

**HEALTH DISCIPLINE  
PROSPECTIVE NEW CLIENT RISK ASSESSMENT FORM – Page 1**

**Prospective Client Name:** PacificSource

**Lead Consultant:** Art Wilmes

**Principal:** Art Wilmes

**Type of Client Entity**

Governmental/public (Type: _____)	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Core business is risk-taking (Type: <u>Insurer</u> )	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Stock company or other for-profit:		
Publicly traded (Stock exchange listing: _____)	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Subsidiary (Parent: _____)	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Other (Description: <u>Privately Held</u> )	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Non-profit or other (Type: _____)	<input type="checkbox"/> Yes	<input type="checkbox"/> No

**Screening and Risk Assessment Questions**

- (a) Is there evidence of a questionable background or history associated with either the owners (for stock companies, other than publicly traded corporations) or the management/trustees? This includes criminal or other questionable backgrounds, association with prior bankruptcies, history of being sued in connection with business / financial practices, or lack of experience or competence in the field. ☐ NA<sup>(1)</sup> ☒ No ☐ Other
- (b) Financial stability and capitalization: ☐ NA<sup>(2)</sup> ☒ No ☐ Other
- Existing entity: Has the company been financially unstable, does it currently operate with inadequate capital/surplus, or can it otherwise be reasonably expected to face a precarious financial position?
  - Start-up: Is the company inadequately capitalized or can it otherwise be reasonably expected to face a precarious financial position?
- (c) Is the entity currently, or has it been within the past five years, under court or regulatory oversight? ☐ NA<sup>(2)</sup> ☒ No ☐ Other
- (d) If the work involves an actuarial statement of opinion for a regulatory filing, did the previous actuary depart either voluntarily or involuntarily? ☒ NA<sup>(3)</sup> ☐ No ☐ Other
- (e) Is there a history of suing professionals or evidence of litigiousness, based on the information obtained through client screening or conflict checking? ☒ No ☐ Other

- (1) Mark "NA" only if the prospective client is a governmental / public entity.  
(2) Mark "NA" only if the core business of the prospective client is *not* risk-taking.  
(3) Mark "NA" only if work does not involve an actuarial statement of opinion for a regulatory filing.

**FORWARD COPY OF SIGNED FORM TO CORPORATE LEGAL STAFF**

(include copy of terms and conditions, if a "Conditioned Acceptance")

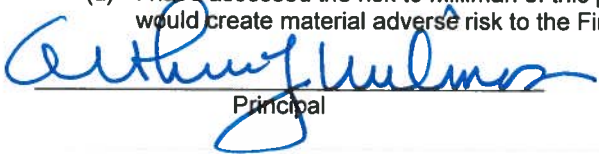
**HEALTH DISCIPLINE**  
**PROSPECTIVE NEW CLIENT RISK ASSESSMENT FORM – Page 2**

**Prospective Client Name:**

**Client Risk Assessment Statement**

1. **Standard Acceptance** – I have undertaken a risk assessment of this prospective new client, and affirm that:

- (a) Client screening has been completed by Milliman corporate staff, no material adverse findings are present, and the screening results are documented in the files;
- (b) Answers to Screening and Risk Assessment Questions (a) – (e) on Page 1 are all "NA" or "No";
- (c) Sufficient information to make this risk assessment has been assembled and is documented in the files; and
- (d) I have assessed the risk to Milliman of this prospective client, and I am not aware of any factors that would create material adverse risk to the Firm.

  
Principal

May 12, 2016

Date

2. **Non-Acceptance** – I have undertaken a risk assessment of this prospective new client, and based on those results have declined or chosen not to pursue an engagement.

\_\_\_\_\_  
Principal

\_\_\_\_\_  
Date

3. **Conditioned Acceptance** – I have undertaken a risk assessment of this prospective new client, and affirm that:

- (a) Client screening has been completed by Milliman corporate staff, the screening results have been provided to the Health Practice Director, and they are documented in the files;
- (b) A comprehensive written explanation addressing each of the Screening and Risk Assessment Questions (a) – (e) for which the answer is "Other" has been provided to the Health Practice Director and is documented in the files;
- (c) Sufficient information to make this risk assessment has been assembled, such material has been provided to the Health Practice Director, and it is documented in the files;
- (d) The prospective client is willing to accept all standard provisions of Milliman's CSA (or alternative wording and provisions acceptable to the Health Practice Director and either the Chief Risk Officer or the ERC or Board, whichever is appropriate, under the circumstances of a "qualified acceptance");
- (e) I have assessed the risk to Milliman of this prospective client, recognize that certain adverse risk factors are or may be present, and believe that they can be adequately managed; and
- (f) I have received written permission from the Health Practice Director to accept the client, with accompanying terms and conditions for undertaking any engagement (copy to be attached).

\_\_\_\_\_  
Principal

\_\_\_\_\_  
Date

## Susan OConnor

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**From:** David Pierce  
**Sent:** Thursday, May 12, 2016 4:58 PM  
**To:** Art Wilmes  
**Cc:** Susan OConnor  
**Subject:** FW: PACIFICSOURCE SCREEN RESULTS  
**Attachments:** PacificSource Health Plans 05.12.2016.pdf

FYI

David Pierce | Director of Operations, PRM Analytics | [david.pierce@milliman.com](mailto:david.pierce@milliman.com)  
**Milliman** | Chase Tower/Circle | 111 Monument Circle, Suite 601 | Indianapolis, IN 46204-5128 | USA  
Tel +1 317 524 3578 | Fax +1 317 639 1001 | [milliman.com](http://milliman.com)



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**From:** sharepoint@milliman.com [mailto:sharepoint@milliman.com]  
**Sent:** Thursday, May 12, 2016 4:50 PM  
**To:** David Pierce <david.pierce@milliman.com>  
**Cc:** Brandy Wilson <brandy.wilson@milliman.com>; Beau Preston <Beau.Preston@milliman.com>  
**Subject:** PACIFICSOURCE SCREEN RESULTS

