

Report on Examination
of
The Florida Branch
of
International Health Insurance danmark
Forsikringsaktieselskab

Miami, Florida

as of

December 31, 2006

By The
State of Florida
Office of Insurance Regulation

Contents

SCOPE OF EXAMINATION.....	1
HISTORY	2
PRINCIPAL EMPLOYEES.....	3
ORGANIZATIONAL CHART.....	4
ACCOUNTS AND RECORDS	5
FINANCIAL STATEMENTS PER EXAMINATION.....	5
ASSETS	6
LIABILITIES, CAPITAL AND SURPLUS.....	6
STATEMENT OF REVENUE AND EXPENSES.....	7
CAPITAL AND SURPLUS ACCOUNT.....	7
COMMENTS ON FINANCIAL STATEMENTS.....	8
COMPARATIVE ANALYSIS OF CHANGES IN CAPITAL AND SURPLUS.....	9
SUMMARY OF FINDINGS.....	10
COMPLIANCE WITH PREVIOUS RECOMMENDATIONS.....	10
CURRENT EXAMINATION COMMENTS AND CORRECTIVE ACTION.....	10
CONCLUSION	11

Tallahassee, Florida

August 23, 2007

Kevin M. McCarty, Commissioner
Florida Office of Insurance Regulation
200 East Gaines Street
Tallahassee, Florida 32399-0326

Alfred W. Gross, Commissioner
Virginia Bureau of Insurance
Chair, NAIC Financial Condition (E) Committee
P.O. Box 1157
Richmond, Virginia 23218

Julie McPeak, Executive Director
Kentucky Office of Insurance
Secretary, NAIC Southeastern Zone
P.O. Box 517
Frankfort, Kentucky 40602-0517

Commissioners McCarty and Gross and Executive Director McPeak:

Pursuant to your instructions, in compliance with Sections 630.101 and 624.316, Florida Statutes (F.S.), and in accordance with the practices and procedures promulgated by the National Association of Insurance Commissioners (NAIC), we have conducted an examination as of December 31, 2006, of the trustee assets of:

**The Florida Branch
of
International Health Insurance danmark Forsikringsaktieselskab
7001 S.W. 97th Ave.
Miami, Florida 33173**

hereinafter referred to as the "IHI Florida Branch." Such report of examination is herewith respectfully submitted.

SCOPE OF EXAMINATION

This was a financial condition examination of the trustee assets of the Florida branch (the IHI Florida Branch) of International Health Insurance Danmark Forsikringsaktieselskab (IHI).

This examination covered the period of October 20, 2003 through December 31, 2006. This was the first financial condition examination of the IHI Florida Branch by the Office.

Planning for the current examination began on April 2, 2007. The fieldwork commenced on April 16, 2007 and concluded on May 25, 2007. The examination included any material transactions and/or events occurring subsequent to the examination date and noted during the course of this examination.

This was a statutory financial condition examination conducted pursuant to Sections 630.101 and 624.316, F.S., and in accordance with the *NAIC Financial Condition Examiners Handbook, Accounting Practices and Procedures Manual, and Annual Statement Instructions* as adopted by Rules 69O-137.001(4) and 69O-138.001, Florida Administrative Code, with due regard to the requirements of the insurance laws and rules of the State of Florida.

We valued and/or verified the assets of the IHI Florida Branch as reported by it in its 2006 annual statement. Transactions subsequent to December 31, 2006 were reviewed where relevant and deemed significant.

This report of examination is confined to financial statements and comments on matters that involve departures from laws, regulations or rules, or which require special explanation or description.

HISTORY

IHI is a Danish health insurer based in Copenhagen. It conducts business internationally and maintains branch offices in various locations to include the United States. Many of IHI's customers are located throughout South and Central America. IHI does not offer, issue or deliver policies in Florida or to residents of the United States.

IHI's U.S. branch (the IHI Florida Branch) is located in Miami, Florida. The IHI Florida Branch principally manages IHI's producer network in Latin America. It also assists insureds in obtaining benefits under their policies when they utilize medical providers in the United States, and communicates with those providers about coverage and claims. The IHI Florida Branch does not issue or deliver policy documentation.

IHI registered with the State of Florida as a foreign corporation on February 19, 2002. It was licensed by the Office as an alien international accident and health insurer on October 20, 2003 in accordance with Part III of Chapter 624, F.S., and pursuant to a consent order filed by the Office on that date.

