

CERTIFICATE

I, KEN SELZER, Commissioner of Insurance of Kansas, do hereby certify that the following and hereto attached is a true copy of

REPORT OF EXAMINATION
OF
KANSAS MEDICAL MUTUAL INSURANCE COMPANY

623 SW 10TH AVE.

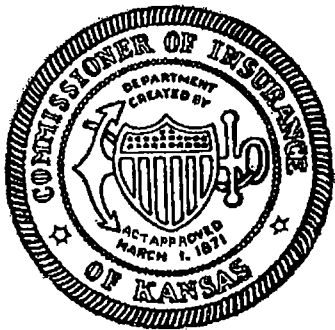
TOPEKA, KS 66612

AS OF

DECEMBER 31, 2016

the original of which is now on file and a matter of record in this office.

In Witness Whereof, I, KEN SELZER, Commissioner of Insurance of Kansas, have hereto affixed by signature and the seal of the Commissioner of Insurance, in the city of Topeka, Kansas this 28th day of June, 2018.



Commissioner of Insurance

FILED
JUN 28 2018
KEN SELZER
Commissioner of Insurance

REPORT ON EXAMINATION
OF
KANSAS MEDICAL MUTUAL INSURANCE COMPANY
623 SOUTHWEST 10TH AVENUE
TOPEKA, KANSAS 66612
AS OF
DECEMBER 31, 2016

FILED
JUN 28 2018
KEN SELZER
Commissioner of Insurance

TABLE OF CONTENTS

<u>SUBJECT</u>	<u>PAGE NUMBER</u>
SALUTATION.....	1
SCOPE OF EXAMINATION	1
Independent Audit Reports	2
SUMMARY OF SIGNIFICANT FINDINGS	3
COMPANY HISTORY.....	3
MANAGEMENT AND CONTROL.....	3
INSURANCE HOLDING COMPANY SYSTEM	7
Intercompany/Cost Sharing Agreements	9
TERRITORY AND PLAN OF OPERATION.....	10
GROWTH OF COMPANY.....	12
REINSURANCE	12
FINANCIAL STATEMENTS	13
ANALYSIS OF CHANGES IN FINANCIAL STATEMENTS.....	18
COMMENTS ON FINANCIAL STATEMENTS	18
MANAGEMENT LETTER.....	18
SUMMARY OF RECOMMENDATIONS.....	18
CONCLUSION	19

Topeka, Kansas
April 11, 2018

Honorable Ken Selzer
Commissioner of Insurance
Kansas Insurance Department
420 SW 9th Street
Topeka, Kansas 66612-1678

Dear Commissioner:

In accordance with your authorization and pursuant to K.S.A. 40-222 – *Examination of Condition of Company*, an examination has been conducted of the financial condition and business affairs of:

**KANSAS MEDICAL MUTUAL INSURANCE COMPANY
623 SOUTHWEST 10TH AVENUE
TOPEKA, KANSAS 66612**

hereinafter referred to as the “Company” or “KaMMCO”. The following report on such examination is respectfully submitted.

SCOPE OF EXAMINATION

The examiners have performed a property and casualty multi-state financial examination of KaMMCO. The last examination covered the five-year period from January 1, 2007 through December 31, 2011. This examination covers the five-year period from January 1, 2012, through December 31, 2016.

The examination was conducted in accordance with the rules, regulations and directives of the Kansas Insurance Department (KID) and the observed guidelines and procedures contained in the National Association of Insurance Commissioners (NAIC) *Financial Condition Examiners Handbook* (Handbook). The Handbook requires the examiners plan and perform the examination to evaluate the financial condition, assess corporate governance, identify current and prospective risks of the Company and

evaluate system controls and procedures used to mitigate those risks. An examination also includes identifying and evaluating significant risks that could cause an insurer's surplus to be materially misstated both currently and prospectively.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. This may include assessing significant estimates made by management and evaluating management's compliance with Statutory Accounting Principles. The examination does not attest to the fair presentation of the financial statements included herein. If, during the course of the examination an adjustment is identified, the impact of such adjustment will be documented separately following the Company's financial statements.

