

**Report on Examination**  
**of**  
**Ultimate Health Plans, Inc.**  
**Spring Hill, Florida**  
**as of**  
**June 30, 2014**



**FLORIDA OFFICE OF  
INSURANCE REGULATION**

Kevin M. McCarty, Commissioner  
Florida Office of Insurance Regulation  
Tallahassee, Florida

Dear Sir:

In accordance with Section 641.27, Florida Statutes, and the *Financial Condition Examiners Handbook* of the National Association of Insurance Commissioners, we have completed a financial condition examination of Ultimate Health Plans, Inc. as of June 30, 2014. Our report on the examination follows.

Florida Office of Insurance Regulation  
February 24, 2015

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## SCOPE OF EXAMINATION

We have completed a financial condition examination of Ultimate Health Plans, Inc. (the "Company"), a Florida health maintenance organization ("HMO"). Our examination covered the period of March 29, 2012, through June 30, 2014, and took place primarily in the Company's Spring Hill, Florida office. This was the first financial condition examination of the Company by the Florida Office of Insurance Regulation (the "Office"). The examination was conducted by Examination Resources, LLC on behalf of the Office.

We conducted our examination in accordance with the National Association of Insurance Commissioners ("NAIC") *Financial Condition Examiners Handbook* ("*Handbook*"). The Handbook required that we plan and perform our examination to evaluate the financial condition and identify prospective risks of the Company. It required that we do so by obtaining information about the Company including corporate governance, identifying and assessing inherent risks within the Company, and evaluating system controls and procedures used to mitigate those risks. Our examination included assessing the principles used and significant estimates made by management. It also included evaluating overall financial statement presentation and management's compliance with statutory accounting principles and annual statement instructions when applicable to domestic state regulations. All accounts and activities of the Company were considered in accordance with the risk-focused examination process.

## **SUMMARY OF SIGNIFICANT FINDINGS**

The following is a summary of material adverse findings, significant non-compliance findings, and material changes in the financial statements noted during this examination. The findings are discussed in more detail in the pages that follow with recommendations beginning on page 17.

### Corporate Records

Per Article 2, Section 1, of the Company's Bylaws, there is to be an annual meeting of the Shareholders for the purpose of electing Directors and for the transaction of such other business as may come before the meeting. We found that no annual Shareholder meetings were held during the examination period.

Directors were appointed to the Board of Directors without being elected at an annual meeting of the Shareholders in accordance with Article 2, Section 1, of the Company's Bylaws.

An Officer was appointed without formal election by the Board of Directors in accordance with Article 4, Section 1, of the Company's Bylaws.

The Company was unable to produce signed conflict of interest statements completed by the Company's Officers and Board of Directors during the examination period.

### Accounts and Records

The Company's Claims Unpaid liability as of June 30, 2014, was found to be deficient in the amount of \$1,336,695.

The Company's Unpaid Claims Adjustment Expenses liability as of June 30, 2014, was found to be deficient in the amount of \$40,101.

The Company's Premium Deficiency Reserve liability as of June 30, 2014, was found to be deficient in the amount of \$292,595.

The Company's Service Fund payable balance as of June 30, 2014, was found to be overstated in the amount of \$78,916.

The Company did not accrue for its Request for Anticipated Payment ("RAP") Settlement receivable as of June 30, 2014, in the amount of \$920,489.

The examination found the Company had entered into contracts with unaffiliated entities for administrative, management, and certain provider services that did not contain provisions that the contract would be canceled upon issuance of an order by the Office pursuant to Section 641.234(3), Florida Statutes (F.S.).

The Company was late to file its 2012 and 2013 Audited Financial Statements with the Office in violation of the requirements set forth in Section 641.26(1), F.S.

#### Capital and Surplus Deficiency

In accordance with Consent Order CO-124485-12, the Company was required to maintain a minimum statutory surplus in the amount of \$1,875,000. As a result of the examination adjustments discussed above, the Company's capital and surplus balance as of June 30, 2014, per the Examination, was found to be deficient in the amount of \$518,088.

#### Subsequent Capital and Surplus Deficiency

On September 23, 2014, the Company filed its August financial statement reporting a capital and surplus balance of \$1,700,688 which was \$174,312 below the required minimum capital and surplus balance per Consent Order 124485-12-CO.

