MEMORANDUM

To: Adrienne A. Harris, Superintendent

From: James Riddick, Contract Examiner-in-Charge

Date: August 9, 2024

Re: Maya Assurance Company Report on Examination as of December 31, 2019

Pursuant to the requirements of the New York Insurance Law, and in compliance with the instructions contained in Appointment Number 32237 dated April 6, 2021, attached hereto, I have made an examination into the condition and affairs of Maya Assurance Company as of December 31, 2019, and submit the following report thereon.

Wherever the designation “the Company” appears herein without qualification, it should be understood to indicate Maya Assurance Company.

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

The examination has determined that, as of December 31, 2019, the Company was insolvent in the amount of $50,965,794, its capital was impaired in the amount of $51,465,794, and its minimum required to be maintained surplus of $2,900,000 was impaired in the amount of $53,865,794.

REPORT ON EXAMINATION
OF
MAYA ASSURANCE COMPANY

AS OF DECEMBER 31, 2019

EXAMINER:	**JAMES RIDDICK, CFE**
DATE OF REPORT:	**JULY 14, 2022**

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1. SCOPE OF EXAMINATION

The Department has performed an individual examination of the Maya Assurance Company ("Company"), a single-state insurer. This examination covered the four-year period from January 1, 2016 through December 31, 2019. 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
Significant subsequent events
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 licensed on March 31, 1989, as the Merrion Insurance Company ("Merrion"). Merrion was established as the vehicle for the domestication of the United States Branch ("U.S. Branch") of the Insurance Corporation of Ireland, Ltd ("ICI"), pursuant to a domestication agreement approved by this Department on March 31, 1989. ICI was established in 1935, under the laws of Ireland and a U.S. Branch was licensed under the laws of the State of New York on March 17, 1976. ICI was taken over by the Irish government in March 1985 due to solvency issues, and the U.S. Branch ceased writing business in 1985, with its last policy expiring in 1986. Merrion was formed for the sole purpose of running off the insurance business previously written by the U.S. Branch.

On September 13, 2005, 100% of the outstanding capital stock of Merrion was acquired by Maya Holding Corporation, a New York corporation, pursuant to a stock purchase agreement approved by this Department. The Company adopted its current name on September 16, 2005. Effective March 1, 2006, the Company began its operations writing commercial automobile liability insurance and no-fault insurance coverage for various segments of the non-medallion livery industry.

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 13 nor more than 17 members. The board met four times during each calendar year. At December 31, 2019, the board of directors was comprised of the following 13 members:

Name and Residence	Principal Business Affiliation
Steven H. Acunto Greenwich, Connecticut	President, CINN Group, Inc.
Joseph A. Brusco Newtown, Pennsylvania	President, Berwin Group North America
John S. Maloney Brightwaters, New York	Treasurer, Maya Assurance Company
Brian McGuire Brightwaters, New York	Senior Vice President, Vista Reinsurance Intermediaries, Inc.
Steven M. Menzies Omaha, Nebraska	President, Applied Underwriters, Inc.
Deepjot K. Singh, MD Redondo Beach, California	Physician, Deepjot & Associates
Harpreet K. Singh, MD Green Brook, New Jersey	Director, Maya Assurance Company
Harpreet S. Singh Green Brook, New Jersey	President, Asian Insurance Brokerages, Inc.

Name and Residence	Principal Business Affiliation
Kanwal J. Singh Green Brook, New Jersey	Secretary, Maya Assurance Company
Navjot K. Singh Green Brook, New Jersey	Director, Asian Insurance Brokerages, Inc.
Nirmal K. Singh Jackson Heights, New York	Director, Asian Insurance Brokerages, Inc.
Ram R.P. Singh Jackson Heights, New York	President, Maya Assurance Company
Marc M. Tract, Esq. Brookville, New York	Partner, Katten Muchin Zavis Rosenman, LLP

As of December 31, 2019, the principal officers of the Company were as follows:

Name	Title
Ram R.P. Singh	President
Kanwal J. Singh	Secretary
John S. Maloney	Treasurer

Salaries of Officers

Article VI, Section 13 of the Company's amended and restated by-laws, states, in part:

> "The salaries of all officers shall be confirmed by the Board of Directors…"

The board of directors did not confirm the salary of the Treasurer or any other officer of the Company. The Company is directed to comply with its by-laws and ensure that officers' salaries are confirmed by its board of directors.

Conflict of Interest Policy

The Company has a conflict-of-interest policy in place for its directors and officers. The Company's board of directors has directed the Audit Committee to administer and enforce the Company's conflict-of-interest policy. A review of the conflict-of-interest statements shows that not all of the directors and officers provided signed conflict-of-interest statements for all years under examination.

The Company should take the necessary steps to ensure that the Audit Committee fulfills its responsibilities of administering and enforcing the conflict-of-interest policy and require all the directors and officers to complete signed conflict-of-interest statements on an annual basis.

The Company should institute procedures to ensure the completed and signed conflict-of-interest statements are provided to the board of directors, and that the review of the statements are acknowledged in the minutes of the board of directors' meetings.

Investment Committee Minutes

Article IV, Section 3 of the Company's amended and restated by-laws states, in part/:

> "The Investment Committee shall prepare regular minutes of the transactions at its meetings and for that purpose may appoint a secretary to record the proceedings thereat. The Investment Committee shall cause such minutes to be maintained in books kept for that purpose…"

The Company was unable to provide the minutes of the Investment Committee. The Company is directed to comply with its by-laws and prepare regular minutes of the transactions at the Investment Committee meetings.

Approval of Investments

Section 1411(a) of the New York Insurance Law states, in part:

> (a) No domestic insurer shall make any loan or investment, except as provided in subsection (h) hereof, unless authorized or approved by its board of directors or a committee thereof responsible for supervising or making such investment or loan. The committee's minutes shall be recorded, and a report submitted to the board of directors at its next meeting.

Contrary to Section 1411(a) of the New York Insurance Law, the board of directors, or a committee thereof, failed to approve the purchases and sales of the Company's investments for all years under examination. The Company is directed to comply with Section 1411(a) of the New York Insurance Law and ensure its board of directors approve all investment transactions.

B. Territory and Plan of Operation

As of December 31, 2019, the Company was licensed to write business solely in New York. The Company writes commercial automobile liability and no-fault insurance coverage for various segments (black cars, luxury and car services) of the non-medallion livery industry. The Company primarily writes within the five boroughs of New York City. In 2018, the Company began focusing on commercial auto liability for artisan contractors.

The Company produces its business through its affiliate, Maya Management General Agency ("MMGA"). MMGA acts on behalf of the Company for the purposes of receiving and accepting proposals for insurance contracts. Subject to the Company's underwriting guidelines, MMGA solicits, receives, accepts, and binds proposals from brokers, and has the authority to underwrite such business and issue policies in the name of the Company and to cancel or terminate, revise, or endorse the policies. The Company reserves the right to reject, cancel or reduce the amount of any business that is not satisfactory to it. In 2019, the Company had approximately 110 appointed brokers providing business to MMGA.

