

REPORT OF
FINANCIAL EXAMINATION
WINHEALTH PARTNERS

AS OF
DECEMBER 31, 2006



STATE OF WYOMING
DEPARTMENT OF INSURANCE
CHEYENNE, WYOMING

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SALUTATION
Cheyenne, Wyoming
November 6, 2007

Honorable Alfred W. Gross
Chairman, NAIC Financial Condition
(E) Committee
State Corporation Commission
Bureau of Insurance
P.O. Box 1157
Richmond, VA 23218

Honorable Kenneth G. Vines
Insurance Commissioner
State of Wyoming
106 East 6th Avenue
Cheyenne, WY 82002-0440

Honorable Morris Chavez
Western Zone Secretary
Department of Insurance
State of New Mexico
Post Office Box 1269
Santa Fe, New Mexico 87504-1269

Chairman, Secretary, and Commissioner:

Pursuant to your instructions and in compliance with the provisions of the Wyoming Insurance Code and the rules and regulations promulgated by the National Association of Insurance Commissioners, hereinafter called "NAIC," an examination was made as of December 31, 2006, of the financial condition, management, and affairs of

WINHEALTH PARTNERS

hereinafter referred to as the "Company," at its home office located at 1200 East 20th Street, Suite A, Cheyenne, Wyoming. The following report of examination is herewith respectfully submitted.

SCOPE OF EXAMINATION

The examination reported upon herein was undertaken as a routine examination as called for by Wyoming Statute § 26-34-120(a). The Company was last examined as of December 31, 2003. The current examination covers the period from January 1, 2004, through December 31, 2006.

The examination included a review and analysis of operations and a determination of the financial condition of the Company as of the date of examination. Valuation and verification of assets, determination of liabilities and reserves, and testing and analysis of such accounts and records deemed necessary to the examination were performed. The examination utilized, where appropriate, work performed by the Company's independent Certified Public Accountants. Quality assurance testing and limited market conduct procedures were also performed during the examination. In addition, the exam included a limited review of material transactions and/or events occurring subsequent to the examination date and noted during the course of the examination.

The examination was conducted in accordance with procedures suggested by the Financial Condition (E) Committee of the NAIC and other generally accepted insurance standards. Quality assurance procedures were performed by the Wyoming Department of Health as required by Wyoming Statute § 26-34-120(b).

During the examination, there were some immaterial items noted that are not included in this report. These issues are discussed in a management letter that was given to the Company and its Board of Directors under a separate cover.

DESCRIPTION OF THE COMPANY

History of the Company:

The Company has been located in Cheyenne, Wyoming for its entire existence. The Company was organized in August 1994 as Southeast Wyoming Community Health Company. On August 14, 1996, the Board of Directors amended the Company's Articles of Incorporation to change the Company's name to WINhealth Partners.

The Company was issued its certificate of authority on May 13, 1996, to operate in Laramie County, Wyoming. The Company obtained permission in June 1998 to expand into Albany, Carbon, and Sweetwater Counties in Wyoming. On May 3, 1999, the Wyoming Department of Insurance approved the Company's request for authority to operate statewide.

The Company's Articles of Incorporation state that the corporation was "organized and shall be operated as a nonprofit corporation for medical, civic, charitable, scientific or educational purposes, and in connection therewith, to engage in: (1) the potential development of a contractual relationship for the provision of health care services between Southeast Wyoming Preferred Physicians and Memorial Hospital of Laramie County, d/b/a United Medical Center [currently known as Cheyenne Regional Medical Center], a Body Corporate - as health care services providers, and Key Corporation, as the purchaser of health care services; (2) the establishment of a

physician/hospital/community organization in order to develop a managed care product including possible licensing as a health maintenance organization; and (3) to engage in any other lawful activity which may be undertaken by nonprofit corporations under Wyoming law.”

The Articles further state that if the corporation shall be dissolved “any surplus property remaining after the payment of its debts shall be disposed of by transfer to one or more corporations, associations, institutions, trusts, community chests or foundations, in such proportions and in such manner as the Board of Directors of this corporation shall determine.”

Management and Control:

The entire control and direction of the Company rests with its Board of Directors. The number of directors is fixed at 12 by the Corporation’s By-laws. Six members of the Board are elected by Memorial Hospital of Laramie County, d/b/a Cheyenne Regional Medical Center (CRMC), and the other six are elected by Southeast Wyoming Preferred Physicians (SWPP), a Wyoming nonprofit corporation.

