

**NYC | Health + Hospitals  
HHC Insurance Company, Inc.  
HHC Physicians Purchasing Group, Inc.**

**ANNUAL MEETING OF THE DIRECTORS**

**November 7, 2019  
12:00 p.m. Eastern Standard Time  
125 Worth Street, Room 532  
New York, NY**



# HHC Insurance Company, Inc.

## Agenda for the Annual Meeting of the Directors

November 7, 2019

125 Worth Street, Room 532

New York, NY

Conference Call in Number: 210-795-0493 Access Code 592 700 398

<b>Current Directors</b>	Mitchell Katz, M.D. Andrea Cohen John Ulberg, Jr. Machelle Allen, M.D. Vincent Calamia, M.D.	<b>Proposed Directors</b>	Mitchell Katz, M.D. Andrea Cohen John Ulberg, Jr. Machelle Allen, M.D. Vincent Calamia, M.D.
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**TAB**

The following agenda items will be discussed and appropriate action will be taken:

- Appointment of chairperson and declaration of quorum
- Approval of prior year meeting minutes and any other actions since that date 1
- Election of Officers for the ensuing year
- Acceptance of Executive Director and Director of Claims
- Issue primary coverage to the members of HHC Physicians Purchasing Group, Inc.
- Appointment of the independent auditor and loss reserve specialist for the year ending December 31, 2019
- Review and approval of Intercompany Loan to Parent 2
- Approval of Audited December 31, 2018 Financial Statements 3
- Informational items
  - Insurance applications and coverage provided
  - Medical Malpractice Insurance Pool Update 4
  - Review of September 30, 2019 Financial Statements 5
  - Review of Underwriting Results 6
  - Business Plan Update 7
  - Regulatory Compliance Checklist 8
  - Other Business



**HHC Insurance Company (HHCIC)**

*A subsidiary of NYC Health + Hospitals*

125 Worth Street • Room 527 • New York, NY 10013

212-788-3300 • Fax: 212-267-6905

November 2019

NOTICE IS HEREBY GIVEN THAT THE HHC INSURANCE COMPANY, INC. AND THE HHC PHYSICIANS PURCHASING GROUP, INC. WILL HOLD THEIR ANNUAL MEETINGS ON **THURSDAY, NOVEMBER 07, 2019** AT 125 WORTH STREET - ROOM 532.

THE MEETING OF HHC INSURANCE COMPANY WILL START AT 12:00 PM. THE MEETING OF THE PURCHASING GROUP WILL IMMEDIATELY FOLLOW.

THANK YOU.

RESOLUTION:

Authorizing the Board of Directors of the HHC Insurance Company, Inc. to appoint the officers, confirm the re-appointment of the Board of Directors and to appoint the chairman of the Board of Directors of the HHC Insurance Company, Inc., approve the minutes of its meetings of November 8, 2018, issue primary coverage to the members of the HHC Physicians Purchasing Group, Inc., appoint the company's auditor, appoint the company's actuary, lend funds to the parent company and approve the 2018 audited financial statements.

WHEREAS, the Board of Directors of the NYC Health + Hospitals ("health care system") has authorized the President of the health care system to seek the incorporation of the HHC Insurance Company, Inc. as a wholly-owned subsidiary corporation by the New York Secretary of State and to seek the licensure of the HHC Insurance Company, Inc. as a captive insurance company in the State of New York; and

WHEREAS, the Board of Directors of the health care system has authorized the President of the health care system to commence operations of the HHC Insurance Company, Inc. after incorporation and licensure as a captive insurance company by the State of New York; and

WHEREAS, the Board of Directors of the health care system has reserved the right to approve the Bylaws of the HHC Insurance Company, Inc. and to appoint the directors of the HHC Insurance Company, Inc.; and

WHEREAS, the Board of Directors of the health care system has approved the Bylaws of the HHC Insurance Company, Inc. and appointed the directors of the HHC Insurance Company, Inc.; and

WHEREAS, the HHC Insurance Company, Inc. has been incorporated as a wholly-owned subsidiary corporation of the health care system by the Secretary of State of the State of New York; and

WHEREAS, the HHC Insurance Company, Inc. has been licensed by the New York State Department of Insurance upon the request of the officers of the HHC Insurance Company, Inc.

NOW, THEREFORE, Be It

RESOLVED, that the current Board has been re-appointed and that Mitchell H. Katz, M.D. shall serve as the Chairman of the Board of Directors of the Company;

AND FURTHER RESOLVED, that the minutes of the November 8, 2018 meeting of the HHC Insurance Company, Inc. are hereby approved;

AND FURTHER RESOLVED, that the following shall serve as officers of the HHC Insurance Company, Inc.:

Vincent Calamia, M.D.	President
Machelle Allen, M.D.	Vice-President
Andrea G. Cohen	Secretary
John Ulberg, Jr.	Treasurer

AND FURTHER RESOLVED, that David Cheung shall serve as Executive Director of the Company;

AND FURTHER RESOLVED, that Mary Boland shall serve as Director of Claims for the Company;

AND FURTHER RESOLVED, that the Company may issue primary coverage to the members of the HHC Physicians Purchasing Group, Inc. in the amounts of \$1.3 million per occurrence / \$3.9 million in the aggregate effective January 1, 2006 through December 31, 2020;

AND FURTHER RESOLVED, that Jo Ellen Cockley of Aon Global Risk Consulting shall be appointed actuary of the Company;

AND FURTHER RESOLVED, that Dana Wilson of Grant Thornton LLP shall be appointed auditor of the Company;

AND FURTHER RESOLVED, that premium in the amount of up to \$3.0 million deposited to the benefit of the Company by the health care system and held in reserve for the payment of claims with the exception of any amounts required for payment of any outstanding claims against the Company;

AND FURTHER RESOLVED, that the audited financial statements as of December 31, 2018 are accepted.

**Other Business/Information Items:**

1) New applications for coverage have been received from 10 Obstetrician/Gynecologists and Neurosurgeons. As of 9/30/19, there are 299 active physicians in the program. Primary policies for the current policy year have been issued by the Company. Applications for excess coverage through MMIP were filed for 248 Health + Hospitals physicians, beginning July 1, 2019. Of the 248 excess applications filed, 234 doctors have been deemed eligible to receive excess coverage through the Pool. It was determined during the application process that 48 physicians already were covered by the Plan for excess coverage through other hospitals/carriers. There are 14 doctors that are awaiting excess coverage through the Pool because final numbers have not been determined.

- 2) The Company was required to sign up as a Plan or Pool participant of the Medical Malpractice Insurance Pool in 2007. The Company, like all other New York Insurance Companies providing Medical Malpractice coverage, opted to be a Pool participant. The September 30, 2019 cession statement from the Pool indicates that the Company has a net equity in the Pool of \$1,376,773. Tab 4 further details the Company's Pool participation.
- 3) Review the September 30, 2019 interim financial statements. Refer to Tab 5.
- 4) Sedgwick Caronia has reported 95 open files and 505 closed files for the underwriting years 2005 through 2019. Of the closed files, 39 were closed with payment and 466 files were closed without payment. Refer to Tab 6 for further details by individual underwriting year.
- 5) Refer to Tab 7 for a summary of requests either approved or pending approval from the New York Department of Insurance.
- 6) All Regulatory matters are current. Refer to Tab 8 for details.
- 7) Additional new business matters will be discussed at the discretion of the Board.

## MINUTES OF ANNUAL MEETING OF HHC INSURANCE COMPANY, INC.

A meeting of the Board of Directors of the HHC Insurance company, (hereinafter, the "HHCIC") was held in the Board Room – Room 532 located at 125 Worth Street, New York, New York 10013 on the 8th day of November 2018 at 1:00 PM EST, pursuant to a notice which was sent to all the Directors of the Company and which was provided to the public by the Corporate Secretary if the NYC Health + Hospitals. The following Directors were present in person, constituting a quorum:

Machelle Allen, M.D.	Andrea Cohen, Esq.
Bernard Rosen	John Ulberg, Jr.

Dr. Mitchell Katz attended the meeting via telephone conference. Also present were Jozef Dubroja (Health + Hospitals Director of Fiscal Affairs), James Linhart (Health + Hospitals Deputy Corporate Comptroller), Executive Manager David Cheung, Managing Director Mary B. Boland and Nancy Gray of Aon Insurance Managers (AIM).

At the request of Dr. Katz, Ms. Cohen chaired the meeting and Ms. Boland kept the minutes.

The following resolutions were presented to the Board and approved unanimously:

- (1) The minutes of the November 21, 2017 Annual Meeting of the Board;
- (2) The confirmation/acknowledgment of the appointments of Dr. Mitchell Katz, Andrea Cohen, Esq. and John Ulberg, Jr. as members of the Board of Directors and the re-appointment of the Dr. Allen and Mr. Rosen.
- (2) The Election of the following Officers for the HHC Insurance Company, Inc.:

Mitchell Katz, M.D.	President
Machelle Allen, M.D.	Vice-President
Andrea Cohen, Esq.	Secretary
John Ulberg, Jr.	Treasurer

- (3) The appointment of Dr. Mitchell Katz as Chairman of the Board.

At the request of Ms. Cohen, there was a brief presentation by Ms. Boland on the formation and history of the captive insurance company and the physicians purchasing group. There was a discussion on the type of policy (primary, claims made) and how it is issued. The excess insurance pool was explained, including the extent of the excess policy coverage (claims made). The regulatory requirements of the Department of Financial Services for captive insurance companies were briefly reviewed.

