

REPORT ON ORGANIZATION
OF
SOLSTICE HEALTH INSURANCE COMPANY
AS OF
JULY 31, 2010

DATE OF REPORT

OCTOBER 13, 2010

EXAMINER

ANDRE BLACKMAN

TABLE OF CONTENTS

<u>ITEM NO.</u>		<u>PAGE NO.</u>
1.	Organization	2
2.	Scope of the examination	3
3.	Capitalization and subscription	3
4.	Balance sheet	4
5.	Authorized powers and minimum capital required	5
6.	Holding company system	6
7.	Third Party Agreements	6
8.	Conclusion	7



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

David A. Paterson
Governor

James J. Wrynn
Superintendent

October 13, 2010

Honorable James J. Wrynn
Superintendent of Insurance
Albany, NY 12257

Sir:

Pursuant to the provisions of the New York Insurance Law, and acting in accordance with the instructions contained in Appointment Number 30578, dated August 13, 2010, and attached hereto, I have made an on organization examination of Solstice Health Insurance Company as of July 31, 2010, and respectfully submit the following report thereon.

The examination was conducted at the home office of Solstice Health Insurance Company located at 415 Madison Avenue, 15th Floor, New York, New York.

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

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

1. ORGANIZATION

Solstice Health Insurance Company was incorporated on November 19, 2009. The declaration of intention and charter were approved by the Department on November 19, 2009, pursuant to Section 1201 of the New York Insurance Law and placed on file with the Department on that same date.

The company's by-laws stipulate that the number of directors shall be not less than seven. The members of the Company's board of directors at July 31, 2010 were as follows:

<u>Name and Residence</u>	<u>Principal Business Affiliation</u>
Leonard Weiss, DMD Weston, FL	Owner and President, Leonard A. Weiss, DMD
Carlos Ferrera Coral Springs, FL	Chief Operating Officer, Solstice Benefits, Inc.
Yamyra Hernandez Miami, FL	Vice President of Client Services, Solstice Benefits, Inc.
Michael Flax, DMD Boca Raton, FL	President and Chief Executive Officer, Starmark Benefits, Inc.
Robert Schnuer Rockville Centre, NY	Chief Executive Officer, RIS Consulting / Corporate Advisors, LLC.
Michael Muchnicki New York, NY	President and Chief Executive Officer, Touchstone Health HMO, Inc.
Mariely Fernandez, MD Forest Hills, NY	Physician, Schneider Children's Hospital
Audrey Ruden New York, NY	Broker, Prudential Douglas Elliman
Mark Feinstein Delray Beach, FL	Partner, Feinstein & Sorota, P.A.

The principal officers of the Company, as of July 31, 2010, were as follows:

<u>Name</u>	<u>Title</u>
Leonard Weiss, DMD	President
Carlos Ferrera	Treasurer and Chief Operating Officer
Yamyra Hernandez	Secretary and Compliance Officer

2. SCOPE OF THE EXAMINATION

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

3. CAPITALIZATION AND SUBSCRIPTION

Solstice Health Insurance Company issued 30,000 shares of \$10.00 par value per share common capital stock to Leonard Weiss, DMD on July 21, 2010, as the sole owner of said stock for a sales price of \$10.00 per share resulting in a total consideration of \$300,000. In addition, Leonard Weiss, DMD made a surplus contribution in the amount of \$500,000 to the Company on July 12, 2010.

4. BALANCE SHEET

The following balance sheet sets forth the Company's financial condition as of July 31, 2010:

<u>Assets</u>	
Cash and short-term investments	\$ 800,309
Interest income due and accrued	<u>0</u>
Total assets	<u>\$ 800,309</u>
<u>Liabilities</u>	
Accrued liabilities and taxes	\$ <u>0</u>
Total liabilities	<u>\$ 0</u>
<u>Capital and surplus</u>	
Common capital stock	\$ 300,000
Gross paid in and contributed surplus	500,000
Unassigned surplus	<u>309</u>
Total capital and surplus	<u>\$ 800,309</u>
Total liabilities and surplus	<u>\$ 800,309</u>

5. AUTHORIZED POWERS AND MINIMUM CAPITAL REQUIRED

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

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

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

Initial capital and surplus	\$450,000
Deposit	200,000
Capital	300,000
Minimum capital investments	300,000

Pursuant to the provisions of Section 1314 of the New York Insurance Law, the Company has placed a qualifying security with a par value of \$200,000 in an account in the name of the Superintendent of Insurance at Wells Fargo Corporate Trust Services, New York, New York.

6. HOLDING COMPANY SYSTEM

The Company affirms in writing that it is not part of a holding company as defined within Section 1501(a)(3) of the New York Insurance Law, and that no other articles of ownership exist to encumber the company with another entity, and that SHIC is exclusively owned by Leonard A. Weiss, DMD.

Solstice Health
Insurance
Company, Inc.,
New York, NY
FEIN:
27-1395245

7. THIRD PARTY AGREEMENTS

As of July 31, 2010, the Company had in-force the following agreements with certain other entities:

1. An Administrative Services Agreement dated May 19, 2010, between Solstice Health Insurance Company, Inc. and Solstice of New York, Inc., whereby Solstice of New York, Inc. will provide access to its network of participating dentists to all certified members of SHIC's dental plans. Any and all liabilities that arise under this agreement are the sole responsibility of SHIC and shall not transfer to Solstice of New York, Inc.