Directors serve three-year terms with the terms of four directors expiring each year. Any vacancy in the membership of the Board shall be filled for the unexpired term by the membership class entitled to elect such director. The Board of Directors is in compliance with W.S. § 26-34-106(a).

During the last half of 2006, the quarterly and annual statements listed only 11 voting members on the Board of Directors. The CEO was listed on the September 30, 2006, and December 31, 2006, jurat page, but she is not a voting member of the Board.

Article IV, Section 1 of the Company’s By-laws states that the corporation’s Class A member shall elect six (6) members of the Board of Directors and the corporation’s Class B member shall elect six (6) members of the Board of Directors.

It is noted that it is common to have temporary vacancies on the Board and that the Company makes an effort to fill the vacancies as soon as possible.

The annual meeting date of the corporation is specified by the Board of Directors and special meetings may be held at the request of the President, in absence of the President by the Vice President, or upon request of any three or more directors, upon proper notice being given. The Board may act without a meeting, if consent in writing is signed by all of the directors.

The Company is not holding an annual members meeting as required by the By-laws. In addition, the By-laws state that the Board of Directors are elected at the annual members meeting, however, the Board members are already elected by CRMC and SWPP.

Article III, Section I, of the By-laws states in part, "The annual meeting of the members of the corporation held for the election of directors shall be held at such time as may be designated from time to time by the Board of Directors..."

Recommendation 1: It is recommended that the Company hold an annual members meeting for the ratification or acceptance of its Board of Directors before the annual Board meeting in accordance with Article III, Section I of the By-laws.

It is also recommended that the Company amend the By-laws to reflect the fact that the annual members' meeting is to ratify or accept the Board of Directors instead of electing or re-appointing them.

As of December 31, 2006, the following directors were holding office:

Name	Principal Occupation & Address	Date of First Term
William D. Bagley	Attorney Cheyenne, Wyoming	4/02
Harmon H. Davis II	President Internal Medicine Group, PC Cheyenne, Wyoming	8/06
Jean A. Halpern, MD	Physician Cheyenne, Wyoming	7/05
Charles F. Harms	Chief Executive Officer Cheyenne Regional Medical Center Cheyenne, Wyoming	2/04
William J. Horam	Physician Cheyenne, Wyoming	3/99
Paul S. Howard	Financial Consultant Cheyenne, Wyoming	7/05
H. James Mueller	Retired, Self-employed Accountant Cheyenne, Wyoming	12/02
Peter G. Perakos	Physician Cheyenne, Wyoming	8/94
Philip J. Schiel	Physician Cheyenne, Wyoming	8/95
Richard E. Torkelson	Orthopedic Surgeon Cheyenne, Wyoming	8/94
Kimberly A. Webb	Vice-President Cheyenne Regional Medical Center Cheyenne, Wyoming	10/06

Officers of the Company consist of a President, Vice President, Secretary, and Treasurer. The officers are selected from the members of the Board of Directors and are elected at the annual meeting of the members. As of December 31, 2006, officers were as follows:

President	Richard E. Torkelson, M.D.
Vice President	Charles F. Harms
Secretary	Philip J. Schiel, M.D.
Treasurer	Paul S. Howard

Article VI of the By-laws provides for additional officers consisting of a Medical Director and a Chief Executive Officer. As of December 31, 2006, these officers were as follows:

Medical Director – John Glode, M.D.
Chief Executive Officer - Elisabeth A. Wasson

The Company adopted a conflict of interest policy on July 1, 1996. The policy calls for annual conflict of interest statements from each of the directors. However, the Company is collecting conflict of interest statements from officers and key personnel as well. The Company had conflict of interest statements from all directors, officers, and key personnel for years 2004 thru 2006.

The Company has filed biographical affidavits for all directors, officers, and key personnel hired during the examination period with the Department.

Capitalization Structure:

The Company has received half of its contributed capital from Cheyenne Regional Medical Center and half from the Southeast Wyoming Preferred Providers. The Company, as a health maintenance organization, is not subject to Wyoming’s Insurance Holding Company System Regulatory Act (Title 26, Chapter 44 of the Wyoming Insurance Code) except as set forth in W.S. § 26-34-132 relating to acquisition of control of or merger of a health maintenance organization.

On December 13, 1995, the Company entered into a non-revolving line-of-credit loan agreement with Cheyenne Regional Medical Center with a maximum limit of two times the number of participating providers times \$10,000. On April 19, 1996, as a requirement for issuance of a certificate of authority, the agreement was amended in order to qualify the loan as a subordinate debt/surplus note. A provision was added to require authorization from the Wyoming Insurance Commissioner prior to the repayment of principal or interest. Other provisions were amended to subordinate the lender’s rights to “all other debts and obligations.”

