

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

**2023 ANNUAL MEETING OF THE DIRECTORS**

**November 30, 2023**  
**1:00 p.m. EST**  
**50 Water Street, 17<sup>th</sup> Floor**  
**New York, NY**

**Meeting for the Public**

# Agenda for the Annual Meeting of the Directors

**November 30, 2023, 1:00 p.m.**

**50 Water Street, 17<sup>th</sup> Floor**

**New York, NY**

**Meeting for the Public**

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

	<b>Page</b>
1. Appointment of Chairperson and Declaration of Quorum	
2. Approval of Prior Meeting Minutes and any other Actions since that Date	<b>7</b>
3. Election of Officers for the Ensuing Year	
4. Acceptance of Executive Director and Director of Claims	
5. Issue Primary Coverage to the Members of HHC Physicians Purchasing Group, Inc.	
6. Appointment of the Independent Auditor and Loss Reserve Specialist for the Year Ending December 31, 2023	
7. Review and Approval of Intercompany Loan to Parent	<b>9</b>
8. Approval of Audited December 31, 2022 Financial Statements	<b>10</b>
9. Approval of Business Continuity Plan	<b>24</b>
10. Approval of Disaster Response Plan	<b>31</b>
11. Informational Items:	
a. Insurance Applications and Coverage Provided	
b. Medical Malpractice Insurance Pool Update	<b>38</b>
c. Review of September 30, 2023 Financial Statements	<b>41</b>
d. Review of Underwriting Results	<b>47</b>
e. Business Plan Update	<b>48</b>
f. Regulatory Compliance Checklist	<b>49</b>
g. Other Business	

## **November 2023**

**HHC Insurance Company (HHCIC)**  
***A subsidiary of NYC Health + Hospitals***  
50 Water Street • 15<sup>th</sup> Floor • New York, NY 10004  
212-788-3300 • Fax: 212-267-6905

**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 30, 2023.**

THE MEETING OF HHC INSURANCE COMPANY WILL START AT 01:00 PM. THE MEETING OF THE PURCHASING GROUP WILL IMMEDIATELY FOLLOW.

**<https://www.nychealthandhospitals.org/public-meetings-notices/>**

## **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 1, 2022, 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 2022 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 Vincent Calamia, M.D. shall serve as the Chairman of the Board of Directors of the Company;

AND FURTHER RESOLVED, that the minutes of the November 1, 2022 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 Carmen Barroso 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, 2023

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, 2022 are accepted.

AND FURTHER RESOLVED, that the business continuity plan of the Company is accepted.

AND FURTHER RESOLVED, that the disaster response plan of the Company is accepted.

**Other Business/Information Items:**

1) New applications for coverage have been received from 15 Obstetrician/Gynecologists and Neurosurgeons. As of 9/30/2023, there are 284 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 197 Health + Hospitals physicians, beginning July 1, 2020. Of the 197 excess applications filed, 183 doctors have been deemed eligible to receive excess coverage through the Pool. It was determined during the application process that 39 physicians already were covered by the Pool 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, 2023 session statement from the Pool indicates that the Company has a net equity in the Pool of \$2,046,344. Pages 39 and 40 further detail the Company's Pool participation.

3) Review the September 30, 2023 interim financial statements. Refer to Page 41.

4) Sedgwick has reported 71 open files and 565 closed files for the underwriting years 2005 through 2023. Of the closed files, 41 were closed with payment and 524 files were closed without payment. Refer to Page 47 for further details by individual underwriting year.

5) Refer to Page 48 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 Page 49 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, (“HHCIC”) was held in the 17th floor conference room at 50 Water Street, New York, New York, on the 1st day of November 2022 at 10:00 AM, pursuant to a notice which was sent to all the Directors of the Company and provided to the public by the Corporate Secretary of the NYC Health + Hospitals. The following Directors were present, constituting a quorum:

Vincent Calamia, M.D.

Machelle Allen, M.D.

Mitchell Katz, M.D. was represented by his delegate, Deborah Brown.

Also present were Executive Director David Cheung, David Guzman and James Linhart of NYCHHC Controller’s Office, and Mike Batsimm of Aon Insurance Managers (AIM). José Pagán – Chair of the NYC Health + Hospitals Board of Directors, Sally Hernandez-Piñero and Dr. Patricia Marthone was also present both from the NYC Health + Hospitals Board of Directors.

Dr. Calamia chaired the meeting which was called to order at 10:12 a.m. The following resolutions were presented to the Board by Dr. Calamia:

1. The minutes of the November 1, 2021 annual meeting. A motion to approve the minutes was made by Ms. Brown, seconded by Dr. Allen, and approved unanimously.
2. The following were unanimously approved following a motion to approve made by Ms. Brown, seconded by Dr. Allen:
  - a. The re-appointments of Dr. Vincent Calamia, Dr. Mitchell Katz, Andrea Cohen, Esq., Dr. Machelle Allen, and John Ulberg, Jr. as members of the Board of Directors.
  - b. The appointment of Dr. Vincent Calamia as Chairman of the Board.
  - c. The Election of the following Officers for the HHC Insurance Company, Inc.:

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

Dr. Calamia introduced nine action items/resolutions into the record. Then on motion by Ms. Brown, seconded by Dr. Allen, the following resolutions were presented to and voted on by the Board:

1. David C. Cheung was re-appointed as the Executive Director of the Company.
2. Sheila Gomez was appointed Director of Claims of the Company.
3. The issuance of primary insurance policies to members of the HHC Physicians Purchasing Group.
4. The re-appointment of Jo Ellen Cockley of Aon Risk Consultants as the Actuary of the Company.
5. The re-appointment of Dana Wilson of Grant Thornton as the company auditor.
6. 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.
7. The Audited Financial Statements as of December 31, 2020 were approved unanimously.

8. The Business Continuity Plan was accepted/approved unanimously; and,
9. The disaster response plan was accepted / approved unanimously.

