

**Report on Limited Scope Examination**

**of**

**HEALTH FIRST INSURANCE, INC.**

**Rockledge, Florida**

**as of**

**December 31, 2017**



**FLORIDA OFFICE OF  
INSURANCE REGULATION**



## OFFICE OF INSURANCE REGULATION

**DAVID ALTMAIER**  
COMMISSIONER

David Altmaier, Commissioner  
Florida Office of Insurance Regulation  
200 East Gaines Street  
Tallahassee, Florida 32399

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 limited-scope examination of Health First Insurance, Inc. as of December 31, 2017. Our report on the examination follows.

Florida Office of Insurance Regulation  
May 17, 2019

FINANCIAL SERVICES

COMMISSION

RON DESANTIS  
GOVERNOR

JIMMY PATRONIS  
CHIEF FINANCIAL OFFICER

ASHLEY MOODY  
ATTORNEY GENERAL

NICOLE "NIKKI" FRIED  
COMMISSIONER OF  
AGRICULTURE

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## **SCOPE OF EXAMINATION**

We have completed a limited-scope examination as of December 31, 2017 of Health First Insurance, Inc. (Company), a single-state insurer domiciled in Florida. The examination covered the Corporate Governance process and the Information Technology environment from January 1, 2017 through December 31, 2017 and took place in Tallahassee, Florida and at the Company's Rockledge, Florida Office. The last financial condition examination of the Company by the Florida Office of Insurance Regulation (Office) was as of December 31, 2014 and was conducted as a coordinated group exam with Health First Group.

We conducted our limited-scope examination in accordance with the guidance of the National Association of Insurance Commissioners (NAIC) *Financial Condition Examiners Handbook* (Handbook). Our limited-scope examination focused on the areas of Corporate Governance and the Information Technology environment.

This examination report includes significant findings of fact, as mentioned in Section 624.319, Florida Statute (F.S.). There may be other items identified during the examination that, due to their nature (e.g. subjective conclusions, proprietary information, etc.), are not included within the examination report but were separately communicated to other regulators and/or the Company.

## **SUMMARY OF SIGNIFICANT FINDINGS**

There were no significant findings to include in this report.

## **COMPANY HISTORY**

The Company was incorporated in Florida on September 7, 2011 and licensed by the Office as an insurer on October 27, 2011. It was authorized by the state of Florida to operate as a life and accident and health insurer in accordance with Section 624.401, F.S.

## TERRITORY AND PLAN OF OPERATION

The Company offers Medicare supplemental products within the state of Florida, individual and group preferred-provider organization products, and products on and off the Federal Exchange Marketplace within its service area.

## CORPORATE GOVERNANCE

The Company is a for-profit corporation wholly owned by Health First Administrative Plans, Inc. The Company was subsequently directly owned by Health First Holding Corporation (HFHC). Refer to subsequent Events for further discussion. The Company was affiliated with various other entities through common ownership including Health First Health Plans, Inc. and Health First Commercial Plans, Inc., both Florida health maintenance organizations. We conducted examination procedures that included inquiry and interviews of selected senior management personnel. The Board is comprised of both Officers and individuals that are independent from management.

The annual shareholder meeting for the election of directors was held in accordance with Sections 607.1601 and 628.231, F.S. The Company's senior officers and directors as of December 31, 2017 were:

<b>Senior Officers</b>	
<b>Name</b>	<b>Title</b>
Drew A. Rector	President, Chief Executive Officer
Alan P. Fehlner	Vice President, Chief Financial Officer
Joseph G. Felkner	Secretary, Treasurer
Nicholas W. Romanello	Assistant Secretary

**Board of Directors**

<b>Name</b>	<b>Location</b>
Cathy K. Eddy	Colleyville, Texas
Joseph G. Felkner	Melbourne, Florida
Dale A. Dettmer	Melbourne, Florida
Steven P. Johnson	Indianapolis, Florida
Drew A. Rector	Indian Harbour Beach, Florida
Jeffrey C. Stalnaker, MD	Merritt Island, Florida

**Audit Committee**

William Potter, Esq., Chairperson  
John F. Breitfeller  
Eugene S. Cavallucci, Esq.  
Dale A. Dettmer, Esq.  
Pamela A. Gatto  
Robert K. Henry  
James C. Shaw

The Company was a member of an insurance holding company system as defined by Rule 690-143.045(3), Florida Administrative Code (F.A.C.). The Holding Company Registration Statement for 2017 was filed timely with the State of Florida as required by Section 628.801, F.S., and Rule 690-143.046, F.A.C.

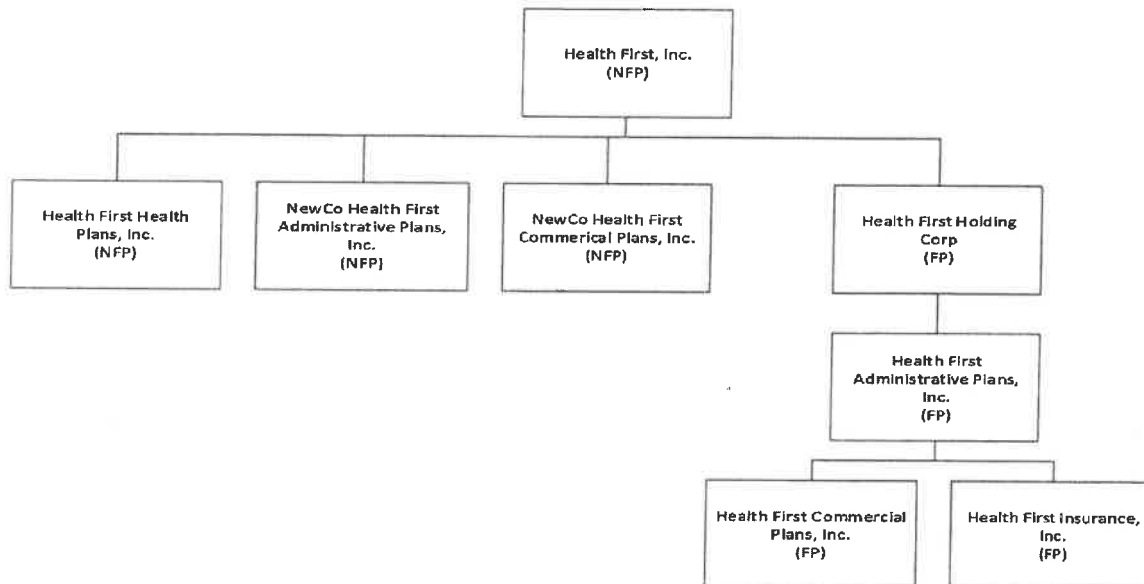
An abbreviated organizational chart reflecting the holding company system as of December 31, 2017 is shown below.

