



2023 ANNUAL REPORT
REDEFINING EXCELLENCE





NYSIF's mission is to guarantee the availability of workers' compensation and disability insurance with the lowest possible cost to New York employers while maintaining a solvent fund. Since its inception in 1914, NYSIF has fulfilled this mission by competing with other carriers to ensure a fair marketplace while serving as a guaranteed source of coverage for employers who cannot secure coverage elsewhere. NYSIF strives to achieve the best health outcomes for injured workers and be an industry leader in price, quality and service for New York State employers.

EXPERIENCE THE NYSIF DIFFERENCE

NYSIF provides workers' compensation, disability and paid family leave coverage to New York State and beyond — and we've been doing it for more than 100 years.

NYSIF is the largest workers' compensation insurance carrier in New York State, among the top 10 in the nation, and an industry expert. Covering 2 million workers employed by 200,000 employers, NYSIF provides unsurpassed customer service to policyholders and injured workers.

We serve as a guaranteed source of coverage, ensuring our expertise is available to all businesses and workers at the lowest possible price.

2023 ANNUAL REPORT

Financial Highlights

WORKERS' COMPENSATION FUND

(in thousands)

	2023	2022
Net Written Premium	\$ 1,711,534	\$ 1,565,502
Net Earned Premium	\$ 1,730,215	\$ 1,595,276
Net Investment Income	\$ 671,718	\$ 444,733
Net Income	\$ 533,791	\$ 348,799
Total Admitted Assets	\$ 22,674,237	\$ 21,973,634
Total Surplus	\$ 10,451,551	\$ 9,667,456

DISABILITY BENEFITS FUND

(in thousands)

	2023	2022
Net Written Premium	\$ 117,979	\$ 120,288
Net Earned Premium	\$ 120,608	\$ 132,495
Net Investment Income	\$ 14,607	\$ 5,620
Net Income	\$ 58,774	\$ 59,084
Total Admitted Assets	\$ 459,590	\$ 408,427
Total Surplus	\$ 354,098	\$ 289,998



MESSAGE FROM THE CHAIRMAN

Kenneth R. Theobalds

As the leading workers' compensation insurance carrier in New York, NYSIF continues its push for innovation and delivery of best-in-class products and services for our customers.

REDEFINING EXCELLENCE

Under the direction of our strong leadership team, NYSIF's workforce deftly pivoted to successfully meet the challenges of a hybrid work environment. We continued our focus on better service to our customers by enhancing existing programs. We strived both to minimize climate change risks on our investments and, where appropriate, make sound decisions to make a difference. NYSIF also pushed forward with initiatives to leverage technology and data to inform discussions impacting the physical and mental health of our clients, our workforce and the broader community.

Our mission is simple: To provide our policyholders—the businesses that drive the economy of this state—with workers' compensation insurance at the lowest possible cost and to provide timely benefits to the injured workers that we serve—all while maintaining a solvent fund. And we do that without any taxpayer or public assistance.

SUPPORTING DIVERSE BUSINESSES

NYSIF is deeply committed to fostering a culture of diversity and inclusion that permeates every aspect of our operations from procurement and staffing to investment management and financial services. I am proud to report that NYSIF far exceeded the New York State-mandated Minority- and Women-owned Business Enterprise (MWBE) and Service-Disabled Veteran-Owned Business (SDVOB) utilization goals of 30% and 6%, respectively, each quarter in 2023. In procurement, the agency

achieved a 46.15% utilization rate for MWBEs and 19.29% for SDVOBs.

For fiscal year 2023-2024, NYSIF achieved a 33% rate of MWBE-certified participation among asset management, financial institution and professional service providers. At NYSIF, we believe we have a responsibility to cast a wide net to seek the best talent to manage our assets and provide the best possible returns for our policyholders.

Additionally, NYSIF has consistently received an A or A+ rating on the Division of Minority and Women's Business Development Annual Report Card, which gauges the effectiveness of the agency's overall MWBE efforts.

CELEBRATING 85 YEARS OF SERVICE AND COUNTING

Eighty-five years ago, the NYSIF Board of Commissioners was established as an independent oversight body with important administrative powers. In that regard, the importance of the Board was to support the State Fund's essential role: to stabilize the workers' compensation insurance marketplace and be available today and tomorrow. We stand on the shoulders of those who came before us in service, and every day, it is my privilege to serve with my fellow Board members—a distinguished and highly accomplished group of professionals committed to the continued success of NYSIF.

As we prepare for another organizational milestone—2024 will mark the 110th anniversary of NYSIF—we eagerly look ahead to the coming year during which we will commemorate more than a century of dedication and service to keeping New York's workers safe and helping businesses to prosper. It means so much to us that we have the opportunity to "do well by doing good." On behalf of the Board, thank you, Governor Kathy Hochul, for your unwavering support and ongoing commitment to our mission and to our success.

Kenneth R. Theobalds,
Chairman

NYSIF Board of Commissioners

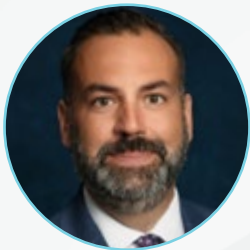
NYSIF BOARD OF COMMISSIONERS



Chairman

KENNETH R. THEOBALDS

President and Managing Partner
RiverRun Partners, LLC



RYAN DELGADO

Chief of Staff
New York State AFL-CIO



SEAN A. GRAHAM

Senior Investment Officer
Cornell University



NAVNEET KATHURIA, M.D.

Chief Medical Officer
Community Health Network



DR. DENNIS KESSLER, S.J.D.

Co-Owner, Kessler Restaurants
Clinical Professor of Entrepreneurship,
University of Rochester
Simon School of Business



CHARLES B. MACLEOD

Principal/Owner
SMM Advertising



SCOTT B. MELVIN

Executive Deputy Commissioner
New York State Department of Labor



LOUIS J. ROBERTI JR.

Owner
Arroway Ford/Arroway Tractor



ALEXIS E. THOMAS

CEO and Founder
Preston Hollow Consultants



MESSAGE FROM THE EXECUTIVE DIRECTOR & CEO

Gaurav Vasisht

Our unique role in the New York State workers' compensation insurance marketplace required us to critically view recent years' events as the foundation to develop improved ways to serve our policyholders and their employees.

HOW WE WORK

NYSIF is a self-funded state entity with a public service mission enshrined in statute. This means we will always conduct ourselves in the best way possible to make sure that employees and employers in the State of New York are protected in the workers' comp system.

Excellence in the way we work has always been our barometer. In the past year, we pushed ourselves to redefine excellence in the way we approached our business, extending our reach and the value that we provide. As we continued to grapple with the aftermath of a global health pandemic, we developed new ways to work while transitioning to a hybrid workplace. We also developed new ways to leverage our data to inform our operational decisions as well as the work of researchers and policymakers that impacts workers' and the greater public's health.

We further embraced our role as a global citizen committed to reducing the effects of climate change on our investment portfolio without jeopardizing financial returns. NYSIF also created programming and shared resources on mental health awareness with our employees, and then offered them for free to businesses throughout New York State.

EXTENDING OUR REACH

Seeking to leverage our extensive repository of data to contribute to the broader research on Long Covid, NYSIF produced a new research report, one of the first to analyze Long Covid data from the workers' compensation industry. We are proud that **the Centers for Disease Control and Prevention (CDC) cited our work** in a presentation about evaluating and supporting patients with Long Covid in returning to work.