Mike Batsimm presented the following six (6) information items:

1. New applications for coverage have been received from 15 Obstetricians/Gynecologists and Neurosurgeons. As of 9/30/2022, there are 284 active physicians in the program. Primary policies have been issued for the current policy year. Applications for excess coverage through MMIP beginning July 1, 2022 were filed for 197 H+H physicians through the Purchasing Group, with 184 physicians deemed eligible to receive excess coverage through the Pool. It was determined during the application process that 39 physicians already had excess coverage under the Plan through other hospitals. There are 14 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 June 30, 2022 cession statement from the Pool indicates that the Company has a net equity in the Pool of \$1,894,594. Pages 39 & 40 of the board book further detail the Company's participation. No questions were asked.
3. The June 30, 2022 interim financial statements were reviewed. As of June 30, 2022, HHC Insurance Company has total assets of \$97,787,510. Of that balance, the intercompany receivable of \$93,325,173 is the largest component. There is a premium receivable of \$1,300,000, which will be rolled into the intercompany loan receivable before year-end. There is an MMIP receivable of \$3,158,924. The total liabilities as of June 30, 2022 are \$10,526,951. A large component of the liabilities is the outstanding loss in LAE (expense) reserves as well as the reserves for IBNR (incurred but not reported loss). There were direct reserves of \$6,483,808 and MMIP reserves of \$1,270,290. The total net assets as of June 30, 2022 are \$87,260,559.
4. Sedgwick CMS has reported 71 open files and 565 closed files for the underwriting years 2005-2022. Of the closed files, 41 were closed with payment and 524 files were closed without payment.
5. The company business plan has been approved by the Department of Financial Services (DFS), the pre-disaster survey and disaster response plan questionnaires have been filed. The annual Cyber Security certification has been filed. All Regulatory matters are current. The Company was examined by the DFS in early 2021. The draft report has not been submitted yet.
6. There are no outstanding requests or approvals pending from the Department of Financial Services. No additional new business matters were brought up.

**ADJOURNMENT:**

There being no further business before the Board, the meeting was adjourned at 10:21 a.m.



David Cheung, Executive Director

Date: November 3, 2022



# HHC Insurance Company

## Intercompany Loan

November 30, 2023

December 31, 2022 Balance	\$ 94,625,173
Proposed Increase – Premium Receivable	\$ <u>          0</u> *
Proposed December 31, 2023 Balance	\$ 94,625,173 **

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\* NYCHHC would pay HHCIC premium receivable due from NYCHHC of up to \$1,300,000 related to the 2023 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, 2022 and 2021

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**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

Board of Directors and Shareholder of  
HHC Insurance Company, Inc.

**Opinions**

We have audited the statutory financial statements of HHC Insurance Company, Inc. (the "Company"), which comprise the statutory statements of admitted assets, liabilities, and surplus as of December 31, 2022 and 2021, and the related statutory statements of operations and changes in surplus, and cash flows for the years then ended, and the related notes to the financial statements.

**Unmodified opinion on regulatory basis of accounting**

In our opinion, the accompanying financial statements present fairly, in all material respects, the admitted assets, liabilities, and surplus of HHC Insurance Company, Inc. as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with the basis of accounting described in Note 1.

**Adverse opinion on US generally accepted accounting principles**

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on US Generally Accepted Accounting Principles section of our report, the financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of HHC Insurance Company, Inc. as of December 31, 2022 and 2021, or the results of its operations or its cash flows for the years then ended.

**Basis for opinions**

We conducted our audits of the financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of HHC Insurance Company, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 1 of the financial statements, the financial statements are prepared using accounting practices prescribed or permitted by 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. The effects on the financial statements of the variances between these statutory accounting

practices described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

#### **Responsibilities of management for the financial statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about HHC Insurance Company, Inc.'s ability to continue as a going concern for one year after the date the financial statements are issued.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 HHC Insurance Company Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about HHC Insurance Company, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

*Grant Thornton LLP*

Hartford, Connecticut  
May 25, 2023

**HHC Insurance Company, Inc.**  
**(A Blended Component Unit of New York City Health and Hospitals Corporation)**

**STATUTORY STATEMENTS OF ADMITTED ASSETS, LIABILITIES, AND SURPLUS**

December 31,

	<b>2022</b>	<b>2021</b>
<b>ADMITTED ASSETS</b>		
Intercompany loan	\$ 94,625,173	\$ 93,325,173
Due from MMIP	3,135,971	3,227,595
Accounts receivable	1,983	1,656
	<u>\$ 97,763,127</u>	<u>\$ 96,554,424</u>
<b>LIABILITIES AND SURPLUS</b>		
Outstanding losses and loss adjustment expenses	\$ 3,829,557	\$ 7,203,614
Premium deficiency reserve	4,594	3,498
New York Section 206 Fees Payable	-	1,449
Premium taxes payable	3,645	-
Unearned premium	25,274	28,875
Due to parent	2,166,338	1,939,411
Accounts payable and accrued expense	88,079	70,104
	<u>6,117,487</u>	<u>9,246,951</u>
<b>Unassigned surplus</b>	<u>91,645,640</u>	<u>87,307,473</u>
	<u>\$ 97,763,127</u>	<u>\$ 96,554,424</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**

Years ended December 31,

	<b>2022</b>	<b>2021</b>
<b>Underwriting income</b>		
Net premiums earned	\$ 1,348,411	\$ 1,358,022
Net investment income	11,761	89,066
Total underwriting income	1,360,172	1,447,088
<b>Underwriting expenses</b>		
Losses and loss adjustment expenses incurred	(3,229,907)	(1,059,768)
Change in premium deficiency reserve	1,096	1,598
Net underwriting income	4,588,983	2,505,258
<b>Administrative expenses</b>	(250,816)	(271,215)
<b>NET INCOME</b>	4,338,167	2,234,043
<b>Unassigned surplus at beginning of year</b>	87,307,473	85,073,430
<b>Unassigned surplus at end of year</b>	\$ 91,645,640	\$ 87,307,473

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**

Years ended December 31,

	<b>2022</b>	<b>2021</b>
<b>Cash flows from operations:</b>		
Amounts received from Parent for payment of losses	\$ 134,780	\$ 88,337
Losses paid	(134,780)	(88,337)
Net cash from operations	-	-
Net change in cash	-	-
<b>Cash at beginning of year</b>	-	-
<b>Cash at end of year</b>	\$ -	\$ -
<b>Noncash operating activities:</b>		
Premiums collected	\$ 1,300,000	\$ 1,300,000
Administrative expenses paid	(226,927)	(270,499)
Payments by Parent on behalf of Company	226,927	270,499
<b>Noncash investing activities:</b>		
Increase in loans to Parent	\$ (1,300,000)	\$ (1,300,000)

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, 2022 and 2021**

**NOTE 1 - GENERAL**

HHC Insurance Company, Inc. (the “Company”) is a blended component unit of the New York City Health and Hospitals Corporation (“NYC H+H” 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 claim 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 of 0.17% and 0.19% for the MMIP’s 2022 and 2021 underwriting years, respectively.

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying statutory financial statements of the Company have been prepared in conformity with accounting principles prescribed or permitted by NYSDFS. Such practices vary from U.S. generally accepted accounting principles (“U.S. 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.