This is to inform you that your client screening request has been completed by Beau Preston

### **PacificSource**

<b>Request Date:</b>	<b>05-10-2016</b>
<b>Requestor:</b>	<b>David Pierce</b>
<b>Discipline:</b>	<b>Health</b>
<b>Company Name:</b>	PacificSource
<b>On High Risk Client List? :</b>	No
<b>A.M. Best Rating :</b>	B++ (Good ability to meet ongoing insurance obligations) Outlook: Stable
<b>Moody's Rating :</b>	None
<b>D&amp;B Credit Score Class :</b>	3 (Moderate risk of severe payment delinquency over the next 12 months)

**D&B Financial Stress Class :**

3 (Moderate risk of severe financial stress, including business failure, over the next 12 months)

**WorldCheck Rating :**

N/A;

**Ownership :**

PacificSource Health Plans ("PSHP") is an independent, not-for-profit community health plan serving the Northwest. The company is headquartered in Springfield, Oregon and registered with the Oregon Secretary of State in April 1933. PSHP provides individual medical and dental benefits, self-funded employee benefit plans, Medicare Advantage plans, and Medicaid coverage.

**Officers :**

The individuals named below were profiled using Google and Factiva sources, and were screened for involvement in criminal and civil litigation using LexisNexis databases and dockets. I find no evidence to suggest that any of the listed individuals have been accused of professional malfeasance or willful misconduct. I do locate a Chapter 7 bankruptcy proceeding from 1996 for a Kenneth Provencher in California, but given the CEO's available biographical information, it does not seem to be the person of interest for this screen. Furthermore, it does not appear either Messrs. Provencher or Doolen has been convicted of any criminal activity as far as my research indicates. However, my results with respect to Mr. Davidson and Dr. Roth are less conclusive due to the commonality of their names, although nothing I find identifies a Dr. Daniel Roth as a party. I screened the following people:

- **President & CEO:** Ken Provencher
- **EVP & CFO:** Peter Davidson
- **EVP & COO:** Erick Doolen
- **EVP & CMO:** Daniel Roth, MD

The PSHP website contains professional background information for the company's executive team. I am providing you with a link to the relevant site here, in the event you would like to read more about such information: <http://pacificsource.com/executive-team.aspx>.

**Prior Health Risk Assessment :**

N/A

**Noteworthy News :**

A scan of local and national newspapers, news wires, trade journals, transcripts, and Internet search engines discovered a moderate amount of news coverage of PSHP. Most of the articles in which PSHP's name appears are fairly benign and not particularly adverse. That said, it appears that PSHP's prices have dramatically increased in 2016 as the cost of healthcare in Oregon has skyrocketed. There is a bit of coverage about PSHP's recent partnership with Legacy Health, and its acquisition of commercial business in New West, as well as the Health Plans' acquisition of Clear One.

- **December 2015:** If you're buying individual health insurance coverage through HealthCare.gov, expect to pay higher monthly premiums in 2016. Health insurance carriers in Oregon priced their policies so low in 2014 that the premiums enrollees paid did not cover the cost of their medical care. That's why monthly premiums are spiking in 2016 at steeper rates in Oregon compared with the rest of the country. Locals who have PSHP's bronze, silver or gold plans will see increases of 48 and 49 percent. (*The Bulletin*, Tara Bannow, December 31, 2015, <http://www.bendbulletin.com/newsroomstafflist/3847371-151/heres-whats-on-2016-health-care-horizon>)
- **October 2015:** The six-hospital system Legacy Health and PSHP have signed a letter of intent to create a new partnership in which Legacy Health will purchase a 50 percent stake in the payer. As part

of the agreement, PSHP will create a new nonprofit organization that will have a 50% member interest in the current health insurance company. Portland, Oregon-based Legacy Health will purchase the remaining 50% member interest. The new organization will create a regional health plan that will result in new products and options for healthcare consumers in the North West. (*Becker's Hospital Review*, Tamara Rosin, October 27, 2015, <http://www.beckershospitalreview.com/payer-issues/legacy-health-buys-50-stake-in-pacificsource-health-plans.html>)

- **November 2011:** A US district court judge order sets the ground rules for the divestiture of New West Health Services, telling the company's owners not to cannibalize New West's commercial business before it can be sold off. The order allows the settlement to proceed in an antitrust complaint filed after five of the six hospitals that own New West struck a \$26.3 million deal to switch their 11,000 employees' insurance coverage from New West to Blue Cross and Blue Shield of Montana, the state's largest insurer. State and federal regulators stepped in to stop the deal, saying it would spell the end of New West's commercial business, drive out competition and result in Blue Cross dominating the health insurance markets in those five cities. The deal will allow Blue Cross to take over as insurer for the employees if the remainder of New West's commercial business is sold to PSHP to preserve competition in those cities. (*Associated Press Newswires*, Matt Volz, November 15, 2011)
- **June 2010:** PSHP completed the acquisition of Clear One Health Plans, Inc. With the closing of the transaction, Clear One becomes a wholly owned subsidiary of PSHP. Included in the acquisition are Clear One subsidiaries Central Oregon Individual Health Solutions, Inc., Trusteed Plans Service Corporation, Clear Choice Properties, LLC, and Clear One Life and Health, LLC. Prior to the closing, PSHP met requirements of or received regulatory approval from all necessary state and federal agencies, including the Oregon Insurance Division, the Centers for Medicare & Medicaid Services, and the Oregon Division of Medical Assistance Programs. Clear One shareholders approved the acquisition in April 2010. Shareholders received \$26 per share. (*Obesity, Fitness & Wellness Week*, June 12, 2010)

### **Litigation History :**

Screening for involvement in legal activity via news sources, Internet search engines, and LexisNexis federal and state court databases and dockets reveals that PSHP has been party to only a handful of lawsuits. The cases appear to be standard fare for this type of entity, having to do with the recovery of insurance benefits. I do not locate any instances in which PSHP has initiated a lawsuit or dispute resolution proceedings against professional, financial or actuarial advisor.

