REPORT ON EXAMINATION

OF

EASTERN VISION SERVICE PLAN, INC.

AS OF

DECEMBER 31, 2018

DATE OF REPORT	**APRIL 24, 2025**
EXAMINER	**GAIL A ROSS**

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April 24, 2025

Honorable Adrienne Harris
Superintendent of Financial Services
Albany, New York 12257

Madam:

Pursuant to the requirements of the New York Insurance Law, and acting in accordance with the instructions contained in Appointment Number 32006, dated October 4, 2019, attached hereto, I have made an examination into the condition and affairs of Eastern Vision Service Plan, Inc., a not-for-profit medical expense indemnity corporation licensed pursuant to the provisions of Article 43 of the New York Insurance Law, as of December 31, 2018. The following report is respectfully submitted thereon.

The examination was conducted at the home office of Eastern Vision Service Plan, Inc., located at 3333 Quality Drive, Rancho Cordova, California.

Wherever the designations "EVSP" or the "Plan" appear herein, without qualification, they should be understood to indicate Eastern Vision Service Plan, Inc.

Wherever the designations “VSP” or the “Parent” appears herein, without qualification, they should be understood to indicate Vision Service Plan (CA), a non-stock, not-for-profit California health service organization. VSP is also the ultimate parent within the holding company system.

Wherever the designations the “Department” or “DFS” appears herein, without qualification, they should be understood to indicate the New York State Department of Financial Services.

A separate Market Conduct examination reviewing the manner in which the Plan conducted its business practices and fulfilled its contractual obligations to policyholders and claimants was also conducted as of December 31, 2018.

1. SCOPE OF THE EXAMINATION

The prior examination of the Plan was conducted as of December 31, 2013. This combined (financial and market conduct) examination of the Plan covered the five-year period from January 1, 2014 through December 31, 2018. The financial component of the examination was conducted on a risk-focused basis in accordance with the provisions of the National Association of Insurance Commissioners (NAIC) *Financial Condition Examiners Handbook, 2019 Edition* ("the Handbook"), which provides guidance for the establishment of an examination plan based on the examiner's assessment of risk in the Plan's operations and utilizes that evaluation in formulating the nature and extent of the examination. Where deemed appropriate by the examiner, transactions occurring subsequent to December 31, 2018 were also reviewed.

The examiner planned and performed the examination to evaluate the Plan's current financial condition, as well as identify prospective risks that may threaten the future solvency of EVSP.

The examiner identified key processes, assessed the risks within those processes and assessed the internal control systems and procedures used to mitigate those risks. The examination also included an assessment of the principles used and significant estimates made by management, an evaluation of the overall financial statement presentation, and determined management's compliance with the Department's statutes and guidelines, Statutory Accounting Principles, as adopted by the Department, and NAIC annual statement instructions.

Information concerning the Plan's organizational structure, business approach and control environment were utilized to develop the examination approach. The examination evaluated

EVSP's risks and management activities in accordance with the NAIC's nine branded risk categories. These categories are as follows:

- Pricing/Underwriting
- Reserving
- Operational
- Strategic
- Credit
- Market
- Liquidity
- Legal
- Reputational

The examination also evaluated EVSP's critical risk categories in accordance with the NAIC's ten critical risk categories. These categories are as follows:

- Valuation/Impairment of Complex or Subjectively Valued Invested Assets
- Liquidity Considerations
- Appropriateness of Investment Portfolio and Strategy
- Appropriateness/Adequacy of Reinsurance Program
- Reinsurance Reporting and Collectability
- Underwriting and Pricing Strategy/Quality
- Reserve Data
- Reserve Adequacy
- Related Party/Holding Company Considerations
- Capital Management

The Plan was audited for the years 2014 through 2018 by the accounting firm of Deloitte, LLP ("Deloitte"). The Plan received an unqualified opinion in each of those years. Certain audit work papers of Deloitte were reviewed and relied upon in conjunction with this examination. A review was also conducted of the ultimate parent's corporate governance structure, which included its Internal Audit function and Enterprise Risk Management program, as they relate to the Plan.

A review was made of the Plan's compliance with the provisions of Insurance Regulation No. 118 (11 NYCRR 89), "Audited Financial Statements." This regulation is based on the Model

Audit Rule ("MAR"), as established by the NAIC, and all references to MAR within this report may be interpreted as reference to Insurance Regulation No. 118 (11 NYCRR 89).

Additionally, as part of this examination and in accordance with the provisions of the Handbook, a risk focus review was made of VSP's computer systems and operations that support EVSP.