On September 27, 2006, the Office approved a change in control of IHI resulting from the direct acquisition of its immediate parent IHI Holdings A/S by BUPA Iberia S.L., an indirect subsidiary of The British United Provident Association Limited (BUPA). BUPA is an international non-profit health care company based in the United Kingdom. At December 31, 2006, IHI remained wholly-owned and controlled by IHI Holdings A/S. An abbreviated organizational chart appears on page 4.

PRINCIPAL EMPLOYEES

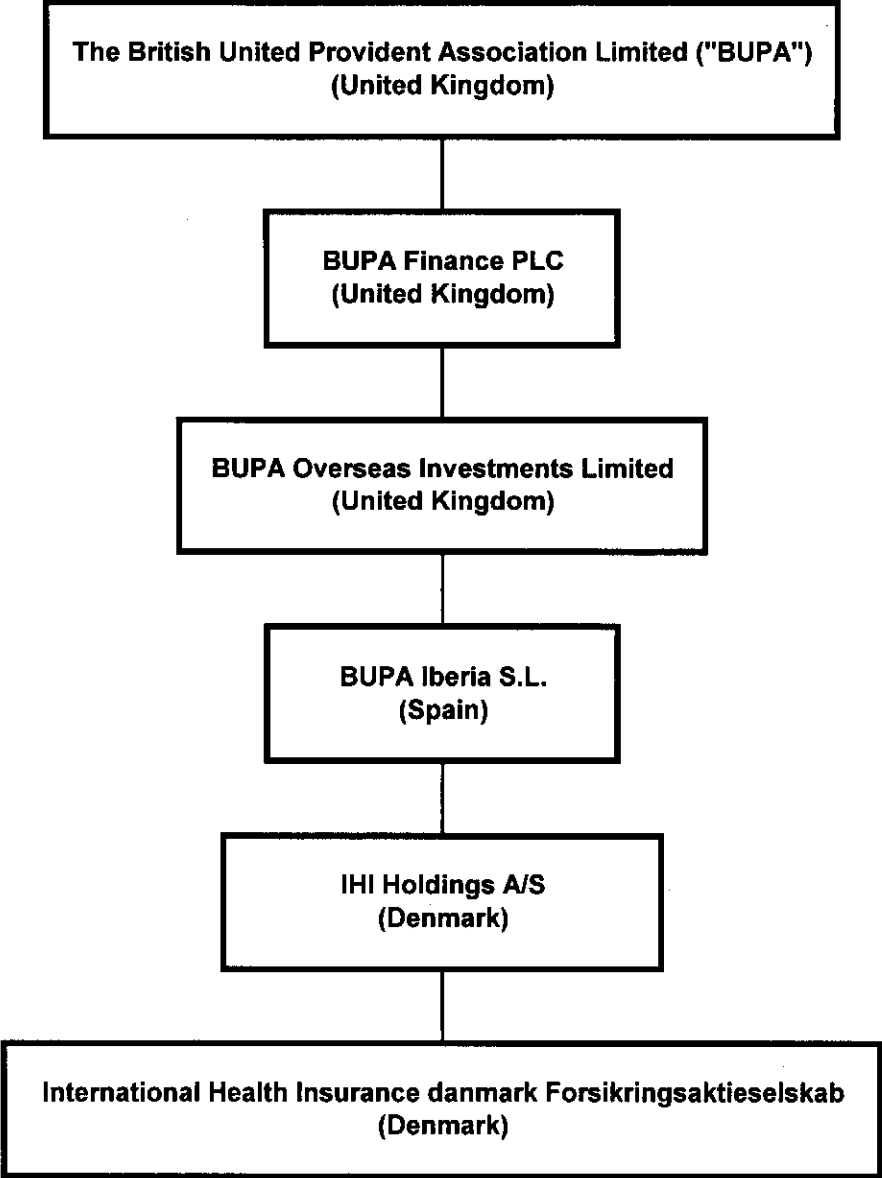
As of December 31, 2006, the principal employees of the IHI Florida Branch were as shown below:

Principal Employees

Name	Title
Francisco Lopez-Preusse	U.S. Manager
German Ochoa, M.D.	Service and Network Manager
Pia Malem-Christoffersen	Client Relationship Director - Latin America

An abbreviated organizational chart of IHI as of December 31, 2006 is shown below.

**International Health Insurance danmark Forsikringsaktieselskab
Organizational Chart
December 31, 2006**



ACCOUNTS AND RECORDS

The main administrative office of IHI was located in Copenhagen, Denmark. The main administrative office of the IHI Florida Branch was located in Miami, Florida, where this examination was conducted.

