

**DISSOLUTION REPORT**  
**OF**  
**DYNAMIC HEALTH INSURANCE COMPANY**

**AS OF**

**MAY 31, 2016**

**NAIC CODE 15134**

Karen Weldin Stewart, CIR-ML  
Commissioner



Delaware Department of Insurance

I, Karen Weldin Stewart, Insurance Commissioner of the State of Delaware, do hereby certify that the attached DISSOLUTION REPORT OF EXAMINATION, made as of May 31, 2016 of the

**DYNAMIC HEALTH INSURANCE COMPANY**

is a true and correct copy of the document filed with this Department.

Attest By: Reynolds Brown

Date: September 13, 2016



In Witness Whereof, I have hereunto set my hand and affixed the official seal of this Department at the City of Dover, this 13th day of September, 2016.

A handwritten signature in black ink, appearing to read "Karen Weldin Stewart".

Karen Weldin Stewart, CIR-ML  
Insurance Commissioner

Karen Weldin Stewart, CIR-ML  
Commissioner



Delaware Department of Insurance

DISSOLUTION REPORT OF EXAMINATION  
OF THE  
DYNAMIC HEALTH INSURANCE COMPANY  
AS OF  
MAY 31, 2016

The above-captioned report was completed by examiners of the Delaware Department of Insurance.

Consideration has been duly given to the comments, conclusions and recommendations of the examiners regarding the status of the company as reflected in the report.

This report is hereby accepted, adopted and filed as an official record of this Department.

A handwritten signature in black ink, appearing to read "Karen Weldin Stewart".

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Karen Weldin Stewart, CIR-ML  
Insurance Commissioner

Dated this 13th day of September, 2016

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## **SALUTATION**

August 17, 2016

The Honorable Karen Weldin Stewart, CIR-ML  
Insurance Commissioner  
State of Delaware  
Rodney Building  
841 Silver Lake Boulevard  
Dover, Delaware 19901

Dear Commissioner:

In compliance with your instructions in Certificate of Authority 16.911, a Dissolution Examination has been made of the affairs, financial condition and management of the

### **DYNAMIC HEALTH INSURANCE COMPANY**

hereinafter referred to as “DHIC” or “Company”, incorporated under the laws of the State of Delaware with its home office located at 222 Lafayette Street, Newark, New Jersey 07105. The Company’s registered agent is Corporation Trust Center with its registered office located at 1209 Orange Street, Wilmington, Delaware 19801.

The report of such review is respectfully submitted herewith.

## **SCOPE OF EXAMINATION**

This Dissolution Report is a limited-scope examination and is not intended to communicate all matters of importance for an understanding of the Company's financial condition.

The last examination was as of April 11, 2013. This dissolution examination is as of May 31, 2016.

As a result of a management decision, the Company is to be dissolved. Therefore, this examination was to ascertain the following:

- Verify the remaining investment/cash assets of the Company and determine any operating receivables that may exist.
- Ascertain and verify that there are no material liabilities other than residual general operating expenses.
- Review any other documents as needed.

## **HISTORY**

The Company was incorporated on February 15, 2013 under the laws of the State of Delaware.

The Company was created for the sole purpose as a Prescription Drug Plan (PDP) Sponsor in order to provide pharmacy benefit services under Medicare's Part D coverage to Medicare enrollees effective May 1, 2013 and was intended to be the underwriter for such policies. The Company's intended clients were employee unions and municipalities.

The Company had planned to market its PDP products and services nationally to insured Medicare eligible members of union organizations and municipalities that reside

in the United States. All advertising was to be developed, purchased, controlled and supervised by GPP. There was no general or public advertising due to the niche segment that the Company is targeting.

At formation, the Company did not become owned or controlled by a holding corporation pursuant to 18 Del. C. §5001(3). Instead, Rita L. Friedman, an individual, owns 100% of the authorized and issued capital common stock and is considered the ultimate controlling entity of the Company.

