



**EXAMINATION REPORT**  
**OF**  
**American Specialty Health Insurance Company**

**NAIC Company Code: 84697**

**West Palm Beach, Florida**  
**as of**  
**December 31, 2023**

**BY THE**  
**FLORIDA**  
**OFFICE OF INSURANCE REGULATION**

## TABLE OF CONTENTS

<b>LETTER OF TRANSMITTAL .....</b>	<b>-</b>
<b>SCOPE OF EXAMINATION.....</b>	<b>1</b>
<b>SUMMARY OF SIGNIFICANT FINDINGS .....</b>	<b>2</b>
CURRENT EXAMINATION FINDINGS.....	2
PREVIOUS EXAMINATION FINDINGS.....	2
<b>COMPANY HISTORY.....</b>	<b>2</b>
GENERAL.....	2
DIVIDENDS .....	2
CAPITAL STOCK AND CAPITAL CONTRIBUTIONS.....	3
SURPLUS NOTES .....	3
ACQUISITIONS, MERGERS, DISPOSALS, DISSOLUTIONS.....	3
<b>MANAGEMENT AND CONTROL.....</b>	<b>3</b>
CORPORATE GOVERNANCE .....	3
HOLDING COMPANY SYSTEM.....	6
<b>ORGANIZATIONAL CHART .....</b>	<b>6</b>
<b>AFFILIATED AGREEMENTS .....</b>	<b>7</b>
TAX ALLOCATION AGREEMENT.....	7
ADMINISTRATIVE SERVICES AGREEMENT .....	7
CREDIT FACILITY AGREEMENT .....	8
<b>ACCOUNTS AND RECORDS .....</b>	<b>8</b>
CUSTODIAL AGREEMENT .....	8
INDEPENDENT AUDITOR AGREEMENT.....	9
CORPORATE RECORDS REVIEW.....	9
<b>TERRITORY AND PLAN OF OPERATIONS.....</b>	<b>9</b>
<b>REINSURANCE.....</b>	<b>9</b>
REINSURANCE ASSUMED .....	9
REINSURANCE CEDED.....	10
<b>FINANCIAL STATEMENTS.....</b>	<b>10</b>
ASSETS.....	10
LIABILITIES, CAPITAL AND SURPLUS.....	11
STATEMENT OF REVENUE AND EXPENSES .....	12
RECONCILIATION OF CAPITAL AND SURPLUS .....	13
<b>COMMENTS ON FINANCIAL STATEMENT ITEMS.....</b>	<b>14</b>
LIABILITIES.....	14
CAPITAL AND SURPLUS.....	14
<b>SUBSEQUENT EVENTS .....</b>	<b>15</b>
<b>CONCLUSION.....</b>	<b>16</b>

April 11, 2025

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 690-138.005, Florida Administrative Code, and in accordance with the practices and procedures promulgated by the National Association of Insurance Commissioners ("NAIC"), we have conducted an examination as of December 31, 2023, of the financial condition and corporate affairs of

**American Specialty Health Insurance Company**

1555 Palm Beach Lakes Blvd, Ste 150

West Palm Beach, FL 33401

hereinafter referred to as "ASHIC" and/or "the Company". Such report of examination is herewith respectfully submitted.

## SCOPE OF EXAMINATION

This examination covered the period of January 1, 2022, through December 31, 2023, and the fieldwork commenced with planning with the initial examination by the Florida Office of Insurance Regulation (“OIR”) on October 18, 2024. The fieldwork concluded as of April 11, 2025. The Company’s last full scope exam by the Indiana Department of Insurance covered the period of January 1, 2017, through December 31, 2021.

The examination was of a multi-state insurer 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 of fact as a result of this examination.

### **Previous Examination Findings**

The following is an update on other significant regulatory information disclosed in the previous examination.

There were no significant findings of fact for the prior examination as of December 31, 2021, which was performed by the Indiana Department of Insurance prior to the Company's re-domestication to Florida

## **COMPANY HISTORY**

### **General**

The Company is licensed as a stock life, accident, and health insurance company that is admitted in 43 states and the District of Columbia. The Company was licensed by OIR as a Life and Health Insurance Company September 14, 1978, in accordance with section 624.401, Florida Statutes. The Company became a Florida Domestic as of April 21, 2023.

