



**REPORT ON EXAMINATION  
OF  
HIGHVIEW NATIONAL INSURANCE COMPANY  
AS OF DECEMBER 31, 2021**

**EXAMINER:  
DATE OF REPORT:**

**KEVIN MCNAMEE  
OCTOBER 5, 2023**

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KATHY HOCHUL  
Governor



ADRIENNE A. HARRIS  
Superintendent

October 5, 2023

Honorable Adrienne A. Harris  
Superintendent  
New York State Department of Financial Services  
Albany, New York 12257

Madam:

Pursuant to the requirements of the New York Insurance Law, and in compliance with the instructions contained in Appointment Number 32439 dated August 2, 2022, attached hereto, I have made an examination into the condition and affairs of Highview National Insurance Company as of December 31, 2021, and submit the following report thereon.

Wherever the designation “the Company” appears herein without qualification, it should be understood to indicate Highview National Insurance Company.

Wherever the term “Department” appears herein without qualification, it should be understood to mean the New York State Department of Financial Services.

## 1. SCOPE OF EXAMINATION

The Department has performed an examination of Highview National Insurance Company, a multi-state insurer. The previous examination was conducted as of December 31, 2016. This examination covered the five-year period from January 1, 2017 through December 31, 2021. 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, which requires that we plan and perform the examination to evaluate the financial condition and identify current and 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 New York laws, statutory accounting principles, and annual statement instructions.

This examination report includes, but is not limited to, the following:

- Company history
- Management and control
- Territory and plan of operation
- Reinsurance
- Holding company description
- Financial statement presentation
- Loss review and analysis
- Summary of recommendations

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

The Company was incorporated under the laws of the State of New York on December 27, 1973, as the Marine Indemnity Insurance Company of America. It became licensed on January 1, 1974 and commenced business on that same date.

Effective January 1, 2002, the Company entered into two reinsurance, assignment, and assumption agreements to transfer all of its liabilities and related assets, arising from its operations prior to January 1, 2002, to two affiliates: Phoenix Assurance Company of New York and Landmark American Insurance Company. The purpose of these transactions was to convert the Company to a shell company in order to sell it.

On January 17, 2006, the Company was acquired by Upper Hudson Holdings, LLC, now known as Cinium Financial Services Corporation (“CFSC”), a non-insurance holding company, and changed its name to Upper Hudson National Insurance Company. Prior to the acquisition, the Company had not written any policies since 2001. In September 2006, the Company began writing small commercial and property liability policies. In January 2007, the Company changed its strategy and began writing surety policies. The Company stopped writing new business in 2013 and went into runoff.

On May 15, 2019, the Company became a wholly owned subsidiary of Venture Acquisition, LLC (“Venture”) pursuant to a Stock Purchase Agreement with CFSC. Effective June 9, 2020, Venture submitted an amended Certificate of Authority to change the Company’s name to Highview National Insurance Company.

### A. Corporate Governance

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 seven nor more than 24 members. Regular meetings of the board of directors may be held without notice at such places and times as shall be determined from time to time by resolution of the directors. The board met 12 times during 2021. At December 31, 2021, the board of directors was comprised of the following seven members:

<u>Name and Residence</u>	<u>Principal Business Affiliation</u>
Abraham Ekstein Monsey, New York	Member, EKSPO Holdings LLC

<u>Name and Residence</u>	<u>Principal Business Affiliation</u>
Raphael Ekstein Monroe, New York	Financial Advisor, Ekstein Financial Services
Deena Hersh Woodmere, New York	Board Member, Highview National Insurance Company
Isaac Jacobowitz Brooklyn, New York	Vice President, Carnegie Management
Ephram Lahasky Lawrence, New York	Member, Richmond County Ambulance
Isaac L. Muller Monsey, New York	President and Chief Executive Officer, Highview National Insurance Company
Harold Sussman Brooklyn, New York	Chief Executive Officer, The Kochin Group LLC

As of December 31, 2021, the principal officers of the Company were as follows:

<u>Name</u>	<u>Title</u>
Isaac Muller	President and Chief Executive Officer
Esther Lowy	Secretary
John Maloney	Treasurer

B. Territory and Plan of Operation

As of December 31, 2021, the Company was licensed to write business in 12 states: Arizona, California, Georgia, Hawaii, Illinois, Maryland, Massachusetts, New Jersey, New York, Pennsylvania, Virginia, and Washington.