This examination report includes significant findings of fact, as mentioned in K.S.A. 40-222, *Examination of Condition of Company*, and general information about the insurer and its financial condition. There may be other items identified during the examination that, due to their nature (e.g., subjective conclusions, proprietary information, etc.), are not included within the examination report but separately communicated to other regulators and/or the Company.

Independent Audit Reports

Financial statements of the Company were audited by RSM US, LLP for the years ending December 31, 2012, through December 31, 2016. In each of the years under examination, the auditors concluded that the financial statements of the Company present fairly, in all material respects, the admitted assets, liabilities and policyholders' surplus and the results of its operations and its cash flows for the years then ended in accordance with the accounting practices prescribed or permitted by the KID.

The independent auditor's work papers were reviewed and analyzed by the examiners. Significant reliance was placed on select work papers during the course of this examination.

SUMMARY OF SIGNIFICANT FINDINGS

No significant findings were noted during the course of the examination.

COMPANY HISTORY

KaMMCO was organized and incorporated on March 20, 1989, as a Kansas domestic not-for-profit mutual insurance company pursuant to K.S.A. 40-12a01 et seq. – *Mutual Insurance Companies Organized to Provide Health Care Provider Liability Insurance*. The Company was formed by the Kansas Medical Society (KMS) and was established for the purpose of issuing contracts of insurance providing medical professional liability insurance for health care provider members of KMS, its member's employees, directors, professional associations and affiliates. KaMMCO's charter provides for a perpetual existence.

On December 27, 2000, the KID filed an Order approving the mergers of Farmers Hail Insurance Company and McPherson Hail Insurance Company both Kansas domestic mutual insurance companies, with and into the Company effective December 31, 2000. Each merger resulted in KaMMCO being the surviving entity.

MANAGEMENT AND CONTROL

The examiners reviewed the meeting minutes of the Board of Directors and its various committees. The review supports that KaMMCO's transactions and events are adequately approved.

KaMMCO's bylaws as amended and restated June 24, 2011, consist of fifteen (15) articles that provide the framework for the operation, management and control of this

mutual property and casualty insurance company. The Company is controlled by its policyholders and managed by a Board of Directors (Board). The Board consists of no less than five (5) nor more than twenty-five (25), including five ex-officio voting directors. At least two-thirds (2/3) of the voting members of the Board are individuals licensed to practice medicine and surgery in the state of Kansas and qualified as individuals for membership in the Company. Directors are elected to three (3) year terms, such that one-third (1/3) of the total number of directors is elected each year to maintain an approximately equally balanced three-year staggered Board. In addition to the elected directors there are five (5) ex-officio voting director positions, which are the executive director, the President, the President-elect and the immediate past President of the Kansas Medical Society, and the President of the Kansas Hospital Association. The Board may also appoint up to two (2) non-voting, advisory members of the Board for a term of one (1) year. These appointed non-voting members are not considered in the minimum or maximum number of directors.

The exhibit below contains a listing of directors, their principal occupation, committee participation and elected terms as of December 31, 2016.

Name	Occupation	Term Expires
Thomas L. Bell	KHA President, Topeka, Ks	2009 – Present
Craig A. Concannon, M.D.	Physician, Beloit, KS	2015 – 2018
Dennis M. Cooley, M.D.	Physician, Topeka, KS	2014 – 2017
Charles C. Craig, M.D.	Surgeon, Newton, KS	2016 – 2019
Joe D. Davison, M.D.	Physician, Wichita, KS	2014 – 2017
John R. Eplee, M.D.	Physician, Atchison, KS	2011

Name	Occupation	Term Expires
Thomas H. Estep, M.D.	Surgeon, Wichita, KS	2016 – 2019
Robert C. Gibbs, M.D.	Physician, Parsons, KS	2015 – 2017
James H. Gilbaugh III, M.D.	Physician, Wichita, KS	2015 – 2017
Steven G. Kelly	CEO Newton Medical Center, Newton, KS	2015 – 2018
Michael E. Machen, M.D.	Physician, Quinter, KS	2015 – 2017
Mark A. Mccune, M.D.	Physician, Overland Park, KS	2014 – 2017
Eugene W. Meyer	CEO, Lawrence Memorial Hospital, Lawrence, KS	2016 – 2019
Ladona M. Schmidt, M.D.	Physician, Lawrence, KS	2015 – 2017
Loran J. Slaughter	KMS Senior Director, Topeka, KS	2015 – 2017
Daniel J. Suiter, M.D.	Physician, Pratt, KS	2014 – 2017
Mark S. Synovec, M.D.	Physician, Topeka, KS	2016 – 2019