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:

Paragraph	Line of Business
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
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 $2,900,000.

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

Calendar Year	Direct Premiums Written
2016	$20,499,744
2017	$25,842,224
2018	$26,449,070
2019	$25,177,708

The Company does not assume business.

C. Reinsurance Ceded

The Company was reinsured by quota share ("QS") agreements through December 31, 2016, and aggregate stop loss ("ASL") contracts thereafter.

Pursuant to the terms of the QS agreements, the Company ceded 75% of its premium writings from its inception in 2006 through February 28, 2008, and 70% from March 1, 2008 through December 31, 2016.

I. 70% Quota Share Agreement - years 2014 through 2016

The Company was reinsured under the terms of a 70% quota share reinsurance agreement, effective December 31, 2013, with an unaffiliated authorized reinsurer. This agreement was subsequently amended several times. The agreement covered all business underwritten by the Company and classified as commercial automobile liability with policy inception dates inclusive of calendar years 2014 through 2016. The agreement was terminated at the end of 2016 on a run-off basis.

The agreement included a provisional ceding commission of 31% and was subject to adjustment based on the loss experience of the reinsurer.

In 2014 and 2015, the agreement provided for the following:

- a 31% provisional ceding commission with adjustable features depending on the reinsurer's loss experience;
- a 1% reduction in the commission rate for every 1% increase in the reinsurer's loss ratio above 60%, up to 75%;
- a minimum ceding commission rate of 16%.

The agreement provided for an increase in the ceding commission rate under certain criteria; however, given the loss experience of the underlying business, this provision was not applicable.

In 2016, the terms of the commission provision of the agreement were amended to provide for the following:

- a 32% provisional ceding commission with adjustable features depending on the reinsurer's loss experience;
- a 1% reduction in the commission rate for every 1% increase in the reinsurer's loss ratio up to 78%;
- a minimum ceding commission rate of 14%.

The Company initially booked a ceding commission at the provisional rate, which is only appropriate with the expectation of an ultimate loss ratio of approximately 60%. The actual loss ratios proved to be much higher, as follows:

- In its 2017 Annual Statement, the Company reported that the loss ratio for 2014 had already exceeded 75%.
- In its 2018 Annual Statement, the Company reported a loss ratio for 2014 of approximately 97%, and a loss ratio for 2015 of approximately 77%.
- In its 2019 Annual Statement, the Company reported loss ratios of approximately 105%, 82%, and 72% for 2014, 2015, and 2016, respectively.

Paragraph 56 of the NAIC Accounting Practices and Procedures Manual, Statement of Statutory Accounting Principles ("SSAP") No. 62R states, in part:

> "An accrual shall be maintained for the following adjustable features based upon the experience recorded for the accounting period: . . . Sliding Scale—A provisional rate of commission is paid over the course of the agreement, with a final adjustment based on the experience of the business ceded under the agreement."

The Company's failure to book its ceding commission to ultimate is not in accordance with SSAP 62R. The Company is directed to comply with all provisions of SSAP 62R when accounting for and reporting its activity under its reinsurance agreements.

Ascertaining the amount of ceding commission adjustments booked on these contracts at December 31, 2019, as well as the exact liability that should be established at December 31, 2019, was difficult given the cooperation issues encountered during the examination (refer to section F for further detail). However, it appears certain that the Company will be entitled to only the minimum ceding commission, based on the Company's own reporting and on the loss reserve adjustments reflected in this examination report. The financial adjustments reflected in this report were based on the reinsurer's records as of December 31, 2020.

There is some uncertainty as to the amount of ceding commission adjustments recorded by the Company after the date of this report.

The Company's failure to account for the sliding scale commission as set forth in the reinsurance agreements resulted in the Company overstating its income in the years preceding and during the examination period. The following table reflects the difference in income utilizing the provisional ceding commission rate as opposed to the minimum ceding commission rate:

Year	Ceding Commission Using Provisional Ceding Commission Rate, as Reported by Company	Ceding Commission Utilizing the Minimum Ceding Commission Rate	Initial Overstatement of Income
2014	$5,048,147	$2,600,960	$2,447,187
2015	$5,250,802	$2,710,080	$2,540,722
2016	$4,591,943	$2,008,975	$2,582,968
Total 2014 to 2016	**$14,890,892**	**$7,320,015**	**$7,570,877**

A review of the statutory financial statements filed from 2015 through 2019 indicated that the Company reported total expenses of $3,017,589[1] for the reduction of the ceding commission. This suggests the examination should include an additional liability and expense of $4,553,288[2] to ceding commission expense which reflects the initial overstatement of income less the subsequently booked adjustments of $3,017,589. However, this examination will instead recognize an additional expense of $2,203,227, which is the aggregate amount the reinsurer reflected as ceding commission adjustments at year-end 2020 for the 2014 through 2016 years. Additional adjustments are expected as the reinsurer continues to reimburse the Company for losses paid for policies covered by treaty years 2014 through 2016.

II. Aggregate Stop Loss Reinsurance Contracts

Effective January 1, 2017, the Company became party to an aggregate stop loss ("ASL") reinsurance contract, which covered losses occurring during the period January 1, 2017 through January 1, 2018 at 12:01 a.m. for policies incepting during that same period. ASL contracts with the same terms were also entered into for 2018 and 2019. Many of the provisions in these contracts are unusual as shown below:

Contract Provision	Comment
A reinsurance premium equal to 55% of the net earned premium. The net earned premium is defined as the net written premium during the period less the unearned reserves at the end of the period.	This premium appears to be excessive, taken by itself, relative to the risk borne by the reinsurer.
A 55% ceding commission payable to the Company.	A ceding commission is not customary in non-proportional reinsurance agreements. Furthermore, a ceding commission of 55% is unusually high, even for a proportional reinsurance agreement. Structuring the reinsurance agreement in this manner allowed the Company to understate both its premiums written and underwriting expenses. The accounting for the ceding commission noted in the ASL contracts resulted in the Company reporting $(10,939,868) in underwriting expenses for the examination period, which ultimately calls into question the credibility and integrity of the Company's financial statements.
A reinsurer's expense fee equal to 18% of the reinsurance premium.	This is unusual, especially given that the ASL contracts do not transfer risk.
A profit commission payable to the Company equal to the reinsurance premium less the ceding commission less reinsurer losses less the 18% reinsurance expense fee.	The maximum ceding commission is 27% (100% less 55% ceding commission less 18% reinsurer expense).
The Company shall retain and be liable for the first amount of aggregate ultimate net loss equivalent to 94% of the Company's net earned premium income. The reinsurer shall then be liable for the amount by which such aggregate ultimate net loss exceeds the Company's aggregate retention.	There does not appear to be any correlation between the Company's retention and its net premiums written (after premiums paid to the reinsurer).
The contracts are subject to a mandatory commutation two years after the end of the contract period. At the mandatory commutation date, no further claim development is considered in the calculation of the ceded losses.	A mandatory commutation after only two years is very unusual for a treaty covering long tail business.
The liability of the reinsurer shall not exceed the lesser of 60.5% net earned premium or $15,730,000.	This is an additional risk limiting feature (it did not materialize due to the mandatory commutation provision).

