REPORT ON EXAMINATION

OF

RENAISSANCE HEALTH INSURANCE COMPANY OF NEW YORK

AS OF

DECEMBER 31, 2015

DATE OF REPORT	**FEBRUARY 13, 2018**
EXAMINER	**TOMMY KONG, CFE, PIR**

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Andrew M. Cuomo
Governor

Maria T. Vullo
Superintendent

February 13, 2018

Honorable Maria T. Vullo
Superintendent of Financial Services
Albany, New York 12257

Madam:

Pursuant to the requirements of the New York Insurance Law, and acting in accordance with the instructions contained in Appointment Number 31443, dated March 24, 2016, attached hereto, I have made an examination into the condition and affairs of Renaissance Health Insurance Company of New York, an accident and health insurance company licensed pursuant to Article 42 of the New York Insurance Law, as of December 31, 2015, and respectfully submit the following report thereon.

The examination was conducted at the main administrative office of Renaissance Health Insurance Company of New York located at 4100 Okemos Road, Okemos, Michigan.

Wherever the designation the "Company" appears herein, without qualification, it should be understood to indicate Renaissance Health Insurance Company of New York.

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

Renaissance Health Insurance Company of New York was previously examined as of December 31, 2010. This examination of the Company was a combined (financial and market conduct) examination and covered the five-year period from January 1, 2011 through December 31, 2015. 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, 2016 Edition* (the "Handbook"). The financial examination was conducted observing the guidelines and procedures in the Handbook, and where deemed appropriate by the examiner, transactions occurring subsequent to December 31, 2015 were also reviewed.

The financial portion of 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 the Company's current financial condition, as well as to 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 NAIC 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 risks and management activities 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 2011 through 2015, by the accounting firm Plante & Moran, PLLC ("P&M"). The Company received an unmodified opinion from P&M for each of those years. Certain audit workpapers of P&M were reviewed and relied upon in conjunction with this examination. A review was also made of Delta Dental Plan of Michigan, Inc.'s (an affiliate of the Company) internal audit function with respect to the operations of the Company.

A review was also made to ascertain what actions were taken by the Company with regard to the comments and recommendations contained in the prior report on examination. The results of the examiner's review are contained in Item No. 6 of this report.

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

2. DESCRIPTION OF THE COMPANY

The Company was incorporated on May 21, 1979 as Arista Insurance Company ("Arista"), a property and casualty insurance company licensed under the laws of the State of New York, and commenced business on October 11, 1979. On August 19, 2002, Delta Dental Plan of Indiana, Inc. acquired all the issued and outstanding shares of Arista. On September 16, 2003, Arista amended its Articles of Incorporation and by-laws and acted to change its license in the State of New York from a property and casualty insurance company to an accident and health insurer pursuant to Article 42 of the New York Insurance Law. Concurrently, Arista changed its name to Renaissance Health Insurance Company of New York.

The Company is a for-profit corporation authorized to write accident and health insurance and substantially similar kinds of insurance as defined in Section 1113(a)(3)(i) of the New York Insurance Law. Through its license, the Company currently offers only indemnity dental insurance.

In March of 2006, the Company's ultimate parent, Renaissance Health Service Corporation, reorganized its corporate structure. Several transactions among affiliates occurred

as a result, including the transfer of the Company to Renaissance Holding Company ("RHC"). Delta Dental Plan of Indiana, Inc. contributed its full ownership in the Company to RHC in exchange for RHC's stock. As a result of this transaction, RHC became the immediate parent of the Company.

A. Corporate Governance

Pursuant to the Company's by-laws, the board of directors of the Company shall not be fewer than thirteen (13) nor more than twenty-one (21) members. As of December 31, 2015, the directors of the Company were as follows:

Name and Residence	Principal Business Affiliation
Luigi Battaglieri Bath, Michigan	Senior Vice President & Chief Relationship Officer, Delta Dental Plan of Michigan, Inc.
Patrick T. Cahill, JD Milford, Michigan	Retired
Laura L. Czelada, CPA East Lansing, Michigan	Chairperson, President & Chief Executive Officer, Delta Dental Plan of Michigan, Inc.
Karen M. Green Portland, Michigan	Vice President, Quality Assurance & Informatics, Delta Dental Plan of Michigan, Inc.
Jonathan S. Groat, JD Lansing, Michigan	Vice President & General Counsel, Delta Dental Plan of Michigan, Inc.
Toby L. Hall Marshall, Michigan	Senior Vice President & Chief Actuary, Delta Dental Plan of Michigan, Inc.
Nancy E. Hostetler Okemos, Michigan	Senior Vice President & Chief of Staff, Delta Dental Plan of Michigan, Inc.
Jed J. Jacobson, DDS, MS, MPH Ann Arbor, Michigan	Senior Vice President & Chief Science Officer, Delta Dental Plan of Michigan, Inc.
Goran M. Jurkovic, CPA, CGMA Lansing, Michigan	Senior Vice President, Chief Financial Officer, Chief Operating Officer & Chief Risk Officer, Delta Dental Plan of Michigan, Inc.
Matthew F. Majeske, MD New York, New York	Physician, Mount Sinai Hospital

Name and Residence	Principal Business Affiliation
James T. Perry Clarksville, Tennessee	Retired
James R. Sherin Delmar, New York	President & Chief Executive Officer, Retail Counsel of New York State
Philip A. Wenk, DDS Brentwood, Tennessee	President & Chief Executive Officer, Delta Dental of Tennessee

The minutes of all meetings of the board of directors and committees thereof held during the examination period were reviewed. The review indicated all board and committees' meetings were well attended, with all board members attending at least one-half of the meetings they were eligible to attend.