The examiner reviewed the corrective actions taken by the Plan with respect to the recommendations concerning financial issues contained in the prior report on examination. The results of the examiners' review are contained in Item 8 of this report.

Concurrent examinations were also performed on affiliates of the Plan by the regulatory authorities of the states in which those affiliates are domiciled. During this process, the examiners coordinated the examination with the other states under the leadership of the Ohio Department of Insurance, which served as the Lead State. Examinations were made of the following companies within Vision Service Plan (VSP) holding company, none of which write business in the State of New York:

- VSP Vision Care, Inc. (VA).
- Vision Services Plan Insurance Company (MO)
- Vision Services Plan of Illinois (IL)
- Vision Services Plan Insurance Company (OH)
- Vision Service Plan (OH)

The market conduct portion of the examination was conducted to review the manner in which the Plan conducted its business practices and fulfilled its contractual obligations to policyholders and claimants.

2. DESCRIPTION OF THE PLAN

Eastern Vision Service Plan, Inc. was incorporated on August 29, 1985 and licensed by the Department on June 1, 1987 as a not-for-profit medical expense indemnity corporation, pursuant to the provisions of Article 43 of the New York Insurance Law. The Plan's purpose is to provide subscribers and their families with vision care on a prepaid or fee-for-service basis. Eastern Vision Service Plan, Inc. is a subsidiary of Vision Service Plan ("VSP"). VSP is incorporated under the laws of the State of California as a not-for-profit California health service organization. The Plan is controlled and managed by its parent company, Vision Service Plan ("VSP").

The Plan maintains its books of account and corporate records at the office of its Parent at 3333 Quality Drive, Rancho Cordova, California. The Plan has obtained its Regulatory approval for this arrangement pursuant to the requirements of section 325(b) of The New York Insurance Law.

A. Corporate Governance

Pursuant to the Plan's Certificate of Incorporation and by-laws, management of the Plan is to be vested in a board of directors ("Board") consisting of not less than four (4) directors. As of the examination date, the board of directors was comprised of four (4) members.

The four members of the board of directors as of December 31, 2018 were as follows:

Name and Residence	Principal Business Affiliation
Officer-Employee	
Thomas Allan Fessler California	General Counsel, Vision Service Plan (VSP)

Name and Residence	Principal Business Affiliation
Public Representative	
William Robert Griffith New York	Board of director member, Eastern Vision Service
Provider Representative	
Gwenda Renee Gnadt, O.D. New York	Optometrist, Vision Service Plan (VSP)
Subscriber Representative	
Hyong "Joe" Paek* New York	Attorney, Marchon Eyewear, Inc., (VSP subsidiary)

EVSP board of directors was in compliance with the classification requirements of section 4301(k)(1) of the New York Insurance Law.

The Board met at least four times, in compliance with its charter and bylaws, during each calendar year within the examination period. A review of the Board's meeting minutes held during the examination period revealed that the meetings were generally well attended, with all members attending at least one-half of the meetings they were eligible to attend.

During the review of the board of directors' meeting minutes for the years under examination, it was noted that the board did not approve their meeting minutes.

A review of EVSP's by-laws did not require the board to approve meeting minutes.

It is recommended that EVSP amend its by-laws to include the approval of its board of directors' meeting minutes.

Pursuant to EVSP's by-laws,

> "The Board of Directors, at their first regular meeting, shall elect one of their members to act as Chairman of the Board."

EVSP's by-laws allow for its Chairman of the Board to be elected at its first regular meeting.

During the review of the board minutes for the years under examination, it was noted that the minutes did not reflect the formal appointment of the Chairman of the Board.

It is recommended that the Plan document the formal appointment of its chairperson within its board minutes.

The examiner determined that the Plan's Corporate Governance structure supported a proactive approach to operational risk management and contributed to an effective system of internal controls.

B. Board Committees

The Plan does not have its own committees. VSP's Audit Committee and its Finance Committee operates as the Plan's committees. VSP Audit Committee and Finance Committee met each quarter during the examination period, and minutes were prepared and retained. During the review of the Audit and the Finance Committees' minutes for the years 2014 to 2018, it was noted that the minutes of both committees were not reviewed or approved.

In addition, it was noted that the Finance Committee's minutes for the years 2014 to 2018, lacked an annual evaluation of the performance of the committee and the review of the charter.

It is recommended, as a best practice, that the Audit and the Finance Committees review and approve their minutes.

It is recommended, as a best practice, that the Finance Committee review, annually, the performance of the committee and the committee's charter.

Subsequent to examination date, it was noted that the Audit and the Finance Committees began reviewing and approving their meeting minutes.

