

REPORT ON EXAMINATION

OF THE

HEALTHCARE PROFESSIONALS INSURANCE COMPANY, INC.

AS OF

DECEMBER 31, 2009

DATE OF REPORT

APRIL 29, 2011

EXAMINER

FE ROSALES, CFE

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

April 29, 2011

Honorable James J. Wrynn
Superintendent of Insurance
Albany, New York 12257

Sir:

Pursuant to the requirements of the New York Insurance Law, and in compliance with the instructions contained in Appointment Number 30576 dated August 13, 2010 attached hereto, I have made an examination into the condition and affairs of Healthcare Professionals Insurance Company, Inc. as of December 31, 2009, and submit the following report thereon.

Wherever the designations "the Company" or "HPIC" appear herein without qualification, they should be understood to indicate Healthcare Professionals Insurance Company, Inc.

Wherever the term "Department" appears herein without qualification, it should be understood to mean the New York Insurance Department.

The examination was conducted at the Company's home office located at 217 Great Oaks Boulevard, Albany, New York 12203.

1. SCOPE OF EXAMINATION

The Department has performed a single-state examination of Healthcare Professionals Insurance Company, Inc. This is the first financial examination of the Company after the report on organization, which was conducted as of December 14, 2005. This examination covered the period January 1, 2006 through December 31, 2009. Transactions occurring subsequent to this period were reviewed where deemed appropriate by the examiner.

This examination was conducted in accordance with the National Association of Insurance Commissioners (“NAIC”) Financial Condition Examiners Handbook (“Handbook”), which requires that we plan and perform the examination to evaluate the financial condition and identify prospective risks of the Company by obtaining information about the Company including corporate governance, identifying and assessing inherent risks within the Company and evaluating system controls and procedures used to mitigate those risks. This examination also includes assessing the principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation, management’s compliance with Statutory Accounting Principles and annual statement instructions when applicable to domestic state regulations.

All financially significant accounts and activities of the Company were considered in accordance with the risk-focused examination process. The examiners also relied upon audit work performed by the Company’s independent public accountants when appropriate.

This examination report includes a summary of significant findings for the following items as called for in the Handbook:

- Significant subsequent events
- Company history
- Corporate records
- Management and control
- Territory and plan of operation
- Growth of Company
- Loss experience
- Reinsurance
- Accounts and records
- Statutory deposits
- Financial statements
- Summary of recommendations

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

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

2. DESCRIPTION OF COMPANY

Healthcare Professionals Insurance Company, Inc. was incorporated under the laws of the State of New York on June 7, 2005 and commenced business on January 10, 2006. HPIC is a wholly owned subsidiary of HANYS Member Hospitals Self-Insurance Trust (the "Trust"). The Trust was formed in response to the mandate of the Medical Malpractice Reform Act of 1985 and represents the interests of over eighty hospitals in New York State. On December 14, 2005, the Trust received 100 shares of common stock of HPIC for the sum of \$20,000,010. HPIC allocated \$10,000,000 to common stock and \$10,000,010 to paid in and contributed surplus.

Capital paid in is \$10,000,000 consisting of 100 shares of \$100,000 par value per share common stock. Gross paid in and contributed surplus is \$10,000,010.

The Company was formed for the purpose of writing professional liability insurance for hospitals, physicians, and surgeons. For physicians and surgeons, the Company writes excess liability policies pursuant to Section 18 of Chapter 266 of the Laws of 1986, as from time to time amended and extended ("Section 18" policies or coverages). Hospital professional liability insurance policies may be written by the Company for hospitals on either a primary or excess layer basis. The Company does not and will not issue primary layer professional liability insurance for physicians and surgeons, except for physicians affiliated with and part of a hospital professional liability insurance program, prior to July 1, 2008, without first obtaining the approval of the Superintendent.