## **COMPANY HISTORY**

The Company was incorporated in Florida on October 10, 2011, and licensed by the Office as an HMO on March 29, 2012. It was authorized by the State of Florida to operate as an HMO in accordance with Part I of Chapter 641, F.S.

### Dividends and Capital Contributions

The Company received capital contributions in the amounts of \$4,450,000, \$4,615,056, and \$450,000 during the years 2012, 2013, and during the period of January 1, 2014, through June 30, 2014, respectively. The Company did not distribute any stockholder dividends during the period examined.

## **CORPORATE RECORDS**

The examination reviewed the minutes of the Company's Board of Directors meetings. The Board's approval of Company transactions were recorded in the minutes of its meetings. During the examination period, the Company's investments consisted of cash on deposit with no investment transactions occurring that would require authorization from the Board in compliance with Section 641.35(7), F.S. The following examination findings were noted during review of the Company's corporate records and meeting minutes:

### Annual Shareholders Meetings

Per Article 2, Section 1, of the Company's Bylaws, there is to be an annual meeting of the Shareholders for the purpose of electing Directors and for the transaction of such other business as may come before the meeting. We found that no annual Shareholder meetings were held during the examination period.

### Election of Directors

During the August 30, 2012, Board of Directors meeting, the Board elected Michael Turrell, Chief Operating Officer of the Company, and Dr. John McGoohan to serve as Directors on the Board. Per Article 2, Section 1, of the Company's Bylaws, Directors are to be elected at the annual meeting of the Shareholders. No annual or special meetings of the Shareholders were held or written consents of the Shareholders issued to elect these two individuals to the Board of Directors. Dr. John McGoohan was no longer a member of the Board of Directors as of the examination date.

### Election of Officers

During review of the June 13, 2013, Board of Directors meeting minutes, the examination noted Joseph Popillo was serving as the Company's new Chief Operating Officer. Formal election of Mr. Popillo as Chief Operating Officer by the Board of Directors in compliance with Article 4, Section 1, of the Company's Bylaws was not documented in the Board of Directors meeting minutes. Mr. Popillo was no longer with the Company as of the examination date.

### Conflict of Interest Statements

The Company was unable to produce signed conflict of interest statements completed by the Company's Officers and Board of Directors during the examination period.



## MANAGEMENT AND CONTROL

The Company is a stock company that was wholly owned by Dr. Medhat A. Reheem. The Company's senior officers and directors were:

### Senior Officers

<u>Name</u>	<u>Title</u>
Medhat A. Reheem	President and Treasurer
Azzam Muftah	Secretary
Michael F. Turrell	Chief Executive Officer
Terence Sleaf	Chief Financial Officer

### Board of Directors

<u>Name</u>	<u>Location</u>
Azzam Muftah	Spring Hill, Florida
Medhat A. Reheem	Spring Hill, Florida
Enrico M. Romeo	Spring Hill, Florida
Layla Shuayb	Spring Hill, Florida
Michael F. Turrell	Spring Hill, Florida

## FIDELITY BONDS AND OTHER INSURANCE

The Company maintained general and professional liability insurance at acceptable levels and required its providers to certify and maintain appropriate levels of medical malpractice insurance or its equivalent in accordance with Rule 69O-191.069, F.A.C. The policies provided for written notification to the Office of any reduction, cancellation, non-renewal or termination of required coverage. In addition, the Company was insured by a crime insurance policy that was found to meet the requirements of Section 641.22(7), F.S., in the amount of \$100,000.

## PENSION, STOCK OWNERSHIP AND INSURANCE PLANS

The Company offered group health and dental insurance benefits to eligible employees. It did not provide a retirement plan.

## TERRITORY AND PLAN OF OPERATION

Pursuant to an agreement with the Centers for Medicare & Medicaid Services (CMS), the Company provided health care services to Medicare members in the Florida county of Hernando. It held a current health care provider certificate issued by the Florida Agency for Health Care Administration pursuant to Part III of Chapter 641, F.S., valid until February 19, 2016. As an Individual Practice Association (IPA) model HMO, the Company had 2,856 members as of June 30, 2014.