### **Comments :**

I previously screened PSHP in November 2014 at the request of Ryan Swenson. In order to provide you with results in an expedited manner, I have incorporated some of the language from that screen and updated it where appropriate.

Overall, PSHP continues to screen fairly well. PSHP remains out of the courtroom for the most part, which is a good thing and somewhat unusual for the type of entity it is. Further, our potential client does not garner a lot of adverse press attention for itself.

In terms of financials, A.M. Best indicates that PSHP has a good ability to meet its ongoing obligations, and D&B provides that there is a moderate possibility of late vendor payments and a moderate risk of business failure in the near term. While PSHP's Credit Score Class has remained the same, the company's Financial Stress Class has dropped two points, but still remains in an acceptable range. In short, nothing I find suggests that an engagement with PSHP would prove to be a risky proposition for Milliman.

Please let me know if you have any questions or require anything further. I am happy to help!  
Beau

# PACIFICSOURCE HEALTH PLANS

D-U-N-S® 08-525-2971 Headquarters Phone 541 686-1242  
Mailing PO BOX 7068 110 International Wy.  
Address Springfield, Springfield, OR 97477  
OR 97477 Website: www.pac-source.com

# Comprehensive Report

Purchase Date: 05/12/2016  
Last Update Date: 11/09/2015  
Attention: Legal

## Executive Summary

### Company Info

Year Started	1933	Employees	590
Control Year	1933	Employees Here	350 at this location
CEO	KENNETH P PROVENCHER, PRES	Trade Styles	PACIFICSOURCE

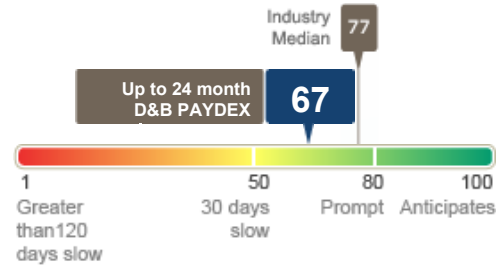
### D&B Rating

D&amp;B Rating

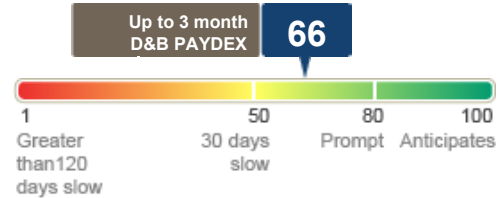
**ER2**

### D&B PAYDEX®

Up to 24 month D&amp;B PAYDEX

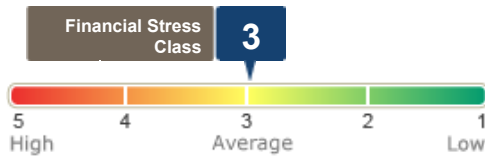


Up to 3 month D&amp;B PAYDEX



## Predictive Analytics

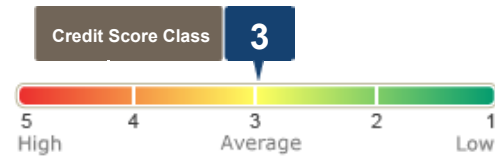
### Financial Stress Class



The Financial Stress Class of 3 for this company shows that firms with this class had a failure rate of 0.24% (24 per 10,000).

Financial Stress Class	3
Financial Stress Score	1,494
Highest Risk	1,001
Lowest Risk	1,875

