

CERTIFICATION

September 28, 2012

I, Bruce R. Range, Director of Insurance of the State of Nebraska, do hereby certify that the attached is a full and correct copy of

Report of Qualifying Examination of Financial Condition

Magellan Behavioral Health of Nebraska, Inc.

as of

August 31, 2012

and is now on file and forming a part of the records of this Department.

I hereto subscribe my name under the seal of my office at Lincoln, Nebraska.



Bruce R. Range
DIRECTOR OF INSURANCE

STATE OF NEBRASKA

Department of Insurance

QUALIFYING EXAMINATION

OF

Magellan Behavioral Health Of Nebraska, Inc.

as of

August 31, 2012

**STATE OF NEBRASKA
DEPARTMENT OF INSURANCE**

SEP 28 2012

FILED



Columbia, MD
September 28, 2012

Honorable Bruce R. Ramage
Director of Insurance
Nebraska Department of Insurance
941 O Street, Suite 400
Lincoln, Nebraska 68508

Sir:

Pursuant to your instructions and statutory requirements, a qualifying examination has been made of the

Magellan Behavioral Health of Nebraska, Inc.
6950 Columbia Gateway Drive
Columbia, Maryland 21046

(hereinafter also referred to as the “Company”) and the report of such examination is respectfully presented herein.

SCOPE OF EXAMINATION

The Company has made an application for a Certificate of Authority to transact the business of insurance as provided under Nebraska Revised Statute §44-201(20) (Miscellaneous – prepaid limited health). In order to determine whether such authority should be granted, this examination has been conducted to ascertain if the Company has met the capital, surplus and organizational requirements set forth by Nebraska Law.

HISTORY

The Articles of Incorporation of Magellan Behavioral Health of Nebraska, Inc. were filed with the Secretary of State of the State of Nebraska on July 14, 2012, and approved by the Department on September 28, 2012.

The Articles of Incorporation were executed by the following incorporator:

<u>Name</u>	<u>Address</u>
John J. DiBernardi	6950 Columbia Gateway Drive Columbia, Maryland 21046

CAPITAL STOCK

The Articles of Incorporation authorize the issuance of 1,000 shares of common stock with a par value of \$0.01 per share. At the date of this qualifying examination, the Company's total issued and outstanding common stock consisted of 1,000 shares that had been subscribed to and purchased by Magellan Behavioral Health, Inc. for a total purchase price of \$10 (\$0.01 per share). The Company's capital structure therefore consisted of \$10 in common stock and \$49,990 in contributed surplus.

MANAGEMENT

Stockholders

The By-Laws of the Company provide that the annual meeting of the stockholders shall be held on the anniversary date of Magellan Behavioral Health of Nebraska, Inc.'s incorporation, or at such other time as may be fixed by the Board of Directors, for the

purpose of electing Directors and for the transaction of such other business as may come before the meeting.

Board of Directors

The By-Laws provide that the affairs of the Company shall be conducted by a Board of Directors consisting of three (3) persons. The Directors elected at the first annual meeting of stockholders and at each annual meeting thereafter shall hold office for one (1) year, and until their successors are elected and qualified. A majority of the Directors shall constitute a quorum for the transaction of business at any meeting of the Board of Directors.

At the first meeting of Shareholders, held August 1, 2012, the following persons were elected to the Board of Directors:

<u>Name</u>	<u>Address</u>
René Lerer	29 St. Andrews Dr. Avon, CT 06001
Jonathan N. Rubin	108 West Mountain Rd West Simsbury, CT 06092
Irene Shapiro	5 Wyngate Drive Avon, CT 06001

Officers

According to the By-Laws, the Board of Directors shall elect a President, a Treasurer, a Secretary, and such other Officers or agents as it shall deem necessary or desirable. One person may hold two or more offices. Any officer may be removed by the Board of Directors with or without cause at any time.