## COMPANY GROWTH

The Company reported the following for years 2012, 2013, and the period ended June 30, 2014:

*(In millions except member months and year-end enrollment)*

	<u>2012</u>	<u>2013</u>	<u>6/30/2014</u>
Member months	-	5,277	16,936
Year-end enrollment	-	558	2,856
Premiums	\$ -	\$ 4.5	\$ 12.4
Revenues	\$ -	\$ 4.5	\$ 12.4
Underwriting deductions	\$ 1.8	\$ 12.1	\$ 12.4
Net income (loss)	\$ (1.8)	\$ (7.6)	\$ 0.0
Paid in surplus received	\$ 4.5	\$ 4.6	\$ 0.5
Admitted assets	\$ 4.8	\$ 5.2	\$ 5.6
Liabilities	\$ 0.0	\$ 3.4	\$ 3.5
Capital and surplus	\$ 4.7	\$ 1.8	\$ 2.0

## **REINSURANCE**

The Company was party to one reinsurance agreement as of the date of examination. The agreement was an excess of loss reinsurance agreement effective January 1, 2014, between the Company and Atlantic Specialty Insurance Company. The reinsurance covered 90% of the cost of specified health care services in excess of \$150,000 per member with a maximum benefit for each covered member of \$2,000,000.

## **ACCOUNTS AND RECORDS**

The Company contracted with an outside actuarial firm, Wakely Consulting Group (Wakely), to perform an independent calculation of the Claims Unpaid, Unpaid Claims Adjustment Expense, and Premium Deficiency Reserve as of June 30, 2014. The balances calculated by Wakely for each liability were found to be materially different from the balances reported by the Company.

The examination engaged an independent exam actuary, Scott Garduno, FSA, MAAA, of Taylor-Walker and Associates, to review the Claims Unpaid, Unpaid Claims Adjustment Expenses, and the Premium Deficiency Reserve balances reported by the Company as of June 30, 2014. The exam actuary found the actuarial methodologies utilized by Wakely to be appropriate and the results to be reasonably stated. Based on the reviews performed by Wakely and the exam actuary, the Company's Claims Unpaid liability, Unpaid Claims Adjustment Expenses liability, and Premium Deficiency Reserve liability were found to be deficient in the amounts of \$1,336,695, \$40,101, and \$292,595, respectively.

The examination recalculated the Service Fund payable balance as of June 30, 2014, utilizing the completion factors developed by Wakely as part of their June 30, 2014, reserve analysis as well

as taking into account the mid-year IPA RAP settlements per CMS. The examination found the Company's June 30, 2014, Service Fund payable to be overstated in the amount of \$78,916.

The examination performed a review of the Company's Medicare premiums receivable and RAP receivable premium balances as of June 30, 2014. As part of this review, it was noted the Company did not accrue for its mid-year RAP settlement. The examination determined that, based upon the corresponding CMS Plan Payment Report, the Company should have accrued a receivable as of June 30, 2014, in the amount of \$920,489 for its mid-year RAP settlement.

The examination found the Company had entered into contracts with unaffiliated entities for administrative, management, and certain provider services that did not contain provisions that the contract would be canceled upon issuance of an order by the Office pursuant to Section 641.234(3), F.S.

The examination found the Company was late to file its 2012 and 2013 Audited Financial Statements with the Office in violation of the requirements set forth in Section 641.26(1), F.S.

#### **STATUTORY DEPOSITS**

The Company maintained on deposit with the Office an insolvency protection deposit of \$300,000 in accordance with Section 641.285, F.S., and a Rehabilitation Administrative Expense Fund deposit of \$10,000 in accordance with Section 641.227, F.S.

**Ultimate Health Plans, Inc.**  
**Admitted Assets, Liabilities, Capital and Surplus**  
**June 30, 2014**

	Per Company	Examination Adjustments	Per Examination
<b>Admitted Assets</b>			
Cash, cash equivalents and short-term investments	\$ 5,036,756	-	\$ 5,036,756
Aggregate write-ins for invested assets	300,000	-	300,000
	5,336,756	-	5,336,756
Aggregate write-ins for invested assets		-	-
Investment income due and accrued	11,190	-	11,190
Accrued Retrospective Premiums	98,052	\$ 920,489	1,018,541
Electronic data and processing equipment and software	56,250	-	56,250
Healthcare and other amounts receivable	73,989	-	73,989
<b>Total admitted assets</b>	<b>\$ 5,576,237</b>	<b>\$ 920,489</b>	<b>\$ 6,496,726</b>
<b>Liabilities</b>			
Claims unpaid	\$ 2,145,215	\$ 1,336,695	\$ 3,481,910
Accrued medical incentive pool and bonus amounts	149,526	(78,916)	70,610
Unpaid claims adjustment expenses	61,985	40,101	102,086
Aggregate health policy reserves	673,313	292,595	965,908
General expenses due or accrued	397,035	-	397,035
Aggregate write-ins for other liabilities	122,265	-	122,265
<b>Total liabilities</b>	<b>3,549,339</b>	<b>1,590,475</b>	<b>5,139,814</b>
<b>Capital and Surplus</b>			
Common capital stock	1	-	1
Gross paid in and contributed surplus	12,015,055	-	12,015,055
Unassigned funds (deficit)	(9,988,158)	(669,986)	(10,658,144)
<b>Total capital and surplus</b>	<b>2,026,898</b>	<b>(669,986)</b>	<b>1,356,912</b>
<b>Total liabilities, capital and surplus</b>	<b>\$ 5,576,237</b>	<b>\$ 920,489</b>	<b>\$ 6,496,726</b>