### Credit Score Class

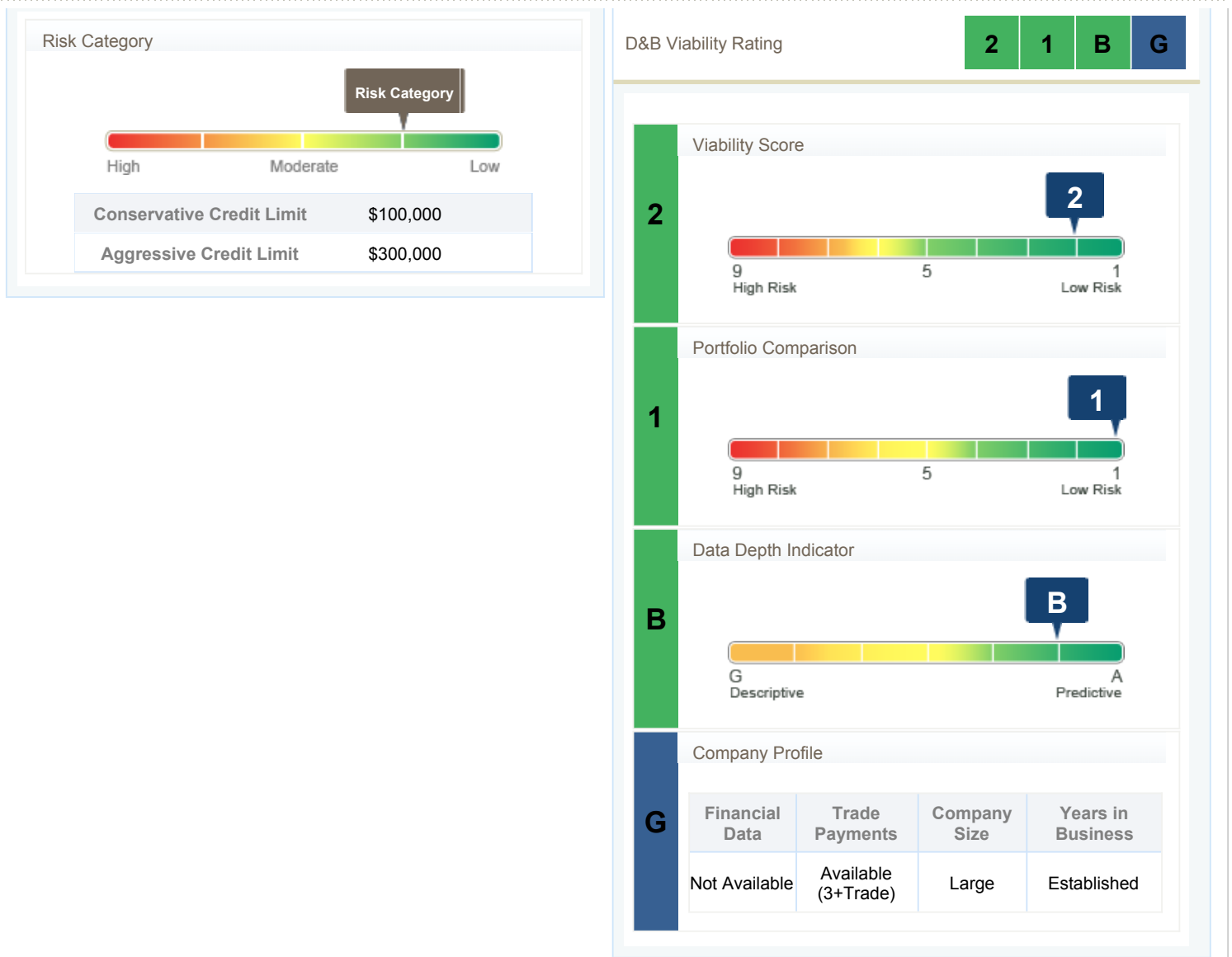


The Credit Score class of 3 for this company shows that 5.80% of firms with this classification paid one or more bills severely delinquent.

Credit Score Class	3
Credit Score	506
Highest Risk	101
Lowest Risk	670

### Credit Limit Recommendation

### D&B Viability Rating





2

### Viability Score

**Compared to All US Businesses within D&B Database:**

- Level of risk: **Low Risk**
- Businesses ranked 2 have a probability of becoming no longer viable: **2%**
- Percentage of businesses ranked 2: **4%**
- Across all US businesses, the average probability of becoming no longer viable: **14%**

2

9 High Risk 5 1 Low Risk

1

### Portfolio Comparison

**Compared to all Businesses within the same MODEL SEGMENT:**  
Model Segment: **Established Trade Payments**

- Level of risk: **Low Risk**
- Businesses ranked 1 within this model segment have a probability of becoming no longer viable: **2%**
- Percentage of businesses ranked 1 within this model segment: **11%**
- Within this model segment, the average probability of becoming no longer viable: **5%**

1

9 High Risk 5 1 Low Risk

B

### Data Depth Indicator

**Data Depth Indicator Details:**

- ✓ Rich Firmographics
- ✓ Extensive Commercial Trading Activity
- ✓ Basic Financial Attributes

Greater data depth can increase the precision of the D&B Viability Rating assessment.

You have the ability to influence the confidence of the viability assessment by asking the business to report more information to D&B at <https://iupdate.dnb.com/iUpdate/>

B

G Descriptive A Predictive

G

### Company Profile

**Company Profile Details:**

- Financial Data: **Not Available**
- Trade Payments: **Available** (3+Trade)
- Business Size: **Large** (Employees:50+ or Sales: \$500K+)
- Years in Business: **Established** (5+)

Financial Data	Trade Payments	Company Size	Years in Business
Not Available	Available (3+Trade)	Large	Established



## Business History

**Officers** KENNETH P PROVENCHER, PRES;  
DREW MASHAW, V PRES;  
CLARK COMPTON, SEC-TREAS;  
SUJATA SANGHVI, V PRES-COO;  
KRISTIN KERNUTT, SEC;  
PETER DAVIDSON, V PRES-CFO

**Directors** THE OFFICER(S)

As of 11/09/2015

The Oregon Secretary of State's business registrations file showed that PacificSource Health Plans was registered as Corporation on April 12, 1933.

Business started 1933 by local physicians.

### RECENT EVENTS:

On June 4, 2010, sources stated that PacificSource Health Plans, Springfield, OR, has acquired Clear One Health Plans, Inc., Bend, OR, on May 21, 2010. With this acquisition, Clear One Health Plans, Inc. will operate as a wholly-owned subsidiary of PacificSource Health Plans. The employees and management were retained at this time. Further details were not disclosed.

On August 25, 2009, sources stated that PacificSource Health Plans, Springfield, OR, announced that it has completed the acquisition of Advantage Dental Plan, Inc.'s commercial business on July 28, 2009. Through this transaction, PacificSource Health Plans acquires Advantage Dental Plan, Inc.'s 35,000 commercial plan members and will provide PacificSource Health Plans dental members with access to Advantage Dental Plan, Inc.'s provider network. Advantage Dental Plan, Inc. will retain and continue to manage its other lines of business, including its Medicaid membership and its dental network. Other details were not disclosed.

KENNETH P PROVENCHER. Antecedents are unknown.

DREW MASHAW. Antecedents are unknown.

CLARK COMPTON. Antecedents are unknown.

SUJATA SANGHVI. Antecedents are unknown.

KRISTIN KERNUTT. Antecedents are unknown.

PETER DAVIDSON. He is licensed as a certified public accountant and holds a B.A. in biology from Bowdoin College in Brunswick, Maine.

## Business Registration

CORPORATE AND BUSINESS REGISTRATIONS REPORTED BY THE SECRETARY OF STATE OR OTHER OFFICIAL SOURCE AS OF Apr 19 2016:

<b>Registered Name</b>	PACIFICSOURCE HEALTH PLANS	<b>Registration ID</b>	3651213	<b>Principals</b>	
		<b>Status</b>	ACTIVE		
<b>Business Type</b>	CORPORATION	<b>Where Filed</b>	SECRETARY OF STATE/CORPORATIONS DIVISION , SALEM , OR	<b>Name</b>	<b>Title</b>
<b>Corporation Type</b>	NON-PROFIT			KENNETH P PROVENCHER	PRESIDENT
<b>Incorporated Date</b>	04/12/1933	<b>Registered Agent</b>	KRISTIN KERNUTT 110 INTERNATIONAL WAY, SPRINGFIELD, OR 974770000	KRISTIN KERNUTT	SECRETARY
<b>State of Incorporation</b>	OREGON				
<b>Filing Date</b>	04/12/1933				

## Government Activity Summary

Activity Summary		Possible candidate for socioeconomic program consideration	
Borrower	No	Labor Surplus Area	YES (2016)
Administrative Debt	Yes	Small Business	N/A
Grantee	No	Women Owned	N/A
Party Excluded from Federal Programs	No	Minority Owned	N/A
Public Company	N/A		
Contractor	No		
Importer/Exporter	N/A		

The details provided in the Government Activity section are as reported to Dun & Bradstreet by the federal government and other sources.

