REPORT ON EXAMINATION

OF

HEALTHPLEX INSURANCE COMPANY

AS OF DECEMBER 31, 2021

EXAMINER: **JUNE 6, 2023**

DATE OF REPORT: **WAI WONG**

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June 6, 2023

Honorable Adrienne A. Harris
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 32405, dated May 16, 2022, attached hereto, I have made an examination into the condition and affairs of Healthplex Insurance Company, an accident and health insurance company licensed pursuant to the provisions of Article 42 of the New York Insurance Law, as of December 31, 2021. The following report is respectfully submitted thereon.

The examination was conducted remotely due to restrictions relating to the COVID-19 Pandemic. The statutory home office of Healthplex Insurance Company is located at 333 Earle Ovington Boulevard, Uniondale, New York.

Wherever the designations the "Company" or "HIC" appear herein, without qualification, they should be understood to indicate Healthplex Insurance Company.

Wherever the designations "UHS," or the "Parent" appear herein, without qualification, they should be understood to indicate United HealthCare Services, Inc., HIC's parent company.

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

A separate market conduct examination reviewing the manner in which HIC conducts its business practices and fulfills its contractual obligations to policyholders and claimants was conducted as of December 31, 2021. A separate report will be submitted thereon.

As a result of this examination, HIC was determined to be insolvent in the amount of $5,783,513 and was impaired in the amount of $9,451,597, as of December 31, 2021.

Subsequent to the examination, in March 2022, the Department approved a Corrective Action Plan submitted by HIC to cure the insolvency and impairment (Item 7 of this report).

1. SCOPE OF THE EXAMINATION

The previous examination was conducted as of December 31, 2017. This examination was a financial examination as defined in the National Association of Insurance Commissioners ("NAIC") *Financial Condition Examiners Handbook, 2022 Edition* (the "Handbook") and it covers the four-year period January 1, 2018, through December 31, 2021. The examination was conducted observing the guidelines and procedures in the Handbook, and, where deemed appropriate by the examiner, transactions occurring subsequent to December 31, 2021, 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 the Company's current financial condition, as well as identify prospective risks that may threaten the future solvency of HIC.

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 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 2018 through 2021, by the accounting firm of Withum, Smith & Brown, PC ("WSB"). The Company received an unmodified opinion in each of those years. Certain audit work papers of WSB were reviewed and relied upon in conjunction with this examination.

During the examination, a 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 departures from laws, regulations or rules, or which require explanation or description.

As a result of this examination, HIC was determined to be insolvent in the amount of $5,783,513 and impaired in the amount of $9,451,597, as of December 31, 2021.

The examiner reviewed the corrective actions taken by the Company with respect to the recommendations contained in the prior report on examination. The results of the examiner's review are contained in Item 8 of this report.

2. DESCRIPTION OF THE COMPANY

Healthplex Insurance Company was incorporated on June 12, 1998, as a for-profit accident and health insurer. The Company was licensed on October 1, 2001, pursuant to Article 42 of the New York Insurance Law to write insurance business as defined under Section 1113(a)(3) of the New York Insurance Law. The Company began writing business in March 2003.

Healthplex Insurance Company offers dental contracts to groups and individuals in the New York metropolitan area through fee-for-service plans. Effective January 1, 2014, the Company became a Qualified Health Plan ("QHP") to sell dental plans to individuals and shop businesses on the New York State of Health Marketplace ("Exchange"). Additionally, the Company received approval to operate as an accident and health insurer limited to dental services

in the State of New Jersey on August 4, 2016; to date, the Company has not written any business in New Jersey.

In early 2016, a recapitalization of the Company's common stock and paid-in capital was necessary to meet a certain regulatory surplus requirement to transact future business as a foreign entity in the State of New Jersey. On March 21, 2016, the New York State Department of Financial Services approved the recapitalization of the Company's authorized capital by increasing the capital from $300,000 to $2,500,000, consisting of 500 shares of common stock with a par value of $5,000 per share. As of December 31, 2021, 140 shares were issued and outstanding.