**Ultimate Health Plans, Inc.**  
**Statement of Revenue and Expenses**  
**(As reported by the Company)**  
**June 30, 2014**

Net premium income	\$12,441,154
Hospital and medical benefits	8,480,067
Other professional services	664,785
Emergency room and out-of-area	52,527
Prescription drugs	1,542,348
Incentive pool, withhold adjustments and bonus amounts	45,594
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Total hospital and medical	10,785,321
Claims adjustment expenses	40,971
General administrative expenses	2,858,270
Increase in reserves	(1,241,914)
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Total underwriting deductions	12,442,648
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Net underwriting loss	(1,494)
Net investment gains	1,495
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Net income	\$ 1
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**Ultimate Health Plans, Inc.**  
**Statement of Changes in Capital and Surplus**  
**March 29, 2012 - June 30, 2014**

Capital and surplus - March 29, 2012	\$ 2,322,540
Net income	(1,767,712)
Change in nonadmitted assets	(281,320)
Paid in and contributed surplus	4,450,000
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Capital and surplus - December 31, 2012	4,723,507
Net income	(7,590,295)
Change in nonadmitted assets	48,562
Paid in and contributed surplus	4,615,057
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Capital and surplus - December 31, 2013	1,796,832
Net income	1
Change in nonadmitted assets	(219,935)
Paid in and contributed surplus	450,000
<hr/>	
	2,026,898
Examination adjustments	(669,986)
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Capital and surplus - June 30, 2014	\$ 1,356,912
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**Ultimate Health Plan, Inc.**  
**Comparative Analysis of Changes in Capital and Surplus**  
**June 30, 2014**

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

<b>Capital and surplus, June 30, 2014 - per quarterly statement</b>				<b>\$ 2,026,898</b>
	<u>Per</u>	<u>Per</u>	<u>Increase</u>	
	<u>Company</u>	<u>Examination</u>	<u>(Decrease)</u>	
			<u>in Capital</u>	
			<u>&amp; Surplus</u>	
Accrued Retrospective Premiums	\$ 98,052	\$ 1,018,541	\$ 920,489	
Claims unpaid	\$ 2,145,215	\$ 3,481,910	\$(1,336,695)	
Accrued medical incentive pool and bonus amounts	\$ 149,526	\$ 70,610	\$ 78,916	
Unpaid claims adjustment expenses	\$ 61,985	\$ 102,086	\$ (40,101)	
Aggregate health policy reserves	\$ 673,313	\$ 965,908	\$ (292,595)	(669,986)
<b>Capital and surplus, June 30, 2014 - per examination</b>				<u><u>\$ 1,356,912</u></u>



## COMMENTS ON FINANCIAL STATEMENTS

### Accrued Retrospective Premiums

The \$98,052 reported by the Company in its June 30, 2014, quarterly financial statement as 'Accrued Retrospective Premiums' has been increased by \$920,489. As discussed in the Accounts and Records section of this report, the examination performed a review of the Company's Medicare premiums receivable and RAP receivable premium balances as of June 30, 2014. As part of this review, it was noted the Company did not accrue for its mid-year RAP settlement. The examination determined that, based upon the corresponding CMS Plan Payment Report, the Company should have accrued a receivable as of June 30, 2014, in the amount of \$920,489 for its mid-year RAP settlement.

