REPORT ON EXAMINATION

OF

SOLSTICE HEALTH INSURANCE COMPANY

AS OF

DECEMBER 31, 2014

DATE OF REPORT **MAY 28, 2020**

EXAMINER **EDOUARD MEDINA**

TABLE OF CONTENTS

ITEM NO.		PAGE NO.
1.	Scope of the examination	2
2.	Description of the Company	4
	A. Corporate governance	4
	B. Territory and plan of operation	8
	C. Reinsurance	9
	D. Holding company system	9
	E. Significant operating ratios	14
	F. Holding company transactions	15
	G. Location of corporate records	17
	H. Investment policy	18
3.	Financial statements	19
	A. Balance sheet	20
	B. Statement of revenue, expenses and capital and surplus	21
4.	Claims unpaid	22
5.	Minimum medical loss ratio	22
6.	Subsequent events	24
7.	Market conduct activities	26
	A. Grievance / Utilization review	27
	B. Claim forms	28
	C. Pediatric dental coverage	28
	D. Explanation of benefits statements	29
	E. Advertisements	30
	F. Standards for prompt, fair and equitable settlement of claims for health care and payments for health care services ("Prompt Pay Law")	31
	G. Agents and brokers	32
8.	Summary of comments and recommendations	34

NEW YORK STATE OF OPPORTUNITY. | Department of Financial Services

ANDREW M. CUOMO
Governor

LINDA A. LACEWELL
Superintendent

May 28, 2020

Honorable Linda A. Lacewell
Superintendent of Financial Services
Albany, New York 12257

Madam:

Pursuant to the provisions of the New York Insurance Law, and acting in accordance with the instructions contained in Appointment Number 31372, dated July 15, 2015, attached hereto, I have made an examination into the condition and affairs of Solstice Health Insurance Company, an accident and health insurer licensed pursuant to Article 42 of the New York Insurance Law, as of December 31, 2014, and submit the following report thereon.

The examination was conducted at the home office of Solstice Health Insurance Company located at 42 West 38th Street, New York, New York.

Wherever the designations the "Company" or "SHIC" appear herein, without qualification, they should be understood to indicate Solstice Health Insurance Company.

Wherever the designation the "Department" appears herein, without qualification, it should be understood to indicate the New York State Department of Financial Services.

1. SCOPE OF THE EXAMINATION

This was a combined (financial and market conduct) examination of the Company and covered the period from August 1, 2010 through December 31, 2014. It is the first examination of the Company. The financial component of the examination was conducted as a financial examination, as defined in the National Association of Insurance Commissioners ("NAIC") *Financial Condition Examiners Handbook, 2015 Edition* (the "Handbook"). The examination was conducted observing the guidelines and procedures in the Handbook. Where deemed appropriate by the examiner, transactions occurring subsequent to December 31, 2014, were also reviewed.

The examination was conducted on a risk-focused basis in accordance with the provisions of the Handbook, which provides guidance for the establishment of an examination plan based on the examiner's assessment of risk in the Company's operations and utilizes that evaluation in formulating the nature and extent of the examination. The examiner planned and performed the examination to evaluate Freelancers' current financial condition, as well as identify prospective risks that may threaten the future solvency of the Company.

The examiner identified key processes, assessed the risks within those processes and assessed the internal control systems and procedures used to mitigate those risks. The examination also included an assessment of the principles used and significant estimates made by management, an evaluation of the overall financial statement presentation, and determined management's compliance with the Department's statutes and guidelines, Statutory Accounting Principles, as adopted by the Department, and annual statement instructions.

Information concerning the Company's organizational structure, business approach and control environment were utilized to develop the examination approach. The examination

evaluated the Company's risks and management activities in accordance with the NAIC's nine branded risk categories. These categories are as follows:

- Pricing/Underwriting
- Reserving
- Operational
- Strategic
- Credit
- Market
- Liquidity
- Legal
- Reputational

The examination also evaluated the Company's critical risk categories in accordance with the NAIC's ten critical risk categories. These categories are as follows:

- Valuation / Impairment of Complex or Subjectively Valued Invested Assets
- Liquidity Considerations
- Appropriateness of Investment Portfolio and Strategy
- Appropriateness / Adequacy of Reinsurance Program
- Reinsurance Reporting and Collectability
- Underwriting and Pricing Strategy/Quality
- Reserve Data
- Reserve Adequacy
- Related Party / Holding Company Considerations
- Capital Management

The Company was audited annually, for the years 2010 through 2013, by the accounting firm Arthur Palermo Jr. C.P.A., P.A. Effective November 14, 2014, SHIC terminated the annual financial services of Arthur Palermo Jr. C.P.A., P.A. and retained the services of Marcum Accountants Advisors for the audit of its financial statements as of December 31, 2014. SHIC received an unmodified opinion in each of the years covered by the examination period. A review was also made of the Company's Enterprise Risk Management program / Own Risk Solvency Assessment.

During this examination, an information systems review was made of the Company's computer systems and operations on a risk-focused basis, in accordance with the provisions of the Handbook.

This report on examination is confined to financial statements and comments on those matters which involve departure from laws, regulations or rules, or which require explanation or description.

2. DESCRIPTION OF THE COMPANY

SHIC was incorporated on November 19, 2009 and licensed in New York on November 15, 2010. The Company is licensed under Article 42 of the New York Insurance Law to write accident and health insurance as defined in Section 1113(a)(3) of the New York Insurance Law. SHIC is a for-profit accident and health insurance company which provides dental and vision benefit plans to employers, individuals and other consumers. The Company is licensed only in New York State. The Company was in a start-up phase during 2011 and the majority of 2012, as business operations commenced in September of 2012. Solstice's primary business is dental insurance which accounts for 80% of total premiums; vision insurance accounts for 20%. Solstice also offers Family Dental plans on the New York State of Health Marketplace (i.e., the Exchange).

A. Corporate Governance

Pursuant to the Company's charter and by-laws, management of the Company is to be vested in a board of directors (the "Board") consisting of not less than 7 members. As of the examination date, the board of directors was comprised of 7 members.

The members of the board of directors, as of December 31, 2014, were as follows:

Name and Residence	Principal Business Affiliation
Mark D. Feinstein, ESQ Delray Beach, FL	Partner, Feinstein & Sorota, P.A.
Carlos Ferrera Coral Springs, FL	Chief Operating Officer, Solstice Benefits, Inc.
Mariely Fernandez, MD Forest Hills, NY	Attending Physician, Center for Comprehensive Health Practice
Michael D. Flax, DDS Boca Raton, FL	Program Director, Graduate Endodontics Department, Nova Southeastern University College of Dental Medicine
Michael A. Muchnicki New York, NY	Board member, President, Chief Executive Officer, Touchstone Health
Robert I. Schnuer Rockville Center, NY	Chief Executive Officer, Corporate Advisors, LLC
Leonard A. Weiss, DMD Weston, FL	President, Solstice Benefits, Inc.

