



**REPORT ON EXAMINATION
OF
NEW YORK TRANSPORTATION INSURANCE CORPORATION
AS OF DECEMBER 31, 2018**

**EXAMINER:
DATE OF REPORT:**

**IRENE TRAN
MAY 22, 2024**

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KATHY HOCHUL
Governor



ADRIENNE A. HARRIS
Superintendent

May 22, 2024

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 32650 dated March 26, 2023, attached hereto, I have made an examination into the condition and affairs of New York Transportation Insurance Corporation as of December 31, 2018, and submit the following report thereon.

Wherever the designation “the Company” appears herein without qualification, it should be understood to indicate New York Transportation Insurance Corporation.

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 New York Transportation Insurance Corporation, a single-state insurer. The last examination covered the five-year period from January 1, 2009 through December 31, 2013. This examination covered the five-year period from January 1, 2014, through December 31, 2018. 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
- 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

New York Transportation Insurance Corporation was incorporated under the laws of the State of New York on January 24, 2003. It became licensed and commenced business on July 8, 2005.

The Company has been in runoff since it voluntarily discontinued writing business in March of 2008. Pursuant to Section 1203(b) of the New York Insurance Law, any domestic insurer which ceases to do any

insurance business for more than one year continuously shall forfeit its right to resume an insurance business, except with the prior approval of the Superintendent.

On February 5, 2016, Euston Group LLC (“Euston”) acquired the Company as a direct, wholly-owned subsidiary. As part of the acquisition, Euston made a surplus contribution to the Company in the amount of \$1,126,000 in 2017, resulting in a gross paid-in and contributed surplus of \$2,252,924. The Company remains in run-off.

A. Corporate Governance

Pursuant to the Company’s amended charter and by-laws, management of the Company is vested in a board of directors consisting of not less than seven nor more than seventeen members. At December 31, 2018, the board of directors was comprised of the following eight members:

<u>Name and Residence</u>	<u>Principal Business Affiliation</u>
Alisa J. Backert Mineola, New York	Chief Executive Officer, Yes Electronics Inc.
Rikisha Hughes New York, New York	People and Culture Generalist, Four Seasons Hotel Downtown
Denise Jones East Williston, New York	Retired
Kristina Jones, Esq. Brooklyn, New York	Attorney, Jones Jones LLC, Attorneys at Law
Stuart A. Miller, Esq. White Plains, New York	Partner, William Elser, Attorneys at Law
William B. Polikoff Bohemia, New York Sarah Thomas Leahy, Esq. New York, New York	Chief Executive Officer, Medical Management Group, Inc. Managing Partner, Jones Jones LLC, Attorneys at Law
Harkesh Tuli Long Island City, New York	Vice President of Claims, New York Transportation Insurance Corporation

As of December 31, 2018, the principal officers of the Company were as follows:

<u>Name</u>	<u>Title</u>
William S. Jones	President and Chief Executive Officer
Michael Keuning	Chief Operating Officer
Matthew Jones	Chief Financial Officer

B. Territory and Plan of Operation

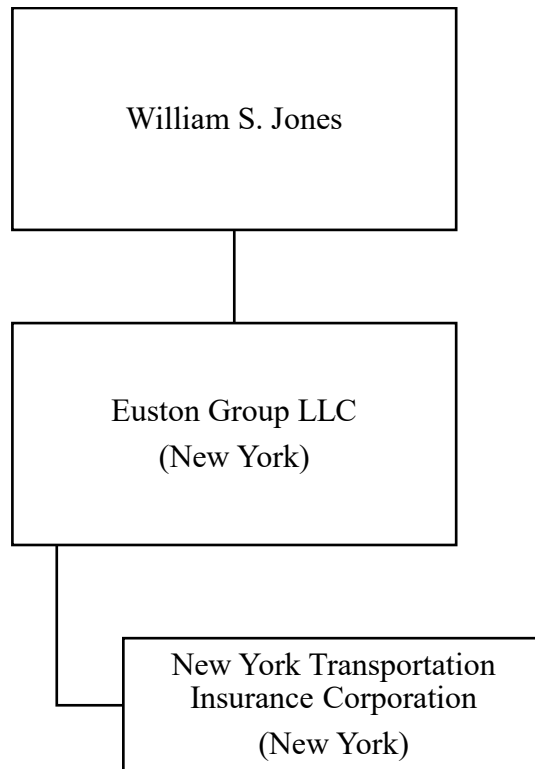
As of December 31, 2018, the Company was licensed to write business solely in New York. As of the examination date, the Company was authorized to transact workers' compensation and employers' liability insurance as defined in paragraph 15 of Section 1113(a) of the New York Insurance Law.

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 \$600,000.