### Claims Unpaid

The \$2,145,215 reported by the Company in its June 30, 2014, quarterly financial statement as 'Claims Unpaid' has been increased by \$1,336,695. As discussed in the Accounts and Records section of this report, the examination engaged an independent exam actuary to review the reserve balances reported as Claims Unpaid, Unpaid Claims Adjustment Expenses, and the Premium Deficiency Reserve. Based upon the exam actuary's review, the Company's Claims Unpaid liability as of June 30, 2014, was found to be deficient in the amount of \$1,336,695.

### Accrued Medical Incentive Pool and Bonus Amounts

The \$149,526 reported by the Company in its June 30, 2014, quarterly financial statement as 'Accrued Medical Incentive Pool and Bonus Amounts' has been decreased by \$78,916. As discussed in the Accounts and Records section of this report, the examination recalculated the Service Fund payable balance as of June 30, 2014, utilizing the completion factors developed by Wakely as part of their June 30, 2014, reserve analysis as well as taking into account the mid-

year IPA RAP settlement per CMS. The examination found the June 30, 2014, Service Fund payable balance reported by the Company to be overstated in the amount of \$78,916.

#### Unpaid Claims Adjustment Expenses

The \$61,985 reported by the Company in its June 30, 2014, quarterly financial statement as 'Unpaid Claims Adjustment Expenses' has been increased by \$40,101. As discussed in the Accounts and Records section of this report, the examination engaged an independent exam actuary to review the reserve balances reported as Claims Unpaid, Unpaid Claims Adjustment Expenses, and the Premium Deficiency Reserve. Based upon the exam actuary's review, the Company's Unpaid Claims Adjustment Expenses liability was found to be deficient in the amount of \$40,101.

#### Aggregate Health Policy Reserves

The \$673,313 reported by the Company in its June 30, 2014, quarterly financial statement as 'Aggregate Health Policy Reserves' has been increased by \$292,595. As discussed in the Accounts and Records section of this report, the examination engaged an independent exam actuary to review the reserve balances reported as Claims Unpaid, Unpaid Claims Adjustment Expenses, and the Premium Deficiency Reserve. Based upon the exam actuary's review, the Company's Premium Deficiency Reserve liability was found to be deficient in the amount of \$292,595.

#### Capital and Surplus

As a result of the examination adjustments discussed above, the \$(9,988,158) reported by the Company in its June 30, 2014, quarterly financial statement as 'Unassigned Funds' has been decreased by \$669,986 resulting in a capital and surplus balance, per the examination, of \$1,356,912. In accordance with Consent Order CO-124485-12, the Company is required to

maintain a minimum statutory surplus in the amount of \$1,875,000. The capital and surplus balance as of June 30, 2014, per the examination, was found to be deficient in the amount of \$518,088.

## SUMMARY OF RECOMMENDATIONS

### Corporate Records

As reported on page 4, there were no annual meetings of the Shareholders held during the examination period. **We recommend the Company hold annual meetings of the Shareholders in accordance with Article 2, Section 1, of the Company's Bylaws.**

As reported on page 5, directors were appointed to the Board of Directors without being elected at an annual meeting of the Shareholders. **We recommend the Shareholders elect newly appointed Directors to the Board at the annual meeting of the Shareholders in accordance with Article 2, Section 1, of the Company's Bylaws.**

As reported on page 5, an Officer was appointed without formal election by the Board of Directors. **We recommend the Board of Directors elect newly appointed Officers of the Company in accordance with Article 4, Section 1, of the Company's Bylaws.**

As reported on page 5, the Company was unable to produce signed annual conflict of interest statements completed by the Company's Officers and Board of Directors during the examination period. **We recommend the Company maintain signed annual conflict of interest statements from its Officers and Board of Directors.**

### Accounts and Records

As reported on page 8, the Company's Claims Unpaid liability as of June 30, 2014, was found to be deficient in the amount of \$1,336,695. **We recommend that, in future statements filed with the Office, the Company accurately report its Claims Unpaid liability in accordance with Part I of Chapter 641, F.S., and the NAIC Annual Statement Instructions.**

As reported on page 8, the Company's Unpaid Claims Adjustment Expenses liability as of June 30, 2014, was found to be deficient in the amount of \$40,101. **We recommend that, in future statements filed with the Office, the Company accurately report its Unpaid Claims Adjustment Expenses liability in accordance with Part I of Chapter 641, F.S., and the NAIC Annual Statement Instructions.**