Per the Company's by-laws, the board of directors is required to meet once each calendar year, which is designated as the annual meeting of the board of directors. The annual meeting is to take place on the second Thursday of May of each year. Special meetings of the board of directors may be called by the President, any Vice President, or any two (2) directors.

The board of directors has a fiduciary responsibility and must evince an ongoing interest in the affairs of the Company. Having one board meeting per year does not fulfill such criteria. It is important that board members meet periodically, preferably quarterly, to set forth their views on relevant matters so that the board may reach appropriate decisions in a timely manner.

It is recommended that the Company's board of directors meet at least quarterly during the calendar year and that the Company amend its by-laws to reflect such requirement.

A similar recommendation was included in the prior report on examination.

The principal officers of the Company as of December 31, 2015 were as follows:

Name	Title
Robert P. Mulligan	President and Chief Executive Officer
Jonathan S. Groat, JD	Secretary
Laura L. Czelada, CPA	Vice President and Chairperson
Goran M. Jurkovic, CPA, CGMA	Chief Financial Officer, Chief Risk Officer and Treasurer

B. Enterprise Risk Management

It was noted that the Company's Chief Financial Officer (CFO) also holds the titles of Chief Risk Officer (CRO) and Treasurer. The independent risk management function is responsible for overseeing risk-taking activities across the enterprise. The Chief Risk Officer overseeing the function should have sufficient stature within the organization, independence, direct access to the board and be a senior executive with distinct responsibility for the risk management function separate from other executive functions and business lines. As such, the Company's CFO should not also be the CRO which compromises the independence of the CRO's role in the risk management function.

As a best practice, it is recommended that the role of the Chief Risk Officer be made independent and not be held by the same individual with other executive functions.

C. Internal Audit

The Company does not maintain its own internal audit department. All internal audit functions performed on behalf of the Company are provided by Delta Dental Plan of Michigan, Inc. ("DDPMI") under an administrative services agreement with the Company. Effective January 1, 2015, DDPMI merged Internal Audit within its Quality Assurance & Informatics Department.

Independence of Internal Audit Director

The internal audit reporting process is limited in that the Internal Audit director does not report directly to Audit Committee. Instead, the Internal Audit director reports directly to the Chief Financial Officer of DDPMI. This reporting structure seemingly puts into question the auditor's independence and ability to report freely and objectively with regard to certain observed issues. Preferred corporate governance protocols call for the responsibilities and performance of the Internal Audit director to be measured by the Audit Committee to ensure independence from senior management. The importance of both independence and an audit committee's active involvement within the internal audit function are a widely supported position (i.e., best practice) throughout the audit industry, including the Institute of Internal Auditors ("IIA"). Below is the relevant guidance, as listed on the website of the IIA:

> *"The internal auditor occupies a unique position, he or she is employed by management but is also expected to review the conduct of management which can create significant tension since the internal auditor's independence from management is necessary for the auditor to objectively assess management's action, but the internal auditor's dependence on management for employment is very clear; and to maintain objectivity, internal auditors should have no personal or professional involvement with or allegiance to the area being audited; and should maintain an un-biased and impartial mindset in regard to all engagements.*
>
> *A critical activity of the audit committee is to be involved in the hiring of the Chief Audit Executive ("CAE") of the organization. Because the CAE reports to the audit committee, the committee should be responsible for ensuring that the CAE receives fair and timely performance reviews. The audit committee should have an active role in determining the annual salary adjustment for the CAE. The audit committee should be the decision-making party in any decision to terminate the CAE."*

The IIA's guidance on the standard of independence of the internal audit function recommends that the chief audit executive be under the direct supervision of the audit committee, with administrative reporting to senior management.

In addition, Standard 1110.A1 of the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing states:

"The internal audit activity must be free from interference in determining the scope of internal auditing, performing work, and communicating results."

Further, Standard 1111 of the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing states:

"The chief audit executive must communicate and interact directly with the board."

It is recommended that the Company adhere to the guidance promulgated under the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing by ensuring that its internal audit director is aligned under the direct supervision of the Audit Committee, with administrative reporting to senior management.

A similar recommendation was included in the prior report on examination.

It is also recommended that the Company amend the charter of the Audit Committee to clarify that the internal audit director maintain a direct reporting line to the Audit Committee and an administrative reporting line to management.