Ms. Cohen introduced seven action items/resolutions into the record. Then on motion by Ms. Cohen and seconded as noted below, the Board unanimously approved the following resolutions:

- A) David C. Cheung was re-appointed to as the Executive Director of the Company. The motion was seconded by Mr. Ulberg;
- B) Mary B. Boland was re-appointed Managing Director of the Company. The motion was seconded by Mr. Rosen;
- C) The issuance of primary insurance policies to members of the HHC Physicians Purchasing Group. There was a brief among the directors as to the policies and their issuance since the inception of the captive. A discussion was held about the Medical Malpractice Insurance Pool (MMIP) including how the excess pool is funded and the excess policies issued to the practitioners. The motion was seconded by Dr. Allen.
- D) The appointment of Dana Wilson of Grant Thornton as the company auditor. Grant Thornton has been appointed as the new auditors for the System and the subsidiaries. James Linhart briefly discussed the

appointment of Grant Thornton as the replacement for KPMG, the auditors for the captive since its inception. KPMG audited the 2018 interim financials. The motion was seconded by Mr. Ulberg.

- E) The re-appointment of Jo Ellen Cockley of Aon Risk Consultants as the Actuary of the Company. At the request of Ms. Cohen, Ms. Gray described the role of the actuary in the auditing process. The motion was seconded by Mr. Rosen.
- F) The loan back of premium in an amount up to \$3.0 million to the parent corporation, the NYC Health + Hospitals (the System), was approved. At the request of Ms. Cohen, there was a brief presentation by Ms. Boland about the loan back process approved by the DFS (Department of Financial Services). There was a discussion about the Letter of Credit maintained by the captive and the process by which captive claim are paid. The motion was seconded by Mr. Rosen.
- G) The Audited Financial Statements as of December 31, 2017 were approved. The motion was seconded by Mr. Ulberg.


**INFORMATION ITEMS:**

Nancy Gray presented the following five (5) information items:

- (1) New applications for coverage have been received from 18 Obstetricians/Gynecologists and Neurosurgeons. As of 9/30/2018, there are 303 active physicians in the program. Primary policies have been issued for the current policy year. Applications for excess coverage through MMIP beginning July 1, 2018 were filed for 286 H+H physicians through the Purchasing Group with 273 physicians deemed eligible to receive excess coverage. It was determined during the application process that 37 physicians already had excess coverage under the Plan through other hospitals. Thirteen physicians have been wait-listed for excess coverage. Once the final number of physicians in the pool has been determined, these additional excess policies will be issued and will be retroactive to the application date.
- (2) In 2007, the Company was required to sign up as a Plan or Pool participant of the Medical Malpractice Insurance Pool. The Company opted to be a Pool participant. The September 30, 2018 session statement from the Pool indicates that the Company has a net equity in the Pool of \$1,027,242.
- (3) The September 30, 2018 interim financial statements were reviewed. The premium receivable by the Company from the System (parent) is \$3.0 million for the 2018 underwriting year. By agreement, the premium is loaned back to the System by the Company with the approval of the Board of Directors. There was a discussion about the loan back amount of \$3.0 million for the 2018 year. When added to the prior amounts loan back over the earlier underwriting year, the current total amount loaned back to the System is \$90,125,173.00. Ms. Gray advised that the DFS will allow the captive to loan back up to \$103 million total. The DFS has capped the amount in order to keep the intercompany loan within a reasonable range.
- (4) Sedgwick CMS has reported 101 open files and 464 closed files for the underwriting years 2005-2018. Of the closed files, 36 were closed with payment and 428 files were closed without payment. There are 101 open files as of 9/30/18.
- (5) All Regulatory matters are current. The next examination of the company by the DFS will take place in 2020.

**ADJOURNMENT:**

There being no further business before the Board, the meeting was adjourned at 1:42 PM EST.

  
Mary B. Boland (for Andrea Cohen)

Date: November 23, 2018



# HHC Insurance Company

## Intercompany Loan

November 7, 2019

December 31, 2018 Balance	\$ 88,925,173
Proposed Increase – Premium Receivable	<u>\$ 3,000,000 *</u>
Proposed December 31, 2019 Balance	\$ 91,125,173 **

\* NYCHHC would pay HHCIC premium receivable due from NYCHHC of up to \$3,000,000 related to the 2019 underwriting year. In turn, HHCIC would loan back this amount given approval by the Board of Directors.

\*\* State of New York Insurance Department has approved a loan back to NYCHHC of up to \$103,000,000 but denied a request for further increase during 2017.



Statutory Financial Statements and  
Report of Independent Certified Public Accountants

**HHC INSURANCE COMPANY, INC.**  
(A Blended Component Unit of New York  
City Health and Hospitals Corporation)

December 31, 2018 and 2017

**HHC INSURANCE COMPANY, INC.**  
**(A Blended Component Unit of New York**  
**City Health and Hospitals Corporation)**

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## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

### Board of Directors and Shareholders of **HHC Insurance Company, Inc.**

We have audited the accompanying statutory financial statements of HHC Insurance Company, Inc. (the “Company”), which comprise the statement of admitted assets, liabilities, and surplus (statutory basis) as of December 31, 2018, and the related statements of operations, (statutory basis), changes in surplus (statutory basis), and cash flow (statutory basis) for the year then ended, and the related notes to the financial statements.

#### Management’s responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting practices prescribed or permitted by the New York State Department of Financial Services. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor’s responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Basis for adverse opinion on generally accepted accounting principles**

As described in Note 2 of the statutory financial statements, the statutory financial statements are prepared by HHC Insurance Company, Inc. on the basis of the accounting practices prescribed or permitted by the New York State Department of Financial Services, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the New York State Department of Financial Services.

The effects on the statutory financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

**Adverse opinion on generally accepted accounting principles**

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on Generally Accepted Accounting Principles paragraph, the statutory financial statements referred to above do not present fairly the financial position of HHC Insurance Company, Inc. as of December 31, 2018, or the results of its operations or its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Opinion on statutory basis of accounting**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of HHC Insurance Company, Inc. as of December 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with the accounting practices prescribed or permitted by the New York State Department of Financial Services described in Note 2.

**Other matter**

The financial statements of HHC Insurance Company, Inc., as of and for the year ended December 31, 2017, were audited by other auditors. Those auditors expressed an adverse opinion on U.S. generally accepted accounting principles on the 2017 financial statements and an unmodified opinion on statutory accounting in their report dated June 6, 2018.



Hartford, Connecticut  
June 27, 2019

**HHC INSURANCE COMPANY, INC.**  
**(A Blended Component Unit of New York**  
**City Health and Hospitals Corporation)**  
**Statutory Statements of Admitted Assets, Liabilities, and Surplus**  
**As of December 31, 2018 and 2017**

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	<u>2018</u>	<u>2017</u>
<b>ADMITTED ASSETS</b>		
Intercompany loan	\$ 88,925,173	\$ 87,125,173
Due from MMIP	3,105,611	3,075,472
Accounts receivable	<u>16,400</u>	<u>10,743</u>
Total admitted assets	<u>\$ 92,047,184</u>	<u>\$ 90,211,388</u>
<b>LIABILITIES AND SURPLUS</b>		
Outstanding losses and loss adjustment expenses	\$ 10,231,845	\$ 9,538,136
Premium deficiency reserve	3,763	15,696
Claims payable	775,430	-
Unearned premium	47,396	74,901
Due to parent	394,486	54,380
Accounts payable and accrued expense	<u>69,803</u>	<u>54,886</u>
Total liabilities	11,522,723	9,737,999
Unassigned surplus	<u>80,524,461</u>	<u>80,473,389</u>
Total liabilities and surplus	<u>\$ 92,047,184</u>	<u>\$ 90,211,388</u>

*The accompanying notes are an integral part of these statutory financial statements.*

**HHC INSURANCE COMPANY, INC.**  
**(A Blended Component Unit of New York**  
**City Health and Hospitals Corporation)**  
**Statutory Statements of Operations and Changes in Surplus**  
**For the years ended December 31, 2018 and 2017**

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	<u>2018</u>	<u>2017</u>
UNDERWRITING INCOME		
Net premiums earned	\$ 1,930,943	\$ 1,975,954
Net investment income	<u>64,687</u>	<u>83,663</u>
Total underwriting income	1,995,630	2,059,617
UNDERWRITING EXPENSES		
Losses and loss adjustment expenses incurred	1,736,763	(1,706,456)
Change in premium deficiency reserve	<u>(11,933)</u>	<u>(3,544)</u>
Net underwriting income	270,800	3,769,617
Administrative expenses	<u>(219,728)</u>	<u>(232,546)</u>
Net income	51,072	3,537,071
Unassigned surplus at beginning of year	<u>80,473,389</u>	<u>76,936,318</u>
Unassigned surplus at end of year	<u>\$ 80,524,461</u>	<u>\$ 80,473,389</u>

*The accompanying notes are an integral part of these statutory financial statements.*

**HHC INSURANCE COMPANY, INC.**  
**(A Blended Component Unit of New York**  
**City Health and Hospitals Corporation)**  
**Statutory Statements of Cash Flows**  
**For the years ended December 31, 2018 and 2017**

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	<u>2018</u>	<u>2017</u>
<b>CASH FLOWS FROM OPERATIONS</b>		
Amounts received from New York Health and Hospitals Corporation for payment of losses	\$ 139,258	\$ 505,000
Losses paid	<u>(139,258)</u>	<u>(505,000)</u>
Net cash from operations	<u>-</u>	<u>-</u>
Net change in cash	-	-
Cash at beginning of year	<u>-</u>	<u>-</u>
Cash at end of year	<u>\$ -</u>	<u>\$ -</u>
<b>Noncash operating activities:</b>		
Premiums collected	\$ 1,800,000	\$ 1,800,000
Administrative expenses paid	(200,848)	(212,642)
Payments by Parent on behalf of Company	200,848	212,642
<b>Noncash investing activities:</b>		
(Increase) decrease in loans to Parent	\$ (1,800,000)	\$ 14,074,827