The ASL contracts were reviewed to determine if the contracts transferred both underwriting risk and timing risk, a requirement for prospective reinsurance accounting, as set forth in SSAP No. 62R. To understand the impact that these agreements had on the Company and the reinsurer, the Department performed an analysis of the agreements from accident years 2017 to 2020. It was concluded, with reasonable certainty, that the Company will not cede any losses for accident years 2017 through 2020 due to the mandatory commutation, two years after the contract expiration date, even though it was estimated that several of the ultimate loss and defense and cost containment ("DCC") ratios for these years will exceed 94%. The analysis included a review of the Company's historical incurred loss and DCC ratio triangles, which indicated that the Company never had any years where loss and DCC ratios exceeded 94% within three years.

The following aspects of the Company's accounting for the ASL contracts demonstrate that the Company did not anticipate risk transfer:

1. The Company did not take any statutory reinsurance credit and reduce its loss and loss adjustment expense liabilities in connection with cessions to the ASL contracts.

2. The Company recorded the maximum profit commission that is ultimately due to the Company per the terms of the ASL contracts. The maximum profit commission rate that is ultimately payable to the Company, if the reinsurer does not experience any losses, is 27%. The 27% rate is the residual amount from the reinsurance premium after deducting 55% for the Company's ceding commission and 18% for the reinsurer's fee. The Company, upon booking the reinsurance premium, recognized the 27% profit commission by recording it as ceding commission income.

The Company utilized prospective reinsurance accounting in its statutory reinsurance reporting for the ASL contracts. However, SSAP 62R requires the use of deposit accounting for reinsurance contracts that do not transfer risk. Deposit accounting requires that the initial consideration for the contract (premiums less commissions or other allowances) and subsequent receipts and disbursements be recorded by the ceding company through a deposit account.

The Company's improper use of prospective accounting resulted in a significant understatement of premiums earned and an overstatement of ceding commission income because the ceding commission income does not have an offsetting expense, while net premiums earned requires the recognition of offsetting loss and loss adjustment expenses. This shifting of income from premiums earned to ceding commission income is misleading and distorts the financials. It results in a significant understatement of loss and loss adjustment expenses incurred due to the understatement of premiums earned. The excessively high reinsurance premium, combined with the existence of an exceedingly high ceding commission, results in a significant reduction of net premiums earned and a frontloading of income.

Accounting for the ASL contracts in this manner results in an immediate recognition of 82% of the ceded earned premium as ceding commission income. The transfer of the income from premiums earned to ceding commission income results in an overstatement of income. The 82% is comprised of the 55% ceding commission and the maximum 27% profit commission provided for under the terms of the ASL contracts. The result of this accounting is a significant understatement of premiums earned and an overstatement of ceding commission income. Over time, this distortion will self-correct as the Company will have to pay losses without the benefit of true reinsurance since the ASL contracts do not transfer risk to the reinsurer.

A significant amount of the material adjustment to loss and loss adjustment expenses incurred in this report is attributable to the understatement by the Company of loss and loss adjustment expenses incurred because of the understatement of premiums earned. Had the Company followed the proper statutory accounting rules and used deposit accounting as required by SSAP 62R, the profit and loss items, premiums earned, and ceding commission income would not have been impacted. It is noted that ceding commission income is netted against other underwriting expenses in the presentation of a statutory income statement.

This examination concluded that the ASL contracts do not transfer risk. Given this conclusion, the examination reversed the effects of the Company's accounting for the ASL contracts on the statutory financial statements and essentially applied the principles of deposit accounting. In a departure from deposit accounting, the examination allowed the Company to reflect the $4,653,909 benefit of the net amount due from the reinsurer as of the examination date. The $4,653,909 is comprised of $6,043,617 in profit commissions receivable as of the examination date less $1,389,708 in premiums payable per the terms of the ASL contracts as of the examination date. The examination allowed for the admission of the net amount given:

1. The amounts were clearly defined under the terms of the ASL contracts.
2. As of the date of this report, the ASL contracts were commuted with the reinsurer incurring no liability and therefore the profit commissions reported at the examination date were certain and subsequently collected.

The following describes the purpose and primary effects of the examination reversal of the effects of the ASL contracts on the statutory financial statements:

- Increase net premiums earned by $35,356,719, which represents a reversal of the $40,815,989 of premiums ceded to the reinsurer less the unearned portion of that amount of $5,459,270. This results in an increase in premiums earned during the examination period from $40,840,268 to $76,196,987.

- Increase underwriting expenses by $40,815,989 which primarily results from reversing the ceding commission recorded, recognizing the 18% reinsurance fee, and adjusting some of amounts due to the Company and due to the reinsurer based on the timing of payments per the terms of the reinsurance contract. This results in an increase in underwriting expenses for the examination period from the reported amount of negative $10,939,868 to a positive $29,876,121. The examination conclusion that the treaties do not transfer risk suggests that the 18% reinsurance fee is ultimately the only permanent effect of this treaty.

- Increase the reported unearned premium liability from $4,939,315 to $10,398,585, to reverse the credit taken for the transfer of $5,459,270 in unearned premiums to the reinsurer. The ASL contracts only provided for coverage of ceded premiums earned.

The Company's independent auditor issued an adverse opinion in 2018 and 2019. In its 2019 Independent Auditors' Report, the auditor noted the following as the basis for the adverse opinion on the 2018 statutory basis of accounting:

> "Evidence supporting the recorded amounts of premiums receivable, reinsurance recoverable and reinsurance payable is not sufficient to provide a basis for forming an opinion on those areas. . ."

The examiner notes that the Company's independent auditors did not comment on or address the issue of risk transfer relative to the ASL contracts. The independent auditors included adjustments to the 2020 financials regarding valuation of reinsurance assets and liabilities (see section 9 for further detail), but not in relation to risk transfer.

The Company is directed to ensure that reinsurance contracts comply with regulatory requirements including those related to risk transfer, accounting treatment and disclosure.