It is further recommended that the Audit Committee maintain documentation supporting the review of the internal audit director's performance.

Oversight of Internal Audit

It was noted that the Company does not have in place a quality assurance and improvement program which oversees its internal audit activities. Standard 1300 of the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing states:

> *"The chief audit executive must develop and maintain a quality assurance and improvement program that covers all aspects of the internal audit activity."*

It is recommended that the Company prepare an annual report on the results of its audit work for the Audit Committee's review.

It is also recommended that the Company perform, when warranted, an annual quality assurance and improvement review of its internal audit activities and use such review to assist the Audit Committee in assessing the quality and effectiveness of the work performed.

Internal Audit Charter

The Company does not have an internal audit charter. Instead, the Company provided the charter of its Audit Committee. The following was noted from review of the charter:

- The charter did not state that one of the main purposes of the Audit Committee is the oversight of the internal audit function.

Standard 1000 of the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing states:

> *"The purpose, authority, and responsibility of the internal audit activity must be formally defined in an internal audit charter, consistent with the Definition of Internal Auditing, the Code of Ethics, and the Standards."*

It is recommended that the Company amend the charter of its Audit Committee, in accordance with the guidance promulgated under Standard 1000 of The Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing, by clarifying that the Audit Committee is also responsible for the oversight of the internal audit function.

D. Insurance Circular Letter No. 9 (1999)

Insurance Circular Letter No. 9 (1999) states in part:

> "…the board obtain the following certifications annually: (i) from either the company's director of internal audit or independent CPA that the responsible officers have implemented the procedures adopted by the board, and (ii) from the company's general counsel a statement that the company's current claims adjudication procedures, including those set forth in the current claims manual, are in accordance with applicable statutes, rules and regulations."
>
> "The board is reminded that their responsibility to oversee management's handling of the claims adjudication process extends to outside parties who, pursuant to a management administrative service, provider or other contract with the company, perform one or more of the claim adjudication procedures normally done by the company itself."
>
> "Of equal importance is the adoption of written procedures to enable the board to assure itself that the company's operations in other key areas are being conducted in accordance with applicable statutes, rules and regulations."

In the prior report on examination, it was recommended that the Company adopt written procedures that require the board to obtain annual certifications from either the director of internal audit or an independent CPA that the responsible officers have implemented procedures adopted by the board, and from the Company's general counsel: a statement that the Company's current claims adjudication procedures, including those set forth in the current claims manual, are in accordance with applicable New York State statutes, rules and regulations.

The Company failed to obtain the required certifications for the years 2011 to 2014. The Company did submit a certification which they stated was for the year 2015, however the year was not referenced on the document. As such, it could not be determined whether the certification was for the year 2015 or 2016.

It is recommended that the Company fully comply with Insurance Circular Letter No. 9 (1999) by obtaining annual certifications from either the director of internal audit or an independent CPA that the responsible officers have implemented procedures adopted by the

board, and from the Company's general counsel, a statement that the Company's current claims adjudication procedures, including those set forth in its current claims manual, are in accordance with applicable New York State statutes, rules and regulations.

A similar recommendation was included in the prior report on examination.

It is also recommended that the Company indicate in its annual certification the year for which the certification applies to.

E. Territory and Plan of Operation

The Company was licensed on September 16, 2003 to transact accident and health insurance business, as defined in Section 1113(a)(3)(i) of the New York Insurance Law. The Company currently writes only dental indemnity insurance in the State of New York.

As of December 31, 2015, the Company wrote $4,840,655 in total net premiums. The majority of the Company's premiums were written in the following five (5) New York State counties:

County	Enrollment	Premiums	Percentage
Dutchess	1,912	$854,327	17.6%
Broome	1,634	$644,184	13.3%
Ulster	839	$373,344	7.7%
Westchester	678	$406,549	8.4%
Monroe	573	$259,066	5.4%

The chart below depicts the total enrollment and the increase or decrease for the periods covered by this examination:

Year	Enrollment	Increase / Decrease
2011	2,437	—
2012	2,025	16.9% decrease
2013	2,968	46.6% increase
2014	9,286	212.9% increase
2015	10,343	11.4% increase

The increase in enrollment during 2013 to 2015 was due to growth from business purchased by retirees in the individual dental market.

The Company's sales distribution for its individual business is primarily through marketing agreements with various private healthcare exchanges. As for its group business, the Company has a marketing agreement with Security Mutual Life Insurance Company of New York, which allows the Company to utilize their appointed New York licensed agents to market its products at a competitive price to their members.

F. Significant Operating Ratios

The following ratios have been computed, as of December 31, 2015, based upon the results of this examination. The ratios presented below are on an earned-incurred basis and encompass the five-year period covered by this examination:

	Amounts	Ratios
Claims	$ 8,541,807	67.6%
Claims adjustment expenses	408,820	3.2%
General administrative expenses	1,958,746	15.5%
Increase in reserves for accident and health contracts	(14,000)	(0.1%)
Net underwriting gain	1,745,347	13.8%
Premiums earned	$12,640,720	100.00%

G. Reinsurance

The Company did not assume or cede any reinsurance business during 2015. During the other years of the examination period, 2011 to 2014, the Company maintained three reinsurance treaties, which are described in the following paragraphs.