Section 3.2 of the Governance Committee charter states, in part:

> "… Governance Committee shall maintain adequate minutes of its proceedings …"

During the review of the Governance Committee's minutes it was noted that the minutes were not kept for all meetings. In addition, the minutes did not contain an annual review of the Directors and Officers insurance and indemnification provision for members of the Board and there was no indication that the Committee was overseeing the activities of the Board members and Board Committee members to ensure that conflict of interest, confidentiality, and other requirements are met.

It is recommended that VSP's Corporate Governance Committee's meeting minutes be kept and that the committee, as a best practice, ensures it performs its oversight responsibilities.

Section 3.3. of the Compensation Committee Charter states, in part:

> "The Compensation Committee shall maintain adequate minutes of all of its proceeding …."

VSP was not able to provide the Compensation Committee minutes from meetings held during calendar years 2014 to 2017.

It is recommended that VSP comply with its Compensation Committee's charter and maintain minutes of all meetings.

In 2019, VSP Board of Directors updated all of their Committees' responsibilities and respective charters. It was noted, subsequent to the examination in 2019 the Compensation Committee retained, reviewed, and approved its prior meeting minutes.

The principal officers of the Plan as of December 31, 2018 were as follows:

Name	Title
Kate-Alison Renwick-Espinosa	President
Daniel Joseph Schauer	Treasurer
Lester Earl Passuello	Secretary

C. Territory and Plan of Operation

The Plan is licensed as a not-for-profit medical expense indemnity corporation pursuant to the provisions of Article 43 of the New York Insurance Law and is authorized to conduct its operations throughout the State of New York. The Plan markets vision care programs to subscriber groups on both an at-risk and self-funded basis. Subscriber groups that purchase plans pay an agreed upon monthly premium based on the total number of eligible group members. Subscriber groups that elect self-funded programs reimburse the Plan for benefits paid and pay an administrative fee. The Plan's sole line of business during the examination period was vision services.

Vision services are provided through a network of participating optometrists and ophthalmologists that accept the Plan's schedule of fees as full payment for covered services.

Subscribers may also secure services from non-member doctors who are reimbursed pursuant to a separate reimbursement schedule.

EVSP markets its products through broker agreements where a broker designated by a group as its "Agent of Record" is paid a commission. The commission is paid, based on premiums remitted by the agent for vision benefits, according to the rate schedule contained within the broker agreement.

Based upon the reserve requirements specified by Section 4310(d) of the New York Insurance Law, the Plan is required to maintain a reserve to be designated as the statutory reserve fund. As of December 31, 2018, the Plan reported a statutory reserve of $11,340,784.

The Plan's Risked-Based Capital (RBC) ratio decreased during the examination period, from 1,348.13% in 2014 to 542.3% in 2018. The decrease in the RBC ratio is due primarily to losses in the Plan's ASC business. The Plan's ASC business increased over its at risk business during the period under review however the high administrative expense ratio on the ASC business has resulted in increased losses on this business for the Plan.

The chart below illustrates the Plan's year-end enrollment and premium writings during the examination period.

Line of Business	Members Change %	2014	2015	2016	2017	2018
Pooled groups	5.3%	193,481	203,940	209,210	201,872	203,763
Individually rated groups	4.1%	1,091,848	1,021,586	1,050,897	1,094,599	1,137,078
Total members	4.3%	1,285,329	1,225,526	1,260,107	1,296,471	1,340,841

During the examination period, 2014 through 2018, the Plan's overall annual enrolled membership increased by 4.3% from 1,285,329 at December 31, 2014 to 1,340,841 enrollees at December 31, 2018.

Annual Premium Writings

Calendar Year	Direct Premiums Written
2014	$86,915,556
2015	$85,916,262
2016	$88,898,347
2017	$95,983,600
2018	$97,365,247

Over the examination period, EVSP's written premiums increased by 12% from $86,915,556 as of December 31, 2014 to $97,365,247 as of December 31, 2018.

D. Enterprise Risk Management

The Plan is required to comply with Insurance Regulation No. 203 (11 NYCRR 82) as it relates to Enterprise Risk Management ("ERM") and Own Risk Solvency Assessment ("ORSA"). The Plan has a formal ERM framework with defined risk appetites and tolerances for proactively addressing and mitigating risks, including prospective business risks. Exhibit M of the Handbook (*Understanding the Corporate Governance Structure*) was utilized by the examiner as guidance for assessing the Plan's Corporate Governance. It was determined that EVSP's Board and key executives maintained an effective control environment during the examination period.

E. Information Technology ("IT")

The examination encompassed a review of the controls of VSP's applications, systems and infrastructure. The IT portion of the examination was performed in accordance with the Handbook

and utilized applicable procedures found in Exhibit C – *Evaluation of Controls in Information Technology* – of the Handbook.