The officers of the Company are a Chairperson and a Vice Chairperson of the Board, a President and Chief Executive Officer, an Executive Vice President, a Secretary, a Treasurer, and such other senior vice presidents, vice presidents, officers and assistant officers as the Board deems appropriate. Officers need not be members of the Company and are elected annually by the Board. The officers listed below were duly elected as of December 31, 2016.

Name	Position
Daniel J. Suiter, M.D.	Chairperson of the Board
Kurtis L. Scott	President & Chief Executive Officer
Loran J. Slaughter	Executive Vice President & Secretary

Name	Position
Craig A. Concannon, M.D.	Treasurer
Catherine L. Walberg	Senior Vice President, General Counsel
Christy L. Anderson	Vice President, Claims
Andrew E. Gritman	Vice President, Information Technology
Shannon D. Haire	Vice President, Member Services
Lisa V. Ignoto	Vice President, Marketing and Business Development
Randall D. Shideler	Vice President & Chief Financial Officer

The Company's bylaws provide for the establishment of specific committees within the operations of the Company. Each committee is made up of members of the Board, ex-officio voting members, or in certain instances, a representative of a member. Those committees required by the bylaws as of December 31, 2016 are as follows:

Audit and Finance

Jay Gilbaugh, M.D. (Chair)
Tom Bell
Charlie Craig, M.D.
Tom Estep, M.D.
Steve Kelly

Compensation

Jay Gilbaugh, M.D. (Chair)
Steve Kelly
Jerry Slaughter

Executive

Craig Concannon, M.D. (Chair)
Mark Synovec, M.D. (Vice Chair)
Jerry Slaughter (Secretary)
Jay Gilbaugh, M.D.
Jon Rosell

Governance

Mark Synovec, M.D. (Chair)
Craig Concannon, M.D.
Jay Gilbaugh, M.D.
Steve Kelly
Jerry Slaughter

Nominating

Craig Concannon, M.D. (Chair)
Jon Rosell
Jerry Slaughter
Mark Synovec, M.D.

Claims

Rob Gibbs, M.D. (Chair)
John Adams, M.D.
John Eplee, M.D.
Tom Estep, M.D.
Sara Hoy

Member Services

Dennis Cooley, M.D. (Chair)
Tom Bell
Matt Floersch, M.D.
Lora Key
Zach Kuhlmann, D.O.

Underwriting

Mark McCune, M.D. (Chair)
Ken Frank, M.D.
Jay Gilbaugh, M.D.
Doug Gleason, M.D.
Mike Machen, M.D.

Claims

LaDona Schmidt, M.D.
Dan Suiter, M.D.
Todd Trobough, M.D.

Member Services

Tom McDonald, M.D.
Brad Rea
Jim Wilson

Underwriting

Susan Page

Insurance Holding Company System

K.S.A. 40-3301, et seq. - *Insurance Holding Companies*, requires a domestic insurer that is part of an insurance holding company system to file appropriate registration statements with the Commissioner of Insurance. The Company has submitted Form "B" and "C" registration statements to the KID for each of the years under examination. A review of the registration statements indicated that the Company is properly reporting items and events as required by statute.

In 2009, the Company established KaMMCO Foundation, Inc. (Foundation), a 501(c)(3) non-profit foundation, with the mission to promote patient safety and patient education. This is done by improving the environment in which health care is delivered in Kansas, through support of health care provider and public education, quality improvement initiatives and projects that improve the health and legal systems. KaMMCO donated \$3 million to the Foundation during 2009, \$750,000 in 2010 and \$350,000 in 2011; however, it has no current legal obligations for future commitments to the Foundation. The Foundation is controlled by a Board of Directors and is managed by select KaMMCO staff. The Foundation's Board may have directors who are also directors or management of KaMMCO; therefore, KaMMCO has direct influence on the actions of the Foundation.