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
29	Legal services

The Company is also empowered to transact such workers' compensation insurance as may be incidental to coverage contemplated under paragraphs 20 and 21 of Section 1113(a) of the New York Insurance Law, including insurances described in the Longshoremen's and Harbor Workers' Compensation Act (33 U.S.C. 901 et. seq. as amended).

Based upon 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 \$1.9 million.

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

<u>Calendar Year</u>	<u>Total Premiums</u>
2017	\$ 0
2018	\$ 0
2019	\$ 0
2020	\$ 0
2021	\$10,453,180

The Company was previously in runoff and began writing workers' compensation business in New York and Pennsylvania in 2021 through a network of independent brokers. The Company does not assume business.

C. Reinsurance Ceded

The Company has structured its ceded reinsurance program as follows:

<u>Type of Contract</u>	<u>Cession</u>
<u>Workers' Compensation Excess of Loss</u> Three Layers (First Layer - 100% Unauthorized Second and Third Layers – 100% Authorized)	\$9,000,000 in excess of \$1,000,000 statutory limit by state per policies written under the workers' compensation law of the state of domicile of the respective policyholder.

Regarding its first layer of reinsurance, the Company owns a segregated account pursuant to the terms of its agreement with Universal Re-insurance Company Limited (with respect to its segregated account no. URHNIC-21-01), an unauthorized insurance company organized under the laws of Bermuda. The Company utilized deposit accounting for this layer. All significant ceded reinsurance agreements in effect as of the examination date were reviewed and found to contain the required clauses, including an insolvency clause meeting the requirements of Section 1308 of the New York Insurance Law.

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 the NAIC Accounting Practices and Procedures Manual, Statement of Statutory Accounting Principles ("SSAP") No. 62R. Representations were supported by an attestation from the Company's Chief Executive Officer and Chief Financial Officer pursuant to the NAIC annual statement instructions. All ceded reinsurance agreements were accounted for utilizing reinsurance accounting as set forth in SSAP No. 62R.

D. Holding Company System

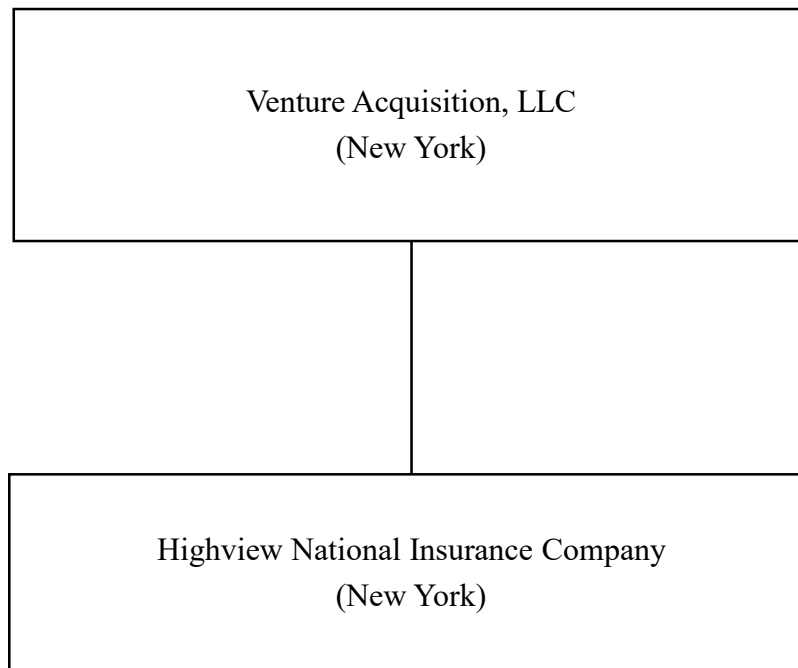
The Company is a wholly owned subsidiary of Venture Acquisition, LLC ("VA"), a New York limited liability company. Strong Assure, LLC ("SA") – managing member Bashie Stark (majority owner), Chaim Tov LLC ("CT") – managing member Chaim Perlstein, EKSP0 Holdings LLC ("EKSP0") –



managing member Abraham Ekstein, and Isaac Muller (VA's managing member) are the ultimate controlling persons. VA, SA, CT, and EKSP0 were formed for the purpose of acquiring the Company and had not engaged in any prior business operations.