As of December 31, 2014, the principal officers of the Company were as follows:

Name	Title
Leonard A. Weiss	President
Mark D. Feinstein	Secretary
Carlos Ferrera	Treasurer

The Board met four times during each calendar year within the examination period. The minutes of the Board meetings indicate that the meetings were well attended. However, the minutes were limited in details and information relating to such meetings. Although there are no Insurance Law requirements with respect to what must be included in meeting minutes, good corporate governance standards indicate that the minutes should contain accurate records of what

was accomplished and discussed at the meetings. The minutes should capture adequate information on financial and operational matters discussed at the meetings in order to provide a suitable record of the Board's exercise of its fiduciary duties.

In addition, the minutes failed to indicate the board members who attended the minutes by phone and those who attended in person.

It is recommended that, as a good corporate governance practice, the Company establish procedures that the Board meeting minutes contain ample and accurate records of attendance and a full description of the issues discussed during the meetings, in order to document the board's exercise of its fiduciary duties.

The Company maintains a conflict of interest policy that states, in part:

> "Annual Statements. Each director, principal officer and member of a committee with governing board-delegated powers shall annually sign a statement, which affirms such person has received a copy of the conflict of interest policy, has read and understands the policy, and has agreed to comply with the policy…"

During the examination, it was noted that members of the Company's Board, its principal officers, and key employees did not sign conflict of interest statements on an annual basis, which is in violation of the Company's conflict of interest policy.

It is recommended that the Company comply with its conflict of interest policy by requiring all members of the Board, officers, and key employees sign a conflict of interest statement not only upon being hired, but also, every year thereafter.

Effective January 1, 2012, SHIC entered into a consulting agreement with Feinstein & Sorota, P.A. The agreement is executed by Mark D. Feinstein, a member of SHIC's board of

directors. Pursuant to the terms of the agreement, Feinstein & Sorota, P.A. provides legal advisory services to SHIC.

Effective January 1, 2013, SHIC entered into a consulting agreement with Vero Beach Endo, Inc. (the "Consultant"), an affiliated company that is owned 100% by Michael Flax, who was a member of SHIC's board of directors through 2014. According to the agreement, the Consultant is to provide consulting services to the Company concerning the strategic development of the Company's business. The Consultant is to also perform reasonable duties and services for the Company commensurate with the Consultant's expertise, as may be designated by the Company from time to time, including but not limited to: business analysis; sales and marketing; corporate and transactional structuring; and issue resolution with both internal and external parties. This agreement was never submitted to the Department.

The above consulting agreements are in violation of the Company's conflict of interest policy, as per the following section, *Identifying and Assessing Conflicts of Interest*, which states, in part:

> *"The following examples have been deemed to involve a conflict of interest that violates Solstice policy:*
>
> *1. Serving as an employee, officer, director, or consultant for a customer, client, or supplier of materials or services, or competitor of the Company..."*

It is recommended that the Company follow the requirements of its conflict of interest policy by refraining from entering into agreements with customers, clients, or suppliers of materials or services, or competitors of the Company for which the officers and the directors of the Company serve as employees, officers, directors, or consultants.

Following the directive of the Department, Mark D. Feinstein resigned from the Board during the third quarter of 2015.

In addition, the above consulting agreements were not in compliance with Section IV - *Manner in which Corporate Powers will be Exercised* - of the Company's charter, which states, in part:

> "*The Board of Directors shall be responsible for the control and management of the business and affairs, property and interests of the Corporation, and may exercise all powers of the Corporation…"*

It is recommended that the Company comply with Section IV - *Manner in which Corporate Powers will be Exercised* - of the Company's charter, by obtaining the Board's approval for all material decisions impacting the Company, such as investments, entering into agreements with other parties, and matters of similar importance.

B. Territory and Plan of Operation

The Company is licensed under Article 42 of the New York Insurance Law to write accident and health insurance as defined in New York Insurance Law Section 1113(a)(3). Solstice's primary business is dental insurance with 80% of its total premiums; while vision coverage accounts for 20%. Solstice also offers Family Dental plans on the New York State of Health Marketplace (i.e., the Exchange).

Solstice signed a commitment that it will not pay any dividends during the first two years of operations without the Department's prior approval. Also, Solstice has a premium writing commitment according to which the net premium to surplus ratio can be no more than 4:1. As of December 31, 2014, Solstice was not in compliance with this commitment as its net premium to surplus ratio was 4.25:1.

It is recommended that Solstice maintain a net premium to surplus ratio of 4:1 to comply with its premium writing commitment with the Department.

The Company reported annual written premiums of $2,671,694 for 2014. The Company's enrollment as of December 31, 2014 was 11,603.

