REPORT ON EXAMINATION
OF
HHC INSURANCE COMPANY, INC.

AS OF DECEMBER 31, 2024

EXAMINER: RIBKA KEFLAY
DATE OF REPORT: JANUARY 22, 2026

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June 5, 2026

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 32744 dated January 2, 2025, attached hereto, I have made an examination into the condition and affairs of HHC Insurance Company, Inc. as of December 31, 2024, and submit the following report thereon.

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

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 January 1, 2020, through December 31, 2024, 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 and its opining actuary to the extent considered appropriate.

2. DESCRIPTION OF COMPANY

The Company was incorporated under the laws of New York State on July 2, 2003, as a pure captive insurance company and commenced operations on December 15, 2004. Organized as a not-for-profit mutual captive insurer, the Company operates exclusively to provide insurance coverage for its parent organization. The Company is a wholly owned subsidiary of New York City Health and Hospitals Corporation.

A. Article 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 mutual insurer, the Company is required to possess and thereafter maintain unimpaired not less than $250,000 of total surplus as regards to policyholders, pursuant to Section 7004(a)(2) of the Law. As of December 31, 2024, the Company's total surplus was $95,316,602.

D. Corporate Records

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

E. Operations

During the period covered by the examination the Company provided professional liability ("medical malpractice") insurance coverage to attending physicians employed by its parent practicing in the areas of neurosurgery, obstetrics, and gynecology. Coverage was written on a claims-made basis with policy limits up to $1.3 million per occurrence and $3.9 million in the aggregate on each claim.

In addition to the Company's primary coverage, insured physicians were eligible for excess coverage through the New York State Excess Liability Pool ("Pool"), which provided an additional $1.0 million per occurrence and $3.0 million in the aggregate above the Company's limits.

Further, the parent indemnifies attending physicians for each claim greater than the combined coverage limits of $2.3 million per occurrence and $6.9 million under both the Company's policy and the Pool coverage.

The Company participates in the New York Medical Malpractice Insurance Plan ("MMIP"), a program established under Department Regulation 170 to provide medical malpractice insurance coverage to eligible healthcare practitioners and facilities that are unable to obtain coverage in the voluntary insurance market.

MMIP is funded on a pro rata basis by all insurers licensed to write medical malpractice insurance in New York, with each insurer's contribution determined by its share of the state's medical malpractice insurance market. Regulation 170 requires all insurers licensed to write medical practice insurance on a direct basis in New York after June 30, 2000, to become members of MMIP.

Although Section 7011 of the Law generally prohibits captive insurers from participating in, contributing to, or receiving benefits from any plan, pool, association, guaranty fund or insolvency fund within the State, the Company was granted permission to participate in MMIP. As a condition of its licensure and continued operation as a captive insurer, the New York City Health and Hospitals Corporation voluntarily waived the rights and protections afforded under Section 7011 in 2003. This waiver enabled the Company to become a member MMIP and assume medical malpractice business under the plan.

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 any other person approved by the Superintendent.

During the period covered by this examination, the Company was managed by AON Insurance Managers Inc. ("AON"), which is authorized to act as a manager for captive insurance companies by the Department.

Pursuant to a management agreement, effective January 1, 2020, AON is responsible for providing financial statement reporting and regulatory compliance as well administrative services for the Company.

(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 its Board of Directors. The by-laws establish that the Board shall consist of no fewer than five but no more than seven directors. On December 31, 2024, the Board of Directors was comprised of the following five members:

Name and Residence	Principal Business Affiliation
Mitchell H. Katz, M.D. Brooklyn, NY	Board Member, NYC Health & Hospital Corporation
Machelle Allen, M.D. New York, NY	Vice President, NYC Health & Hospitals Corporation
Vincent Calamia, M.D Staten Island, NY	President, United Healthcare Company/Northwell Health
Andrea G. Cohen New York, NY	Secretary, NYC Health & Hospital Corporation
John Ulberg, Jr. Latham, NY	Treasurer, NYC Health & Hospitals Corporation

During the period covered by the examination, the Board of Directors met once each year. A review of the meeting minutes indicated that all meetings were well attended.

(iii) Officers

As of December 31, 2024, the principal officers of the Company were as follows:

Name	Title
Vincent Calamia, M. D.	President
Machelle Allen, M.D.	Vice President
Andrea G. Cohen	Secretary
John Ulberg, Jr.	Treasurer

G. Certified Public Accountant

Grant Thornton served as the Company's independent certified public accounting firm for the years 2020 to 2023. KPMG LLP was subsequently appointed as the independent certified public accounting firm for the 2023 and 2024 reporting periods.

KPMG stated that the Company's financial statements present fairly, in all material respects, the results of the Company's operations and cash flows for 2024 is in accordance 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 prescribed or permitted by the New York State Department of Financial Services.

Assets		
Intercompany loan	$97,225,173	
Due from the Pool	2,453,486	
Accounts receivable	3,220	
Total assets		$99,681,879
Liabilities		
Losses and loss adjustment expenses	$2,286,663	
Unearned premium	14,162	
Premium deficiency reserve	837	
Claims payable	14,158	
Due to parent	1,904,071	
Accounts payable	145,386	
Total liabilities		$4,365,277
Surplus		
Unassigned surplus	$95,316,602	
Total surplus		95,316,602
Total liabilities and surplus		$99,681,879

B. Statement of Income

The Company's net income for the period covered by the examination was $13,584,181 as detailed below:

Underwriting income		
Net premiums earned		$6,842,989
Deductions:		
Losses and loss adjustment expenses	$(7,710,232)	
Change in premium deficiency reserve	(1,385)	
Administrative expenses	1,364,073	
Total operating deductions		(6,347,544)
Total underwriting income		13,190,533
Investment income		393,648
Net income		$13,584,181

C. Surplus Account

The Company's surplus increased $13,584,181 during the period covered by this examination, detailed as follows:

	Increase in surplus	Decrease in surplus	
Surplus as of January 1, 2020			$81,732,421
Net income	$13,584,181	$0	
Net increase in surplus			13,584,181
Surplus as of December 31, 2024			$95,316,602

4. LOSSES AND LOSS ADJUSTMENT EXPENSES

As of December 31, 2024, the Company reported total losses and loss adjustment expense reserves of $2,286,663. The Company's opining actuarial firm, AON, noted in its Statement of Actuarial Opinion that loss and loss adjustment expense reserves met the requirements of the insurance laws of New York and were computed in accordance with accepted loss reserving standards and principles and in a manner that conforms to the Standards of Practice promulgated by the Actuarial Standards Board.

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/
Ribka Keflay
Financial Services Specialist 2 (Compliance)

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

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

/S/
Ribka Keflay

Subscribed and sworn to before me

this_____ day of_____, 2026

APPOINTMENT NO. 32744

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:*

Ribka Keflay

as a proper person to examine the affairs of the

HHC Insurance Company, Inc.

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 2nd day of January 2025

ADRIENNE A. HARRIS
Superintendent of Financial Services

By:

Eileen Fox

Eileen Fox
Assistant Deputy Superintendent