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

- Under U.S. 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 non-admitted for statutory purposes while they qualify as assets under U.S. GAAP.
- The statement of cash flows differs in certain respects from the presentation required by U.S. GAAP as the reconciliation of net income to net cash provided by operations is not presented.

**HHC Insurance Company, Inc.**  
**(A Blended Component Unit of New York City Health and Hospitals Corporation)**

**NOTES TO STATUTORY FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2022 and 2021**

- Under U.S. 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.

The Company initiated formal written non-interest-bearing promissory demand notes with NYC H+H in the amounts of \$94.6 million and \$93.3 million effective December 31, 2022 and 2021, respectively, thereby increasing 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.

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.

**HHC Insurance Company, Inc.**  
**(A Blended Component Unit of New York City Health and Hospitals Corporation)**

**NOTES TO STATUTORY FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2022 and 2021**

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 claim 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.

***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 \$4,594 and \$3,498 were recognized in 2022 and 2021, 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, 2022 and 2021 amounted to \$25,274 and \$28,875, respectively. All unearned premium at December 31, 2022 and 2021 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 \$5,301 in 2022 and \$5,304 in 2021. The Company incurred New York Section 206 assessment fees of \$4,160 in 2022 and \$9,657 in 2021. The Company also incurred underwriting expenses as a result of participating in the MMIP of \$4,045 in 2022 and \$5,734 in 2021. Other administrative expenses include letter of credit fees, audit, actuarial, captive management and consulting service fees of \$237,310 in 2022 and \$250,520 in 2021. Total administrative expenses incurred totaled \$250,816 in 2022 and \$271,215 in 2021.

**HHC Insurance Company, Inc.**  
**(A Blended Component Unit of New York City Health and Hospitals Corporation)**

**NOTES TO STATUTORY FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2022 and 2021**

**NOTE 3 - MMIP ACTIVITY**

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

	2022	2021
Admitted assets		
Due from MMIP	\$ 3,135,971	\$ 3,227,595
Total admitted assets	3,135,971	\$3,227,595
Liabilities		
Reserve for losses and loss adjustment expenses	\$ 1,177,749	\$ 1,369,806
Premium deficiency reserve	4,594	3,498
Unearned premium reserves	25,274	28,875
Total liabilities	1,207,617	1,402,179
Accumulated surplus	1,928,354	1,825,417
Total liabilities and accumulated surplus	\$ 3,135,971	\$ 3,227,595
	2022	2021
Premiums written	\$ 44,810	\$ 46,279
Change in unearned premium reserves	3,601	11,743
Total underwriting income	48,411	58,022
Underwriting recoveries	(42,765)	(12,436)
Net underwriting income	91,176	70,458
Net investment income	11,761	89,032
Net income	\$ 102,937	\$ 159,490

**NOTE 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:

	2022	2021
Balance as of January 1	\$ (1,939,411)	\$ (1,668,912)
Administrative expenses paid	(226,927)	(182,162)
Losses paid	-	(88,337)
Balance as of December 31	\$ (2,166,338)	\$ (1,939,411)

**HHC Insurance Company, Inc.**  
**(A Blended Component Unit of New York City Health and Hospitals Corporation)**

**NOTES TO STATUTORY FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2022 and 2021**

**NOTE 5 - OUTSTANDING LOSSES AND LOSS ADJUSTMENT EXPENSES**

The summary of changes in outstanding losses and loss adjustment expenses for 2022 and 2021 are as follows:

	2022	2021
Balance as of January 1	\$ 7,203,614	\$ 8,351,719
Incurring losses related to:		
Current year	29,188	1,332,279
Prior year	(3,259,095)	(2,392,047)
Total incurred	(3,229,906)	(1,059,768)
Paid losses related to:		
Current year	-	-
Prior year	(144,097)	(88,337)
Total paid	(144,097)	(88,337)
Balance as at December 31	\$ 3,829,557	\$ 7,203,614

The gross provision for insured events of prior years' decreased by \$3.2 million and \$2.3 million in 2022 and 2021, respectively, due to favorable loss development. The favorable development for 2022 and 2021 is primarily the result of a significant number of claims closing without any liability to the physicians insured by the Company.

**NOTE 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 \$90,900 and \$91,167 are included in administrative expenses in the accompanying statutory statement of operations and changes in surplus for the years ended December 31, 2022 and 2021, respectively.

**NOTE 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, 2022 and 2021, 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, 2022, and 2021, no dividends had been declared or paid.

**HHC Insurance Company, Inc.**  
**(A Blended Component Unit of New York City Health and Hospitals Corporation)**

**NOTES TO STATUTORY FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2022 and 2021**

**NOTE 8 - COMMITMENTS AND CONTINGENCIES**

The Company has a letter of credit of \$250,000 for the benefit of NYSDFS. The letter of credit was amended as of July 1, 2021 and has an expiration date of February 15, 2026.

Management is not aware of any potential matters, including litigation nor 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.

**NOTE 9 - RECONCILIATION TO NEW YORK CAPTIVE ANNUAL REPORT**

The tables below reconcile total assets, total liabilities, and total unassigned surplus as presented in the Company's annual report at December 31, 2022 and 2021 as filed with NYSDFS, to the amounts shown in the accompanying financial statements:

	2022		
	Total Assets	Total Liabilities	Total Unassigned Surplus
Amounts per annual report	\$ 98,013,127	\$ 6,117,487	\$ 91,895,640
Adjustment for letter of credit	(250,000)	-	(250,000)
Per audited financial statements	\$ 97,763,127	\$ 6,117,487	\$ 91,645,640
	2021		
	Total Assets	Total Liabilities	Total Unassigned Surplus
Amounts per annual report	\$ 96,804,424	\$ 9,246,951	\$ 87,557,473
Adjustment for letter of credit	(250,000)	-	(250,000)
Per audited financial statements	\$ 96,554,424	\$ 9,246,951	\$ 87,307,473

There were no differences between net income reported in the audited financial statements and the annual report at December 31, 2022 and 2021 as filed with NYSDFS.

**NOTE 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 May 25, 2023 and subsequent events have been evaluated through that date. There were no events that occurred that required adjustment to or disclosure in the statutory financial statements.

