



**EXAMINATION REPORT  
OF  
HUMANA HEALTH INSURANCE COMPANY OF  
FLORIDA, INC.**

**NAIC Company Code: 69671**

**Miramar, Florida  
as of  
December 31, 2020**

**BY THE  
FLORIDA  
OFFICE OF INSURANCE REGULATION**

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April 4, 2022

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, 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, 2020, of the financial condition and corporate affairs of

**Humana Health Insurance Company of Florida, Inc.**

3501 SW 160<sup>th</sup> Avenue

Miramar, Florida 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, 2016, through December 31, 2020, and the fieldwork commenced with planning with the Florida Office of Insurance Regulation (“OIR”) on April 28, 2021. The fieldwork concluded as of April 4, 2022. The Company’s last full scope exam by representatives of OIR covered the period of January 1, 2011, through December 31, 2015.

The examination was a multi-state/coordinated holding company group 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. The lead state for this exam was Wisconsin, and states that participated in this exam are as follows: Arkansas, Florida, Georgia, Illinois, Louisiana, Michigan, Ohio, Pennsylvania, Tennessee, Texas, Utah, and Washington.

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 and 641.27(1), 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 December 19, 1983, and commenced business on February 8, 1984. OIR authorized the Company to operate as an accident and health insurer in accordance with Section 624.401, F.S. As approved by OIR on August 10, 1998, life insurance was added as a line of business to the Certificate of Authority of the Company due to the merger of PCA Life Insurance Company into the Company. As approved by OIR on March 28, 2003, individual life was added as a line of business to the Certificate of Authority of the Company.

### Dividends

In accordance with Section 628.371, Florida Statutes, the Company paid dividends of \$25,000,000 to Humana Inc. on June 20, 2016.

### Capital Stock and Capital Contributions

As of December 31, 2020, the Company's capitalization was as follows:

Number of authorized common capital shares	1,000,000
Number of shares issued and outstanding	1,000,000
Total common capital stock	\$1,000,000
Par value per share	\$1.00

The Company received a \$75,000,000 capital contribution from Humana Inc. in 2017. The Company returned capital of \$75,000,000 to Humana Inc. in 2019.

## 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 Board of Directors (“the Board”) was held in accordance with Section 628.231, Florida Statutes. Directors serving as of December 31, 2020, are shown below:

Directors		
Name	City, State	Principal Occupation, Company Name
Bruce Dale Broussard	Louisville, Kentucky	President and Chief Executive Officer, Humana Health Insurance Company of Florida
Christopher Howal Hunter (b)	Louisville, Kentucky	Segment President, Group and Military Business, Humana Health Insurance Company of Florida
Brian Andrew Kane (a)	Louisville, Kentucky	Chief Financial Officer, Humana Health Insurance Company of Florida
Steven Edward McCulley	Louisville, Kentucky	Senior Vice President, Medicare, Humana Health Insurance Company of Florida
Timothy Alan Wheatley	Louisville, Kentucky	Segment President, Retail, Humana Health Insurance Company of Florida

(a) Effective June 1, 2021, Brian Andrew Kane resigned as a director. Effective June 1, 2021, Joseph Matthew Ruschell was elected as a director.

(b) Effective August 31, 2021, Christopher Howal Hunter resigned his position as director. Effective September 1, 2021, Susan Draney Schick was elected as a director.