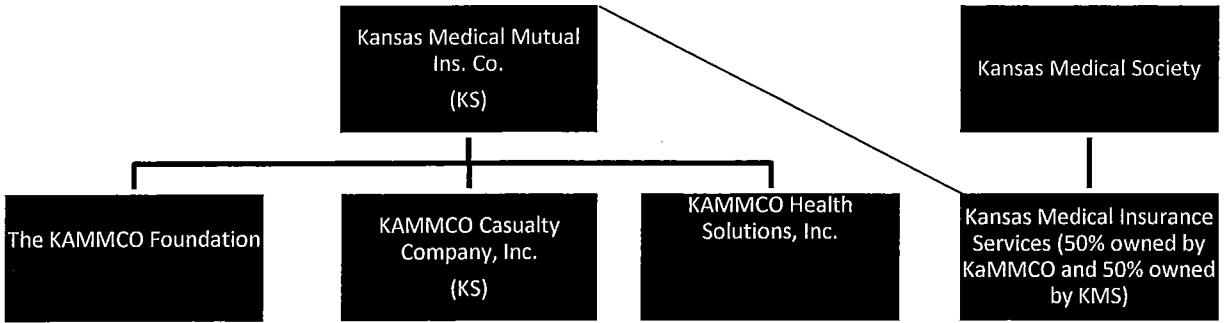
The Company formed two new subsidiaries in 2014: KaMMCO Health Solutions, Inc., a Kansas Corporation; and KaMMCO Casualty Company, Inc., a Kansas domestic property and casualty insurance company. KaMMCO Casualty Company, Inc. received its

certificate of authority in 2015 with the authority to write medical malpractice liability and general liability.

KaMMCO Health Solutions, Inc. (KHS) is a wholly owned subsidiary of KaMMCO. KHS facilitates health information exchange and provides population management and data analytic products and services to enhance patient care, care coordination, clinical practice improvement and resource use. KHS offers its products and services to a variety of professionals and entities involved in the delivery of care to patients, e.g., health care providers, clinics, clinically integrated networks, hospitals, etc., who face the challenge of delivering cost-efficient, quality care as the healthcare industry shifts from a fee-for service payment model to a quality payment program model. Products and services being offered include patient health alerts, data sharing, data analytics, and tools designed to help health care providers meet various reporting measures required by MACRA. The target market for its products is members of the medical community in other states.

KaMMCO Casualty Company, Inc. (KCCI) is a wholly owned subsidiary of KaMMCO. KCCI will be used to issue policies to those individuals and entities outside KaMMCO's core business, e.g. non-Kansas physicians and hospitals. KCCI will also issue policies for coverage outside the State of Kansas in connection with the out of state business being conducted by KHS.

The organizational chart below illustrates the identities and intercompany relationships among insurance and non-insurance companies and the controlling entities thereof, as of December 31, 2016.



Intercompany/Cost Sharing Agreements

On January 1, 2010, an administrative services agreement was initiated between KaMMCO and KMS. Under the agreement, KaMMCO provides accounting, human resource and computer related services in return for a monthly fee.

The Company is party to a marketing and governmental services agreement with the KMS, whereby KMS provides certain marketing and legislative activities on behalf of the Company in return for a reimbursement of any direct marketing expenses incurred, plus a fixed fee.

On October 11, 2016, KaMMCO entered into a restated administrative service agreement with KHS that replaced the April 13, 2015 administrative agreement between the two parties. Pursuant to the agreement the Company will provide the following services to support the day-to-day business operations of KHS:

- | | |
|-----------------------------------|-----------------------------------|
| Finance and Accounting | Human Resource and Administrative |
| Information Technology | Legal Services |
| Marketing and Product Development | |

In consideration of the services provided KHS will pay KaMMCO a monthly fee equal to the cost to provide the services.