# **HHC Insurance Company, Inc.**

## **Business Continuity Plan**

165 Broadway, One Liberty Plaza

New York, New York 10006

NAIC Number 12227

### **Contact Person:**

Nancy Gray

100 Bank Street, Suite 630

Burlington, Vermont 05401

802-652-1570

Nancy.gray@aon.com

Version: 1.01

Last Updated: 9/15/2023



## Business Resumption Team (BRT) & Responsibilities

PRIMARY TEAM MEMBER	ROLE	RESPONSIBILITIES
<b>Name: Bill Mourelatos</b> <b>M: 802 652-1558</b> <b>H: ---</b> <b>O: 802 862-4400</b> <b>Email: bill.mourelatos@aon.com</b>	*Business Resumption Team Lead	<ul style="list-style-type: none"> <li>Decision to activate &amp; deactivate business continuity plan</li> <li>Lead BRT meetings</li> <li>Coordinate with Business Team Members on their recovery strategies and business needs</li> <li>Coordinate with Communications for messaging to clients, markets and suppliers</li> <li>Assist with implementation of recovery strategies</li> <li>Act as “Disaster Liaison” with</li> </ul>
<b>Name: Nancy Gray</b> <b>M:</b> <b>H: ---</b> <b>O: 802 652-1570</b> <b>Email: Nancy.Gray@aon.com</b>	*Business Resumption Team Leader Alternate	<ul style="list-style-type: none"> <li>Fulfill BRT Leader role if primary is not available</li> <li>Provide support to BRT Leader</li> <li>Coordinate with Business Team Members on their recovery strategies and business needs</li> <li>Communicate actions and provide status during the BRT meetings</li> <li>Identify messaging requirements for clients, markets and suppliers</li> <li>Assist with implementation of recovery strategies</li> <li>Act as “Disaster Liaison” with regulators if team lead is unavailable.</li> </ul>
<b>Name: Nancy Gray</b> <b>M: 802 238-8251</b> <b>H: --</b> <b>O: 802 652-1570</b> <b>Email: Nancy.Gray@aon.com</b>	*Business Resumption Team Member/Plan Coordinator	<ul style="list-style-type: none"> <li>Participate in BRT meetings</li> <li>Coordinate with colleagues on their recovery strategies and business needs</li> <li>Communicate actions and provide status during the BRT meetings</li> <li>Identify messaging requirements for clients, markets and suppliers</li> <li>Assist with implementation of recovery strategies</li> <li>Responsible for ensuring plan is updated</li> </ul>

## Criteria for when plan should be activated:

The criteria listed below are cases whether actual or likely that the plan should be activated. It is up to the Team Leader or designated alternate to determine if these criteria are met or there is a situation not set out in the criteria that would warrant the plans activation.

- Death, injury or serious threat to employee
- Major damage to the office or building the office is located within
- Major disruption of IT systems
- Adverse impacts on colleagues, office, reputation or business
- Sensitive issues that could damage company's reputation or have adverse media impact

## Initial Business Resumption Team Tasks

### Objectives

- Understand the impacts of the incident
- Clarify roles, responsibilities and authority. (See BRT Roles & Responsibilities)
- Determine priorities and timescales. Mobilize resources

### Agenda

	Tasks	Notes	Assigned To	Done
1	Appoint minute taker	Record decisions, issues and action plan(s)		
2	Brief attendees on situation and gather all known information	<b>Brief BRT members on situation status/known facts. Gather additional facts</b>		
		<b>People:</b> Are there injuries, fatalities? Where are colleagues?		
		<b>Building:</b> Is there damage? What is the accessibility and security situation? Power? Network? Mail services? Printing/copy services? What is the anticipated restoration timeline?		
		<b>Systems/Technology/Telephony:</b> Is there damage? Is there impacted infrastructure (phones, network, file shares), applications? What are the anticipated downtimes? <b>Business:</b> Are there impacted business operations, key services, and critical information (vital records)?		
		<b>Markets/vendors:</b> Are there impacts to markets or key vendors? Key Brief attendees on situation suppliers? Do notifications need to be sent?		

		<p><b>Client:</b> Are services and deliverables, timelines in jeopardy? Are there client visits? Were clients impacted and in need of support? What information notifications need to be sent?</p> <p><b>Reputation:</b> Is there client-facing visibility? Is there media interest? Does the BRT need assistance with media or client communications?</p> <p><b>Legal:</b> Are there regulatory or compliance impacts? Contract breaches (potential or realized)? Is additional legal assistance needed?</p> <p><b>Emergency services:</b> Which services are involved? Updated status on activities?</p> <p><b>Communication:</b> What communications have been sent out? What is pending? What information do impacted colleagues need? What information do clients need? Does the BRT need assistance with messaging?</p>		
3	Clarify nature, scale, impact and likely timescales of the disruption	<p><b>Consider:</b> How big is the incident and how long is it likely to last? Are there sufficient recovery resources in the impacted area?</p>		
4	Place recovery facilities and solutions on standby or invoke if appropriate	<p><b>Determine actions:</b> Implement recovery strategy(ies) and/or put internal/external providers on standby.</p> <ul style="list-style-type: none"> <li>• Reciprocal agreements</li> <li>• Virtual work location</li> <li>• Work transfer</li> <li>• Third-party provider(s)</li> </ul>		
5	Discuss business priority actions and shared services	<p>What actions does the BRT need to take to execute recovery of the business unit? What support does the BRT or unit need from the following shared services to assist in recovery activities (Business Continuity Management, Communications, Facilities, Finance, Human Resources, Information Technology)?</p>		
6	Meeting cadence	<p>Determine next meeting time, date and location.</p> <p>Determine frequency of meetings and communication updates.</p>		

## Employee Call List Directory

Employee Name	Job Title	Work #:	Work Email:
Carmen Barroso	Senior Counsel	212-442-4191	<a href="mailto:barrosoc@nychhc.org">barrosoc@nychhc.org</a>
David Cheung	Executive Director/Deputy General Counsel	212-323-2299	<a href="mailto:David.Cheung@nychhc.org">David.Cheung@nychhc.org</a>
Nancy Gray	Captive Manager	802-652-1570	<a href="mailto:Nancy.gray@aon.com">Nancy.gray@aon.com</a>
Mike Batsimm	Captive Manager	802-264-0746	<a href="mailto:Mike.Batsimm@aon.com">Mike.Batsimm@aon.com</a>

### Business Information:

Office Address:	100 Bank Street, Suite 630 Burlington, VT 05401
Office Main Phone #:	802-862-4400
Jurisdiction of Company:	New York
Insurance Products sold or administered by business:	1 professional liability policy
Other Offices Address, if applicable:	Not Applicable

### Alternative Office Location:

If the plan is activated and the company's main office is unusable, the following site will be used.