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

<b>Senior Officers</b>		
<b>Name</b>	<b>City, State</b>	<b>Title</b>
Bruce Dale Broussard	Louisville, Kentucky	President and Chief Executive Officer
Brian Andrew Kane (a)	Louisville, Kentucky	Chief Financial Officer
Joseph Matthew Ruschell	Louisville, Kentucky	Associate Vice President, Assistant General Counsel and Corporate Secretary
Vanessa Marie Olson	Louisville, Kentucky	Senior Vice President, Chief Actuary
Beatriz Maria Assapimonwait	Louisville, Kentucky	Regional President
Alan James Bailey	Louisville, Kentucky	Vice President and Treasurer
Andrew Joseph Besendorf III (f)	Louisville, Kentucky	Appointed Actuary
Courtney Danielle Durall	Louisville, Kentucky	Assistant Corporate Secretary and Legal Advisor
William Kevin Fleming (e)	Louisville, Kentucky	Segment President, Clinical and Pharmacy Solutions
Deborah Maureen Galloway	Louisville, Kentucky	Regional President
Christopher Howal Hunter (c)	Louisville, Kentucky	Segment President, Group and Military Business
Steven Edward McCulley	Louisville, Kentucky	Senior Vice President, Medicare
Sean Joseph O'Reilly	Louisville, Kentucky	Senior Vice President, Enterprise Compliance and Chief Compliance Officer
William Mark Preston	Louisville, Kentucky	Vice President, Investments
Richard Donald Remmers	Louisville, Kentucky	Senior Vice President, Employer Group Sales
George Renaudin II (b)	Louisville, Kentucky	Senior Vice President, Medicare Divisional Leader
Donald Hank Robinson	Louisville, Kentucky	Senior Vice President, Tax
Susan Draney Schick (c)	Louisville, Kentucky	Senior Vice President, Employer Group
Gilbert Alan Stewart	Louisville, Kentucky	Senior Vice President, Medicare Divisional Leader
Timothy Alan Wheatley	Louisville, Kentucky	Segment President, Retail
Ralph Martin Wilson	Louisville, Kentucky	Vice President
Cynthia Hillebrand Zipperle	Louisville, Kentucky	Senior Vice President, Chief Accounting Officer and Controller

- (a) Effective June 1, 2021, Brian Andrew Kane retired as the Chief Financial Officer. Effective June 1, 2021, Susan Marie Diamond was elected as the Interim Chief Financial Officer. Effective June 28, 2021, Susan Marie Diamond was elected as the Chief Financial Officer.
- (b) Effective August 5, 2021, the title of George Renaudin II changed to Senior Vice President-Medicare Markets, Economics and Provider Experience.
- (c) Effective August 31, 2021, Christopher Howal Hunter resigned his position as Segment President, Group and Military Business. Effective September 1, 2021, Susan Draney Schick was elected as Segment President, Group and Military Business.
- (d) Effective September 15, 2021, Michael Poul Tilton was elected Vice President, Employer Group Regional President.
- (e) Effective November 30, 2021, William Kevin Fleming resigned his position as Segment President, Clinical and Pharmacy Solutions.
- (f) Effective December 15, 2021, Andrew Joseph Besendorf, III resigned as the Appointed Actuary. Effective December 15, 2021, Vanessa Marie Olson was appointed to serve as the Appointed Actuary.

The Board of the Company's ultimate parent, Humana Inc., has appointed its Audit and Investment committees (collectively, the "Committees") to serve as the Audit and Investment Committees of the Company. Individuals appointed and serving on the Committees as of December 31, 2020, are indicated below.

<b>Audit Committee</b>		
<b>Name</b>	<b>City, State</b>	<b>Title, Company Name</b>
Frank A. D'Amelio, Chair	Louisville, Kentucky	Former Executive Officer, Pfizer Inc.
Raquel C. Bono, M.D.	Louisville, Kentucky	Principal, RCB Consulting and Chief Health Officer, Viking
John W. Garratt	Louisville, Kentucky	Executive Vice President and Chief Financial Officer, Dollar General Corporation
William J. McDonald	Louisville, Kentucky	Managing Partner, Wild Irishman Advisory, LLC

<b>Investment Committee</b>		
<b>Name</b>	<b>City, State</b>	<b>Title, Company Name</b>
John W. Garratt, Chair	Louisville, Kentucky	Executive Vice President and Chief Financial Officer, Dollar General Corporation
William J. McDonald	Louisville, Kentucky	Managing Partner, Wild Irishman Advisory, LLC
James J. O'Brien	Louisville, Kentucky	Retired Chairman of the Board and Chief Executive Officer of Ashland Inc.
Marissa T. Peterson	Louisville, Kentucky	President and CEO Mission Peak Executive Consulting

