

**REPORT ON ORGANIZATION**

**OF**

**HEALTHPLEX INSURANCE COMPANY**

**AS OF**

**MAY 1, 2001**

**DATE OF REPORT**

**JUNE 7, 2001**

**EXAMINER**

**PEARSON GRIFFITH**



STATE OF NEW YORK  
INSURANCE DEPARTMENT  
25 BEAVER STREET  
NEW YORK, NEW YORK 10004

GEORGE E. PATAKI  
Governor

GREGORY V. SERIO  
Superintendent of Insurance

June 7, 2001

Honorable Gregory V. Serio  
Superintendent of Insurance  
Albany, New York 12257

Sir:

Pursuant to instructions contained in Appointment Number 21642 dated October 26, 2000 attached hereto, I have made an examination on organization of Healthplex Insurance Company and the following report is respectfully submitted.

Whenever the terms "Company" appears in this report, it refers to Healthplex Insurance Company.

INCORPORATION

Healthplex Insurance Company was incorporated on June 12, 1998. The declaration of intention and charter were approved by the State of New York Insurance Department pursuant to Section 1201 of the Insurance Law and placed on file with the Department on the same date. On September 14, 1999, the Insurance Department, pursuant to the provisions of Section 1206 of the New York Insurance Law, approved a Certificate of Amendment of Charter of the Company to decrease its capital. This amendment reduced the authorized capital from \$500,000 comprised of 100 shares with a par value of \$5,000 per share to \$300,000 comprised of 100 shares with a par value of \$3,000 per share.

The Company's office is located at 60 Charles Lindbergh Boulevard, Uniondale, NY 11553.

The members of the board of directors and the principal officers are as follows:

Board of Directors

<u>Name and Residence</u>	<u>Principal Business Affiliation</u>
Dr. Martin Kane Hewlett Harbor, NY	President Healthplex, Inc.
Dr. Stephen J. Cuchel Roslyn Harbor, NY	Chairman, Healthplex, Inc.
Dr. Bruce H. Safran Manhasset, NY	Vice President/Secretary, Healthplex, Inc.
Dr. George Kane Southampton, NY	Vice President, Healthplex, Inc.
Philip Rizzuto North Merrick, NY	Vice President, Healthplex, Inc.
Douglas King Oyster Bay, NY	President, Smyth, Sanford & Gerard
Dr. Martin Berman Hewlett, NY	Dentist
Johnnie Lee Harris, Jr. Rosedale, NY	Retired Vice President NYC Housing Police Benevolent Association
Martha Kane Hewlett Harbor, NY	Homemaker
Karen Cuchel Brooklyn, NY	Teacher
Robert Muir Singer Island, FL	Retired, Insurance Executive
Stuart W. Fenton Beachwood, OH	Consultant AETNA Financial Services

## Officers

<u>Name</u>	<u>Title</u>
Dr. Stephen Cuchel	Chairman, Co-Chief Executive Officer
Dr. Martin Kane	President, Co-Chief Executive Officer
Dr. Bruce H. Safran	Vice President and Secretary
Dr. George Kane	Vice President and Treasurer

SCOPE OF EXAMINATION

The examination comprised a verification of the issuance of the Company's capital stock, the receipt of capital and surplus funds, and the determination of assets and liabilities. The records examined included the declaration of intention, the charter, the by-laws, the corporate minute book, and the stock register. Additionally, an affidavit, appended hereto, was obtained from two officers of the Company indicating that the transactions noted in this report were bonafide.

CAPITALIZATION AND SUBSCRIPTION

Healthplex Insurance Company is a wholly owned subsidiary of Healthplex, Inc., a publicly traded Delaware corporation. The Company issued 100 shares of \$3,000 par value per share capital stock on July 12, 2000 for a sale price of \$3,000 per share resulting in a total consideration of \$300,000. In addition, Healthplex, Inc. made a surplus contribution in the amount of \$209,500 to Healthplex Insurance Company on July 12, 2000. Healthplex, Inc. made a further surplus contribution \$4,000 to Healthplex Insurance Company on April 20, 2001.

BALANCE SHEET

The following balance sheet sets forth the Company's financial condition as of May 1, 2001 as determined by this examination:

Assets

Cash on deposit	\$ 800	
Accrued Interest receivable	12,181	
Bonds	<u>534,565</u>	
Total assets		<u>\$ 547,546</u>

Liabilities

Total liabilities		\$ -0-
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Capital and Surplus

Common capital stock	\$ 300,000	
Gross paid in and contributed surplus	213,500	
Unassigned funds	<u>34,046</u>	
Total Capital and Surplus		<u>547,546</u>
Total liabilities and surplus		<u>\$ 547,546</u>

AUTHORIZED POWERS AND MINIMUM CAPITAL REQUIRED

The Company is authorized by its declaration of intention and charter to transact the kinds of insurance as described in the following numbered paragraph of section 1113(a) of the New York Insurance Law:

<u>Paragraph</u>	<u>Line of Business</u>
3(i) and (ii)	Accident and health insurance

The minimum financial requirements for this line of business, as set forth in Sections 4204 and 4206 of the New York Insurance Law, are as follows:

Initial surplus	\$ 450,000
Surplus to be maintained	300,000
Deposit	200,000
Capital	300,000
Minimum capital investments	300,000

Pursuant to the provisions of Section 1314 of the New York Insurance Law, the Company has placed qualifying securities with a market value of \$222,190 in an account in the name of the Superintendent of Insurance at Fleet Bank, New York, New York.

