REPORT ON EXAMINATION

OF

RENAISSANCE HEALTH INSURANCE COMPANY OF NEW YORK

AS OF

DECEMBER 31, 2006

DATE OF REPORT	DECEMBER 7, 2007
EXAMINER	JEFFREY L. USHER

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STATE OF NEW YORK
INSURANCE DEPARTMENT
25 BEAVER STREET
NEW YORK, NEW YORK, 10004

Eliot Spitzer
Governor

Eric R. Dinallo
Superintendent of Insurance

December 7, 2007

Honorable Eric R. Dinallo
Superintendent of Insurance
Albany, New York 12257

Sir:

Pursuant to the provisions of the New York Insurance Law, and in compliance with the instructions contained in Appointment Number 22635 dated May 1, 2007, attached hereto, I have made an examination into the condition and affairs of Renaissance Health Insurance Company of New York, an accident and health insurance company licensed under Article 42 of the New York Insurance Law. The following report is respectfully submitted.

The examination was conducted at the Company's home office located at 116 John Street, 18th Floor, New York, NY 10038.

Wherever the designations "the Company" or "RHICNY" appear herein without qualification, they should be understood to indicate the Renaissance Health Insurance Company of New York.

1. SCOPE OF EXAMINATION

The previous examination was conducted as of December 31, 1999. This examination covered the seven year period from January 1, 2000 to December 31, 2006. Transactions occurring subsequent to this period were reviewed where deemed appropriate by the examiner.

The examination comprised of a complete verification of assets, liabilities and surplus as of December 31, 2006, in accordance with statutory accounting principles as adopted by this Department, a review of income and disbursements deemed necessary to accomplish such verification, and utilized to the extent considered appropriate, work performed by the Company's independent certified public accountants. A review or audit was also made of the following items as called for in the Examiners Handbook of the National Association of Insurance Commissioners (NAIC):

History of the Company
Management and control
Corporate records
Fidelity bonds and other insurance
Territory and plan of operation
Growth of the Company
Business in force
Loss experience
Accounts and records
Market conduct activities

A review was also made to ascertain what action was taken by the Company with regard to comments and recommendations made in the prior report on examination.

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

2. EXECUTIVE SUMMARY

The results of this examination revealed certain operational deficiencies that directly impacted the Company's compliance with the New York Insurance Law or Regulations. Significant findings relative to this examination are as follows:

- The Company has discounted and deviated from its filed and approved rates with the New York Insurance Department.
- The Company issued unapproved policy forms and charged unapproved premium rates relative to an individual retirement program group.
- The Company did not issue proper Explanation of Benefits statements (EOBs) to its members.
- The Company does not have in place a utilization review program in accordance with the requirements of Article 49 of the New York Insurance Law.

The examination findings are described in greater detail in the remainder of this report.

3. DESCRIPTION OF COMPANY

RHICNY was incorporated May 21, 1979 as the "Arista Insurance Company," a property & casualty insurance company licensed under the laws of the State of New York. It commenced doing business on October 11, 1979. On August 19, 2002 Delta Dental Plan of Indiana acquired all the issued and outstanding shares of Arista. On September 16, 2003, Arista Insurance Company amended its Articles of Incorporation and by-Laws and acted to change its Certificate of Authority in the State of New York from a property and casualty insurance company to an accident and health insurer, subject to Article 42 of the New York Insurance Law. On September 16, 2003 Arista Insurance Company also changed its name from Arista Insurance Company to Renaissance Health Insurance Company of New York ("RHICNY"). RHICNY is a for-profit corporation authorized to write accident and health and substantially similar kinds of insurance in the State of New York. Through its license, RHICNY offers dental indemnity insurance.

In March of 2006 the Company's ultimate parent company, Renaissance Health Service Corporation, reorganized its corporate structure. Several transactions among affiliates occurred at this time including the transfer of RHICNY to the Renaissance Holding Company (RHC). Delta Dental Plan of Indiana contributed its 100% ownership in RHICNY to the Renaissance Holding Company in exchange for stock of the Renaissance Holding Company. As a result of this transaction, Renaissance Holding Company became the immediate parent company of RHICNY.