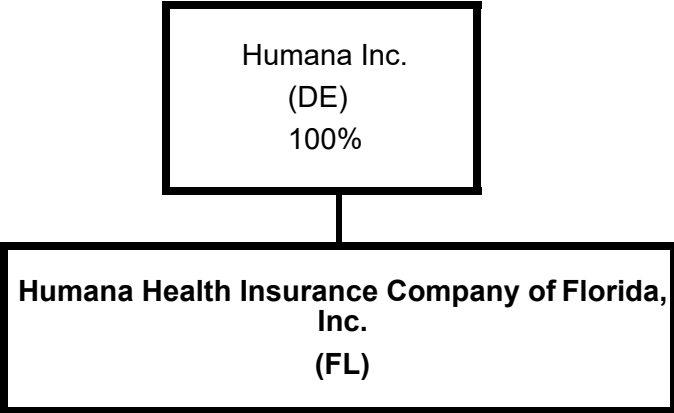
**Holding Company System**

A simplified organizational chart as of December 31, 2020, reflecting the holding company system, is shown on the following page. Schedule Y of the Company’s 2020 annual statement provided a list of all related companies of the holding company group.

**Humana Health Insurance Company of Florida, Inc.**

**Simplified Organizational Chart**

**December 31, 2020**



## **AFFILIATED AGREEMENTS**

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

### **Tax Allocation Agreement**

The Company, along with Humana Inc., filed a consolidated federal income tax return pursuant to a Tax Allocation Agreement effective January 1, 2016. Consolidated tax liability was allocated among members of the consolidated group on a pro rata basis according to the separate return tax liabilities of included members. The agreement required that intercompany balances be settled within 30 days after the calculation of income tax attributable to the Company. In the event of a refund, the agreement required settlement within 30 days after receipt of the refund. The Company's balance under the Tax Allocation Agreement was (\$717,342).

### **Corporate Service Agreement**

The Company entered into a Corporate Service Agreement with Humana Inc. on June 16, 2003, to provide medical and executive management, information systems, claims processing, billing and enrollment, telemarketing, and other services to the Company. The agreement renews automatically unless otherwise terminated within the guidelines of the agreement. Fees incurred under this agreement during 2020 amounted to \$79,713,788.

### **Service Center Service Agreement**

The Company entered into a Service Center Service Agreement with Humana Insurance Company ("HIC") and Humana Inc. where HIC provides claims processing, customer service, front-end operations, billing and enrollment, utilization review, and other support services including senior leadership, systems and related support to process member billing, collections, and enrollment. Humana, Inc. collects monies due to the Company and HIC. The agreement renews automatically unless otherwise terminated within the guidelines of the agreement. Fees incurred under this agreement during 2020 amounted to (\$47,819,784).

## **Marketing Service Agreement**

The Company entered into a Marketing Service Agreement with Humana MarketPOINT, Inc. and Humana Inc. as repository, on June 7, 2006, to provide marketing services including the provision of staff, systems, and related support to the Company in order to market Humana Medicare and commercial Risk Products. The agreement renews automatically unless otherwise terminated within the guidelines of the agreement. Fees incurred under this agreement during 2020 amounted to \$223,668.

## **Indemnity Agreement**

Pursuant to a June 30, 1995, agreement, the Company is indemnified by Humana Inc. in the event of the Company's insolvency or inability to provide health care services for which it is contractually obligated. Fees incurred under this agreement during 2020 amounted to \$7,408.

## **ACCOUNTS AND RECORDS**

The Company maintained its principal operational offices in Miramar, Florida; however, the Company maintained its primary books and records in Louisville, Kentucky.

## **Independent Auditor Agreement**

An independent CPA, PricewaterhouseCoopers LLP, audited the Company's statutory basis financial statements annually for the years 2016, 2017, 2018, 2019 and 2020, 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, the Board, and the following committees: Audit and Investment, were reviewed for the period under examination. The recorded minutes of the Board documented its meetings and approval of Company transactions and events, in compliance with the Handbook adopted by Rule 69O-138.001, Florida Administrative Code, including the authorization of investments, as required by Section 625.304, Florida Statutes.