On November 19, 2018, the Department received an Acquisition of Control application whereby a Florida Limited Liability Company, Healthplex America, LLC was seeking to acquire 100% ownership of Healthplex, Inc. and its subsidiaries, including Healthplex Insurance Company. The Department approved the application on July 22, 2019.

On September 4, 2020, an Equity Interest Purchase Agreement ("the HA Equity Interest Purchase Agreement") was entered into by Family Members, as the Trustees (these persons collectively known as the "Sellers"), the Immediate Family Members, Marlin Holding Company, LLC (the "Purchaser"), UnitedHealth Group Incorporated ("UHG"), a Delaware corporation ("Purchaser Guarantor"), and an Individual Family Member ("Sellers' Representative"). Pursuant to the Agreement, Marlin Holding Company, LLC acquired 100% of the issued and outstanding equity interests of Healthplex America, LLC ("HA"), and thereby, indirectly, 100% of HIC's shares. HIC has 140 shares of common stock issued and outstanding with a par value of $5,000 per share, all of which are held by Healthplex, Inc., a direct wholly-owned subsidiary of HA.

Immediately upon closing of the Acquisition, HIC became an indirect wholly-owned subsidiary of Marlin Holding Company, LLC, Specialty Benefits, LLC, UHS, and UHG.

Concurrently with the execution and delivery of the HA Equity Interest Purchase Agreement, the Trustees and UHG also entered into an Equity Interest Purchase Agreement, dated as of the date of HA Equity Interest Purchase Agreement, pursuant to which UHG acquired MCNA Health Care Holdings, LLC, a Florida limited liability company ("MCNA Holdings").

On September 8, 2020, pursuant to New York Insurance Law Section 1506, UnitedHealth Group Incorporated ("UHG"), a Delaware corporation; United HealthCare Services, Inc. ("UHS"), a Minnesota corporation and a direct wholly-owned subsidiary of UHG; Specialty Benefits, LLC, a Delaware limited liability company and a direct wholly-owned subsidiary of UHS ("Specialty Benefits"); and Marlin Holding Company LLC ("Marlin Holding"), a Delaware limited-liability company and a direct wholly-owned subsidiary of Specialty Benefits, filed an application for the Department's approval of the acquisition of control of Healthplex, Inc. The application was approved by this Department on December 24, 2020. Due to this acquisition, Healthplex, Inc. became an indirect wholly-owned subsidiary of UHG effective December 31, 2020.

As of December 31, 2021, Healthplex failed to comply with its 4:1 net premium to surplus writing ratio commitment, which it has with the Department. Healthplex is required to have a minimum of $3,668,084 capital and surplus as of December 31, 2021, to meet its 4:1 net premium to surplus writing ratio commitment. However, the Company has reported a negative capital and surplus of $5,783,513 million as of December 31, 2021. Accordingly, Healthplex was insolvent by approximately $5.8 million and impaired by $9,451,597 due to its insolvency and surplus writing ratio requirement as of December 31, 2021.

A. Corporate Governance

Pursuant to the Company's amended charter and amended by-laws, management of the Company is to be vested in a board of directors consisting of no less than one (1) and no more than seven (7) directors. As of December 31, 2021, the directors consisted of seven (7) members as set forth below:

Name and Residence	Principal Business Affiliation
David I. Bailey Belmont, MA	Director, Healthplex Insurance Company
Rebecca B. Bausch Dobbs Ferry, NY	Director, Healthplex Insurance Company
James F. Bedard* Glastonbury, CT	Director and Chief Financial Officer Healthplex Insurance Company and Healthplex, Inc.
Michael McGuire Wyckoff, NJ	Director, Healthplex Insurance Company
Kenneth M. Sheldon Cypress, TX	Director, Healthplex Insurance Company
Colleen H. Van Ham Arlington Heights, IL	Director, Healthplex Insurance Company
Thomas P. Wiffler Bolingbrook, IL	Director and Chief Executive Officer, Healthplex Insurance Company

According to its by-laws, HIC's Board is required to meet once a year for an annual meeting, may hold special meetings as desired and is to conduct quarterly meetings after said annual meeting. The Board of Directors of the Company met at least quarterly during the exam period January 1, 2018, through December 31, 2021. A review of the minutes of the Board of Directors' meetings indicated that the meetings were generally well attended, with all members attending at least one-half of the meetings they were eligible to attend.