A. Management

Pursuant to RHICNY's charter and by-laws, management of the Company is vested in a board of directors consisting of thirteen members. The board meets as needed throughout the year and holds an annual meeting each year. As of December 31, 2006, the directors of the Company were as follows:

Name and Residence	Principal Business Affiliation
Thomas J. Fleszar, D.D.S., M.S. Bloomfield Hills, MI	President & CEO, Delta Dental Plan of Michigan, Inc.
Lonell D. Rice Southfield, MI	Senior Vice President, Marketing & New Business Development, Delta Dental Plan of Michigan, Inc.
Laura L. Czelada, CPA East Lansing, MI	Executive Vice President, Chief Financial Officer & Chief Information Officer, Dental Plan of Michigan, Inc.
Patrick T. Cahill Milford, MI	Executive Vice President, International Development Delta Dental Plan of Michigan, Inc.
Sherry L. Crisp Haslett, MI	Senior Vice President, Operations, Delta Dental Plan of Michigan, Inc.
Nancy E. Hostetler Okemos, MI	Senior Vice President, Corporate & Public Affairs, Delta Dental Plan of Michigan, Inc.
Jed J. Jacobson, D.D.S., M.S., M.P.H. Ann Arbor, MI	Senior Vice President, Professional Services Chief Science Officer, Delta Dental Plan of Michigan, Inc.
Matthew F. Majeske New York, NY	Psychiatrist
Linda K. Kisabeth Bath, MI	Associate General Counsel, Delta Dental Plan of Michigan, Inc.

J. Thomas Perry Clarksville, TN	Senior Vice President & CFO, Delta Dental Plan of Tennessee
James R. Sherin Delmar, NY	President & CEO, Retail Council of New York State
Charles D. Floyd Williamston, MI	Executive Vice President, Actuarial, Underwriting & Sales Delta Dental Plan of Michigan, Inc.
Philip A. Wenk, D.D.S. Brentwood, TN	President & CEO, Delta Dental Plan of Tennessee

Article II, Section 2 of RHICNY's by-laws states that there shall be not less than one annual meeting of the board of directors held each year. Our review indicated that the board of directors has held meetings at least once each year. The minutes of all meetings of the board of directors were reviewed. The board of directors meetings were well attended during the exam period.

It was noted that the Company's officers and directors did not have on file conflict of interest statements for the years 2004 to present.

It is recommended that the Company ensure that conflict of interest statements for directors and officers are completed and maintained on file.

The Company's principal officers, as of December 31, 2006, were as follows:

Name	Title
Thomas J. Fleszar, D.D.S., M.S.	President and Chairman of the Board
Laura L. Czelada	Vice President and Treasurer
Lonell D. Rice	Vice President and Secretary

Stanley S. Mandell	Vice President Compliance
Madeline Toback	Assistant Vice President Operations

B. Territory and Plan of Operation

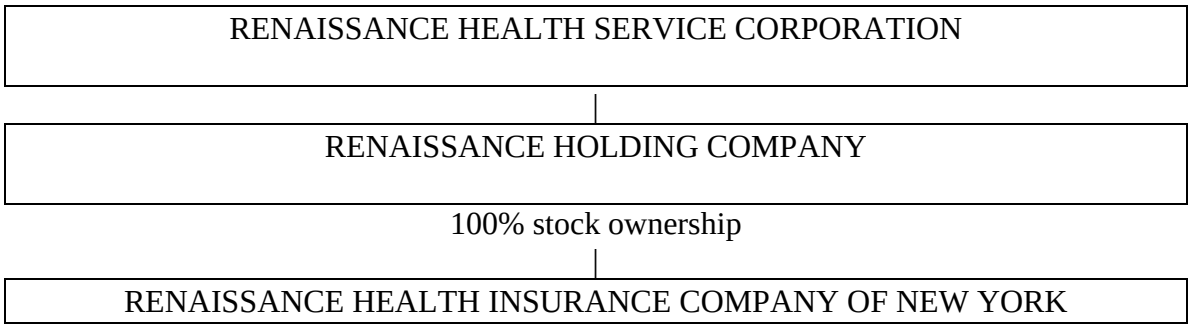
RHICNY was licensed, as of September 16, 2003, to transact accident and health insurance business as defined by Section 1113(a)(3)(i) of the New York Insurance Law. The Company writes business in New York State only. In 2006, the Company wrote total direct premiums in the amount of $2,888.