## **TERRITORY AND PLAN OF OPERATIONS**

The Company was authorized in Alabama, Kentucky, Virginia, North Carolina, Georgia, South Carolina and Florida, but for the year ended December 31, 2020, the Company wrote business only in the State of Florida.

The Company was authorized to transact insurance in Florida on February 8, 1984. The Company provides group health coverage, primarily to employer groups. The Company is a Preferred Provider Organization and are marketed primarily to employer and other commercial groups. The Company also provides medical coverage to Medicare-eligible individuals under a Medicare Advantage contract with the Centers for Medicare & Medicaid Services. For the year 2020, all premiums in the amount of \$145,719,335 were written in Florida.

## **REINSURANCE**

### **Reinsurance Assumed**

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

### **Reinsurance Ceded**

The Company reinsures portion of its business through various reinsurance treaties. These treaties protect the Company from sustaining losses above predetermined levels.

Effective August 3, 2018, retroactive to January 1, 2018, the Company entered into a 100% Indemnity Coinsurance and Assumption reinsurance agreement with Manhattan Life Insurance Company. Under the terms of the agreement, the Company ceded its individual life policies. Initial policy and claims reserves transferred were \$2,036,910. For the year ended December 31, 2020, \$254,191 of premiums were ceded under the agreement. Total reserves ceded was \$1,575,828 for the year ended December 31, 2020.

## **FINANCIAL STATEMENTS**

The following includes the Company's statutory Statement of Assets, Liabilities, Capital and Surplus, statutory Statement of Revenue and Expenses, which includes an analysis of

changes in the Capital and Surplus Account for the year ended December 31, 2020. The financial statements are based on the statutory financial statements filed by the Company with OIR and present the financial condition of the Company for the period ending December 31, 2020. Due to rounding, column amounts may not add to the totals reflected in this Report. There were no examination adjustments to the amounts reported by the Company.

**Humana Health Insurance Company of Florida, Inc.**  
**Assets**  
**December 31, 2020**

	Per Company
Bonds	\$81,527,284
Cash and short-term investments	19,272,478
Receivables for securities	5,000
Subtotal, cash and invested assets	\$100,804,762
Investment income due and accrued	598,415
Premiums and considerations	
Uncollected premiums and agents' balances	37,599
Accrued retrospective premiums	1,331,892
Amounts receivable relating to uninsured plans	722,841
Current federal and foreign income taxes recoverable and interest thereon	2,243,188
Net deferred tax asset	2,048,033
Guaranty funds receivable or on deposit	1,244,601
Electronic data processing equipment and software	590,631
Health care and other amounts receivable	715,728
<b>Total</b>	<b>\$110,337,690</b>

**Humana Health Insurance Company of Florida, Inc.**  
**Liabilities, Capital and Surplus**  
**December 31, 2020**

	Per Company
Claims unpaid	\$16,225,766
Accrued medical incentive pool and bonus amounts	211,594
Unpaid claims adjustment expenses	43,563
Aggregate health policy reserves	13,546,277
Aggregate health claim reserves	10,894
Premiums received in advance	2,509,295
General expenses due or accrued	18,311,650
Amounts withheld or retained for the account of others	615,913
Remittances and items not allocated	104,348
Amounts due to parent, subsidiaries and affiliates	9,074,392
Payable for securities	213,805
Liability for amounts held under uninsured plans	83,148
Aggregate write-in for liabilities	115,638
<b>Total liabilities</b>	<b>\$61,066,282</b>
Common capital stock	1,000,000
Gross paid-in and contributed surplus	114,115,415
Unassigned funds (surplus)	(65,844,007)
<b>Total capital and surplus</b>	<b>\$49,271,408</b>
<b>Totals</b>	<b>\$110,337,690</b>