Alternative Office Address:	25 Cherry Street Burlington, VT 05401
Alternative Office Phone #:	802-864-4700
Alternative Office Contact Representative:	Michell Langlais - VP - Director of Sales
Alternative Office Contact Representative Phone #:	802-864-4700
Alternative Office Contact Representative Email:	michell@westporthospitality.com

Alternatively, if these premises are not available/appropriate, then all staff will work from home.

## Resources Required at Alternative Office Location:

### Resource Requirements

Equipment	Quantity
Desktop PC	0
Laptop	1
Copier – B&W Network	1
Copier – Color Network	1
Postage Machine	0

Supplies	Quantity
Shipping Boxes	0
Paper – Stationary	1
Toner	1
Standard Supply Desk Kit	1

For above resources, items can be purchased from local or national supplier either in person or through the internet.

### IT Applications

- **Globe** – this application serves as the general ledger system. The main server is located in Texas.
- **General Documents** – client files are stored in the main server located in Texas.

### Related NYC Health + Hospitals (Parent) Security Policy:

- **Enterprise Information Technology Services Information Security & Risk Management: Business Continuity And Disaster Recovery Security Policy \_017.1**

## List of Those Requiring Notification

In the event that this plan is activated, the below is a list of those that may be impacted by the company having interruptions in its operations. This list might include service providers, regulators, insurance producers, insurance adjusters

Responsibility for communication	Recipient
<p><b>1. Bill Mourelatos</b>            O: 802-862-4400  <a href="mailto:bill.mourelatos@aon.com">bill.mourelatos@aon.com</a></p>	<ul style="list-style-type: none"> <li>Nancy Gray- Aon Insurance Managers</li> </ul>
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# **HHC Insurance Company, Inc.**

## **Disaster Response Plan**

165 Broadway, One Liberty Plaza

New York, New York 10006

NAIC Number 12227

### **Contact Person:**

Nancy Gray

100 Bank Street, Suite 630

Burlington, Vermont 05401

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Version: 1.01

Last Updated: 9/15/2023

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Toner	1
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For above resources, items can be purchased from local or national supplier either in person or through the internet.

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<p><b>3. Carmen Barroso</b>            O: 212-442-4191  <a href="mailto:BarrosoC@nychhc.org">BarrosoC@nychhc.org</a></p>	<ul style="list-style-type: none"> <li>David Cheung - NYC Health + Hospitals</li> <li>Andrea Cohen - NYH Health + Hospitals</li> <li>NYC Health + Hospitals Functions (as required)</li> </ul>
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**MEDICAL MALPRACTICE INSURANCE POOL OF NEW YORK STATE**  
**Summary of Operations by Member Company**  
**As of September 30, 2023**

**Member Company**  
**HHC Insurance Company, Inc.**

	Member Participation by Policy Year																						Total		
	2000 0.00%	2001 0.00%	2002 0.00%	2003 0.00%	2004 0.00%	2005 0.00%	2006 0.70%	2007 1.14%	2008 1.32%	2009 0.98%	2010 1.00%	2011 0.75%	2012 0.49%	2013 0.44%	2014 0.44%	2015 0.46%	2016 0.42%	2017 0.33%	2018 0.21%	2019 0.21%	2020 0.22%	2021 0.19%		2022 0.17%	2023 0.17%
<b>Operations</b>																									
Underwriting income:																									
Premiums written	0	0	0	0	0	0	576,845	632,543	590,844	695,115	701,835	457,306	295,174	253,620	229,853	231,100	197,279	150,623	81,635	75,175	68,431	50,613	44,088	19,872	5,351,949
Change in unearned premiums	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	(890)	(17,885)	(18,774)
Premiums earned	0	0	0	0	0	0	576,845	632,543	590,844	695,115	701,835	457,306	295,174	253,620	229,853	231,100	197,279	150,623	81,635	75,175	68,431	50,613	43,198	1,987	5,333,175
Underwriting deductions:																									
Losses incurred	0	0	0	0	0	0	410,439	373,965	260,674	547,258	433,993	260,458	130,235	145,508	142,239	112,638	103,955	86,726	50,635	50,296	71,194	55,804	51,071	5,081	3,292,169
Loss adjustment expenses incurred	0	0	0	0	0	0	174,124	124,733	130,311	137,395	81,071	83,894	36,706	27,841	21,780	23,957	21,851	12,766	7,506	6,101	9,453	7,521	6,109	612	913,732
Premium deficiency reserve	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	24	1,803	1,828
Other underwriting expenses	0	0	0	0	0	0	51,763	65,076	54,987	43,405	54,662	38,590	22,589	19,914	19,021	18,355	15,538	12,256	7,389	6,710	6,244	4,498	4,082	887	445,966
Total underwriting deductions	0	0	0	0	0	0	636,327	563,773	445,972	728,058	569,726	382,943	189,530	193,263	183,040	154,950	141,344	111,747	65,530	63,107	86,891	67,823	61,287	8,383	4,653,695
Net underwriting loss	0	0	0	0	0	0	(59,482)	68,769	144,872	(32,943)	132,109	74,363	105,645	60,357	46,813	76,150	55,935	38,876	16,104	12,068	(18,460)	(17,209)	(18,089)	(6,396)	679,480
Net investment gains (losses):																									
Net investment income	0	0	0	0	0	0	165,346	200,010	211,008	185,381	205,021	98,328	70,681	51,240	42,648	39,262	29,050	18,328	7,652	5,387	3,061	1,325	368	19	1,334,117
Net realized capital gains (losses)	0	0	0	0	0	0	4,331	5,314	8,934	19,425	7,110	(457)	(2,172)	(1,495)	(2,072)	(2,541)	(1,497)	(618)	(791)	(1,328)	(1,179)	(437)	(108)	(0)	30,421
Net investment gains	0	0	0	0	0	0	169,678	205,324	219,943	204,806	212,131	97,871	68,509	49,746	40,576	36,722	27,554	17,710	6,861	4,059	1,882	888	259	19	1,364,538
Other income (expenses):																									
Premium balances charged off	0	0	0	0	0	0	(276)	(27)	(52)	(145)	1	(32)	(28)	(118)	6	(4)	0	(0)	(1)	(10)	(6)	(0)	(0)	0	(690)
Finance charges	0	0	0	0	0	0	504	1,170	498	242	95	0	71	102	30	62	135	0	8	0	30	0	22	0	2,970
Miscellaneous income	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	44	0	0	0	0	0	45
Total other income (expenses)	0	0	0	0	0	0	228	1,143	446	97	96	(32)	43	(15)	36	58	136	0	52	(10)	24	(0)	22	0	2,324
<b>Net income (loss)</b>	0	0	0	0	0	0	110,424	275,236	365,260	171,961	344,336	172,202	174,196	110,087	87,425	112,930	83,624	56,586	23,017	16,117	(16,553)	(16,321)	(17,808)	(6,376)	2,046,342
<b>Member's Surplus</b>																									
Changes in member's surplus:																									
Net income (loss)	0	0	0	0	0	0	110,424	275,236	365,260	171,961	344,336	172,202	174,196	110,087	87,425	112,930	83,624	56,586	23,017	16,117	(16,553)	(16,321)	(17,808)	(6,376)	2,046,342
Net unrealized capital gains (loss)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	(114)	(18)	(132)
Member's assessments (surplus release)	0	0	0	0	0	0	(43,400)	(106,020)	(132,000)	(31,360)	0	(62,250)	0	0	0	0	0	0	0	0	0	0	0	0	(375,030)
Change in non-admitted assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	(4)	(0)	(4)
Change in accounting principle	0	0	0	0	0	0	5,172	5,680	2,662	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	13,514
<b>Member's surplus</b>	0	0	0	0	0	0	72,196	174,896	235,923	140,601	344,336	109,952	174,196	110,087	87,425	112,930	83,624	56,586	23,017	16,117	(16,553)	(16,321)	(17,926)	(6,395)	1,684,689