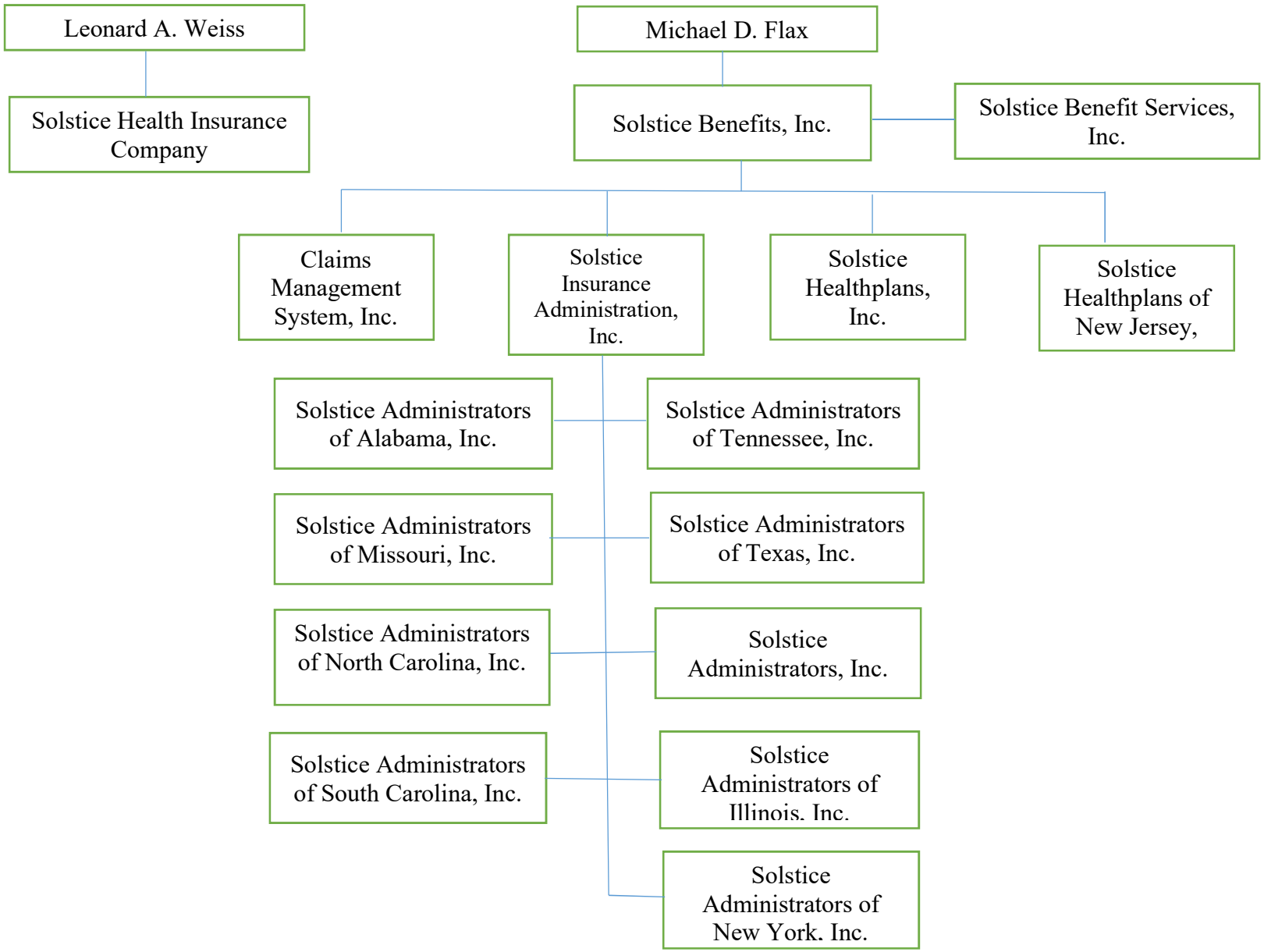
C. Reinsurance

Effective March 1, 2013, SHIC entered into a reinsurance contract with National Guardian Life Insurance Company ("NGL"), a Wisconsin based mutual insurance company not licensed to do business in New York State. Pursuant to the agreement, NGL will allow SHIC to share risks in States where SHIC is not licensed. The agreement is for a five-year term terminating on February 28, 2018, with a carrier fee of 5% of the generated premium or a yearly guaranteed minimum fee of $20,000, whichever is greater.

SHIC stated that the agreement with NGL has not generated any business through the examination date. The review found that SHIC has not been paying the $20,000 guaranteed minimum fee to NGL. The examination has instructed SHIC to book a liability for the $20,000 due for each year under this contract.

D. Holding Company System

The following chart was presented by Solstice to depict the holding company system as of December 31, 2014:


Leonard A. Weiss
Solstice Health Insurance Company
Michael D. Flax
Solstice Benefits, Inc.
Solstice Benefit Services, Inc.
Claims Management System, Inc.
Solstice Insurance Administration, Inc.
Solstice Healthplans, Inc.
Solstice Healthplans of New Jersey,
Solstice Administrators of Alabama, Inc.
Solstice Administrators of Tennessee, Inc.
Solstice Administrators of Missouri, Inc.
Solstice Administrators of Texas, Inc.
Solstice Administrators of North Carolina, Inc.
Solstice Administrators, Inc.
Solstice Administrators of South Carolina, Inc.
Solstice Administrators of Illinois, Inc.
Solstice Administrators of New York, Inc.

A review of the Company's records indicated that during the period from August 1, 2010 through December 31, 2014, SHIC conducted business with the following related parties:

- Solstice Benefits, Inc.
- Solstice Administrators of New York, Inc.
- Vero Beach Endo, Inc.

As detailed above, Solstice Health Insurance Company is a part of a holding company system that comprises sixteen entities. Solstice Health Insurance Company is owned 100% by Leonard A. Weiss.

Solstice Benefits, Inc. ("SBI") is owned by Michael D. Flax (holds 25.22% of common stock and 11.07% of preferred stocks, Leonard A. Weiss (holds 35.96% of preferred stock), and other investors.

Vero Beach Endo, Inc. is owned 100% by Michael D. Flax. Vero Beach Endo, Inc. does not appear on the Company's holding company chart.

Despite the aforementioned ownership descriptions, SHIC is shown as a stand-alone company on the organizational holding company system chart. Furthermore, the 2015 jurat page for SHIC and SBI, respectively, show that these two companies have the same three officers and four out of the seven SHIC directors are also directors of SBI.

It has been determined that SHIC is affiliated with all the entities listed on the foregoing chart due to the fact that they all share the same management and can affect the direction of the Company / Companies as described in Paragraphs 4 and 5 of the NAIC Statement of Statutory Accounting Principles ("SSAP") No. 25.

Paragraphs 4 and 5 of SSAP No. 25 state:

> "4. Affiliate is defined as an entity that is within the holding company system or a party that, directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with the reporting entity. An affiliate includes a parent or subsidiary and may also include partnerships, joint ventures, and limited liability companies as defined in SSAP No. 48-Joint Ventures, Partnerships and Limited Liability Companies (SSAP No. 48). Those entities are accounted for under the guidance provided in SSAP No. 48, which requires an equity method for all such investments. An affiliate is any person that is directly or indirectly, owned or controlled by the same person or by the same group of persons, that, directly or indirectly, own or control the reporting entity."
>
> "5. Control is defined as the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of the investee, whether through the (a) ownership of voting securities, (b) by contract other than a commercial contract for goods or nonmanagement services, (c) by contract for goods or nonmanagement services where the volume of activity results in a reliance relationship (d) by common management, or (e) otherwise. Control shall be presumed to exist if a reporting entity and its affiliates directly or indirectly, own, control, hold with the power to vote, or hold proxies representing 10% or more of the voting interests of the entity."

During the course of this examination the NAIC conducted a review of the holding company system. On June 23, 2016, the NAIC determined that as of June 30, 2016, SHIC and the other companies are to be treated as affiliates and issued a corresponding NAIC Group Code No. 4866.

It is recommended that the Company follow the guidelines of Paragraphs 4 and 5 of Statement of Statutory Accounting Principles No. 25 by revising its organizational chart to add Vero Beach Endo, Inc. to the chart and show that SHIC is affiliated with all the entities within the holding company system.

In addition, The NAIC Annual Statement Instructions – Health states, in part:

> "Attach a chart or listing presenting the identities of and interrelationships between the parent, all affiliated insurers and reporting entities; and other affiliates, identifying all insurers and reporting entities as such and listing the Federal Employer's Identification Number for each. The NAIC company code

> and two-character state abbreviation of the state of domicile should be included for all domestic insurers. The relationships of the holding company group to the ultimate controlling person should be shown…"

It is recommended that the Company comply with the NAIC Health Annual Statement Instructions by revising its organizational chart to show the affiliation of the entities.

Effective January 1, 2010, SHIC entered into an administrative services agreement with SBI, for a temporary personnel leasing agreement. Pursuant to the temporary personnel leasing agreement, SHIC is to utilize experienced personnel of SBI to perform its functions, including enrollment, billing and collection of premiums, claims investigation, processing and adjudication, and member services. This agreement was submitted to the Department for review during the licensing process of the Company.

In addition, effective January 1, 2010, SHIC entered into an administrative services agreement with Solstice Administrators of New York, Inc. ("SNY"). In accordance with the terms of the agreement, SNY shall establish a network of general and specialist dentists who are duly licensed, have signed contracts with SNY, and are professionally trained to provide the dental benefits that are covered under the provisions of SHIC's Dental Plans in accordance with accepted dental practices and standards in the prevailing community. This agreement was also submitted to the Department for review during the licensing process of the Company.