James F. Bedard was removed from the Board on August 12, 2022, and Adam Wojcik was elected to the vacant director role on November 30, 2022.

The officers of HIC as of December 31, 2021, were as follows:

Name	Title
Thomas P. Wiffler	Chief Executive Officer
James F. Bedard *	Chief Financial Officer
Michael C. Brody	Secretary

*Removed as CFO on August 12, 2022, and replaced by Valerie Vignola as of November 15, 2022.

B. Charter and By-Laws

Section 8 of HIC's charter states:

> "Each director shall be at least eighteen years of age and at all times a majority of the directors shall be citizens and residents of the United States and not less than three directors shall be residents of New York State."

Additionally, Section 2.3 of the Company's by-laws states:

> "Each director shall be at least eighteen years of age. At all times a majority of the directors of the corporation shall be citizens and residents of the United States, and not less than three shall be residents of the State of New York."

As of December 31, 2021, only one director was a resident of New York State, in violation of HIC's charter and by-laws.

It is recommended that HIC complies with its own charter and by-laws by ensuring that at least three directors be residents of the State of New York.

C. Enterprise Risk Management ("ERM")

Prior to the acquisition by UHG, Healthplex Insurance Company did not have an ERM framework in place to proactively identify and mitigate various business risks, including prospective business risks. Since the acquisition by UHG, Healthplex became a wholly-owned subsidiary of UHG. UHG's management has the overall accountability and responsibility for managing risk, which is allocated between the strategic business platforms (UnitedHealthcare and Optum), business segments (e.g., UnitedHealthcare Medicare and Retirement, UnitedHealthcare Community and State, OptumHealth, etc.), and centralized functional management (e.g., underwriting, investment management, claims operations, etc.) in support of local businesses. Business and functional risk management activities include assessing and taking actions necessary to manage risk in connection with the long-term strategic direction and operation of the business. UHG files an annual NAIC Form F (Enterprise Risk Report) and an Own Risk and Solvency Assessment Summary Report ("ORSA") with the Department and with the Connecticut Insurance Department, for evaluation. Key Enterprise risks are outlined in each of these documents.

D. Internal Audit Department ("IAD")

Prior to the acquisition by UHG, HIC's Internal Audit was performed by its parent Healthplex, Inc. Since the acquisition by UHG, Internal audit is performed at its parents, UHG level. Internal Audit and Advisory Services ("IAAS") executes an Audit Plan approved by the Audit Committee of the UHG Board of Directors, and performs Internal Control over Financial Reporting testing on behalf of UHG management. While audits are not necessarily performed at the legal entity level, each entity's operations are subject to inclusion in the scope of the parent company's internal audit plan. UnitedHealth Group's Internal Audit program is inclusive of both

Internet Technology ("IT") and operational areas. The level of IT coverage and testing varies based on the nature of the area under audit. All members of IAAS are free of management operating responsibilities. The UHG Chief Audit Executive reports directly to the Audit Committee of the Board of Directors and has administrative reporting to the Chief Accounting Officer. IAAS adheres to the International Standards for the Professional Practice for Internal Auditing Standards of the Institute of Internal Auditors ("IIA").

E. Insurance Regulation No. 118 (NYCRR 89)

Shortly after its acquisition by UnitedHealth on December 31, 2020, HIC formally designated the United HealthCare Services, Inc. Specialty Benefits Audit Committee on March 5, 2021, to constitute its Audit Committee, to address the requirements of Insurance Regulation No. 118 (11 NYCRR 89) – Audited Financial Statements, New York's version of the NAIC's Model Audit Rule. Section D of the Audit Committee Charter states in part: "The Audit Committee will meet as called by the Chair of the Board of Directors, but no fewer than 3 time a year." The Audit Committee met at least quarterly in 2021.

A review of the audit committee minutes during the exam period revealed that the committee met once in 2019 and twice in 2020.

It is recommended that HIC continues to comply with the requirements of its own policy requiring the Audit Committee to meet at least three times per year.