The following chart depicts RHICNY's membership at each year-end:

2003	2004	2005	2006
0	0	0	28

C. Holding Company System

The following chart depicts the Company and its relationship with its immediate and ultimate parent companies as of December 31, 2006:



It should be noted that at December 31, 2006, Renaissance Health Insurance Company of New York did not own or control directly or indirectly any subsidiaries.

Renaissance Health Service Corporation (RHSC)

Renaissance Health Service Corporation is the ultimate parent of the Company.

As noted earlier in this report, in March of 2006, Renaissance Health Service Corporation, reorganized its corporate structure. Several transactions among affiliates occurred at this time including the transfer of 100% of the common stock of RHICNY to Renaissance Holding Company (RHC), a for-profit subsidiary of RHSC.

Renaissance Holding Company (RHC)

As detailed in Section 3 of this report, on August 19, 2002, Delta Dental Plan of Indiana acquired 100% of the outstanding shares of Arista Insurance Company. On September 16, 2003 Arista Insurance Company's name was changed to Renaissance Health Insurance Company of New York (RHICNY).

In March, 2006, Delta Dental Plan of Indiana's parent corporation, Renaissance Health Service Corporation, underwent a corporate structure change. Such corporate structure change resulted in Delta Dental Plan of Indiana contributing its 100% ownership of RHICNY to the Renaissance Holding Company in exchange for 100 shares of stock of the Renaissance Holding Company. As a result of this transaction, Delta Dental Plan of Indiana obtained a 12.95% ownership of Renaissance Holding Company at the time. Also, as a result of this transaction RHC became the immediate parent company of RHICNY.

A review was conducted of the Company filings required by Article 15 of the New York Insurance Law and Part 80-1.4 of Department Regulation 52 (11 NYCRR 80-1.4). It was determined that the Company was in compliance with those requirements.

The following is a description of the inter-company agreements in effect as of the examination date:

1. Management Agreement

As of August 13, 2003, RHICNY maintained a management agreement with Delta Dental Plan of Michigan, Inc. (DDPMI) which was approved by the New York State Insurance Department. This agreement remains in effect until terminated by Delta Dental Plan of Michigan, Inc. or RHICNY. Either party may terminate the agreement by giving the other entity written notice of termination at least sixty (60) days prior to termination or, if terminated immediately, upon mutual consent. The management agreement provides for DDPMI to render services to RHICNY. These services include but are not limited to administration and related services, underwriting services, data processing and related services, claims processing and payment services, contract holder and related services, including billing and collecting of premiums, investment and related services, marketing and related services, record keeping, accounting and reporting services, reinsurance services and provider relations services.

As of August 1, 2007, RHICNY executed a management agreement with Renaissance Life & Health Insurance Company of America (RLHICA) which was approved by the New York State Insurance Department. This agreement includes some of the same provided services as the above stated DDPMI agreement but for different aspects of the company's business. This agreement remains in effect until terminated by RLHICA or RHICNY. Either party may terminate the agreement by giving the other entity written notice of termination at least sixty (60) days prior to termination or, if terminated immediately, upon mutual consent. The management agreement provides for RLHICA to render services to RHICNY. These services include but are not limited to administration and related services, underwriting services, actuarial services, data processing and related services, claims processing and payment services, contract holder and related services, including billing and collecting of premiums, agent related services, customer service and related services, eligibility maintenance, marketing and related services, record keeping, accounting and reporting services and provider relations services.