At the first meeting of the Board of Directors of the Company, held on August 1, 2012, the following persons were elected for the positions indicated:

<u>Name</u>	<u>Position</u>
René Lerer	President
Daniel N. Gregoire	Vice President & Secretary
Jonathan N. Rubin	Vice President & Treasurer
Linton C. Newlin	Vice-President
Margie M. Smith	Assistant Secretary
Michael P. McQuillen	Assistant Secretary

CORPORATE RECORDS

The Articles of Incorporation have been properly filed with the Secretary of State of the State of Nebraska and with the Nebraska Department of Insurance. The original By-Laws and other pertinent documents pertaining to the incorporation of the Company have been filed with the Nebraska Department of Insurance. Recorded minutes of the meetings of the Stockholder and Board of Directors were reviewed and appeared to be in order.

The Articles state that the registered office of the corporation shall be 233 South 13th Street, Suite 1900, in Lincoln, Nebraska, pursuant to Nebraska Revised Statute §44-205.01 (b) which requires that the Articles of Incorporation state the place in Nebraska where the registered office will be located.

FINANCIAL STATEMENT

The following statements reflect the Company's financial condition as of August 31, 2012:

BALANCE SHEET

August 31, 2012

Assets

Unrestricted cash and investments	\$ -
Restricted deposit with DOI	-
Accounts receivable, net	-
Restricted cash and investments	<u>50,000</u>
Total assets	<u>\$50,000</u>

Liabilities, Capital and Surplus

Accrued liabilities	\$ -
Medical claims payable	-
Income taxes payable	-
Intercompany payables	-
Total liabilities	<u>\$ -</u>
Total equity	<u>50,000</u>
Total liabilities and equity	<u>\$50,000</u>

ASSETS

Cash \$50,000

On August 30, 2012, the Company received cash from Magellan Behavioral Health, Inc. for the initial capitalization of the Company. This asset was verified by obtaining from the Company a copy of the bank statement and funds transfer verification.

LIABILITIES, CAPITAL AND SURPLUS

Common Capital Stock, Issued and Outstanding **\$ 10**

The Company's 1,000 outstanding shares were purchased by Magellan Behavioral Health, Inc. on August 1, 2012 for \$0.01 per share pursuant to the stock subscription agreement.

Contributed Surplus **\$49,990**

On August 30, 2012 Magellan Behavioral Health, Inc. made cash contributions to the Company in the amount of \$49,990. The contributions were confirmed by reviewing the Company's bank statement and transfer verification documentation.

GENERAL COMMENTS

In accordance with Nebraska Revised Statute §44-208, " No domestic insurance company shall issue, cause, or allow to be issued any stock or stock subscriptions at any time upon which all expenses of distribution and sale, including promotion, commissions, and underwriting fees, exceed ten percent of the amount paid in money upon such stock or stock subscriptions".

An affidavit signed by the Assistant Secretary of the Company stating that none of the assets of the Company have been pledged or in any manner impaired has been obtained. The signed affidavit also states that all of the known expenses unpaid are estimated to be zero and that all of the expenses of the organization of the Company will not exceed ten (10) percent of the initial paid-in capital stock and surplus of the Company.

CONCLUSION

Capital, surplus, and organizational expense limitations have been met by the Company as required by the Nebraska Insurance Statutes. All items reviewed appeared properly stated. It is recommended that a Certificate of Authority be granted to this Company to transact the business of insurance as provided under Nebraska Revised Statute §44-201(20).

Respectfully submitted



Andrea Szwanek, CFE
Financial Examiner
Nebraska Department of Insurance

State of Nebraska,

County of Lancaster,

Andrea Szwanek, being duly sworn, states as follows:

1. I have authority to represent the Department of Insurance of the State of Nebraska in the qualifying examination of Magellan Behavioral Health of Nebraska, Inc.
2. The Department of Insurance of the State of Nebraska is accredited under the National Association of Insurance Commissioners Financial Regulation Standards and Accreditation.
3. I have reviewed the examination work papers and qualifying examination report, and the examination of Magellan Behavioral Health of Nebraska was performed in a manner consistent with the standards and procedures required by the Department of Insurance of the State of Nebraska.

The affiant says nothing further.

Andrea Szwanek
Examiner-in-Charge's Signature

Subscribed and sworn before me by Andrea Szwanek on this 27th day of September, 2012.

(SEAL)



Brandis J. Courser
Notary Public

My commission expires July 25, 2014 [date].