F. Territory and Plan of Operation

Healthplex Insurance Company is licensed pursuant to Article 42 of the New York Insurance Law and is authorized to write accident and health insurance as defined in paragraphs 3(i) and (ii) of Section 1113(a) of the New York Insurance Law. Healthplex Insurance Company is licensed to conduct business in New York State. Based upon the line of business for which the Company is licensed, and pursuant to the requirements of Article 42 of the New York Insurance Law, the Company is required to maintain minimum capital of $300,000.

The Company's direct premiums written and enrollment during the four-year examination period were as follows:

Calendar Year	Direct Premiums Written	Enrollment	Premiums to Capital and Surplus
2018	7,160,520	33,718	1.1
2019	8,292,665	39,510	1.8
2020	8,554,067	39,222	1.5
2021	14,672,335	53,631	(2.5)

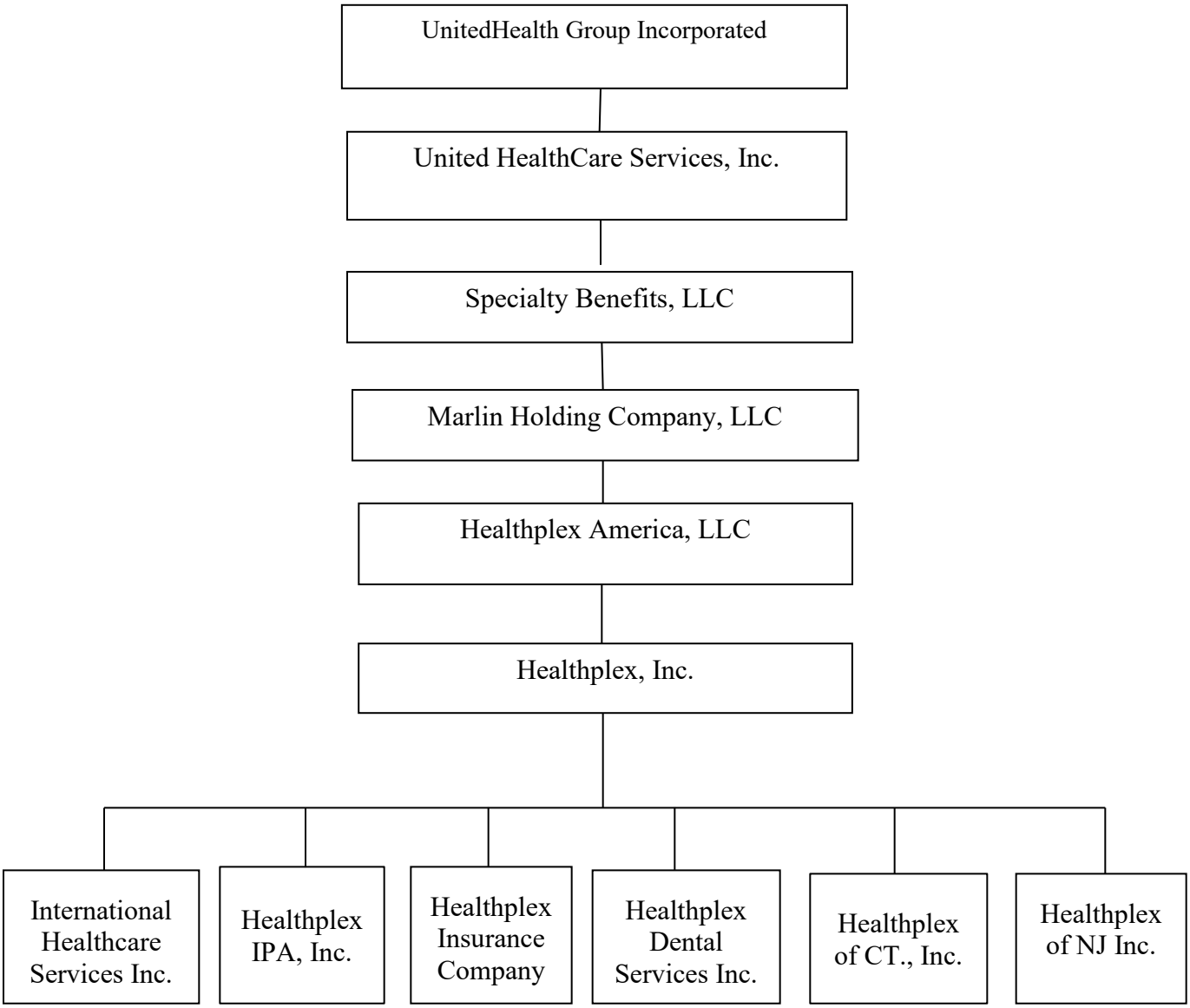
Effective January 1, 2021, HIC entered into a four-year large group dental contract with Suffolk County, resulting in increased premiums and enrollment.