D. Significant Operating Ratios

The underwriting ratios presented below are on an earned-incurred basis and encompass the seven year period covered by this examination:

	Amounts	Ratios
Claims	$4,459	154.39 %
Claim adjustment expenses	125	4.32 %
General administrative expenses	515,405	17,846.43 %
Net underwriting gain (loss)	(517,101)	(17,905.15 %)
Premium Revenue	$2,888	100.00%

General administrative expenses included start-up costs relative to the Company's accident and health business initiated in 2006.

4. FINANCIAL STATEMENTS

A. Balance Sheet

The following shows the assets, liabilities and capital and surplus as determined by this examination as of December 31, 2006. This statement is the same as the balance sheet filed by the Company.

Assets	Assets	Non Admitted Assets	Net Admitted Assets
Bonds	$ 301,503	$ 0	$ 301,503
Stock	42,123		42,123
Cash and Short-term investments	325,400		325,400
Investment Income due and accrued	3,683		3,683
Receivable from Affiliate	22,164		22,164
Net Deferred Tax Asset	229,858	223,058	6,800
Total assets	$ 924,731	$ 223,058	$ 701,673

Liabilities, Reserves & Other Funds	
Claims Unpaid	$ 1,150
Unpaid Claim adjustment Expense	79
Premiums Received in Advance	22,164
General Expenses Due and Accrued	5,293
Aggregate Health Policy reserves	5,000
Amounts Due to Parent, Subsidiaries and Affiliates	813
Total liabilities	$ 34,499

Surplus and Other Funds	
Common Capital Stock	$ 200,000
Gross Paid In and Contributed Surplus	539,806
Unassigned Funds	(72,632)
Total Capital and Surplus	$ 667,174
Total Liabilities, Surplus and other Funds	$ 701,673

The Internal Revenue Service has not completed any of its audits of the consolidated federal income tax returns filed on behalf of the Company through tax year 2006. The examiner is unaware of any potential exposure of the Company to any further tax assessment and no liability has been established herein relative to such contingency.

B. Statement of revenue & expenses and changes in capital and surplus:

Capital and surplus decreased by $49,675 during the seven years under examination, January 1, 2000 through December 31, 2006 detailed as follows:

Revenue			
Net Premium Income			$ 2,888
Net Investment Income			75,991
Miscellaneous Income			56,546
Total Income			$ 135,425
Expenses			
Hospital/medical benefits	$ 4,459		
Total Hospital/Medical		$ 4,459	
Administrative expenses			
Claim Adjustment Expenses	125		
General Administrative Exp.	515,405		
Reserves for Accident and Health Contracts	5,000		
Total administrative expenses		520,530	
Total expenses			524,989
Net Income (Loss) before Fed. Tax			$(389,564)
Federal Tax Incurred			0
Net Income/Loss			$(389,564)

Change in capital and surplus

Capital and Surplus per report on examination as of December 31, 1999			$716,849
	Gains in Surplus	Losses in Surplus	
Net loss		$ (389,564)	
Deferred Income Tax	$229,858		
Non Admitted Assets and Related Items		(55,887)	
Paid in Surplus	286,806		
Aggregate Write Ins for gains or losses in Surplus		(120,889)	
Rounding	1		
Total gains and (losses)	$ 516,665	$ (566,340)	
Net decrease in capital and surplus			(49,675)
Total capital and surplus per this examination report as of December 31, 2006			$667,174

5. CLAIMS UNPAID

The examination liability of $1,150 is the same as the amount reported by the Company as of December 31, 2006. The examination analysis was conducted in accordance with generally accepted actuarial principles and practices and was based on statistical information contained in the Company's internal records and in its filed annual statements.

6. MARKET CONDUCT ACTIVITIES

In the course of this examination, a review was made of the manner in which the Company conducts its business practices and fulfills its contractual obligations to policyholders and claimants. The review was general in nature and is not to be construed to encompass the generally more precise scope of a market conduct investigation.

