



**REPORT ON EXAMINATION  
OF  
NEW YORK TRANSPORTATION INSURANCE CORPORATION  
AS OF DECEMBER 31, 2023**

**EXAMINER:  
DATE OF REPORT:**

**IRENE TRAN, CFE  
FEBRUARY 19, 2025**

## TABLE OF CONTENTS

<u>ITEM</u>		<u>PAGE NO.</u>
1.	Scope of examination	2
2.	Description of Company	2
	A. Corporate governance	3
	B. Territory and plan of operation	4
	C. Reinsurance ceded	5
	D. Holding company system	5
	E. Significant ratios	6
3.	Financial statements	8
	A. Balance sheet	8
	B. Statement of income	9
	C. Capital and surplus	10
4.	Losses and loss adjustment expenses	11
5.	Compliance with prior report on examination	11
6.	Summary of comments and recommendations	11

KATHY HOCHUL  
Governor



ADRIENNE A. HARRIS  
Superintendent

February 19, 2025

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, 2023, 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 previous examination was conducted as of December 31, 2018. This examination covered the five-year period from January 1, 2019 through December 31, 2023. 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

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. In March 2008, the Company voluntarily ceased writing business.

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 capital contribution to the Company in the amount of \$1,126,000 in 2017.

On August 19, 2020, the Department approved the Company to resume writing business for the worker's compensation trust. The Company resumed writing business in mid-2023.

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 seventeen members. At December 31, 2023, the board of directors was comprised of the following seven 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, Jones Jones LLC, Attorneys at Law
William B. Polikoff Bohemia, New York	Chief Executive Officer, Medical Management Group, Inc.
Sarah Thomas Leahy, Esq. New York, New York	Managing Partner, Jones Jones LLC, Attorneys at Law

Section 3.1 of the Company's by-laws requires that a regular meeting of the board of directors be held annually, and the Board may also schedule additional meetings as needed. However, a review of the meeting minutes during the examination period reveals that the board did not maintain formal written meeting minutes to document its actions and approvals for years 2019, 2021, and 2022.

It is recommended that the Board maintains formal written minutes or unanimous written consents for all actions taken during its meetings going forward.

As of December 31, 2023, 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, 2023, 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.

The Company did not assume business during the exam period. The following schedule shows the direct written premiums by the Company for the period under examination:

<u>Calendar Year</u>	<u>Total Gross Premiums</u>
2019	\$ 0
2020	\$ 0
2021	\$ 0
2022	\$ 0
2023	\$58,041

The Company was in run-off from March 2008 until mid-2023. Effective August 19, 2020, the Company entered into an Administrative Services Agreement with Diamond Agency and Insurance

Services, Inc. (“Diamond”), whereby Diamond provides various services necessary for the operation of the Company.

C. Reinsurance Ceded

Effective January 1, 2021, the Company entered into a 50% quota share reinsurance agreement with Diamond Insurance Company (“DIC”). Under the terms of Agreement, the Company cedes to DIC, 50% of its net liability for losses up to \$500,000 for Workers’ Compensation and Employers’ Liability policies. Additionally, the reinsurer is liable for the amount by which the ultimate net loss exceeds the Company’s retention, not to exceed \$14,500,000 ultimate net loss, any one occurrence. This agreement was approved by the Department.

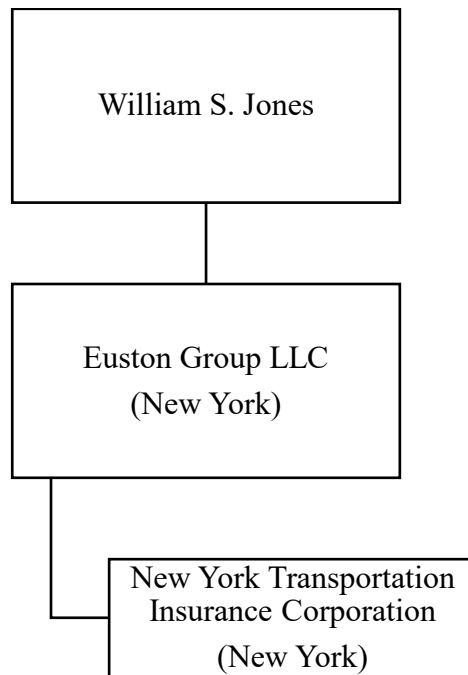
The 50% quota share reinsurance agreement in effect as of the examination date was reviewed and found to contain the required clauses, including an insolvency clause meeting the requirements of Section 1308 of the New York Insurance Law.

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 appropriate risk transfer analyses and an attestation from the Company's Chief Executive Officer and Chief Financial Officer pursuant to the NAIC annual statement instructions. Additionally, examination review indicated that the Company was not a party to any finite reinsurance agreements. The ceded reinsurance agreement was accounted for utilizing reinsurance accounting as set forth in SSAP No. 62R.

D. Holding Company System

The Company is a direct, wholly-owned subsidiary of Euston Group LLC (“Euston”). 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, 2023:



E. Significant Ratios

The following ratios have been computed as of December 31, 2023, based upon the results of this examination. The ratios 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 *	1%
Adjusted liabilities to liquid assets	6%
Two-year overall operating *	0%

\*The Company began writing in mid-2023, having previously been in run-off status. As a result, the Company's operating ratios do not accurately represent its performance during the examination period. This is not a cause for concern.

