

**STATE OF WASHINGTON
OFFICE OF THE INSURANCE
COMMISSIONER**



QUALIFYING FINANCIAL EXAMINATION

of

**HEALTHPLEX OF WA, INC.
Seattle, Washington
September 30, 2012**

Order No. 12-327
Healthplex of Wa, Inc.
Exhibit A

CHIEF EXAMINER'S AFFIDAVIT

I hereby certify I have read the attached Report of the Qualifying Financial Examination of HEALTHPLEX OF WA, INC., of Seattle, Washington. This report shows the financial condition and related corporate matters as of September 30, 2012.



PATRICK H. MCNAUGHTON
Chief Examiner

12-10-12

Date

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Seattle, Washington
December 10, 2012

The Honorable Mike Kreidler, Commissioner
Washington State Office of Insurance Commissioner (OIC)
Insurance Building – Capitol Campus
302 Sid Snyder Avenue SW, Suite 200
Seattle, WA 98504

Dear Commissioner Kreidler:

In accordance with your instructions and in compliance with the statutory requirements of RCW 48.03.010, a qualifying examination has been made of the corporate records and financial condition of

HEALTHPLEX OF WA, INC.

of

Seattle, Washington

hereinafter referred to as "HPW". This report of examination is respectfully submitted showing the condition of HPW as of September 30, 2012.

SCOPE OF EXAMINATION

This examination included verification of HPW's assets and liabilities as of September 30, 2012. The minimum surplus and cash deposits were tested for compliance with RCW 48.44.035. In addition, the examination included verification of compliance with the statutory requirements of RCW 48.44.015(1) regarding HPW's application and qualification for a Certificate of Registration to operate as a limited health care service contractor (LHCSC) incorporated in the state of Washington.

HISTORY

HPW was formed by its parent company, Healthplex, Inc. It was incorporated with the Secretary of State of Washington on June 20, 2012. On July 10, 2012, HPW submitted to the OIC an application for a Certificate of Registration to operate as a LHCSC in the state of Washington.

PLAN OF OPERATION

HPW intends to sell dental plans in Washington to groups and businesses and will initially rely on the Association Benefits Corporation network of brokers and agents to market these dental plans.

MANAGEMENT AND CONTROL

Board of Directors (BOD)

BOD as of September 30, 2012:

<u>Name</u>	<u>Affiliation</u>
Dr. Stephen Cuchel - Chairman	Healthplex, Inc. 333 Earle Ovington Boulevard, Suite 300 Uniondale, NY 11553
Dr. Martin Kane	Healthplex, Inc. 333 Earle Ovington Boulevard, Suite 300 Uniondale, NY 11553
Dr. George Kane	Healthplex, Inc. 333 Earle Ovington Boulevard, Suite 300 Uniondale, NY 11553
Philip Rizzuto	Healthplex, Inc. 333 Earle Ovington Boulevard, Suite 300 Uniondale, NY 11553
Christopher Schmidt	Healthplex, Inc. 333 Earle Ovington Boulevard, Suite 300 Uniondale, NY 11553

Officers

Officers as of September 30, 2012:

<u>Name</u>	<u>Title</u>
Dr. Stephen Cuchel	Chief Executive Officer
Natalie Cuchel	President
Dr. Martin Kane	Vice President and Treasurer
Valerie Vignola	Secretary/Chief Financial Officer
Christopher Schmidt	Chief Operating Officer

AFFILIATED COMPANIES

HPW is a wholly owned subsidiary of Healthplex, Inc. Founded in 1977, Healthplex, Inc. provides dental benefits in New York and has over three million members. Healthplex, Inc. will be the third party administrator for all dental plans underwritten by HPW.

SURPLUS

As of September 30, 2012, HPW's surplus of \$300,000 meets the minimum net worth requirements pursuant to RCW 48.44.035(3).

STATUTORY DEPOSIT

On July 5, 2012, HPW deposited \$300,000 in a segregated account at Commerce Bank of Washington. An escrow agreement was executed as required under RCW 48.06.120.