Neither the temporary personnel leasing agreement with SBI, nor the administrative services agreement with SNY, were approved by the Department, as it was not established during the licensing process that the companies were affiliated, nor had the NAIC yet ruled on this matter.

It is recommended that the Company submit the consulting agreement with Vero Beach Endo, Inc. (mentioned above) and resubmit the temporary personnel leasing agreement with SBI and the administrative services agreement with SNY to the Department as required by Section 1505(d)(3) of the New York Insurance Law.

Section 1505(d)(3) of the New York Insurance Law states, in part:

> "(d) The following transactions between a domestic controlled insurer and any person in its holding company system may not be entered into unless the insurer has notified the superintendent in writing of its intention to enter into any such transaction at least thirty days prior thereto, or with regard to reinsurance treaties or agreements at least forty-five days prior thereto, or such shorter period as the superintendent may permit, and the superintendent has not disapproved it within such period…
> (3) rendering of services on a regular or systematic basis..."

It is recommended that the Company comply with the requirements of Section 1505(d)(3) of the New York Insurance Law by submitting/ resubmitting all existing and future agreements between SHIC and any other companies in the holding system, for the Department's review and non-disapproval.

E. Significant Operating Ratios

As of December 31, 2014, Solstice's liquid assets and receivables to current liabilities was 148.8%, which is below the NAIC benchmark of 200%. Also, the operations expenses ratio was 87%, which is significantly above the NAIC benchmark of 15%.

The underwriting ratios presented below are on an earned-incurred basis:

	Amount	Ratio
Claims	$ 147,455	5.52%
Claim adjustment expenses	94,038	3.52%
General administrative expenses	2,230,803	83.50%
Net underwriting gain (loss)	199,398	7.46%
Premium revenue	$2,671,694	100.00%

F. Holding Company Transactions

In addition, to the following items previously detailed in this report, the following transactions with SHIC and its affiliates were not in compliance with the above temporary personnel leasing agreement with SBI:

In July 2014, the Company began paying salaries to the executives of SBI in excess of their regular salaries in accordance with the temporary personnel leasing agreement. A total of $316,146 plus corresponding benefits and payroll taxes were paid to four executives of SBI during the second half of 2014. Subsequent the examination, for calendar year 2019, the executives continued to receive this excess salary.

Additionally, it was noted that the salary of a sales representative who works for SBI was paid by SHIC. The amount paid to the sales representative in this manner was $65,000 plus corresponding benefits and payroll taxes, also in excess of the salary he was receiving in accordance with the temporary personnel leasing agreement.

The premium revenue reported by SHIC as of December 31, 2014 is $2,671,694. The examiner's review indicates that the commissions paid in conjunction with the premium revenue was $159,477. However, the commission expenses by SHIC reported within its general administrative expenses as of December 31, 2014, was $301,533. Therefore, the commissions paid were overstated by $142,056. The overstated commissions were paid through "sales" which is a new category added to the temporary personnel leasing agreement. The version of that agreement submitted to the Department did not include "sales".

In addition, Section 4-C of the temporary personnel leasing agreement, requires that SHIC remit payment for the month of service not later than ten days after said month of service. The examiner's review indicated that, for some accounts, SHIC did not make a payment in 2014.

Furthermore, in addition to the commissions and sales mentioned above, the following charges to SHIC were not within the parameters of the temporary personnel leasing agreement: provider relations, project management, underwriting and marketing.

It is recommended that SBI and SHIC follow the guidelines of the temporary personnel leasing agreement by charging / paying the amounts due according to the terms and the clauses of the agreement, which is subject to review and approval by the Department.

Section 1505(d)(3) of the New York Insurance Law requires that services being rendered on a regular or systematic between a domestic controlled insurer and any person in its holding company system may not be entered into unless the insurer has notified the Superintendent in writing of its intention to enter into any such transaction at least thirty days prior thereto, and the Superintendent has not disapproved it within such period.

It is recommended that where applicable, the Company comply with Section 1505(d)(3) of the New York Insurance Law by giving the required notice to the Superintendent and receiving approval prior to entering into a regular or systematic basis agreement with its affiliates.

G. Location of Corporate Records

Section 325(b) of the New York Insurance Law states:

> "(b) A domestic insurer and a licensed United States branch of an alien insurer entered through this state may keep and maintain its books of account without this state if, in accordance with a plan adopted by its board of directors and approved by the superintendent, it maintains in this state suitable records in lieu thereof; provided, however, that the superintendent may after notice and hearing direct such insurer to return all or any of its books of account to this state if such return is reasonably necessary to protect the interests of the people of this state or to permit their inspection in this state by a director, a shareholder, or, in the case of a mutual insurer, a policyholder, who has shown to the satisfaction of the superintendent that he has made an application to such insurer for inspection of such books in good faith and for a necessary and legitimate purpose, and that such insurer has either declined to permit such inspection without this state or to agree to pay any additional expenses reasonably to be incurred by the applicant or his agent or attorney in connection with the inspection of such books as a result of their maintenance without this state. If in the judgment of the superintendent delay in the return of any or all books of account of such insurer may be hazardous, or may cause irreparable injury, to the people of this state or to the policyholders of such insurer he may direct the return thereof without notice and hearing."

An approval was granted by the Department with regard to the Company keeping its books and records in Plantation, Florida. This approval was contingent upon maintaining the following items in the New York home office:

1. Company's Charter / By-Laws;
2. Records containing the names, addresses of its shareholders, the number and class of shares held by each shareholder and the dates when they became owners of record; and
3. A statement that the insurer will comply with any notice from the Superintendent directing the insurer to return all or any of its books of account to New York State.

During the examination, it was indicated that the above three items were being kept in Plantation, Florida, in violation of Section 325(b) of the New York Insurance Law.

It is recommended that the Company comply with the requirements of Section 325(b) of the New York Insurance Law and the approval granted by the Department by maintaining in the New York home office the following items: (1) Company's Charter / By-Laws; (2) records

containing the names, addresses of its shareholders, the number and class of shares held by each shareholder and the dates when they became owners of record; and (3) a statement that the insurer will comply with any notice from the Superintendent directing the insurer to return all or any of its books of account to New York State.

H. Investment Policy

During the examination, the Company provided an investment policy, effective December 31, 2013, stating that its investments were subject to the limitations of Florida statutes.

It is recommended that the Company revise its investment policy to comply with the limitations of the New York statutes, including Article 14 of the New York Insurance Law, as opposed to the current policy which is governed by the limitations of Florida statutes.

3. FINANCIAL STATEMENTS

The following statements show the assets, liabilities, and surplus as of December 31, 2014, as contained in the Company's 2014 filed annual statement, a condensed summary of operations and a reconciliation of the surplus account for each of the years under review. The examiner's review of a sample of transactions did not reveal any differences which materially affected the Company's financial condition as presented in its financial statements contained in the December 31, 2014 filed annual statement.