The Company never began operations as intended. Therefore, on June 7, 2016, the Company's Board of Directors and stockholder approved the dissolution plan.

### **PROCEDURES PERFORMED**

Procedures performed for the period April 12, 2013 through May 31, 2016 and subsequently include:

- Review of the 2015 Annual Statement and March 31, 2016 Quarterly Statement.
- A review of the general ledger for the period April 12, 2013 through May 31, 2016.
- A review of all bank and custodian account statements as of December 31, 2015 and as of May 31, 2016.
- A review of the Board of Director and Stockholder meeting minutes of the Company from April 12, 2013 through May 31, 2016.
- A review of related party agreements in effect for the years 2014 and 2015.
- There were no reinsurance agreements in effect for the years 2014 and 2015.
- There were no audited financial statements for the years ended December 31, 2014 and December 31, 2015. The Delaware Department of Insurance has exempted the

Company from the audited financial statement requirements due to no insurance activity since inception.

- A review of the Actuarial Opinion for the year ended December 31, 2015.

## **SUMMARY CONCLUSIONS**

### **Corporate Records**

The examiner reviewed the Board of Director and Stockholder meeting minutes of the Company, which contained the approval of the dissolution, which is contingent upon the approval by the Delaware Department of Insurance (DE-DOI).

### **Related Parties**

Upon approval of the dissolution by the DE-DOI, the Company intends to cancel the following related party agreement, which was still in effect as of the dissolution examination date:

The Company's staffing needs and other administrative services were to be provided pursuant to a Pharmacy Benefit Management Services Agreement with General Prescription Programs, Inc. (GPP), effective February 19, 2013. GPP is wholly-owned by General Prescription Programs Trust, an irrevocable trust of which Rita L. Friedman is the grantor, her husband Joel Grodman is the Trustee, and his children are equal beneficiaries. GPP would have managed the Company's prescription drug benefit plan with services that include access to member pharmacies to dispense medication to members, claim processing and adjudication, customer service, account reporting, formulary management and other product administration.

**Reinsurance Agreements**

The Company is not a party to any reinsurance agreements as of December 31, 2015, or as of the dissolution examination date.

**Balance Sheet**

The examiner reviewed the 2015 Annual Statement and the March 31, 2016, Quarterly Statement. A review was performed of the general ledger for the period January 1, 2015 through May 31, 2016. Additionally, a review of the bank statements was made as of December 31, 2015 and as of May 31, 2016.

The balance sheet below, which was compiled from the Company's May 31, 2016, general ledger, reflects that the only asset is cash. The Company reported no loss reserves or loss adjustment expenses at May 31, 2016.

The original unsecured promissory note to GPP was dated June 7, 2013, and was extended for one year effective June 7, 2016. The Company settled this outstanding balance with full payment to GPP, including accrued interest, on August 17, 2016.

**ASSETS, LIABILITIES, AND POLICYHOLDER SURPLUS**

**As of May 31, 2016**

**Assets**

Cash, cash equivalents and short-term investments	\$	536,270
Total	\$	<u>536,270</u>

**Liabilities**

Note Payable to GPP	\$	55,440
Total	\$	<u>55,440</u>

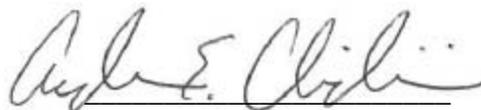
**Policyholder Surplus**

Common capital stock	\$	300,000
Gross paid in and contributed surplus		305,000
Unassigned funds (surplus)		<u>(124,170)</u>
Total	\$	<u>480,830</u>

Total Liabilities and Policyholder Surplus	\$	<u>536,270</u>
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The Company has complied with the dissolution requirements for the State of Delaware. The examination was conducted by the undersigned.

Respectfully Submitted,



Andrew E. Chiodini, CFE  
Examiner-In-Charge  
Department of Insurance  
State of Delaware