Controls for significant applications, systems, and underlying infrastructure in each of the NAIC Exhibit C Information Technology Work Program areas listed below represent the framework for the scope of this examination. The following control areas were reviewed:

- Align, Plan and Organize; and
- Build, Acquire, and Implement; and
- Deliver, Service and Support; and
- Monitor, Evaluate, and Assess.

It should be noted that based on inquiry, observation, inspection of documentation, independent research and a review of third party workpapers, it was determined that VSP's IT General Controls ("ITGCs") were effective and therefore reliable for the purposes of this examination.

F. Internal Audit Department

VSP established an Internal Audit Department ("IAD") function to serve all subsidiaries and affiliates within its holding company system.

The examiner determined that VSP's Corporate Governance structure supported a proactive approach to operational risk management and contributed to an effective system of internal controls.

VSP's Audit Committee met each quarter during the examination period, and minutes were prepared and retained.

VSP's Internal audit reports functionally to the Audit Committee and administratively to the Chief Financial Officer ("CFO"). VSP's internal audit organizational chart also indicates a solid reporting line to the CFO. Internal Audit should not report to individuals in the organization who also hold positions as business unit leaders.

It is recommended, as a best practice, that VSP's Internal Audit Department report administratively to someone who does not have financial or operational responsibilities.

G. Insurance Regulation No. 118 (11 NYCRR 89)

The EVSP's ultimate parent, VSP, is a non-publicly traded company and therefore not subject to the Sarbanes-Oxley Act of 2002. Insurance Regulation No. 118 (11 NYCRR 89) – "Audited Financial Statements," is similar to the NAIC's Model Audit Rule ("MAR"), and applies to certain New York regulated insurance entities, including EVSP. Insurance Regulation No. 118 became effective January 1, 2010. The Audit Committee for VSP assumed responsibility for all entities within its holding company structure. With the independent and internal auditors, VSP's Audit Committee reviews the effectiveness of the accounting and financial controls and elicits recommendations that may improve controls.

H. Reinsurance

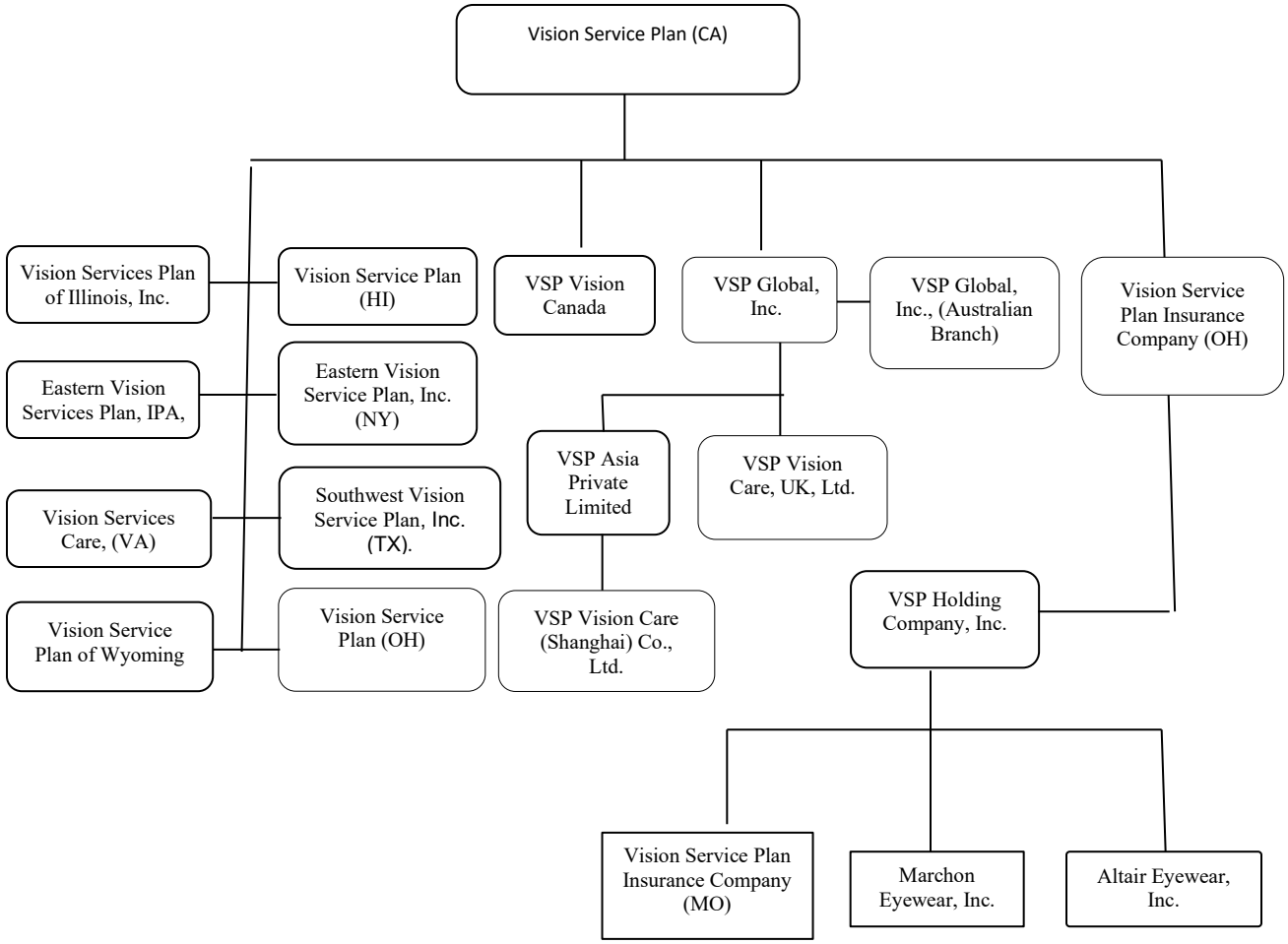
The Plan did not cede or assume any reinsurance during the examination period.