FINANCIAL STATEMENTS PER EXAMINATION

The following two pages contain statements of the financial position of the IHI Florida Branch at December 31, 2006, as determined by this examination, and the results of its operations for the year then ended as reported by the IHI Florida Branch.

**International Health Insurance danmark Forsikringsaktieselskab
Florida Branch**

**Assets
December 31, 2006**

	Per Company	Examination Adjustments	Per Examination
Cash and short-term investments	\$15,547,478	\$0	\$15,547,478
Aggregate write-ins for invested assets	17,500	0	17,500
Total assets	\$15,564,978	\$0	\$15,564,978

**Liabilities, Capital and Surplus
December 31, 2006**

	Per Company	Examination Adjustments	Per Examination
Liabilities	\$0	\$0	\$0
Capital and Surplus			
Gross paid in and contributed surplus	16,624,504	0	16,624,504
Unassigned funds	(1,059,526)	0	(1,059,526)
Total capital and surplus	15,564,978	0	15,564,978
Total liabilities, capital and surplus	\$15,564,978	\$0	\$15,564,978

**International Health Insurance danmark Forsikringsaktieselskab
Florida Branch**

**Statement of Revenue and Expenses
For the Year Ended December 31, 2006**

Net investment income	\$645,233
General administrative expenses	<u>915,621</u>
Net loss	<u><u>\$270,388</u></u>

**Capital and Surplus Account
For the Year Ended December 31, 2006**

Capital and surplus, December 31, 2005	\$12,170,753
Net loss	(270,388)
Change in nonadmitted assets	8,801
Increase in paid in capital	<u>3,655,812</u>
Capital and surplus, December 31, 2006	<u><u>\$15,564,978</u></u>

COMMENTS ON FINANCIAL STATEMENTS

As an alien insurer licensed to use Florida as a state of entry to transact insurance in the United States, IHI is required to maintain in Florida a deposit of assets in trust with a solvent bank or trust company or savings and loan association approved by the Office, pursuant to Section 630.021, F.S. IHI maintained such a trust account with Morgan Stanley Trust acting as trustee. IHI is required by Section 624.412, F.S., to maintain such trustee assets in an amount not less than its outstanding reserves and other liabilities arising out of its insurance transactions in the U.S. together with the amount of its surplus as to policyholders as required by Section 624.408, F.S.

IHI contracted with KPMG to audit its management statement of the total amount of claims owed by it to providers and insureds in the United States as of December 31, 2006, which amounted to \$11,689,289. The audit firm issued an opinion, on which we relied for purposes of our examination, that the management statement provided a true and fair view of the total amount of such claims.

**International Health Insurance danmark Forsikringsaktieselskab
Florida Branch
Comparative Analysis of Changes in Capital and Surplus
December 31, 2006**

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

Capital and surplus, December 31, 2006 - per annual statement				\$15,564,978
	<u>Per Company</u>	<u>Per Exam</u>	<u>Increase (Decrease) In Surplus</u>	
Total assets	\$15,564,978	\$15,564,978	\$0	
Total liabilities	\$0	\$0	<u>\$0</u>	
Net change in capital and surplus				<u>0</u>
Capital and surplus, December 31, 2006 - per examination				<u><u>\$15,564,978</u></u>

SUMMARY OF FINDINGS

COMPLIANCE WITH PREVIOUS RECOMMENDATIONS

This was the first financial condition examination of the trustee assets of the IHI Florida Branch by the Office; consequently, there are no previous recommendations on which to comment.

CURRENT EXAMINATION COMMENTS AND CORRECTIVE ACTION

The current financial condition examination did not result in any material findings of non-compliance with statutes, rules or other requirements on the part of the IHI Florida Branch.

CONCLUSION

The customary insurance examination practices and procedures as promulgated by the NAIC have been followed in ascertaining the financial condition of **The Florida Branch of International Health Insurance danmark Forsikringsaktieselskab** as of December 31, 2006, consistent with the insurance laws of the State of Florida.

Per examination findings, the total capital and surplus of the IHI Florida Branch was \$15,564,978, which was in compliance with Section 624.412, F.S., and Chapter 630, F.S.

In addition to the undersigned, David C. Schleit, CFE, CPA, Financial Examiner/Analyst Supervisor, participated in this examination.

Respectfully submitted,

Steven A. Steele, Financial Specialist
Florida Office of Insurance Regulation