2. A Temporary Personnel Leasing Agreement, dated May 19, 2010, between Solstice Health Insurance Company, Inc. and Solstice Benefits, Inc., whereby SHIC will lease personnel from Solstice Benefits, Inc. to aid in the performance of SHIC's New York dental business. The Solstice Benefits Inc. employees that shall be used to carry out this purpose, the scope of their duties, and their methods of compensation are outlined in the agreement between the two parties.

3. A Software Licensing Agreement between WLT Software of Clearwater, Florida and Starmark Benefits of Plantation, Florida (name subsequently changed to "Solstice Benefits, Inc.") was changed, by means of an addendum to the agreement, to add Solstice Health Insurance Company as a party to the software licensing agreement; including the maintenance, service fee and payment addenda. The aforementioned addendum to the Software License Agreement was added to this agreement for the sole and exclusive purpose of transferring the ownership and terms of the agreement to Solstice Health Insurance Company.

The above agreements have been approved by this Department.

8. CONCLUSION

Based upon the foregoing examination, it is concluded that the Company sold 30,000 shares of \$10.00 par value per share capital stock for a sale price of \$10.00 per share, resulting in total consideration of \$300,000 on July 21, 2010. Furthermore, the Company also received a surplus contribution of \$500,000 on July 12, 2010.

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HEALTH BUREAU
N.Y.C OFFICE

State of Florida

County of Broward

We, Leonard A. Weiss, President of Solstice Health Insurance Company, and Carlos Ferrera, Chief Operating Officer, hereafter (the Company), after being duly sworn depose and say, and declares under oath:

1. That he is the above-described officer of said Company.
2. As of July 31, 2010, the proceeds of the common stock sale of the Company of \$300,000 and a paid-in surplus raised on behalf of and contributed for the Company was received in the amount of \$500,000; held in the following instruments.

(a) \$100,000 (Par Value) U.S. Treasury Bill, April 22, 2011 maturity, and held in custody by Wells Fargo Corporate Trust Services. As of July 31, 2010, the market value of this investment was \$100,000.91.

(c) \$100,000 (Par Value) U.S. Treasury Bill, September 09, 2010 maturity, and held in custody by Wells Fargo Corporate Trust Services. As of July 31, 2010, the market value of this investment was \$99,985.38.

(d) \$399,009.62 held in a Money Market Account with Wells Fargo Corporate Trust Services.

FOR THE BENEFIT OF POLICYHOLDERS:

(c) \$200,000 (Par Value) U.S. Treasury Bill, March 10, 2011 maturity, and held in custody by Wells Fargo Corporate Trust Services. As of July 31, 2010, the market value of this investment was \$200,485.50.

The above sums are the property of the Company and possessed by it in its corporate name and capacity.

3. That no part of said paid-in capital and surplus has been withdrawn, pledged or in any way impaired, except as wanted for investment or other-wise legitimately use or appropriated to and

for the sole and exclusive use and benefit of the Company in its corporate capacity and in strict conformity with the statutes in such case made and provided,

4. That no part or portion thereof has been loaned or advanced to the Company by any person, partnership or corporation for the purpose of being used as paid-in capital and surplus.

5. That according to the best of their respective knowledge, information and belief, there was no intention or design existing on the part of any person or persons whomsoever, to withdraw any part or portion of said paid-in capital or surplus until the same was or is wanted for investment or was to be legitimately used or appropriated to and for the sole and exclusive use and benefit of the Company in its corporate capacity in strict conformity with the statutes in such case and provided,

6. That there is no agreement or understanding, express or implied, made or existing between the Company or its officers, or any or either of them or any person or persons, to the effect of import that the money paid-in by any stockholder shall be loaned or returned to him or any person or persons for his or their use or accommodation, or the hypothecation of stock of the Company as security therefore, or upon any securities, terms and conditions whatsoever.

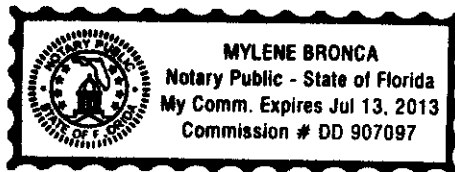
7. That neither the Company, nor any of its officers in any way, manner or form, pledged or committed to make any investment, loan or disposition of said paid-in capital and surplus or any part or portion thereof, which is not in strict conformity in all respects with the provisions of the Insurance Law of the State of New York.

Solstice Health Insurance Company, New York, Inc.

By: *[Signature]*
By: *[Signature]*

Subscribed and sworn to before me
this 5th day of October, 2010

[Signature]



Appointment No. 30578

**STATE OF NEW YORK
INSURANCE DEPARTMENT**

I, James J. Wrynn, Superintendent of Insurance of the State of New York, pursuant to the provisions of the Insurance Law, do hereby appoint:

Andre Blackman

as a proper person to examine into the affairs of the

Soltice Health Insurance Company

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

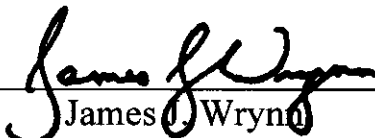
Company

with such other information as he shall deem requisite.

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

this 13nd day of August, 2010




James J. Wrynn
Superintendent of Insurance