**Abbreviated Organization Chart\***  
**December 31, 2017**

\*Abbreviated Organization Chart Legend

NFP = Not For Profit

FP = For Profit



**INFORMATION TECHNOLOGY REPORT**

An evaluation was performed of the information technology and computer systems of the Company.

Results of the evaluation were reported and discussed separately with the Company.

**SUMMARY OF RECOMMENDATIONS**

There were no recommendations to include in this report.

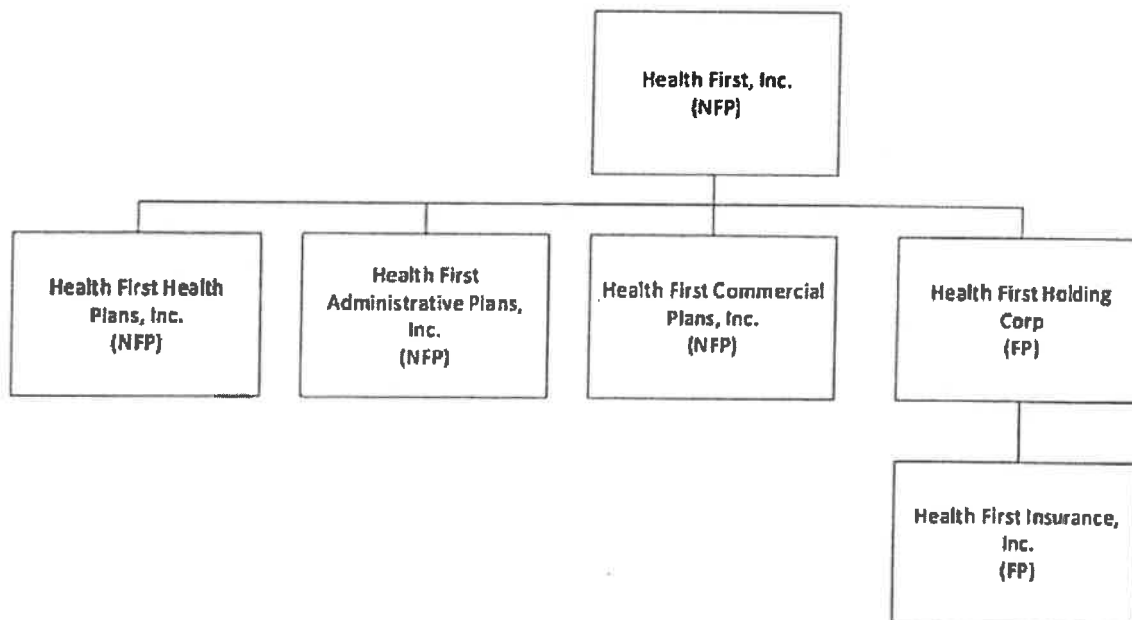
## SUBSEQUENT EVENTS

The examination also considered notable subsequent events occurring after the December 31, 2017 examination date.

On January 1, 2018, the for-profit Health First Administrative Plans and Health First Commercial Plans were eliminated by merger into respective "NewCo" not-for-profit entities. Simultaneously, the surviving entities were renamed Health First Administrative Plans, Inc. and Health First Commercial Plans, Inc. The for-profit Health First Holding Corp. remained a direct subsidiary of not-for-profit Health First, Inc. For-profit Health First Insurance, Inc. changed from an indirect subsidiary to a direct subsidiary of for-profit Health First Holding Corp. An abbreviated organizational chart reflecting the new holding company system is shown below.

### Abbreviated Organization Chart\* January 1, 2018

\*Abbreviated Organization Chart Legend  
NFP = Not For Profit  
FP = For Profit





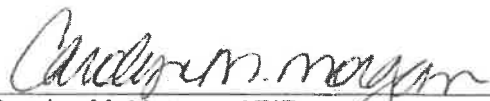
## CONCLUSION

The customary insurance examination practices and procedures as promulgated by the NAIC have been followed in ascertaining findings about Corporate Governance and the Information Technology environment of Health First Insurance, Inc. consistent with the insurance laws of the State of Florida.

The following individuals participated in the examination: Thomas Mayberry, CFE, CPA, Exam Manager; Philip Engelhart, CFE, CPA, AIAF, Examiner-in-Charge; Francis Laurence Lindberg, CFE, CPE, Participating Examiner and Paul Sliwinski, CPA, ARe, Participating Examiner of EWM Group, PC., as well as, Jenny Jeffers, AES, CISA and Joanna Latham, CPA, CFE, AES, CISA, Information Technology Specialist of Jennan Enterprises.

The following individuals from the Florida Office of Insurance Regulation also participated in the examination: Marshay Spencer, APIR, Financial Examiner/ Analyst Supervisor.

Respectfully submitted,



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