*The accompanying notes are an integral part of these statutory financial statements.*



**HHC INSURANCE COMPANY, INC.**  
**(A Blended Component Unit of New York**  
**City Health and Hospitals Corporation)**  
**Notes to Statutory Financial Statements**  
**December 31, 2018 and 2017**

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**1. GENERAL**

HHC Insurance Company, Inc. (the “Company”) is a blended component unit of the New York City Health and Hospitals Corporation (“NYC H+HH” or “Parent”). The Company is a pure captive insurance company incorporated as a mutual insurer; NYC H+H is the sole member. The Company obtained its operating license from the New York State Department of Financial Services (“NYSDFS”) on December 15, 2004, and commenced operations on January 1, 2005. The Company is organized as a public benefit corporation. The Company underwrites medical malpractice insurance on behalf of NYC H+H’s attending physicians practicing in the areas of Neurosurgery, Obstetrics, and Gynecology. The Company provides NYC H+H and its insured attending physicians with indemnity insurance coverage on a claims-made basis for the first \$1.3 million per incident and \$3.9 million in the aggregate on each claim. With the existence of this insurance coverage, the insured is able to access \$1.0 million per incident and \$3.0 million in the aggregate of excess insurance coverage provided by the New York State Excess Liability Pool (“State Pool”) for each claim greater than \$1.3 million per incident and \$3.9 million in the aggregate. NYC H+H provides the insured with indemnification for each claim greater than \$2.3 million per incident or \$6.9 million in the aggregate. The Company, as a blended component unit of NYC H+H, is included in the financial statements of NYC H+H.

The Company participates in the Medical Malpractice Insurance Pool of New York (the “MMIP”). The MMIP operates as a medical malpractice insurance pool (the “pool”), which was created by all authorized insurers writing medical malpractice insurance in New York as an alternative to receiving direct assignments of eligible health care providers through the MMIP. In the pool, each participating insurer is liable for each risk in an amount equal to the premiums it writes in the medical malpractice insurance market. The members of the MMIP are all the licensed medical malpractice carriers in New York State. The Company recognizes its allocable share of the activities of the MMIP 0.21% and 0.33% for the MMIP’s 2018 and 2017 underwriting years, respectively.

**2. SIGNIFICANT ACCOUNTING POLICIES**

The accompanying statutory financial statements of the Company have been prepared in conformity with accounting principles prescribed and permitted by NYSDFS. Such practices vary from U.S. generally accepted accounting principles (“GAAP”). The effects of these variances on the accompanying statutory financial statements have not been determined, but are presumed to be material to the presentation of these financial statements.

NYSDFS recognizes statutory accounting principles (“SAP”) prescribed or permitted by the State of New York for determining and reporting the financial condition and results of operations of an insurance company. The National Association of Insurance Commissioners’ (“NAIC”) Accounting Practices and Procedures Manual (“NAIC SAP”) has been adopted as a component of prescribed or permitted practices by the State of New York. There are no differences between SAP and NAIC SAP that impact the Company.

**HHC INSURANCE COMPANY, INC.**  
**(A Blended Component Unit of New York**  
**City Health and Hospitals Corporation)**  
**Notes to Statutory Financial Statements**  
**December 31, 2018 and 2017**

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Significant differences between SAP and GAAP as they apply to the Company are as follows.

- Under GAAP, successful policy acquisition costs are deferred and amortized as the related premiums are earned. For statutory purposes, policy acquisition costs are expensed as incurred.
- Certain assets such as prepaid expenses and past due receivables are nonadmitted for statutory purposes while they qualify as assets under GAAP.
- The statement of cash flow differs in certain respects from the presentation required by GAAP as the reconciliation of net income to net cash provided by operations is not presented.
- Under GAAP, the loan to NYC H+H (the Parent) would be reported as an offset to equity to the extent it was used to capitalize the Company. The intercompany loan is reflected as a receivable for statutory reporting.

**Use of Estimates**

The preparation of statutory financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Intercompany Loan**

The Company writes premiums with NYC H+H related to indemnity insurance coverage. The premiums are loaned back to NYC H+H with the consent of NYSDFS. The Company received approval from NYSDFS on October 14, 2016 to increase the loan to NYC H+H up to \$103.0 million. NYC H+H is required to pay the funds back within twenty-four hours of demand request from the Company.

Subsequent to this approval, the Company initiated a formal written non-interest-bearing promissory demand note with NYC H+H in the amount of \$101.2 million effective December 31, 2016, thereby converting the balance due from New York City Health and Hospitals Corporation to a loan.

During the fourth quarter of 2017, \$15.9 million of the due to parent balance was settled against the intercompany loan.

The Company initiated formal written non-interest-bearing promissory demand notes with NYC H+H in the amounts of \$88.9 million and \$87.1 million effective December 31, 2018 and 2017, respectively, thereby reducing the balance due from NYC H+H.

**Due from MMIP**

Effective July 1, 2007, the Company began participation in the MMIP. Members of the MMIP participate in its writings, expenses, servicing allowance, management fees, and losses in the proportion that the net direct medical malpractice premiums of each such member written during the preceding calendar year bears to the aggregate net direct medical malpractice premiums written in New York State by all members.

**HHC INSURANCE COMPANY, INC.**  
**(A Blended Component Unit of New York**  
**City Health and Hospitals Corporation)**  
**Notes to Statutory Financial Statements**  
**December 31, 2018 and 2017**

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The MMIP has entered into a management agreement with a servicing company. The servicing company is responsible for, among other things, collecting premiums on behalf of the members and paying claims under the policies. All such premiums are deposited in an account in the name of the MMIP (the “Working Fund Account”). The servicing company pays all claims out of the amount on deposit in the Working Fund Account. Losses or expenses that exceed the balance in the Working Fund Account are required to be paid by the members in accordance with their participation percentages. Since the Company’s effective participation date, there have been no losses or expenses that exceeded the Working Fund Account; accordingly, the Company has not made any payments to the MMIP. Refer to Note 3 for further detail about the MMIP activity.

**Due from (to) Parent**

All receipts (payments) of the Company are made by the Parent and charged back to the Company through the Due from (to) Parent account. Refer to Note 4.

**Outstanding Losses and Loss Adjustment Expenses**

Outstanding reserves for losses and loss adjustment expenses are estimates of the ultimate cost of reported claims incurred and unpaid. Case reserves are recorded when reported by NYC H+H and claims handlers to the Company. A claim is considered made when the physician requests representation in a lawsuit. Outstanding reserves for losses and loss adjustment expenses are based on expected trends in claim severity, frequency and other factors, which may vary significantly as claims are settled. Accordingly, the Company has engaged an independent actuary to estimate the liability reported.

The unpaid liabilities include case reserves and estimated development on known claims, which is also referred to as incurred but not enough reported (“IBNER”) reserve. The IBNER reserve is calculated as the difference between the estimated ultimate value of the subject claims and the aggregate value at which the subject claims are currently reserved. Since coverage is provided on a claims-made basis, there is no need to estimate the ultimate value of claims that have been incurred but not reported (true IBNR) as of the valuation date.

Outstanding reserves for losses and loss adjustment expenses are continually reviewed and modified to reflect current conditions. The actual incurred losses and loss adjustment expenses may vary significantly from the estimated amounts included in the accompanying financial statements. Although it is not possible to measure the degree of variability inherent in such estimates, management believes the outstanding reserves for losses and loss adjustment expenses are adequate. Necessary adjustments are reflected in operations in the period in which estimates are revised.

**HHC INSURANCE COMPANY, INC.**  
**(A Blended Component Unit of New York**  
**City Health and Hospitals Corporation)**  
**Notes to Statutory Financial Statements**  
**December 31, 2018 and 2017**

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**Premium Deficiency**

The Company recognizes premium deficiencies when there is a probable loss on an insurance contract. Premium deficiencies are recognized if the sum of expected losses and loss adjustment expenses, expected dividends to the stockholder, and maintenance costs exceed unearned premiums and anticipated investment income. Premium deficiencies of \$3,763 and \$15,696 were recognized in 2018 and 2017, respectively, as a result of the MMIP activity.

**Premiums**

Premiums written are accrued for and earned on a daily pro rata basis over the terms of the policies to which they relate. Unearned premium as of December 31, 2018 and 2017 amounted to \$47,396 and \$74,901, respectively. All unearned premium at December 31, 2018 and 2017 is related to the MMIP business.

**Taxes**

The Company is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. As a New York domiciled captive insurance company, the Company pays premium tax instead of State income tax. Accordingly, no provision for federal and State income taxes has been made in the accompanying financial statements. Premium taxes are accrued and paid quarterly. Refer to Note 2, Administrative Expenses for further details on premium taxes.

The Company believes it has adequately provided for all tax positions.

**Administrative Expenses**

The Company incurs premium taxes as a result of writing insurance in the State of New York. These costs are expensed as incurred. The Company incurred premium taxes of \$7,433 in 2018 and \$7,528 in 2017. The Company incurred New York Section 206 assessment fees of \$5,715 in 2018 and \$21,001 in 2017. The Company also incurred underwriting expenses as a result of participating in the MMIP of \$9,620 in 2018 and \$14,335 in 2017. Other administrative expenses include letter of credit fees, audit, actuarial, captive management and consulting service fees of \$196,960 in 2018 and \$189,682 in 2017. Total administrative expenses incurred totaled \$219,728 in 2018 and \$232,546 in 2017.