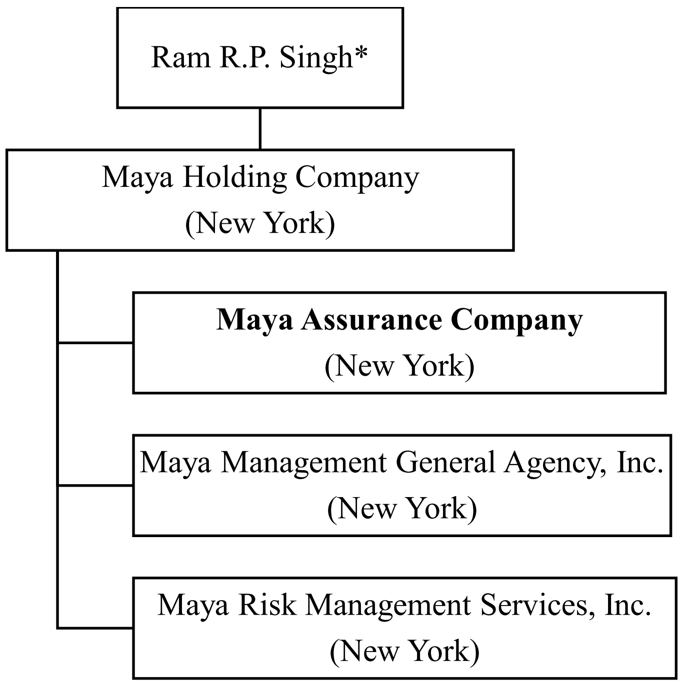
D. Holding Company System

The Company is a wholly owned subsidiary of Maya Holding Company ("MHC"), a New York corporation, which is ultimately controlled by Ram R.P. Singh. At December 31, 2019, Mr. Singh had a 73% ownership interest in MHC. No individual shareholder of the remaining 27% owned more than 10% of MHC.

MMGA, a New York corporation, is a wholly owned subsidiary of MHC. MHC formed MMGA in April 2013. As previously noted, MMGA is engaged in the business of producing property/casualty insurance business. MMGA performs services only for the Company and shares office space with the Company.

Maya Risk Management Services, Inc. ("MRMS"), a New York corporation, is a wholly owned subsidiary of MHC. MHC formed MRMS in June 2010. MRMS was formed to provide subrogation services. MRMS performed services only for the Company and shared office space with the Company. It is noted that, subsequent to the examination period, MRMS became inactive and MMGA assumed the responsibilities of MRMS.

The following is an abridged chart of the holding company system at December 31, 2019:



* Mr. Ram R.P. Singh is considered the ultimate controlling person of MHC because of his 73% ownership interest in MHC and because no other shareholder owns more than a 10% interest.

As of December 31, 2019, the Company was party to the following agreements with other members of its holding company system:

Producer and Claims Administration Agreement with MMGA ("PCA Agreement"), effective January 1, 2017. This agreement repealed and replaced all prior agreements between the Company and MMGA.

Subrogation Services Agreement with MRMS ("SS Agreement"), effective January 1, 2017. This agreement repealed and replaced all prior agreements between the Company and MRMS. This agreement was applicable during the examination period; however, due to staffing, MMGA performed the services of MRMS.

These agreements were submitted to the Department pursuant to Section 1505 of the New York Insurance Law.

Regarding the PCA Agreement, the examiner was not provided with sufficient supporting documentation to determine the amounts paid or due to MMGA (refer to section F of this report for more detail). Additionally, regarding the SS Agreement, the examiner was also not able to obtain any documentation of the amounts paid or due to MRMS (refer to section F of this report for more detail). Furthermore, the Company did not file the Notes to Financial Statements as part of the 2019 Annual Statement and, upon request, failed to provide the examiner with the Notes to Financial Statements. Note 10 of the Notes to Financial Statements requires disclosure of all material related party transactions. In Note 10 of the 2018 Annual Statement, the Company disclosed that it paid MMGA $2.4 million and $2.75 million in managing general agency fees in 2017 and 2018, respectively, and disclosed that it paid MRMS $1,263,272 and $1,660,780 for subrogation collection services in 2017 and 2018, respectively.

The Company is directed to file complete and accurate financial statements on an annual basis, including the Notes to Financial Statements.

E. Significant Ratios

The Company's adjusted liabilities to liquid assets ratio of 785% at December 31, 2019 falls outside the benchmark range of 300% or less, as set forth in the Insurance Regulatory Information System of the NAIC.

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

	Amount	Ratio
Losses and loss adjustment expenses incurred	$95,257,563	125.01%
Other underwriting expenses incurred	41,854,855	54.93%
Net underwriting gain (loss)	(60,915,431)	(79.94)%
Premiums earned	$76,196,987	100.00%

The examination adjustments of $58,484,763 (as summarized in section 3D) reduced the Company's total adjusted capital to the mandatory control level event, as defined in Section 1324 of the New York Insurance Law.

F. Accounts and Records

Section 310(a) of the New York Insurance Law states, in part:

> ". . . Any examiner authorized by the superintendent shall be given convenient access at all reasonable hours to the books, records, files, securities and other documents of such insurer or other person, including those of any affiliated or subsidiary companies thereof, which are relevant to the examination . . . The officers and agents of such insurer or other person shall facilitate such examination and aid such examiners in conducting the same so far as it is in their power to do so. . ."

Pursuant to Section 310(a) of the New York Insurance Law, the officers of the Company were directed to facilitate the examination and aid the examiner in conducting the same. Frequently during the examination of the books and records of the Company, the examiner either received no responses to examination requests or, when a response was provided, it was not complete or could not be reconciled to the 2019 Annual Statement and/or other books and records of the Company. In other instances, a Company officer was unavailable to respond timely to examination requests for support for transactions between the Company and its affiliates.

The PCA Agreement states, in part:

> ". . . MMGA shall render accounts on bordereau to Maya [the Company] detailing all material transactions during the previous month, including all information necessary to support all charges and other fees, received by or owing to MMGA . . . Maya, in accordance with New York Department Regulation 30 (11 N.Y. Comp. Codes R. & Regs. Sections 105.1 to 109.4) ("Regulation 30") and SSAP No. 70 shall determine and allocate the costs and expenses of MMGA's provision of the Services to the Company, all as hereinabove referred to, on a fair and equitable basis, and in conformity with customary insurance business practices . . . All billings between MMGA and Maya shall be settled within thirty (30) days after the last day of each month for the net amount of all such monthly allocated costs and expenses. On or before the last day of each quarter, Maya and MMGA shall adjust all costs and

> expenses allocated amongst them for the preceding quarter, and payment in accordance with such final adjustment shall thereupon be made by Maya to MMGA . . ."

The SS Agreement states, in part:

> "Maya, in accordance with New York Department Regulation 30 (11 N.Y. Comp. Codes R. & Regs. Sections 105.1 to 109.4) ("Regulation 30") and SSAP No. 70 shall determine and allocate the costs and expenses of MMGA's provision of the Services to the Company, all as hereinabove referred to, on a fair and equitable basis, and in conformity with customary insurance business practices . . . All billings between MRMS and Maya shall be settled within thirty (30) days after the last day of each month for the net amount of all such monthly allocated costs and expenses. On or before the last day of each quarter, Maya and MRMS shall adjust all costs and expenses allocated amongst them for the preceding quarter, and payment in accordance with such final adjustment shall thereupon be made by Maya to MRMS. . ."

