



**EXAMINATION REPORT
OF
Devoted Health Insurance Company**

NAIC Company Code: 16385

**Miramar, Florida
as of
December 31, 2019**

**BY THE
FLORIDA
OFFICE OF INSURANCE REGULATION**

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May 21, 2021

David Altmaier
Commissioner
Office of Insurance Regulation
State of Florida
Tallahassee, Florida 32399-0326

Dear Commissioner:

Pursuant to your instructions, in compliance with Section 624.316, Florida Statutes, Rule 69O-138.005, Florida Administrative Code, and in accordance with the practices and procedures promulgated by the National Association of Insurance Commissioners (“the NAIC”), we have conducted an examination as of December 31, 2019, of the financial condition and corporate affairs of

Devoted Health Insurance Company

SW 148th Avenue, Suite 110

Miramar, FL 33027

hereinafter referred to as “the Company.” Such report of examination is herewith respectfully submitted.

SCOPE OF EXAMINATION

This examination covered the period of January 1, 2019 through December 31, 2019 and the fieldwork commenced with planning with the Florida Office of Insurance Regulation (“the Office”) on September 18, 2020. The fieldwork concluded as of May 21, 2021. The Company’s last full scope exam by representatives of the Office covered the period of May 17, 2017 through December 31, 2018.

The examination was a single state examination conducted in accordance with the NAIC Financial Condition Examiners Handbook (“the Handbook”). The Handbook requires that the examination be planned and performed 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 the NAIC Statements of Statutory Accounting Principles (“SSAP”). 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 information obtained from the examination of the records, accounts, files and documents of or relative to the Company and other information as permitted by Section 624.319, Florida Statutes. There may be other items identified during the examination that, due to their nature (for example, subjective conclusions or proprietary information), are not included within the examination report but separately communicated to other regulators and/or the Company.

SUMMARY OF SIGNIFICANT FINDINGS

Current Examination Findings

There were no significant findings as a result of this examination.

Previous Examination Findings

There were no significant findings in the previous examination.

COMPANY HISTORY

General

The Company was incorporated in Florida on October 12, 2017 and licensed by the Office as an insurer on March 13, 2018. It was authorized by the State of Florida to operate as a life and health insurer in accordance with Section 624.401, Florida Statutes.

Dividends

The Company did not declare or pay any dividends during the period under examination.

Capital Stock and Capital Contributions

As of December 31, 2019, the Company's capitalization was as follows:

Number of authorized common capital shares	10,000,000
Number of shares issued and outstanding	0
Total common capital stock	\$0
Par value per share	* \$1.00

*See subsequent event section for amendments to Articles of Incorporation.

The Company did not receive any capital contributions during the period under examination.

Surplus Notes

The Company did not have or issue any surplus notes during the period under examination.

Acquisitions, Mergers, Disposals, Dissolutions

The Company had no acquisitions, mergers, disposals, or dissolutions during the period under examination.

MANAGEMENT AND CONTROL

Corporate Governance

The annual shareholder meeting for the election of Directors was held in accordance with Section 628.231, Florida Statutes. Directors serving as of December 31, 2019, are shown below:

Directors		
Name	City, State	Principal Occupation, Company Name
Ed Park	Waltham, Massachusetts	Chief Executive Officer, Devoted Health Inc.
Todd Park	Waltham, Massachusetts	Executive Chairman, Devoted Health Inc.
Dariel Quintana	Miramar, Florida	President, Devoted Health Insurance Company
Jeremy Delinsky	Waltham, Massachusetts	Chief Operating Officer, Devoted Health Inc.
Adam Thackery	Waltham, Massachusetts	Chief Financial Officer, Devoted Health Inc.