On April 23, 1998, the Cheyenne Regional Medical Center authorized an additional \$1,500,000 for the Company to draw down, if necessary. As of December 31, 2006, the principal amount of the

Company's surplus note has been paid off. The Company obtained all necessary approvals from the Wyoming Insurance Commissioner.

Corporate Records:

The Company adopted its Articles of Incorporation and By-laws on August 24, 1994. The Articles of Incorporation were last amended on August 14, 1996. The By-laws were last amended in October 1999.

The Company adopted a plan for insolvency on May 7, 1996. The plan is in compliance with the requirements of W.S. § 26-34-114(r).

The minutes of the meetings of the Board of Directors were reviewed in detail. It was determined that the Company adequately documents the actions that are taken at its Board meetings.

Fidelity Bonds and Other Insurance:

The Company has fidelity insurance with St. Paul Fire & Marine Insurance Company.

During 2006, the Company's fidelity bond coverage was less than 10% of the prior year's gross premiums. The Company did not increase its coverage in January 2007, so it is not in compliance with W.S. §26-34-107(b). This is a repeat finding from the prior exam. It should be noted that the Company, once made aware of this problem, set in motion the purchase of additional coverage.

Also missing in the current policy is the language required by W.S. § 26-34-107(b) that should allow at least a one year discovery period and if that discovery period is less than three years, the expiration may not be less than 90 days after written notice to the Commissioner.

Wyoming Statute § 26-34-107(b) states, "A health maintenance organization shall maintain in force a fidelity bond on employees and officers in an amount not less than the greater of two hundred fifty thousand dollars (\$250,000.00), ten percent (10%) of the organization's previous year's gross premiums or other amount the commissioner prescribes. All such bonds shall be written with at least a one (1) year discovery period and if written with less than a three (3) year discovery period shall contain a provision that no cancellation or termination of the bond, whether by or at the request of the insured or by the underwriter is effective prior to the expiration of ninety (90) days after written notice of the cancellation or termination has been filed with the commissioner unless the commissioner approves an earlier date of cancellation or termination."

Recommendation 2: It is recommended that the Company review its fidelity bond coverage annually and make any required adjustments to coverage limits. Additionally, it is recommended that the Company have the present policy amended to include the required discovery and related expiration language added in order to comply with W.S. § 26-34-107(b).

The Company has \$1,000,000 per claim and \$3,000,000 aggregate in professional liability insurance with Lexington Insurance Company. The Company also has building and business personal property insurance with Hartford Fire Insurance Company.

Officers', Employees', and Agents' Welfare and Pension Plans:

As of January 1998, the Company has established a 401k plan. The Board of Directors decides annually if the Company will match the employees' contributions.

The Company offers long-term disability, life, health and dental insurance to its full-time employees.

Territory and Plan of Operation:

The Company is a non-profit health maintenance organization (HMO) operating only in Wyoming. The Company's offices are located in Cheyenne, Wyoming.

Independent brokers are used to market the Company's health plans to small employers, while in-house staff is used to obtain large group accounts. The Company had appointments with one firm and five individuals as of December 31, 2006.

The Company provides several HMO health plans on a non-capitated, fee-for-service basis. The medical incentive pool that Cheyenne Regional Medical Center and the physicians associated with the Southeast Wyoming Preferred Physicians participated in was discontinued on January 1, 2006.

Growth of the Company:

The growth of the Company during the examination period is summarized as follows:

Category	2004	2006	Increase
Premiums Earned	\$28,870,040	\$39,319,634	\$10,449,594
Net Admitted Assets	\$12,226,918	\$17,227,597	\$5,000,679
Net Worth	\$6,779,446	\$10,227,768	\$3,448,322
Members	9,650	11,923	2,273

Business In Force by State:

The Company operates only in the State of Wyoming and is authorized to conduct disability (health) insurance business. The Company had gross written premiums of \$39,929,784 and \$32,050,700 for 2006 and 2005 respectively. Cheyenne Regional Medical Center is the Company's largest insured, representing nineteen and a half percent (19.5%) of earned premiums for 2006.

Loss Experience:

Taylor-Walker & Associates, actuarial consultants, were retained to review the Company's loss experience and reserving methods. The consulting actuary accepted the claims unpaid amount of \$5,855,140, unpaid claims adjustment expenses of \$130,284 and \$0 medical incentive pool accrual reported on the Company's Annual Statement as of December 31, 2006.