Our commitment to working for the well-being of our policyholders and their employees extended to mental wellness. After the successful launch of our own internal mental wellness campaign in 2022, NYSIF committed ourselves to providing value-added mental health resources to all New York businesses and their employees. Available via nysif.com, our [workplace mental health portal](#) provides employers and employees with engaging resources on a wide range of wellness topics. By request, we also assisted employers with developing their own workplace mental health awareness programs for their employees.

UTILIZING TECHNOLOGY

We understand that technological change is rapid and ongoing. At NYSIF, our goal has always been to **thoughtfully innovate to improve business operations**, enhance customer satisfaction and just make it easier to do business with NYSIF. We utilized technology in new ways to streamline functions, safeguard customer data and provide claimants with improved access to benefits information via a new claims mobile app. Our Audit team initiated a project to assess our auditing software for potential upgrades. On the disability benefits side, **we enhanced our online quote application** enabling many small businesses to now obtain a quote and bind coverage in just minutes.

BUSINESS TRANSFORMATION

Business transformation means that NYSIF is constantly assessing all aspects of how we do

business (e.g. systems, processes, technology and people) to achieve greater levels of growth, efficiency and competitiveness.

We continued to provide savings to customers with strong workplace safety records through our discounts and dividends programs that **returned \$567 million to those policyholders**. NYSIF also made it easier for policyholders in difficult circumstances to make their premium payments and maintain their workers' compensation insurance coverage.

The Division of Confidential Investigations (DCI) plays a pivotal role in safeguarding the integrity of NYSIF operations and ensuring the highest standards of ethical conduct. DCI strives to strike an important balance by **rooting out fraud while protecting our policyholders and claimants** to ensure NYSIF can continue to offer competitive rates to NYS businesses. Our new DCI Data Analytics Team helped NYSIF identify more than \$600,000 in overpayments, collect more than \$8.5 million in restitution and redirect more than \$11 million in indemnity withholdings back to the agency.

EMPLOYEES FIRST

NYSIF employees are the backbone of our operations, the very essence of this organization.

We celebrate the diversity of our team, which strengthens our agency and helps us to innovate. Since joining NYSIF, one of my priorities has been to increase the number of promotional opportunities for all staff. NYSIF demonstrated its commitment to recruiting talented employees, staff training, development and promotion by offering new learning curriculums, reclassifying job titles to create new opportunities for advancement and promoting staff at all levels throughout the agency.

We strengthened our Diversity, Equity and Inclusion (DEI) policy to ensure our candidate pool reflects New York State's extraordinary talent. We also created a DEI team and a Career Mobility Unit. These actions affirmed our commitment to provide

NYSIF employees with increased career mobility and opportunities for advancement.

FORGING PARTNERSHIPS

In 2023, NYSIF's Legal Department inaugurated the CLE (Continuing Legal Education) Consortium. Partnering with six state agencies: Department of Labor, Unemployment Insurance Appeal Board, Industrial Board of Appeals, State Inspector General, Workers' Compensation Board (WCB), and the State University of New York, the Consortium provides no-cost, cross-platform information on CLE topics of common interest for attorneys, such as New York's legislative and regulatory process, and the jurisdictional and operational framework of state agencies. NYSIF hosted two panel CLE events with approximately 200 attendees; additional events are planned in the coming year.

MILESTONES

I would like to acknowledge the 85th anniversary of the NYSIF Board of Commissioners, led by Chairman Kenneth R. Theobalds, and commend our Board for all the great work they have done. All of us at NYSIF are grateful for their guidance and support. I look forward to continuing to partner with our Board on achieving the aims and objectives of this outstanding organization.

In 2024, NYSIF will commemorate its 110th anniversary as a provider of workers' compensation insurance available to any and all New York State employers, especially those who cannot obtain coverage elsewhere. It is a mandate that sets us apart from all other carriers operating in New York. It is also one that challenges us to work in ways that help us continue to be successful today and tomorrow. This Annual Report shares 2023 highlights of our commitment to that work.

Gaurav Vasisht,
Executive Director & CEO
NYSIF

NYSIF EXECUTIVE STAFF



GAURAV VASISHT
Executive Director & CEO



AUGUSTO BORTOLONI
Director of Policyholder
Services, Business Operations



JAMES BUCK
Director of Innovation



PETER CUSICK
Chief Operating Officer for
Insurance Operations



SITA FEY
Director of External Affairs



GREGORY FRANCIS
Chief Investment Officer



WILLIAM GRATRIX
Chief Financial Officer



CHARLOTTE GRIFFIN
Chief Information Officer



MELISSA JENSEN
Director of Policy



TIMOTHY KOESTER
Chief Actuary



CHAD LOSHBAUGH
Chief Operating Officer for
Business Services



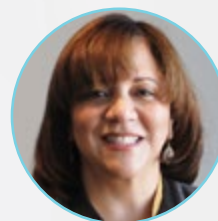
KRISTIN MARKWICA
Director, Disability Benefits
and Paid Family Leave



KENNETH RADIGAN
Chief Risk Officer



JESSICA SILVER
Director, Division of
Confidential Investigations



DAMARIS TORRES
Chief Diversity & Inclusion
Officer



LISA ULLMAN
Health Policy Advisor



MICHELLE VANCAMP
Director, Claims Business
Operations



DAVID F. WERTHEIM
Acting General Counsel

NEW YORK BUSINESSES

Nearly 110 years after its creation, **NYSIF remains the bulwark of New York's insurance market**, providing workers' compensation, disability and paid family leave coverage to an estimated two million New Yorkers employed by approximately 200,000 employers across New York State.

NYSIF policyholders operate in every region of New York in varied industries, and some have been with NYSIF for decades. We're proud to say that a dozen policyholders have been with NYSIF for more than a century, an enduring testament to our philosophy of service.

“You've been so great to work with! Thanks for your patience with us as we navigate our first entrance into employment in New York. We appreciate all the help.”

— DB New Business Policyholder —

Discounts and Dividends

Policyholders with strong safety records continued to benefit from NYSIF **discount and dividend programs**, which returned \$567 million to policyholders in 2023. NYSIF safety groups, which have paid uninterrupted dividends since 1923, complement this initiative and provide policyholders with beneficial savings on their insurance premiums for maintaining safe workplaces. These programs helped NYSIF to maintain **a 95% policyholder retention rate** for safety group members.



Improving Business Operations

Securing customer information is one of our highest priorities. Our Information Technology Services (ITS) team continued to focus on improving application and infrastructure monitoring while implementing state-of-the-art security scanning tools and protocols. Meanwhile, the team diligently researched automation opportunities for IT and business processes to enhance our business operations and further improve customer service.

“Just a quick note to tell you how much I appreciate the work that the [NYSIF Risk Control] staff has been doing for the members of [our] safety groups.”

— Safety Group Manager —

Business owners need to focus on conducting business. **Our enhanced quote and application process for disability benefits (DB) insurance** enables employers to obtain a quote and bind coverage quickly. These significant updates mean that many small businesses now can purchase a DB policy and begin issuing certificates of insurance in less than 15 minutes.

Building On Our Success

Building on the successful launch of several key initiatives, in the past year, NYSIF forged ahead, identifying new ways to provide value through these innovative programs.

Our credit card fee waiver program saved small business policyholders more than \$500,000 in 2023. Meanwhile, NYSIF wrote 557 policies in 2023 through our **Welcome Back program**. This program enables policyholders with outstanding premium balances to retain workers' compensation coverage through NYSIF.