Independent Accountants

The Company was audited annually, for the years 2010 through 2013, by the accounting firm Arthur Palermo Jr. C.P.A., P.A. Effective November 14, 2014 SHIC terminated the annual financial services of Arthur Palermo Jr. C.P.A., P.A. The firm of Marcum Account Advisors was retained by the Company to audit the Company's combined statutory basis statements of financial position and the related statutory-basis statements of operations, surplus, and cash flows as of December 31, 2014.

The independent accountants concluded that the statutory financial statements presented fairly, in all material respects, the financial position of the Company at the respective audit dates. Balances reported in these audited financial statements were reconciled to the corresponding years' annual statements with no discrepancies noted.

A. Balance Sheet

Assets		
Cash, cash equivalents and short-term investments	$	664,480
Uncollected premiums and agents' balances		1,001,070
Net deferred tax asset		82,038
Total assets	$	1,747,588
Liabilities		
Unpaid claims	$	33,467
Unpaid claims adjustment expenses		3,500
Premiums received in advance		3,749
General expenses due and accrued		183,963
Current federal and foreign income tax payable and interest thereon		4,019
Amounts due to parent, subsidiaries and affiliates		890,351
Total liabilities	$	1,119,049
Capital and Surplus		
Common stock	$	300,000
Gross paid in and contributed surplus		807,500
Unassigned funds (surplus)		(478,961)
Total capital and surplus		628,539
Total liabilities, capital and surplus	$	1,747,588

NOTE: The Internal Revenue Service ("IRS") has not conducted any audits of the income tax returns filed on behalf of the Company through tax year 2014. The examiner is unaware of any potential exposure of the Company to any tax assessments and no liability has been established herein relative to such contingency.

B. Statement of Revenue, Expenses and Capital and Surplus

The Company's capital and surplus increased by $128,539 during the examination period, August 1, 2010 through December 31, 2014, detailed as follows:

Revenue		
Net premium income	$ 3,054,131	
Total revenue		$ 3,054,131
Expenses		
Hospital and medical benefits	$ 470,760	
Claims adjustment expenses	120,998	
General administrative expenses	2,873,420	
Total expenses		3,465,178
Net income underwriting loss		$ (411,047)
Net investment income earned		2,273
Net loss before income taxes		(408,774)
Federal income taxes		(4,019)
Net loss after income taxes		$ (412,793)

Changes in Capital and Surplus

Capital and surplus, per report on organization, as of August 1, 2010			$ 500,000
	Gains in Surplus	Losses in Surplus	
Net income		$ 412,793	
Change in non-admitted assets		265,607	
Paid-in capital	$ 300,000		
Change in net deferred income tax	199,439		
Additions to paid-in capital	25,000		
Additions to surplus	282,500		
Net increase in surplus			128,539
Capital and surplus, per report on examination, as of December 31, 2014			$ 628,539

4. CLAIMS UNPAID

The examination liability of $33,467 is the same the amount reported by the Company in its filed annual statement as of December 31, 2014.

The examination analysis of the unpaid claims reserve was conducted in accordance with generally accepted actuarial principles and practices and was based on statistical information contained in the Company's internal records and in its filed annual statements as verified during the examination. The examination reserve was based upon actual payments made through a point in time, plus an estimate for claims remaining unpaid at that date. Such estimate was calculated based on actuarial principles, which utilized the Company's past experience in projecting the ultimate cost of claims incurred on or prior to December 31, 2014.

5. MINIMUM MEDICAL LOSS RATIO

The insurance policies issued by Solstice are generally subject to minimum medical loss ratio ("MLR") requirements mandated by New York Insurance Regulation 62 (11 NYCRR 52.45). The loss ratios on Solstice's individual and group dental and vision policies have been below the minimum loss ratio requirements set forth in the aforementioned Regulation since 2014. The Company's failure to meet the MLR requirements has resulted in refunds due to its policyholders.

Parts (a)(1), and (f)(1) of Insurance Regulation 62 (11 NYCRR 52.45) state, in part:

> "(a) Individual insurance. The minimum loss ratio for such individual insurance shall be determined according to the following table… OR policy 60%...
>
> (1) OR (Optionally Renewal): Renewal is at the option of the insurance company…

> (f) Group and blanket insurance. The minimum loss ratio for group and blanket insurance shall be 65 percent, except that:
> (1) for insurance covering, less than 50 persons at inception, excluding dependents, the minimum loss ratio shall be 60 percent;"

Solstice's individual dental and vision policies with an optionally renewable clause were below the minimum loss ratio (60%) set forth by Part (a)(1) of Insurance Regulation 62 (11 NYCRR 52.45).

For group business, the MLR varies based on group size. Policies for groups with membership of two to forty-nine members have an MLR requirement of 60% and policies for groups with membership of fifty or more members have an MLR requirement of 65%. Solstice's loss ratios were below the minimum requirement of 60% for groups with fewer than fifty members and 65% for groups with fifty or more members.

It is recommended that Solstice's loss ratio for its individual dental and vision policies with an optionally renewable clause meet the minimum 60% requirement, in compliance with Part (a)(1) of Insurance Regulation 62.

It is also recommended that Solstice's loss ratio for its group dental and vision policies meet the minimum 60% requirement for its groups with less than fifty members and 65% for its groups with fifty or more members, in compliance with Part (f)(1) of Insurance Regulation 62.

With regard to its failure to comply with the minimum loss ratios required by Insurance Regulation 62 (11 NYCRR 52), Solstice submitted a corrective action plan, along with an MLR liability analysis to the Department. In December 2018, the Department approved a plan for Solstice to issue $1.2 million in MLR refunds, covering the years 2014-2017. The refund payments were issued in January 2019.

6. SUBSEQUENT EVENTS

1. Effective January 1, 2015, SHIC entered into a consulting agreement with Leonard A. Weiss and another with Michelle Stein Weiss, M.D. Pursuant to the terms of the agreements, Leonard A. Weiss is to provide oversight services to the Company in all aspects of its operations and Michelle Stein Weiss is to provide advisory services to the Company in the development of its medical benefits as well as guidance in provider contracting. Both agreements were executed by Leonard A. Weiss, representing the Company and by Leonard A. Weiss and Michelle Stein Weiss representing themselves, respectively. Leonard A. Weiss is the Chairman of the SHIC Board and also the President of SHIC. Michelle Stein Weiss is the wife of Leonard A. Weiss and also a SHIC Board member. The two consulting agreements appear to constitute conflicts of interest as per the Company's policy titled - *Identifying and Assessing Conflicts of Interest* - which states, in part:

> *"The following examples have been deemed to involve a conflict of interest that violates Solstice policy…*
> *6. Serving as an employee, officer, director, or consultant for a customer, client, or supplier of materials or services, or competitor of the Company."*

It is recommended that the Company follow the guidelines of its conflict of interest policy and refrain from entering into agreements that would require the officers and the directors of the Company to serve as employees, officers, directors, or consultants for a customer, client, or supplier of materials or services, or competitor of the Company.