Regulation 30 states, in part:

> ". . . Joint expenses . . . shall be allocated to companies . . ."

SSAP 70 states, in part:

> " . . . This statement establishes uniform expenses allocation rules to classify expenses within prescribed groupings. Allocable expenses . . . shall be classified into one of three categories . . . loss adjustment expenses, investment expenses, other underwriting expenses. Allocation . . . should be based on a method that yields the most accurate results."

Finally, Section 1217 of the New York Insurance Law states, in part:

> ". . . No domestic insurance company shall make any disbursement of one hundred dollars or more unless evidenced by a voucher signed by or on behalf of the payee as compensation for goods or services rendered for the company, and correctly describing the consideration for payment. . ."

Upon examiner request, the Company could not provide any evidence of its allocable portion of costs and expenses for any given month of compensation paid to its affiliates. The Company provided the examiner with MMGA's profit and loss statement, which indicated that in 2019, MMGA accrued $2,614,290 in expenses. However, the Company was not able to provide supporting documentation for bank statements or wire transfers for payment of services rendered by MMGA. Additionally, the Company was not able to provide any invoices, bank statements, or supporting documentation for any amounts paid or due to MRMS.

The Company is directed to comply with Section 1217 of the New York Insurance Law, Regulation 30 and SSAP No. 70 and maintain records that support transactions, including cost allocation and expense reports.

A review of the PCA Agreement and the SS Agreement reveals that the agreements do not fully reflect all services performed by the affiliates. For example, the Company represented that, during the examination period, it only has three employees and all other employees worked for MMGA or MMRS. However, these agreements do not include services for items such as information technology, accounting, financial reporting, administrative, and other overhead services usual to an insurance company. Furthermore, the agreements state that "Maya shall not be responsible for expenses of MMGA, including but not limited to salaries of employees . . ." and "Maya agrees to provide MMGA with Maya personnel to advise and assist MMGA . . ." The examiner was not able to substantiate the specific services provided pursuant to the filed agreements.

The Company is directed to abide by the terms of its agreements with affiliates.

G. Risk Management and Internal Controls - Enterprise Risk Management System

Overall corporate governance oversight for the Company was determined to be ineffective. The Company is closely held. Seven of the thirteen board members at December 31, 2019 were members of the Singh family. An eighth board member is affiliated with the Company's reinsurance intermediary who represents both the Company and the reinsurers with whom the Company does business. The Company is part of a small holding company group that is managed and operated centrally; management oversight, corporate governance, and processes/operations/key activities are all performed concurrently by shared staff and management.

The Company provided no descriptions of risk management processes, an effective actuarial function, financial decision-making processes, a compliance function, and board and senior management oversight of financial reporting. The Audit Committee does not provide proper oversight of the financial reporting process. The information technology controls were determined to be ineffective.

The Company should adopt an effective risk management function.

3. FINANCIAL STATEMENTS

A. Balance Sheet

The following shows the assets, liabilities and surplus as regards policyholders as of December 31, 2019, as reported by the Company:

Assets

	Assets
Bonds	$ 4,126,368
Common stocks	56,359
Cash, cash equivalents and short- term investments	4,883,673
Investment income due and accrued	33,197
Uncollected premiums and agents' balances in the course of collection	5,365,380
Other amounts receivable under reinsurance contracts	7,517,620
Total assets	$21,982,597

Liabilities, Surplus and Other Funds

Liabilities		
Losses and loss adjustment expenses		$12,647,551
Commissions payable, contingent commissions and other similar charges		2,627,636
Other expenses (excluding taxes, licenses and fees)		98,256
Taxes, licenses and fees		(198,056)
Unearned premiums		4,939,315
Ceded reinsurance premiums payable (net of ceding commissions)		(5,718,555)
Payable to parent, subsidiaries and affiliates		191,543
Accrued claims		(124,062)
Total liabilities		$14,463,628
Surplus and Other Funds		
Common capital stock	$ 500,000	
Gross paid in and contributed surplus	7,684,590	
Unassigned funds (surplus)	(665,621)	
Surplus as regards policyholders		7,518,969
Total liabilities, surplus and other funds		$21,982,597

Note: The Internal Revenue Service has not audited the Company's federal income tax return for the examination period. 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 income for the four-year examination period as reported by the Company was $1,097,457, as detailed below:

Underwriting Income		
Premiums earned		$40,840,268
Deductions:		
Losses and loss adjustment expenses incurred	$53,189,563	
Other underwriting expenses incurred	(10,939,868)	
Total underwriting deductions		42,249,695
Net underwriting gain or (loss)		$(1,409,427)
Investment Income		
Net investment income earned	$ 382,093	
Net realized capital gains or (losses)	144,353	
Net investment gain or (loss)		526,446
Other Income		
Finance and service charges not included in premiums	$ 1,980,296	
Aggregate write-ins for miscellaneous income	142	
Total other income or (loss)		1,980,438
Net income before federal and foreign income taxes		$1,097,457
Federal and foreign income taxes incurred		0
Net income		$1,097,457

C. Capital and Surplus

Surplus as regards policyholders increased $4,510,657 during the four-year examination period as reported by the Company, detailed as follows:

	Gains in Surplus	Losses in Surplus	
Surplus as regards policyholders as reported by the Company as of December 31, 2015			$3,008,312
Net income	$1,097,457		
Net unrealized capital gains or losses	8,297		
Change in net deferred income tax		$ 245,595	
Change in non-admitted assets	44,122		
Surplus adjustments paid in	4,614,590		
2017 audit adjustment		1,008,209	
Aggregate write-ins for gains and losses in surplus	0	5	
Total gains and losses	$5,764,466	$1,253,809	
Net increase (decrease) in surplus			4,510,657
Surplus as regards policyholders as reported by the Company as of December 31, 2019			$7,518,969

Capital paid in is $500,000 consisting of 5,000 shares of common stock at $100.00 par value per share. Gross paid in and contributed surplus is $7,684,590, which increased $4,614,590 during the examination period, as follows:

Year	Description		Amount
2016	Beginning gross paid in and contributed surplus		$3,070,000
2016	Surplus contribution	$ 114,590	
2018	Surplus contribution	500,000	
2019	Surplus contribution	4,000,000	
	Total surplus contributions		4,614,590
2019	Ending gross paid in and contributed surplus		$7,684,590

D. Analysis of Changes to Surplus

The following reflects the changes to surplus, as determined by this examination:

