

STATE OF MISSOURI



DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS AND PROFESSIONAL REGISTRATION

P.O. Box 690, Jefferson City, Mo. 65102-0690

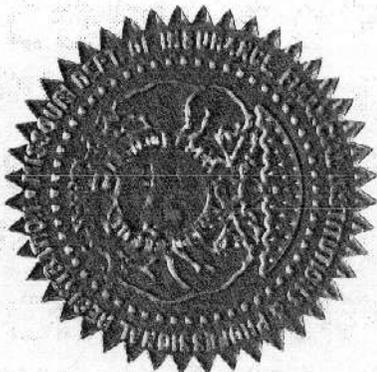
RE: Post-Operation Examination Report of FirstGuard Health Plan, Inc. as of
August 21, 2007

ORDER

After full consideration and review of the report of the post-operation financial examination of FirstGuard Health Plan, Inc. for the period ended August 21, 2007, together with any written submissions or rebuttals and any relevant portions of the examiner's workpapers, I, Douglas M. Ommen, Director, Missouri Department of Insurance, Financial Institutions and Professional Registration pursuant to section 374.205.3(3)(a), RSMo., adopt such report. After my consideration and review of such report, workpapers, and written submissions or rebuttals, the findings and conclusions of the examination report are incorporated by reference and deemed to be my findings and conclusions to accompany this order pursuant to section 374.205.3(4), RSMo.

Based on such findings and conclusions, I hereby ORDER FirstGuard Health Plan, Inc., to take the following action or actions, which I consider necessary to cure any violation of law, regulation or prior order of the Director revealed by such report: (1) implement, and verify compliance with, each item mentioned in the General Comments and/or Recommendations section of such report; (2) account for its financial condition and affairs in a manner consistent with the Director's findings and conclusions.

So ordered, signed and official seal affixed this December 13, 2007.



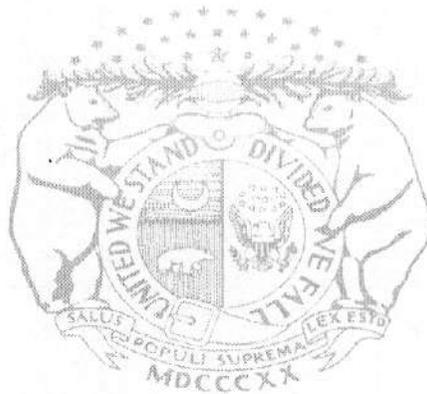
DOUGLAS M. OMMEN, Director
Department of Insurance, Financial Institutions
and Professional Registration

REPORT OF
POST-OPERATIONS EXAMINATION

FirstGuard Health Plan, Inc.

AS OF

August 21, 2007



STATE OF MISSOURI

DEPARTMENT OF INSURANCE,
FINANCIAL INSTITUTIONS &
PROFESSIONAL REGISTRATION

JEFFERSON CITY, MISSOURI

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September 10, 2007
Jefferson City, MO

Honorable Douglas M. Ommen, Director
Missouri Department of Insurance
301 West High Street, Room 530
Jefferson City, Missouri 65101

Sir:

In accordance with your instruction, a post-operations financial examination has been made of the records, affairs and financial condition of

FirstGuard Health Plan Inc.,

hereinafter referred to as "FirstGuard" or as "the Company". Its main administrative office is located at 4001 Blue Parkway, Kansas City, Missouri, 64130 and its telephone number is (816) 922-7200. This report of examination, which commenced on August 21, 2007, and was finalized on September 10, 2007, is respectfully submitted.

SCOPE OF EXAMINATION

Procedures

This post-operations examination was conducted using the guidelines and procedures applicable to the Missouri Department of Insurance, Financial Institutions and Professional Registration (DIFP). Financial information as of August 21, 2007 was evaluated during this examination.

HISTORY

General

FirstGuard Health Plan Inc., (FirstGuard) is a managed care organization, which supports personal relationships in its health care delivery systems. FirstGuard is a wholly-owned subsidiary of Centene Corporation. FirstGuard has been licensed to operate as an HMO in the State of Missouri since March 21, 1995.

FirstGuard began covering lives through the MC+ (Medicaid, uninsured children and uninsured adults) program in the Western Region of the State of Missouri on January 1, 1997. FirstGuard's MC+ membership was approximately 36,000 at the end of 2005 and 32,000 at the end of 2006.

Order of Events Culminating in the Surrender of FirstGuard's Certificate of Authority

On January 2, 2007 the Missouri Department of Insurance, Financial Institutions and Professional Registration (DIFP) issued an Order of Approval for the assumption of insurance issued by FirstGuard under the MC+ Contract, effective January 31, 2007 by HealthCare USA of Missouri, LLC (HealthCare USA), a subsidiary of Coventry Health Care, Inc.

