

Report on Examination
of
Employer Choice Insurance Company, Inc.
d/b/a Concert Health Plan

Orlando, Florida

as of

December 31, 2010

By The
Florida Office of Insurance Regulation

Kevin M. McCarty, Commissioner
Florida Office of Insurance Regulation
200 E. Gaines Street
Tallahassee, Florida 32399-0305

Dear Sir:

In accordance with Section 624.316, Florida Statutes, and the *Financial Condition Examiners Handbook* of the National Association of Insurance Commissioners, we have completed a financial condition examination of Employer Choice Insurance Company, Inc. d/b/a Concert Health Plan as of December 31, 2010. Our report on the examination follows.

Florida Office of Insurance Regulation
November 22, 2011

Contents

Scope of Examination	1
Background	2
Procedures, Findings and Recommendations	3
Financial Statements	4
Subsequent Events	9
Conclusion	10

SCOPE OF EXAMINATION

We have completed a limited-scope financial condition examination as of December 31, 2010 of Employer Choice Insurance Company, Inc. d/b/a Concert Health Plan (the "Company"), a single-state insurer domiciled in Florida. The examination covered the period of July 15, 2009 through December 31, 2010. It was conducted pursuant to Section 624.316(2)(f), Florida Statutes (F.S.), which requires the Office of Insurance Regulation (the "Office") to conduct an examination at least annually of a domestic insurer which has continuously held a certificate of authority for less than three years, and in accordance with the National Association of Insurance Commissioners *Financial Condition Examiners Handbook*. The objective of the examination was to determine the extent of the Company's compliance with Consent Order 104067-09-CO issued by the Office on May 7, 2009, and with applicable Statements of Statutory Accounting Principles (SSAPs) and provisions of the Florida Insurance Code and related rules. The examination was conducted in the Company's Orlando, Florida office.

This report is on a limited-scope examination. As such, it is not intended to communicate all matters of importance necessary for an understanding of the Company's financial condition. The purposes of limited-scope examinations are to review specific aspects of financial or operational processes, perform specific procedures with respect to those aspects, and report as to the examiners' findings thereon. By definition, limited-scope examinations are less comprehensive than full-scope examinations and generally focus on areas identified by the Office to be problem areas or potential problem areas.

BACKGROUND

The Company was incorporated in Florida on April 9, 2009 and licensed by the Office as an insurer on July 15, 2009. It was wholly-owned by North American Health Services, Inc. (NAHS) and affiliated with Florida Hospital Healthcare System, Inc. (the "TPA"), a third party administrator. NAHS was a subsidiary of Adventist Health System Sunbelt Healthcare Corporation d/b/a Adventist Health System. The Company was authorized by the State of Florida to operate as an accident and health insurer in accordance with Section 624.401, F.S. During the period examined, it undertook certain organizational activities and had no premium revenue. This was the first financial condition examination of the Company by the Office.

PROCEDURES, FINDINGS AND RECOMMENDATIONS

Consent Order

We reviewed relevant records and supporting documents in order to determine the extent of the Company's compliance with Consent Order 104067-09-CO. No significant adverse findings resulted.

Cash, Cash Equivalents and Short-Term Investments

We confirmed balances of the Company's assets held by financial institutions and the State of Florida, and reviewed relevant records and supporting documents pertaining to the item reported by the Company in its 2010 annual statement as 'cash, cash equivalents and short-term investments' in the amount of \$4,844,058. No significant adverse findings resulted.

Due to Parent, Subsidiaries and Affiliates

We reviewed relevant records and supporting documents pertaining to the liability reported by the Company in its 2010 annual statement as 'due to parent, subsidiaries and affiliates' in the amount of \$15,062. No significant adverse findings resulted.