G. Reinsurance

The Company neither assumed nor ceded any business during the examination period.

H. Holding Company System

Below is a chart of the holding company system applicable to the Company and its related parties, as of the examination date:



Healthplex, Inc. was acquired by UHG on December 31, 2020. Due to this acquisition, Healthplex, Inc. became an indirect wholly-owned subsidiary of UHG.

As a member of a holding company system, HIC is required to file registration statements pursuant to the requirements of Article 15 of the New York Insurance Law and Insurance Regulation No. 52 (11 NYCRR 80). The Company made all of its pertinent filings regarding the aforementioned statutes during the examination period.

HIC does not have any employees and the business operations and affairs of the Company are effectuated by UHS (the "Parent") pursuant to the terms of a revised Administrative Services Agreement effective as of January 27, 2021. This revision was approved by the Department on March 25, 2021, pursuant to Section 1505(d)(3) of the New York Insurance Law. The services covered by this agreement include, but are not limited to, human resources, legal, facilities, general administration, treasury and investment functions, claims processing, electronic data adjudication and payment, benefit administration, disease management, healthcare decision support, medical management, credentialing, preventative health services, and utilization management reporting. The Company pays a service fee to UHS for the various administrative services that the Parent performs on the Company's behalf.

The Company has a consolidated Tax Allocation Agreement by and among UHG, HIC and Healthplex, Inc., effective January 1, 2021. This Agreement provides for HIC to be a party to its Parent's group consolidated tax return, along with other holding company system members, and was found to be acceptable. The Consolidated Tax Allocation Agreement was approved by the Department on December 24, 2021.

I. Underwriting Ratios

The underwriting ratios presented below are on an earned-incurred basis and encompass the four-year period covered by this examination:

		Amounts	Percentage
Claims	$	34,486,439	89.16%
Claims adjustment expenses		384,911	1.00%
General administrative expenses		6,255,059	16.17%
Increase in reserves for life and accident contracts		20,789,364	53.75%
Net underwriting loss		(23,236,186)	(60.07)%)
Net premiums earned	$	38,679,587	100.00%

3. FINANCIAL STATEMENTS

The following statements show the assets, liabilities, and surplus as of December 31, 2021, as contained in the Company's 2021 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, 2021, filed annual statement.

Independent Accountants

Withum, Smith and Brown, PC ("WSB") was retained by the Company to audit the Company's combined statutory basis statements of financial position for the year ended December 31, 2021, and the related statutory-basis statements of operations, surplus, and cash flows for the year then ended.

WSB concluded that the statutory financial statements presented fairly, in all material respects, the financial position of the Company at the respective audit date. Balances reported in these audited financial statements were reconciled to the corresponding year's annual statement with no discrepancies noted.

A. Balance Sheet

Assets

Bonds	$ 213,262
Cash and short-term investments	20,755,889
Investment income due and accrued	566
Uncollected premiums	80,070
Total assets	$ 21,049,787

Liabilities

Claims unpaid	$ 2,504,558
Unpaid claims adjustment expense	72,632
Aggregate health policy reserves	20,789,364
Premiums received in advance	125,068
General expenses due and accrued	434,889
Current federal and foreign income tax payable and interest thereon	2,859,758
Amount due to parent, subsidiaries and affiliates	47,029
Aggregate write-ins for other liabilities	2
Total liabilities	$ 26,833,300

Capital and Surplus

Common capital stock	$ 700,000
Surplus notes	13,500,000
Unassigned surplus	(19,983,513)
Total capital and surplus	$ (5,783,513)
Total liabilities and surplus	$ 21,049,787

Note: 1. As a result of this examination, HIC was determined to be insolvent in the amount of $5,783,513 and impaired in the amount of $9,451,597, as of December 31, 2021.