Marking its first full year in 2023, NYSIF's **Out of State coverage program** now includes more than 300 policyholders with over \$3.2 million in premium. We are proud that this program is **the preferred out-of-state coverage option** for policies totaling over \$100 million in corresponding NYSIF in-state premium.

Accident Prevention and Workplace Safety

The NYSIF Risk Control Department takes a **collaborative approach to providing risk control services** to improve our policyholders' approach to safety in relation to their main loss drivers and, consequently, reduce the frequency and severity of painful and costly workplace injuries.



To address these loss drivers, we helped policyholders conduct comprehensive loss analyses. The results can be used to create an individualized strategic service plan that identifies their most significant loss drivers. This loss analysis is used as the foundation for reviewing and enhancing or helping policyholders create a safety program.

“ Thank you! This really might just save the client from losing his business. We really appreciate everything you do for us. You eased my worries from a sleepless night. ”

— Broker —

NYSIF Risk Control staff, several of whom are Associate Safety Professionals (ASP), also assisted policyholders in implementing their strategic service plans in several ways, including providing safety training and safety surveys. The ASP certification is a nationally and internationally accredited safety certification that demonstrates a high level of competency in a wide range of safety knowledge areas. **NYSIF ASP-certified professionals perform expert-level safety tasks** including worksite risk assessments, identifying hazards, investigating incidents and preparing emergency response plans.

The Risk Control Department also provided Occupational Safety and Health Administration (OSHA) 10- and 30-hour courses as well as Code Rule 59 services, from consultation to compliance, to our policyholders. Industrial Code Rule 59 (ICR 59) seeks to reduce injuries and illnesses to improve workplace safety and lower workers' compensation insurance costs in New York State.

Certain large employers must, by law, hire a certified safety consultant to perform an ICR 59 consultation. However, **NYSIF offers these comprehensive safety and loss prevention consultations and evaluations**, providing substantial savings to policyholders each year. In 2023, NYSIF Risk Control professionals conducted more than 370 ICR 59 consultations, **saving our policyholders hundreds of thousands of dollars.**

“ I just wanted to take this time to thank you for helping to make [our] Safety Month a success. I thank you for taking the time to strategically plan training videos and materials that applied to employees in specific departments. These training sessions were very helpful; I have received a lot of positive feedback from staff members. We will try to keep up the momentum and reach those staff members who were unable to attend the sessions

— Workers' Comp Policyholder —

Enhanced Customer Service

Despite a 22% increase in call volume compared to the previous year, **our customer service team resolved 90% of all calls as the first point of contact.** In 2023, this team also continued to help prospective policyholders complete their online applications. This initiative helped us add more than 1,000 new NYSIF policies.

With an eye toward business transformation and retention, **our Client Relations team serves as a direct resource to all businesses in NYS**, as well as



interested out-of-state businesses, ready to assist them in understanding their statutory insurance requirements.

The Client Relations team also continued its focus on servicing NYSIF's highest-level premium accounts and their representatives while also providing services to policyholders at various premium levels. Collaborating with colleagues in our Policyholder Services, Risk Control and Claims divisions, the team conducted 600 client meetings covering a variety of topics, including onboarding new policies, renewals, claims reviews, audit assistance and facilitating risk control services.

“ At 80 years of age, I look back on years of owning various businesses and I reflect on the many representatives that I have met in that capacity. I have found [your employee] to be very knowledgeable, efficient, and fair. [They are] the type of person that I would have hired 'on the spot' if I were interviewing for a position in one of my businesses. With the quality of customer service declining in many industries, I just wanted you to know what an asset [they are] for NYSIF.

— Workers' Comp Policyholder —

TRUST AND COMMITMENT

NYSIF Celebrates Long-Standing Policyholder Relationships

We are honored that our commitment to redefining excellence and providing outstanding service to our policyholders has helped us earn their continued trust and ongoing business for generations.



American Museum of Natural History
New York, NY



Wolff & Dungey, Inc.
Syracuse, NY



Catholic Kolping Society of New York
New York, NY



Leo House for German Immigrants
New York, NY



Jim's Shoe Repair
New York, NY



Steinlauf & Stoller, Inc.
New York, NY



★★★★ SAFETY GROUP MILESTONE ★★★★★

NYSIF is proud to recognize **Safety Group #34 Launderers & Cleaners** for their 100-year relationship and for being our first workers' compensation Safety Group. NYSIF safety groups enable employers in the same industry to pool together to further reduce workers' compensation expenses. Group members' annual premiums are aggregated and used to deduct the costs of claims and cover charges such as reinsurance and administrative expenses.

NYSIF safety groups accounted for 38% of NYSIF's \$1.7 billion written premium. In 2023, more than 26,000 NYSIF policyholders were members of 102 safety groups, 34 of which have been in existence for more than 50 years.

ASSISTING INJURED WORKERS

In 2023, NYSIF Claims staff assisted injured workers with approximately 101,000 open workers' compensation claims. **Our Claims staff issued timely initial payments on 95.8% of our new claims**, demonstrating NYSIF's commitment to ensuring workers received immediate wage replacement benefits when injured and out of work.

“ Thank you for all your help, concern and support. You go above and beyond. ”

— Workers' Comp Claimant —

Same-Day Direct Deposit

Since we began a program to increase direct deposit enrollments and fast-track workers' comp and disability benefits payments, NYSIF has issued approximately 778,000 faster payments to workers and beneficiaries and **our direct deposit enrollment has jumped 46%**. The initiative has enabled tens of thousands of injured workers to access their benefits quickly instead of waiting an average of seven to 10 days for a mailed paper check to arrive and clear once deposited. Workers previously enrolled in direct deposit also benefitted from the initiative, receiving their funds up to three days sooner through same-day automated clearing house, or ACH electronic funds transfers.



Claim Mobile App

To improve communication with and help injured workers access real-time information about their workers' compensation claims, NYSIF introduced a new Claim Mobile App in October 2023.

Geared toward providing the most up-to-date and commonly requested information about claims and benefit payments, our app reinforces NYSIF's commitment to use technology to help meet the needs and **improve communications with injured workers who rely on us**.

Designed based on extensive data analysis of the most common inquiries we received from injured workers, our new app enables NYSIF claimants to easily access their claim status, case manager information, benefit payment dates and amounts, and a schedule of upcoming events important to their claim. **The app also provides claimants with one-touch access** to their current prescription card, the ability to enroll in notifications, email or call their case manager and to sign up to receive benefit payments via direct deposit. At the end of 2023, the app had nearly **4,000 downloads**.



ASSISTING INJURED WORKERS

Prior Authorization Requests

To help injured workers receive the medical care they needed more quickly, a multidisciplinary team of NYSIF professionals completed a project in late 2023 to use technology to streamline the assignment of our non-medication prior authorization requests (PARs). These requests by an injured worker's health care provider are used to obtain prior approval from NYSIF to cover the costs associated with a specific treatment under workers' compensation insurance.

This technological enhancement enabled NYSIF Claims staff to process these requests quicker by ensuring work was assigned to the appropriate case manager. Meanwhile, we also expanded our NYSIF Medical team, which took on the task of reviewing all medication-related PARs. Since assuming full responsibility for reviewing all the medication-related PARs, our nursing team reviewed more than 32,000 medication PARs in a more timely and efficient manner.