The Company entered into an administrative services agreement with KCCI on October 11, 2016 to provide services in return for a monthly fee that is based on the actual costs of providing the services. The services to be provided are as follows:

Finance and Accounting	Human Resource and Administrative
Information Technology	Legal Services
Marketing and Product Development	Risk Management
Underwriting	

KaMMCO entered into a tax allocation agreement with its wholly owned subsidiaries effective for the taxable period beginning after December 31, 2013. The method of allocation requires the tax liability of the group to be allocated to the members of the group on the basis the percentage of the total tax which the tax of such member is computed on a separate tax return would bear to the total amount of the taxes to all members so computed.

TERRITORY AND PLAN OF OPERATION

As of December 31, 2016, the Company is authorized to transact business in Kansas, Missouri and Nebraska. The NAIC's Schedule T Exceptions Report was reviewed for each of the states where the Company is licensed. No exceptions were noted.

As of December 31, 2016, the Company's largest lines of business were medical malpractice liability at 90.9% of direct premiums written, other liability-claims-made at 6.9% and other liability-occurrence at 2.2%. Insureds are offered three types of coverage: basic, primary and excess.

Basic coverage policies are issued on a "claims made" basis. Policy limits are generally \$200,000 per occurrence with an aggregate limit of \$600,000. When necessary, tail coverage on such policies is provided by the Kansas Health Care

Stabilization Fund (KHCSF). Coverage in excess of \$200,000 per occurrence, with various aggregate limits, is also provided by the KHCSF. General liability limits are \$1,000,000 per occurrence, with aggregate limits of \$3,000,000.

Primary coverage policies are issued on a "claims made" basis and provide separate coverage limits for Missouri and Kansas physician and Kansas dental professionals. Missouri physicians and Kansas dental professionals are provided up to \$1,000,000 of coverage. Kansas physician and hospital professional liability coverage is provided at \$700,000 per occurrence with an aggregate annual limit of \$2,100,000 for losses over and above the basic policy and the minimum KHCSF coverage.

Excess coverage policies are issued on a "claims made" basis and extend coverage for losses up to \$1,000,000 and extending up to \$5,000,000 in excess of KHCSF limits. Hospital professional liability and comprehensive general liability insurance coverage extend up to \$5,000,000 in excess of KHCSF limits.

Extended reporting endorsements are provided to insureds at no additional charge in the event of the insured's death, permanent disability or retirement. The retirement provision requires the insured to be a KaMMCO policyholder for at least one full year at mature premium rates and be covered by claims made insurance policies for three years. Policyholders may purchase the extended reporting endorsements if they do not meet the qualifications for the coverage at no additional charge.

Premiums for coverages provided by the KHCSF are collected by the Company on behalf of the KHCSF and are remitted in the form of surcharges.

GROWTH OF COMPANY

The exhibit below shows the Company's financial growth (in thousands) for the period of December 31, 2012, through December 31, 2016. The financial growth amounts were obtained from annual statements filed by the Company.

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<i>(in thousands)</i>					
Admitted Assets	170,927	172,237	168,014	165,671	153,319
Liabilities	63,579	60,551	57,124	56,832	49,784
Capital and Surplus	107,348	111,685	110,890	108,839	103,535
Net Underwriting Gain/(Loss)	6,968	3,782	(7,922)	(3,330)	(3,630)
Net Income	8,518	6,119	(740)	(991)	154
Net Premiums Written	23,147	21,595	19,624	19,940	19,621

REINSURANCE

The Company reinsures 90% of its excess of loss policies up to \$1,000,000 of the Company's retention of \$200,000 and the \$800,000 in coverage provided by the KHCSF with any excess policies over \$2,000,000 being 100% reinsured.

The Company reinsures 90% of its excess loss policies up to \$1,000,000 of the Company's retention of the first \$250,000 of primary coverage offered for Missouri physician professional liability and dental professional liability with the remaining \$750,000 being reinsured, as well as the excess coverage over \$2,000,000 up to \$4,000,000 at 100%. The Company cedes the remaining exposure under an awards and systemic loss treaty up to \$5,000,000 on which it retains a 10% quota share.

For the hospital professional liabilities the Company carries an auto-facultative treaty that offers limits up to \$25,000,000 in excess of \$1,000,000.

For the \$100,000 of cyber liability coverage per insured that is issued through NAS Insurance Services, Inc. the Company cedes 100% of the risk.