In accordance with the Company's Bylaws, the Board appointed the following Senior Officers:

Senior Officers		
Name	City, State	Title
Dariel Quintana	Miramar, Florida	President
Jeremy Delinsky	Waltham, Massachusetts	Chief Operating Officer
Adam Thackery	Waltham, Massachusetts	Chief Financial Officer and Treasurer
Neil Wagle	Waltham, Massachusetts	Chief Medical Director
Paul Jernigan	Houston, Texas	Secretary

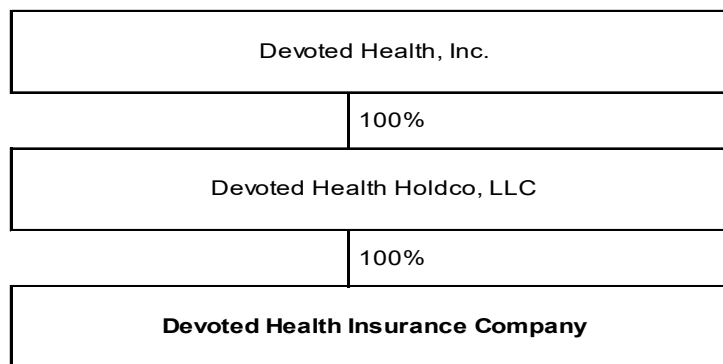
The Company did not maintain an audit committee, as required by Section 624.424(8)(c), Florida Statutes, due to the Company having no membership or revenue and was exempt per 624.424(8)(b), Florida Statutes.

Holding Company System

The Company was a member of an insurance holding company system. The Company is a wholly-owned subsidiary of Devoted Health Holdco, LLC, which is 100% owned by Devoted Health, Inc. Its latest Holding Company Registration Statement was filed with the State of Florida as required by Section 628.801, Florida Statutes, and Rule 69O-143.046, Florida Administrative Code on April 13, 2020.

A simplified organizational chart as of December 31, 2019, reflecting the holding company system, is shown below. Schedule Y of the Company's 2019 annual statement provided a list of all related companies of the holding company group.

**Devoted Health Insurance Company
Simplified Organizational Chart
December 31, 2019**



The following agreements were in effect between the Company and its affiliates:

Tax Allocation Agreement

Effective February 14, 2018, the Company and its parent Devoted Health, Inc. entered into a Tax Sharing Agreement. Pursuant to the Agreement, the members of the Tax Sharing Agreement file a consolidated US federal income tax returns and state income tax returns.

Administrative Services Agreement

Effective October 1, 2018, the Company entered into an Administrative Services agreement with Devoted Health, Inc., the Company's ultimate parent. Pursuant to the Agreement, Devoted Health, Inc. will provide services described in one or more Statements of Work entered into between the parties. Each Statement of Work will define the Services to be performed, the time for completion of performance, the personnel to be assigned to perform the Services, the responsibilities undertaken by each Party, and such other terms and conditions as the parties entering into such Statements of Work may agree. Fees incurred under this agreement were \$260,549.

ACCOUNTS AND RECORDS

The Company maintained its principal operational offices in Miramar, Florida with the Company's administrative office in Waltham, Massachusetts.

The Company and non-affiliates had the following material agreements:

Independent Auditor Agreement

An independent CPA, Deloitte & Touche, LLP audited the Company's statutory basis financial statements annually for the year 2019, in accordance with Section 624.424(8), Florida Statutes. Supporting work papers were prepared by the CPA firm as required by Rule 69O-137.002, Florida Administrative Code.

Corporate Records Review

The recorded minutes of the Shareholder(s) and Board of Directors (Board) were reviewed for the period under examination. The Company did not engage in transactions involving investment securities or loans that require Board authorization under Section 625.304, Florida Statutes.

TERRITORY AND PLAN OF OPERATIONS

The Company was authorized to transact insurance only in the State of Florida.

The Company was authorized to transact insurance in Florida on May 17, 2018, and is authorized to write Accident and Health business.

The Company did not have any enrollees or members as of December 31, 2019.

REINSURANCE

Reinsurance Assumed

The Company did not assume any reinsurance during the period of this examination.