In addition, the above consulting agreements were not approved by the Board of Directors and therefore, are not in compliance with Section IV of the Company's charter titled - *Manner in which Corporate Powers will be Exercised* - which states, in part:

"The Board of Directors shall be responsible for the control and management of the business and affairs, property and interests of the Corporation, and may exercise all powers of the Corporation…"

It is recommended that the Company comply with Section IV of the Company's charter titled "Manner in which Corporate Powers will be Exercised" by obtaining the Board's approval on all the Companies' major decisions such as investments, entering into agreements with other parties, and other matters of importance.

2. The Company entered into a reinsurance agreement with Argo Capital Group Limited for Separate Account Symbian Associates ("Argo"), effective October 1, 2014. The agreement, pursuant to its tems, applied only to policies that were in force or became effective during the term of the agreement.

   Argo accepted eighty percent (80%) of all vision policies and ninety percent (90%) of all dental policies issued or renewed that were subject to the agreement.

   The Department was unable to determine if the assets held by the Separate Account Symbian Associates were sufficient in the event losses would have exceeded the amount withheld. Therefore, SHIC was instructed not to take credit for this reinsurance.

   On September 29, 2015, Argo issued a Provisional Notice of Cancellation of the agreement, with an effective date of December 31, 2015.

3. In January 2016, the Company began offering critical illness plans in New York State (effective and approved by the Department on February 11, 2016), which are group policies that provide employees, as well as their spouses and/or children, coverage for the following:

a. Invasive cancer
b. Non-invasive cancer
c. Skin cancer
d. Heart attack
e. Major organ transplant
f. Renal failure
g. Stroke

In 2016, the Company entered into an Administrative Services Only ("ASO") Agreement ("Agreement") with groups to provide Administrative Services related to the group's plans, including reviewing and paying all claims. Members of the groups are to submit claims directly to the Company, in accordance with the Company's policies and procedures on claims submission. The Company is to investigate, process, and pay claims with respect to Members in accordance with applicable Laws and the Company's standard claims payment policies and procedures. The Company is to also provide call center and web-based customer service for all member inquiries pertaining to benefits and claim forms of the plans.

7. MARKET CONDUCT ACTIVITIES

In the course of this examination, a review was made of the manner in which the Company conducts its business and fulfills its contractual obligations to policyholders and claimants. The review was general in nature and is not to be construed to encompass the more precise scope of a market conduct examination.

The general review was directed at practices of the Company in the following major areas:

A. Grievance / Utilization Review
B. Claims Processing
C. Prompt Pay Law
D. Policy Forms and Rating
E. Agents and Brokers

A. Grievance / Utilization Review

Section 210 of the New York Insurance Law states:

> "(b) Beginning September first, nineteen hundred ninety-nine and annually thereafter, the superintendent shall include in such guide, and insurers and entities certified pursuant to article forty-four of the public health law shall provide to the superintendent the information required for such guide in a timely fashion, the following information:
>
> (1) The number of grievances filed pursuant to section forty-four hundred eight-a of the public health law or article forty-eight of this chapter and the number of such grievances in which an adverse determination of the insurer or entity was reversed in whole or in part versus the number of such determinations which were upheld; and
>
> (2) The number of appeals to utilization review determinations which were filed pursuant to article forty-nine of the public health law or article forty-nine of this chapter and the number of such determinations which were reversed versus the number of such determinations which were upheld."

The Company's grievance and utilization review policies did not comply, respectively, with the requirements of Section 3217-a and Article 49 of the New York Insurance Law. Consequently, grievance and utilization review cases were misclassified, proper notices were not given, timeframe requirements were not being adhered to, Exhibit of Grievances and Utilization Appeals of the Annual Statement Supplement was not filed accurately, etc. Furthermore, the number of grievances and utilization review appeals filed pursuant to Section 210 of the New York Insurance Law was not accurate.

It is recommended that the Company comply with the requirements prescribed by Section 3217-a and Article 49 of the New York Insurance Law by establishing and adhering to grievance and utilization review policies that are in compliance with the requirements of Section 3217-a and Article 49 of the New York Insurance Law.

It is recommended that the Company comply with Section 210 of the New York Insurance Law by reporting to the Department a number of grievances and utilization review appeals that is accurate.

B. Claim Forms

Part 86.4 of Insurance Regulation 95 (11 NYCRR 86) states, in part:

> "(a) …all claim forms for insurance, and all applications for commercial insurance and accident and health insurance, provided to any person residing or located in this State in connection with insurance policies for issuance or issuance for delivery in this State, shall contain the following statement:
>
> Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim obtaining any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime, and shall also be subject to a civil penalty not to exceed five thousand dollars and the stated value of the claim for each such violation."

The Company utilizes the "American Dental Association Dental Claim Form" which is a standard claim form that is not specific to any State and does not include particular provisions to address statutes of any specific State. The claim form fails to include the requisite fraud warning statement required by Part 86.4 of Insurance Regulation 95 (11 NYCRR 86).

It is recommended that the Company comply with the requirements of Part 86.4 of Insurance Regulation 95 by including the fraud warning statement on its claim forms.

C. Pediatric Dental Coverage

Federal Law 45 CFR §156.150 states, in part:

> "For a stand-alone dental plan covering the pediatric dental EHB under §155.1065 of this subchapter in any Exchange, cost sharing may not exceed $350 for one covered child and $700 for two or more covered children…"

During the course of the examination it was indicated that the Company's main products include a mixture of paid preventive plan and diagnostic procedures coupled with deeply discounted fees for which the subscriber pays 100% of the charged amounts as co-payments.

When the subscriber pays 100% of the charged amount the provider does not submit a claim and no EOBs are issued.

It was also indicated that Solstice issues policies on the Exchange (NYSOH) and policies outside the Exchange that are Exchange certified. These policies must contain the pediatric dental essential health benefit that have a maximum out-of-pocket limit of $350 for one child or $700 for two or more children, as required by Federal Law 45 CFR §156.150.

Solstice has no procedure in place to track when a member reaches the pediatric out of pocket maximum, as detailed above. Thus, the Company should confirm its compliance with Federal Law 45 CFR §156.150.

It is recommended that the Company keep track when a member reaches the pediatric out of pocket maximum in order to ensure compliance with Federal Law 45 CFR §156.150.

D. Explanation of Benefits Statements

Sections 3234(a) and (b)(5) of the New York Insurance Law state, in part:

> "(a) Every insurer… is required to provide the insured or subscriber with an explanation of benefits form in response to the filing of any claim under a policy or certificate providing coverage for hospital or medical expenses, including policies and certificates providing nursing home expense or home care expense benefits.
> (b) The explanation of benefits form must include at least the following…
> (5) the amount or percentage payable under the policy or certificate after deductibles, co-payments, and any other reduction of the amount claimed..."

EOBs sent out during the examination period did not reflect the actual copay amounts paid by the subscribers. The EOBs displayed the billed amount, the allowed amount; $0.00 for subscriber co-pay; and a final payment that was less than 100% of the allowed amount, which

indicates that an out-of-pocket amount was collected from the member although the copay field of the EOB reflected $0.00.