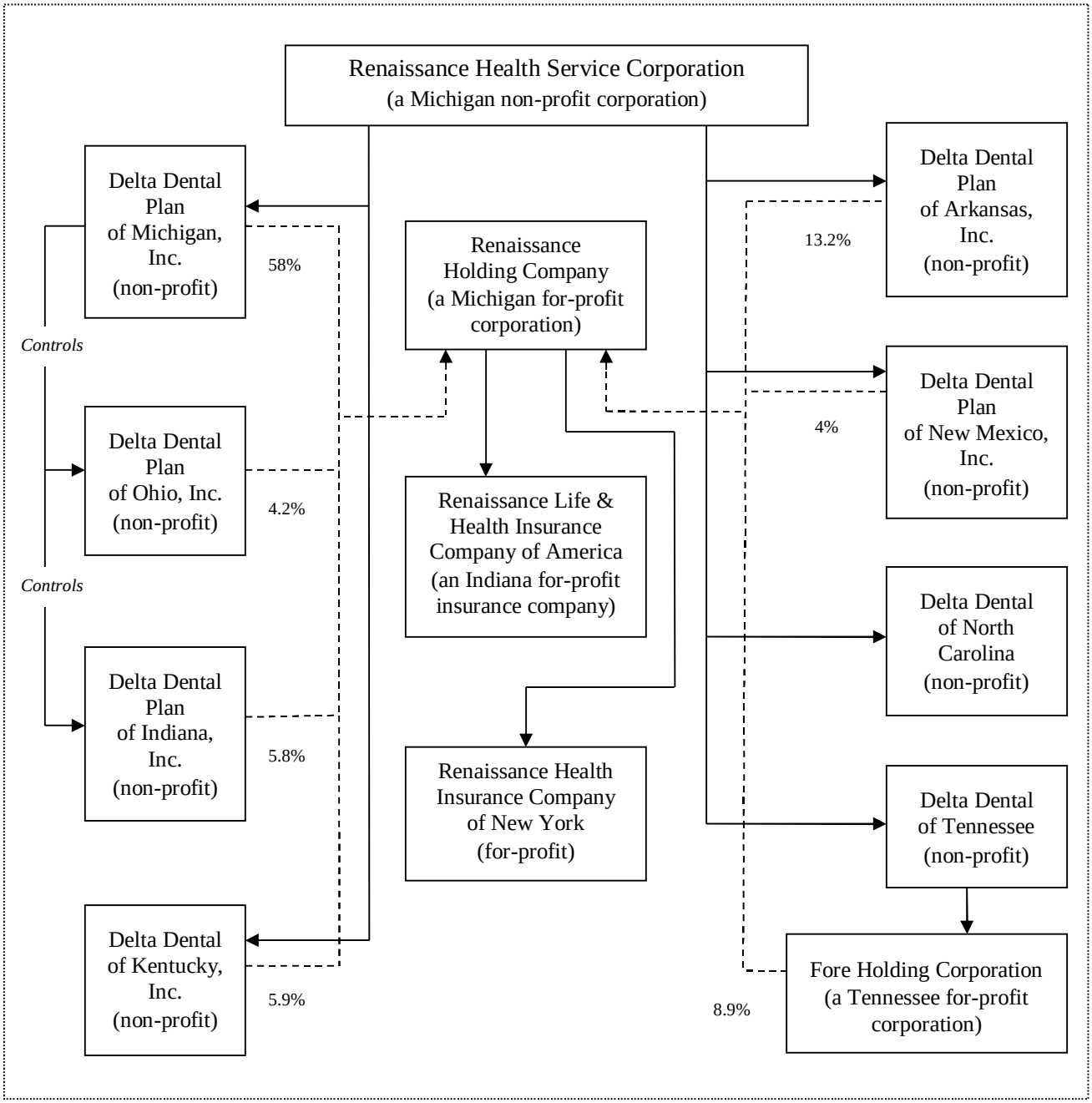
On October 1, 2008, the Company entered into a quota share reinsurance agreement with HM Life Insurance Company of New York ("HM"), an authorized reinsurer, to cede 20% of the premiums and liabilities of its limited benefit group dental indemnity insurance coverage sold with HM's medical products. On January 1, 2010, the reinsurance agreement with HM was amended whereby a minimum of 1,000 lives must first be covered before the reinsurance would take effect. This agreement ended on December 31, 2014.

On January 1 and July 1 of 2009, the Company entered into quota share reinsurance agreements with Northeast Delta Dental and Delta Dental of Kansas (both non-affiliated and unauthorized reinsurers), respectively. In both agreements, the Company provides a quota share cession of approximately 1% of the premiums and liabilities associated with the individual dental indemnity insurance sold to the individual retiree population.

