# REPORT ON EXAMINATION
# OF
# CITY LIGHTS INSURANCE COMPANY

## AS OF DECEMBER 31, 2021

**DATE OF REPORT** **SEPTEMBER 21, 2022**
**EXAMINER** **WEI CAO**

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November 12, 2025

Honorable Kaitlin Asrow
Acting 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 32409 dated April 29, 2022, attached hereto, I have made an examination into the condition and affairs of City Lights Insurance Company as of December 31, 2021, and submit the following report thereon.

Wherever the designation "the Company" appears herein without qualification, it should be understood to indicate City Lights Insurance Company.

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

## 1. SCOPE OF EXAMINATION

The examination covers the period from July 1, 2016, through December 31, 2021, and was limited in its scope to a review or audit of only those balance sheet items considered by this Department to require analysis. Transactions occurring subsequent to this period were reviewed where deemed appropriate. The examination included a review of Company records deemed necessary to accomplish such analysis or verification. Additionally, a review was performed to determine whether the captive insurer was operating within its by-laws, conforming with its plan of operation, as submitted to the New York State Department of Financial Services, and was in compliance with Article 70 of the New York Insurance Law ("the Law").

Comments and recommendations are limited to those items requiring financial adjustment, procedural recommendations, or instances where the Company was not conforming to the application submitted to the Department or Article 70 of the Law.

The report utilized work performed by the Company's independent certified public accountant to the extent considered appropriate.

## 2. DESCRIPTION OF COMPANY

The Company was incorporated on May 26, 2016, under the laws of New York State as a captive insurance company and commenced business on July 1, 2016. The Company is a wholly owned subsidiary of the New York City Economic Development Corporation ("the Parent"). The Company writes Terrorism, Flood and Excess Cyber Liability coverages for the Parent and its affiliates.

### A. Articles of Incorporation

The Company is organized to transact the kinds of insurance specified in Section 1113(a) of the New York Insurance Law, subject at all times to the limitations on the business of pure captive insurance companies set forth in Article 70 of the Law.

### B. By-Laws

The examination found that the Company was in compliance with its by-laws in all material respects.

C. Capital Structure

As a pure captive insurance company incorporated as a stock insurer, the Company is required to maintain a total surplus as regards policyholders of not less than $250,000, of which $100,000 shall represent paid-in capital pursuant to the provisions of Section 7004(a)(1) of the Law.

As of December 31, 2021, the Company's paid-in capital was 2,000,000, consisting of 100,000 shares of common stock with a par value of one dollar per share and an additional paid-in capital amount of $1,900,000. The Company had retained earnings of $1,628,010 for a total capital and surplus (surplus as regards policyholders) of $3,628,010.

D. Corporate Records

The corporate records reviewed appeared to be substantially accurate and complete in all material respects.

E. Operations

As of December 31, 2021, the Company provided the Parent with the following insurance coverages:

- Certified acts of nuclear, biological, chemical or radiological terrorism coverage, backstopped by the Terrorism Risk Insurance Act of 2002 ("TRIA"), a federal public-private risk-sharing program that provides partial reimbursement to eligible insurers for insured losses arising from a certified act of terrorism, as defined in the TRIA.
- Flood deductible and self-insured retention reimbursement coverage.
- Excess cyber liability coverage for underlying insurance and self-insured retentions.

During the period covered by this examination, the Company did not assume or cede any reinsurance business.

F. Management and Control

(i) Captive Manager

Section 7003(b)(4) of the Law provides that no captive insurer shall do any captive insurance business in this State unless it utilizes a captive manager resident in this State that is licensed as an agent or broker under the provisions of Article 21 of the Law or is otherwise approved by the Superintendent.

During the period covered by this examination, the Company was managed by Marsh Management Services, Inc.("Marsh"), which is authorized by the Department to act as a manager for captive insurance companies. Accordingly, the Company's engagement of Marsh satisfies the requirements of Section 7003(b)(4).

Pursuant to a management agreement, effective May 26, 2016, Marsh has the responsibility for providing the Company with underwriting, policyholder, and claim services for a fee. The responsibility also includes providing advice on insurance and administration programs, and reinsurance.