## Operations Data

As of 11/09/2015

Description: Operates as an accident or health insurance carrier, specialized as an accident or health insurance carrier (100%).  
 Fax # 541 225-3645.  
 ADDITIONAL TELEPHONE NUMBER(S): Toll-Free 800 624-6052.  
 Terms are annual contracts received on a monthly basis. Sells to members. Territory : United States.  
 Nonseasonal.

Employees: 590 which includes officer(s). 350 employed here.

Facilities: Owns 20,000 sq. ft. in a two story frame building.

Location: Suburban business section on well traveled street.

## Industry Data

SIC		NAICS	
Code	Description	Code	Description
63210100	Accident and health insurance carriers	524114	Direct Health and Medical Insurance Carriers

## Family Tree

### Branches Domestic

PACIFICSOURCE HEALTH PLANS; (D-U-N- S@:01-603-0327) 320 SW UPPER TERRACE DR STE 101, BEND, OR 97702-1384	PACIFICSOURCE HEALTH PLANS; (D-U-N- S@:16-882-7921) AKA: PACIFICSOURCE 13010 SW 68TH PKWY STE 140, PORTLAND, OR 97223-9621	PACIFICSOURCE HEALTH PLANS; (D-U-N- S@:01-207-4152) 408 E PARKCENTER BLVD STE 100, BOISE, ID 83706-6512	PACIFICSOURCE HEALTH PLANS; (D-U-N- S@:01-741-9512) 828 GREAT NORTHERN BLVD STE 101, HELENA, MT 59601-3357	PACIFICSOURCE HEALTH PLANS; (D-U-N- S@:06-130-0797) 901 PIER VIEW DR STE 209, IDAHO FALLS, ID 83402-5070
PACIFICSOURCE HEALTH PLANS; (D-U-N- S@:03-445-6932) 1301 POPLAR DR, MEDFORD, OR 97504-5219	PACIFICSOURCE HEALTH PLANS; (D-U-N- S@:07-924-3766) 2965 NE CONNERS AVE, BEND, OR 97701-7753			

### Subsidiaries Domestic

CLEAR ONE HEALTH PLANS, INC.; (D-U-N- S@:82-634-2250) 2965 NE CONNERS AVE, BEND, OR 97701-7753	
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This list is limited to the first 25 branches, subsidiaries, divisions and affiliates, both domestic and international. Please use the Global Family Linkage Link above to view the full listing.

## Financial Statements

### Key Business Ratios

Business ratios are not available for this company or its industry. Certain segments, such as financial services, insurance companies, government agencies and public institutions, have distinctive financial reporting characteristics that do not allow for calculation of these measures.

### Most Recent Financial Statement

As of 11/09/2015

The name and address of this business have been confirmed by D&B using available sources.

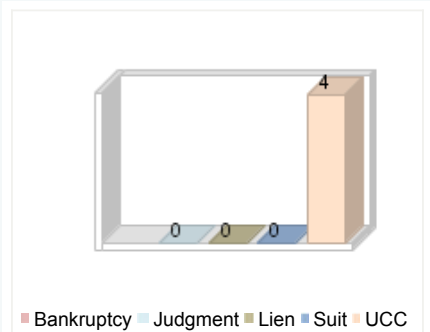
## Indicators

## Public Filings Summary

The following data includes both open and closed filings found in D&B's database on this company

Record Type	No. of Records	Most Recent Filing Date
Judgment	0	
Lien	0	
Suit	0	
UCC	4	07/01/2015

## Public Filings



The following Public Filing data is for information purposes only and is not the official record. Certified copies can only be obtained from the official source.

## Full Filings

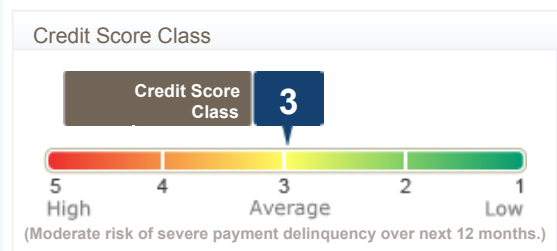
## UCC Filings

<b>Collateral</b>	Business machinery/equipment and proceeds	<b>Latest Info Received</b>	07/13/2015
<b>Filing No.</b>	90498590	<b>Type</b>	Original
<b>Where Filed</b>	SECRETARY OF STATE/UCC DIVISION, SALEM, OR	<b>Date Filed</b>	07/01/2015
<b>Secured Party</b>	U.S. BANK EQUIPMENT FINANCE, A DIVISION OF U.S. BANK NATIONAL ASSOCIATION, MARSHALL, MN		
<b>Debtor</b>	PACIFICSOURCE HEALTH PLANS		
<b>Collateral</b>	Leased Business machinery/equipment and products	<b>Latest Info Received</b>	12/02/2013
<b>Filing No.</b>	2013129961	<b>Type</b>	Original
<b>Where Filed</b>	FINANCE & REVENUE DEPT, WASHINGTON, DC	<b>Date Filed</b>	11/20/2013
<b>Secured Party</b>	IKON FINANCIAL SVCS, MACON, GA		
<b>Debtor</b>	PACIFICSOURCE HEALTH PLANS		
<b>Collateral</b>	Leased Business machinery/equipment	<b>Latest Info Received</b>	10/20/2010
<b>Filing No.</b>	2010086070	<b>Type</b>	Original
<b>Where Filed</b>	FINANCE & REVENUE DEPT, WASHINGTON, DC	<b>Date Filed</b>	10/01/2010
<b>Secured Party</b>	IKON FINANCIAL SVCS, MACON, GA		
<b>Debtor</b>	PACIFICSOURCE HEALTH PLANS		
<b>Filing No.</b>	8162373	<b>Latest Info Received</b>	01/09/2009
<b>Where Filed</b>	SECRETARY OF STATE/UCC DIVISION, SALEM, OR	<b>Type</b>	Original
<b>Secured Party</b>	IKON FINANCIAL SVCS, MACON, GA	<b>Date Filed</b>	12/30/2008
<b>Debtor</b>	PACIFICSOURCE HEALTH PLANS		