In consideration for the ceding premiums, Northeast Delta Dental and Delta Dental of Kansas both agree to assign the use of the "Delta Dental" service mark, specifically for the marketing of "Delta Dental" branded individual retiree multi-state group-facilitated business domiciled or headquartered within their territories to the Company. Both agreements ended on December 31, 2012.

H. Holding Company System

The following chart depicts the Company's relationship with core members of its holding company system. The percentages included in the chart reflect each entity's proportionate ownership, as of December 31, 2015.



The Company's immediate parent is Renaissance Holding Company ("RHC"), a Michigan for-profit corporation, and its ultimate parent is Renaissance Health Service Corporation ("RHSC"), a Michigan non-profit corporation. RHC was established as a holding company for Renaissance Life & Health Insurance Company of America and Renaissance Health Insurance Company of New York, whereas RHSC was established as a holding company for the Delta Dental Plans of Michigan, Ohio, Indiana, Arkansas, and New Mexico and Delta Dental Plans of Kentucky, Tennessee, and North Carolina. In March of 2006, RHSC underwent a corporate restructuring, which resulted in Delta Dental Plan of Indiana, Inc. transferring full ownership of the Company to RHC in exchange for a partial ownership of RHC. This corporate realignment was approved by the Department on March 27, 2006.

As of December 31, 2015, the Company had the following inter-company agreements in effect:

Since August 15, 2003, the Company has maintained a general administrative services agreement with Delta Dental Plan of Michigan, Inc. ("DDPMI"), which was approved by the Department on August 14, 2003. This agreement was later amended on December 31, 2007. Such amendment has been reviewed by the Department and filed. This agreement will remain in effect until terminated by either DDPMI or the Company. This agreement provides for DDPMI to render administrative and related services to the Company.

These services may include: accounting and reporting, underwriting, data processing, billing and collection of premiums, claims processing and payment services, reinsurance, marketing, provider relations, investments, internal audit and record keeping. The reimbursement of these services are allocated based on actual costs incurred in connection with

the services provided, but not to exceed the Company's estimated cost of providing such services to itself.

On August 1, 2007, the Company executed an administrative services agreement with Renaissance Life & Health Insurance Company of America ("RLHICA"), which was approved by the Department on July 30, 2007. This agreement was later amended, effective January 1, 2010. Such amendment to this agreement was approved by the Department on December 16, 2009. While the agreement remains in effect, either party may terminate the agreement by giving the other party written notice of termination at least sixty (60) days prior to termination or if terminated immediately, upon mutual consent.

These services may include: accounting and reporting, actuarial, underwriting, eligibility maintenance, data processing, billing and collection of premiums, claims processing and payment services, marketing, agent related services, provider relations, customer service, and record keeping. The reimbursement for these services is allocated based on the following: actual costs incurred in connection with the services provided; reasonable and customary allocable costs associated with actual costs and/or the services provided; or expenses incurred and payments received are to be allocated on an equitable basis in conformity with customary insurance accounting practices consistently applied.

On December 1, 2007, the Company executed a marketing and sales support agreement with Renaissance Systems and Services, LLC ("RSS"), an affiliate located in Indianapolis, Indiana. This agreement was approved by the Department on November 28, 2007. While the agreement remains in effect, either party may terminate the agreement by giving the other party written notice of termination at least sixty (60) days prior to termination or if terminated

immediately, upon mutual consent. This agreement is for RSS to provide marketing and sales support for the Company. These services may include: marketing, public relations, and advertising services; solicitation and development of brokers to carry the Company's products; development and maintenance of a marketing and sales database; and support of the Company's sales and sales team. The reimbursements of these services are allocated based on actual costs incurred in connection with the services provided or reasonable and customary allocable costs associated with actual costs and/or the services provided.

On December 10, 2009, the Company entered into a consolidated tax allocation agreement with its immediate parent, RHC, and the following affiliates: RLHICA; Renaissance Health Networks, LLC; TML, LLC; Renaissance Dental Network, LLC; and Dental Wellness Network, LLC. This agreement requires RHC to prepare and file, on behalf of parties to the agreement, a consolidated federal income tax return for each taxable year. This agreement was approved by the Department on November 18, 2009.

On January 13, 2017, subsequent to the examination date, the Company entered into a new consolidated tax allocation agreement with its immediate parent, RHC, and the following affiliates: RHSC; RLHICA; DNS Holding Company, LLC; Renaissance Electronic Services, LLC; Maverest Dental Network, LLC, Renaissance Systems and Services, LLC; Tesia Clearinghouse, LLC; and Electronic Lockbox Services, LLC. This agreement requires RHC to prepare and file, on behalf of parties to the agreement, a consolidated federal income tax return for each taxable year. This agreement was approved by the Department on December 12, 2016.

3. FINANCIAL STATEMENTS

The following statements show the assets, liabilities, and capital and surplus as of December 31, 2015, as contained in the Company's 2015 filed annual statement, a condensed summary of operations and a reconciliation of the capital and surplus account for each of the years under review.