# HHC Insurance Company, Inc.

## Comparative Balance Sheets

As of September 30, 2023 and December 31, 2022

Unaudited

	As of September 30, 2023	As of December 31, 2022
<b><u>ASSETS</u></b>		
Intercompany Loan Receivable	\$ 94,625,173	\$ 94,625,173
MMIP Receivable	3,172,592	3,135,971
Prepaid Captive Mgt Service fee	17,083	-
Prepaid New York Section 206 Fees	1,983	1,983
	<hr/>	<hr/>
<b>TOTAL ASSETS</b>	<b>\$ 97,816,831</b>	<b>\$ 97,763,127</b>
	<hr/> <hr/>	<hr/> <hr/>
<b><u>LIABILITIES</u></b>		
Outstanding Loss and LAE Reserves	\$ 1,318,527	\$ 1,701,746
Incurred But Not Reported Loss & LAE Reserves	2,438,929	2,127,811
Premium Deficiency Reserve	1,826	4,594
Unearned Premium	18,774	25,274
Accounts Payable	112,905	88,079
Intercompany Payable	2,351,049	2,166,338
Premium Taxes Payable	3,695	3,645
	<hr/>	<hr/>
<b>TOTAL LIABILITIES</b>	<b>\$ 6,245,705</b>	<b>\$ 6,117,487</b>
	<hr/>	<hr/>
<b><u>NET ASSETS</u></b>		
Available for Operations - Prior Year	91,645,640	87,307,473
Available for Operations - Current Year	(74,514)	4,338,167
	<hr/>	<hr/>
<b>TOTAL NET ASSETS</b>	<b>91,571,126</b>	<b>91,645,640</b>
	<hr/>	<hr/>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 97,816,831</b>	<b>\$ 97,763,127</b>
	<hr/> <hr/>	<hr/> <hr/>

# HHC Insurance Company, Inc.

Balance Sheets - Direct vs. MMIP

As of September 30, 2023

Unaudited

	<u>Direct</u>	<u>MMIP</u>	<u>Combined</u>
<b><u>ASSETS</u></b>			
Intercompany Loan Receivable	\$ 94,625,173	\$ -	\$ 94,625,173
MMIP Receivable	-	3,172,592	3,172,592
Prepaid Captive Mgt Service fee	17,083	-	17,083
Prepaid New York Section 206 Fees	1,983	-	1,983
<b>TOTAL ASSETS</b>	<b>\$ 94,644,239</b>	<b>\$ 3,172,592</b>	<b>\$ 97,816,831</b>
<b><u>LIABILITIES</u></b>			
Outstanding Loss and LAE Reserves	\$ 462,000	\$ 856,527	\$ 1,318,527
Incurred But Not Reported Loss & LAE Reserves	2,189,808	249,121	2,438,929
Premium Deficiency Reserve	-	1,826	1,826
Unearned Premium	-	18,774	18,774
Accounts Payable	112,905	-	112,905
Intercompany Payable	2,351,049	-	2,351,049
Premium Taxes Payable	3,695	-	3,695
<b>TOTAL LIABILITIES</b>	<b>\$ 5,119,457</b>	<b>\$ 1,126,248</b>	<b>\$ 6,245,705</b>
<b><u>NET ASSETS</u></b>			
Available for Operations - Prior Year	89,717,285	1,928,354	91,645,640
Available for Operations - Current Year	(192,503)	117,990	(74,514)
<b>TOTAL NET ASSETS</b>	<b>89,524,782</b>	<b>2,046,344</b>	<b>91,571,126</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 94,644,239</b>	<b>\$ 3,172,592</b>	<b>\$ 97,816,831</b>

# HHC Insurance Company, Inc.

## Comparative Statements of Income

For the Year to Date Ended September 30, 2023 and 2022

Unaudited

	<b>YTD</b>	<b>YTD</b>
	<b>September 30, 2023</b>	<b>September 30, 2022</b>
<b><u>INCOME</u></b>		
Gross Premium Written	\$ 22,115	\$ 1,340,595
Change in Unearned Premium	6,500	(327,687)
	<hr/>	<hr/>
<b>Gross Premium Earned</b>	<b>28,615</b>	<b>1,012,908</b>
Interest Income	65,690	9,839
	<hr/>	<hr/>
<b>TOTAL INCOME</b>	<b>94,305</b>	<b>1,022,747</b>
 <b><u>EXPENSES</u></b>		
Net Losses and Loss Adjustment Expenses Incurred	(23,943)	992,338
Change in Premium Deficiency Reserve	(2,768)	1,066
Underwriting Expenses	10,316	11,346
General & Administrative Expenses	185,214	147,506
	<hr/>	<hr/>
<b>TOTAL EXPENSES</b>	<b>168,819</b>	<b>1,152,256</b>
	<hr/>	<hr/>
<b>CHANGE IN UNRESTRICTED NET ASSETS</b>	<b>\$ (74,514)</b>	<b>\$ (129,509)</b>

