

**STATE OF WASHINGTON
OFFICE OF THE INSURANCE
COMMISSIONER**



QUALIFYING FINANCIAL EXAMINATION

of

**Amerigroup Washington, Inc.
Olympia, Washington
March 31, 2011**

Order No. 11-115
Amerigroup Washington, Inc.
Exhibit A

CHIEF EXAMINER'S AFFIDAVIT

I hereby certify I have read the attached Report of the Qualifying Financial Examination of Amerigroup Washington, Inc., of Olympia, Washington. This report shows the financial condition and related corporate matters as of March 31, 2011.



PATRICK H. MCNAUGHTON
Chief Examiner

5-18-2011

Date

TABLE OF CONTENTS

SCOPE OF EXAMINATION 1

HISTORY 2

MANAGEMENT AND CONTROL 2

 Board of Directors (BOD) 2

 Officers 2

AFFILIATED COMPANIES 3

SURPLUS 3

STATUTORY DEPOSIT 3

RECOMMENDATION 3

FINANCIAL STATEMENTS 4

ACKNOWLEDGMENT 6

AFFIDAVIT 7

Seattle, Washington
May 18, 2011

The Honorable Mike Kreidler, Commissioner
Washington State Office of Insurance Commissioner (OIC)
Insurance Building – Capitol Campus
302 Sid Snyder Avenue SW, Suite 200
Olympia, WA 98504

Dear Commissioner Kreidler:

In accordance with your instructions and in compliance with the statutory requirements of RCW 48.03.010, a qualifying examination has been made of the corporate records and financial condition of

AMERIGROUP WASHINGTON, INC.

of

Olympia, Washington

hereinafter referred to as "AGP WA." This report of examination is respectfully submitted showing the condition of AGP WA as of March 31, 2011.

SCOPE OF EXAMINATION

This examination included verification of AGP WA's assets and liabilities as of March 31, 2011. The minimum surplus and cash deposits were tested for compliance with RCW 48.44.037. In addition, the examination included verification of compliance with the statutory requirements of RCW 48.44.015(1) regarding AGP WA's application and qualification for a Certificate of Registration to operate as a health care service contractor (HCSC) incorporated in the state of Washington.

HISTORY

AGP WA was formed by its parent company, Amerigroup Corporation (AMERIGROUP). On January 6, 2011, AGP WA submitted to the OIC an application for a Certificate of Registration to operate as a HCSC in the state of Washington and to offer managed care products through a contractual agreement with the Washington State Department of Social and Health Services. AGP WA currently plans to serve only individuals enrolled in publicly-sponsored health care programs such as the Washington Healthy Options program through contracts with State and Federal agencies. AGP WA plans to concentrate its business in the following ten counties: King, Snohomish, Pierce, Thurston, Kitsap, Skagit, Whatcom, Spokane, San Juan and Island. AGP WA was registered as a for-profit corporation on September 13, 2010.

MANAGEMENT AND CONTROL

Board of Directors (BOD)

Directors as of March 31, 2011:

<u>Name</u>	<u>Affiliation</u>
Aileen McCormick	Amerigroup Corporation 4425 Corporation Lane Virginia Beach, Virginia 23462
Nicholas Pace	Amerigroup Corporation 4425 Corporation Lane Virginia Beach, Virginia 23462
Scott Anglin	Amerigroup Corporation 4425 Corporation Lane Virginia Beach, Virginia 23462

Officers

Officers as of March 31, 2011:

<u>Name</u>	<u>Title</u>
Aileen McCormick	Chairperson, President and Chief Executive Officer
Nicholas Pace	Director, Vice President and Secretary
Scott Anglin	Director, Vice President and Treasurer
Margaret Roomsburg	Vice President and Assistant Secretary
Linda Whitley-Taylor	Vice President and Assistant Secretary
James Truess	Vice President and Assistant Treasurer
Karen Shields	Vice President and Assistant Treasurer

AFFILIATED COMPANIES

AGP WA is a wholly owned subsidiary of AMERIGROUP. Founded in 1994, AMERIGROUP is a multi-state, managed-healthcare company serving individuals who receive healthcare benefits through publicly-sponsored programs.