“ Thank you very much for all of your help this past year. You have always been pleasant and reliable, two things that are incredibly appreciated by a new parent. ”

— PFL Claimant

Disability Benefits/Paid Family Leave

While incorporating a change in NYS PFL Law that added siblings as covered family members for family care, the NYSIF DB/PFL team handled more than 7,200 PFL claims, 6,500 DB claims and 116 Covid claims in 2023. **Our claimants** also benefitted from our work to **increase direct deposit enrollments and accelerate payments** as well as update payroll reporting and reduce fraud.

“ As always, you are wonderful. My manager also smiled and gave you kudos when I mentioned you. Likewise, [from another colleague], who has had struggles of his own. At [our company], you have become a legend! We all appreciate your support and consideration! ”

— DB Claimant



OUR EMPLOYEES

NYSIF has a great team of dedicated, high-performing professionals with a shared purpose: to ensure NYSIF is the best workers' compensation and disability benefits insurance provider in New York. Fostering a culture that embraces inclusivity and attracts top talent, while providing opportunities and resources that assist our staff in their ongoing professional development and helps them reach their career goals, benefits both NYSIF and our customers. In the past year, NYSIF promoted 218 employees, expanded the number of positions in more than 40 title series and added 333 new staff members. We also created more than 400 new positions to provide additional promotions and upgraded salary grades.

In addition, NYSIF had great success utilizing the state's Hiring for Emergency Limited Placement (HELP) Program, filling nearly 70 positions in 2023. The HELP Program temporarily waives the civil service exam requirement for select critical health and human services titles across state agencies. We appreciated the Department of Civil Service's efforts to help us recruit and retain diverse talent in these mission-critical fields.

Five additional Risk Control staff members earned the Certified Safety Professional (CSP) credential in 2023, bringing the department totals to 14 CSPs and five ASPs. Earning the CSP credential demonstrates **our safety professionals have met the requirements for the gold standard of safety and health credentials** and have achieved the industry's most-recognized safety certification.

To help us review and process PARs more quickly, our Medical team created the Licensed Practical Nurse (LPN) role. We added 20 LPNs to our team as well as additional nursing professionals to help facilitate further initiatives to improve workflows.



In 2023, NYSIF also launched our first "official" Student Intern Program, designed to help students gain entry into New York State employment and experience working for NYSIF. Forty-five college students participated in our program, with an opportunity to work in a variety of occupational areas within the Legal, Investments, ITS, Information Security Office, Finance, System Support Aid and Receivables Management departments. Several students who worked in IT and our Legal departments remained with us after their internships ended and are now full-time NYSIF employees. We also attended close to 50 career fairs around New York State and spoke with close to 3,000 prospective candidates about career opportunities at NYSIF.



Long Covid

NYSIF's embrace of its founding principles is best exemplified by a recognition that its data can help inform our operations and the most pressing public policy issues of our time to improve worker health, safety and well-being. In January 2023, NYSIF **published its landmark report, *Shining a Light on Long Covid: An Analysis of Workers' Compensation Data***. Employing information NYSIF generates in the normal course of business, the report informs the emerging and nascent conversation on Long Covid, a puzzling and complex syndrome some refer to as a pandemic within a pandemic.



Featured in The New York Times and other leading publications, our report analyzed more than 3,000 established Covid-19-related workers' compensation claims to understand how many workers developed Long Covid, their experiences returning to everyday work life and the condition's impact on older adults, women, those with comorbidities and those hospitalized for Covid-19.



Related to our Long Covid initiative, **NYSIF hosted a group of medical and public policy professionals to discuss the effects of Long Covid on the workforce.** Panelists included the Commissioner of the NYS Department of Health, experts from Harvard, Mt. Sinai Health System, Cornell and the Urban Institute, along with a business owner experiencing the effects of living with Long Covid. We also hosted a webinar that reinforced the importance of properly documenting Long Covid. The webinar featured the medical directors from the NYS Office of Mental Health, Department of Health, WCB and NYSIF. The target audience was health care providers who deliver services to workers' compensation claimants.

Workplace Mental Wellness

Stress and mental wellness have emerged as exceedingly important workplace variables as workers have returned to the office in higher numbers after the pandemic. NYSIF wants to raise awareness of mental wellness as an essential component of workplace health. In 2023, **we expanded our workplace mental wellness campaign beyond NYSIF to empower employers** with strategies to reduce mental health stigma, encourage open dialogue between supervisors and employees, and offer guidance on self-care and resiliency.

Interested companies—including those that are not NYSIF policyholders—can **access, customize, and download an employee mental wellness action plan** at nysif.com/wellness, which can help them plan a “Mental Health Awareness Week.” Employers can measure the success of their initiatives and also view other resources to learn more about how mental health concerns can impact workplace morale and productivity.

The campaign was informed by our own internal mental wellness program, an annual event we launched in 2022 for our 1,800 employees across New York State. The week featured outside speakers specializing in mental health in the workplace, giveaways to promote healthier eating and thinking, and internal communications promoting tips and statistics on the impact of mental wellness on overall health.



We also shared resources and helplines to connect employees with services for additional assistance when needed. NYSIF’s mental health week was well received; 74% of NYSIF employees called it “excellent” or “very good” in internal surveys conducted after each annual event.

ESG Investments

Achieving our mission in light of climate change now requires ensuring the long-term security of our investment portfolio through aggressive net zero action as we work to achieve a balance



between global greenhouse gas emissions and emissions reductions. Building on the commitment outlined in our 2022 Climate Action Plan, NYSIF intensified efforts to meet Governor Hochul’s directive for state agencies to achieve net zero emissions by 2040 and implement our new sustainable investments strategy.

In the past year, the NYSIF ESG (Environmental Social and Governance) and Sustainable Investments team allocated funds to climate-related solutions and divested from all coal mining investments while working with a proxy voting advisor to strengthen governance practices. Internally, NYSIF conducted eight ESG-focused training sessions, led by specialists on subjects such as climate risk reduction and data methodologies.

NYSIF also organized three panel discussions at our New York City headquarters on climate and sustainable investing, open to all investors, on topics including how emerging markets and climate change are creating investment opportunities, integrating climate action into investment decisions and the impact of climate change on the real economy. Panelists included experts from Nuveen, the Ford and Rockefeller foundations, the University of Pennsylvania, Columbia University and One Concern, a climate resilience technology company, as well as the New York State Department of Environmental Conservation and the New York Power Authority.



OUR WORK CONTINUES

NYSIF has deep roots in labor that extend over 100 years. We are proud of that history and derive inspiration from it as we look forward in our daily operations.

As we have contended with the shifting priorities and intensifying demands of a post-pandemic world, NYSIF has sought to redefine excellence by reconnecting with its roots and embracing its founding principles. This work is grounded in a strong belief that each day we have an opportunity—and an imperative—to improve injured workers' lives and support New York businesses, large and small. This mindset permeates every aspect of our work, from paying claims to safeguarding our assets and striving to promote workplace safety.

While we will always believe there is more that can be done, never has NYSIF paid injured workers with established claims faster, communicated with them more effectively or been more attuned to employer needs. It is indeed a privilege to work with such a talented group of professionals.

Our commitment is evident in the results.

