



**EXAMINATION REPORT
OF
Devoted Health Insurance Company**

NAIC Company Code: 16385

**Miramar, Florida
as of
December 31, 2020**

**BY THE
FLORIDA
OFFICE OF INSURANCE REGULATION**

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April 29, 2022

David Altmaier
Commissioner
Office of Insurance Regulation
State of Florida
Tallahassee, Florida 32399-0326

Dear Commissioner:

Pursuant to your instructions, in compliance with Section 624.316, Florida Statutes, Rule 69O-138.005, Florida Administrative Code, and in accordance with the practices and procedures promulgated by the National Association of Insurance Commissioners ("the NAIC"), we have conducted an examination as of December 31, 2020, of the financial condition and corporate affairs of

Devoted Health Insurance Company

SW 148th Avenue, Suite 110

Miramar, FL 33027

hereinafter referred to as "the Company." Such report of examination is herewith respectfully submitted.

SCOPE OF EXAMINATION

This examination covered the period of January 1, 2020, through December 31, 2020 and the fieldwork commenced with planning with the Florida Office of Insurance Regulation (“OIR”) on October 11, 2021 to October 15, 2021. The fieldwork concluded as of April 29, 2022. The Company’s last full scope exam by representatives of OIR covered the period of January 1, 2019, through December 31, 2019.

The examination was a multi-state/coordinated holding company group examination conducted in accordance with the NAIC Financial Condition Examiners Handbook (“the Handbook”). The Handbook requires that the examination be planned and performed to evaluate the financial condition, assess corporate governance, identify current and prospective risks of the Company, and evaluate system controls and procedures used to mitigate those risks. An examination also includes identifying and evaluating significant risks that could cause an insurer’s surplus to be materially misstated both currently and prospectively. The lead state for this exam was Florida, and states that participated in this exam are as follows: Ohio and Texas.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. This may include assessing significant estimates made by management and evaluating management’s compliance with the NAIC Statements of Statutory Accounting Principles (“SSAP”). The examination does not attest to the fair presentation of the financial statements included herein. If during the course of the examination an adjustment is identified, the impact of such adjustment will be documented separately following the Company’s financial statements.

This examination report includes information obtained from the examination of the records, accounts, files and documents of or relative to the Company and other information as permitted by Section 624.319, Florida Statutes. There may be other items identified during the examination that, due to their nature (for example, subjective conclusions or proprietary information), are not included within the examination report but separately communicated to other regulators and/or the Company.

SUMMARY OF SIGNIFICANT FINDINGS

Current Examination Findings

There were no significant findings as a result of this examination.

Previous Examination Findings

There were no significant findings in the previous examination.

COMPANY HISTORY

General

The Company was incorporated in Florida on October 12, 2017, and licensed by OIR as an insurer on March 13, 2018. It was authorized by OIR to operate as a life and health insurer in accordance with Section 624.401, Florida Statutes.

Dividends

The Company did not declare or pay any dividends during the period under examination.

Capital Stock and Capital Contributions

As of December 31, 2020, the Company's capitalization was as follows:

Number of authorized common capital shares	100,000
Number of shares issued and outstanding	51,000
Total common capital stock	\$5,100,000
Par value per share	\$100.00

The Company did not receive any capital contributions during the period under examination.

Surplus Notes

The Company did not have or issue any surplus notes during the period under examination.

Acquisitions, Mergers, Disposals, Dissolutions

The Company had no acquisitions, mergers, disposals, or dissolutions during the period under examination.

MANAGEMENT AND CONTROL

Corporate Governance

The annual shareholder meeting for the election of Directors was held in accordance with Section 628.231, Florida Statutes. Directors serving as of December 31, 2020, are shown below:

Directors		
Name	City, State	Principal Occupation, Company Name
Ed Park	Waltham, Massachusetts	Chief Executive Officer, Devoted Health Inc.
Todd Park	Waltham, Massachusetts	Executive Chairman, Devoted Health Inc.
Dariel Quintana	Miramar, Florida	President, Devoted Health Insurance Company
Jeremy Delinsky	Waltham, Massachusetts	Chief Operating Officer, Devoted Health Inc.
Adam Thackery (a)	Waltham, Massachusetts	Chief Financial Officer, Devoted Health Inc.

(a) Resigned on September 26, 2021, and was replaced by Joseph Alfano on September 27, 2021.