**HHC INSURANCE COMPANY, INC.**  
**(A Blended Component Unit of New York**  
**City Health and Hospitals Corporation)**  
**Notes to Statutory Financial Statements**  
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**3. MMIP ACTIVITY**

The Company recognized its proportionate share of the MMIP's activities in the accompanying financial statements as follows:

	<u>2018</u>	<u>2017</u>
Admitted assets:		
Due from MMIP	\$ 3,105,611	\$ 3,075,472
Total admitted assets	<u>\$ 3,105,611</u>	<u>\$ 3,075,472</u>
Liabilities:		
Reserve for losses and loss adjustment expenses	\$ 1,982,505	\$ 2,349,108
Premium deficiency reserve	3,763	15,696
Unearned premiums reserves	<u>47,396</u>	<u>74,901</u>
Total liabilities	2,033,664	2,439,705
Accumulated surplus	<u>1,071,947</u>	<u>635,767</u>
Total liabilities and accumulated deficit	<u>\$ 3,105,611</u>	<u>\$ 3,075,472</u>
	<u>2018</u>	<u>2017</u>
Premiums written	\$ 103,438	\$ 145,494
Change in unearned premium reserves	<u>27,505</u>	<u>30,460</u>
Total underwriting income	130,943	175,954
Underwriting expenses	<u>(240,550)</u>	<u>(35,665)</u>
Net underwriting income	371,493	211,619
Net investment income	<u>64,687</u>	<u>83,663</u>
Net income	<u>\$ 436,180</u>	<u>\$ 295,282</u>

**HHC INSURANCE COMPANY, INC.**  
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**4. DUE TO PARENT ACTIVITY**

The following table summarizes payments made by the Parent on behalf of the Company for the years ended December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
<b>Balance as of January 1</b>	\$ (54,380)	\$ (15,211,565)
Administrative expenses paid	(200,848)	(212,642)
Losses paid	(139,258)	(505,000)
Settlement against intercompany loan	<u>-</u>	<u>15,874,827</u>
<b>Balance as of December 31</b>	<u>\$ (394,486)</u>	<u>\$ (54,380)</u>

**5. OUTSTANDING LOSSES AND LOSS ADJUSTMENT EXPENSES**

The summary of changes in outstanding losses and loss adjustment expenses for 2018 and 2017 are as follows:

	<u>2018</u>	<u>2017</u>
<b>Balance as at January 1</b>	\$ 9,538,136	\$ 11,470,802
Incurring losses related to		
Current year	1,850,042	1,889,963
Prior year	<u>(113,279)</u>	<u>(3,596,419)</u>
Total incurred	<u>1,736,763</u>	<u>(1,706,456)</u>
Paid losses related to		
Current year	(98)	(268)
Prior year	<u>(1,042,956)</u>	<u>(225,942)</u>
Total paid	<u>(1,043,054)</u>	<u>(226,210)</u>
<b>Balance as at December 31</b>	<u>\$ 10,231,845</u>	<u>\$ 9,538,136</u>

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The gross provision for insured events of prior years' decreased by \$113,279 and \$3,596,419 in 2018 and 2017 respectively, due to favorable loss development. The favorable development for 2018 primarily relates to the business assumed from the MMIP. The favorable development for 2017 was primarily the result of a significant number of claims closing without any liability to the physicians insured by the Company. In these cases, it was determined that all of the liability resided with the hospitals.

**6. SERVICE AGREEMENTS**

The Company has a management agreement with Aon Insurance Managers (USA) Inc. (the "Manager"). The Manager performs, under the direction and control of the Company, certain management, accounting, and administrative services on behalf of the Company. The management fee is subject to annual negotiation. Management fee expense amounts of \$54,065 and \$55,282 are included in administrative expenses in the accompanying statutory statement of operations and changes in surplus for the years ended December 31, 2018 and 2017, respectively.

**7. RESTRICTED CASH AND MINIMUM SURPLUS REQUIREMENTS**

As a pure captive insurance company incorporated as a mutual insurer in the State of New York, the Company is subject to a minimum requirement of \$250,000 in statutory surplus in the form of cash or a letter of credit. At December 31, 2018 and 2017, the Company was in compliance with this minimum surplus requirement with a \$250,000 letter of credit.

The payment of dividends by the Company to NYC H+H must be approved by NYSDFS and the Company's Board of Directors. As of December 31, 2018 and 2017, no dividends had been declared or paid.

**8. COMMITMENTS AND CONTINGENCIES**

The Company has a letter of credit of \$250,000 for the benefit of NYSDFS. The letter of credit is automatically renewable annually and has an expiration date of May 22, 2019. The letter of credit was renewed on May 22, 2019 and now expires on May 22, 2020.

Management is not aware of any potential matters, including litigation and investigations arising in the ordinary course of business that may have an adverse effect on the Company's financial position, results of operations, or cash flows.

**HHC INSURANCE COMPANY, INC.**  
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**9. RECONCILIATION TO NEW YORK CAPTIVE ANNUAL REPORT**

The tables below reconcile total assets, total liabilities, total unsigned surplus as presented in the Company's annual report at December 31, 2018 and 2017 as filed with NYSDFS, to the amounts shown in the accompanying financial statements:

	<b>2018</b>		
	<b>Total</b>		
	<b>Total Assets</b>	<b>Liabilities</b>	<b>Total Surplus</b>
Amounts per annual report	\$ 92,297,184	\$ 11,522,723	\$ 80,774,461
Adjustment for letter of credit	<u>(250,000)</u>	<u>-</u>	<u>(250,000)</u>
Per audited financial statements	<u>\$ 92,047,184</u>	<u>\$ 11,522,723</u>	<u>\$ 80,524,461</u>
	<b>2017</b>		
	<b>Total</b>		
	<b>Total Assets</b>	<b>Liabilities</b>	<b>Total Surplus</b>
Amounts per annual report	\$ 90,461,388	\$ 9,737,999	\$ 80,723,389
Adjustment for letter of credit	<u>(250,000)</u>	<u>-</u>	<u>(250,000)</u>
Per audited financial statements	<u>\$ 90,211,388</u>	<u>\$ 9,737,999</u>	<u>\$ 80,473,389</u>

There were no differences between net income reported in the audited financial statements and the annual report at December 31, 2018 and 2017 as filed with NYSDFS.

**10. SUBSEQUENT EVENTS**

The Company considers events or transactions that occur after the balance sheet date, but before the financial statements are issued, to provide additional evidence relative to certain estimates or to identify matters that require additional disclosure. These financial statements were issued on June 27, 2019 and subsequent events have been evaluated through that date. There were no subsequent events requiring disclosure in the financial statements.



Medical Malpractice Insurance Pool of New York State  
 Summary of Participation Factors & Members' Surplus  
 As of September 30, 2019