I. Holding Company System

The Plan is a membership corporation in which the sole member is Vision Service Plan, a not-for-profit California corporation. The Plan is a controlled insurer as such term is defined in New York Insurance Law §1501(a)(4).

As a member of a holding company system, VSP is required to file registration statements pursuant to Article 15 of the New York Insurance Law and Insurance Regulation No. 52 (11 NYCRR 80). The Plan made all its pertinent filings regarding the aforementioned statutes during the examination period.

An organizational chart depicting the relationship between EVSP and its related parties as of December 31, 2018 is as follows:



The following is a description of the individual entities within the holding company system including the ultimate parent.

1. Vision Service Plan (VSP):

VSP is licensed in 50 states, including the District of Columbia, and operate under the federally registered service mark "Vision Service Plan". VSP, founded in 1955, was organized as a not-for-profit non-stock corporation under the laws of the State of California. VSP and its subsidiaries operate in five industry segments: (1) managed vision care, (2) design, manufacture, and wholesale distribution of eyewear, (3) ophthalmic lens services, (4) practice management solutions, and (5) retail network of eye care services. VSP's managed vision care business offers a range of eye care benefit options and provides a variety of eye care products to clients, doctors, and members. The VSP eyewear business is a manufacturer, designer, and distributor of eyewear. The ophthalmic lens services business provides manufacturing, coating, finishing, and other lens services. The practice management business offers comprehensive business solutions including an online claim filing portal and an electronic health record and retail point of sale software for optometrists, ophthalmologists, opticians, and eye care office administrators. VSP retail focuses on increasing access to eye care through multiple channels. VSP's retail options includes an ecommerce site, Eyeconic, an online retail store which offers the convenience factor where members can reorder contacts and choose from thousands of designer frames.

2. Eastern Vision Service Plan, IPA, Inc.

Eastern Vision Service Plan, IPA, Inc. ("IPA") is organized as a not-for-profit corporation under the laws of the State of New York to provide and administer vision care plans in New York in order to make available professional optometric services to eligible members of participating

clients. The IPA is controlled by VSP. Several of the Directors of the IPA are also Directors or members of the management of VSP.

3. The VSP Group consists of the following insurance entities

- Eastern Vision Service Plan, Inc. – NY
- VSP Vision Care, Inc. – VA
- Vision Service Plan Insurance Company – MO
- Vision Service Plan Insurance Company – OH
- Vision Service Plan of IL, NFP – IL

The VSP Group provides prepaid vision care benefit products to employer groups and individuals in the U.S. The primary market for both prepaid and Administrative Services Only ("ASO") products are employer groups.

On October 1, 2019, VSP Global, Inc. announced that they completed the acquisition Visionworks, a San Antonio, Texas company. With more than 700 stores in nearly 40 states, this acquisition marks the largest network investment by VSP Global, Inc.

The Plan maintained the following inter-company agreements with its affiliates as of December 31, 2018:

1. Administrative Services and Marketing Agreement

Vision Service Plan provides administrative and marketing services to EVSP. This agreement also allows EVSP's members to receive vision services from participating providers of out-of-state affiliates. An addendum to the original Administrative and Marketing Agreement with an effective date of January 1, 2008 was executed on February 11, 2011 with an effective date of January 1, 2011.