The Company does not sell or market direct insurance policies, but instead assumes quota share reinsurance business from unaffiliated health insurers. The Company's primary business is the delivery of specialty health care benefit programs, including, but not limited to chiropractic, acupuncture, massage therapy, and naturopathy. These benefits are sold to health plans under quota share reinsurance agreements in the states in which the Company is an admitted insurer.

### **Dividends**

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

## Capital Stock and Capital Contributions

As of December 31, 2023, the Company's capitalization was as follows:

Number of authorized common capital shares	300,000
Number of authorized preferred stock	0
Number of shares issued and outstanding	300,000
Total common capital stock	\$3,000,000
Par value per share	\$10

## 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 the Company's Bylaws. Directors serving as of December 31, 2023, are shown on the next page:

<b>Directors</b>		
<b>Name</b>	<b>City, State</b>	<b>Principal Occupation, Company Name</b>
George Devries III	San Diego, California	Chairman, Chief Executive Officer, and President American Specialty Health Insurance Company
Marcel Danko	San Diego, California	Chief Financial Officer and Treasurer American Specialty Health Insurance Company
Erin Hiley	San Diego, California	Chief Legal Officer and Secretary American Specialty Health Insurance Company
Douglas Metz D.C.	Carmel, Indiana	Chief Health Services Officer American Specialty Health Insurance Company
Jerome Bonhomme	San Diego, California	Chief Technology Officer American Specialty Health Insurance Company
Joy Kleinmaier (a)	Carmel, Indiana	Chief Business Development Officer American Specialty Health Insurance Company

(a) Joy Kleinmaier left the Company June 24, 2024.

In accordance with the Company's Bylaws, the Board of Directors ("Board") appointed the following Senior Officers:

<b>Senior Officers</b>		
<b>Name</b>	<b>City, State</b>	<b>Title</b>
George DeVries III	San Diego, California	Chairman of the Board, Chief Executive Officer, and President
Erin Hiley	San Diego, California	Director, Chief Legal Officer and Secretary
Marcel Danko	San Diego, California	Director, Chief Financial Officer and Treasurer
Jerome Bonhomme	San Diego, California	Director, Chief Technology Officer
Joy Kleinmaier	Carmel, Indiana	Director, Chief Business Development Officer
Korry Huffman	Laguna Niguel, California	Associate Vice President, Legal Counsel and Assistant Secretary

The Company's Board appointed several internal committees. The following were the principal internal Board committees and their members as of December 31, 2023.

<b>Finance and Audit Committee</b>		
<b>Name</b>	<b>City, State</b>	<b>Title, Company Name</b>
Woodrin Grossman, Chair	Fort Worth, Texas	Retired - Former Partner with PricewaterhouseCoopers
Paul Peterson	Hinsdale, Indiana	Owner – The Law Office of Paul Peterson
Daniel Yunker	Batavia, Illinois	Senior Vice President of Kodiak Solutions