Management

Pursuant to the Company's charter and by-laws, management of the Company is vested in a board of directors consisting of not less than thirteen nor more than twenty-one members. The board holds four regular meetings each calendar year. At December 31, 2009, the board of directors was comprised of the following thirteen members:

<u>Name and Residence</u>	<u>Principal Business Affiliation</u>
Samuel F. Bosco, MD Wynantskill, NY	Chief of Emergency Medicine, St. Peter's Hospital
Joseph P. Corcoran Hasbrouck Heights, NJ	Consultant to the President, New York Eye and Ear Infirmary
Terry Cummings, Esq. Montclair, NJ	Attorney, Hitchcock & Cummings, LLP
Patricia A. Kundel Voorheesville, NY	Executive Vice President, Healthcare Professionals Insurance Company
Dennis Loughridge Guilderland, NY	Chief Financial Officer, Consumer Directed Choices, Inc.
Murray S. Marsh Jamestown, NY	Consultant/Owner, M ² Associates
A. Gordon McAleer Goshen, NY	President, McAleer & Associates
Mark D. Morris Niskayuna, NY	President & Chief Executive Officer, Healthcare Professionals Insurance Company
Edward G. Murphy, MD Roanoke, VA	President & Chief Executive Officer, Carilion Health System
Bertram J. Oppenheimer, MD Eastchester, NY	Vice President of Health Services, Comprehensive Integrated Solutions, Inc.
Cleo M. Ostrander Saratoga Springs, NY	Vice President - Finance, Healthcare Professionals Insurance Company
Mark C. Schoell Orchard Park, NY	Chief Executive Officer, United Memorial Medical Center
Howard J. Williams, MD, FACS Manlius, NY	Chairman & Chief Executive Officer, Syracuse Urology Associates, a Division of Associated Medical Professionals of NY, PLLC

A review of the minutes of the board of directors' meetings held during the examination period indicated that the meetings were generally well attended and each board member has an acceptable record of attendance.

The review of the Company's charter and by-laws revealed the following:

- a) Article II, Section 1 of the by-laws (Number of Board of Directors) states:

“The business and property of the Company shall be conducted and managed by a Board of Directors consisting of not less than thirteen or more than twenty-one directors.”

Upon examination, it was noted that from the June 2006 through February 2009 meetings, there were only twelve board members.

The Company corrected this situation during its May 2009 board of directors' meeting when Dr. Samuel Bosco was elected to the board. The Company currently has thirteen board of directors and has indicated that it will be mindful to always maintain a minimum of thirteen directors.

- b) Article III, Section 1 of the by-laws (Executive Committee – Membership) states in part:

“The Board of Directors by a majority vote of the entire Board may elect from its own number an Executive Committee, to serve at the pleasure of the Board, consisting of not less than five nor more than seven members, the number to be determined by the Board of Directors.”

Upon examination, it was noted that the executive committee had only four members.

- c) Article IV, Section 1 of the by-laws (Finance Committee – Membership) states in part:

“The Board of Directors by a majority vote of the entire Board may elect from its own number a Finance Committee, to serve at the pleasure of the Board, consisting of not less than five nor more than seven members, the number to be determined by the Board of Directors.”

Upon examination, it was noted that the finance committee had only four members.

- d) Article V, Section 1 of the by-laws (Audit and Evaluation Committee – Membership) states in part:

“The Board of Directors by a majority vote of the entire Board may elect from its own number a Audit and Evaluation Committee, to serve at the pleasure of the Board, consisting of at least one third (1/3) of the directors of the Company.”

Upon examination, it was noted that the audit and evaluation committee had only four members.

e) Article 7 of the Company's Charter states:

“Officers of the Corporation shall be elected at the annual meeting of the Board of Directors following the annual meeting of shareholders, at any recessed or adjourned annual meeting of such Board of Directors or at any regular or special meeting of the Board of Directors.”

Upon examination, it was noted that the Company has not done the annual re-election of officers at the Board of Directors meeting following the shareholders meeting.

It is recommended that the Company fully comply with the provisions of its charter and by-laws at all times.

Subsequent to the examination date, at the September 2010 board of directors' meeting, the new committee members were presented and approved. All committees now have five members.

Additionally, the Company has indicated that it overlooked the annual reelection of officers at the board of directors' meeting following the shareholders meeting. This was corrected at the board meeting held on December 2010 and the Company has indicated that it will conduct the reelection of officers annually thereafter.

As of December 31, 2009, the principal officers of the Company were as follows:

<u>Name</u>	<u>Title</u>
Murray S. Marsh	Chairman
Edward G. Murphy, MD	Vice Chairman
Mark D. Morris	President and Chief Executive Officer
Dennis Loughridge	Secretary
Mark C. Schoell	Treasurer

B. Territory and Plan of Operation

As of December 31, 2009, the Company was licensed to write business in New York only.