The general review was directed at practices of the Company in the following major areas:

A. Policy forms/rates
B. Claims processing
C. Utilization review

A. Policy forms/rates

1. The examiner reviewed the Company's premium rates for the group that was underwritten by RHICNY effective August 1, 2006. Such review revealed that the premium rates charged differed from the premium rates filed with and approved by this Department.

The rates for the group were discounted as noted in the table below.

	Premium Charged monthly Rate	NYSID Approved rates	% Discount
Single	$25.56	$36.09	29.18%
Family	$69	$98.93	30.26%

New York Insurance Department Regulation 62, (11 NYCRR 52.40(e)) states in part:

> ”(e)(1) A rate filing shall accompany every policy, and rider or endorsement affecting benefits submitted to the Department for approval unless schedules of rates shall be identified by reference to specific page number(s) of the manual, formulas or schedules on file.”

In accordance with the New York Insurance Department Regulation 62, (11 NYCRR 52.2(1)) group insurance is defined as follows:

> “…(l) Group insurance means insurance written under the provisions of Section 4235 or 4305 of the New York Insurance Law.”

Section 4235(f)(4)(D) of the New York Insurance Law references dental services and states the following:

> “(4) Notwithstanding any provisions of a policy of group accident, group health or group accident and health insurance, whenever such policy provides for reimbursement for:
>
> (D) any dental service which is within the lawful scope of practice of a licensed dentist, a subscriber to such policy shall be entitled to reimbursement for such service whether the said service is performed by a physician or licensed dentist and when such policy or any certificate issued there under or delivered or issued for delivery without the state by an authorized insurer so provides, covered persons residing in this state shall be entitled to reimbursement for dental services as herein provided;”

The Company’s use of a discounted community rating methodology which was not filed or approved by this Department is noted as a violation of the New York Insurance Department Regulation 62, (11 NYCRR 52.40(e)).

It is recommended that the Company comply with New York Insurance Department Regulation 62 (11 NYCRR 52.40(e)) and discontinue the unapproved discounting and deviation of its filed and approved premium rates.

2. A review of the annual statement unearned premium balance revealed that RHICNY, beginning in 2007, issued coverage to individual retirees for a premium charge. RHICNY did not file with the Insurance Department individual subscriber premium rates and policy forms for this type of program prior to its use.

The Company's use of policy forms and rates for individual accident and health insurance coverage not filed or approved by this Department is noted as a violation of Section 3231(d) of the New York Insurance Law.

> Section 3231(d) of the New York Insurance Law states in part:
>
> "Not withstanding any other provision of this chapter to the contrary, no policy form subject to this section shall be issued or delivered, nor any insurance contract entered into, unless and until the insurer has filed with the superintendent a schedule of premiums, not to exceed twelve months in duration, to be paid under the policy forms and obtained the superintendent's approval thereof. "

It is recommended that the Company comply with Section 3231(d) of the New York Insurance Law and file for approval with this Department the premium rates and policy forms used for individual insurance coverage issued to subscribers in 2007.

B. Claims processing

1. Prompt Payment Law

A review was made of the Company's compliance with Section 3224-a of the New York Insurance Law (Prompt Payment Law).

No problem areas were noted.

2. Explanation of Benefits Statements:

Explanation of Benefits Statements (EOBs) are an integral part of the link between the subscriber/contract-holder and their insurer, providing vital information as to how a claim was processed.

Section 3234(a) of the New York Insurance Law states in part:

> "Every insurer, including health maintenance organizations … is required to provide the insured or subscriber with an explanation of benefits form in response to the filing of any claim under a policy…"

Section 3234(c) of the New York Insurance Law creates an exception to the requirements for the issuance of an EOB established in Section 3232(a) of the New York Insurance Law as follows:

> "…insurers…shall not be required to provide the insured or subscriber with an explanation of benefits form in any case where the service is provided by a facility or provider participating in the insurer's program and full reimbursement for the claim, other than a co-payment that is ordinarily paid directly to the provider at the time the service is rendered, is paid by the insurer directly to the participating facility or provider."