CONTACTING NYSIF

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1-888-875-5790

NYSIF

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Albany, NY 12206

**STATE INSURANCE FUND
WORKERS' COMPENSATION FUND**

STATUTORY BASIS FINANCIAL STATEMENTS

**AS OF AND FOR THE YEARS ENDED
DECEMBER 31, 2023 and 2022**

**STATUTORY BASIS SUPPLEMENTARY SCHEDULES
FOR THE YEAR ENDED DECEMBER 31, 2023
AND INDEPENDENT AUDITORS' REPORT**

**STATE INSURANCE FUND
WORKERS' COMPENSATION FUND**

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To the Board of Commissioners of
The State Insurance Fund Workers' Compensation Fund
New York, New York

Report on the Statutory Basis Financial Statements

Opinion

We have audited the statutory basis financial statements of the State Insurance Fund Workers' Compensation Fund ("the Fund"), which comprise the statutory statements of admitted assets, liabilities and surplus as of December 31, 2023 and 2022, and the related statutory statements of income, surplus, and cash flows for the years then ended, and the related notes to the statutory basis financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying statutory basis financial statements present fairly, in all material respects, the admitted assets, liabilities and surplus of State Insurance Fund Workers' Compensation Fund as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended on the basis of accounting described in Note 2A.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the statutory basis financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of State Insurance Fund Workers' Compensation Fund as of December 31, 2023 and 2022, or the results of its operations or its cash flows for the years then ended.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Fund and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2A of the statutory basis financial statements, the statutory basis financial statements are prepared by State Insurance Fund Workers' Compensation Fund on the basis of accounting practices prescribed or permitted by the Insurance Department of the New York State Department of Financial Services, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of New York State Department of Financial Services. The effects on the statutory basis financial statements of the variances between the regulatory basis of accounting described in Note 2A and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

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Emphasis of Matter

As described in Note 2A of the statutory basis financial statements, the State Insurance Fund Workers' Compensation Fund has significant prescribed accounting practices that are mandated by New York State Workers' Compensation Law in accordance with the financial reporting provisions of the New York State Department of Financial Services.

Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the statutory basis financial statements in accordance with the accounting practices prescribed or permitted by the Insurance Department of the New York State Department of Financial Services. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of statutory basis financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the statutory basis financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance, and therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the statutory basis financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern for a reasonable period of time.



We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

EisnerAmper LLP

EISNERAMPER LLP
New York, New York
May 15, 2024

EISNERAMPER
LLP



**STATE INSURANCE FUND
WORKERS' COMPENSATION FUND**

**Statutory Basis Statements of Admitted Assets, Liabilities and Surplus
For the Years Ended December 31, 2023 and 2022
(in thousands)**

	<u>2023</u>	<u>2022</u>
Admitted assets		
Cash and invested assets:		
Bonds—at NAIC carrying value	\$ 18,476,899	\$ 18,121,860
Common stocks	1,827,205	1,636,782
Real estate	93,046	100,941
Cash, cash equivalents and short-term investments	462,690	316,042
Other invested assets	75,750	54,387
Receivables for securities and security lending reinvested collateral assets	89,489	142,816
	<u>21,025,079</u>	<u>20,372,828</u>
Total cash and invested assets	21,025,079	20,372,828
Premium receivables	157,472	156,232
Accrued investment income	134,167	122,244
Due from affiliates	57,637	21,315
Other admitted assets	4,882	6,015
Contingent receivable from New York State	1,295,000	1,295,000
	<u>\$ 22,674,237</u>	<u>\$ 21,973,634</u>
Total admitted assets	\$ 22,674,237	\$ 21,973,634
Liabilities and surplus		
Liabilities:		
Reserve for losses	\$ 8,836,930	\$ 8,896,801
Reserve for loss adjustment expenses	945,745	914,687
Unearned premiums	283,365	293,897
Contingent policyholder dividends	1,864,789	1,844,702
Payables for securities and securities lending	109,555	147,487
Accrued expenses and other liabilities	182,302	208,604
	<u>12,222,686</u>	<u>12,306,178</u>
Total liabilities	12,222,686	12,306,178
Surplus:		
Appropriated surplus funds:		
Security fluctuation	2,040,000	2,020,000
Catastrophe	399,561	399,561
Terrorism catastrophe	930,275	895,331
Pension & postemployment benefits	714,402	658,665
Unassigned surplus	6,367,313	5,693,899
	<u>10,451,551</u>	<u>9,667,456</u>
Total surplus	10,451,551	9,667,456
	<u>\$ 22,674,237</u>	<u>\$ 21,973,634</u>
Total liabilities and surplus	\$ 22,674,237	\$ 21,973,634

See accompanying notes to statutory basis financial statements.

**STATE INSURANCE FUND
WORKERS' COMPENSATION FUND**

**Statutory Basis Statements of Income
For the Years Ended December 31, 2023 and 2022
(in thousands)**

	<u>2023</u>	<u>2022</u>
Underwriting income:		
Direct written premium	\$ 1,709,193	\$ 1,565,411
Assumed written premium	<u>2,341</u>	<u>91</u>
Net written premium	<u>\$ 1,711,534</u>	<u>\$ 1,565,502</u>
Net earned premium	<u>\$ 1,730,215</u>	<u>\$ 1,595,276</u>
Underwriting expenses:		
Losses incurred	1,116,915	1,013,546
Loss adjustment expenses incurred	241,268	228,854
Other underwriting expenses incurred	<u>178,211</u>	<u>172,506</u>
Total underwriting expenses	<u>1,536,394</u>	<u>1,414,906</u>
Net underwriting profit	<u>193,821</u>	<u>180,370</u>
Investment income earned:		
Investment income	660,331	543,042
Investment expenses	(44,837)	(44,554)
Net realized capital gains (losses)	<u>56,224</u>	<u>(53,755)</u>
Net investment income earned	<u>671,718</u>	<u>444,733</u>
Other income (expenses):		
Bad debt expense	(134,590)	(87,138)
Finance and service charges	23,559	22,319
Miscellaneous income	3,371	8,383
Dividend expense to policyholders	<u>(224,088)</u>	<u>(219,868)</u>
Total other expenses	<u>(331,748)</u>	<u>(276,304)</u>
Net income	<u>\$ 533,791</u>	<u>\$ 348,799</u>

See accompanying notes to statutory basis financial statements.

**STATE INSURANCE FUND
WORKERS' COMPENSATION FUND**

**Statutory Basis Statements of Surplus
For the Years Ended December 31, 2023 and 2022
(in thousands)**

	Appropriated Surplus Funds				Unassigned Surplus	Total Surplus
	Security Fluctuation Surplus	Catastrophe Surplus	Terrorism Catastrophe Surplus	Pension & Postemployment Benefits Surplus		
Balance—January 1, 2022	\$ 1,790,000	\$ 399,561	\$ 863,856	\$ 645,825	\$ 6,036,187	\$ 9,735,429
Net income	-	-	-	-	348,799	348,799
Change in net unrealized capital gain (losses) - investments	-	-	-	-	(471,528)	(471,528)
Change in nonadmitted assets	-	-	-	-	54,756	54,756
Appropriation of unassigned to (from) appropriated surplus	<u>230,000</u>	<u>-</u>	<u>31,475</u>	<u>12,840</u>	<u>(274,315)</u>	<u>-</u>
Balance—December 31, 2022	2,020,000	399,561	895,331	658,665	5,693,899	9,667,456
Net income	-	-	-	-	533,791	533,791
Change in net unrealized capital gain (losses) - investments	-	-	-	-	266,614	266,614
Change in nonadmitted assets	-	-	-	-	(16,310)	(16,310)
Appropriation of unassigned to (from) appropriated surplus	<u>20,000</u>	<u>-</u>	<u>34,944</u>	<u>55,737</u>	<u>(110,681)</u>	<u>-</u>
Balance—December 31, 2023	<u>\$ 2,040,000</u>	<u>\$ 399,561</u>	<u>\$ 930,275</u>	<u>\$ 714,402</u>	<u>\$ 6,367,313</u>	<u>\$ 10,451,551</u>

See accompanying notes to statutory basis financial statements.