As of the examination date, the Company was authorized to transact the kinds of insurance as defined in the following numbered paragraphs of Section 1113(a) of the New York Insurance Law:

<u>Paragraph</u>	<u>Line of Business</u>
4	Fire
5	Miscellaneous property
6	Water damage
7	Burglary and theft
8	Glass
9	Boiler and machinery
10	Elevator
11	Animal
12	Collision
13	Personal injury liability
14	Property damage liability
15	Workers' compensation and employers' liability
16	Fidelity and surety
19	Motor vehicle and aircraft physical damage
20	Marine and inland marine
21	Marine protection and indemnity

Based on the lines of business for which the Company is licensed and the Company's current capital structure, and pursuant to the requirements of Articles 13 and 41 of the New York Insurance Law, the Company is required to maintain a minimum surplus to policyholders in the amount of \$3,800,000.

The Company writes medical professional liability business for hospitals and physicians on a direct basis. The direct hospital business is written through the free trade zone per an initial license the Company received in April 2006 and renews annually.

Section 18 physicians business is produced by direct marketing. Hospital business is either directly or broker marketed.

The following schedule shows the direct premiums written by the Company for the period under examination:

<u>Calendar Year</u>	<u>Total Premiums</u>
2006	\$ 1,885,616
2007	\$24,424,673
2008	\$22,482,923
2009	\$30,304,827

C. Reinsurance

Assumed Reinsurance

The Company assumed a moderate volume of business compared to its direct writings. Assumed reinsurance accounted for approximately 32% of the Company's gross premiums written at December 31, 2009. As of the examination date, the Company's assumed reinsurance program consists mainly of hospital professional liability coverage assumed on a quota share basis, pursuant to the terms of a treaty agreement with an authorized cedant, Medical Liability Mutual Insurance Company ("MLMIC").

When the Company commenced operations in 2006, it assumed physicians' excess medical professional liability ("Section 18" or "physicians' excess") business written in 2005 and 2006 from its parent, the Trust. Effective July 1, 2007, the reinsurance treaty covering only the Section 18 business portion was rescinded and replaced with a novation agreement whereby HPIC assumes all liabilities during this period. (Refer to the novation agreement discussed further herein.)

In 2006, the Company began assuming physicians' excess business and hospital professional liability business from MLMIC. However, the physicians' excess treaty was not renewed for the 2008-2009 policy period.

The Company utilizes reinsurance accounting as defined in with NAIC Accounting Practices and Procedures Manual Statements of Statutory Accounting Principles ("SSAP") No. 62 for all of its assumed reinsurance business.

Ceded Reinsurance

As of the examination date, the Company had a professional liability excess cessions reinsurance treaty in place with Transatlantic Reinsurance Company ("Trans Re") for its hospital umbrella or hospital excess liability policies. The Company retains for its own account net and unreinsured, a minimum 20% of all policies ceded to Trans Re under this agreement. The minimum underlying limits were \$1 million each and every loss, each and every insured, and \$3 million in the aggregate, each insured and the Company ceded 75% or 80% each and every loss, each and every insured and in the aggregate each insured depending on the hospital's policy limits as indicated in the cessions table attached to the agreement. The agreement states that should any loss involve this

agreement, the obligation of Trans Re will be reinstated immediately and automatically as to any subsequent loss for the full amount of the reinsurance as set forth above. However, the maximum annual limit of liability of Trans Re for policies ceded during the term of the agreement will be 300% of the premium actually received by Trans Re (not including underwriting fees), without reduction for ceding commission retained by the Company or \$15 million, whichever is greater.

The ceded reinsurance agreement in effect as of the examination date was reviewed and found to contain the required clauses, including an insolvency clause meeting the requirements of Section 1308 of the New York Insurance Law. The Company has no ceded reinsurance agreement with affiliates.

It is noted that the Company did not cede any of its Section 18 business for the 2008 - 2009 policy year. For the 2006-2007 and 2007-2008 policy years, HPIC ceded 50% of its Section 18 business to MLMIC. As noted in the Assumed Reinsurance section above, HPIC also assumed Section 18 business directly written by MLMIC. However, the Company did not renew both of the reinsurance treaties as MLMIC ceased writing Section 18 business after June 30, 2008.