Plante & Moran, PLLC ("P&M") was retained by the Company to audit the Company's combined statutory basis statements of financial position as of December 31st of each year in the examination period, and the related statutory-basis statements of operations, capital and surplus, and cash flows for the year then ended.

P&M 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	
Bonds	$ 230,679
Cash and short-term investments	2,605,304
Investment income due and accrued	392
Uncollected premiums in course of collection	1,471
Net deferred tax asset	22,220
Receivables from parent, subsidiaries and affiliates	52,476
Aggregate write-ins for other than invested assets	16
Total assets	$2,912,558

Liabilities	
Claims unpaid	$ 157,190
Unpaid claims adjustment expenses	4,426
Aggregate health policy reserves	45,941
Premiums received in advance	107,613
General expenses due or accrued	3,443
Current federal and foreign income tax payable and interest thereon	254,681
Amounts withheld or retained for the account of others	115
Amounts due to parent, subsidiaries and affiliates	10,648
Total liabilities	$ 584,057
Capital and Surplus	
Aggregate write-ins for special surplus funds	$ 50,561
Common capital stock	200,000
Gross paid in and contributed surplus	889,806
Unassigned funds	1,188,134
Total capital and surplus	$2,328,501
Total liabilities, capital and surplus	$2,912,558

Note: The Internal Revenue Service has not conducted any audits of the federal income tax returns filed on behalf of the Company through tax year 2015. 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 and Expenses and Capital and Surplus

Capital and surplus increased $1,379,883 during the five-year examination period, January 1, 2011 through December 31, 2015, detailed as follows:

Revenue		
Premium	$12,640,489	
Aggregate write-ins for other health care related revenues	231	
Total revenue		$12,640,720
Expenses		
Claims (net of reinsurance recoverable)	$ 8,541,807	
Claims adjustment expenses	408,820	
General administrative expenses	1,958,746	
Increase in reserves for accident and health contracts	(14,000)	
Total underwriting deductions		$10,895,373
Net underwriting gain		$ 1,745,347
Net investment income		27,533
Net gain from agents' or premium balances charged off		534
Federal and foreign income taxes incurred		(343,717)
Net income		$ 1,429,697

Change in Capital and Surplus

Capital and surplus, per report on examination, as of December 31, 2010			$ 948,618
	Gains in Surplus	Losses in Surplus	
Net income	$1,429,697		
Change in net deferred income tax		$(281,794)	
Change in non-admitted assets	231,980		
Net change in capital and surplus			$1,379,883
Capital and surplus, per report on examination, as of December 31, 2015			$2,328,501

4. MARKET CONDUCT ACTIVITIES

In the course of this examination, a review was made of the manner in which the Company conducts its business practices 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 review was directed at the practices of the Company in the following major areas:

A. Advertisements
B. Termination notices
C. Grievances
D. Members' handbook
E. Record retention policy
F. Prompt Pay Law

A. Advertisements

It was noted from a review of the Company's advertising materials that the Company failed to provide support to verify the accuracy of two statistics used in its advertisements. The two statistics that the Company used were identified as: *"99.96% accuracy on all claims"* and *"98.95% of all claims processed in 10 days or less."* The Company cited in its advertisements that these two statistics were based on its 2010 year-end data, which was extracted from their customer service and claim metrics. However, the percentages from the Company's 2010 year-end data were actually 98.81% accuracy on all claims and 98.07% of all claims processed in 10 days or less, which does not match the two statistical percentages used in its advertisements.

Part 215.5(b) of Insurance Regulation No. 34 (11 NYCRR 215.5(b)) states in part:

"(b) Advertisements shall be truthful and not misleading in fact or in implication."

It was also noted that in the Company's advertisement of a policy, the advertisement did not contain the statement required by Part 215.5(c)(7) of Insurance Regulation No. 34 (11 NYCRR 215.5(c)(7)), which states in part:

> "(c) An advertisement of a policy shall contain in a prominent place and style the appropriate statement for the coverage provided…
>
> (7) This policy provides DENTAL insurance only. The expected benefit ratio for this policy is _____ percent. This ratio is the portion of future premiums that the company expects to return as benefits, when averaged over all people with this policy."

It is recommended that the Company comply with Part 215.5(b) of Insurance Regulation No. 34 (11 NYCRR 215.5(b)) by using statistics in its advertisements which are substantiated, accurate, and verifiable.

It is also recommended that the Company comply with Part 215.5(c)(7) of Insurance Regulation No. 34 (11 NYCRR 215.5(c)(7)) by displaying the required statement on the advertisement of its policies.

B. Termination Notices

It was noted from the review of the Company's termination letters that such letters contain the following language which, if applied, may potentially lead to violations of the New York "Prompt Pay Law" (Section 3224-a of the New York Insurance Law): *"please note that any claims submitted on your behalf will not be processed until your account is brought current."*

It is recommended that the Company remove such language from its termination notices.