As reported on page 8, the Company's Premium Deficiency Reserve liability as of June 30, 2014, was found to be deficient in the amount of \$292,595. **We recommend that, in future statements filed with the Office, the Company accurately report its Premium Deficiency Reserve liability in accordance with Part I of Chapter 641, F.S., and the NAIC Annual Statement Instructions.**

As reported on page 8, the Company's Service Fund payable balance as of June 30, 2014, was found to be overstated in the amount of \$78,916. **We recommend that, in future statements filed with the Office, the Company accurately report its Service Fund payable in accordance with Part I of Chapter 641, F.S., and the NAIC Annual Statement Instructions.**

As reported on page 9, the Company did not accrue for its RAP Settlement receivable as of June 30, 2014, in the amount of \$920,489. **We recommend that, in future statements filed with the Office, the Company accurately report its RAP Settlement receivable in accordance with Part I of Chapter 641, F.S., and the NAIC Annual Statement Instructions.**

As reported on page 9, the Company had entered into contracts with unaffiliated entities for administrative, management, and certain provider services that did not contain provisions that the contract would be canceled upon issuance of an order by the Office pursuant to Section

641.234(3), F.S. **We recommend the Company ensure all contracts with unaffiliated entities for administrative, management, and provider services contain all necessary provisions in compliance with Section 641.234(3), F.S.**

As reported on page 9, the Company was late to file its 2012 and 2013 Audited Financial Statements with the Office. **We recommend the Company timely file all future Audited Financial Statements with the Office in compliance with Section 641.26(1), F.S.**

Capital and Surplus Deficiency

As reported on page 15, in accordance with Consent Order CO-124485-12, the Company is required to maintain a minimum statutory surplus in the amount of \$1,875,000. As a result of the examination adjustments discussed above, the Company's capital and surplus balance as of June 30, 2014, per the examination, was found to be deficient in the amount of \$518,088. **We recommend the Company maintain at least the minimum capital and surplus required by Consent Order CO-124485-12, at all times.**

Subsequent Capital and Surplus Deficiency

As reported on page 20, the Company filed its August, 2014, financial statement reporting a capital and surplus balance below the required minimum capital and surplus balance per Consent Order 124485-12-CO. **We recommend the Company maintain at least the minimum capital and surplus required by Consent Order CO-124485-12, at all times.**

## **SUBSEQUENT EVENTS**

### Capital Contributions

Subsequent to the examination date, it was determined the Company received capital contributions during the months of July, August, September, October and November in the amounts of \$500,000, \$475,000, \$525,000, \$1,500,000 and \$1,600,000, respectively.

### Holding Company

As of June 30, 2014, the Company was solely owned by Dr. Medhat A. Reheem. Subsequent to the examination date, effective August 1, 2014, the Company is now a wholly owned subsidiary of Ultimate Healthcare Holdings, LLC.

### Order of Suspension

As previously discussed, the Company is required to maintain a minimum surplus of \$1,875,000 in accordance with Consent Order 124485-12-CO. On or about September 15, 2014, the Company received data that indicated there would be a potential capital and surplus deficiency for the month of August. On September 15, 2014, the Company deposited \$475,000 into its corporate bank account to eliminate the deficit. The Company did not request approval from the Office to classify the capital infusion as an admitted asset on its August financial statement. On September 23, 2014, the Company filed its August financial statement reporting a capital and surplus balance of \$1,700,688 which was \$174,312 below the required minimum capital and surplus balance per Consent Order 124485-12-CO. Due to this violation of the consent order, the Office issued the Company an order of suspension. The Company exercised its right to an administrative hearing effectively delaying the actions until the conclusion of the administrative proceedings. The administrative case is expected to be resolved by a Consent Order mutually agreed upon by both the Company and the Office.

## CONCLUSION

The customary insurance examination practices and procedures as promulgated by the NAIC have been followed in ascertaining the financial condition of Ultimate Health Plans, Inc., consistent with the insurance laws of the State of Florida.

At June 30, 2014, the Company's capital and surplus per the examination was \$1,356,912 and the Company was not in compliance with the minimum capital and surplus requirement of Section 641.225, F.S. and Consent Order 124485-12-CO.

In addition to the undersigned, Examination Resources, LLC and Lisa Parker, ASA, MAAA, Actuary participated in the examination.

Respectfully submitted,



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Cathy S. Jones, CPA, CFE  
Financial Examiner/Analyst Supervisor  
Florida Office of Insurance Regulation