In accordance with the Company's Bylaws, the Board of Directors ("Board") appointed the following Senior Officers:

Senior Officers		
Name	City, State	Title
Dariel Quintana	Miramar, Florida	President
Jeremy Delinsky	Waltham, Massachusetts	Chief Operating Officer
Adam Thackery (a)	Waltham, Massachusetts	Chief Financial Officer and Treasurer
Neil Wagle	Waltham, Massachusetts	Chief Medical Director

Paul Jernigan	Houston, Texas	Secretary
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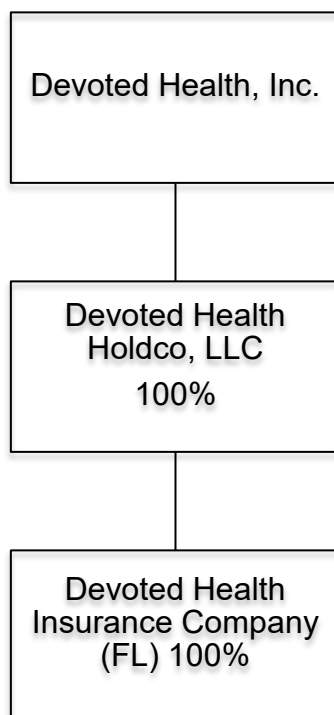
(a) Resigned on September 26, 2021, and was replaced by Joseph Alfano on September 27, 2021.

The Company maintained an audit committee, as required by Section 624.424(8)(c), Florida Statutes. The Company utilized its ultimate parent's audit committee, Devoted Health, Inc., as its audit committee.

Holding Company System

A simplified organizational chart as of December 31, 2020, reflecting the holding company system, is shown on the following page. Schedule Y of the Company's 2020 annual statement provided a list of all related companies of the holding company group.

Devoted Health Insurance Company Simplified Organizational Chart December 31, 2020



The following agreements were in effect between the Company and its affiliates:

Tax Allocation Agreement

Effective February 14, 2018, the Company and its ultimate parent Devoted Health, Inc. entered into a Tax Sharing Agreement. Pursuant to the Agreement, the members of the Tax Sharing Agreement file a consolidated US federal income tax return and state income tax return.

Administrative Services Agreement

Effective October 1, 2018, the Company entered into an Administrative Services agreement with Devoted Health, Inc., the Company's ultimate parent. Pursuant to the Agreement, Devoted Health, Inc. will provide services described in one or more Statements of Work entered into between the parties. Each Statement of Work defined the Services to be performed, the time for completion of performance, the personnel to be assigned to perform the Services, the responsibilities undertaken by each Party, and such other terms and conditions as the parties entering into such Statements of Work may agree. The Company did not incur any fees incurred under this agreement in 2020.

ACCOUNTS AND RECORDS

The Company maintained its principal operational offices in Miramar, Florida with the Company's administrative office in Waltham, Massachusetts.

The Company and non-affiliates had the following material agreements:

Independent Auditor Agreement

An independent CPA, Deloitte & Touche, LLP audited the Company's statutory basis financial statements annually for the year 2020, in accordance with Section 624.424(8), Florida Statutes. Supporting work papers were prepared by the CPA firm as required by Rule 69O-137.002, Florida Administrative Code.

Corporate Records Review

The recorded minutes of the Shareholder and Board were reviewed for the period under examination. The recorded minutes of the Board documented its meetings and approval of Company transactions and events, in compliance with the Handbook adopted by Rule 69O-138.001, Florida Administrative Code. The Company does not hold any investment securities or loans that require Board authorization under Section 625.304, Florida Statutes.

TERRITORY AND PLAN OF OPERATIONS

The Company was authorized to transact insurance only in the State of Florida.

The Company was authorized to transact insurance in Florida on May 17, 2018, and is authorized to write Accident and Health business.

The Company did not have any enrollees or members as of December 31, 2020.

REINSURANCE

Reinsurance Assumed

The Company did not assume any reinsurance during the period of this examination.

Reinsurance Ceded

The Company did not cede any reinsurance during the period of this examination.

FINANCIAL STATEMENTS

The following includes the Company's statutory Statement of Assets, Liabilities, Capital and Surplus; statutory Statement of Revenue and Expenses, which includes an analysis of changes in the Capital and Surplus Account for the year ended December 31, 2020. The financial statements are based on the statutory financial statements filed by the Company with OIR and present the financial condition of the Company for the period ending December 31, 2020. Due to rounding, column amounts may not add to the totals reflected in this Report. There were no examination adjustments to the amounts reported by the Company.