Surplus as regards policyholders as of December 31, 2019, as reported by the Company		$7,518,969
	Surplus Increase / (Decrease)	
Increase in premiums earned (refer to section 2C)[3]	$ 40,815,989	
Increase in underwriting expenses (refer to section 2C)[3]	(40,815,989)	
Increase in unearned premiums liability (refer to sections 2C and 7)[4]	(5,459,270)	
Increase in ceded reinsurance premiums payable (refer to sections 2C and 8)[5]	(7,280,263)	
Decrease in other amounts receivable under reinsurance contracts (refer to sections 2C and 5)[5]	(1,474,003)	
Increase in commissions payable (refer to sections 2C and 6)[5]	(2,203,227)	
Increase in losses and loss adjustment expenses (refer to section 4)[6]	(42,068,000)	
Increase in underwriting expenses (refer to section 9)[7]	(1,021,241)	
Increase in investment income (refer to section 9)[7]	13,034	
Allocation of surplus to expenses (refer to section 9)[7]	1,021,241	
Allocation of surplus to expenses (refer to section 9)[7]	(13,034)	
Total increase (decrease) in surplus		(58,484,763)
Surplus at December 31, 2019, per report on examination		$(50,965,794)

This examination has determined that as of December 31, 2019, the Company was insolvent in the amount of $50,965,794 and its capital was impaired in the amount of $51,465,794. Additionally, the Company's minimum required to be maintained surplus of $2,900,000 was impaired in the amount of $53,865,794.

E. Analysis of Changes to Income

	Income Increase/(Decrease)	
Income for the examination period, as reported by the Company		$ 1,097,457
Increase in loss and loss adjustment expenses (refer to sections 4 and 9)[6]	$(42,068,000)	
Increase in premiums earned[3,4]	35,356,719	
Increase in investment income[7]	13,034	
Increase in underwriting expenses[3,5,7]	(52,794,723)	
Net increase (decrease) in income		(59,492,970)
Income (loss) for the examination period, as determined by this examination		$(58,395,513)

[1] The $3,017,589 reflects the Company's reported amounts of:

- $200,058 in the 2015 Annual Statement;
- $525,000 in the 2016 Annual Statement;
- $384,273 in the 2017 Annual Statement;
- an audit adjustment [7] of $1,021,241 for 2017 booked through surplus in 2018; and, an expense of $887,017 reported in the 2019 Annual Statement.

[2] The Company expensed $3,017,589. However, the overstated ceded commission (based on the lowest commission rate for each applicable year 2014-2016 versus booked commissions ceded per the U&I Exhibit) is $7,570,877, therefore, an additional $4,553,288 should be accrued/expensed.

[3] An initial reversal of the ASL treaties was treated as an income and surplus neutral event: the income account "premiums earned" increased by $40,815,989 and was offset by an increase to "other underwriting expenses" by $40,815,989.

[4] Premiums earned decreased by $5,459,270, thereby reducing net income and surplus by $5,459,270. This is reflected on the balance sheet as an increase in the unearned premium liability.

[5] Underwriting expenses increased by $10,957,493, reducing net income and surplus. This reflects a recognition of the 18% reinsurer fee of $6,364,209 per the ASL contracts, an accrual of $2,203,227 to recognize further reductions in ceding commission income ultimately due to the Company per the terms of the quota share agreement, and $2,390,057 (comprised of $1,474,003 - refer to section 5 and $916,054 - refer to section 8) to reflect adjustments in amounts due and from the reinsurer per the terms of the ASL contracts.

[6] Loss and loss adjustment expenses increased by $42,068,000, resulting in a $42,068,000 reduction in both net income and surplus.

[7] The Company's independent auditor made an audit adjustment to the financial statements as of December 31, 2017. In 2018, the Company adjusted surplus to reflect this audit adjustment. Due to the 2017 audit adjustment that the Company booked directly through surplus in 2018, underwriting expenses increased by $1,021,241 and investment income increased by $13,034, resulting in a decrease in net income for the examination period of $1,008,207. This is ultimately a surplus neutral event as the initial positive addition to surplus is negated by the decrease in net income.

4. LOSSES AND LOSS ADJUSTMENT EXPENSES

The examination liability for the captioned items of $54,715,551 is $42,068,000 more than the liability of $12,647,551 reported by the Company in its filed annual statement as of December 31, 2019. 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.

The deficiency in the Company's carried reserves as of December 31, 2019, is extremely material. As the Company's reported surplus as of December 31, 2019, was $7,518,969, the $42,068,000 reserve deficiency indicates that the Company was insolvent by $34,549,031, without consideration of other examination adjustments.

The Department previously performed a reserve analysis as of December 31, 2015, which also found the Company's reported reserves to be extremely deficient. The Department concluded that as of December 31, 2015, the Company's net liability for loss and loss adjustment expenses of $7,342,686 was understated by $6,307,000. As the Company's reported surplus as of December 31, 2015, totaled $3,008,312, the $6,307,000 deficiency indicated that the Company was insolvent by $3,298,688 as of December 31, 2015.

The Company's own reported adverse loss and loss adjustment expense reserve development (excluding "adjusting and other" expense) through December 31, 2020, for accident years 2015 and prior was $6,906,000 (as reported in Schedule P of the 2020 Annual Statement), which is a larger adverse development than the Department anticipated. Similarly, the Company's own reported adverse loss and loss adjustment expense reserve development (excluding "adjusting and other" expense) through December 31, 2021 for accident years 2015 and prior was $9,482,000, which greatly exceeded the Department's indication noted above.

If the Company had initially booked reserves for accident year 2015 and prior at year-end 2015 that included the adverse development which was booked as of December 31, 2021, it would have reported itself insolvent in the amount of $6,473,688 at December 31, 2015. A similar calculation for years 2014 through 2020 reveals that if the Company had included the self-reported adverse development through December 31, 2021, in its initial reserves, it would have reported itself insolvent in each and every year from 2014 through 2019. This is demonstrated in the table below with information extracted from the Company's 2021 Annual Statement, Schedule P, Part 2 Summary ($000 omitted).

(1) Year	(2) Surplus Reported at Year-End	(3) Adverse Development Recorded through December 31, 2021 (for relevant accident years)	(4) = (2) – (3) Adjusted Surplus
2014	$2,530	$9,517	$(6,987)
2015	$3,008	$9,482	$(6,474)
2016	$3,211	$9,084	$(5,873)
2017	$3,002	$11,654	$(8,652)
2018	$3,499	$17,570	$(14,071)
2019	$7,518	$18,821	$(11,303)

It is important to note that the adverse development indicated in the table above only reflects the Company's own self-reported adverse development through December 31, 2021. The table serves to demonstrate the Company's consistent pattern of under-reserving. It is further noted that the Company consistently suppressed its initial reserve liabilities, which resulted in a consistently overstated surplus.

The Company has consistently engaged in a practice of booking unrealistically low initial reserves. This practice results in material adverse development of its reported reserves as is demonstrated in the Initially Reported to Reported-to-Date ratios that range from a low of 52.43% to a high of 70.97%. This is depicted in the table below, with information extracted from the Company's 2021 Annual Statement, Schedule P, Part 2 Summary ($000 omitted).