All reinsurance agreements reviewed during the course of the examination contained insolvency and cancellation clauses as required by paragraph (c) of K.S.A. 40-221a—*Reinsurance of Risks of and by Kansas Companies*. All reinsurance agreements reviewed provided for the transfer of risk.

FINANCIAL STATEMENTS

The following financial statements are based on the statutory financial statements filed by the Company with the Kansas Insurance Department and present the financial condition of the Company for the period ending December 31, 2016. The accompanying comments on financial statements reflect any examination adjustments to the amounts reported in the annual statement and should be considered an integral part of the financial statements.

**KANSAS MEDICAL MUTUAL INSURANCE COMPANY
STATEMENT OF ASSETS
AS OF DECEMBER 31, 2016**

	Assets	Assets Nonadmitted	Net Admitted Assets
Bonds	\$ 103,387,954		\$ 103,387,954
Common stocks	19,718,205	4,498	19,713,707
Properties occupied by the company	10,229,642		10,229,642
Cash and short-term investments	14,288,802		14,288,802
Aggregate write-ins for invested assets	707,670		707,670
Investment income due & accrued	978,016		978,016
Uncollected premiums and agents' balances in the course of collection	27,130		27,130
Amounts recoverable from reinsurers	126,466		126,466
Net deferred tax asset	4,690,834	4,425,238	265,596
EDP equipment and software	12,645		12,645
Furniture and equipment	210,856	210,856	-
Receivables from parent, subsidiaries and affiliates	214,946		214,946
Aggregate write-ins for other than invested assets	4,425,636	1,059,063	3,366,573
Totals	\$ 159,018,802	\$ 5,699,655	\$ 153,319,147

**KANSAS MEDICAL MUTUAL INSURANCE COMPANY
STATEMENT OF LIABILITIES AND SURPLUS
AS OF DECEMBER 31, 2016**

Losses	\$ 14,001,000
Loss adjustment expenses	14,594,000
Commissions payable, contingent commissions and other similar charges	641,097
Other expenses	1,405,709
Taxes, licenses and fees	179,979
Current federal and foreign income taxes	123,453
Borrowed money	1,988
Unearned premiums	1,652,090
Advance premiums	11,525,629
Dividends declared and unpaid: policyholders	8,000
Ceded reinsurance premiums payable	1,071,869
Amounts withheld or retained by company for others	4,387,063
Provision for reinsurance	58,000
Payable to parent, subsidiaries and affiliates	35,103
Aggregate write-ins for liabilities	98,769
Total liabilities	<u>49,783,749</u>
Unassigned funds	103,535,398
Surplus as regards policyholders	<u>103,535,398</u>
Totals	<u>\$ 153,319,147</u>

**KANSAS MEDICAL MUTUAL INSURANCE COMPANY
STATEMENT OF OPERATIONS
CAPITAL AND SURPLUS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2016**

<u>Underwriting Income:</u>	
Premiums earned	\$ 19,625,214
<u>Deduct:</u>	
Losses incurred	5,726,108
Loss expenses incurred	8,258,777
Other underwriting expenses incurred	9,270,739
Total underwriting deductions	<u>23,255,624</u>
Net underwriting gain or (loss)	(3,630,410)
<u>Investment Income:</u>	
Net investment income earned	2,465,728
Net realized capital gains or (losses)	933,093
Net investment gain or (loss)	<u>3,398,821</u>
<u>Other Income:</u>	
Aggregate write-ins for miscellaneous income	238,669
Total other income	<u>238,669</u>
Net income before dividends to policyholders and before federal income taxes	7,080
Dividends to policyholders	<u>334,000</u>
Net income after dividends to policyholders and before federal income taxes	(326,920)
Federal income taxes incurred	(480,685)
Net income	<u>\$ 153,765</u>

CAPITAL AND SURPLUS ACCOUNT

Surplus as regards policyholders, December 31, 2015	\$ 108,838,693
Net income	153,765
Change in net unrealized capital gains (losses)	(1,528,986)
Change in net deferred income tax	431,653
Change in nonadmitted assets	(3,259,413)
Change in provision for reinsurance	53,000
Aggregate write-ins for gains and losses in surplus	(1,153,314)
Change in surplus as regards policyholders for the year	<u>(5,303,295)</u>
Surplus as regards policyholders, December 31, 2016	<u>\$ 103,535,398</u>