2. The Internal Revenue Service has not conducted any audits of the income tax returns filed on behalf of the Company through tax year 2021. 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 Change in Capital and Surplus

Capital and surplus decreased by $11,624,361 during the examination period, January 1, 2018, through December 31, 2021, detailed as follows:

Revenue		
Net premium income		$ 39,589,335
Change in unearned premium and reserve for rate credits		(800,353)
Aggregate write-ins for other health care related revenues		(109,395)
Total revenue		38,679,587
Expenses		
Other professional services	$ 34,486,439	
Total hospital and medical expense	$ 34,486,439	
Administrative expenses		
Claim adjustment expenses	384,911	
General administrative expenses	6,255,059	
Increase in reserves general administrative expenses	20,789,364	
Total underwriting deductions		61,915,773
Net underwriting loss		(23,236,186)
Net investment income earned	53,066	
Net realized capital gain (or loss)	0	
Net investment gains		53,066
Net income before federal income taxes		(23,183,120)
Federal income taxes incurred		(541,514)
Net income		$ (22,641,606)

Change in Capital and Surplus

	Gains in Surplus	Losses in Surplus	
Capital and surplus, per report on examination, as of December 31, 2017			$ 5,840,848
Net loss		$ 22,641,606	
Change in non-admitted assets	17,245		
Change in surplus notes	13,500,000		
Dividends to stockholders		2,500,000	
Net decrease in capital and surplus			$ (11,624,361)
Capital and surplus, per report on examination, as of December 31, 2021			$ (5,783,513)

4. CLAIMS UNPAID

The examination liability of $2,642,048 is $137,490 more than the amount reported in the filed annual statement as of December 31, 2021. The examination analysis of the claims unpaid 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, 2021.

5. PREMIUM DEFICIENCY RESERVES ("PDR")

As of December 31, 2021, Healthplex reported a Premium Deficiency Reserve ("PDR") in the amount of $20,789,364. This amount was attributed to a new large group effective January 1, 2021, with a four-year rate guarantee. This group had unfavorable claims experience during calendar year 2021. This estimated PDR corresponds to the estimated underwriting losses to be generated during calendar years January 1, 2022, to December 31, 2024, the remaining last three years of the guarantee period. A review of the PDR, by the Department, determined that the amount reported by Healthplex is deemed to be adequate.

6. SURPLUS NOTES

Healthplex was insolvent by $7,638,990 and exceeded its 4:1 premium-to-surplus ratio commitment as of September 30,2021. On November 18, 2021, the DFS sent a letter to the Company regarding the notice of deficiency for the insolvency and failure of the 4:1 premium-to-surplus ratio. To remedy the insolvency, Healthplex requested and received DFS' approval for a $13.5 million capital contribution in the form of a surplus note ("Surplus Note") pursuant to NYIL Section 1307, from its 100% direct Parent, United HealthCare Services, Inc. The Department approved the loan request on December 13, 2021. The funding was completed on December 22, 2021. The Loan Agreement calls for interest to be paid at the rate of zero percent (0%) per annum for the first year of the note, increasing to four percent (4%) in the second year, five percent (5%) in the third year, and six percent (6%) thereafter. The Loan Agreement requires that the repayment, and any interest payable on the Surplus Note, shall only be made out of free and divisible surplus

of Healthplex and all such amounts repaid shall be subject to the prior approval of the Superintendent.

7. SUBSEQUENT EVENTS

As a result of this examination, HIC was determined to be insolvent in the amount of $5,783,513 and was impaired in the amount of $9,451,597 as of December 31, 2021.

Subsequent to the examination, in March 2022, the Department approved a Corrective Action Plan submitted by HIC to cure the insolvency and impairment.