It is recommended that the Company comply with Sections 3234(a) and (b)(5) of the New York Insurance Law by ensuring that the EOBs contain and reflect the correct co-payment amounts.

E. Advertisements

Part 215.13(a) of Insurance Regulation 34 (11 NYCRR 215) states:

> "(a) The name of the actual insurer and the form number or numbers advertised shall be identified and made clear in all of its advertisements. An advertisement shall not use a trade name, any insurance group designation, name of the parent company of the insurer, name of a particular division of the insurer, service mark, slogan, symbol or other device which without disclosing the name of the actual insurer would have the capacity and tendency to mislead or deceive as to the true identity of the insurer."

It was noted that the name of the Company's affiliate, "Solstice Benefits, Inc.", appears in all the advertising and sales material. The name, address, and telephone number of Solstice Health Insurance Company is not shown in any of the marketing materials.

Part 215.13(a) of Insurance Regulation 34 (11 NYCRR 215) was promulgated to prevent misleading and deceptive advertising and to ensure that insurers provide the public with an accurate description of the insurance being offered in the advertisement. The aforementioned Regulation also requires that the name of all insurers, as well as the location of the principal offices of the insurers, be included in any advertisement targeting New York State residents.

It is recommended that the Company comply with Part 215.13(a) of Insurance Regulation 34 by identifying and stating clearly the name of the Company in all of its advertisement materials.

F. Standards For Prompt, Fair and Equitable Settlement of Claims For Health Care and Payments For Health Care Services ("Prompt Pay Law")

Sections 3224-a (a) and (b) of the New York Insurance Law states, in part:

> "In the processing of all health care claims submitted under contracts or agreements issued or entered into pursuant to this article and articles forty-two… and all bills for health care services rendered by health care providers pursuant to such contracts or agreements, any insurer… shall adhere to the following standards:
>
> (a) Except in a case where the obligation of an insurer… to pay a claim submitted by a policyholder or person covered under such policy ("covered person") or make a payment to a health care provider is not reasonably clear, or when there is a reasonable basis supported by specific information available for review by the superintendent that such claim or bill for health care services rendered was submitted fraudulently, such insurer or organization or corporation shall pay the claim to a policyholder or covered person or make a payment to a health care provider within thirty days of receipt of a claim or bill for services rendered that is transmitted via the internet or electronic mail, or forty-five days of receipt of a claim or bill for services rendered that is submitted by other means, such as paper or facsimile...
>
> (b) In a case where the obligation of an insurer… to pay a claim or make a payment for health care services rendered is not reasonably clear due to a good faith dispute regarding the eligibility of a person for coverage, the liability of another insurer or corporation or organization for all or part of the claim, the amount of the claim, the benefits covered under a contract or agreement, or the manner in which services were accessed or provided, an insurer or organization or corporation shall pay any undisputed portion of the claim in accordance with this subsection and notify the policyholder, covered person or health care provider in writing within thirty calendar days of the receipt of the claim:
>
> (1) that it is not obligated to pay the claim or make the medical payment, stating the specific reasons why it is not liable; or
>
> (2) to request all additional information needed to determine liability to pay the claim or make the health care payment. Upon receipt of the information requested in paragraph two of this subsection or an appeal of a claim or bill for health care services denied pursuant to paragraph one of this subsection, an insurer… shall comply with subsection (a) of this section."

In 2014, the Company processed 1,671 claims. The Company failed to comply with Sections 3224-a(a) and (b) of New York Insurance Law, respectively, when 134 of the processed claims were found to have taken greater than 45 days to be adjudicated and 83 of the untimely adjudicated claims, were found to have no valid reason(s) for said delay.

It is recommended that the Company comply with Sections 3224-a(a) and (b) of the New York Insurance Law by paying any undisputed portion of a claim in the requisite timeframes.

G. Agents and Brokers

Section 2114(a)(3) of the New York Insurance Law states:

> "(3) No insurer, fraternal benefit society or health maintenance organization doing business in this state and no agent or other representative thereof shall pay any commission or other compensation to any person, firm, association or corporation for services in soliciting, negotiating or selling in this state any new contract of accident or health insurance or any new health maintenance organization contract, except to a licensed accident and health insurance agent of such insurer, such society or health maintenance organization, or to a licensed insurance broker of this state, and except to a person described in paragraph two or three of subsection (a) of section two thousand one hundred one of this article."

In 2014, the Company maintained 299 producers. The examiner's review indicated that, as of December 31, 2014, some producers were selling the Company's products without the required license, in violation of Section 2114(a)(3) of the New York Insurance Law.

It is recommended that the Company comply with Section 2114(a)(3) of the New York Insurance Law by paying commissions for services in soliciting, negotiating or selling in this state any new contract of accident or health insurance only to licensed accident and health producers.

Section 2112(d) of the New York Insurance Law states, in part:

> "(d) Every insurer… doing business in this state shall, upon termination of the certificate of appointment… of any insurance agent… licensed in this state… file with the superintendent within thirty days a statement, in such form as the superintendent may prescribe, of the facts relative to such termination for cause. The insurer… shall provide, within fifteen days after notification has been sent to the superintendent, a copy of the statement filed with the superintendent to the insurance producer at his, or her or its last known address…"

The examiner determined that the Company violated Section 2112(d) of the New York Insurance Law when it failed to file producer terminations notices with the Department, within the specified time period, upon its termination of one producer in 2013, two producers in 2014 and seven producers in 2015.

It is recommended that the Company comply with Section 2112(d) of the New York Insurance Law by filing producer termination notices with the Department within 30 days of the termination of any of its producers.

Section 4235(h)(1) of the New York Insurance Law states, in part:

> "(h)(1) Each domestic insurer and each foreign or alien insurer doing business in this state shall file with the superintendent its schedules of premium rates, rules and classification of risks for use in connection with the issuance of its policies of group accident, group health or group accident and health insurance, and of its rates of commissions, compensation or other fees or allowances to agents and brokers pertaining to the solicitation or sale of such insurance and of such fees or allowances, exclusive of amounts payable to persons who are in the regular employ of the insurer, other than as agent or broker to any individuals, firms or corporations pertaining to such class of business, whether transacted within or without the state…"

The Company violated Section 4235(h)(1) of the New York Insurance Law when it paid commission rates that were not based on an established/ approved rate commission schedule that was filed with the Department. The Company paid a commission rate of 10% of premiums to its agents and brokers and 2.5% to its sales representatives.

It is recommended that the Company comply with Section 4235(h)(1) of the New York Insurance Law by filing with the Department its rates of commission, compensation or other fees or allowances to agents and brokers pertaining to the solicitation or sale of its insurance.