Reinsurance Ceded

The Company did not cede any reinsurance during the period of this examination.

FINANCIAL STATEMENTS

The following includes the Company's statutory Statement of Assets, Liabilities, Capital and Surplus and statutory Statement of Revenue and Expenses for the year ended December 31, 2019. The financial statements are based on the statutory financial statements filed by the Company with the Florida Office of Insurance Regulation and present the financial condition of the Company for the period ending December 31, 2019. (Note: Due to rounding, column amounts may not add to the totals reflected in the Report).

Devoted Health Insurance Company
Assets
December 31, 2019

	Per Company	Examination Adjustments	Per Examination
Bonds	\$ -		\$ -
Stocks			
Common			
Real Estate			
Properties Occupied by the Company			
Other Properties			
Cash, cash equivalents and short-term investments	5,348,822		5,348,822
Other invested assets			
Aggregate write-ins for invested assets			
Receivables for securities			
Subtotal cash and invested assets	\$5,348,822		\$5,348,822
Investment income due and accrued			
Premiums and considerations			
Uncollected premiums and agents' balances			
Deferred premiums and agents' balances			
Amounts recoverable from reinsurer			
Current federal and foreign income taxes recoverable			
Net deferred tax asset			
Electronic data processing equipment and software			
Receivables from parent, subsidiaries and affiliates			
Health care and other amounts receivable			
Aggregate write-ins for other than invested assets			
Totals	\$5,348,822		\$5,348,822

Devoted Health Insurance Company
Liabilities, Capital and Surplus
December 31, 2019

	Per Company	Examination Adjustments	Per Examination
Claims unpaid	\$ -		\$ -
Unpaid claims adjustment expenses			
Aggregate health claim reserves			
Premiums received in advance			
General expenses due or accrued	24,706		24,706
Current federal and foreign income tax payable			
Ceded reinsurance premiums payable			
Amounts withheld or retained for the account of others			
Amounts due to parent, subsidiaries and affiliates	260,549		260,549
Funds held under reinsurance treaties			
Aggregate write-ins for other liabilities			
Total liabilities	\$285,255		\$285,255
Aggregate write-ins for special surplus funds			
Common capital stock			
Gross paid-in and contributed surplus	5,100,000		5,100,000
Surplus notes			
Unassigned funds (surplus)	(36,433)		(36,433)
Total capital and surplus	\$5,063,567		\$5,063,567
Total liabilities, capital and surplus	\$5,348,822		\$5,348,822

Devoted Health Insurance Company
Statement of Revenue and Expenses
December 31, 2019

	Per Company	Examination Adjustments	Per Examination
Net premium income	\$ -		\$ -
Change in unearned premium reserves and reserve for rate credits			
Aggregate write-ins for other health care related revenues			
Total revenues	\$ -		\$ -
Hospital and Medical:			
Hospital/medical benefits			
Other professional services			
Emergency room and out-of-area			
Prescription drugs			
Aggregate write-ins for other hospital and medical			
Incentive pool, withhold adjustments and bonus amounts			
Subtotal	\$ -		\$ -
Less:			
Net reinsurance recoveries			
Total hospital and medical	\$ -		\$ -
Claims adjustment expenses			
General administrative expenses	94,438		94,438
Increase in reserves for life and accident and health contracts			
Total underwriting deductions	\$94,438		\$94,438
Net underwriting gain or (loss)	(\$94,438)		(\$94,438)
Net investment income earned	110,449		110,449
Net realized capital gains (losses) less capital gains tax			
Net investment gains ((losses)	\$110,449		\$110,449
Aggregate write-ins for other income or expenses			
Net income or (loss) after capital gains tax and before all other federal income taxes	\$16,011		\$16,011
Federal and foreign income taxes incurred			
Net Income	\$16,011		\$16,011

