



**EXAMINATION REPORT
OF
Devoted Health Insurance Company**

NAIC Company Code: 16385

**Miramar, Florida
as of
December 31, 2021**

**BY THE
FLORIDA
OFFICE OF INSURANCE REGULATION**

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April 18, 2023

Michael Yaworsky
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, 2021, 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, 2021, through December 31, 2021, and the fieldwork commenced with planning with the Florida Office of Insurance Regulation (“OIR”) on January 9, 2023, to January 13, 2023. The fieldwork concluded as of April 18, 2023. The Company’s last full scope exam by representatives of OIR covered the period of January 1, 2020, through December 31, 2020.

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 of fact for the prior examination as of December 31, 2020.

COMPANY HISTORY

General

The Company was incorporated in Florida on October 12, 2017, and licensed by OIR as an insurer on May 17, 2018. It was authorized by OIR 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, 2021, the Company's capitalization was as follows:

Number of authorized common capital shares	100,000
Number of shares issued and outstanding	51,000
Total common capital stock	\$5,100,000
Par value per share	\$100.00

The Company received \$1,500,000 cash capital contribution from its parent on December 29, 2021.

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 the Board of Directors (“Board”) was held in accordance with Section 628.231, Florida Statutes. Directors serving as of December 31, 2021, are shown below:

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

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

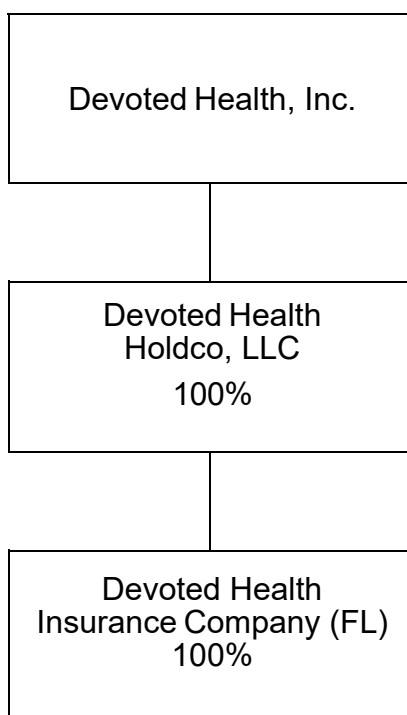
Senior Officers		
Name	City, State	Title
Dariel Quintana	Waltham, Massachusetts	President
Jeremy Delinsky	Waltham, Massachusetts	Chief Operating Officer
Joseph Alfano	Waltham, Massachusetts	Co-Chief Financial Officer and Treasurer
Neil Wagle	Waltham, Massachusetts	Chief Medical Director
Paul Jernigan	Houston, Texas	Secretary

The Company maintained an Audit Committee, as required by Section 624.424(8)(c), Florida Statutes. The Company utilized its ultimate parent's Audit Committee, Devoted Health, Inc., as its Audit Committee.

Holding Company System

A simplified organizational chart as of December 31, 2021, reflecting the holding company system, is shown below. Schedule Y of the Company's 2021 annual statement provided a list of all related companies of the holding company group.

**Devoted Health Insurance Company
Simplified Organizational Chart
December 31, 2021**



AFFILIATED AGREEMENT

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

Tax Allocation Agreement

Effective February 14, 2018, the Company and its ultimate parent, Devoted Health, Inc. (“DHI”) entered into a Tax Sharing Agreement. Pursuant to the Agreement, the members of the Tax Sharing Agreement file a consolidated US federal income tax return and state income tax return.

Administrative Services Agreement

Effective October 1, 2018, the Company entered into an Administrative Services agreement with DHI. Pursuant to the Agreement, DHI will provide services described in one or more Statements of Work entered into between the parties. Each Statement of Work defined 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. The Company did not incur any fees incurred under this agreement in 2021.

Assignment and Assumption Agreement

Effective January 1, 2021, the Company entered into an Assignment and Assumption Agreement (“AAA”) with DHI and Devoted Health services, Inc. (“DHSI”), an affiliate of the Company and indirectly wholly-owned subsidiary of DHI. In the AAA, DHI assigned all its rights and obligations under the ASA between DHI and the Company to DHSI.

Participation Agreement

Effective January 1, 2021, the Company entered into a Participation Agreement with Devoted Medical Group, P.C, Devoted Medical Group of Texas, Inc., and Devoted Medical Group, Inc. that has been amended from time to time to modify certain terms and conditions. Under the Participation Agreement, as may have been amended, Providers will provide the Company with certain medical services to members enrolled in a Medicare Advantage Preferred Provider Organization benefit plan offered by the Company.

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 2021, 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 and Board 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. The Company does not hold any 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.