NAIC Code	Member Companies	Participation Factors by Policy Year																			
		2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
34231	MLMIC Insurance Company	53.34%	55.24%	56.04%	60.42%	57.12%	55.20%	57.18%	53.08%	51.23%	47.88%	45.07%	45.41%	42.17%	42.45%	40.95%	39.05%	38.07%	37.96%	45.61%	40.95%
30317	Hospitals Insurance Company, Inc.	10.30%	12.52%	11.55%	8.72%	10.75%	5.20%	5.08%	6.18%	9.40%	10.88%	12.10%	12.94%	16.75%	16.81%	17.89%	17.99%	19.90%	18.61%	19.81%	24.36%
41467	Physicians Reciprocal Insurers	15.57%	18.48%	22.55%	21.87%	22.06%	30.37%	26.78%	27.56%	28.99%	29.49%	30.26%	28.89%	28.68%	27.99%	28.44%	29.85%	27.02%	28.18%	20.43%	18.76%
42544	Academic Health Professionals Ins. Assoc.	1.89%	2.00%	2.01%	1.93%	1.98%	1.88%	2.08%	2.52%	3.35%	3.25%	4.05%	4.45%	4.93%	5.35%	5.81%	7.39%	7.14%	6.41%	8.42%	
34495	The Doctors Company an Interinsurance Exchange	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.05%	0.03%	1.11%	2.02%
35157	Fair American Insurance and Reinsurance Co.	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.62%	0.60%	0.66%	0.93%	1.09%	1.25%
14460	Podiatry Insurance Company of America	0.00%	0.00%	0.00%	0.00%	0.08%	0.11%	0.12%	0.11%	0.63%	0.72%	0.71%	0.74%	0.79%	0.82%	0.78%	0.80%	0.92%	0.96%	1.10%	1.00%
20427	American Casualty Co. of Reading, Pa.	0.01%	0.01%	0.03%	0.02%	0.02%	0.05%	0.07%	0.07%	0.05%	0.22%	0.24%	0.23%	0.26%	0.27%	0.28%	0.04%	0.05%	0.04%	0.02%	0.74%
10801	Fortress Insurance Company	0.00%	0.21%	0.20%	0.21%	0.29%	0.32%	0.25%	0.26%	0.22%	0.22%	0.23%	0.24%	0.28%	0.30%	0.29%	0.27%	0.29%	0.30%	0.34%	0.33%
23841	New Hampshire Insurance Company	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.24%	0.24%	0.24%	0.23%	0.23%	0.23%	0.24%	0.28%	0.30%	0.34%	0.33%
16535	Zurich American Insurance Company	0.49%	0.14%	0.44%	0.85%	1.69%	0.91%	1.18%	0.95%	0.31%	0.54%	0.47%	0.56%	0.39%	0.46%	0.50%	0.53%	0.53%	0.70%	0.77%	0.32%
43460	Aspen American Insurance Company	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.28%
23647	Ironshore Indemnity Inc.	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.09%	0.09%	0.09%	0.14%	0.18%	0.07%	0.17%	0.14%	0.30%	0.22%	0.26%
16624	Allied World Specialty Insurance Company	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.46%	0.73%	0.78%	0.64%	0.55%	0.42%	0.19%	0.25%	0.24%	0.22%	
12227	HHC Insurance Company, Inc.	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.70%	1.14%	1.32%	0.98%	1.00%	0.75%	0.49%	0.44%	0.46%	0.42%	0.33%	0.21%	0.21%	
20443	Continental Casualty Company	0.64%	0.18%	0.94%	0.79%	0.80%	0.80%	0.62%	0.56%	0.52%	0.60%	0.58%	0.47%	0.56%	0.36%	0.50%	0.44%	0.41%	0.45%	0.81%	0.15%
19489	Allied World Assurance Company	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.05%	0.41%	0.14%	0.00%	0.00%	0.00%	0.00%	0.02%	0.30%	0.29%	0.47%	0.14%
11967	General Star National Insurance Company	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.09%
22276	Berkshire Hathaway Specialty Insurance Co., Inc.	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.09%
11127	Professional Solutions Insurance Company	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.01%	0.02%	0.02%	0.02%	0.03%	0.04%	0.05%	
22730	Allied World Insurance Company	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.03%
22667	Ace American Insurance Company	0.00%	0.00%	0.14%	0.57%	0.60%	0.58%	0.56%	0.51%	0.51%	0.58%	0.59%	0.47%	0.25%	0.21%	0.21%	0.22%	0.20%	0.02%	0.00%	0.00%
12246	American Continental Insurance Co.	0.24%	0.16%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
26247	American Guarantee & Liability Ins. Co.	0.00%	0.00%	0.02%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
19380	American Home Assur. Company	0.04%	0.00%	0.00%	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
21857	American Insurance Company	0.00%	0.00%	0.00%	0.00%	0.70%	0.66%	0.73%	0.66%	0.55%	0.15%	0.00%	0.01%	0.01%	0.01%	0.00%	0.01%	0.00%	0.00%	0.00%	0.00%
18910	American Protection Insurance Co. (Insolvent)	0.00%	0.09%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
40412	American Zurich Insurance Company	0.00%	0.00%	0.14%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
11150	Arch Insurance Company	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.09%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
21970	Atlantic Specialty Insurance Company **	0.00%	0.00%	0.00%	0.00%	0.13%	0.21%	0.09%	0.10%	0.12%	0.10%	0.11%	0.06%	0.07%	0.07%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
37540	Beazley Insurance Company, Inc.	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.09%	0.15%	0.20%	0.25%	0.30%	0.37%	0.10%	0.00%	0.00%	0.00%
19518	Catlin Insurance Company, Inc.	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.01%	0.02%	0.03%	0.03%	0.00%	0.00%	0.00%	0.00%
22810	Chicago Insurance Company	0.00%	0.00%	0.00%	0.01%	0.00%	0.00%	0.00%	0.10%	0.08%	0.08%	0.10%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
10677	Cincinnati Insurance Company	0.00%	0.00%	0.00%	0.01%	0.01%	0.01%	0.01%	0.01%	0.02%	0.01%	0.01%	0.01%	0.06%	0.00%	0.00%	0.00%	0.01%	0.00%	0.00%	0.00%
23280	Cincinnati Indemnity Company (The)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.01%	0.01%	0.00%	0.00%
24872	Connecticut Indemnity Company (The)	0.34%	0.30%	0.30%	0.30%	0.29%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
35181	Executive Risk Indemnity Inc.	0.16%	0.36%	0.60%	0.62%	0.25%	0.38%	0.10%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
21873	Fireman's Fund Insurance Company	0.00%	0.00%	0.00%	0.22%	0.00%	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
34266	Frontier Insurance Company (Insolvent)	6.12%	1.10%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
24732	General Insurance Company of America	0.08%	0.03%	0.38%	0.13%	0.08%	0.18%	0.10%	0.11%	0.08%	0.05%	0.05%	0.02%	0.01%	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
25224	Great Divide Insurance Company	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.02%	0.03%	0.03%	0.00%	0.00%
34223	Group Council Mutual Ins. Company (Insolvent)	4.14%	2.80%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
22217	Gulf Insurance Company	0.37%	1.71%	1.31%	0.03%	0.51%	0.44%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
12519	Healthcare Professionals Ins. Company, Inc. *	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.68%	2.08%	1.94%	1.77%	2.35%	2.40%	2.05%	1.74%	1.99%	1.89%	1.87%	2.10%	0.11%	0.00%
27154	Homeland Insurance Company of NY	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.04%	0.00%	0.00%	0.00%	0.01%	0.04%	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
24422	Legion Insurance Company (Insolvent)	0.74%	0.77%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
19917	Liberty Insurance Underwriters, Inc.	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
11991	National Casualty Company	0.00%	0.00%	0.00%	0.00%	0.26%	0.28%	0.19%	0.20%	0.14%	0.16%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
20478	National Fire Insurance Co. of Hartford	0.05%	0.53%	0.17%	0.05%	0.00%	0.00%	0.00%	0.00%	0.02%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
20052	National Liability & Fire Insurance Company	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.10%	0.15%	0.17%	0.04%	0.00%
19445	National Union Fire Ins. Co. of Pittsburgh, Pa.	3.38%	1.79%	2.07%	2.20%	2.25%	2.07%	1.90%	2.80%	0.85%	1.17%	1.32%	1.30%	1.25%	1.20%	0.52%	0.54%	0.65%	0.67%	0.70%	0.00%
10222	PACO Assurance Company, Inc.	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.33%	0.29%	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.04%	0.00%	0.04%	0.00%	0.00%
35718	PHICO Insurance Company (Insolvent)	0.29%	0.04%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
18619	Platte River Insurance Company	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.02%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
12476	QueensBrook New York, Inc.	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.70%	0.54%	0.28%	0.24%	0.12%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
24457	Reliance Insurance Company (Insolvent)	0.13%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
24902	Security Insurance Company of Hartford	0.00%	0.00%	0.00%	0.00%	0.11%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
24767	St. Paul Fire & Marine Insurance Company	0.81%	0.43%	0.00%	0.17%	0.00%	0.00%	0.06%	0.02%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
24791	St. Paul Mercury Insurance Company	0.01%	0.01%	0																	

Medical Malpractice Insurance Pool of New York State  
 Summary of Participation Factors & Members' Surplus  
 As of September 30, 2019