	Per Company	Examination Adjustments	Per Examination
Capital and Surplus Account			
Capital and surplus prior reporting year	\$5,044,412		\$5,044,412
Net Income	\$16,011		\$16,011
Change in net unrealized capital gains (losses) less capital gains tax			
Change in net deferred income taxes			
Change in nonadmitted assets			
Change in surplus notes			
Capital Changes:			
Paid in			
Transferred to surplus			
Surplus adjustments:			
Paid in			
Transferred from capital			
Dividends to stockholders			
Aggregate write-ins for gains or(losses) in surplus	3,144		3,144
Net change in capital and surplus	\$19,155		\$19,155
Capital and surplus end of reporting year	\$5,063,567		\$5,063,567

**Devoted Health Insurance Company
Reconciliation of Capital and Surplus
December 31, 2019**

No adjustments were made to surplus as regards policyholders as a result of this examination.

Capital/Surplus Change during Examination Period			
Capital and Surplus at January 1, 2019, per Examination			\$5,044,412
	Increase	Decrease	
Net income	\$16,011	\$0	\$0
Aggregate write-ins for gains (losses) in surplus	\$3,144	\$0	\$0
Net increase (or decrease)			\$19,155
Capital and Surplus at December 31, 2019 per Examination			\$5,063,567

COMMENTS ON FINANCIAL STATEMENT ITEMS

Capital and Surplus

The amount of capital and surplus reported by the Company of \$5,603,567, exceeded the minimum of \$1,500,000 required by Section 624.408, Florida Statutes.

SUBSEQUENT EVENTS

The COVID-19 pandemic has continued to develop throughout 2020, with significant uncertainty remaining regarding the full effect of COVID-19 on the U.S. and global insurance and reinsurance industry. The Florida Office of Insurance Regulation has been in communication with the Company regarding the impact of COVID-19 on its business operations and financial position. The Office continues to closely monitor the impact of the pandemic on the Company and will take necessary action if a solvency concern arises.

Effective January 22, 2020, the Company amended its Articles of Incorporation to reduce the total number of shares of capital stock which the Company shall have the authority to issue to 1,000 shares all of which shares denominated "Common Stock" having a par value of \$0.0001 per share. The Amended Articles of Incorporation were approved by the Florida Secretary of State on February 25, 2020. Upon further review of the Amended Articles of Incorporation, it was determined that the Amended Articles of Incorporation were in violation Section of 628.081(3)(d), Florida Statutes. As a result, the prior examination notified the Company of the violation and the Company amended its Articles of Incorporation by resolution of the Board of Directors on April 3, 2020 to bring the Company in compliance with Section 628.081, Florida Statutes, and subsequently filed the Amended Articles of Incorporation. The updated Amended Articles of Incorporation were approved by the Florida Secretary of State on May 5, 2020.

CONCLUSION

The insurance examination practices and procedures as promulgated by the NAIC have been followed in ascertaining the financial condition of Devoted Health Insurance Company as of December 31, 2019, consistent with the insurance laws of the State of Florida.

In addition to the undersigned, Ryne Davison, CFE, and Neeraj Gupta, CFE Participating Examiners, of Lewis & Ellis, Inc., also participated in the examination. Members of the Office who participated in the examination include Shantia Simmons, APIR, Examination Manager. Additionally, Joanna Latham, CFE, CPA, AES, CISA, CRISC, IT Specialist of Jennan Enterprises, LLC, are recognized for participation in the examination.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "D/A Palmer".

David Palmer, CFE
Examiner-in-Charge
Lewis & Ellis, Inc.

A handwritten signature in black ink, appearing to read "Margaret M. McCrary".

Margaret M. McCrary, CFE, CPA, MBA
Chief Financial Examiner
Life & Health Financial Oversight
Florida Office of Insurance Regulation

A handwritten signature in blue ink, appearing to read "Carolyn M. Morgan".

Carolyn M. Morgan, APIR
Director
Life & Health Financial Oversight
Florida Office of Insurance Regulation