2. Tax Allocation Agreement

EVSP entered into a consolidated tax allocation agreement with VSP and all its subsidiaries and affiliates within the holding company system. This agreement was found to be consistent with the guidelines contained in Circular Letter No. 33 (1979), and was approved by the Department on February 1, 2011, retroactive to tax year 2010.

The Tax Allocation Agreement governs the tax return filing, payment and allocation of federal, state and local income tax liability between VSP and its subsidiaries. Each affiliate calculates its separate tax liability, and the consolidated federal regular income tax liability is apportioned among the affiliates in accordance with the agreement. Under the terms of this agreement, VSP pays on behalf of the affiliated group, any tax liability, for each consolidated return year and is then reimbursed by each entity in its holding company system for their respective share of the tax liability.

J. Significant Operating Ratios

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

	Amount	Ratio
Claims incurred	$ 397,251,824	80.0%
Claims adjustment expenses	13,146,142	2.6%
General administrative expenses	122,883,539	24.8%
Net underwriting loss	(36,837,075)	(7.4)%
Total revenue	$ 496,444,430	100%

Section 4309(a)(2) of the New York Insurance Law states, in part:

> "(a) No corporation subject to the provisions of this article shall, during any one year, disburse more than the percentages hereafter prescribed of the aggregate amount of the premiums received during such year as expenditures for expenses, which, for the purposes of this article, shall include all expenses paid or incurred by the corporation which do not constitute benefit payments made to or on behalf of persons covered under contracts issued by such corporations:
>
> … (2) All other corporations: twenty per centum reduced by one per centum for each five million dollars or fraction thereof above one million dollars of premiums received to fifteen per centum except that for any corporation which derives more than fifty per centum of its premiums received from the sale of contracts which provide hospital service benefits: seventeen and one-half per centum reduced by one per centum for each five million dollars or fraction thereof above one million dollars of premiums received to twelve and one-half per centum.

During the calendar years 2014 to 2018 and 2019, EVSP violated Section 4309(a)(2) of the New York Insurance Law when it exceeded the 15%. expense limitation of annual net premiums.

The Plan's high administrative expense ratio is a result of high general administrative expenses attributable to its uninsured segment of business - Administrative Services Contract ("ASC"). From years 2014 through 2018, the Plan has incurred total net loss of $ 76.1 million on its ASC business. Approximately 83% of the Plan's business is its uninsured ASC business in terms of membership.

The Plan is directed to comply with Section 4309(a)(2) of the New York Insurance Law by not exceeding the statutory maximum expense limitation.

K. Accounts and records

Although VSP has processes in place to manage working capital, as well as to ensure adequate liquidity levels to support its operations, while also ensuring minimum reserve and RBC levels are maintained, it lacks a formal written liquidity plan and capital management plan.

It is recommended, as a best practice, that VSP develop a formal written liquidity plan and a formal written capital management plan.

EVSP reported underwriting losses during the examination period, January 1, 2014 to December 31, 2018, and calendar year 2019. VSP supported EVSP capital and surplus requirements through cash contributions. Without the capital contribution from VSP, EVSP would not have met the statutory reserve requirement. VSP made a $5.0 million cash contribution in 2018 and another $8.0 million in 2019.

It is recommended, as a good business practice, that VSP execute a formal written agreement with EVSP whereby VSP will guarantee EVSP maintains its required capital and surplus requirements through the necessary capital infusions or debt forgiveness.

VSP executed a written agreement dated June 3, 2020, whereby VSP guarantees EVSP maintains its required capital and surplus requirements through the necessary capital infusions or debt forgiveness. In addition, the VSP board of directors approved the agreement on June 5, 2020.

3. FINANCIAL STATEMENTS

The following statements show the assets, liabilities and surplus as of December 31, 2018, as contained in EVSP's 2018 filed annual statement, a condensed summary of operations and reconciliation of the surplus account for each of the years under review. The examiner's review of a sample of transactions did not result in any differences which affected the Plan's financial condition as presented in its financial statements contained in the December 31, 2018 filed annual statement.

Independent Accountant

Deloitte was retained by EVSP to audit the Plan's GAAP basis statements of financial position as of December 31st for each of the years 2014 through 2018 within the examination period, and the related statements of operations, surplus, and changes in net assets, and cash flows for the year then ended, with such audits having been conducted on the basis of statutory accounting principles ("SAP").

