereto.

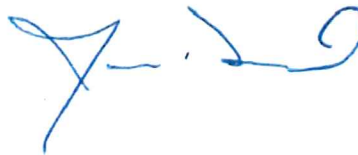
2. In addition the deposit itemized on Schedule A, The Company has deposited with the Trust Department of the Wells Fargo Bank, N.A., securities having a market value of not less than Two Million Five Hundred Thousand Dollars (\$2,500,000.00) as itemized on Schedule B attached hereto.
3. The Director acknowledges and agrees that said deposit of securities meets the requirements of Idaho Code § 41-803 for securities acceptable by the Director for deposits of this nature.
4. The securities so deposited are either in bearer form or are registered with bond powers attached.
5. The Custodian must hold said securities in the form in which they now exist and may not convert said securities into other types of securities of any nature without the express written consent and authorization of the Director and the Company.
6. The Custodian shall collect all coupons and/or interest at maturity, and shall distribute all income collected to the Company quarterly or in other convenient installments. These remittances shall be made by Custodian's check to the Company or by credit to the checking account of the Company.
7. All transactions in connection with the deposit and withdrawal of securities shall be upon the written direction of both the Director and the Company or pursuant to order of a court of competent jurisdiction.
8. The Custodian shall furnish to the Director and the Company a list of securities held in this account as of each December 31 and after each transaction.
9. The Custodian is obligated to indemnify the insurance company for any loss of securities of the insurance company in the bank's custody occasioned by the negligence or dishonesty of the bank's officers or employees, or burglary, robbery, holdup, theft, or mysterious disappearance, including loss by damage or destruction;
10. In the event that there is a loss of the securities for which the bank is obligated to indemnify the insurance company, the securities shall be promptly replaced or the value of the securities and the value of any loss of rights or privileges resulting from said loss of securities shall be promptly replaced.

11. The Company hereby agrees to furnish the Custodian and the Director with a certified copy of the Resolution of its Board of Directors authorizing the officers of the Company to enter into this agreement and setting forth the officers who will direct the Custodian regarding this Custody Agreement.
12. The Custodian shall be entitled to receive compensation for its services hereunder in accordance with its schedule of compensation established from time to time by the Custodian for the administration of custody accounts of a character similar to this Custody Agreement, and such compensation may be collected annually by the Custodian, out of income or principal or both, and shall be shown in its annual accounting.
13. The Custodian may resign as Custodian at any time by so notifying in writing the Company and the Director. Upon the resignation of the Custodian, a successor custodian shall be appointed by the Company with the approval of the Director.

IN WITNESS WHEREOF, the Parties hereto have hereunto set their hands and seals on the date first above-mentioned.

(S E A L)

MONTANA HEALTH COOPERATIVE,
a Montana non-profit corporation



By:

Name: Jerry Dworak

Its: Chief Executive Officer

(S E A L)

WELLS FARGO BANK, N.A.

By: _____

Name: _____

Its: _____

APPROVED:

I, Dean L. Cameron, the duly-appointed Director of the Idaho Department of Insurance, hereby approve Wells Fargo Bank, N.A., Boise, Idaho, as custodian under Idaho Code § 41-804 of the statutory deposits of Montana Health Cooperative, a Montana non-profit corporation, and I further approve this Custody Agreement.

DATED and EFFECTIVE this _____ day of _____, 2015.

DEAN L. CAMERON,
Director
Idaho Department of Insurance