On October 17, 2012, Commerce Bank of Washington confirmed that \$300,000 has been credited into HPW's escrow account as of September 30, 2012.

RECOMMENDATION

Based on the findings and conclusions of the financial examiners, HPW has sufficient surplus and meets the statutory deposit requirements to qualify for a Certificate of Registration as a limited health care service contractor in Washington State.

FINANCIAL STATEMENTS

HEALTHPLEX OF WA, INC. Statement of Assets, Liabilities and Surplus As of September 30, 2012

	<u>Balance Per Company</u>	<u>Examination Adjustments</u>	<u>Balance Per Examination</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$300,000	\$0	\$300,000
Investments	0		0
Other Assets	0		0
Total Assets	<u>\$300,000</u>	<u>\$0</u>	<u>\$300,000</u>
<u>LIABILITIES</u>			
Current payables	\$0	\$0	\$0
Other liabilities	0		0
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>
<u>SURPLUS</u>			
Common stock	300,000	0	300,000
Paid-in-capital	0		0
Current year retained earnings	0		0
Total Surplus	<u>300,000</u>		<u>300,000</u>
Total Liabilities and Surplus	<u>\$300,000</u>	<u>\$0</u>	<u>\$300,000</u>

HEALTHPLEX OF WA, INC.
Statement of Operations
September 30, 2012

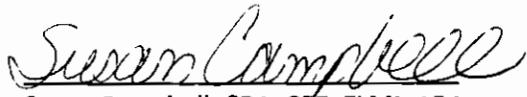
	<u>Balance Per Company</u>	<u>Examination Adjustments</u>	<u>Balance Per Examination</u>
REVENUES	\$0	\$0	\$0
Premium revenue	0		0
Other revenues	0		0
Total revenues	<u>0</u>	<u>0</u>	<u>0</u>
EXPENSES			
Insurance expenses	0	0	0
Operating expenses - escrow fee	0		0
Total expenses	<u>0</u>	<u>0</u>	<u>0</u>
Net Income	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

ACKNOWLEDGMENT

Acknowledgment is hereby made of the cooperation extended to the examiners by the officers and employees of HPW during the course of this examination.

In addition to the undersigned, Michael V. Jordan, CPA, CFE, MHP, Assistant Chief Examiner; and Cynthia Clark, CPA, Financial Examiner; from the Washington State Office of the Insurance Commissioner, participated in the examination and the preparation of this report.

Respectfully submitted,

A handwritten signature in cursive script that reads "Susan Campbell".

Susan Campbell, CPA, CFE, FLMI, ARA
Life Field Supervising Examiner
State of Washington

AFFIDAVIT

STATE OF WASHINGTON }
 } ss
COUNTY OF KING }

Susan Campbell, being duly sworn, deposes and says that the foregoing report subscribed by her is true to the best of her knowledge and belief.

Susan Campbell
Susan Campbell, CPA, CFE, FLMI, ARA
Life Field Supervising Examiner
State of Washington

Subscribed and sworn to before me this 10th day of December 2012.

Colleen Jansen
Notary Public in and for the
State of Washington



HEALTHPLEX of WA, INC.

333 Earle Ovington Blvd., Suite 300, Uniondale, N.Y. 11553

516-542-2200 • 800-468-0608

Fax number: 516-794-3186

November 20, 2012

Mr. Jim Odiorne
Company Supervision Division
Washington State Office of the Insurance Commissioner
5000 Capitol Blvd., SW
Tumwater, WA 98501

Re: Qualifying Examination Report of Healthplex of WA, Inc.

Dear Mr. Odiorne:

We are in receipt of a draft of the Qualifying Examination Report of Healthplex of WA, Inc. I have one comment pertaining to the Financial Examination Report. The correct name of our corporation is "HEALTHPLEX OF WA, INC." and not Healthplex of Washington, Inc. as stated throughout the document. I have attached a copy of the Corporate Certificate for your reference.

Except for the comments set forth above, the Financial Report is acceptable to us.

If you have any further questions, please feel free to contact our office. Thank you.

Sincerely,



Natalie Cuchel
President

NC:ld