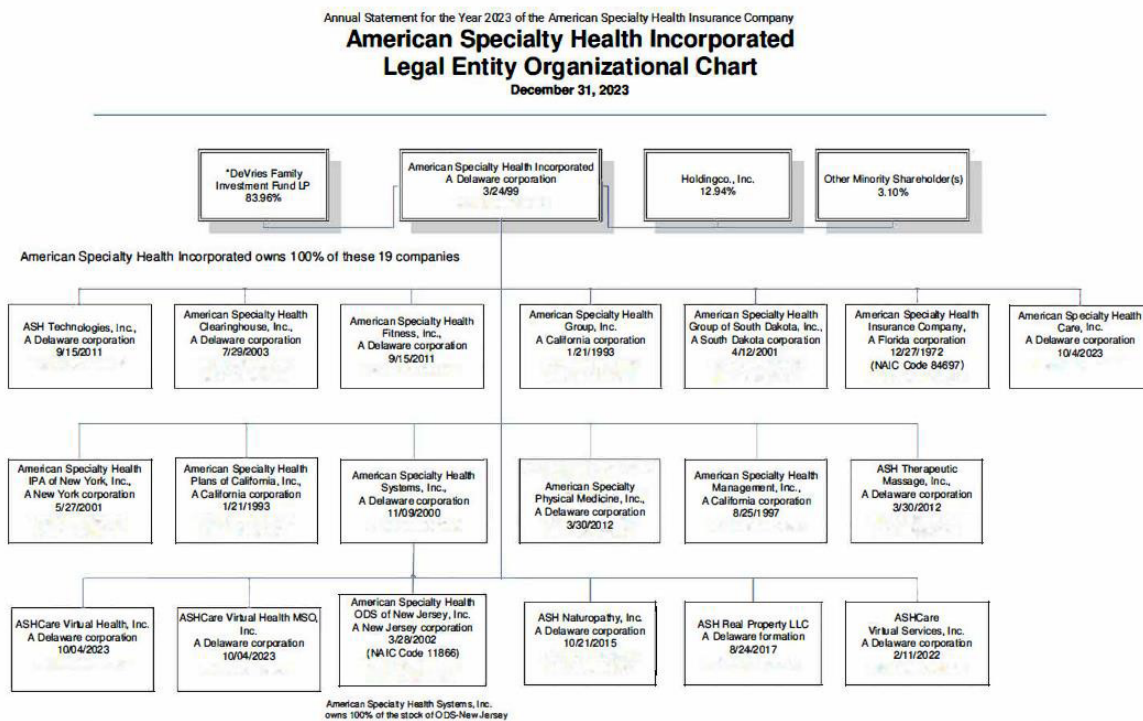
<b>Compensation Committee</b>		
<b>Name</b>	<b>City, State</b>	<b>Title, Company Name</b>
Daniel Yunker, Chair	Batavia, Illinois	Senior Vice President of Kodiak Solutions
Woodrin Grossman	Fort Worth, Texas	Retired - Former Partner with PricewaterhouseCoopers
Paul Peterson	Hinsdale, Indiana	Owner – The Law Office of Paul Peterson

<b>Quality and Compliance Committee</b>		
<b>Name</b>	<b>City, State</b>	<b>Title, Company Name</b>
Paul Peterson, Chair	Hinsdale, Indiana	Owner – The Law Office of Paul Peterson
George DeVries, III	San Diego, California	Chairman, Chief Executive Officer, President, American Specialty Health Incorporated
Jan DeVries	Rancho Santa Fe, California	Retired - Former Vice President of Robert Driver
Woodrin Grossman	Fort Worth, Texas	Retired - Former Partner with PricewaterhouseCoopers
Daniel Yunker	Batavia, Illinois	Senior Vice President of Kodiak Solutions

## Holding Company System

An organizational chart as of December 31, 2023, reflecting the holding company system, follows. Schedule Y of the Company's 2023 Annual Statement provided a list of all related companies of the holding company group.

### American Specialty Health Incorporated Organizational Chart December 31, 2023



\*George T. DeVries, III, CEO, is ultimate controlling party.

## **AFFILIATED AGREEMENTS**

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

### **Tax Allocation Agreement**

The Company filed a consolidated federal income tax return with its affiliates under the Tax allocation agreement with American Specialty Health Incorporated ("ASHI"). On December 31, 2023, the consolidated income tax liability of ASHI is allocated to the Company in accordance with the pro rata share of ASHI's total consolidated taxable income that is attributable to the Company's operations.

### **Administrative Services Agreement**

Per the Form B filing for 2023, American Specialty Health Insurance Company ("ASHIC") has no direct employees. Effective April 1, 2002, ASHIC entered into an Administrative Services Agreement ("ASA") with ASHI and American Specialty Health Group, Inc. ("ASHG"). This Agreement was most recently amended as of May 1, 2022.

Under the terms of the ASA, ASHI provides facilities, administrative personnel, information technology support, equipment leasing, legal, accounting, insurance, and cash and investment management services to ASHIC. ASHIC pays an administrative fee to ASHI, which comprises an amount equal to ASHI's allocable expenses multiplied by a fraction, the numerator of which is ASHIC's Total Gross Profit and the denominator of which is the Total Gross Profit of the American Specialty Health companies. Fees incurred under this agreement during 2023 amounted to \$541,234.