**Humana Health Insurance Company of Florida, Inc.**  
**Statement of Revenue and Expenses**  
**December 31, 2020**

	Per Company
Net premium income	\$145,086,715
Hospital/medical benefits	42,026,340
Other professional services	91,442,998
Emergency room and out-of-area	1,428,093
Prescription drugs	4,800,186
Incentive pool, withhold adjustments and bonus amounts	233,479
Subtotal	\$139,931,096
Less:	
Claim adjustment expenses,	1,390,481
General administrative expenses	8,649,751
Increase in reserves for life and accident and health contracts	4,074,950
Total underwriting deductions	\$154,046,278
Net underwriting gain or (loss)	\$(8,959,563)
Net investment income earned	2,258,870
Net realized capital gains less capital gains tax of \$174,526	318,863
Net investment gains	\$2,577,733
Aggregate write-ins for other income or expenses	(35,778)
Net income or (loss) after capital gains tax and before all other federal income taxes	\$(6,417,608)
Federal & foreign income taxes incurred	(671,049)
Net Income (loss)	\$(5,746,558)

	Per Company
<b>Capital and Surplus Account</b>	
Capital and surplus, prior reporting year	\$55,446,281
Net Income or (loss)	\$(5,746,558)
Change in net unrealized capital gains or losses less capital gains tax	14,300
Change in net deferred income taxes	666.072
Change in non-admitted assets	(1,108,686)
Net change in capital and surplus	\$(6,174,872)
Capital and surplus, end of reporting period	\$49,271,408

**Humana Health Insurance Company of Florida, Inc.  
Reconciliation of Capital and Surplus  
December 31, 2020**

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

<b>Capital/Surplus Change during Examination Period</b>			
Surplus at December 31, 2015, per Company			\$72,469,288
	Increase	Decrease	
Net income	\$6,682,518		
Change in net unrealized capital gain (loss)	\$33,639		
Change in net deferred income tax		\$16,159,045	
Change in non-admitted assets	\$8,380,541		
Change in surplus notes			
Change in paid in surplus		\$21,587,298	
Aggregate write-ins for gains or (losses) in surplus		\$548,235	
Net increase (or decrease)			\$(23,197,880)
Surplus at December 31, 2020, per Company			\$49,271,408

## **COMMENTS ON FINANCIAL STATEMENT ITEMS**

### **Liabilities**

#### **Losses and Loss Adjustment Expenses**

Andrew J. Besendorf III, FSA, MAAA, Associate Vice President and Appointed Actuary, appointed by the Board, rendered an opinion that the amounts carried in the balance sheet as of December 31, 2020, made a reasonable provision for all unpaid loss and loss expense obligations of the Company under the terms of its policies and agreements.

OIR consulting actuary, Margaret Hermann, FSA, MAAA, INS Consultants, Inc., reviewed the loss and loss adjustment expense work papers provided by the Company and she was in concurrence with this opinion.

#### **Capital and Surplus**

The amount of capital and surplus reported by the Company of \$49,271,408 exceeded the minimum of \$36,271,679 required by Section 624.408, Florida Statutes.

## **SUBSEQUENT EVENTS**

The COVID-19 pandemic has continued to develop throughout 2021 and 2022, with significant uncertainty remaining regarding the full effect of COVID-19 on the U.S. and global insurance and reinsurance industry. OIR has been in communication with the Company regarding the impact of COVID-19 on its business operations and financial position. OIR continues to closely monitor the impact of the pandemic on the Company and will take necessary action if a solvency concern arises.

## CONCLUSION

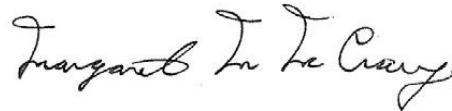
The insurance examination practices and procedures as promulgated by the NAIC have been followed in ascertaining the financial condition of Humana Health Insurance Company of Florida, Inc. as of December 31, 2020, consistent with the insurance laws of the State of Florida.

The following individuals with the firm of The INS Companies participated in the examination: Tony Riddick, CFE, Examiner-in-Charge; Kelly Willison, CFE, Examination Manager. Members of OIR who participated in the examination include Shantia Simmons, APIR, Examination Supervisor. Additionally, Peggy Hermann, FSA, MAAA of The INS Companies and Dave Gordon, CISA, IT Specialist of The INS Companies, are recognized for participation in the examination.

Respectfully submitted,



Tony Riddick, CFE  
Examiner-in-Charge  
The INS Companies



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



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