C. Members' Handbook

It was noted from a review of the Company's *Members' Handbook* that the handbook made no mention of the right to an external appeal and failed to provide the Department's contact information, such as the Consumer Assistance Unit's telephone number and address, as required.

Section 3217-a(a) of the New York Insurance Law states in part:

> "(a) Each insurer subject to this article shall supply each insured, and upon request each prospective insured prior to enrollment, written disclosure information, which may be incorporated into the insurance contract or certificate, containing at least the information set forth below.
>
> (3)(H) a notice of the right to an external appeal…
>
> (16) notice of all appropriate mailing addresses and telephone numbers to be utilized by insureds seeking information…"

It is recommended that the Company update its *Members' Handbook* to include a notice of the right to an external appeal and the telephone number and address of the Department's Consumer Assistance Unit, as required pursuant to Section 3217-a(a) of the New York Insurance Law.

D. Record Retention Policy

It was noted from a review of the Company's record retention policy that the retention periods for certain types of records were not in compliance with Part 243.2(b) of Insurance Regulation No. 152 (11 NYCRR 243.2(b)). Those record types that were not in compliance with the time frames prescribed by Insurance Regulation No. 152 are described below.

1. Under "*Section 1 – General Documents Relating to all Departments,*" the Company's "*…expense records and any other supporting documentation*" are retained to the "*end of the year plus 3 years.*"
2. Under "*Section 4 – Audit,*" the Company's "*claims audit records*" are retained "*5 years after completion of audit*."

3. Under "*Section 6 – Employment and Human Resources,*" the Company's "*…employee disciplinary actions*" are retained to the "*end of employment plus 5 years.*"
4. Under "*Section 8 – Legal and Corporate Organization Documents,*" the Company's "*board of director meeting files, packets*" are retained to the "*end of the year plus 5 years or longer as needed*."
5. Also under "*Section 8 – Legal and Corporate Organization Documents,*" the Company's "*policy records*" are retained from the "*date of filing plus 4 years or termination plus 4 years, whichever is later*."

Part 243.2(b) of Insurance Regulation No. 152 (11 NYCRR 243.2(b)) states:

> "(b) Except as otherwise required by law or regulation, an insurer shall maintain:
>
> (1) A policy record for each insurance contract or policy for six calendar years after the date the policy is no longer in force or until after the filing of the report on examination in which the record was subject to review, whichever is longer.
>
> (4) A claim file for six calendar years after all elements of the claim are resolved and the file is closed or until after the filing of the report on examination in which the claim file was subject to review, whichever is longer. A claim file shall show clearly the inception, handling and disposition of the claim, including the dates that forms and other documents were received.
>
> (7) A financial record necessary to verify the financial condition of an insurer, including ledgers, journals, trial balances, annual and quarterly statement workpapers, evidence of asset ownership, and source documents, for six calendar years from its creation or until after the filing of the report on examination in which the record was subject to review, whichever is longer.
>
> (8) Any other record for six calendar years from its creation or until after the filing of a report on examination or the conclusion of an investigation in which the record was subject to review."

It is recommended that the Company amend its record retention policy by revising the retention period for the types of records mentioned above to the time frames required by Part 243.2(b) of Insurance Regulation No. 152 (11 NYCRR 243.2(b)).

E. Prompt Pay Law

To determine the Company's compliance with New York's Prompt Pay Law (Section 3224-a of the New York Insurance Law), the examiner selected a population consisting of all

claims (by line item) received between January 1, 2015 and December 31, 2015 that were not paid within the time frames prescribed by Section 3224-a of the New York Insurance Law. Such claims were identified, reviewed and tested, where warranted.

The results of this review revealed that from the total population of 68,754 claims (by line item) received and adjudicated during 2015 (consisting of 24,935 paper claims, 36,166 electronic claims, and 7,653 denied claims), 894 claims were paid or denied past the time frames prescribed by Section 3224-a of the New York Insurance Law resulting in potential violations of the Prompt Pay Law (264 paper and 352 electronic claims that took longer than forty-five (45) days and thirty (30) days to pay (NYIL 3224-a(a)), respectively, and 278 claims that were denied more than thirty (30) days after receipt of the claim (NYIL 3224-a(b)).

Section 3224-a(a) of the New York Insurance Law states in part:

> "(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…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."

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

> "(b) In a case where the obligation of an insurer…to pay a claim…is not reasonably clear…, an insurer…shall pay any undisputed portion of the claim…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."

The above population of claims paid beyond forty-five (45) or thirty (30) days after receipt did not exceed the overall limitation prescribed by Section 3224-a of the New York Insurance Law. Further reviews of these claims were waived.

However, the population of 278 claims denied more than 30 days after receipt was reviewed due to the greater number of potential late denials in comparison to the total population of denied claims. The review confirmed 146 violations of Section 3224-a(b) of the New York Insurance Law.

It is recommended that the Company take steps to ensure compliance with Section 3224-a(b) of the New York Insurance Law.

A similar recommendation was included in the prior report on examination.