On January 29, 2007 the Missouri Office of Administration, Division of Purchasing and Materials Management confirmed the termination of the MC+ Contract with FirstGuard effective February 1, 2007; and thereby the transfer of the current membership to HealthCare USA as of February 1, 2007.

Requirements under the MC+ Contract obligated FirstGuard to perform certain post-termination duties and to provide post-termination services to beneficiaries under the MC+ Contract after January 31, 2007.

On May 31, 2007 the DIFP issued a letter of non-disapproval for the "Assignment and Assumption Agreement" transaction requested by FirstGuard. Under terms of the agreement, FirstGuard will transfer to

Bankers Reserve Life Insurance Company of Wisconsin (Bankers) all of FirstGuard's rights, title and interests to its MC+ contract; and Bankers shall assume the same such rights, title and interests. Any and all liabilities or contractual commitments, and all subsequent actions, proceedings or liabilities arising from the liabilities under the MC+ Contract were thereby transferred to Bankers effective April 1, 2007. Terms of the agreement required FirstGuard to retain a net worth in cash and investments through October 31, 2007 equal to the amount of its statutory deposits as of the effective date (approximately \$610,000). Bankers is also a wholly-owned subsidiary of the Centene Corporation.

On July 5, 2007 DIFP accepted the surrender of FirstGuard Health Plan, Inc.'s certificate of authority to operate as a Health Maintenance Organization in Missouri, effective June 29, 2007.

Post-Surrender of Certificate of Authority Events

Concurrent with the effective date of the surrender noted above, FirstGuard was effectively non-operational. The parent company Centene Corporation abandoned its total stock ownership of FirstGuard to an affiliated Delaware statutory trust known as the "Show Me" trust. The stock "abandonment" was effectively a gift to the trust. The trust plans to dissolve FirstGuard sometime after October 31, 2007.

STATUTORY DEPOSITS

Deposits with the State of Missouri

Funds deposited with the Missouri Department of Insurance as of August 21, 2007 were as follows:

<u>Type of Security</u>	<u>Par Value</u>
U.S. Treasury Bills	<u>\$620,000</u>

BALANCE SHEET

The Company provided proforma financial statements that indicate surplus of approximately \$700,000. The projected surplus amount supports the company's plan to discontinue operations while maintaining sufficient capital necessary under terms of the "Assignment and Assumption Agreement".

As of August 21, 2007

Assets	
Restricted Deposits (par)	\$ 620,000
Other Cash equivalents (approximate)	<u>80,000</u>
Total Assets	<u>\$ 700,000</u>

Liabilities & Net Worth

Total Liabilities	\$ <u>0</u>
Total Liabilities & Net Worth	<u>\$ 700,000</u>

CONCLUSION

It was determined that FirstGuard Health Plan Inc., has satisfied the duties and obligations from its former activity as a Missouri Health Maintenance Organization. It is recommended that the joint funds on deposit with DIFP be released to the Company.

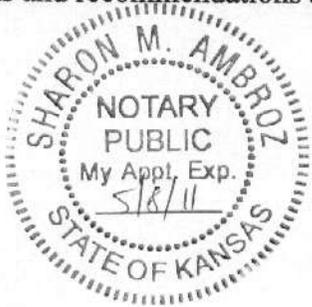
ACKNOWLEDGMENT

The assistance and cooperation extended by the officers of the Company during the course of this examination is hereby acknowledged and appreciated.

VERIFICATION

State of KANSAS)
County of JOHNSON) ss
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I, Shawn L. Hernandez, on my oath swear that to the best of my knowledge and belief the above examination report is true and accurate and is comprised of only facts appearing upon the books, records or other documents of the Company, its agents or other persons examined or as ascertained from the testimony of its officers or agents or other persons examined concerning its affairs and such conclusions and recommendations as found reasonably warranted from the facts.



Shawn L. Hernandez

Shawn L. Hernandez, CFE,
Financial Examiner
Department of Insurance, Financial
Institutions and Professional Registration

Sworn to and subscribed before me this 7 day of NOVEMBER, 2007.

My commission expires:

5/8/11
Date

Sharon Ambroz
Notary Public

SUPERVISION

The examination process has been monitored and supervised by the undersigned. The examination report and supporting workpapers have been reviewed and approved. Compliance with NAIC procedures and guidelines as contained in the Financial Condition Examiners Handbook has been confirmed.

Frederick G. Heese

Frederick G. Heese, CFE, CPA
Chief Financial Examiner
Department of Insurance, Financial
Institutions and Professional Registration

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