# HHC Insurance Company, Inc.

Statements of Income - Direct vs. MMIP

For the Year to Date Ended September 30, 2023

Unaudited

	<u>Direct</u>	<u>MMIP</u>	<u>Combined</u>
<b><u>INCOME</u></b>			
Gross Premium Written	\$ -	\$ 22,115	\$ 22,115
Change in Unearned Premium	-	6,500	6,500
<b>Gross Premium Earned</b>	<b>-</b>	<b>28,615</b>	<b>28,615</b>
Interest Income	-	65,690	65,690
<b>TOTAL INCOME</b>	<b>-</b>	<b>94,305</b>	<b>94,305</b>
<b><u>EXPENSES</u></b>			
Net Losses and Loss Adjustment Expenses Incurred	-	(23,943)	(23,943)
Change in Premium Deficiency Reserve	-	(2,768)	(2,768)
Underwriting Expenses	7,289	3,027	10,316
General & Administrative Expenses	185,214	-	185,214
<b>TOTAL EXPENSES</b>	<b>192,503</b>	<b>(23,684)</b>	<b>168,819</b>
<b>CHANGE IN UNRESTRICTED NET ASSETS</b>	<b>\$ (192,503)</b>	<b>\$ 117,989</b>	<b>\$ (74,514)</b>

# HHC Insurance Company, Inc.

## Schedule of Expenses

For the Year to Date Ended September 30, 2023 and 2022

Unaudited

	<u>9/30/2023</u>	<u>9/30/2022</u>
<b><u>UNDERWRITING EXPENSES</u></b>		
New York Premium Taxes	\$ 50	\$ 3,991
Other Taxes and Expenses	3,027	3,142
Insurance Department Assessment Fees - Sec 206	7,239	4,213
	<hr/>	<hr/>
<b>TOTAL UNDERWRITING EXPENSES</b>	<b>\$ <u>10,316</u></b>	<b>\$ <u>11,346</u></b>
 <b><u>GENERAL &amp; ADMINISTRATIVE EXPENSES</u></b>		
Actuarial Fees	\$ 21,000	\$ 21,000
Captive Mgt service fee	37,917	-
State Examination Fees	-	209
Insurance Consulting Services - AHPIA	56,700	56,700
LOC Fees	1,422	1,422
Management Fees	68,175	68,175
	<hr/>	<hr/>
<b>TOTAL GENERAL &amp; ADMINISTRATIVE EXPENSES</b>	<b>\$ <u>185,214</u></b>	<b>\$ <u>147,506</u></b>

# HHC Insurance Company, Inc.

## Schedule of Receivables and Payables

As of September 30, 2023 and December 31, 2022

	<u>Unaudited</u> <u>9/30/2023</u>	<u>12/31/2022</u>
<b><u>MMIP RECEIVABLE</u></b>		
Premium Receivable	\$ 5,351,949	\$ 5,329,834
Underwriting Expenses Payable	(445,966)	(442,939)
Interest Income Receivable	1,366,862	1,301,172
Losses & LAE Paid	(3,100,253)	(3,052,096)
	<hr/>	<hr/>
<b>TOTAL MMIP RECEIVABLE</b>	<b>\$ 3,172,592</b>	<b>\$ 3,135,971</b>
<b><u>INTERCOMPANY RECEIVABLE (PAYABLE)</u></b>		
Income from MMIP	\$ 2,032,537	\$ 2,032,537
Other Interest Income	34	34
<b>Less:</b>		
LOC Fees	(180,485)	(179,063)
AHPIA Consulting Service	(1,268,175)	(1,192,575)
Aon Management Fees	(1,091,095)	(1,045,645)
Actuarial Fees	(473,601)	(473,601)
Audit Fees	(654,100)	(654,100)
State Examination Fees	(35,676)	(35,676)
Premium Taxes	(449,605)	(449,605)
Assessment Fees	(739,680)	(732,441)
Losses Paid	(13,811,030)	(13,811,030)
Transfer to Intercompany Loan Receivable	14,374,827	14,374,827
Captive Mgt service Fee	(55,000)	-
	<hr/>	<hr/>
<b>TOTAL INTERCOMPANY RECEIVABLE/(PAYABLE)</b>	<b>\$ (2,351,049)</b>	<b>\$ (2,166,338)</b>
<b><u>ACCOUNTS PAYABLE</u></b>		
LOC Fees Payable	\$ 479	\$ 479
AHPIA-Consulting Services	-	18,900
Audit Fees	40,700	40,700
Aon Insurance Managers - Management Fees	22,725	-
Actuarial Fee	49,000	28,000
	<hr/>	<hr/>
<b>TOTAL ACCOUNTS PAYABLE</b>	<b>\$ 112,904</b>	<b>\$ 88,079</b>
<b><u>STATE TAXES PAYABLE</u></b>		
Premium Taxes Payable (Receivable), beginning of period	\$ 3,645	\$ (1,656)
NY Section 206 Fees Payable (Receivable), beginning of period	(1,983)	1,449
Current Period Liability - Premium Taxes	50	5,301
Current Period Payments - Premium Taxes	-	-
Current Period Liability - NY Section 206	7,239	4,160
Current Period Payments - NY Section 206	(7,239)	(7,592)
	<hr/>	<hr/>
<b>TOTAL PREMIUM TAXES PAYABLE (RECEIVABLE)</b>	<b>\$ 3,695</b>	<b>\$ 3,645</b>
<b>TOTAL NY SECTION 206 FEES PAYABLE (RECEIVABLE)</b>	<b>\$ (1,983)</b>	<b>\$ (1,983)</b>