5. SUBSEQUENT EVENTS

On August 28, 2017, the Company submitted a Uniform Certificate of Authority Corporate Amendment application to the Department requesting to expand its Certificate of Authority to include life business. If granted, the Company plans to write life and disability coverages in New York State. The application is currently pending with the Department.

6. COMPLIANCE WITH PRIOR REPORT ON EXAMINATION

The prior report on examination, as of December 31, 2010, contained the following fourteen (14) comments and recommendations (page number refers to the prior report on examination):

ITEM NO.		PAGE NO.
	Management and Controls	
1.	It is recommended that the board of directors of the Company meet at least quarterly during each calendar year and that the Company amend its by-laws to reflect such requirement. *The Company has not complied with this recommendation. A similar recommendation is included within this report on examination.*	7
2.	It is recommended that the members of the Company's board of directors attend at least one-half of the Company's board meetings. Board members who are unable or unwilling to attend meetings consistently should resign or be replaced. *The Company has complied with this recommendation.*	8
	Enterprise Risk Management	
3.	It is recommended that the Company, separately or in conjunction with members of its holding company system, adopt a formal ERM function that identifies, measures, aggregates, and manages risk exposures within predetermined tolerance levels, across all activities of the RHSC holding company enterprise. *The Company has complied with this recommendation.*	9
	Corporate Governance	
4.	It is recommended that, with regards to the independence of the internal audit function, the Company separately, or in conjunction with members of its holding company system adhere to the standards promulgated under Sections 1100.A1 and 1111 of the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing. *The Company has not complied with this recommendation. A similar recommendation is included within this report on examination.*	10

ITEM NO. **PAGE NO.**

5. It is recommended that the Company's key activities be scoped into internal audit's review of key functional areas as determined necessary by the Company. 10.

The Company has complied with this recommendation.

6. It is recommended that the board of directors adopt written procedures that require the board to obtain annual certifications from either the manager of internal audit or independent CPA that the responsible officers have implemented procedures adopted by the board, and from the Company's general counsel, a statement that the Company's current claims adjudication procedures, including those set forth in current claims manual, are in accordance with applicable New York State statutes, rules and regulations, as required by Insurance Circular Letter No. 9 (1999). 11

The Company has not fully complied with this recommendation as of the examination date. A similar recommendation is included within this report on examination.

7. It is also recommended that the Company's board of directors obtain annual certifications from its third-party claims administrators that claims are being processed in accordance with the Company's current claims manual and applicable New York State statutes, rules and regulations, as required by Insurance Circular Letter No. 9 (1999). 11

The Company has complied with this recommendation.

Sales and Advertising

8. It is recommended that the Company comply with Part 215.9(c) of Insurance Regulation No. 34 (11 NYCRR 215.9(c)) by identifying the source of the statistics used within its advertisements. 23

The Company has complied with this recommendation.

Fraud Prevention Plan

9. It is recommended that the Company comply with the requirements of Section 409(a) of the New York Insurance Law by filing a fraud prevention plan with the Department. 24

The Company has complied with this recommendation.

ITEM NO. **PAGE NO.**

Claim Forms

10. It is recommended that the Company revise the fraud statement included within its claim forms to comply with the wording prescribed by Part 86.4(a) of Insurance Regulation No. 95 (11 NYCRR 86.4(a)). 24

The Company has complied with this recommendation.

Explanation of Benefits

11. It is recommended that the Company comply with the requirements of Section 3234(b)(7) of the New York Insurance Law by including the mandatory disclosure language on its Explanation of Benefits forms. 25

The Company has complied with this recommendation.

Prompt Pay Law

12. It is recommended that the Company take steps to ensure compliance with Section 3224-a(a) of the New York Insurance Law regarding the prompt payment of its claims. 27

The Company has complied with this recommendation.

13. It is also recommended that the Company review all claims not paid within the time frames prescribed by Section 3224-a(a) of the New York Insurance Law to determine whether any applicable interest is due and pay such interest, as required by Section 3224-a(c) of the New York Insurance Law. 28

The Company has complied with this recommendation.

14. It is recommended that the Company take steps to ensure compliance with Section 3224-a(b) of the New York Insurance Law regarding the denial of its claims. 28

The Company has not complied with this recommendation. A similar recommendation is included within this report on examination.

7. SUMMARY OF COMMENTS AND RECOMMENDATIONS

ITEM **PAGE NO.**

Respectfully submitted,

_____
Tommy Kong, CFE, PIR
Financial Services Examiner 2

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

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

_____
Tommy Kong, CFE, PIR

Subscribed and sworn to before me
this _____ day of _____ 2018

APPOINTMENT NO. 31443

NEW YORK STATE

DEPARTMENT OF FINANCIAL SERVICES

I, ***MARIA T. VULLO****, 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:*

Tommy Kong

as a proper person to examine the affairs of

Renaissance Health Insurance Company of New York

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 24th day of March, 2016

MARIA T. VULLO
Acting Superintendent of Financial Services

By:

Lisette Johnson
Bureau Chief
Health Bureau