Healthplex submitted the Risk Based Capital Corrective Action Plan (the "RBC Plan") to the Department on March 18, 2022, an additional filing with revised financial projections to the RBC Plan was made on May 4, 2022, pursuant to Section 1322(g)(2) of the New York Insurance Law. In the RBC Plan, Healthplex identified the conditions which contributed to its Mandatory Control Level RBC Event (the "Event") as of December 31, 2021, and outlined corrective actions the Company has taken or proposes to take, and which are expected to result in the elimination of the Event. Healthplex provided financial results for 2021, financial projections for the years 2022 through 2026, and key assumptions impacting the projections and the sensitivity of the projections as required by Section 1322 (d)(2) of the New York Insurance Law, relative to the RBC Plan.

Based on the Department's review of the RBC Plan, the financial projections submitted on March 18, 2022, and revised on May 4, 2022, Healthplex eliminated the Event with the receipt of a $12 million capital infusion from its direct parent, United Healthcare Services, Inc., on March 25, 2022. The projections for the years 2022 through 2026 show no RBC events, net income for

all five projected years and improved medical loss ratios for years 2025 and 2026. The Department finds the RBC Plan meets the requirements set forth in Section 1322(d) of the New York Insurance Law.

On July 29, 2022, Healthplex submitted a Change in Plan of Operations (the "Plan") proposing to discontinue its small group dental plan offering, effective December 31, 2022. The Plan was later revised and resubmitted on August 12, 2022. A total of 137 small groups with approximately 2,940 insured members were affected by this Plan. Based on the Department's review of the submission and reliance on the facts and representations contained therein, the Department did not object to Healthplex's plan for discontinuance of said small groups.

8. COMPLIANCE WITH PRIOR REPORT ON EXAMINATION

The prior report on examination, as of December 31, 2017, contained the following four (4) comments and recommendations with regards to the financial (the page numbers included below refer to that prior report on examination):

ITEM NO.		PAGE NO.
	Description of the Company	
1.	It is recommended that the Company comply with Sections 1505(a)(1) and (c) of the New York Insurance Law by obtaining the Department's approval prior to entering into an agreement with another company in its holding company system. *The Company has complied with this recommendation.*	6
2.	It is recommended that the Company comply with Section 4207(b)(1) of the New York Insurance Law by obtaining the Department's approval prior to any dividend distribution exceeding NYIL Section 4207(b)(1) limits. *The Company has complied with this recommendation.*	7
	Enterprise Risk Management	
3.	It is recommended that HIC comply with Part 82.2(a) of Insurance Regulation 203 and adopt a formal enterprise risk management function. *The Company has complied with this recommendation.*	9
	Insurance Regulation 118 (11 NYCRR 89)	
4.	It is recommended that HIC comply with Insurance Regulation 118 by formally designating the Company's entire Board of Directors or a group of individuals to constitute its Audit Committee. *The Company has complied with this recommendation.*	10

9. SUMMARY OF COMMENTS AND RECOMMENDATIONS

ITEM		PAGE NO.
A.	As a result of this examination, HIC was determined to be insolvent in the amount of $5,783,513 and was impaired in the amount of $9,451,597 as of December 31, 2021.	2, 5, 21
B.	Charter and By-Laws	
	It is recommended that HIC comply with its own charter and by-laws by ensuring that at least three directors to be residents of the State of New York.	9
C.	Insurance Regulation No. 118 (NYCRR 89)	
	It is recommended that HIC comply with the requirements of its own policy requiring the Audit Committee to meet at least three times per year.	11

Respectfully submitted,

_____
Wai Wong, CFE
Financial Services Manger 2

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

VICTOR ESTRADA, being duly sworn, deposes and says that the foregoing report submitted by her is true to the best of her knowledge and belief.

_____
Wai Wong, CFE

Subscribed and sworn to before me

this _____ day of _____ 2023

APPOINTMENT NO. **32405**

NEW YORK STATE

DEPARTMENT OF FINANCIAL SERVICES

I, ***ADRIENNE A. HARRIS****, 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:*

Wai Wong

as a proper person to examine the affairs of

Healthplex Insurance Company

and to make a report on organization 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 16th day of May, 2022

Adrienne A. Harris
Superintendent of Financial Services

By: Alice W. McKenney

Alice McKenney
Deputy Bureau Chief
Health Bureau