**HHC Insurance Company, Inc.**

**NYCHHC Underwriting Results by Underwriting Year**

**As of September 30, 2023**

<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	2,053,002	31,110	451	2,084,563	10,315,437	2	45	0
2007	1/1/07 - 12/31/07	16,500,000	16,500,000	613,681	23,750	1,267	638,698	15,861,302	2	37	0
2008	1/1/08 - 12/31/08	12,100,000	12,100,000	1,926,680	38,758	547	1,965,985	10,134,015	3	47	0
2009	1/1/09 - 12/31/09	12,400,000	12,400,000	4,047,463	116,995	14,194	4,178,653	8,221,347	6	71	1
2010	1/1/10 - 12/31/10	14,000,000	14,000,000	2,105,924	127,742	11,237	2,244,903	11,755,097	4	45	1
2011	1/1/11 - 12/31/11	6,200,000	6,200,000	1,178,103	51,081	10,169	1,239,352	4,960,648	3	36	1
2012	1/1/12 - 12/31/12	5,400,000	5,400,000	1,858,332	44,516	17,093	1,919,941	3,480,059	4	38	1
2013	1/1/13 - 12/31/13	5,400,000	5,400,000	362,443	42,892	8,014	413,349	4,986,651	2	41	0
2014	1/1/14 - 12/31/14	5,500,000	5,500,000	1,324,090	73,743	2,186	1,400,019	4,099,981	5	30	0
2015	1/1/15 - 12/31/15	5,500,000	5,500,000	935,307	75,997	35,290	1,046,595	4,453,405	4	43	5
2016	1/1/16 - 12/31/16	3,200,000	3,200,000	386,574	79,301	189,931	655,806	2,544,194	4	27	6
2017	1/1/17 - 12/31/17	1,800,000	1,800,000	103,853	87,543	218,095	409,491	1,390,509	2	29	6
2018	1/1/18 - 12/31/18	1,800,000	1,800,000	7,931	71,680	228,530	308,141	1,491,859	0	10	7
2019	1/1/19 - 12/31/19	1,700,000	1,700,000	2,459	82,783	671,156	756,397	943,603	0	9	23
2020	1/1/20 - 12/31/20	1,400,000	1,400,000	3,864	314,796	361,988	680,648	719,352	0	3	10
2021	1/1/21 - 12/31/21	1,400,000	1,400,000	1,221	49,898	612,206	663,325	736,675	0	5	10
2022	1/1/22 - 12/31/22	1,300,000	1,300,000	323	5,530	51,328	57,181	1,242,819	0	0	0
2023	1/1/23 - 9/30/23	-	-	34	411	5,248	5,693	(5,693)	0	0	0
<b>Total</b>		<b>\$ 114,800,000</b>	<b>\$ 114,800,000</b>	<b>\$ 16,911,283</b>	<b>\$ 1,318,527</b>	<b>\$ 2,438,929</b>	<b>\$ 20,668,739</b>	<b>\$ 94,131,261</b>	<b>41</b>	<b>524</b>	<b>71</b>

# HHC Insurance Company

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

November 5, 2022 through November 30, 2023

Date	Summary Description	Date Approved
10/1/2023	Permitted practice request to file on statutory basis versus GASB.	In progress
10/1/2023	Request for waiver of actuarial certification on MMIP reserves.	In progress
10/1/2023	Permitted practice request to carry MMIP balances on statutory basis of accounting	In progress



# Regulatory Compliance Review - 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 12/31/22 Annual Report – NY Article 70 Sec. 7006(a)	03/01/2023	Aon	Filed
b) 2022 Annual Certification of Loss Reserves	03/01/2023	Aon & Independent actuary	Filed
c) 2022 Annual Certification of Cyber Security Compliance Rule Section 500.17	02/15/2023	Aon	Filed
d) 2022 NY Captive Franchise Tax Return - Article 70 Sec. 7012	04/15/2023	Aon	Filed
e) Pre-Disaster Data Survey	05/10/2023	Aon	Filed
f) 2023 NY Captive Franchise Tax Deposits – Quarterly Installment Payments	03/15/2023 07/15/2023 09/15/2023 12/15/2023	Aon	Filed Filed Filed Filed
g) Disaster Response Questionnaire	06/28/2023	Aon	Filed
h) Disaster Response Plan	06/28/2023	Aon	Filed
i) Business Continuity Questionnaire	06/28/2023	Aon	Filed
j) 2022 Annual Audited Financial Statements Article 70 Sec. 7006(b)	07/01/2023	Aon & Independent auditor	Filed
k) 1099 Forms Filed with IRS Only	01/31/2022	Prepared by Aon as directed by Client	Filed

Corporate Documentation	Due Date	Responsible Party	Comments
a) Biographical affidavits on file with the Vermont Dept. of Financial Regulation	Upon change	Aon	In Compliance
b) Annual Board of Directors Meeting - Article 70 Sec. 7003 (b) (2)	Annually	Aon	Scheduled for Nov 30, 2023
c) Business Continuity Plan reviewed by Board of Directors or Relevant Committee			In Compliance
d) 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

<b>Underwriting Activities</b>		<b>Due Date</b>	<b>Responsible Party</b>	<b>Comments</b>
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)	All reinsurers approved – Article 70 Sec. 7010	Date of change	Aon	In Compliance

<b>Financial Standing</b>	<b>Comments</b>
a) Minimum unimpaired capital and surplus of \$250,000 – Article 70, Section 7004	In Compliance

<b>Examination Process</b>	<b>Comments</b>
a) The Company as examined in 2021 as of December 31, 2019 - subject to exam every 5 years – Article 70, Section 7007	Next anticipated exam as of 2024

<b>Policy Documentation</b>	<b>Comments</b>
a) Copy of policies on file with the Company	In Compliance
b) Copy of ceded reinsurance agreements between reinsurers and the Company on file with Company	In Compliance

<b>Other Items</b>	<b>Comments</b>
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 30, 2023**

**50 Water Street, 17<sup>th</sup> Floor**

**New York, NY**

**Meeting for the Public**

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

	<b>Page</b>
1. Election of Officers for the Ensuing Year	
2. Approval of prior year meeting minutes and any other actions since that date	<b>52</b>

**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 17th floor conference room at 50 Water Street, New York, New York on the 1<sup>st</sup> day of November 2022, 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 of the NYC Health + Hospitals. The following Directors were present virtually, constituting a quorum:

Vincent Calamia, M.D.

Machelle Allen, M.D.

Mitchell Katz, M.D. was represented by his delegate, Deborah Brown.

Also present were Executive Director David Cheung, David Guzman and James Linhart of NYCHHC Controller's Office, and Mike Batsimm of Aon Insurance Managers (AIM). José Pagán – Chair of the NYC Health + Hospitals Board of Directors, Sally Hernandez-Piñero and Dr. Patricia Marthone both from the NYC Health + Hospitals Board of Directors was also present.

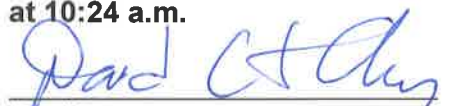
The meeting was called to order at 10:21 a.m. by Dr. Calamia. The following resolutions were presented to the Board by Dr. Calamia, and upon motion by Ms. Brown, seconded by Dr. Allen, were unanimously approved by the Board:

1. Approval of the minutes of the November 1, 2021 annual meeting;
2. The confirmation/acknowledgment of the appointment of the current Board of Directors with the appointment of Dr. Calamia as the Chairman; and,
3. The appointment of the following officers of the HHC Physicians Purchasing Group Inc.:
  - Vincent Calamia, M.D. President
  - Machelle Allen, M.D. Vice-President
  - Andrea Cohen, Esq. Secretary
  - John Ulberg, Jr. Treasurer

**INFORMATION ITEMS: Mike Batsimm presented two informational 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 2020. 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 10:24 a.m.**

  
David Cheung, Executive Director

Date: November 3, 2022