Devoted Health Insurance Company Assets December 31, 2020

	Per Company
Cash, cash equivalents and short-term investments	\$5,375,136
Subtotal cash and invested assets	\$5,375,136
Total assets	\$5,375,136

Devoted Health Insurance Company Liabilities, Capital and Surplus December 31, 2020

	Per Company
Common capital stock	\$5,100,000
Gross paid-in and contributed surplus	100,000
Unassigned funds (surplus)	175,136
Total capital and surplus	\$5,375,136
Total liabilities, capital and surplus	\$5,375,136

Devoted Health Insurance Company
Statement of Revenue and Expenses
December 31, 2020

	Per Company
Net premium income	\$0
Total revenues	\$0
Total hospital and medical	\$0
Total underwriting deductions	\$0
Net underwriting gain or (loss)	\$0
Net investment income earned	26,318
Net investment gains (losses)	\$26,318
Net income or (loss) after capital gains tax and before all other federal income taxes	\$26,318
Net income	\$26,318

	Per Company
Capital and Surplus Account	
Capital and surplus, prior reporting year	\$5,163,567
Net income	\$26,318
Change in nonadmitted assets	(4)
Aggregate write-ins for gains or (losses) in surplus	185,255
Net change in capital and surplus	\$211,569
Capital and surplus, end of reporting year	\$5,375,136

**Devoted Health Insurance Company
Reconciliation of Capital and Surplus
December 31, 2020**

No adjustments were made to surplus as regards policyholders as a result of this examination.

Capital/Surplus Change during Examination Period			
Capital and surplus at December 31, 2019, per Examination			\$5,163,567
	Increase	Decrease	
Net income	\$26,318		
Change in nonadmitted assets		\$4	
Aggregate write-ins for gains or (losses) in surplus	\$185,255		
Net increase (or decrease)			\$211,569
Capital and surplus at December 31, 2020, per Examination			\$5,375,136

COMMENTS ON FINANCIAL STATEMENT ITEMS

Capital and Surplus

The amount of capital and surplus reported by the Company of \$5,375,136, exceeded the minimum of \$1,500,000 required by Section 624.408, Florida Statutes.

SUBSEQUENT EVENTS

During 2021, the Company was approved by the Centers for Medicare & Medicaid Services to administer a Medicare Advantage Preferred Provider Organization (“PPO”) beginning in 2022. The Company is approved to administer the PPO product in the following counties in Florida: Broward, Clay, Duval, Flagler, Hernando, Hillsborough, Manatee, Nassau, Orange, Osceola, Palm Beach, Pasco, Pinellas, Polk, Seminole, St. Johns, and Volusia.

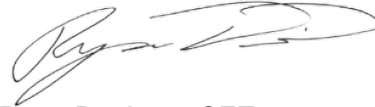
The COVID-19 pandemic has continued to develop throughout 2021 and 2022, with significant uncertainty remaining regarding the full effect of COVID-19 on the U.S. and global insurance, and reinsurance industry. OIR has been in communication with the Company regarding the impact of COVID-19 on its business operations and financial position. OIR continues to closely monitor the impact of the pandemic on the Company and will take necessary action if a solvency concern arises.

CONCLUSION

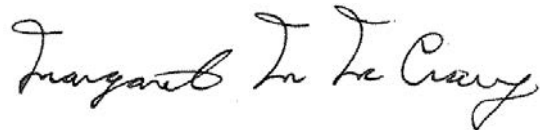
The insurance examination practices and procedures as promulgated by the NAIC have been followed in ascertaining the financial condition of Devoted Health Insurance Company as of December 31, 2020, consistent with the insurance laws of the State of Florida.

The following individuals with the firm of Lewis & Ellis, Inc. participated in the examination: Ryne Davison, CFE, Examiner-in-Charge; David Palmer, CFE, Participating Examiner; Karen Elsom, FSA, MAAA, Actuary, and Jason Dunavin, FSA, MAAA, Actuary. Members of OIR who participated in the examination include Shantia Simmons, APIR, Examination Manager; Alicia Perryman-Thomas, CFE (Fraud), APIR, Participating Examiner. Additionally, Joanna Latham, CFE, CPA, AES, CISA, CRISC, IT Specialist of Jennan Enterprises, LLC, are recognized for participation in the examination.

Respectfully submitted,



Ryne Davison, CFE
Examiner-in-Charge
Lewis & Ellis, Inc.



Margaret M. McCrary, CFE, CPA, MBA
Chief Financial Examiner
Life & Health Financial Oversight
Florida Office of Insurance Regulation



Carolyn M. Morgan, APIR
Director
Life & Health Financial Oversight
Florida Office of Insurance Regulation