Novation Agreement

The Company entered into a novation agreement effective July 1, 2007 (“novation date”) with its parent, the Trust. Under this agreement, on the novation date, HPIC was substituted as the insurer under the Section 18 policies. Additionally, on and after the novation date, HPIC assumed all of the Trust's interests, rights, duties, liabilities under the Section 18 policies. Furthermore, on and after the novation date, per the remaining reinsurance agreement noted above, HPIC assumed all of the Trust's interests, rights and liabilities in connection with MMIP for the policy periods July 1, 2005 through June 30, 2006, and July 1, 2006 through June 30, 2007.

Examination review found that the Schedule F data reported by the Company in its filed annual statement accurately reflected its reinsurance transactions. Additionally, management has represented that all material ceded reinsurance agreements transfer both underwriting and timing risk as set forth in SSAP No. 62. Representations were supported by appropriate risk transfer analyses and an attestation from the Company's chief executive officer pursuant to the NAIC Annual Statement Instructions. Additionally, examination review indicated that the Company was not a party to any finite reinsurance agreements. All ceded reinsurance agreements were accounted for utilizing reinsurance accounting as set forth in paragraphs 43 to 47 of SSAP No. 62.

D. Affiliated Companies

The Company is a wholly-owned subsidiary of HANYS Member Hospitals Self-Insurance Trust (the “Trust”).

Pursuant to Section 1502(a) of the New York Insurance Law, the Trust is exempt from the filing requirements of Article 15. However, Department Circular Letter No. 10 (2010) requires every insurer that is exempt from Article 15 to submit the same information to the Insurance Department pursuant to Section 308 of the New York Insurance Law and to furnish the Department with copies of the insurance holding company system annual registration statement (“NAIC Form B”). It was noted that during the examination period the Trust did not file with the Department the information contained in NAIC Form B.

It is recommended that the Trust file with the Department its annual holding company registration statement (“NAIC Form B”) pursuant to the provisions of Department Circular Letter No. 10 (2010).

Subsequent to the examination date, on March 18, 2011, the Trust filed with the Department its first annual holding company registration statement.

The following is a chart of the affiliated group at December 31, 2009:



At December 31, 2009, in addition to the novation agreement detailed in the reinsurance section of this report, the Company was party to the following agreement with its parent, the Trust.

Tax Allocation Agreement

The Company entered into a tax allocation agreement dated July 25, 2007, with the Trust for the filing of consolidated returns for the 2006 tax year and for all tax years thereafter. The agreement is in accordance with Circular Letter No. 33 (1979).

Reinsurance Agreement

The Trust and HPIC entered into a reinsurance agreement for Section 18 coverages and the MMIP business allocated to the Trust. The Section 18 coverage portion of this reinsurance agreement was rescinded when the novation agreement between the Company and the Trust became effective.

Management, General Services and Facilities Agreement

The Company provides administrative support services to its parent. During the examination period, specifically in 2008 and 2009, the Company had no written agreement in place to document the services to be provided by the Company and the amount for which it was to be compensated. The Company had indicated that the fees were determined as part of the HPIC budget utilizing work hour estimates for Trust work. However, there is no written documentation of this time study. Good business practices dictate that any service arrangements between two parties should be reduced to written form. Further, Section 1608(c) of the New York Insurance Law states:

“The books, accounts and records of each party to all such transactions shall be so maintained as to clearly and accurately disclose the nature and details of the transactions, including such accounting information as is necessary to support the reasonableness of the charges or fees to the respective parties.”

Subsequent to the examination date, the Company entered into a written management, general services and facilities agreement with the Trust effective January 1, 2010.

Nonetheless, it is recommended that in the future, the Company prepare a written agreement before entering into any service arrangements with its parent in compliance with Section 1608(c) of the New York Insurance Law.

E. Medical Malpractice Insurance Pool

As a writer of medical professional liability insurance in New York, the Company is required to share in the operations of the Medical Malpractice Insurance Pool of New York State (“MMIP”) based upon its proportionate market share of the New York medical professional liability insurance market. MMIP, a joint underwriting facility established under Article 55 of the New York Insurance Law and Department Regulation 170, is a state created insurance pool designed to provide insurance to all physicians and medical professionals who cannot obtain medical professional liability insurance through the voluntary market. In accordance with SSAP No. 63 - Paragraph 8, the Company’s share of such business is recorded as if it was directly written.

The Company’s participation percentage in MMIP was 1.77% as of December 31, 2009 and was the fifth highest participation among twenty-three member companies.