NAIC Code	Member Companies	Members' Surplus (Deficit) by Policy Year in Thousands																			Total		
		2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018		2019	
34231	MLMIC Insurance Company	(1,243,564)	(23,724)	(1,272,066)	(2,311,164)	(5,130,412)	11,526,559	7,066,886	11,973,140	11,336,504	7,844,490	12,855,785	4,564,757	11,025,191	7,481,867	3,274,456	2,932,296	(761,529)	(1,987,155)	(4,633,089)	(1,668,068)	72,851,162	
30317	Hospitals Insurance Company, Inc.	(240,134)	(5,376)	(262,177)	(333,554)	(965,544)	1,085,835	627,838	1,394,009	2,080,093	1,782,541	3,451,409	1,300,770	4,379,226	2,962,784	1,430,525	1,350,884	(398,067)	(974,209)	(2,012,311)	(992,286)	15,662,256	
41467	Physicians Reciprocal Insurers	(362,999)	(7,936)	(511,868)	(836,563)	(1,981,388)	6,341,696	3,309,745	6,216,649	6,415,094	4,831,537	8,631,374	2,904,114	7,498,280	4,933,274	2,274,127	2,241,461	(540,491)	(1,475,185)	(2,075,291)	(764,175)	47,041,457	
42544	Academic Health Professionals Ins. Assoc.	(44,064)	(860)	(45,625)	(73,825)	(177,840)	392,571	257,068	568,431	542,152	548,852	1,018,308	407,119	1,163,436	868,919	427,798	436,278	(147,825)	(373,769)	(651,131)	(342,982)	4,773,011	
34495	The Doctors Company an Interinsurance Exchange	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	(1,000)	(1,570)	(112,754)	(82,283)	(197,608)	
35157	Fair American Insurance and Reinsurance Co.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	49,577	45,054	(13,202)	(48,684)	(110,723)	(50,918)	(128,896)	
14460	Podiatry Insurance Company of America	0	0	0	0	(7,185)	22,970	14,831	24,812	139,410	117,962	202,521	74,387	206,543	144,526	62,371	60,073	(18,403)	(50,255)	(111,739)	(40,734)	842,089	
20427	American Casualty Co. of Reading, Pa.	(234)	(5)	(680)	(765)	(1,796)	10,441	8,651	15,790	11,064	36,044	68,458	23,120	67,976	47,588	22,389	3,004	(1,000)	(2,094)	(2,032)	(30,143)	275,777	
10801	Fortress Insurance Company	0	(90)	(4,540)	(8,033)	(26,047)	66,821	30,898	58,648	48,683	36,044	65,605	24,126	73,205	52,875	23,189	20,275	(5,801)	(15,705)	(34,537)	(13,442)	392,172	
23841	New Hampshire Insurance Company	0	0	0	0	0	0	0	0	0	0	39,321	68,458	24,126	60,133	40,538	18,391	18,022	(5,601)	(15,705)	(34,537)	(13,442)	199,702
16535	Zurich American Insurance Company	(11,424)	(59)	(9,988)	(32,515)	(151,793)	190,021	145,836	214,289	68,599	88,472	134,063	56,293	101,964	81,076	39,981	39,798	(10,602)	(36,844)	(78,217)	(13,035)	816,115	
43460	Aspen American Insurance Company	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	(11,406)	(11,406)	
23647	Ironshore Indemnity Inc.	0	0	0	0	0	0	0	0	0	0	25,872	9,047	36,602	31,725	5,597	12,765	(2,800)	(15,705)	(22,348)	(10,591)	69,966	
16624	Allied World Specialty Insurance Company	0	0	0	0	0	0	0	0	0	0	131,211	73,382	203,928	112,801	43,979	31,538	(3,801)	(13,087)	(24,379)	(8,962)	546,610	
12227	HHC Insurance Company, Inc.	0	0	0	0	0	0	86,513	257,147	292,098	160,560	285,240	75,392	128,109	77,551	35,183	34,542	(8,401)	(17,275)	(21,332)	(8,554)	1,376,773	
20443	Continental Casualty Company	(14,921)	(77)	(21,337)	(30,219)	(71,855)	167,052	76,626	126,318	115,069	98,302	165,439	47,246	146,410	63,450	39,981	33,040	(8,201)	(23,557)	(82,280)	(6,110)	820,376	
19489	Allied World Assurance Company	0	0	0	0	0	0	0	0	11,064	67,173	39,934	0	0	1,502	(6,001)	(15,181)	(47,743)	(5,703)	(5,703)	(5,703)	45,045	
11967	General Star National Insurance Company	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	(3,666)	(3,666)	
22276	Berkshire Hathaway Specialty Insurance Co., Inc.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	(7,111)	(3,666)	(10,777)	
11127	Professional Solutions Insurance Company	0	0	0	0	0	0	0	0	0	0	0	0	0	1,763	1,599	1,502	(400)	(1,570)	(4,063)	(2,037)	(3,207)	
22730	Allied World Insurance Company	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	(1,222)	(1,222)	
22667	Ace American Insurance Company	0	0	(3,178)	(21,804)	(53,891)	121,112	69,210	115,040	112,856	95,025	168,292	47,246	65,362	37,013	16,792	16,520	(4,001)	(1,047)	0	0	780,548	
12246	American Continental Insurance Co.	(5,595)	(69)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	(5,664)	
26247	American Guarantee & Liability Ins. Co.	0	0	(311)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	(311)	
19380	American Home Assur. Company	(933)	0	0	(383)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	(1,316)	
21857	American Insurance Company	0	0	0	0	(62,873)	158,699	90,221	148,875	121,708	24,575	0	1,005	2,614	1,763	0	(200)	0	0	0	0	486,387	
18910	American Protection Insurance Co. (Insolvent)	0	(2,026)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	(2,026)	
40412	American Zurich Insurance Company	0	0	(2,179)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	(2,179)	
11150	Arch Insurance Company	0	0	0	0	0	0	0	0	0	14,745	22,819	0	0	0	0	0	0	0	0	0	37,565	
21970	Atlantic Specialty Insurance Company **	0	0	0	0	0	27,146	25,954	20,301	22,129	19,660	28,524	11,058	15,687	12,338	5,597	5,256	0	0	0	0	193,650	
37540	Beazley Insurance Company, Inc.	0	0	0	0	0	0	0	0	0	0	0	9,047	39,217	35,250	19,991	22,527	(7,401)	(5,235)	0	0	113,396	
19518	Catlin Insurance Company, Inc.	0	0	0	0	0	0	0	0	0	0	0	0	1,763	1,599	2,253	(600)	0	0	0	0	5,014	
22810	Chicago Insurance Company	0	0	0	(383)	0	0	22,557	17,703	13,107	28,524	0	0	0	0	0	0	0	0	0	0	81,508	
10677	Cincinnati Insurance Company	0	0	0	(383)	(899)	2,088	1,236	2,256	2,213	3,277	2,852	1,005	2,614	10,575	0	(200)	0	0	0	0	26,635	
23280	Cincinnati Indemnity Company (The)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	(200)	0	(523)	0	0	(724)	
24872	Connecticut Indemnity Company (The)	(38,164)	(13,856)	(7,508)	31,466	38,854	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	10,791	
35181	Executive Risk Indemnity Inc.	(17,961)	(16,627)	(15,015)	65,027	(76,637)	79,350	12,359	0	0	0	0	0	0	0	0	0	0	0	0	0	30,495	
21873	Fireman's Fund Insurance Company	0	0	0	20,641	0	2,088	0	0	0	0	0	0	0	0	0	0	0	0	0	0	22,729	
34266	Frontier Insurance Company (Insolvent)	(2,808,447)	(281,563)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	(3,090,010)	
24732	General Insurance Company of America	(1,865)	(13)	(8,626)	(4,973)	(7,185)	37,587	12,359	24,812	17,703	8,192	14,262	2,010	2,614	1,763	0	0	0	0	0	0	98,640	
25224	Great Divide Insurance Company	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,502	(600)	(1,570)	0	0	0	(669)	
34223	Group Council Mutual Ins. Company (Insolvent)	(1,899,832)	(716,706)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	(2,616,538)	
22217	Gulf Insurance Company	(8,627)	(734)	(29,736)	(1,147)	(45,808)	91,878	0	0	0	0	0	0	0	0	0	0	0	0	0	0	5,826	
12519	Healthcare Professionals Ins. Company, Inc. *	0	0	0	0	0	207,631	469,181	429,296	289,991	670,315	241,256	535,965	306,677	159,125	141,922	(37,406)	(109,932)	(11,174)	0	0	3,292,846	
27154	Homeland Insurance Company of NY	0	0	0	0	0	4,944	0	0	0	0	1,005	10,458	1,763	0	0	0	0	0	0	0	18,169	
24422	Legion Insurance Company (Insolvent)	(339,583)	(197,094)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	(536,678)	
19917	Liberty Insurance Underwriters, Inc.	0	0	0	0	0	0	0	0	0	0	0	0	1,765	0	0	0	0	0	0	0	1,765	
11991	National Casualty Company	0	0	0	0	(23,353)	58,468	23,482	45,114	30,980	26,214	0	0	0	0	0	0	0	0	0	0	160,904	
20478	National Fire Insurance Co. of Hartford	(1,166)	(228)	(3,859)	(1,913)	0	0	0	4,426	0	0	0	0	0	0	0	0	0	0	0	0	(2,740)	
20052	National Liability & Fire Insurance Company	0	0	0	0	0	0	0	0	0	0	0	0	0	0	7,509	(3,001)	(8,899)	(4,063)	0	0	(8,454)	
19445	National Union Fire Ins. Co. of Pittsburgh, Pa.	(78,801)	(769)	(46,987)	(84,154)	(202,091)	432,246	234,821	631,590	188,093	191,689	376,517	130,680	326,808	211,502	41,580	40,549	(13,002)	(35,074)	(71,106)	0	2,274,092	
10222	PACO Assurance Company, Inc.	0	0	0	0	0	0	40,785	65,415	2,213	0	0	0	0	0	3,004	0	(2,094)	0	0	0	109,322	
35718	PHICO Insurance Company (Insolvent)	(133,080)	(10,239)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	(143,319)	
18619	Platte River Insurance Company	0	0	0	0	0	0	2,472	0	0	0	0	0										

# HHC Insurance Company, Inc.

*Unaudited Financial Statements*

*For the Period Ended September 30, 2019*

## ACIM Client Service Team:

<b>Name:</b>	<b>Role:</b>	<b>Contact Details:</b>
<b>Nancy Gray</b>	<b>Team Leader</b> Regional Managing Director - Americas	<a href="mailto:Nancy.Gray@aon.com">Nancy.Gray@aon.com</a>
<b>Dan Scott</b>	Account Executive	<a href="mailto:Dan.Scott@aon.com">Dan.Scott@aon.com</a>
<b>Shivakumar B V</b>	Accountant	<a href="mailto:Shivakumar.b.v@aon.com">Shivakumar.b.v@aon.com</a>
<b>Chryssa O'Toole</b>	<b>Insurance Services</b> Senior Insurance Officer	<a href="mailto:Chryssa.OTOole@aon.com">Chryssa.OTOole@aon.com</a>

# HHC Insurance Company, Inc.

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*For the Period Ended September 30, 2019*

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Prepared by:



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Reviewed by:



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Date prepared and reviewed

30 October 2019

# HHC Insurance Company, Inc.

## Comparative Balance Sheets

As of September 30, 2019 and December 31, 2018

Unaudited

	<u>As of</u> <u>September 30, 2019</u>	<u>As of</u> <u>December 31, 2018</u>
<b><u>ASSETS</u></b>		
Premium Receivable	\$ 1,800,000	\$ -
Intercompany Loan Receivable	88,925,173	88,925,173
MMIP Receivable	3,136,558	3,105,611
Deferred Premium Taxes	1,800	-
Prepaid New York Premium Taxes	176	5,839
Prepaid New York Section 206 Fees	-	10,561
	<hr/>	<hr/>
<b>TOTAL ASSETS</b>	<b>\$ 93,863,707</b>	<b>\$ 92,047,184</b>
<b><u>LIABILITIES</u></b>		
Outstanding Loss and LAE Reserves	\$ 5,851,986	\$ 5,126,582
Incurred But Not Reported Loss & LAE Reserves	5,441,694	5,105,264
Premium Deficiency Reserve	888	3,763
Unearned Premium	505,201	47,396
Claims Payable	75,495	775,430
Accounts Payable	52,068	69,803
Intercompany Payable	1,213,533	394,486
	<hr/>	<hr/>
<b>TOTAL LIABILITIES</b>	<b>13,140,865</b>	<b>11,522,724</b>
<b><u>NET ASSETS</u></b>		
Available for Operations - Prior Year	80,524,460	80,473,389
Available for Operations - Current Year	198,382	51,071
	<hr/>	<hr/>
<b>TOTAL NET ASSETS</b>	<b>80,722,842</b>	<b>80,524,460</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 93,863,707</b>	<b>\$ 92,047,184</b>