8. SUMMARY OF COMMENTS AND RECOMMENDATIONS

ITEM		PAGE NO.
A.	Corporate Governance	
i.	It is recommended that, as a good corporate governance practice, the Company establish procedures that the Board meeting minutes contain ample and accurate records of attendance and a full description of the issues discussed during the meetings, in order to document the board's exercise of its fiduciary duties.	6
ii.	It is recommended that the Company comply with its conflict of interest policy by requiring all members of the Board, officers, and key employees sign a conflict of interest statement not only upon being hired, but also, every year thereafter.	6
iii.	It is recommended that the Company follow the guidelines of its conflict of interest policy by refraining from entering into agreements with customers, clients, or suppliers of materials or services, or competitors of the Company for which the officers and the directors of the Company serve as employees, officers, directors, or consultants.	7
iv.	It is recommended that the Company comply with Section IV - *Manner in which Corporate Powers will be Exercised* - of the Company's charter, by obtaining the Board's approval for all material decisions impacting the Company, such as investments, entering into agreements with other parties, and matters of similar importance.	8
B.	Territory and Plan of Operation	
	It is recommended that Solstice maintain a net premium to surplus ratio of 4:1 to comply with its premium writing commitment with the Department.	9
C.	Holding Company System	
i.	It is recommended that the Company follow the guidelines of Paragraphs 4 and 5 of Statement of Statutory Accounting Principles No. 25 by revising its organizational chart to add Vero Beach Endo, Inc. to the chart and showing that SHIC is affiliated to all the entities within the holding company system.	12

ITEM		PAGE NO.
C.	Holding Company System (Continued)	
ii.	It is recommended that the Company comply with the NAIC Annual Statement Instructions Health by revising its organizational chart to show the affiliation among the entities.	13
iii.	It is recommended that the Company submit the consulting agreement with Vero Beach Endo, Inc. (mentioned above) and resubmit the temporary personnel leasing agreement with SBI and the administrative services agreement with SNY to the Department as required by Section 1505(d)(3) of the New York Insurance Law.	14
iv.	It is recommended that the Company comply with the requirements of Section 1505(d)(3) of the New York Insurance Law by submitting/ resubmitting all existing and future agreements between SHIC and any other companies in the holding system, for the Department's review and non-disapproval.	16
D.	Holding Company Transactions	
i.	It is recommended that SBI and SHIC follow the guidelines of the temporary personnel leasing agreement by charging / paying the amounts due according to the terms and the clauses of the agreement, which is subject to review and approval by the Department.	16
ii	It is recommended that where applicable, the Company comply with Section 1505(d)(3) of the New York Insurance Law by giving the required notice to the Superintendent and receiving approval prior to entering into a regular or systematic basis agreement with its affiliates.	16
E.	Location of Corporate Records	
	It is recommended that the Company comply with the requirements of Section 325(b) of the New York Insurance Law and the approval granted by the Department by maintaining in the New York home office the following items: (1) Company's Charter / By-Laws; (2) records containing the names, addresses of its shareholders, the number and class of shares held by each shareholder and the dates when they became owners of record; and (3) a statement that the insurer will comply with any notice from the Superintendent directing the insurer to return all or any of its books of account to New York State.	18

ITEM **PAGE NO.**

F. Investment Policy

It is recommended that the Company revise its investment policy to comply with the limitations of the New York statutes, including Article 14 of the New York Insurance Law, as opposed to the current policy which is governed by the limitations of Florida statutes. 18

G. Minimum Loss Ratio

i. It is recommended that Solstice's loss ratio for its individual dental and vision policies with an optionally renewable clause meet the minimum 60% requirement, in compliance with Part (a)(1) of Insurance Regulation 62. 23

ii. It is also recommended that Solstice's loss ratio for its group dental and vision policies meet the minimum 60% requirement for its groups with less than fifty members and 65% for its groups with fifty or more members, in compliance with Part (f)(1) of Insurance Regulation 62. 23

H. Subsequent Events

i. It is recommended that the Company follow the guidelines of its conflict of interest policy and refrain from entering into agreements that would require the officers and the directors of the Company to serve as employees, officers, directors, or consultants for a customer, client, or supplier of materials or services, or competitor of the Company. 24

ii. It is recommended that the Company comply with Section IV of the Company's charter titled "Manner in which Corporate Powers will be Exercised" by obtaining the board's approval on all the Companies' major decisions such as investments, entering into agreements with other parties, and other matters of importance. 25

I. Grievance/Utilization Review

i. It is recommended that the Company comply with the requirements prescribed by Section 3217-a and Article 49 of the New York Insurance Law by establishing and adhering to grievance and utilization review policies that are in compliance with the requirements of Section 3217-a and Article 49 of the New York Insurance Law. 27

ii. It is recommended that the Company comply with Section 210 of the New York Insurance Law by reporting to the Department a number of grievances and utilization review appeals that is accurate. 27

ITEM		PAGE NO.
J.	Claim Forms	
	It is recommended that the Company comply with the requirements of Part 86.4 of Insurance Regulation 95 by including the fraud warning statement on its claim forms.	28
K.	Pediatric Dental Coverage	
	It is recommended that the Company keep track when a member reaches the pediatric out of pocket maximum in order to ensure compliance with federal law 45 CFR §156.150.	29
L.	Explanation of Benefits	
	It is recommended that the Company comply with Sections 3234(a) and (b)(5) of the New York Insurance Law by ensuring that the EOBs contain and reflect the correct co-payment amounts.	30
M.	Advertisements	
	It is recommended that the Company comply with Part 215.13(a) of Insurance Regulation 34 by identifying and stating clearly the name of the Company in all of its advertisement materials.	30
N.	Prompt Pay	
	It is recommended that the Company comply with Sections 3224-a(a) and (b) of the New York Insurance Law by paying any undisputed portion of a claim in the requisite timeframes.	32
O.	Agents and Brokers	
i.	It is recommended that the Company comply with Section 2114(a)(3) of the New York Insurance Law by paying commissions for services in soliciting, negotiating or selling in this state any new contract of accident or health insurance only to licensed accident and health producers.	32
ii.	It is recommended that the Company comply with Section 2112(d) of the New York Insurance Law by filing producer termination notices with the Department within 30 days of the termination of its producers.	33
iii.	It is recommended that the Company comply with Section 4235(h)(1) of the New York Insurance Law by filing with the Department its rates of commission, compensation or other fees or allowances to agents and brokers pertaining to the solicitation or sale of its insurance.	33

Respectfully submitted,

Edouard Medina
Financial Services Examiner 4

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

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

Edouard Medina

Subscribed and sworn to before me
This_____ day of_____2020

APPOINTMENT NO. 31372

NEW YORK STATE

DEPARTMENT OF FINANCIAL SERVICES

I, ***ANTHONY J. ALBANESE****, Acting Superintendent of Financial Services of the State of New York, pursuant to the provisions of the Financial Services Law and the Insurance Law, do hereby appoint:*

Edouard Medina

as a proper person to examine the affairs of

Solstice Health Insurance Company

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

Company

with such other information as he shall deem requisite.

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

this 15th day of July, 2015

ANTHONY J. ALBANESE
Acting Superintendent of Financial

By: _____

Lisette Johnson
Bureau Chief
Health Bureau