F. Significant Operating Ratios

The following ratios have been computed as of December 31, 2009, based upon the results of this examination:

Net premiums written to surplus as regards policyholders	1.54:1
Liabilities to liquid assets (cash and invested assets less investments in affiliates)	115%*
Premiums in course of collection to surplus as regards policyholders	17%

The above ratios denoted with an asterisk fall outside the benchmark ranges set forth in the Insurance Regulatory Information System of the National Association of Insurance Commissioners. The Company has indicated that long tail business such as what the Company writes experiences high reserves for the first five to seven years. It was further indicated that as HPIC is a new company, the reserves are set conservatively.

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

	<u>Amounts</u>	<u>Ratios</u>
Losses and loss adjustment expenses incurred	\$148,641,190	91.45%
Other underwriting expenses incurred	17,057,525	10.50
Net underwriting loss	<u>(3,169,021)</u>	<u>(1.95)</u>
Premiums earned	<u>\$162,529,694</u>	<u>100.00%</u>

G. Accounts and Records

Classification of Expenses

During the review of the Company's allocation of expenses, it was noted that certain expenses were erroneously classified. For instance, expenses that should have been classified as Legal and Auditing were classified as Boards, Bureaus and Associations. This classification is not in accordance with Department Regulation 30 or the NAIC Annual Statement Instructions.

It is recommended that the Company classify its expenses in accordance with the NAIC Annual Statement Instructions and Department Regulation 30.

3. FINANCIAL STATEMENTS

A. Balance Sheet

The following shows the assets, liabilities and surplus as regards policyholders as of December 31, 2009 as determined by this examination and as reported by the Company:

<u>Assets</u>	<u>Assets</u>	<u>Assets Not Admitted</u>	<u>Net Admitted Assets</u>
Bonds	\$133,678,935	\$0	\$133,678,935
Common stocks	2,775,032		2,775,032
Cash and short-term investments	857,740		857,740
Aggregate write-ins for invested assets	3,267,158	3,138	3,264,020
Investment income due and accrued	1,497,381		1,497,381
Uncollected premiums and agents' balances in the course of collection	4,724,165		4,724,165
Deferred premiums, agents' balances and installments booked but deferred and not yet due	27,173,870		27,173,870
Funds held by or deposited with reinsured companies	38,831,757		38,831,757
Net deferred tax asset	1,876,974	57,053	1,819,921
Electronic data processing equipment and software	17,458		17,458
Furniture and equipment, including health care delivery assets	6,759		6,759
Receivables from parent, subsidiaries and affiliates	145		145
Aggregate write-ins for other than invested assets	<u>1,023,566</u>	<u>237,228</u>	<u>786,338</u>
Total assets	<u>\$215,730,940</u>	<u>\$297,419</u>	<u>\$215,433,521</u>

Liabilities, Surplus and Other FundsLiabilities

Losses and loss adjustment expenses		\$136,245,674
Other expenses (excluding taxes, licenses and fees)		149,226
Current federal and foreign income taxes		3,573,312
Unearned premiums		21,968,689
Ceded reinsurance premiums payable (net of ceding commissions)		118,598
Funds held by company under reinsurance treaties		24,206,465
Payable to parent, subsidiaries and affiliates		1,337
Aggregate write-ins for liabilities		<u>665,644</u>
Total liabilities		\$186,928,945

Surplus and Other Funds

Common capital stock	\$10,000,000	
Gross paid in and contributed surplus	10,000,010	
Unassigned funds (surplus)	<u>8,504,566</u>	
Surplus as regards policyholders		<u>28,504,576</u>
Total liabilities, surplus and other funds		<u>\$215,433,521</u>

NOTE: The Internal Revenue Service (“IRS”) did not audit the Company’s consolidated Federal Income Tax returns during the examination period. Additionally, as of the date of this examination report, the Company has not received any notification from the IRS that an audit is scheduled to begin. The examiner is unaware of any potential exposure of the Company to any tax assessment and no liability has been established herein relative to such contingency.