The public record items contained in this report may have been paid, terminated, vacated or released prior to the date this report was printed. Additional UCC and SLJ filings for this company can be found by conducting a more detailed search in our Public Records Database.

## Commercial Credit Score

### Summary



### Incidence of Delinquent Payment

Among Companies with This Class	5.80%
Average Compared to All Businesses	10.20%
Credit Score Percentile	56
Credit Score	506
Number of Payment Experiences	44

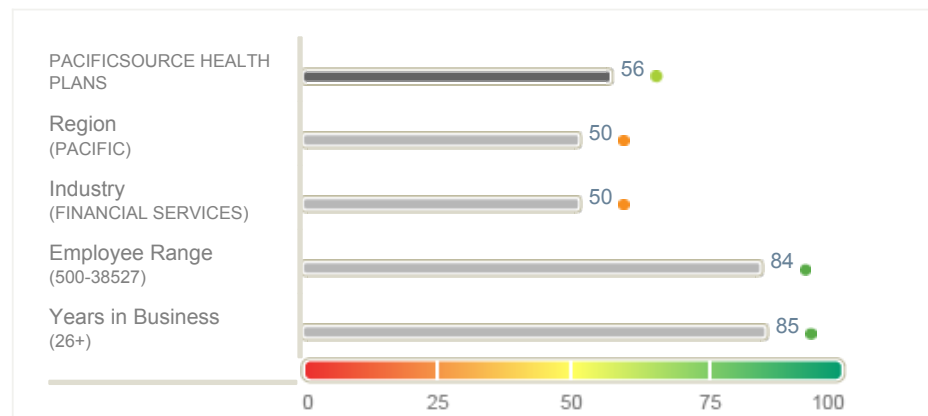
### Key Factors

- Proportion of slow payments in recent months
- Increase in proportion of delinquent payments in recent payment experiences
- Higher risk industry based on delinquency rates for this industry
- Proportion of past due balances to total amount owing

### Notes:

- The Credit Score Class indicates that this firm shares some of the same business and payment characteristics of other companies with this classification. It does not mean the firm will necessarily experience delinquency.
- The Incidence of Delinquent Payment is the percentage of companies with this classification that were reported 91 days past due or more by creditors. The calculation of this value is based on D&B's trade payment database.
- The Credit Score Percentile reflects the relative ranking of a firm among all scorable companies in D&B's file.
- The Credit Score offers a more precise measure of the level of risk than the Class and Percentile. It is especially helpful to customers using a scorecard approach to determining overall business performance.

### Credit Score Percentile Norms Comparison

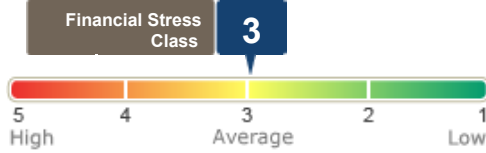


- Lower risk than other companies in the same region.
- Lower risk than other companies in the same industry.
- Higher risk than other companies in the same employee size range.
- Higher risk than other companies with a comparable number of years in business.

## Financial Stress Score

### Summary

#### Financial Stress Class



### Financial Stress Score Percentile

Financial Stress National Percentile	60
Financial Stress Score	1494
Probability of Failure with This Score	0.24%
Failure per 10K	24/10,000
Average Failure Rate within D&B database	0.48%
Failure per 10K	48/10,000
Number of Payment Experiences	44

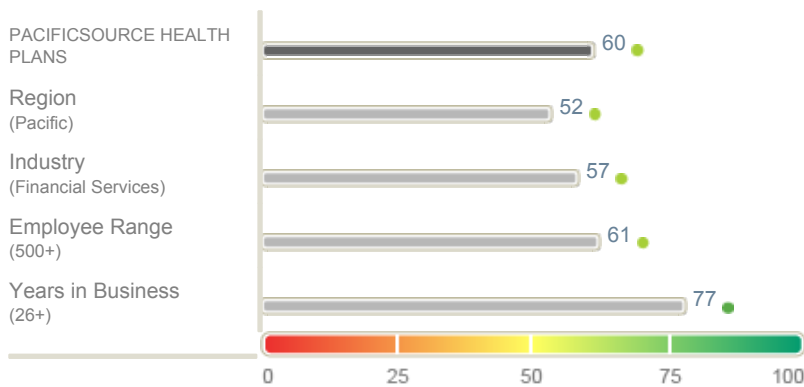
### Key Factors

- UCC Filings reported.
- High number of inquiries to D&B over last 12 months.

### Notes:

- The Financial Stress Class indicates that this firm shares some of the same business and financial characteristics of other companies with this classification. It does not mean the firm will necessarily experience financial stress.
- The probability of failure shows the percentage of firms in a given percentile that discontinue operations with loss to creditors. The average probability of failure is based on businesses in D&B's database and is provided for comparative purposes.
- The Financial Stress National Percentile reflects the relative ranking of a company among all scorable companies in D&B's file.
- The Financial Stress Score offers a more precise measure of the level of risk than the Class and Percentile. It is especially helpful to customers using a scorecard approach to determining overall business performance.