Compliance with Applicable SSAPs, Rules, and Statutes

We reviewed relevant records and supporting documents and the Company's management services agreement with Florida Hospital Healthcare System, Inc. We found that the Company was unable to demonstrate that it held a meeting of its shareholder for the election of directors and transaction of business as required by Section 607.0701(1), F.S. No other significant adverse findings resulted. **We recommend that the Company hold annual meetings of its shareholder for the election of directors and transaction of business as required by Section 607.0701(1), F.S.**

Employer Choice Insurance Company, Inc.
d/b/a Concert Health Plan
Assets
December 31, 2010

	Per	Examination	Per
	Company	Adjustments	Examination
Cash, cash equivalents and short-term investments	\$ 4,844,058	\$ -	\$ 4,844,058
Total assets	\$ 4,844,058	\$ -	\$ 4,844,058

Employer Choice Insurance Company, Inc.
d/b/a Concert Health Plan
Liabilities, Capital and Surplus
December 31, 2010

Liabilities	Per Company	Examination Adjustments	Per Examination
Due to parent, subsidiaries and affiliates	\$ 15,062	\$ -	\$ 15,062
Total liabilities	15,062	-	15,062
Capital and Surplus			
Common capital stock	100	-	100
Gross paid in and contributed surplus	4,999,900	-	4,999,900
Unassigned funds (deficit)	(171,004)	-	(171,004)
Total capital and surplus	4,828,996	-	4,828,996
Total liabilities, capital and surplus	\$ 4,844,058	\$ -	\$ 4,844,058

Employer Choice Insurance Company, Inc.
d/b/a Concert Health Plan
Statement of Revenue and Expenses
(As reported by the Company)
For The Year Ended December 31, 2010

General administrative expenses	\$ 184,433
Net investment income earned	1,204
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Net income (loss)	\$ (183,229)
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**Employer Choice Insurance Company, Inc.
d/b/a Concert Health Plan
Statement of Changes in Capital and Surplus
For The Two Years Ended December 31, 2010**

Capital and surplus - December 31, 2008	\$ -
Net income (loss)	12,225
Change in nonadmitted assets	(25,500)
Change in paid in capital	5,000,000
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Capital and surplus - December 31, 2009	4,986,725
Net income (loss)	(183,229)
Change in nonadmitted assets	25,500
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	4,828,996
Examination adjustments	-
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Capital and surplus - December 31, 2010	\$ 4,828,996
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**Employer Choice Insurance Company, Inc.
d/b/a Concert Health Plan
Comparative Analysis of Changes in Capital and Surplus
December 31, 2010**

The following is a reconciliation of capital and surplus between that reported by the Company and as determined by the examination.

Capital and surplus, December 31, 2010 - per annual statement			\$ 4,828,996
	Per Company	Per Examination	Increase (Decrease) In Capital & Surplus
Total assets	\$ 4,844,058	\$ 4,844,058	\$ -
Total liabilities	\$ 15,062	\$ 15,062	\$ -
Net change in capital and surplus			-
Capital and surplus, December 31, 2010 - per examination			\$ 4,828,996

SUBSEQUENT EVENTS

In July of 2011, Steven R. Baratta was terminated by the Company and the TPA as a result of having allegedly misappropriated funds from the TPA. Mr. Baratta had been the Company's corporate secretary and one of its directors and the Executive Director of the TPA. According to the Company, a new internal control procedure has been put into place consisting of dual payment approvals.

In its quarterly statement filed with the Office as of September 30, 2011, the Company reported \$463,368 in premium income and a net loss of \$248,995 for the nine months then ended, and capital and surplus of \$4,512,141 and 940 members as of September 30, 2011.

CONCLUSION

The customary insurance examination practices and procedures as promulgated by the NAIC have been applied to the specific areas described in this report of limited-scope examination of Employer Choice Insurance Company, Inc. d/b/a Concert Health Plan consistent with the insurance laws of the State of Florida.

The Company's total capital and surplus at December 31, 2010 was determined to be \$4,828,996, which was in compliance with Section 624.408, F.S. Its required minimum capital and surplus was \$1,500,000.

In addition to the undersigned, Cathy S. Jones, CPA, AFE, Financial Examiner/Analyst Supervisor, participated in this examination.

Respectfully submitted,

Darlene L. Lenhart-Schaeffer, CFE
Financial Examiner/Analyst
Florida Office of Insurance Regulation