



Life & Health Financial Oversight

House Health Innovation Subcommittee

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Main Duties of the Unit

- Review license applications for new entities
- Review expansions into additional lines of business for existing companies
- Monitor statutory financial solvency of licensed companies
- Identify and address financial issues as early as possible
- Maintain open communication with other states regarding companies operating in and from Florida



Types of Entities

- Health Maintenance Organizations - 40
- Prepaid Health Clinics - 5
- Prepaid Limited Health Services Organizations – 23
- Continuing Care Retirement Community - 72
- Life and Health Insurers – 463
- Fraternal Benefit Society – 38
- Third Party Administrator – 310
- Discount Medical Plan Organization -41

As of 12/31/2012



Staffing



Total: 46



Florida Premium as of 12/31/11

• Life & Annuity	\$42,452,696,714
• Health	\$28,314,410,510
• Fraternal	\$365,683,875



Licensing Process

- Plan of Operation
- Financial Statements
- Feasibility Study
- Source of Funds
- Contingency Plan
- Officers, Directors, Owners



Financial Filing Requirements

- Monthly Financial Statements
- Quarterly Financial Statements
- Annual Financial Statements
- Audited Financial Statements
- Actuarial Certifications

Typically complete 3,000 Financial Desk Reviews



Financial Review Process

- Assets
 - Receivables
 - Statutory Investment Limits
- Liabilities
 - Reserves
 - Claims
 - Contingent
- Trends with
 - Growth
 - Financial Ratios
 - Affiliate Transactions



Priority of Financial Reviews

- Priority Companies 30 days
- Monitor Companies 60 days
- Non-Priority Companies 90 days



Financially Troubled Companies

- Increase Priority of Review
- Monthly Reporting
- Corrective Action Plan
- Increase Insolvency Deposit
- Target Exam
- Multistate - Coordinate With Other State Regulators
- Administrative Supervision
- Suspend License
- Revoke License



What Happens When a Company Fails?

- Company is referred to the Department of Financial Services Rehabilitation & Liquidation Division where the company is either rehabilitated or liquidated
- Florida Life and Health Insurance Guaranty Association assists commercial consumers
- Health Maintenance Organization Consumer Assistance Plan assists commercial consumers



Other Reviews

- Dividend Distributions
- Acquisitions/Mergers
- New Officers, Directors and Shareholders
- Service Agreements and Amendments



Financial On Site Exams

- At least once every five years or more often if necessary
- Covers the preceding 5 fiscal years
 - Confirm assets and liabilities
 - Interview corporate level officers
 - Review internal control process
 - Identify risks associated with business plan

Typically complete 30-40 financial exams a year



Big Picture Analysis

- Review the entire corporate organizational structure for financial soundness:

Can the parent service existing debt?

Are Company's assets pledged for debt?

Are affiliate companies profitable?

Is there contagion risk?



Contact Information

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