## Financial Stress Percentile Comparison

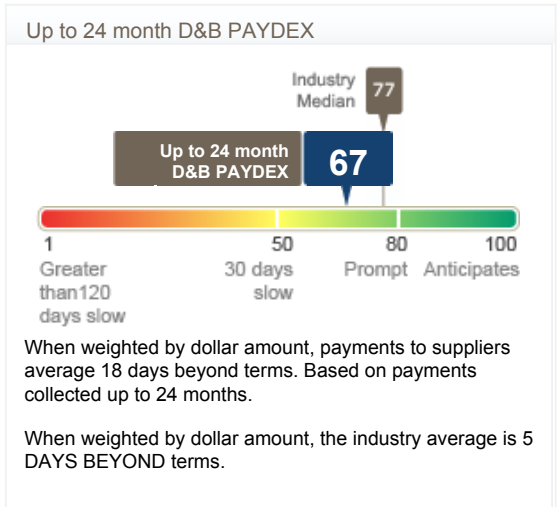
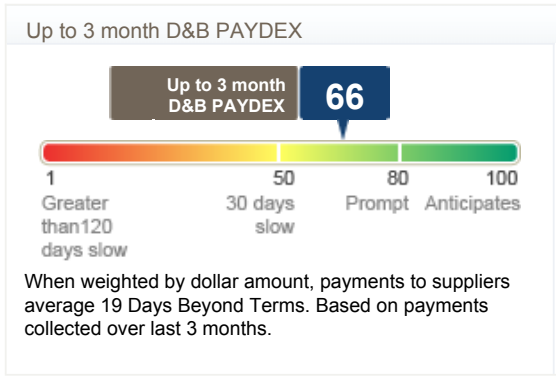


- Lower risk than other companies in the same region.
- Lower risk than other companies in the same industry.
- Higher risk than other companies in the same employee size range.
- Higher risk than other companies with a comparable number of years in business.

## Advanced Paydex + CLR

### D&B PAYDEX®

Shows the D&B PAYDEX scores as calculated up to 3 months and up to 24 months of payment experiences.

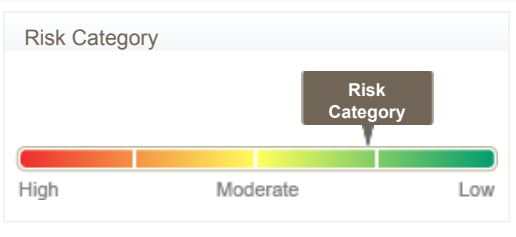


- High risk of late payment (average 30 to 120 days beyond terms)
- Medium risk of late payment (average 30 days or less beyond terms)
- Low risk of late payment (average prompt to 30+ days sooner)

Payment Trend	unchanged *	Total Payment Experiences for the HQ	44	Highest Now Owing	\$15,000
Payments Within Terms	85%	Total Placed for Collection	0	Highest Past Due	\$5,000
Average High Credit	\$8,246	Largest High Credit	\$80,000		

\* compared to payments three months ago

Credit Limit Recommendation

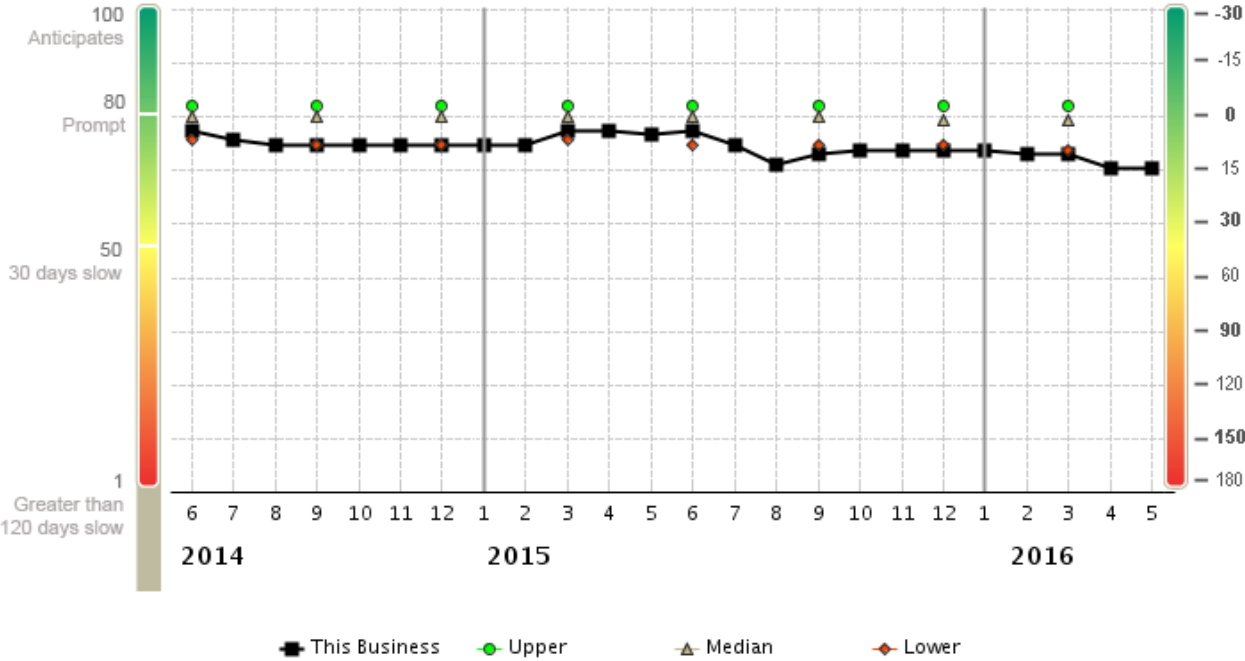


Recommendation Date	05/12/2016
Conservative Credit Limit	\$100,000
Aggressive Credit Limit	\$300,000
Key Factor	Risk is assessed using D&B's scoring methodology and is one factor used to create the recommended limits

PAYDEX Yearly Trend

Shows PAYDEX scores of this Business compared to the Primary Industry from each of the last four quarters. The Primary Industry is Accident/health insurance carrier, based on SIC code 6321.