(1) Years in which Losses Were Incurred (Accident Year)	(2) Incurred Losses * Initially Reported by Accident Year	(3) Incurred Losses Reported as of December 31, 2021	(4) = (3) – (2) Adverse Development by Accident Year	(5) = (2)/(3) Ratio = (Incurred Losses Initially Reported / Incurred Losses Reported as of December 31, 2021)
2012	$3,103	$4,982	$1,879	62.28%
2013	$3,846	$5,419	$1,573	70.97%
2014	$3,778	$6,159	$2,381	61.34%
2015	$3,408	$5,615	$2,207	60.69%
2016	$2,823	$4,417	$1,594	63.91%
2017	$9,159	$15,486	$6,327	59.14%
2018	$11,632	$20,498	$8,866	56.75%
2019	$8,140	$15,525	$7,385	52.43%

*"Incurred Losses" include net losses and defense & cost containment expenses.

Independent Actuary

In its 2015 Statement of Actuarial Opinion ("SAO"), the independent actuary noted that the reserves carried on the balance sheet made an unreasonable provision for all unpaid loss and loss adjustment expense obligations of the Company. The SAO further states that the reserves are not consistent with reserves computed in accordance with accepted actuarial standards and principles, namely the Casualty Actuarial Society's Statement of Principles Regarding Property and Casualty Loss and Loss Adjustment Expense Reserves.

In its 2016, 2017, 2018 and 2019 SAOs, the actuary continued to provide an opinion that the Company's net reserve liabilities were below the low end of the range of reasonableness, as follows:

- $2.54 million below its low estimate as of December 31, 2016;
- $4.52 million below its low estimate as of December 31, 2017;
- $12.2 million below its low estimate as of December 31, 2018; and
- $22.4 million below its low estimate as of December 31, 2019.

For further description, in its 2019 SAO, the independent actuary stated that the Company's $12,649,000 net provision for unpaid loss and loss adjustment expenses as of December 31, 2019 is $22,395,000 less than the minimum amount necessary to be within the range of reasonable estimates. An increase in the reserve liabilities as of December 31, 2019 by the $22,395,000 minimum deficiency results in an insolvency of $14,877,000.

Independent Auditor

For 2015 through 2017, the Company's independent auditor issued qualified opinions in its Independent Auditors' Reports based on the Company's SAOs.

For 2018 and 2019, the Company's independent auditor issued adverse opinions in its Independent Auditors' Reports. The basis for the 2018 adverse opinion was:

1) "the Company's claims and claim expenses were understated at December 31, 2018"; and

2) "the Company's independent actuary opined that reserves were below the low end of the range of reasonableness. If the financial statements were corrected for that measurement departure, net income would decrease by $7,700,000 and capital and surplus would decrease by $12,200,000 in 2018."

The basis for the 2019 adverse opinion was:

1) “the Company’s independent actuary opined that reserves were below the low end of the range of reasonableness. If the financial statements were corrected for that measurement departure, net income would decrease by $10,200,000 and capital and surplus would decrease by $22,395,000 in 2019.”

It is important to note that the Company’s loss and loss adjustment expense liabilities are understated and mask a significant insolvency. This statement is supported by the Department’s analysis, the opinion of the Company’s own independent actuary, the opinion of the Company’s independent auditor, and the Company’s own historical reported reserve development. This failure to maintain a reasonable reserve liability is not in compliance with applicable statutory requirements.

Section 1303 of the New York Insurance Law states, in part:

> “Every insurer shall…maintain reserves in an amount estimated in the aggregate to provide for the payment of all losses or claims incurred on or prior to the date of statement, whether reported or unreported, which are unpaid as of such date and for which such insurer may be liable, and also reserves in an amount estimated to provide for the expenses of adjustment or settlement of such losses or claims.”

Further, the Company is not in compliance with Paragraph 10 of SSAP No. 55, which states, in part:

> “The liability for claim reserves and claim liabilities, unpaid losses, and loss/claim adjustment expenses shall be based upon the estimated ultimate cost of settling the claims (including the effects of inflation and other societal and economic factors), using past experience adjusted for current trends, and any other factors that would modify past experience. . . .”

The Company is directed to immediately address these ongoing reserving inadequacies and increase its carried reserves to an appropriate level, pursuant to the provisions of Section 1303 of the New York Insurance Law and Paragraph 10 of SSAP No. 55.

5. OTHER AMOUNTS RECEIVABLE UNDER REINSURANCE CONTRACTS

The examination admitted asset for the captioned item of $6,043,617 is $1,474,003 less than the $7,517,620 reported by the Company as of December 31, 2019. This asset reflects the 27% profit commission due to the Company pursuant to the terms of the ASL reinsurance contracts as of the examination date (refer to section 2C). The adjustment of $1,474,003 reflects the removal of the 27% profit commission on the reported ceded unearned premium of $5,459,270. The terms of the reinsurance contracts only provide for the cession of earned premiums, and the profit commission is only calculated based on the ceded earned premiums.

It is the Department's view that this account is utilized to reflect funds that are transferred back and forth as payables and receivables pursuant to the Company's reinsurance contracts, which lacked any meaningful transfer of risk.

6. COMMISSIONS PAYABLE, CONTINGENT COMMISSIONS AND OTHER SIMILAR CHARGES

The examination liability for the captioned item of $4,830,863 is $2,203,227 more than the $2,627,636 reported by the Company as of December 31, 2019. This liability reflects the ceding commissions that are estimated to be ultimately due to the reinsurer pursuant to the quota share agreement. As previously noted, this examination change is limited to the amounts that came due according to the reinsurer's records as of December 31, 2020, although the expectation is that the ceding commission due to the Company on the quota share agreement will ultimately reflect the minimum amounts per the terms of the agreement.

It is again noted that the Company's independent auditor issued adverse opinions in 2018 and 2019. In both years, the reason for the adverse opinions included that evidence supporting the amounts of premiums receivable, reinsurance recoverable and reinsurance payable was not sufficient to provide a basis for opinion on those areas.

7. UNEARNED PREMIUMS

The examination liability for the captioned item of $10,398,585 is $5,459,270 more than the $4,939,315 reported by the Company as of December 31, 2019. As this examination determined that the 2019 ASL contract did not transfer risk, the examiner reversed the credit taken for ceded unearned premiums.