American Specialty Health Group ("ASHG"), a California corporation, is a complementary health care management company that develops, credentials, and maintains networks of chiropractors, acupuncturists, naturopaths, massage therapists, and other practitioners of specialized services. ASHG is licensed as a third-party administrator ("TPA"), a wholly owned subsidiary of ASHI, and an affiliate of ASHIC. Under the terms of the ASA, ASHG provides claims processing, medical necessity review, call center services, and other administrative services and provides access to its contracted practitioners to ASHIC. ASHIC pays an administrative fee to ASHG, which

comprises an amount equal to 12% of ASHIC's Total Revenue for the applicable calendar month or such other percentage, not to exceed 15%. Fees incurred under this agreement during 2023 amounted to \$56,809.

### **Credit Facility Agreement**

ASHI has a credit facility ("Credit Facility") with a lending institution in which it must comply with certain quarterly covenants and reporting requirements and ASHI's affiliates have agreed to guarantee. The Registrant is not a party to this guarantee agreement and provides no guarantees under the Credit Facility. ASHI's obligations under the Credit Facility are also collateralized by stock pledged for all its wholly owned subsidiaries. The stock pledge under this agreement for ASHIC is a limited stock pledge under which any actual transfer of the pledged common stock can only be made with the advance approval of all regulatory authorities having jurisdiction over the Registrant. As of December 31, 2023, ASHI was compliant with all the terms of the Credit Facility.

## **ACCOUNTS AND RECORDS**

The Company maintained its principal operational offices in San Diego, California.

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

### **Custodial Agreement**

The Company noted the following five custodial agreements which are specific to required statutory deposits for which the Company holds licenses (Note: The agreements are between the banking institutions and the state which requires the deposit, not the Company):

- Principal Custody Solutions - Virginia
- Avenue Insights & Analytics – Massachusetts
- Century Trust – New Mexico
- Wells Fargo – South Carolina
- US Bank - Georgia

## **Independent Auditor Agreement**

An independent CPA, KPMG, LLP audited the Company's statutory basis financial statements annually for the years 2023 and 2022, 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 Shareholders, Board, and the Finance and Audit, Quality and Compliance, and Compensation Committees were reviewed for the period under examination. The recorded minutes 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 to provide accident and health, credit Life, and credit disability coverages in the State of Florida. The Company was authorized to provide similar lines of coverage in 43 states and the District of Columbia. The Company did not write business in the states of Alaska, Connecticut, Maine, New Jersey, New York, North Carolina, and Rhode Island.

As of December 31, 2023, the Company reported 122,529 members.

## **REINSURANCE**

### **Reinsurance Assumed**

ASHIC has used "quota-share reinsurance agreements" wherein it accepts per-premium per month risk from other carriers to administer physical medicine benefits to the carrier's members.

## 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, which includes an analysis of changes in the Capital and Surplus Account for the year ended December 31, 2023. The financial statements are based on the statutory financial statements filed by the Company with the OIR and present the financial condition of the Company for the period ending December 31, 2023. 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.

### American Specialty Health Insurance Company Assets December 31, 2023

	Per Company
Bonds	209,987
Cash, cash equivalents and short-term investments	10,703,221
Subtotal cash and invested assets	10,913,208
Investment income due and accrued	3,583
Premiums and considerations	
Uncollected premiums and agents' balances	22,201
Net deferred tax asset	6,246
Aggregate write-ins for other-than-invested assets	100
Totals	10,945,338

**American Specialty Health Insurance Company**  
**Liabilities, Capital and Surplus**  
**December 31, 2023**

	Per Company
Claims unpaid	33,601
Unpaid claims adjustment expenses	13,163
General expenses due or accrued	76,859
Current federal and foreign income tax payable	11,896
Amounts due to parent, subsidiaries and affiliates	32,482
<b>Total liabilities</b>	<b>167,998</b>
Common capital stock	3,000,000
Gross paid-in and contributed surplus	4,688,328
Unassigned funds (surplus)	3,089,012
<b>Total capital and surplus</b>	<b>10,777,340</b>
<b>Total liabilities, capital and surplus</b>	<b>10,945,338</b>