C. Holding Company System

The Company is a direct, wholly-owned subsidiary of Euston Group LLC. Euston was organized on February 8, 2013, by William S. Jones, who is the sole management member and holder of the voting capital stock of Euston. He is also the ultimate controlling person of the Company.

The following is an unabridged chart of the holding company system at December 31, 2018:



D. Significant Ratios

The liabilities to liquid assets ratio of 4.41% at December 31, 2018, falls within the benchmark range set forth in the Insurance Regulatory Information System of the NAIC. The Company's other operating ratios and underwriting ratios normally contained herein have not been computed because they are not meaningful due to the Company's run-off status.

3. FINANCIAL STATEMENTS

A. Balance Sheet

The following shows the assets, liabilities and surplus as regards policyholders as of December 31, 2018, as reported by the Company:

<u>Assets</u>	<u>Assets</u>	<u>Assets Not Admitted</u>	<u>Net Admitted Assets</u>
Cash, cash equivalents and short-term investments	\$2,251,918	\$ 0	\$2,251,918
Totals	<u>\$2,251,918</u>	<u>\$ 0</u>	<u>\$2,251,918</u>
<u>Liabilities</u>			
Losses and loss adjustment expenses			\$ <u>99,400</u>
Total liabilities			\$ <u>99,400</u>
<u>Surplus and Other Funds</u>			
Common capital stock		\$ 600,000	
Gross paid in and contributed surplus		2,525,924	
Unassigned funds (surplus)		<u>(973,406)</u>	
Surplus as regards policyholders			<u>\$2,152,518</u>
Total liabilities, surplus and other funds			<u>\$2,251,918</u>

Note: The Internal Revenue Service has not yet begun to audit tax returns covering tax years 2014 through 2018. 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 \$(51,095), as detailed below:

Underwriting Income

Premiums earned		\$ 0
Deductions:		
Losses and loss adjustment expenses incurred	\$ (59,665)	
Other underwriting expenses incurred	174,476	
Total underwriting deductions		<u>114,811</u>
Net underwriting gain or (loss)		\$(114,811)

Investment Income

Net investment income earned	\$ 62,216	
Net investment gain or (loss)		\$ 62,216

Other Income

Restitution received	<u>1,500</u>	
Total other income		<u>1,500</u>
Net income before dividends to policyholders and before federal and foreign income taxes		\$ (51,095)
Federal and foreign income taxes incurred		<u>0</u>
Net loss		<u>\$ (51,095)</u>

C. Capital and Surplus

Surplus as regards policyholders increased \$1,075,029 during the five-year examination period January 1, 2014 through December 31, 2018, as reported by the Company, detailed as follows:

Surplus as regards policyholders as reported by the Company as of December 31, 2008			\$ 513,192
	<u>Gains in Surplus</u>	<u>Losses in Surplus</u>	
Net loss		\$51,095	
Surplus contribution	<u>1,126,124</u>	<u>0</u>	
Total gains and losses	\$1,126,124	\$51,095	
Net increase (decrease) in surplus			<u>1,075,029</u>
Surplus as regards policyholders as reported by the Company as of December 31, 2018			<u>\$1,588,221</u>

No adjustments were made to surplus as a result of this examination.

Capital paid in is \$600,000 consisting of 60,000 shares of \$10 par value per share common stock. Gross paid in and contributed surplus is \$2,525,924. Gross paid in and contributed surplus and/or capital paid in increased by \$1,126,124 during the examination period, as follows:

<u>Year</u>	<u>Description</u>		<u>Amount</u>
2008	Beginning gross paid in and contributed surplus		\$1,399,800
2017	Surplus contribution	\$1,126,124	
	Total surplus contributions		<u>1,126,124</u>
2018	Ending gross paid in and contributed surplus		<u>\$2,525,924</u>

4. **LOSSES AND LOSS ADJUSTMENT EXPENSES**

The examination liability for the captioned items of \$99,400 is the same as reported by the Company as of December 31, 2018. The Department approved the Company's exemption from filing the Statement of Actuarial Opinion for the year ending December 31, 2018.

5. **SUMMARY OF COMMENTS AND RECOMMENDATIONS**

This report on examination contains no comments or recommendations.

Respectfully submitted,

_____/S/_____
Irene Tran, CFE
Senior Insurance Examiner

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

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

_____/S/_____
Irene Tran

Subscribed and sworn to before me

this _____ day of _____, 2024.

NEW YORK STATE

DEPARTMENT OF FINANCIAL SERVICES

I, Linda A. Lacewell, 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:

Irene Tran

as a proper person to examine the affairs of the

New York Transportation Insurance Corporation

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 31st day of January, 2020

LINDA A. LACEWELL
Superintendent of Financial Services



By:

Joan P. Riddell

Joan Riddell
Deputy Bureau Chief