# HHC Insurance Company, Inc.

## Comparative Statements of Income

For Period Ended September 30, 2019 and 2018

Unaudited

	YTD <u>September 30, 2019</u>	YTD <u>September 30, 2018</u>
<b><u>INCOME</u></b>		
Gross Premium Written	\$ 1,865,765	\$ 1,893,494
Change in Unearned Premium	(457,805)	(439,090)
<b>Gross Premium Earned</b>	<b>1,407,960</b>	<b>1,454,404</b>
Interest Income	77,978	46,529
<b>TOTAL INCOME</b>	<b>1,485,938</b>	<b>1,500,933</b>
<b><u>EXPENSES</u></b>		
Net Losses and Loss Adjustment Expenses Incurred	1,155,227	1,124,220
Change in Premium Deficiency Reserve	(2,875)	(9,255)
Underwriting Expenses	20,803	29,806
General & Administrative Expenses	114,401	113,231
<b>TOTAL EXPENSES</b>	<b>1,287,556</b>	<b>1,258,002</b>
<b>CHANGE IN UNRESTRICTED NET ASSETS</b>	<b>\$ 198,382</b>	<b>\$ 242,931</b>

# HHC Insurance Company, Inc.

## Schedule of Expenses

For Period Ended September 30, 2019 and 2018

Unaudited

	<u>9/30/2019</u>		<u>9/30/2018</u>
<b><u>UNDERWRITING EXPENSES</u></b>			
New York Premium Taxes	\$ 5,548	\$	5,610
Other Taxes and Expenses	5,997		7,921
Insurance Department Assessment Fees	9,258		16,275
	<hr/>		<hr/>
<b>TOTAL UNDERWRITING EXPENSES</b>	<b>\$ <u>20,803</u></b>	<b>\$</b>	<b><u>29,806</u></b>
<b><u>GENERAL &amp; ADMINISTRATIVE EXPENSES</u></b>			
Actuarial Fees	\$ 17,250	\$	17,250
Insurance Consulting Services - AHPIA	55,200		54,000
LOC Fees	1,422		1,417
Management Fees	40,529		40,565
	<hr/>		<hr/>
<b>TOTAL GENERAL &amp; ADMINISTRATIVE EXPENSES</b>	<b>\$ <u>114,401</u></b>	<b>\$</b>	<b><u>113,231</u></b>

# HHC Insurance Company, Inc.

## Schedule of Receivables and Payables

As of September 30, 2019 and December 31, 2018

	<u>Unaudited</u> <u>9/30/2019</u>	<u>12/31/2018</u>
<b><u>MMIP RECEIVABLE</u></b>		
Premium Receivable	\$ 5,157,911	\$ 5,092,146
Underwriting Expenses Payable	(425,550)	(419,553)
Interest Income Receivable	1,048,556	970,578
Losses & LAE Paid	(2,644,359)	(2,537,560)
	<hr/>	<hr/>
<b>TOTAL MMIP RECEIVABLE</b>	<b>\$ <u>3,136,558</u></b>	<b>\$ <u>3,105,611</u></b>
<b><u>INTERCOMPANY RECEIVABLE (PAYABLE)</u></b>		
Income from MMIP	\$ 2,032,537	\$ 2,032,537
<b>Less:</b>		
LOC Fees	(170,031)	(170,031)
AHPIA Consulting Service	(946,874)	(891,674)
Aon Management Fees	(745,678)	(705,150)
Actuarial Fees	(394,601)	(371,601)
Audit Fees	(530,900)	(530,900)
State Examination Fees	(22,315)	(22,315)
Premium Taxes	(437,439)	(435,754)
Assessment Fees	(710,027)	(711,330)
Losses Paid	(13,663,031)	(12,963,095)
Transfer to Intercompany Loan Receivable	14,374,827	14,374,827
	<hr/>	<hr/>
<b>TOTAL INTERCOMPANY RECEIVABLE/(PAYABLE)</b>	<b>\$ <u>(1,213,533)</u></b>	<b>\$ <u>(394,486)</u></b>
<b><u>CLAIMS PAYABLE</u></b>		
Porter, Aneferri - Closed on 3/6/2018	\$ -	\$ 200,000
Samuel, Naquan - Closed on 5/4/2018	65	500,000
Corzo, Savian - Closed on 6/11/2018	430	430
Singh, Samrath - Closed on 6/29/2018	75,000	75,000
	<hr/>	<hr/>
<b>TOTAL CLAIMS PAYABLE</b>	<b>\$ <u>75,495</u></b>	<b>\$ <u>775,430</u></b>
<b><u>ACCOUNTS PAYABLE</u></b>		
LOC Fees Payable	\$ 3,318	\$ 1,896
AHPIA-Consulting Services	18,000	18,000
Aon Insurance Managers - Management Fees	13,500	13,500
Legal Fees	-	13,407
Actuarial Fee	17,250	23,000
	<hr/>	<hr/>
<b>TOTAL ACCOUNTS PAYABLE</b>	<b>\$ <u>52,068</u></b>	<b>\$ <u>69,803</u></b>
<b><u>STATE TAXES PAYABLE</u></b>		
Premium Taxes Payable (Receivable), beginning of period	\$ (5,839)	\$ (10,174)
State Taxes Payable (Receivable), beginning of period	(10,560)	(569)
Current Period Liability - Premium Taxes	7,348	7,433
Current Period Payments - Premium Taxes	(1,686)	(3,099)
Current Period Liability - NY Section 206	9,258	5,715
Current Period Payments - NY Section 206	1,302	(15,706)
	<hr/>	<hr/>
<b>TOTAL PREMIUM TAXES PAYABLE (RECEIVABLE)</b>	<b>\$ <u>(176)</u></b>	<b>\$ <u>(5,840)</u></b>
<b>TOTAL NY SECTION 206 FEES PAYABLE (RECEIVABLE)</b>	<b>\$ <u>-</u></b>	<b>\$ <u>(10,560)</u></b>



**HHC Insurance Company, Inc.**  
**NYCHHC Underwriting Results by Underwriting Year**  
**as of September 30, 2019**

<b>Underwriting Year</b>	<b>Policy Period</b>	<b>Premium Written</b>	<b>Premium Earned</b>	<b>Losses &amp; LAE Paid</b>	<b>Case Reserves</b>	<b>IBNR Reserves</b>	<b>Total Loss &amp; LAE Incurred</b>	<b>Net Underwriting Results</b>	<b>Closed with Payment</b>	<b>Closed without Payment</b>	<b>Open Files</b>
2005	1/1/05 - 12/31/05	6,800,000	6,800,000	-	-	-	-	6,800,000	0	8	0
2006	1/1/06 - 12/31/06	12,400,000	12,400,000	1,500,000	-	-	1,500,000	10,900,000	2	45	0
2007	1/1/07 - 12/31/07	16,500,000	16,500,000	140,000	-	-	140,000	16,360,000	2	37	0
2008	1/1/08 - 12/31/08	12,100,000	12,100,000	1,575,000	-	-	1,575,000	10,525,000	3	47	0
2009	1/1/09 - 12/31/09	12,400,000	12,400,000	3,410,000	426,000	(36,000)	3,800,000	8,600,000	5	70	3
2010	1/1/10 - 12/31/10	14,000,000	14,000,000	1,729,838	30,000	240,162	2,000,000	12,000,000	4	44	2
2011	1/1/11 - 12/31/11	6,200,000	6,200,000	880,000	5,000	25,000	910,000	5,290,000	3	36	1
2012	1/1/12 - 12/31/12	5,400,000	5,400,000	1,738,000	15,000	77,000	1,830,000	3,570,000	4	36	3
2013	1/1/13 - 12/31/13	5,400,000	5,400,000	240,000	1,265,000	245,000	1,750,000	3,650,000	2	36	5
2014	1/1/14 - 12/31/14	5,500,000	5,500,000	1,236,000	-	244,000	1,480,000	4,020,000	5	30	0
2015	1/1/15 - 12/31/15	5,500,000	5,500,000	875,000	720,000	255,000	1,850,000	3,650,000	4	35	13
2016	1/1/16 - 12/31/16	3,200,000	3,200,000	339,688	905,000	355,313	1,600,001	1,600,000	4	20	13
2017	1/1/17 - 12/31/17	1,800,000	1,800,000	75,000	815,000	840,000	1,730,000	70,000	1	21	15
2018	1/1/18 - 12/31/18	1,800,000	1,800,000	-	430,000	1,370,000	1,800,000	-	0	1	16
2019	1/1/19 - 12/31/19	1,800,000	1,350,000	-	120,000	1,230,000	1,350,000	-	0	0	24
<b>Total</b>		<b>\$110,800,000</b>	<b>\$110,350,000</b>	<b>\$13,738,525</b>	<b>\$ 4,731,000</b>	<b>\$ 4,845,475</b>	<b>\$ 23,315,000</b>	<b>\$ 87,035,000</b>	<b>39</b>	<b>466</b>	<b>95</b>

# HHC Insurance Company

## Summary of Business Plan Updates to the State of New York

November 8, 2018 through November 7, 2019

Date	Summary Description	Date Approved
07/29/19	Dr. Vincent Calamia replaced Bernard Rosen as Director. Submitted biographical affidavit for Dr. Calamia.	N/A
10/23/19	Permitted practice request to file on statutory basis versus GASB.	10/30/19
10/23/19	Request for waiver of actuarial certification on MMIP reserves.	10/30/19
10/23/19	Permitted practice request to carry MMIP balances on statutory basis of accounting.	10/30/19



## REGULATORY COMPLIANCE CHECKLIST

A regulatory compliance checklist has been prepared to illustrate the various filings that are required to be made during the year and their status.