SURPLUS

As of March 31, 2011, AGP WA's surplus was \$3,000,000 which meets the minimum net worth requirements pursuant to RCW 48.44.037.

STATUTORY DEPOSIT

On December 29, 2010, AGP WA deposited \$3,000,000 in its bank account with US Bank National Association under an escrow agreement between AGP WA and the bank. The escrow agreement was executed as required under RCW 48.06.120 and RCW 48.06.180.

On April 5, 2011, US Bank confirmed that \$3,000,000 has been credited into AGP WA's escrow account as of March 31, 2011.

RECOMMENDATION

Based on the findings and conclusions of the examiners, AGP WA has sufficient surplus and meets the statutory deposit requirements to qualify for a Certificate of Authority as a health care service contractor in Washington State.

FINANCIAL STATEMENTS

**Amerigroup Washington, Inc.
Statement of Assets, Liabilities and Surplus
As of March 31, 2011**

	<u>Balance Per Company</u>	<u>Examination Adjustments</u>	<u>Balance Per Examination</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$3,000,000	\$0	\$3,000,000
Investments	0		0
Other Assets	0		0
Total Assets	<u><u>\$3,000,000</u></u>	<u><u>\$0</u></u>	<u><u>\$3,000,000</u></u>
<u>LIABILITIES</u>			
Current payables	\$0	\$0	\$0
Other liabilities	0		0
Total Liabilities	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>
<u>SURPLUS</u>			
Common stock	10,000	0	10,000
Paid-in-capital	2,992,000		2,992,000
Current year retained earnings	(2,000)		(2,000)
Total Surplus	<u><u>3,000,000</u></u>		<u><u>3,000,000</u></u>
Total Liabilities and Surplus	<u><u>\$3,000,000</u></u>	<u><u>\$0</u></u>	<u><u>\$3,000,000</u></u>

Amerigroup Washington, Inc.
Statement of Operations
March 31, 2011

	<u>Balance Per Company</u>	<u>Examination Adjustments</u>	<u>Balance Per Examination</u>
REVENUES	\$0	\$0	\$0
Premium revenue	0		0
Other revenues	0		0
Total revenues	<u>0</u>	<u>0</u>	<u>0</u>
EXPENSES			
Insurance expenses	0	0	0
Operating expenses - escrow fee	2,000		2,000
Total expenses	<u>2,000</u>	<u></u>	<u>2,000</u>
Net Income	<u><u>(\$2,000)</u></u>	<u><u>\$0</u></u>	<u><u>(\$2,000)</u></u>

ACKNOWLEDGMENT

Acknowledgment is hereby made of the cooperation extended to the examiners by the officers and employees of AGP WA during the course of this examination.

In addition to the undersigned, Michael V. Jordan, CPA, CFE, MHP, Assistant Chief Examiner; and Susan Campbell, CPA, CFE, FLMI, Life and Disability Field Supervising Examiner from the Washington State Office of the Insurance Commissioner, participated in the examination and the preparation of this report.

Respectfully submitted,

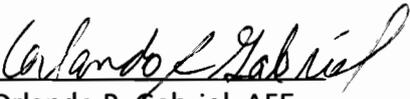
A handwritten signature in black ink, reading "Orlando R. Gabriel". The signature is written in a cursive style and is positioned above a horizontal line.

Orlando R. Gabriel, AFE
Examiner-in-Charge
State of Washington

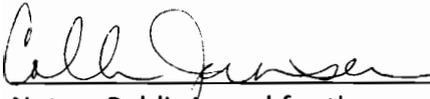
AFFIDAVIT

STATE OF WASHINGTON }
 } ss
COUNTY OF KING }

Orlando R. Gabriel, being duly sworn, deposes and says that the foregoing report subscribed by him is true to the best of his knowledge and belief.


Orlando R. Gabriel, AFE
Examiner-in-Charge
State of Washington

Subscribed and sworn to before me this 18th day of May 2011.


Notary Public in and for the
State of Washington