A copy of the consulting actuary's report has been given to the Company.

Reinsurance:

During the examination period, the Company ceded business to ING Reinsurance (A Division of ReliaStar Life Insurance Company) under excess of loss reinsurance agreements. ReliaStar Life Insurance Company is a licensed insurer in the State of Wyoming. The reinsurance agreement covers inpatient hospital services for all commercial HMO and point-of-service policies. The Company retains \$150,000 for each member for the agreement year ending June 30, 2007, and \$100,000 each year for the agreement years ending June 30, 2006, and 2005. The Company then retains coinsurance of 15% for the year ending June 30, 2007, and 10% for the years ending June 30, 2006 and 2005 (50% for non-approved transplants). The reinsurance limit is \$1,000,000 per member per agreement period, and \$2,000,000 per member per lifetime for agreement year ending June 30, 2007. Ceded premiums were \$562,513, \$334,826, and \$316,318 in 2006, 2005, and 2004, respectively.

The agreements were filed and approved by the Wyoming Department of Insurance in accordance with W.S. § 26-34-103(f).

The Company also cedes business to the Wyoming Small Employer Health Reinsurance Program. Ceded premiums were \$47,637, \$73,352 and \$67,766 in 2006, 2005, and 2004, respectively.

Accounts and Records:

The Company's administrative, accounting, underwriting, policy administration, investment, and claims handling functions are performed at its home office in Cheyenne, Wyoming.

The Company's accounts and records were reviewed in accordance with the NAIC Examiner's Handbook and the Wyoming Insurance Code. The following items were noted.

Outstanding claims checks that are over five years old have not been properly reported to the State of Wyoming's Unclaimed Property Division. As of December 31, 2003, there were fourteen checks totaling \$3,318.85 that should have been reported. Since the prior exam, the three largest of those checks had been reissued and cleared in late 2004 and early 2005. The Company had prepared an unclaimed property report for the remaining \$43.20 which was mailed to the State of Wyoming Unclaimed Property Division in October 2007.

Presently, the Company is in the process of mailing due diligence letters to all recipients of checks that remain outstanding from 2006 and older. There were two checks in 2001 totaling \$196.25 that were due to be reported and remitted in November 2006. The Company expects to be completed with this process by the end of 2007.

Wyoming Statute § 34-24-103(a) provides, “Except as otherwise provided by this act, all intangible property, including any income or increment derived therefrom, less any lawful charges, that is held, issued or owing in the ordinary course of a holder's business and has remained unclaimed by the owner for more than five (5) years after it became payable or distributable is deemed abandoned.”

Wyoming Statute § 34-24-118(a) provides, “A person holding property tangible or intangible, deemed abandoned and subject to custody as unclaimed property under this act, shall report to the administrator concerning the property as provided in this section.”

Recommendation 3: It is recommended that the Company complete its due diligence requirement for 2006 and re-file the 2006 unclaimed property report and remittance for all items written before June 30, 2001, that remain unclaimed as soon as possible.

The repurchase transactions through Bank of the West for Federal Home Loan Bank bonds in the aggregate amount of \$7,141,537 exceed the 5% limitation imposed by W.S. § 26-7-106(a)(i) by \$6,280,157.

In addition, the short and long-term Federal Home Loan Bank bonds totaling \$1,925,000 exceeded the 5% limit by \$1,063,620.

Issues with the repurchase agreement with Bank of the West are as follows:

- The governing law for the agreement is California.
- The repurchase agreement does not require collateralization of 102% per SSAP 91, paragraph 71.a.

The Company did not properly disclose the ownership of repurchase assets in the footnotes of the Annual Statement and the Company’s investment policy does not specify whether or not investments in repurchase agreements are allowed.

Wyoming Statute § 26-7-106(a)(i) states that, “No insurer shall have at any time any combination of investments in or loans upon the security of the obligations, property or securities of any one (1) person, institution, corporation or municipal corporation aggregating an amount exceeding five percent (5%) of the insurer’s assets...”

Wyoming Statute § 26-34-113 provides that, “With the exception of investments made in accordance with W.S. § 26-34-105(a)(i), the funds of a health maintenance organization shall be invested only in securities or other investments permitted by chapter 7 of this code.”

As stated in SSAP 91, paragraph 71.a, “the reporting entity shall receive as collateral transferred securities having a fair value at least equal to 102 percent of the purchase price paid by the reporting

entity for the securities.”