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; statutory Statement of Revenue and Expenses, which includes an analysis of changes in the Capital and Surplus Account for the year ended December 31, 2021. 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, 2021. 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.

Devoted Health Insurance Company
Assets
December 31, 2021

	Per Company
Cash, cash equivalents and short-term investments	6,691,946
Subtotal cash and invested assets	6,691,946
Total assets	6,691,946

Devoted Health Insurance Company
Liabilities, Capital and Surplus
December 31, 2021

	Per Company
Aggregate health policy reserves	748,852
Total liabilities	748,852
Common capital stock	5,100,000
Gross paid-in and contributed surplus	1,600,000
Unassigned funds (surplus)	(756,906)
Total capital and surplus	5,943,094
Total liabilities, capital and surplus	6,691,946

Devoted Health Insurance Company
Statement of Revenue and Expenses
December 31, 2021

	Per Company
Net premium income	0
Total revenues	0
Total hospital and medical	0
Increase in reserves for life, accident, and health contracts	748,852
Total underwriting deductions	748,852
Net underwriting gain or (loss)	(748,852)
Net investment income earned	2,061
Net investment gains (losses)	2,061
Net income or (loss) after capital gains tax and before all other federal income taxes	(746,791)
Net income	(746,791)

	Per Company
Capital and Surplus Account	
Capital and surplus, prior reporting year	5,375,136
Net income	(746,791)
Change in nonadmitted assets	4
Surplus paid in	1,500,000
Aggregate write-ins for gains or (losses) in surplus	(185,255)
Net change in capital and surplus	567,958
Capital and surplus, end of reporting year	5,943,094

**Devoted Health Insurance Company
Reconciliation of Capital and Surplus
December 31, 2021**

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 December 31, 2020, per Examination			5,375,136
	Increase	Decrease	
Net income		746,791	
Change in nonadmitted assets	4		
Surplus paid in	1,500,000		
Aggregate write-ins for gains or (losses) in surplus		185,255	
Net increase (or decrease)			567,958
Capital and surplus at December 31, 2021, per Examination			5,943,094

COMMENTS ON FINANCIAL STATEMENT ITEMS

Liabilities

Losses and Loss Adjustment Expenses

Dan Quinn FSA, MAAA, appointed by the Board, rendered an opinion that the amounts carried in the balance sheet as of December 31, 2021, made a reasonable provision for all unpaid loss and loss expense obligations of the Company under the terms of its policies and agreements.

The Office consulting actuary Jason Dunavin, FSA, MAAA, of Lewis & Ellis, Inc., reviewed the loss and loss adjustment expense work papers provided by the Company and was in concurrence with this opinion.

Capital and Surplus

The amount of capital and surplus reported by the Company of \$5,943,094, exceeded the minimum of \$1,500,000 required by Section 624.408, Florida Statutes.

SUBSEQUENT EVENTS

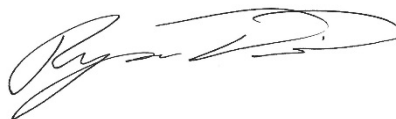
During 2022, the Company began administering a Medicare Advantage Preferred Provider Organization (“PPO”) product in the following counties in Florida: Broward, Clay, Duval, Flagler, Hernando, Hillsborough, Manatee, Nassau, Orange, Osceola, Palm Beach, Pasco, Pinellas, Polk, and Seminole. Effective January 1, 2023, the Company expanded its product in the following counties in Florida: Bay, Brevard, Escambia, Indian River, Marion, Okaloosa, Santa Rosa, St. Lucie, Seminole, Sumter, Volusia, and Walton. On February 14, 2023, OIR approved the Company to expand its PPO product into St. John County, effective January 2024.

CONCLUSION

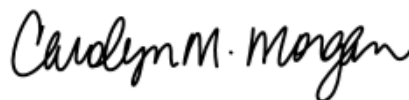
The insurance examination practices and procedures as promulgated by the NAIC have been followed in ascertaining the financial condition of Devoted Health Insurance Company as of December 31, 2021, consistent with the insurance laws of the State of Florida.

The following individuals with the firm of Lewis & Ellis, Inc. participated in the examination: Ryne Davison, CFE, Examiner-in-Charge; David Palmer, CFE, Supervising Examiner; Jason Dunavin, FSA, MAAA, Actuary. Members of OIR who participated in the examination include Shantia Simmons, APIR, Examination Oversight Supervisor. Additionally, Joanna Latham, CFE, CPA, AES, CISA, CRISC, IT Specialist of Jennan Enterprises, LLC, are recognized for participation in the examination.

Respectfully submitted,



Ryne Davison, CFE
Examiner-in-Charge
Lewis & Ellis, Inc.



Carolyn M. Morgan, APIR
Director
Life & Health Financial Oversight
Florida Office of Insurance Regulation
Date Signed: 6/30/2023