The Company has met all of the above requirements.

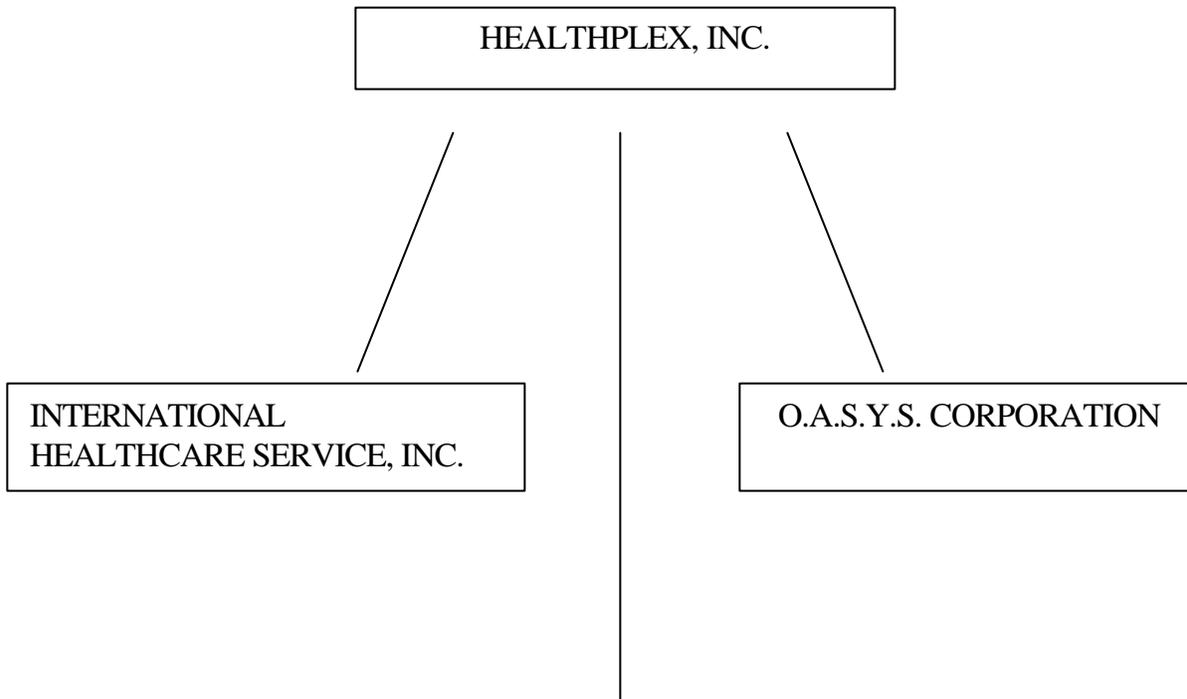
#### HOLDING COMPANY SYSTEM

The Company is wholly owned subsidiary of Healthplex, Inc., a Delaware corporation.

At the present time, the Company has in force the following agreements with members of its holding company system:

1. The Company entered into a Service Agreement with Healthplex, Inc. on January 18, 2000 with an effective date of January 1, 2000 wherein Healthplex, Inc. would act as the Company's sole and exclusive agent to render certain consulting, data systems, claims processing, marketing, printing and other services hereinafter more particularly described in return for fees based on actual costs.
2. The Company entered into a consolidated Tax Allocation Agreement with Healthplex, Inc. effective March 29, 1999. The agreement is consistent with the guidelines contained in Department Circular Letter 33 (1979).

The following chart depicts the Company in relationship to its parent and affiliated companies as of May 1, 2001:



HEALTHPLEX INSURANCE COMPANY
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CONCLUSION

Based on the foregoing examination, it is concluded that the Company sold 100 shares of capital stock, with a par value of \$3,000 per share, representing the total authorized and issued stock, for a consideration of \$300,000. Furthermore, it is concluded that Healthplex Insurance Company received a surplus contribution in the amount of \$213,500 which represents gross paid in and contributed surplus.

Respectfully submitted,

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Pearson A. Griffith  
Senior Insurance Examiner

STATE OF NEW YORK     )  
  ) SS.  
  )  
COUNTY OF NEW YORK )

PEARSON A. GRIFFITH, being duly sworn, deposes and says that the foregoing report submitted by him is true to the best of his knowledge and belief.

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Pearson Griffith

Subscribed and sworn to before me

this \_\_\_\_\_ day of \_\_\_\_\_ 2001.



Appointment No. 21642

**STATE OF NEW YORK  
INSURANCE DEPARTMENT**

I, NEIL D. LEVIN, Superintendent of Insurance of the State of New York,  
pursuant to the provisions of the Insurance Law, do hereby appoint:

**Pearson Griffth**

*as a proper person to examine into the affairs of the*

**Healthplex Insurance Company**

*and to make a report to me in writing of the condition of the said*

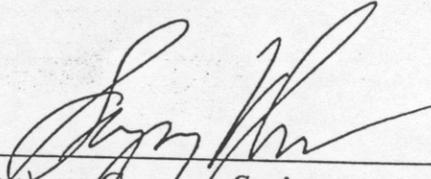
**Company**

*with such other information as he shall deem requisite.*

*In Witness Whereof, I have hereunto subscribed by the  
name and affixed the official Seal of this Department, at  
the City of New York,*

*this 26th day of October 2000*

NEIL D. LEVIN  
*Superintendent of Insurance*

  
*(by) Gregory Serio*  
*First Deputy Superintendent*