8. CEDED REINSURANCE PREMIUMS PAYABLE

The examination liability for the captioned item of $1,561,708 is $7,280,263 more than the $(5,718,555) reported by the Company as of December 31, 2019. This liability of $1,561,708 reflects the ceded reinsurance premiums payable based on the confirmation the examiner received from the reinsurer of $1,389,708, plus $172,000 reported as payable to reinsurers under earlier treaties. The change in the liability also takes into account the reinsurance fee of $6,364,209 (18% of the $35,356,719 of earned premiums ceded during the examination period), plus $916,054, which reflects the balance due to the reinsurer under the ASL contract as of December 31, 2019. The Company's reported negative liability appears to have resulted primarily from the Company's failure to recognize the 18% reinsurance fee on earned premiums ceded. When the examiner requested supporting documentation for the negative liability "ceded reinsurance premium payable", the Company responded that "the balance as determined by the prior controllers was overstated by $5,533,710.34."

It is the examination view that this account is utilized to reflect funds that are transferred back and forth as payables and receivables pursuant to the Company's reinsurance contracts, which lacked any meaningful transfer of risk.

It is again noted that the Company's independent auditor issued adverse opinions in 2018 and 2019. In both years, the reason for the adverse opinions included that evidence supporting the amounts of premiums receivable, reinsurance recoverable and reinsurance payable was not sufficient to provide a basis for opinion on those areas.

9. SUBSEQUENT EVENTS

Independent Actuary

In its 2020 SAO, the independent actuary noted that the reserves carried on the balance sheet made an unreasonable provision for all unpaid loss and loss adjustment expense obligations of the Company. The actuary noted that the Company's net reserve liabilities were $22.6 million below its low estimate as of December 31, 2020.

In its 2021 SAO, the independent actuary again noted that the reserves carried on the balance sheet made an unreasonable provision for all unpaid loss and loss adjustment expense obligations of the Company. The actuary noted that the Company's net reserve liabilities were $28.3 million below its low estimate as of December 31, 2021. An increase in the reserve liabilities as of December 31, 2021, by the $28.3 million minimum deficiency results in an insolvency of $20,782,000.

Independent Auditor

For 2020, the Company's independent auditor issued a disclaimer of opinion in its Independent Auditors' Report. The auditors, in providing their basis for a disclaimer for the 2020 audit year, stated the following:

> "We were unable to properly audit loss reserves because the company does not report its loss reserves in accordance with the actuarially determined values. In addition, we were unable to audit the reinsurance assets or liabilities and are unable to determine the appropriate carrying values. We were unable to obtain sufficient appropriate audit evidence about appropriate carrying values of the loss reserves and reinsurance assets or liabilities by other auditing procedures."

The auditors adjusted the Company's reported negative liability "ceded reinsurance premiums payable" of $(8,388,568) by $11,234,859 and reported $2,846,291 for this liability. The offsetting adjustment was primarily reflected in an increase in underwriting expenses of $13,241,133 and a decrease in loss and loss adjustment expenses of $1,996,626. This 2020 adjustment is similar to the examination adjustment that was made to the ceded reinsurance payable liability at December 31, 2019 (refer to section 8). The increase in underwriting expenses is similar to the examination adjustment in underwriting expenses for the examination period that resulted from the adjustment of reinsurance receivable and payable assets (refer to sections 5, 6 and 8).

For 2021, the Company's independent auditor again issued a disclaimer of opinion in its Independent Auditors' Report and provided the same basis as in 2020.

Losses and loss adjustment expenses

The Department's reserve analysis as of December 31, 2020, found the Company's reported reserves to be deficient. The Department concluded that, as of December 31, 2020, the Company's liability for loss and loss adjustment expenses of $12,391,722 was understated by $41,414,031. As the Company's reported surplus as of December 31, 2020, was $6,076,008, the $41,414,031 deficiency indicates that the Company was insolvent by $35,338,023 as of December 31, 2020.

10. CONCLUSION

This examination has determined that as of December 31, 2019, the Company was insolvent in the amount of $50,965,794 and its capital was impaired in the amount of $51,465,794. Additionally, the Company's minimum required to be maintained surplus of $2,900,000 was impaired in the amount of $53,865,794.

11. SUMMARY OF COMMENTS AND RECOMMENDATIONS

ITEM		PAGE NO.
A.	Insolvency	
	This examination has determined that as of December 31, 2019, the Company was insolvent in the amount of $50,965,794 and its capital was impaired in the amount of $51,465,794. Additionally, the Company's minimum required to be maintained surplus of $2,900,000 was impaired in the amount of $53,865,794.	23, 32
B.	Corporate Governance	
i.	The Company is directed to comply with its by-laws and ensure that officers' salaries are confirmed by its board of directors.	4
ii.	The Company should take the necessary steps to ensure that the Audit Committee fulfills its responsibilities of administering the conflict-of-	5

ITEM			PAGE NO.
		interest policy and require all the directors and officers to complete signed conflict-of-interest statements on an annual basis.	
	iii.	The Company should institute procedures to ensure the completed and signed conflict-of-interest statements are provided to the board of directors, and that the review of the statements are acknowledged in the minutes of the board of directors' meetings.	5
	iv.	The Company is directed to comply with its by-laws and prepare regular minutes of the transactions at the Investment Committee meetings.	5
	v.	The Company is directed to comply with Section 1411(a) of the New York Insurance Law and ensure its board of directors approve all investment transactions.	5
C.		Reinsurance Ceded	
	i.	The Company is directed to comply with all provisions of SSAP 62R when accounting for and reporting its activity under its reinsurance agreements.	8
	ii.	The Company is directed to ensure that reinsurance contracts comply with regulatory requirements including those related to risk transfer, accounting treatment and disclosure.	13
D.		Holding Company System	
		The Company is directed to file complete and accurate financial statements on an annual basis, including the Notes to Financial Statements.	15
E.		Accounts and Records	
	i.	The Company is directed to comply with Section 1217 of the New York Insurance Law, Regulation 30 and SSAP No. 70 and maintain records that support transactions, including cost allocation and expense reports.	17
	ii.	The Company is directed to abide by the terms of its agreements with affiliates.	18

ITEM		PAGE NO.
F.	Risk Management and Internal Controls	
	The Company should adopt an effective risk management function.	18
G.	Losses and Loss Adjustment Expenses	
	The Company is directed to immediately address ongoing reserving inadequacies and increase its carried reserves to an appropriate level, pursuant to the provisions of Section 1303 of the New York Insurance Law and Paragraph 10 of SSAP No. 55.	28

Respectfully submitted,

James Tony Riddick

James "Tony" Riddick, CFE
Contract Examiner-in-Charge

STATE OF NORTH CAROLINA)

COUNTY OF WAKE)

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

James Riddick

James Riddick

HEATHER TRAUB
NOTARY
PUBLIC
WAKE COUNTY, NC

Subscribed and sworn to before me Heather Traub

this 9 day of August, 2024.

Exp. 10/20/2027

APPOINTMENT NO. 32237

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:*

James Riddick (consultant)

as a proper person to examine the affairs of the

Maya Assurance 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 6th day of April, 2021

LINDA A. LACEWELL
Superintendent of Financial Services

By:

Joan Riddell

Joan Riddell
Deputy Bureau Chief