	Reports and Filings	Due Date	Responsible Party	Comments
a)	YE 12/31/18 Annual Report – NY Article 70 Sec. 7006(a)	03/01/2019	Aon	Filed
b)	2018 Annual Certification of Loss Reserves	03/01/2019	Aon	Filed
c)	2018 Annual Certification of Cyber Security Compliance Rule Section 500.17	02/15/2019	Aon	Filed
d)	2018 NY Captive Franchise Tax Return - Article 70 Sec. 7012	04/15/2019	Aon	Filed
e)	Pre-Disaster Data Survey	05/10/2019	Aon	Filed
f)	2019 NY Captive Franchise Tax Deposits – Quarterly Installment Payments	03/15/2019 06/15/2019 09/15/2019 12/15/2019	Aon	Filed Filed Filed Pending
g)	2019 NY 206 Assessments – Quarterly Installment Payments	03/10/2019 06/10/2019 09/10/2019 12/10/2019	Aon	Filed Filed Filed Pending
h)	Disaster Response Questionnaire	06/28/2019	Aon	Filed
i)	Disaster Response Plan	06/28/2019	Aon	Filed
j)	Business Continuity Questionnaire	06/28/2019	Aon	Filed
k)	Annual License Renewal-Article 70 Sec. 7003(e)	06/30/2019	Aon	Filed
l)	2018 Annual Audited Financial Statements Article 70 Sec. 7006(b)	07/01/2019	Aon & Grant Thornton LLP	Filed
m)	2018 Parent Audited Annual Report-Article 70 Sec. 7006(c)	07/01/2019	Aon	Filed
n)	2019 Forms 1099 filed with IRS only	01/31/2019	Prepared by NYC Health + Hospitals	Filed

Corporate Documentation		Due Date	Responsible Party	Comments
a)	Biographical affidavits on file with Dept.	When changed	Aon	In Compliance
b)	Annual Directors Meeting in New York – Article 70 Sec. 7003 (b) (2)	Annually	Aon	In Process for 2019
c)	Appointment of Directors by NYC Health + Hospitals	Every two years	NYC Health + Hospitals	In Compliance
d)	Business Continuity Plan on file for the Company	Annually	Aon	To be Confirmed
e)	Board of Directors – Article 70, Section 7005 (g) – Pure captives incorporated in the state of New York shall have at least three directors, with at least two of the directors being residents of New York			In Compliance

Underwriting Activities		Due Date	Responsible Party	Comments
a)	Changes in Business Plan given approval by Department – Article 70 Sec. 7003 (d)	Date of change	Aon	In Compliance
b)	Principal place of business in New York	N/A	Aon	In Compliance
c)	Allowable lines insured – Article 70 Sec. 7005	N/A	Aon	In Compliance
d)	TRIA Data Filing	5/15/19	Aon	N/A

Financial Standing		Comments
a)	Minimum unimpaired capital and surplus of \$250,000 – Article 70, Section 7004	In Compliance with \$250,000 LOC.
b)	Legal investments – Article 70, Section 7009	In Compliance

Examination Process		Comments
a)	The Company was examined in 2016 as of December 31, 2014 – subject to exam every five years - Article 70, Section 7007	Next exam expected in 2020 as of December 31, 2019

Policy Documentation		Comments
a)	Copy of policies on file with the Company	AHPIA maintains this documentation.

Other Items		Comments
a)	Confirmation that Company's assets are not pledged other than to collateralize its insurance obligations. Regulatory approval must be obtained to pledge assets excess of minimum capital	Confirmed

# **HHC Physicians Purchasing Group, Inc.**

## ***Agenda for the Annual Meeting of the Directors***

***November 7, 2019  
125 Worth Street, Room 532  
New York, NY***

***TAB***

The following agenda items will be discussed and appropriate action will be taken:

- Election of Officers for the ensuing year
- Approval of prior year meeting minutes and any other actions since that date

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**RESOLUTION:**

Authorizing the Board of Directors of the HHC Physicians Purchasing Group, Inc. to appoint the officers of the HHC Physicians Purchasing Group, Inc., and to approve the minutes of its meeting of November 8, 2018.

WHEREAS, the Board of Directors of the NYC Health + Hospitals (“health care system”) has authorized the President of the health care system to seek the incorporation of the HHC Physicians Purchasing Group, Inc. as a wholly-owned subsidiary corporation by the New York Secretary of State and to seek the registration of the HHC Physicians Purchasing Group, Inc. as an insurance purchasing group in the State of New York; and

WHEREAS, the Board of Directors of the health care system has authorized the President of the health care system to commence operations of the HHC Physicians Purchasing Group, Inc. after incorporation and registration as a purchasing group by the State of New York; and

WHEREAS, The Board of Directors of the health care system has reserved the right to approve the Bylaws of the HHC Physicians Purchasing Group, Inc. and to appoint the directors of the HHC Physicians Purchasing Group, Inc.; and

WHEREAS, the Board of Directors of the health care system has approved the Bylaws of the HHC Physicians Purchasing Group Inc. and appointed the directors of the HHC Physicians Purchasing Group, Inc.; and

WHEREAS, the HHC Physicians Purchasing Group, Inc. has been incorporated as a wholly-owned subsidiary corporation of the health care system by the Secretary of State of the State of New York; and

WHEREAS, the HHC Physicians Purchasing Group, Inc. has been registered by the NYS Department of Insurance upon the request of the officers of the HHC Physicians Purchasing Group, Inc.

NOW, THEREFORE, Be It

RESOLVED, that the following shall serve as Directors of the HHC Physicians Purchasing Group, Inc.:

Mitchell H. Katz, M.D.  
Machelle Allen, M.D.  
Vincent Calamia, M.D.  
Andrea G. Cohen  
John Ulberg, Jr.

And that Mitchell H. Katz, M.D. shall serve as the Chairman of the Board of Directors of the Group;

AND FURTHER RESOLVED, that the following shall serve as officers of the HHC Physicians Purchasing Group, Inc.:

Vincent Calamia, M.D.	President
Machelle Allen, M.D.	Vice-President
Andrea G. Cohen	Secretary
John Ulberg, Jr.	Treasurer

Information Items

- 1) The Purchasing Group has been registered and approved by the New York State Department of Insurance to act as a purchasing group within the State. The business of the group is to obtain, on behalf of its members, who are employees of the health care system's affiliates, primary insurance for medical malpractice from the HHC Insurance Company, Inc., a captive insurance company.
- 2) The physician members of the group have obtained primary medical malpractice insurance coverage in the amount of \$1.3 million per occurrence /\$3.9 million in the aggregate from the captive insurer for 2019. Insurance policies have been issued for the members of the group by the captive. The members of the group have also received excess coverage in the amount of \$1 million per occurrence /\$3 million in the aggregate from MMIP.

**MINUTES OF ANNUAL MEETING OF THE HHC PHYSICIANS PURCHASING  
GROUP, INC.**

A meeting of the Board of Directors of the HHC Physicians Purchasing Group, Inc., (hereinafter, the "PPG") was held in the Board Room – Room 532 located at 125 Worth Street, New York, New York 10013 on the 8<sup>th</sup> day of November 2018, pursuant to a notice which was sent to all the Directors of the Company and which was provided to the public by the Secretary.

The following Directors were present in person, constituting a quorum:

Andrea Cohen, Esq.	Machelle Allen, M.D.
Bernard Rosen	
John Ulberg, Jr.	

Dr. Mitchell Katz attended the meeting via telephone conference. Also present were David Cheung, Mary B. Boland and Nancy Gray from Aon Insurance Manager (AIM).

The meeting was called to order at 1:43 PM. Andrea Cohen chaired the meeting at the request of Dr. Katz. Ms. Boland kept the minutes at the request of Ms. Cohen.

At the request of Ms. Cohen, Ms. Boland gave an overview of the PPG and its function. The following resolutions were presented to the Board by Ms. Cohen and were unanimously approved by the Board:

- (1) Approval of the minutes of the November 21, 2017 annual meeting;
- (2) The confirmation/acknowledgment of the appointment of the current Board of Directors with the appointment of Dr. Katz as the Chairman; and,
- (3) The appointment of the following officers of the HHC Physicians Purchasing Group Inc.:

Mitchell Katz, M.D.	Acting President
Machelle Allen, M.D.	Vice-President
Andrea Cohen, Esq.	Secretary
John Ulberg, Jr.	Treasurer

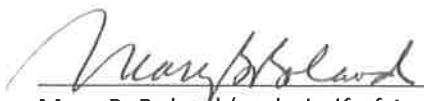
**INFORMATION ITEMS:**

Nancy Gray presented two information items:

- (1) The PPG has been registered and approved by the New York State Department of Financial Services to act as a purchasing group within the State. The business of the PPG is to obtain on behalf of its members, who are employees of NYCHHC's affiliates, primary insurance for medical malpractice from the HHC Insurance Company ("HHCHC", a captive insurance company).
- (2) The physician members of the group have obtained primary medical malpractice insurance coverage in the amount of \$1.3 million per occurrence/\$3.9 million in the aggregate from HHCIC for 2016. Insurance policies have been issued for the PPG by the HHCIC. The members of the PPG have also received excess coverage in the amount of \$1 million per occurrence/\$3 million in the aggregate from MMIP (unless they have coverage through another excess carrier which would then write the excess coverage for the covered physician).

**ADJOURNMENT:**

There being no further business before the Board, the meeting was adjourned at 1:50 PM.

  
\_\_\_\_\_  
Mary B. Boland (on behalf of Andrea Cohen)

Date: November 23, 2018