(ii) Board of Directors

Pursuant to the Company's by-laws, the business and affairs of the Company shall be managed under the direction of the Board of Directors. The number of directors shall not be fewer than three nor more than ten, with at least two of whom shall be residents of New York State, as required by Section 7005(g) of the Law. At December 31, 2021, the board of directors was comprised of the following seven members:

| Name and Residence | Principal Business Affiliation |
|---|---|
| Crystal Adams<br>New York, NY | Vice President,<br>NYC Economic Development Corporation |
| Fred D'Ascoli<br>Madison, NJ | Executive VP and Chief Financial Officer,<br>NYC Economic Development Corporation |
| William Candelaria<br>New York, NY | Assistant General Counsel for Treasury & Finance,<br>Philip Morris International, Inc. |
| Wilton Cedeno<br>Yonkers, NY | Board member,<br>NYC Economic Development Corporation |

| Name and Residence | Principal Business Affiliation |
|---|---|
| Spencer Eugene Hobson<br>Rockaway Beach, NY | Executive Vice President/Treasurer,<br>NYC Economic Development Corporation |
| Meredith Jocelyn Jones<br>Brooklyn, NY | General Counsel/Secretary,<br>NYC Economic Development Corporation |
| James McSpiritt<br>New York, NY | Retired |

During the period covered by the examination, the Board of Directors met once annually. A review of the meeting minutes indicated that each meeting was well attended by all members.

(iii) Officers

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

| Name | Title |
|---|---|
| Fred D'Ascoli | President |
| Meredith Jocelyn Jones | Secretary |
| Spencer Eugene Hobson | Treasurer |

G. Certified Public Accountant

Crowe LLP ("Crowe") served as the Company's independent certified public accounting firm for the period covered by the examination. Crowe reported that the Company's accompanying financial statements present fairly, in all material respects, the financial position of City Lights Insurance Company as of December 31, 2021, and the results of its operations and cash flows for the year then ended was in conformity with accounting principles generally accepted in the United States of America.

## 3. FINANCIAL STATEMENTS

A. Balance Sheet

The financial statements of the Company have been prepared in conformity with accounting principles generally accepted in the United States of America.

| | | |
|---|---|---|
| Assets | | |
| Cash | $3,950,031 | |
| Deferred acquisition costs | 2,487 | |
| Prepaid expenses | 594 | |
| Total assets | | $3,953,112 |
| Liabilities | | |
| Unearned premium | $308,589 | |
| Account payable | 16,513 | |
| Total liabilities | | $325,102 |
| Capital and Surplus | | |
| Common stock | $100,000 | |
| Additional paid in capital | 1,900,000 | |
| Retained earnings | 1,628,010 | |
| Total capital and surplus | | $3,628,010 |
| Total liabilities and capital and surplus | | $3,953,112 |

B. Statement of Income

The Company's net income for the period covered by the examination was $1,628,010 as detailed below:

| | | |
|---|---|---|
| Underwriting Income | | |
| Net premiums earned | | $2,095,576 |
| Deductions | | |
| General and administrative expenses | $467,566 | |
| Total operating deductions | | 467,566 |
| Net income | | $1,628,010 |

C. Capital and Surplus Account

The Company's capital and surplus increased $3,628,010 during the period covered by this examination, detailed as follows:

| | | | |
|---|---|---|---|
| Capital and surplus as of July 1, 2016 | | | $0 |
| | Increase in surplus | Decrease in surplus | |
| Net income | $1,628,010 | $0 | |
| Common stock | 100,000 | | |
| Additional paid in capital | 1,900,000 | ___ | |
| Total increase and decrease in surplus | 3,628,010 | 0 | |
| Net increase in surplus | | | 3,628,010 |
| Capital and surplus as of December 31, 2021 | | | $3,628,010 |

## 4. LOSSES AND LOSS ADJUSTMENT EXPENSES

During the period covered by the examination, the Company did not report outstanding losses and loss adjustment expense reserves and there was no actuarial report issued.

## 5. ARTICLE 70 COMPLIANCE

Article 70 of the New York State Insurance Law is the governing section of the law for the formation and continued operation of captive insurers in New York State. A review was performed to test the Company's compliance with all applicable parts of Article 70. No significant areas of non-compliance were found.

## 6. SUMMARY OF COMMENTS AND RECOMMENDATIONS

There are no comments or recommendations in this report.

Respectfully submitted,

/S/
Wei Cao
Senior Insurance Examiner

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

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

/S/
Wei Cao

Subscribed and sworn to before me

this_____ day of_____, 2026.

***APPOINTMENT NO. 32409***

***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:*

***Wei Cao***

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

***City Lights Insurance Company***

*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 29th day of April, 2022*

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

*By:* Joan Riddell

*Joan Riddell*
*Deputy Bureau Chief*