**American Specialty Health Insurance Company**  
**Statement of Revenue and Expenses**  
**December 31, 2023**

	Per Company
Net premium income	1,263,324
Risk Revenue	211,694
Total revenues	1,475,018
Hospital and Medical:	
Other professional services	268,812
Subtotal	268,812
Less:	
Total hospital and medical	268,812
Claims adjustment expenses	177,092
General administrative expenses	706,326
Total underwriting deductions	1,152,230
Net underwriting gain or (loss)	322,788
Net investment income earned	362,007
Net investment gains (losses)	362,007
Aggregate write-ins for other income or expenses	101
Net income or (loss) after capital gains tax and before all other federal income taxes	684,896
Federal and foreign income taxes incurred	143,828
Net Income (loss)	541,068

	Per Company
<b>Capital and Surplus Account</b>	
Capital and surplus, prior reporting year	10,275,084
Net Income	541,068
Change in nonadmitted assets	(38,777)
Aggregate write-ins for gains or (losses) in surplus	(35)
Net change in capital and surplus	502,256
Capital and surplus, end of reporting year	10,777,340

**American Specialty Health Insurance Company  
Reconciliation of Capital and Surplus  
December 31, 2023**

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

<b>Capital/Surplus Change during Examination Period</b>			
Capital and Surplus at December 31, 2021, per Examination			9,903,250
	Increase	Decrease	
Change in surplus	912,697		
Change in nonadmitted assets		38,607	
Net increase (or decrease)			874,090
Capital and Surplus at December 31, 2023, per Examination			10,777,340

## **COMMENTS ON FINANCIAL STATEMENT ITEMS**

### **Liabilities**

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

Deanna Bell, Principal and Consulting Actuary, Milliman, appointed by the Board, rendered an opinion that the amounts carried in the balance sheet as of December 31, 2023, made a reasonable provision for all unpaid loss and loss expense obligations of the Company under the terms of its policies and agreements.

The OIR consulting actuary, Jason Dunavin, FCAS, MAAA, Exam Actuary, of Lewis & Ellis, LLC, reviewed the loss and loss adjustment expense work papers provided by the Company and he was in concurrence with this opinion.

#### **Capital and Surplus**

The amount of capital and surplus reported by the Company of \$10,777,340 exceeded the minimum of \$1,500,000 required by section 624.408, Florida Statutes.

## **SUBSEQUENT EVENTS**

The following subsequent events were noted:

The Company declared a shareholder dividend of \$1,000,000 payable to ASHI for the year ended December 31, 2024. The Company received approval by the OIR on August 30, 2024. The dividend was declared by the Board on September 18, 2024, and paid on September 26, 2024.

The Company notified the OIR on October 28, 2024, that they were changing their appointed Auditor from KPMG to Grant Thornton, LLP for the year ended December 31, 2024. The approval was issued by the OIR on December 10, 2024, to be effective October 15, 2024.

## CONCLUSION

The insurance examination practices and procedures as promulgated by the NAIC have been followed in ascertaining the financial condition of American Specialty Health Insurance Company as of December 31, 2023, consistent with the insurance laws of the State of Florida.

The following individuals with the firm of Lewis & Ellis, LLC participated in the examination: Mel Heaps, CFE, Examiner-in-Charge; Steve Matthews, CFE, L&E Examination Supervisor; Debbie Fernatt, AFE, Participating Examiner; and Claire Chadick, Participating Examiner. Members of the OIR who participated in the examination include Alicia Thompkins-Perryman, CFE (Fraud), APIR, Examination Manager and Mary Gitari, APIR, MBA, Participating Examiner. Additionally, Actuary Specialist from Lewis & Ellis, LLC; Jason Dunavin, FCAS, MAAA, IT Specialists Joanna Latham AES, CISA, CPA, CFE, and CRISC, and Jenny Jeffers AES, CISA, and CFE (Fraud) of Jennan Enterprises, LLC, are recognized for participation in the examination.

Respectfully submitted,



Mel Heaps, CFE  
Examiner-in-Charge  
Lewis & Ellis, LLC



Carolyn M. Morgan  
Director  
Life & Health Financial Oversight  
Florida Office of Insurance Regulation  
Date Signed: 7/17/25