In addition, Section 3234(b) of the New York Insurance Law sets forth minimum standards for content of an EOB as follows:

> "The explanation of benefits form must include at least the following:
> (1) the name of the provider of service the admission or financial control number, if applicable;
> (2) the date of service;
> (3) an identification of the service for which the claim is made;
> (4) the provider's charge or rate;
> (5) the amount or percentage payable under the policy or certificate after deductibles, co-payments, and any other reduction of the amount claimed;
> (6) a specific explanation of any denial, reduction, or other reason, including any other third-party payor coverage, for not providing full reimbursement for the amount claimed; and
> (7) a telephone number or address where an insured or subscriber may obtain clarification of the explanation of benefits, as well as a description of the time limit, place and manner in which an appeal of a denial of benefits must be brought under the policy or certificate **and a notification that failure to comply with such requirements may lead to forfeiture of a consumer's right to challenge a denial or rejection, even when a request for clarification has been made."**

A review of the Company's paid and denied claims for members/providers residing or located in New York during the period from January 1, 2006 to December 31, 2006 was performed. The review revealed that all EOBs issued by the Company failed to contain all the language required by Section 3234(b) of the New York Insurance Law. The Company's EOBs, in the form as presented to the examiners would not be sufficient to serve as a proper EOB. The subscribers were not informed that failure to comply with the time limits of appeal may lead to forfeiture of their right to challenge a denial or rejection even when a request for clarification has been made.

It is recommended that the Company issue EOBs that include all of the requisite information required by Sections 3234(b) of the New York Insurance Law. Accordingly, subscribers will be properly informed of their appeal rights.

3. Utilization review

Article 49 of the New York Insurance Law sets forth the minimum utilization review program requirements including standards for: registration of utilization review agents; utilization review determinations; and appeals of adverse determinations by utilization review agents. Article 49 of the New York Insurance Law also establishes the insured's right to an external appeal of a final adverse determination by a health care plan. In addition, relative to retrospective adverse determinations, an insured's health care provider shall have the right to request an external appeal.

The Company does not have in place a Utilization review program in accordance with the guidelines set forth in Section 4901(a) of the New York Insurance Law.

Section 4901(a) of the New York Insurance Law states:

> "Every utilization review agent shall biennially report to the superintendent of insurance, in a statement subscribed and affirmed as true under the penalties of perjury, the information required pursuant to subsection (b) of this section."

It is recommended that the Company submit to the Insurance Department a utilization review program as required by Section 4901(a) of the New York Insurance Law.

7. SUMMARY OF COMMENTS AND RECOMMENDATIONS

The following is a summary of the comments and recommendations included within the body of this report on examination.

ITEM		PAGE NO
A.	It is recommended that the Company ensure that conflict of interest statements for directors and officers are completed and maintained on file.	6
B.	It is recommended that the Company comply with New York Insurance Department Regulation 62 (11 NYCRR 52.40(e)) and discontinue the unapproved discounting and deviation of its filed rates with this Department.	18
C.	It is recommended that the Company comply with Section 3231(d) of the New York Insurance Law and file for approval the premium rates and policy forms used for individual insurance coverage issued to subscribers in 2007.	18
D.	It is recommended that the Company issue EOBs that include all of the requisite information required by Sections 3234(b) of the New York Insurance Law. Accordingly, subscribers will be properly informed of their appeal rights.	21
E.	It is recommended that the Company submit to the Insurance Department a utilization review program as required by Section 4901(a) of the New York State Insurance Law	21

Appointment No. ***22635***

STATE OF NEW YORK
INSURANCE DEPARTMENT

I, **Eric R. Dinallo**, Superintendent of Insurance of the State of New York, pursuant to the provisions of the Insurance Law, do hereby appoint:

Jeffrey Usher

as a proper person to examine into the affairs of the

Renaissance Health Insurance Company of New York

and to make a report to me in writing of the said

Company

with such information as he shall deem requisite.

In Witness Whereof, I have hereunto subscribed by the name and affixed the official Seal of this Department, at the City of New York.

this 1st day of May 2007

Eric R. Dinallo
Superintendent of Insurance