**STATE INSURANCE FUND
WORKERS' COMPENSATION FUND**

**Statutory Basis Statements of Cash Flows
For the Years Ended December 31, 2023 and 2022
(in thousands)**

	<u>2023</u>	<u>2022</u>
Cash flows from operations:		
Premiums collected, net of reinsurance	\$ 1,687,480	\$ 1,585,465
Net investment income	635,361	517,955
Miscellaneous expense	(107,450)	(56,504)
Losses and loss adjustment expenses paid, net	(1,176,786)	(1,124,209)
Expenses paid	(386,914)	(372,179)
Dividends paid to policyholders	<u>(204,001)</u>	<u>(164,096)</u>
Net cash provided by operations	<u>447,690</u>	<u>386,432</u>
Cash flows from investments:		
Proceeds from investments sold, matured or repaid	3,496,010	3,253,651
Cost of investments acquired	<u>(3,699,723)</u>	<u>(3,841,961)</u>
Net cash used in investments	<u>(203,713)</u>	<u>(588,310)</u>
Net cash flows from other sources	<u>(97,329)</u>	<u>29,028</u>
Net cash (used in) provided by other sources	<u>(97,329)</u>	<u>29,028</u>
Net cash provided by (used in) cash, cash equivalents and short-term investments	146,648	(172,850)
Cash, cash equivalents and short-term investments:		
Beginning of year	<u>316,042</u>	<u>488,892</u>
Cash, cash equivalents and short-term investments:		
End of year	<u><u>\$ 462,690</u></u>	<u><u>\$ 316,042</u></u>

See accompanying notes to statutory basis financial statements.

**STATE INSURANCE FUND
WORKERS' COMPENSATION FUND**

**Notes to Statutory Basis Financial Statements
For the Years Ended December 31, 2023 and 2022
(in thousands)**

NOTE 1 - ORGANIZATION AND PURPOSE

The New York State Insurance Fund ("NYSIF"), which includes the operations of the Workers' Compensation Fund ("WCF") and the Disability Benefits Fund ("DBF"), is a nonprofit agency of the State of New York (the "State"). NYSIF also administers the Aggregate Trust Fund ("ATF"). By statute, NYSIF maintains separate records for each fund.

In *Methodist Hospital of Brooklyn v. State Insurance Fund (1985)*, The New York State Court of Appeals held that NYSIF is "a State agency for all of whose liabilities the State is responsible".

The home office properties are occupied jointly by all three funds. Because of this relationship, WCF incurs joint operating expenses subject to allocation based on the level of services provided. Management believes the method of allocating such expenses is fair and reasonable. WCF allocates the cost of services rendered to DBF based on a percentage of DBF employees, salaries and square footage occupied. There is no direct allocation charged to ATF. A flat fee of either 3% or 6% of losses paid is charged by WCF, dependent upon the date of the award (refer to Note 8).

Workers' compensation insurance covers job-related disabilities and includes the cost of medical treatment.

WCF also administers the Workers' Compensation Program for the State, which self-insures.

WCF has exposure to catastrophes, which are an inherent risk of the property/casualty insurance business, which have contributed, and may contribute, to material year-to-year fluctuations in WCF's results of operations and financial position.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation:

The accompanying statutory basis financial statements of WCF are presented in conformity with accounting practices prescribed by the New York State Department of Financial Services ("DFS"). DFS recognizes only New York Statutory Accounting Practices ("NY SAP") for determining and reporting the financial condition and results of operations of an insurance company and for determining its solvency under New York State Insurance Law. The current version of the National Association of Insurance Commissioners' ("NAIC") Accounting Practices and Procedures Manual ("NAIC SAP") has been adopted as a component of NY SAP.

**STATE INSURANCE FUND
WORKERS' COMPENSATION FUND**

**Notes to Statutory Basis Financial Statements
For the Years Ended December 31, 2023 and 2022
(in thousands)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Basis of Presentation: (continued)

Differences between NAIC SAP and NY SAP:

The State has prescribed certain accounting practices that differ from those found in NAIC SAP. Such differences are identified herein as NY SAP where applicable. Specifically, Electronic Data Processing ("EDP") and related equipment, constituting a data processing, record keeping or accounting system with a cost of \$50 and greater shall be depreciated over a period not to exceed 10 years under NY SAP.

In addition, the Superintendent of DFS has the right to permit other specific practices that may deviate from prescribed practices. WCF, as mandated by New York State Workers' Compensation Law, discounts all loss and loss adjustment expense reserves at 5%, and records the contingent receivable from the State as an admitted asset.

The DFS, under State statutes and regulations, does not require WCF to report Risk Based Capital ("RBC"). NY Insurance Law 1108(c) specifically exempts WCF from licensing and most other requirements under the Insurance Law.

WCF discounts all reserves, including pension and non-pension reserves, for loss and loss adjustment expenses at 5%. If no discounting was used, statutory surplus would decrease by \$6,114,013 and \$6,285,100 as of December 31, 2023 and 2022. If the contingent receivable from the State was not prescribed as an admitted asset, total statutory surplus would decrease by \$1,295,000 as of both December 31, 2023 and 2022.

The cumulative effect of prescribed practices by NY SAP or as mandated by New York State Workers' Compensation Law on WCF's total surplus and net income for the years ended December 31, 2023 and 2022 is as follows:

**STATE INSURANCE FUND
WORKERS' COMPENSATION FUND**

**Notes to Statutory Basis Financial Statements
For the Years Ended December 31, 2023 and 2022
(in thousands)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Basis of Presentation: (continued)

Differences between NAIC SAP and NY SAP: (continued)

	<u>2023</u>	<u>2022</u>
Surplus		
Total surplus as shown on statutory statements - NY SAP	<u>\$ 10,451,551</u>	<u>\$ 9,667,456</u>
Discounting of loss and loss adjustment expense reserves at 5%	<u>(6,114,013)</u>	<u>(6,285,100)</u>
Add back tabular discount at 3.5% on pension reserves	<u>1,845,708</u>	<u>1,983,148</u>
Contingent receivable from State of New York	<u>(1,295,000)</u>	<u>(1,295,000)</u>
Total cumulative effect	<u>(5,563,305)</u>	<u>(5,596,952)</u>
Total adjusted surplus - NAIC SAP	<u><u>\$ 4,888,246</u></u>	<u><u>\$ 4,070,504</u></u>
Net Income		
Total net income as shown on statutory statements - NY SAP	<u>\$ 533,791</u>	<u>\$ 348,799</u>
Discounting of loss and loss adjustment expense reserves at 5%	<u>171,087</u>	<u>117,640</u>
Tabular discount at 3.5% on pension reserves	<u>(137,440)</u>	<u>(50,404)</u>
Total cumulative effect	<u>33,647</u>	<u>67,236</u>
Total adjusted net income - NAIC SAP	<u><u>\$ 567,438</u></u>	<u><u>\$ 416,035</u></u>

Differences between NY SAP and U.S. GAAP:

The accounting practices and procedures of NY SAP and NAIC SAP (collectively referred to as "SAP") comprise a comprehensive basis of accounting other than generally accepted accounting principles in the United States ("U.S. GAAP"). The more significant differences between SAP and U.S. GAAP, which are applicable to WCF, are set forth below:

- a. Bonds are generally carried at amortized cost. Under U.S. GAAP, such securities are classified into "held to maturity" and reported at amortized cost, or "trading" and reported at fair value with unrealized gains and losses included in earnings, or "available for sale" and reported at fair value with unrealized gains and losses reported as a separate component of surplus.