Deloitte concluded that the statutory financial statements presented fairly, in all material respects, the financial position of the Plan for all years under review. Balances reported in these audited financial statements were reconciled to the corresponding years' annual statements with no discrepancies noted.

A. Balance Sheet

Assets	
Bonds	$ 11,822,830
Cash	(245,445)
Uncollected premiums	1,826,711
Amounts receivable related to uninsured plans	22,331,611
Investment income due and accrued	81,189
Current federal and foreign income tax recoverable and interest thereon	2,258,490
Receivable from parent, subsidiaries, and affiliates	231,879
Total assets	$ 38,307,265

Liabilities	
Claims unpaid	$ 6,499,832
Unpaid claims adjustment expenses	97,959
Premium deficiency reserve	0
Premiums received in advance	1,449,865
General expenses due or accrued	1,658,126
Remittances and items not allocated	363,098
Amounts due to parent, subsidiaries and affiliates	9,249,414
Liability for amounts held under uninsured plans	372,390
Escheatable checks	290,478
Total liabilities	$ 19,981,162

Capital and surplus	
Gross paid in and contributed surplus	$ 6,000,000
Statutory reserve	11,340,784
Unassigned funds (surplus)	985,319
Total capital and surplus	$ 18,326,103
Total liabilities, capital and surplus	$ 38,307,265

Note: Although the Plan is subject to audits by the Internal Revenue Service ("IRS"), it has never undergone any IRS audits since its inception. The Plan is however exempt from New York State corporate income taxes. The examiner is unaware of any potential exposure to the Plan for any tax assessment and no liability has been established herein relative to such contingency.

B. Statement of Revenue and Expenses and Capital and Surplus

Capital and Surplus decreased $(22,222,020) during the five-year examination period, January 1, 2014 through December 31, 2018, detailed as follows:

Revenue		
Net premium income	$ 455,079,012	
Fees for service	41,365,418	
Total revenue		$ 496,444,430
Hospital and Medical Expenses		
Professional services	397,251,824	
Claim adjustment expense	13,146,142	
General administrative expenses	122,883,539	
Total hospital and medical expense		$ 533,281,505
Net underwriting loss		$ (36,837,075)
Net investment income earned	881,277	
Net realized capital gain	2,920,413	
Net investment gains		$ 3,801,690
Other income		
Net loss from agents' or premium balances charged off		(295,262)
Net income before federal and foreign income taxes		$ (33,330,647)
Federal and foreign income tax incurred		(8,477,848)
Net (loss)		$ (24,852,799)

Changes in Capital Surplus

Capital and Surplus, per report on examination, as of December 31, 2013			$ 40,548,123
	Gains in Surplus	Losses in Surplus	
Net (loss)		$ (24,852,799)	
Change in net unrealized capital gains		(973,139)	
Change in non-admitted assets		(1,828,066)	
Change in net deferred tax asset	$ 431,984		
Surplus adjustment: Paid-in Surplus	5,000,000		
Net decrease in surplus			$ (22,222,020)
Capital and surplus, per report on examination, as of December 31, 2018			$ 18,326,103

4. AGGREGATE RESERVES AND UNPAID CLAIMS

The examination liability of $6,499,832 for the above captioned account is the same as the amount reported by the Company as of December 31, 2018.

The examination analysis of the claims unpaid reserve was conducted in accordance with generally accepted actuarial principles and practices and was based on statistical information contained in the Company's internal records and filed annual statements as verified during the examination. The examination reserve was based upon actual payments made through a point in time, plus an estimate for claims remaining unpaid at that date. Such estimate was calculated based on actuarial principles, which utilized the Company's experience in projecting the ultimate cost of claims incurred on or prior to December 31, 2018.

5. SUBSEQUENT EVENTS

On March 11, 2020, The World Health Organization declared the spreading coronavirus (COVID-19) outbreak a pandemic. On March 13, 2020, President Donald J. Trump declared COVID-19 a national emergency in the United States. The epidemiological threat posed by COVID-19 is having disruptive effects on the global supply chain as well as the demand for labor, products and services in the U.S. The economic disruptions caused by COVID-19 and the increased uncertainty about its magnitude has also caused extreme volatility in the financial markets. While the full effect of COVID-19 is still unknown at the time of this report, the Department and all insurance regulators, with the assistance of the NAIC, are monitoring the situation through a coordinated effort and will continue to assess the impacts of COVID-19 on U.S. insurers.