Additionally, SSAP 91, paragraphs 88-91, provide disclosure requirements for the Annual Statement footnote 5.E.

The repurchase agreement with Bank of the West, paragraph 16, states that “this agreement shall be governed by laws of the State of California without giving effect to the conflict of law principles thereof.” This subjects a significant amount of the Company’s assets to the control of the State of California rather than Wyoming.

If the amount of these investments that exceed the 5% limitation were non-admitted, the Company’s surplus would decrease by \$7,343,777 to \$2,883,991.

Recommendation 4: It is recommended that the Company limit its investments in other–than-overnight repurchase agreements (this does not include an overnight sweep account) with any one bank to 5% in accordance with W.S. § 26-7-106(a)(i). In addition, the repurchase transactions need to be subject to Wyoming law.

It is also recommended that the Company obtain documentation that the bank has collateralized any other–than-overnight repurchase agreements at 102% per SSAP 91 and disclose the other–than-overnight repurchase transactions per SSAP 91, paragraphs 88 through 91, on the Annual Statement footnote 5.E.

Further, it is recommended that the Company follow its investment policy, (as revised in March 2007) or amend the policy to address investments in other–than-overnight repurchase agreements.

Market Conduct:

In conjunction with the financial examination, limited market conduct procedures were performed.

The Company’s privacy notice and privacy policy are not in compliance with Wyoming Regulations. The privacy notice and privacy policy do not contain wording to protect a subscriber’s personal/protected financial information. This is a repeat finding from the last exam.

Because the Company is a financial institution as defined in Chapter 54, Section 4(k)(i) of the Administrative Rules and Regulations of the Wyoming Insurance Department, the Company is required to send an initial privacy notice regarding personal/protected financial information to consumers, if applicable, and to its customers initially, on an annual basis and at any time the privacy policy is modified.

Recommendation 5: It is recommended that the Company amend its privacy notice and privacy policy to include the required personal/protected financial information wording.

Quality Assurance:

The Wyoming Department of Health's review of the Company's quality assurance program indicated that the Company is operating in compliance with Wyoming Statutes § 26-34-108, § 26-34-112 and § 26-34-134.

WINHEALTH PARTNERS
STATEMENT OF ASSETS AND LIABILITIES
as of December 31, 2006

ASSETS	Assets	Assets Not Admitted	Net Admitted Assets
Bonds	\$5,055,415		\$5,055,415
Real Estate	923,889	\$17,890	905,999
Cash, Cash Equivalents and Short-term Investments	9,491,331		9,491,331
Subtotals, Cash and Invested Assets	15,470,635	17,890	15,452,745
Investment Income Due and Accrued	57,975		57,975
Uncollected Premiums	141,996		141,996
Amounts Recoverable from Reinsurers	690,000		690,000
Current Federal and Foreign Income Tax Recoverable	553,713		553,713
Net Deferred Tax Asset	145,207		145,207
Guaranty Funds Receivable or On Deposit	9,512		9,512
Electronic Data Processing Equipment and Software	145,778	67,179	78,599
Furniture and Equipment	100,330	100,330	0
Health Care and Other Amounts Receivable	394,895	297,045	97,850
Aggregate Write-Ins for Other Than Invested Assets	14,512	14,512	0
Total Assets	\$17,724,553	\$496,956	\$17,227,597

LIABILITIES, CAPITAL AND SURPLUS	Covered	Uncovered	Total
Claims Unpaid	\$5,511,306	\$343,834	\$5,855,140
Unpaid Claims Adjustment Expenses	130,284		130,284
Premiums Received in Advance	240,694		240,694
General Expenses Due or Accrued	739,929		739,929
Ceded Reinsurance Premiums Payable	26,250		26,250
Amounts Withheld or Retained for the Account of Others	32		32
Aggregate Write-Ins for Other Liabilities	7,500		7,500
Total Liabilities	\$6,655,995	\$343,834	6,999,829
Gross Paid In and Contributed Surplus			4,235,038
Unassigned Funds			5,992,730
Total Capital and Surplus			10,227,768
Total Liabilities, Capital and Surplus			\$17,227,597