**KANSAS MEDICAL MUTUAL INSURANCE COMPANY
CAPITAL AND SURPLUS ACCOUNT
RECONCILIATION OF CAPITAL AND SURPLUS SINCE LAST EXAMINATION**

Surplus as regards policyholders, December 31, 2011			<u>\$ 98,949,225</u>
Net income	2012	8,518,385	
	2013	6,118,697	
	2014	(740,228)	
	2015	(991,301)	
	2016	<u>153,765</u>	13,059,318
Change in net unrealized capital gains or (losses)	2012	93,025	
	2013	(322,865)	
	2014	(325,442)	
	2015	(1,618,752)	
	2016	<u>(1,528,986)</u>	(3,703,020)
Change in net deferred income tax	2012	(473,236)	
	2013	(1,189,345)	
	2014	(89,868)	
	2015	1,322,264	
	2016	<u>431,653</u>	1,468
Change in nonadmitted assets	2012	(740,971)	
	2013	2,821,782	
	2014	177,686	
	2015	(653,110)	
	2016	<u>(3,259,413)</u>	(1,654,026)
Change in provision for reinsurance	2012	8,000	
	2013	(182,000)	
	2014	182,000	
	2015	(110,000)	
	2016	<u>53,000</u>	(49,000)
Aggregate write-ins for gains and losses in surplus	2012	994,072	
	2013	(2,909,325)	
	2014	-	
	2015		
	2016	<u>(1,153,314)</u>	(3,068,567)
Surplus as regards policyholders, December 31, 2016			<u>\$ 103,535,398</u>

ANALYSIS OF CHANGES IN FINANCIAL STATEMENTS

No adjustments were made to surplus as a result of this examination. The capital and surplus of the Company, as of December 31, 2016, was \$103,535,398, which was the same amount, reported by the Company in its 2016 filed Annual Statement.

COMMENTS ON FINANCIAL STATEMENTS

There were no significant or material findings resulting from the examination that warranted inclusion in the Report on Examination.

MANAGEMENT LETTER

There were several immaterial findings resulting from the examination that did not warrant inclusion in this report. However, concerns were noted in a management letter that was issued to the Company's Board of Directors for review, resolution and response back to the KID.

SUMMARY OF RECOMMENDATIONS

There were no significant or material findings resulting from the examination that warranted inclusion in the report on examination.

CONCLUSION

The assistance and cooperation by the officers of the Company during the course of this examination is hereby acknowledged and appreciated. In addition to the undersigned, Ms. Tamara House, CFE, a senior financial examiner and Mr. Shane Mead, CISA, CRISC, an information technology examiner representing the Kansas Insurance Department, participated in this examination.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Christopher W. Buchanan", is written over a horizontal line. The signature is stylized and somewhat cursive.

Christopher W. Buchanan, CPA, CFE
Senior Insurance Examiner
Examiner-in-Charge

EXHIBIT 5
EXAMINER'S AFFIDAVIT AS TO STANDARDS AND
PROCEDURES USED IN AN EXAMINATION


State of Kansas

County of Shawnee

Christopher W. Buchanan being duly sworn, states as follows:

1. I have authority to represent the Kansas Insurance Department in the examination of Kansas Medical Mutual Insurance Company.
2. The Kansas Insurance Department is accredited under the National Association of Insurance Commissioners Financial Regulation Accreditation Standards.
3. I have reviewed the examination work papers and examination report, and the examination of Kansas Medical Mutual Insurance Company was performed in a manner consistent with the standards and procedures required by K.S.A. 40-222.

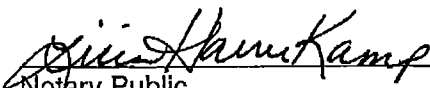
The affiant says nothing further.



Examiner's Signature

Subscribed and sworn before me by Christopher W. Buchanan on this
22nd day of January, 20 18.

(SEAL)



Notary Public

My commission expires 8-11-21

(date)