Underwriting Ratios

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



	<u>Amounts</u>	<u>Ratio</u>
Losses and loss adjustment expenses incurred	\$ (24,190)	(137)%
Other underwriting expenses incurred	328,817	1,864
Net underwriting gain (loss)	<u>(286,988)</u>	<u>(1,627)</u>
Premiums earned	\$ <u>17,639</u>	<u>100%</u>

The underwriting ratios primarily reflect the Company's run-off status for most of the examination period.

### 3. FINANCIAL STATEMENTS

#### A. Balance Sheet

The following shows the assets, liabilities and surplus as regards policyholders as of December 31, 2023, as reported by the Company:

<u>Assets</u>	<u>Assets</u>	<u>Assets Not Admitted</u>	<u>Net Admitted Assets</u>
Bonds	\$ 316,100	\$ 0	\$ 316,100
Cash, cash equivalents and short-term investments	2,079,547	0	2,079,547
Investment income due and accrued	3,152	0	3,152
Uncollected premiums and agents' balances in the course of collection	<u>10,448</u>	<u>0</u>	<u>10,448</u>
Total assets	<u>\$2,409,247</u>	<u>\$ 0</u>	<u>\$2,409,247</u>
 <u>Liabilities</u>			
Losses and loss adjustment expenses			\$ 33,488
Commissions payable, contingent commissions and other similar charges			7,545
Other expenses (excluding taxes, licenses and fees)			8,998
Taxes, licenses and fees (excluding federal and foreign income taxes)			2,031
Unearned premiums			10,149
Ceded reinsurance premiums payable (net of ceding commissions)			20,096
Amounts withheld or retained by company for account of others			<u>61,294</u>
Total liabilities			\$ <u>143,601</u>
 <u>Surplus and Other Funds</u>			
Common capital stock	\$ 600,000		
Gross paid in and contributed surplus	2,848,399		
Unassigned funds (surplus)	<u>(1,182,753)</u>		
Surplus as regards policyholders			<u>\$2,265,646</u>
Total liabilities, surplus and other funds			<u>\$2,409,247</u>

Note: The Internal Revenue Service has not yet begun to audit tax returns covering tax years 2019 through 2023. 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 \$(209,339), as detailed below:

Underwriting Income

Premiums earned		\$ 17,639
Deductions:		
Losses and loss adjustment expenses incurred	\$ (24,190)	
Other underwriting expenses incurred	328,817	
Total underwriting deductions		<u>304,627</u>
Net underwriting gain or (loss)		\$(286,988)

Investment Income

Net investment income earned	\$114,072	
Net realized capital gain or (loss)	<u>(36,423)</u>	
Net investment gain or (loss)		\$ <u>77,649</u>
Net income before dividends to policyholders and before federal and foreign income taxes		\$(209,339)
Federal and foreign income taxes incurred		<u>0</u>
Net loss		<u>\$(209,339)</u>

C. Capital and Surplus

Surplus as regards policyholders increased \$113,128 during the five-year examination period January 1, 2019 through December 31, 2023, as reported by the Company, detailed as follows:

Surplus as regards policyholders as reported by the Company as of December 31, 2018			\$2,152,518
	<u>Gains in Surplus</u>	<u>Losses in Surplus</u>	
Net loss		\$209,339	
Net unrealized capital gains or (losses)		8	
Surplus adjustments paid in	<u>322,475</u>	<u>0</u>	
Total gains and losses	\$322,475	\$209,347	
Net increase (decrease) in surplus			<u>113,128</u>
Surplus as regards policyholders as reported by the Company as of December 31, 2023			<u>\$2,265,646</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 \$2,848,399. Gross paid in and contributed surplus increased by \$322,475 during the examination period, as follows:

<u>Year</u>	<u>Description</u>		<u>Amount</u>
2019	Beginning gross paid in and contributed surplus		\$2,525,924
2020	Surplus contribution	154,748	
2021	Surplus contribution	93,543	
2022	Surplus contribution	41,987	
2023	Surplus contribution	<u>32,197</u>	
	Total surplus contributions		<u>322,475</u>
2023	Ending gross paid in and contributed surplus		<u>\$2,848,399</u>

#### 4. LOSSES AND LOSS ADJUSTMENT EXPENSES

The examination liability for the captioned items of \$33,488 is the same as reported by the Company as of December 31, 2023. The Department approved the Company's exemption from filing a Statement of Actuarial Opinion for all of the examination years.

#### 5. COMPLIANCE WITH PRIOR REPORT ON EXAMINATION

The prior report on examination did not contain any comments or recommendations.

#### 6. SUMMARY OF COMMENTS AND RECOMMENDATIONS

<u>ITEM</u>	<u>PAGE NO.</u>
A. <u>Corporate Governance</u>	
i. It is recommended that board maintains formal written minutes or unanimous written consents for all actions taken during its meetings.	4

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 \_\_\_\_\_, 2025

*APPOINTMENT NO. 32650*

*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:*

***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 she 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 26th day of March, 2023*

***ADRIENNE A. HARRIS***  
*Superintendent of Financial Services*

*By:*

*Joan Riddell*

\_\_\_\_\_  
*Joan Riddell*  
*Deputy Bureau Chief*