**STATE INSURANCE FUND
WORKERS' COMPENSATION FUND**

**Notes to Statutory Basis Financial Statements
For the Years Ended December 31, 2023 and 2022
(in thousands)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Basis of Presentation: (continued)

Differences between NY SAP and U.S. GAAP: (continued)

All single class and multi-class mortgage-backed/asset-backed securities are adjusted for the effects of changes in prepayment assumptions on the related accretion of discount or amortization of premium of such securities using either the retrospective or prospective methods. If it is determined that a decline in fair value is other-than-temporary, the cost basis of the security is written down to the discounted estimated future cash flows.

Under U.S. GAAP, all securities, purchased or retained, that represent beneficial interests in securitized assets (e.g., collateralized mortgage obligations or asset-backed securities), other than high-credit quality securities, are adjusted using the prospective method when there is a change in estimated future cash flows. If it is determined that a decline in fair value is other-than-temporary, the cost basis of the security is written down to the discounted fair value.

- b. Common stocks are reported at fair value, as determined by the NAIC's Securities Valuation Office ("SVO") and other independent pricing sources and the related net unrealized capital gains and losses are reported in unassigned surplus. Under U.S. GAAP, common stocks are reported at fair value with unrealized gains and losses included in earnings.
- c. Cash and short-term investments in the statutory basis statements of cash flows represent cash balances and investments with initial maturities of one year or less. Under U.S. GAAP, the corresponding caption of cash and cash equivalents includes cash balances and investments with initial maturities of three months or less.
- d. Policy acquisition costs (principally underwriting and marketing related costs) are expensed as incurred, whereas under U.S. GAAP, these costs are recorded as a prepaid expense and amortized to income on the same basis as premium income is recognized.
- e. WCF records written premiums when billed to policyholders and earns the related income over the life of the policy. Under U.S. GAAP, premiums would be recognized as written premium on the effective date of the policy and earned over the life of the policy.
- f. Certain assets designated as non-admitted assets (principally premiums in the course of collection outstanding over 90 days, prepaid expenses, 10% of earned but unbilled premium and office furniture and equipment) are charged directly against surplus. Under U.S. GAAP, such non-admitted assets would be included in total assets, net of valuation allowances.

**STATE INSURANCE FUND
WORKERS' COMPENSATION FUND**

**Notes to Statutory Basis Financial Statements
For the Years Ended December 31, 2023 and 2022
(in thousands)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Basis of Presentation: (continued)

Differences between NY SAP and U.S. GAAP: (continued)

- g. EDP and related equipment with a cost of \$2 or greater are depreciated over an estimated useful life of up to three years. Under U.S. GAAP, all EDP and related equipment would be recorded as assets, less accumulated depreciation over their useful lives.
- h. WCF's contingent receivable (Note 6) of \$1,295,000 from the State does not have a due date. This contingent receivable is carried at the amount transferred to the State without consideration for collectability or imputed interest. Under U.S. GAAP, such an amount would be excluded from the balance sheet.
- i. As mandated by New York State Workers' Compensation Law, reserves for losses and loss adjustment expenses are discounted to their present value using an annual effective interest rate of 5% during 2023 and 2022. Under U.S. GAAP, the interest rate would be based on market rates and earnings expectations.
- j. An appropriation of surplus for security fluctuations has been established for the difference between the amortized cost of securities and their fair value. Such an appropriation is established for future contingencies, rather than allocated to specific investments. In addition, a reasonable portion of unassigned surplus has been established as an appropriation for catastrophes, terrorism and for postemployment benefits.
- k. For real estate owned and occupied by NYSIF, rental income and corresponding rental expense is recorded. Under U.S. GAAP, no such income or expense is recorded.
- l. The balance sheet under SAP is reported net of reinsurance, while under U.S. GAAP, the balance sheet reports reinsurance recoverables, including amounts related to ceded losses incurred but not reported and prepaid reinsurance premiums, as an asset.
- m. Comprehensive income and its components are not presented in the statutory basis financial statements.
- n. The net amount of all cash accounts is reported jointly. Cash accounts with positive balances are not reported separately from cash accounts with negative balances. If in the aggregate, the reporting entity has a net negative cash balance, it is reported as a negative asset. Under U.S. GAAP, positive cash balances are reported as assets while net negative cash balances are reported as liabilities.

**STATE INSURANCE FUND
WORKERS' COMPENSATION FUND**

**Notes to Statutory Basis Financial Statements
For the Years Ended December 31, 2023 and 2022
(in thousands)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Basis of Presentation: (continued)

Differences between NY SAP and U.S. GAAP: (continued)

- o. The aggregate effect of the foregoing differences between NY SAP and U.S. GAAP on the accompanying statutory basis financial statements has not been determined, however, it is presumed to be material.

B. Investments:

Investments are generally valued in accordance with the valuation procedures of the NAIC.

Bonds are principally carried at amortized cost. Discount or premium on bonds is amortized using the scientific method, which is a variation of the effective interest method. Short-term investments consist of bonds purchased within a year of the maturity date which are stated at amortized cost. Market value is primarily based on market prices obtained from the SVO and JPMorgan Chase.

For mortgage-backed fixed maturity securities, WCF recognizes income using the constant effective yield method, based on anticipated prepayments over the economic life of the security. Mortgage-backed securities are accounted for by the retrospective method and prepayment assumptions are based on market conditions. When actual payments differ significantly from anticipated prepayments, the effective yield is recalculated to reflect actual payments to date and anticipated future payments, and any resulting adjustment is included in net investment income.

Common stocks are carried at fair value, which is obtained from JPMorgan Chase and other pricing sources. The unrealized gain or loss for common stocks is the change in fair value from the prior year-end and is reflected as a separate component of unassigned surplus. Realized gains and losses are calculated based on the difference between cost and the consideration received at the time of sale or fair value at time of impairment, and are included in the statutory basis statements of income.

Receivable and payable for securities represent sales and purchases of securities that are unsettled at year-end.

Realized gains and losses on the sale of investments are calculated based on the difference between the carrying value and the consideration received at the time of sale or fair value at time of impairment, and are included in the statutory basis statements of income.

**STATE INSURANCE FUND
WORKERS' COMPENSATION FUND**

**Notes to Statutory Basis Financial Statements
For the Years Ended December 31, 2023 and 2022
(in thousands)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Investments: (continued)

Investment income earned consists primarily of interest and dividends. Interest is recognized on an accrual basis and dividends are recorded as earned at the ex-dividend date. Interest income on mortgage-backed and asset-backed securities is determined on the effective yield method based on estimated principal repayments. Accrual of income is suspended for bonds and mortgage loans that are in default or when the receipt of interest payments is in doubt. Realized capital gains and losses are determined using the first-in, first-out method.