6. MARKET CONDUCT

In the course of this examination, a review was made of the manner in which the Plan conducts its business practices and fulfills its contractual obligations to policyholders and claimants. The review was general in nature and is not to be construed to encompass the more precise scope of a market conduct examination. The review was directed at the practices of the Plan in the following major areas:

A. Prompt Pay Law
B. Policy Forms / Benefits

A. Standards for Prompt, Fair and Equitable Settlement of Claims for Health Care Services ("Prompt Pay Law")

Section 3224-a of the New York Insurance Law, "*Standards for prompt, fair and equitable settlement of claims for health care and payments for health care services*" ("Prompt Pay Law"),

requires all insurers to pay undisputed claims within 30 days of receipt of a claim that is transmitted via the internet or electronic mail or within 45 days of receipt for a claim submitted by other means such as paper or facsimile. If such undisputed claims are not paid within the respective 30 or 45 days of receipt, interest may be payable.

A review of the EVSP compliance with Section 3224-a, was conducted during the examination. Although there were instances of certain claims being paid beyond 30 or 45 days of receipt, no material issues were noted by the examiner.

B. Policy Forms

Section 3201(a) of the New York Insurance Law states, in part:

> "…policy form' means any policy, contract, certificate, or evidence of insurance and any application therefor, or rider …"

Section 3201(b)(1) of the New York Insurance Law states in part:

> "No policy form shall be delivered or issued for delivery in this state unless it has been filed with and approved by the superintendent as conforming to the requirements of this chapter and not inconsistent with laws …"

During the review of various policy forms, it was noted that the Plan failed to submit certain application forms to the Department for approval prior to implementation.

The Plan is directed to comply with Section 3201(b)(1) of the New York Insurance Law and file its application forms with the Department for approval.

Further, the Plan is directed to refrain from issuing any application forms that have not been approved by the Department.

7. COMPLIANCE WITH PRIOR REPORT ON EXAMINATION

The prior report on examination as of December 31, 2013, contained nine (9) comments and recommendations pertaining to the financial portion of the examination (page number refers to the prior report on examination):

ITEM NO.		PAGE NO.
	Corporate Governance	
1.	It is recommended, as a good business practice and to ensure due diligence, that the board of directors meet quarterly, at a minimum, to discuss the financial condition of the Plan and to evince fiduciary oversight. *The Plan has complied with recommendation*.	6
2.	It is also recommended that the Plan update its by-laws to establish a minimum of four regular meetings as a requirement. *The Plan has complied with recommendation*.	6
3.	It is recommended that the Plan comply with Section 312(b) of the New York Insurance Law and ensure that the board reviews the report on examination and sign an attestation of such in a timely manner. *The Plan has complied with recommendation.*	7
	Conflict of Interest statements	
4.	It is recommended that the Plan comply with its own policy and ensure that each director and officer complete a conflict of interest statement annually. *The Plan has complied with recommendation*.	7
	Accounts and Records	
5.	It is recommended that the Plan ensure that premium receivables over 90 days past due are written off and reported accurately in accordance with New York Insurance Law Section 1301(a)(6) and NAIC SSAP No. 6. *The Plan has complied with recommendation*.	14

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Accounts and Records

6. It is recommended that the Plan comply with the instructions from the Handbook by including the required clauses in its custodial agreement. It is noted that, subsequent to the examination, the Plan complied with this recommendation. 14

The Plan has complied with recommendation.

Disaster Response Plan

7. It is recommended that the Plan file its Disaster Response Plan in compliance with all of the required components of Circular Letter No. 3 (2013). 17

The Plan has complied with recommendation.

Enterprise Risk Management

8. It is recommended that the Plan comply with New York Regulation 203 (11 NYCRR 82.2) and complete its ERM Form F in compliance with those instructions. Subsequent to filing of this report, EVSP filed a revised and compliant Form F. 18

The Plan has complied with recommendation.

Policy Forms/ Benefits

9. It is recommended that the Plan file its application forms with the Department for approval, in compliance with the requirements of Section 3201(b)(1) of the New York Insurance Law. Further, it is recommended that the Plan refrain from issuing any application forms that have not been approved by the Department. 24

The Plan has not complied with this recommendation.

8. SUMMARY OF COMMENTS AND RECOMMENDATIONS

Respectfully submitted,

_____
Gail A Ross
Director Financial Services Programs 1

STATE OF NEW YORK)
) SS
)
COUNTY OF NEW YORK)

_____
Gail A Ross

Subscribed and sworn to before me
this _____ day of_____2025

APPOINTMENT NO. **32006**

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:*

Gail Ross

as a proper person to examine the affairs of the

Eastern Vision Service Plan

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

Plan

with such other information as she shall deem requisite.

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

this 4th day of October, 2019

LINDA A. LACEWELL
Superintendent of Financial Services

By: _____

Lisette Johnson
Bureau Chief
Health Bureau