WINHEALTH PARTNERS
STATEMENT OF OPERATIONS
for the Year Ending December 31, 2006

	Uncovered	Total
Net Premium Income		\$39,319,634
Aggregate Write-Ins for Other Health Care Related Revenues		5,496
Total Revenues		39,325,130
Hospital/Medical Benefits		21,459,628
Other Professional Services		1,087,391
Outside Referrals	\$1,582,037	1,582,037
Emergency Room and Out-of-Area	600,958	4,825,790
Prescription Drugs		4,195,695
Incentive Pool, Withhold Adjustments and Bonus Amounts		(208,519)
Subtotal	2,182,995	32,942,022
Less: Net Reinsurance Recoveries		903,661
Total Hospital and Medical	2,182,995	32,038,361
Claims Adjustment Expenses		911,741
General Administrative Expenses		3,073,828
Total Underwriting Deductions	\$2,182,995	36,023,930
Net Underwriting Gain		3,301,200
Net Investment Income Earned		612,850
Net Realized Capital Gains (Losses)		(8,255)
Net Investment Gains		604,595
Net Income Before Federal Income Taxes		3,905,795
Federal Income Taxes Incurred		1,298,172
Net Income		\$2,607,623

WINHEALTH PARTNERS
RECONCILIATION OF CAPITAL AND SURPLUS
January 1, 2004 Through December 31, 2006

	Per Annual Statement 2004	Per Annual Statement 2005	Per Examination 2006
Capital and Surplus Prior Reporting Year	\$5,047,265	\$6,779,446	\$7,775,065
Net Income or (Loss)	1,663,828	946,657	2,607,623
Change in Net Deferred Income Tax	(91,051)	122,511	5,514
Change in Non-admitted Assets	115,904	41,278	(145,774)
Cumulative Effect of Changes in Accounting Principles			
Change in Surplus Notes		(1,627,839)	(77,161)
Paid in Surplus	43,500	1,513,012	62,500
Net change in Capital and Surplus	1,732,181	995,619	2,452,702
Rounding			1
Capital and Surplus End of Reporting Year	\$6,779,446	\$7,775,065	\$10,227,768

SUMMARY OF RECOMMENDATIONS

Recommendation 1: It is recommended that the Company hold an annual members meeting for the ratification or acceptance of its Board of Directors before the annual Board meeting in accordance with Article III, Section I of the By-laws.

It is also recommended that the Company amend the By-laws to reflect the fact that the annual members' meeting is to ratify or accept the Board of Directors instead of electing or re-appointing them.

Recommendation 2: It is recommended that the Company review its fidelity bond coverage annually and make any required adjustments to coverage limits. Additionally, it is recommended that the Company have the present policy amended to include the required discovery and related expiration language added in order to comply with W.S. § 26-34-107(b).

Recommendation 3: It is recommended that the Company complete its due diligence requirement for 2006 and re-file the 2006 unclaimed property report and remittance for all items written before June 30, 2001, that remain unclaimed as soon as possible.

Recommendation 4: It is recommended that the Company limit its investments in other-than-overnight repurchase agreements (this does not include an overnight sweep account) with any one bank to 5% in accordance with W.S. § 26-7-106(a)(i). In addition, the repurchase transactions need to be subject to Wyoming law.

It is also recommended that the Company obtain documentation that the bank has collateralized any other-than-overnight repurchase agreements at 102% per SSAP 91 and disclose the other-than-overnight repurchase transactions per SSAP 91, paragraphs 88 through 91, on the Annual Statement footnote 5.E.

Further, it is recommended that the Company follow its investment policy, (as revised in March 2007) or amend the policy to address investments in other-than-overnight repurchase agreements.

Recommendation 5: It is recommended that the Company amend its privacy notice and privacy policy to include the required personal/protected financial information wording.

CONCLUSION

Jeff Braunschweig, Katy Cotton, and G. Douglas Melvin, examiners for the Wyoming Department of Insurance, participated in the examination. Review of the Company's reserves was conducted by Joseph J. Wallace, Jr., ASA, MAAA, of the firm Taylor-Walker & Associates, Inc. The review of the quality assurance program was conducted by Bob Crowther of the Wyoming Department of Health.

Appreciation is expressed for the cooperation and assistance extended by the officers and employees of the Company during the course of the examination.

I, the undersigned, hereby certify that an examination has been made of **WINHEALTH PARTNERS**, and the preceding report is true and correct to the best of my knowledge and information.

Respectfully submitted,

Jeff Braunschweig, CPA, CFE
Examiner In-Charge
Senior Examiner
Department of Insurance
State of Wyoming

This report has been reviewed and is true and correct to the best of my knowledge and information.

Linda Johnson, CPA, CFE
Chief Financial Examiner
Department of Insurance
State of Wyoming

The foregoing instrument was acknowledged under oath before me this _____ day of December 2007.

Witness my hand and official seal.

Notary Public

My Commission Expires: _____