This Business	75	73	72	72	72	72	72	72	72	75	75	74	75	72	68	70	71	71	71	71	70	70	67	67
Industry Quartiles																								
Upper	80			80			80			80			80			80			80			80		
Median	78			78			78			78			78			78			77			77		
Lower	73			72			72			73			72			72			72			71		

Note

- Current PAYDEX® for this Business is 67, or equal to 18 days beyond terms.
- The 24 month high paydex is 75.0, or equal to 8 DAYS BEYOND terms.
- The 24 month low paydex is 67.0, or equal to 18 DAYS BEYOND terms.
- Industry upper quartile represents the performance of the payers in the 75th percentile.
- Industry lower quartile represents the performance of the payers in the 25th percentile.

Payment Habits

Credit Extended	% of Payments Within Terms	No. of Payment Experiences	Total Amount USD
Over \$100,000	0%	0	\$0
50,000-100,000	0%	1	80,000
15,000-49,999	93%	6	115,000
5,000-14,999	74%	6	40,000
1,000-4,999	75%	4	10,000
Under 1,000	74%	13	2,400

Based on up to 24 months of payments

Payment Summary

The Payment Summary section reflects payment information in D&B's file as of the date of this report.

There are 44 payment experiences in D&B's file, with 19 experiences reported during the last three month period. The highest Now Owes on file is \$15,000. The highest Past Due on file is \$5,000.

All Industries

Industries	Total Received	Total Amounts	Largest High Credit	Within Terms (%)	Days Slow (%)			
					0-30	31-60	61-90	90+
Telephone communictns	8	\$1,350	\$750	72	28	0	0	0
Nonclassified	2	37,500	35,000	100	0	0	0	0
Mfg computers	2	25,000	15,000	70	0	0	30	0
Mfg process controls	2	30,000	15,000	100	0	0	0	0
Radiotelephone commun	2	7,500	5,000	100	0	0	0	0
Prepackaged software	2	7,500	5,000	100	0	0	0	0
Whol electrical equip	2	300	250	100	0	0	0	0
Whol office equipment	1	80,000	80,000	0	100	0	0	0
Short-trm busn credit	1	20,000	20,000	100	0	0	0	0
Whol computers/softwr	1	15,000	15,000	100	0	0	0	0
Help supply service	1	10,000	10,000	50	0	50	0	0
Detective/guard svcs	1	5,000	5,000	0	100	0	0	0
Whol industrial suppl	1	5,000	5,000	100	0	0	0	0
Mfg signs/ad spectlys	1	2,500	2,500	0	100	0	0	0
Ret mail-order house	1	250	250	0	0	100	0	0
Mfg elevator/escaltrs	1	250	250	100	0	0	0	0
Lithographic printing	1	100	100	100	0	0	0	0
Gravure printing	1	100	100	100	0	0	0	0
Whol service paper	1	50	50	100	0	0	0	0

## Other Payment Categories

Category	Total Received	Total Dollar Amounts	Largest High Credit
Cash experiences	10	\$750	\$250
Payment record unknown	2	12,500	10,000
Unfavorable comments	0	0	0
Placed for Collection	0	0	0

## Detailed Payment History

Date Reported	Paying Record	High Credit	Now Owes	Past Due	Selling Terms	Last Sale within(months)
May 2016	Ppt	\$15,000	\$15,000	\$0	N/A	1
April 2016	Ppt	35,000	7,500	0	N/A	1
	Ppt	20,000	5,000	0	Lease Agreemnt	1
	Ppt	10,000	2,500	0	N/A	1
	Ppt	5,000	0	0	N/A	6-12
	Ppt	2,500	0	0	N/A	6-12
	Ppt	2,500	750	0	N/A	1
	Ppt	250	0	0	N/A	1
	Ppt	250	0	0	N/A	1
	Ppt	50	0	0	N30	4-5
	Ppt-Slow 90	15,000	10,000	5,000	N/A	1
	Slow 30	80,000	0	0	N/A	4-5
	(013)	10,000	0	0	N/A	1

	Ppt	5,000	250	0	N/A	1
	Ppt	2,500	0	0	N/A	6-12
	Ppt	250	250	0	N/A	1
	Ppt-Slow 60	10,000	10,000	5,000	Regular terms	1
	(019)	50	0	0	Cash account	1
December 2015	Ppt	100	0	0	N/A	6-12
	Ppt	100	100	0	N/A	1
	Ppt	100	100	0	N/A	1
	Ppt	100	0	0	N/A	4-5
	Ppt	50	50	0	N/A	1
	Ppt-Slow 30	750	750	250	N/A	1
	(026)	250	0	0	Cash account	2-3
	(027)	50	0	0	Cash account	6-12
November 2015	Slow 30	5,000	2,500	2,500	N/A	
	(029)	50	0	0	Cash account	1
	(030)	50	0	0	Cash account	1
	(031)	50	0	0	Cash account	1
	(032)	50	0	0	Cash account	1
	(033)	50	0	0	Cash account	1
September 2015	Ppt	100	0	0	N/A	1
August 2015	(035)	2,500	750	0	N/A	1
July 2015	(036)	100	0	0	Cash account	1
June 2015	(037)	50	0	0	Cash account	4-5
April 2015	Ppt	15,000	15,000	0	N/A	1
	Ppt	15,000	15,000	0	N/A	1
January 2015	Ppt	50	0	0	N/A	6-12
November 2014	Slow 60	250	0	0	N/A	6-12
October 2014	Slow 30	2,500	0	0	N/A	6-12
August 2014	Ppt	0	0	0	N/A	6-12
	Ppt	0	0	0	N/A	6-12

Lines shown in red are 30 or more days beyond terms

Payment experiences reflect how bills are met in relation to the terms granted. In some instances payment beyond terms can be the result of disputes over merchandise, skipped invoices etc.

Each experience shown is from a separate supplier. Updated trade experiences replace those previously reported.