A review of the holding company registration statements filed with this Department indicated that such filings were complete and were filed in a timely manner pursuant to Article 15 of the New York Insurance Law and Department Regulation 52.

The following is an unabridged chart of the holding company system at December 31, 2021:



### E. Significant Ratios

The following operating ratios, computed as of December 31, 2021, fall within the benchmark ranges set forth in the Insurance Regulatory Information System of the NAIC.

<u>Operating Ratios</u>	<u>Result</u>
Net premiums written to policyholders' surplus	104%
Adjusted liabilities to liquid assets	48%

The Company's two-year overall operating ratio of 109% falls outside the benchmark range. This is mainly because the Company began writing business in 2021.

### Underwriting Ratios

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

	<u>Amount</u>	<u>Ratio</u>
Losses and loss adjustment expenses incurred	\$2,482,489	93.05%
Other underwriting expenses incurred	3,824,904	143.38%
Net underwriting gain (loss)	<u>(3,639,645)</u>	<u>(136.43)%</u>
Premiums earned	<u>\$2,667,748</u>	<u>100.00%</u>

The Company's reported risk-based capital score ("RBC") was 765.7% at December 31, 2021. The RBC is a measure of the minimum amount of capital appropriate for a reporting entity to support its overall business operations in consideration of its size and risk profile. An RBC of 200% or below can result in regulatory action. There were no financial adjustments in this report that impacted the Company's RBC.

### 3. FINANCIAL STATEMENTS

#### A. Balance Sheet

The following shows the assets, liabilities and surplus as regards policyholders as of December 31, 2021, as reported by the Company:

<u>Assets</u>	<u>Assets</u>	<u>Assets Not Admitted</u>	<u>Net Admitted Assets</u>
Bonds	\$ 3,391,962	\$ 0	\$ 3,391,962
Cash, cash equivalents and short-term investments	9,454,610	0	9,454,610
Investment income due and accrued	38,885		38,885
Uncollected premiums and agents' balances in the course of collection	1,608,241	0	1,608,241
Deferred premiums, agents' balances and installments booked but deferred and not yet due	4,824,723	0	4,824,723
Net deferred tax asset	313,254	313,254	0
Section 1314 trust deposit	1,000,019	0	1,000,019
Licenses	450,000	450,000	0
Receivable from Cinium Financial Services	375,191	0	375,191
Software	360,355	360,355	0
Prepaid reinsurance	172,828	0	172,828
Prepaid expenses	<u>25,378</u>	<u>25,378</u>	<u>0</u>
Total assets	<u>\$22,015,446</u>	<u>\$1,148,987</u>	<u>\$20,866,459</u>

Liabilities, Surplus and Other FundsLiabilities

Losses and loss adjustment expenses	\$ 1,719,326
Commissions payable, contingent commissions and other similar charges	584,561
Other expenses (excluding taxes, licenses and fees)	156,859
Taxes, licenses and fees (excluding federal and foreign income taxes)	910,995
Unearned premiums	<u>7,598,666</u>
Total liabilities	\$10,970,407

Surplus and Other Funds

Common capital stock	\$ 3,290,000
Gross paid in and contributed surplus	18,796,277
Unassigned funds /surplus	<u>(12,190,225)</u>
Surplus as regards policyholders	\$ <u>9,896,052</u>
Total liabilities, surplus and other funds	<u>\$20,866,459</u>

Note: During the examination period, the Company was not subject to audit by the Internal Revenue Service. 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