B. Statement of income

Surplus as regards policyholders increased by \$8,504,566 during the four-year examination period January 1, 2006 through December 31, 2009, detailed as follows:

Underwriting Income

Premiums earned		\$162,529,694
Deductions:		
Losses & loss adjustment expenses incurred	\$148,641,190	
Other underwriting expenses incurred	16,757,236	
Aggregate write-ins for underwriting deductions	<u>300,289</u>	
Total underwriting deductions		<u>165,698,715</u>
Net underwriting gain or (loss)		\$ (3,169,021)

Investment Income

Net investment income earned	\$ 12,253,096	
Net realized capital gain	<u>531,301</u>	
Net investment gain or (loss)		12,784,397

Other Income

Aggregate write-ins for miscellaneous income	\$ <u>3,727,027</u>	
Total other income		<u>3,727,027</u>
Net income after dividends to policyholders but before federal and foreign income taxes		\$ 13,342,403
Federal and foreign income taxes incurred		<u>6,230,586</u>
Net income		\$ <u>7,111,817</u>

Surplus as regards policyholders per report on organization as of December 14, 2005			\$20,000,010
	<u>Gains in Surplus</u>	<u>Losses in Surplus</u>	
Net income	\$7,111,817		
Net unrealized capital gains or (losses)		\$ 17,766	
Change in net deferred income tax	1,867,408		
Change in nonadmitted assets		297,419	
Cumulative effect of changes in accounting principles		219,449	
Aggregate write-ins for gains and losses in surplus	<u>59,975</u>	<u>0</u>	
Total gains and losses in surplus	<u>\$9,039,200</u>	<u>\$534,634</u>	
Net increase (decrease) in surplus			<u>8,504,566</u>
Surplus as regards policyholders per report on examination as of December 31, 2009			<u>\$28,504,576</u>

NOTE: This is the first examination of the Company after its examination on organization as of December 14, 2005.

4. LOSSES AND LOSS ADJUSTMENT EXPENSES

The examination liability for the captioned items of \$136,245,674 is the same as reported by the Company as of December 31, 2009. The examination analysis was conducted in accordance with generally accepted actuarial principles and practices and was based on statistical information contained in the Company's internal records and in its filed annual statements.

The Company discounts its loss and loss adjustment expenses ("LAE") reserves on a non-tabular basis using a rate of 4.0%. The rate is determined based on management's judgments regarding long-term trends in interest rates and historical and expected yields on invested assets. The discount was \$32,594,294 at December 31, 2009. The Company received permission from the Department to discount its loss and loss adjustment expenses reserves each year.

5. COMPLIANCE WITH THE REPORT ON ORGANIZATION

The report on organization contained two recommendations as follows (page numbers refer to the report on organization):

<u>ITEM</u>	<u>PAGE NO.</u>
A. <u>Minimum Capital Investments</u>	
It is recommended that the Company comply with Section 1402(b) of the New York Insurance Law and replace ineligible investments.	8
Subsequent to the organization examination date the Company replaced the ineligible investments to be in compliance.	
B. <u>Custodial Agreement</u>	
It is recommended that the Company amend its custodial agreement to include all the protective covenants and provisions in order to comply with the requirements set forth in the NAIC Financial Condition Examiners Handbook and Department guidelines.	9
The Company has complied with this recommendation.	

6. SUMMARY OF COMMENTS AND RECOMMENDATIONS

<u>ITEM</u>	<u>PAGE NO.</u>
A. <u>Management</u>	
i. It is recommended that the Company fully comply with the provisions of its charter and by-laws at all times.	6
B. <u>Affiliated Companies</u>	
i. It is recommended that the Company file with the Department its annual holding company registration statement (“NAIC Form B”) pursuant to the provisions of Department Circular Letter No. 10 (2010).	10
ii. It is recommended that in the future, the Company prepare a written agreement before entering into any service arrangements with its parent in compliance with Section 1608(c) of the New York Insurance Law.	11

ITEMPAGE NO.C. Accounts and Records

It is recommended that the Company classify its expenses in accordance with the Annual Statement Instructions and Department Regulation 30.

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Respectfully submitted,

_____/S/_____
Fe Rosales, CFE
Associate Insurance Examiner

STATE OF NEW YORK)
)ss:
COUNTY OF NEW YORK)

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

_____/S/_____
Fe Rosales

Subscribed and sworn to before me

this _____ day of _____, 2011

Appointment No. 30576

STATE OF NEW YORK
INSURANCE DEPARTMENT

I, James J. Wrynn Superintendent of Insurance of the State of New York,
pursuant to the provisions of the Insurance Law, do hereby appoint:

Fe Rosales

as proper person to examine into the affairs of the

HEALTHCARE PROFESSIONALS INSURANCE COMPANY

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

Company

with such other information as she shall deem requisite.

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

this 13th day of August, 2010



James J. Wrynn

JAMES J. WRYNN
Superintendent of Insurance