The net loss for the examination period as reported by the Company was \$3,188,156, as detailed below:

Underwriting Income

Premiums earned		\$2,667,748
Deductions:		
Losses and loss adjustment expenses incurred	\$2,482,489	
Other underwriting expenses incurred	<u>3,824,904</u>	
Total underwriting deductions		<u>6,307,393</u>
Net underwriting gain or (loss)		\$(3,639,645)

Investment Income

Net investment income earned	<u>\$357,283</u>	
Net investment gain or (loss)		357,283

Other Income

Finance and service charges not included in premiums	\$ 3,686	
Write offs	<u>102,133</u>	
Total other income		<u>105,819</u>
Net income before federal and foreign income taxes		\$(3,176,543)
Federal and foreign income taxes incurred		<u>11,613</u>
Net income		<u>\$(3,188,156)</u>

C. Capital and Surplus

Surplus as regards policyholders increased \$8,783,443 during the five-year examination period January 1, 2017 through December 31, 2021, as reported by the Company, detailed as follows:

Surplus as regards policyholders as reported by the Company as of December 31, 2017			\$1,112,609
	<u>Gains in Surplus</u>	<u>Losses in Surplus</u>	
Net income		\$3,188,156	
Change in net deferred income tax	\$ 313,254		
Change in nonadmitted assets		1,148,987	
Capital changes paid in	11,189,128		
Surplus adjustments paid in	1,666,589		
Prior period adjustment		49,486	
Other		<u>0</u>	
	<u>1,101</u>		
Total gains and losses	\$13,170,072	\$4,386,629	
Net increase (decrease) in surplus			<u>8,783,443</u>
Surplus as regards policyholders as reported by the Company as of December 31, 2021			<u>\$9,896,052</u>

Capital paid in is \$3,290,000 consisting of 9,400 shares of \$350 par value per share common stock. Gross paid in and contributed surplus is \$18,796,277. Gross paid in and contributed surplus increased by \$12,855,717 during the examination period, as follows:

<u>Year</u>	<u>Description</u>		<u>Amount</u>
2017	Beginning gross paid in and contributed surplus		\$ 5,940,560
2019	Paid in capital contribution	\$11,189,128	
2020	Paid in surplus contribution	1,106,589	
2021	Paid in surplus contribution	<u>560,000</u>	
	Total contributions		<u>12,855,717</u>
2021	Ending gross paid in and contributed surplus		<u>\$18,796,277</u>

**4. LOSSES AND LOSS ADJUSTMENT EXPENSES**

The examination liability for the captioned items of \$1,719,326 is the same as reported by the Company's amended 2021 Annual Statement filed on July 25, 2022. The examination analysis of the loss and loss adjustment expense reserves was conducted in accordance with actuarial standards of practice and statutory accounting principles, including SSAP No. 55.

**5. SUMMARY OF COMMENTS AND RECOMMENDATIONS**

This report does not contain any comments or recommendations.

Respectfully submitted,

\_\_\_\_\_/S/\_\_\_\_\_  
Kevin McNamee  
Associate Insurance Examiner

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

Kevin McNamee, being duly sworn, deposes and says that the foregoing report, subscribed by him, is true to the best of his knowledge and belief.

\_\_\_\_\_/S/\_\_\_\_\_  
Kevin McNamee

Subscribed and sworn to before me

this \_\_\_\_\_ day of \_\_\_\_\_, 2023.



*NEW YORK STATE*

*DEPARTMENT OF FINANCIAL SERVICES*

*I, Adrienne A. Harris, Superintendent of Financial Services of the State of New York, pursuant to the provisions of the Financial Services Law and the Insurance Law, do hereby appoint:*

***Kevin McNamee***

*as a proper person to examine the affairs of the*

***Highview National Insurance Company***

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

***COMPANY***

*with such other information as he shall deem requisite.*

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

*this 2nd day of August, 2022*

*ADRIENNE A. HARRIS  
Superintendent of Financial Services*

*By:*

*Joan Riddell*

*Joan Riddell  
Deputy Bureau Chief*