An investment in a debt or equity security is impaired if its fair value falls below book value and the decline is considered other-than-temporary. Factors considered in determining whether a loss is other-than-temporary include the length of time and extent to which fair value has been below cost, the financial condition and near-term prospects of the issuer, and WCF's ability and intent to hold the investment for a period of time sufficient to allow for an anticipated recovery. A debt security is impaired if it is probable that WCF will not be able to collect all the amounts due under the security contractual terms. Equity investments are impaired when it becomes apparent that WCF will not recover its cost over the expected holding period. Other-than-temporary declines in fair value of investments are included in realized losses. The amount recorded in the statutory basis statements of income in 2023 and 2022 for realized impaired losses was \$2 and \$70,023.

C. Real Estate:

WCF records buildings at cost less accumulated depreciation calculated over an estimated useful life of 25 years, using the straight-line method. Property owned by NYSIF is used primarily for its own operations. In accordance with statutory accounting practices, WCF records both rental income and rental expense for office space occupied in buildings owned by NYSIF. The amount of related rental income and expense recorded in the statutory basis statements of income in 2023 and 2022 was \$16,255 and \$17,110.

Maintenance and repairs are charged to expense as incurred.

D. Premium Revenue and Related Accounts:

WCF records written premiums when billed to policyholders and earns the related premium income over the life of the policy.

WCF records premium receivables as an admitted asset if the following three conditions are met: (1) a bill for the premium amount is no more than 90 days past due, (2) the bill date is within six months after the expiration of the policy year, and (3) no other bill for the same policy is considered non-admitted.

**STATE INSURANCE FUND
WORKERS' COMPENSATION FUND**

**Notes to Statutory Basis Financial Statements
For the Years Ended December 31, 2023 and 2022
(in thousands)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Premium Revenue and Related Accounts: (continued)

At December 31, 2023 and 2022, the outstanding premium receivable balance is stated net of \$63,553 and \$45,138 of non-admitted amounts. WCF routinely assesses the collectability of receivables and establishes an appropriate allowance at each year end. Based on WCF's analysis, \$134,590 and \$87,138 are recorded as bad debt expense in the statutory basis statements of income for the years ended December 31, 2023 and 2022.

For WCF, unearned premiums represent the pro-rata portion of premiums and endorsements billed that are applicable to the unexpired terms of policies in force at year-end.

The estimate for earned but unbilled premium ("EBUB") is recognized through the statutory basis statements of income as an adjustment to premium earned. EBUB premium represents in-force and auditable policies on which premium has been earned but not yet been billed to the insured. Ten percent of EBUB, in excess of collateral specifically held as identifiable on a policy basis, is non-admitted.

E. Expenses of Workers' Compensation Board ("WCB"):

WCF carried a liability of \$7,621 and \$9,534 related to assessments due to the Workers' Compensation Board as of December 31, 2023 and 2022.

F. Reserves for Losses and Loss Adjustment Expenses:

Reserves for losses and loss adjustment expenses ("LAE") for WCF are based on individual case estimates and formula reserves. Additional reserves are provided for losses incurred but not reported ("IBNR") based on past experience, modified for current trends.

Reserves for losses and loss adjustment expenses of WCF are discounted to present value using an annual rate of 5%. Reserves for losses and loss adjustment expenses of WCF have been reduced by \$6,114,013 and \$6,285,100 as of December 31, 2023 and 2022, as a result of the 5% discounting. This accounting practice is mandated by Section 86 of the New York State Workers' Compensation Law.

Loss and loss adjustment expense reserves are significant in relation to surplus and there are a number of factors that contribute to uncertainties in the timing and amount of future payments including: the long-tailed nature of workers' compensation claims, the rate of inflation on medical costs, the impact of changes in New York State Workers' Compensation law made in 2007, discounting of reserves, and the impact of the COVID-19 pandemic.

**STATE INSURANCE FUND
WORKERS' COMPENSATION FUND**

**Notes to Statutory Basis Financial Statements
For the Years Ended December 31, 2023 and 2022
(in thousands)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Reserves for Losses and Loss Adjustment Expenses: (continued)

WCF's reserves for losses and loss adjustment expenses are estimated by using generally accepted actuarial procedures and include consideration for the impact of the factors outlined above. The methods for making such estimates and for establishing the resulting liability are continually reviewed and any adjustments are reflected in the period determined. An independent actuarial consulting firm reviews the estimated liability. WCF's management believes that the assumptions used in determining this liability are reasonable and that the amount recorded represents its best estimate of the ultimate cost of investigating, defending and settling claims.

WCF's actual future experience may not conform to the assumptions inherent in the determination of the liability. Accordingly, the ultimate settlement value may vary materially from the amounts included in the statutory basis financial statements.

Amounts relating to New York State losses and defense and cost containment expenses have been excluded from the financial statements. New York State reimburses NYSIF for losses, defense and cost containment and a portion of adjusting and other expenses paid. There are no underwriting expenses incurred by NYSIF related to New York State claims (see Note 8).

G. Postemployment Fringe Benefits — Pension:

All employees of WCF are eligible to be covered under a retirement plan administered by the New York State Employees Retirement System. For employees hired prior to July 27, 1976, the plan is noncontributory. For employees hired on or after July 27, 1976, but before 2015, the plan is partially contributory in the first ten years of employment and noncontributory thereafter. For employees hired on and after January 1, 2015, the plan is partially contributory for the entire term of employment.

WCF has determined it is not directly liable for this obligation and as such, in accordance with SSAP No. 102, *Pensions*, WCF records its obligation based on amounts billed by the State. WCF records the difference between amounts billed by the State and amounts paid to the State as a liability or prepaid asset. WCF has a non-admitted prepaid asset for pension benefits in the amount of \$4,874 and \$4,616 as of December 31, 2023 and 2022.

Based on actual costs billed by various State agencies, WCF incurred \$64,275 and \$70,164 of fringe benefits and indirect costs in 2023 and 2022, recorded in other underwriting expenses in the statutory basis statements of income.

**STATE INSURANCE FUND
WORKERS' COMPENSATION FUND**

**Notes to Statutory Basis Financial Statements
For the Years Ended December 31, 2023 and 2022
(in thousands)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Postemployment Fringe Benefits — Pension: (continued)

WCF estimates a contingent liability for the ultimate net pension obligation as of December 31 of each calendar year based on the State's latest available Actuarial Valuation Report, which is as of March 31 of the same calendar year and is recorded as an appropriation of surplus. During the years ended December 31, 2023 and 2022, WCF appropriated surplus to provide for the net pension obligation costs as permitted by SSAP No. 72, *Surplus and Quasi-Reorganizations*. Future obligations may vary significantly due to potential future changes in various key assumptions, such as WCF's ultimate allocated share of the obligation, investment earning and actuarial projections. WCF updates the estimate each year-end.

At December 31, 2023 and 2022, WCF's pro-rata portion of its New York State Employees' ultimate net pension obligation was \$98,349 and \$0. The pension obligation was measured by the State as of March 31, 2023 and 2022, with WCF's portion of the obligation based on a ratio of its employees to State employees. As of March 31, 2023 and 2022, WCF's approximate proportionate share was 0.459% and 0.470%.

The activity in the Appropriated Surplus OPEB/Pension account related to pension benefits during 2023 and 2022 is as follows:

	2023	2022
Balance, beginning of year	\$ -	\$ 451
Current year appropriation	98,349	(451)
Balance, end of year	<u>\$ 98,349</u>	<u>\$ -</u>

Per the Actuarial Evaluation Report as of March 31, 2023, the pension plan assets of the State are fully funded, and therefore no appropriation to surplus is required. In 2023 and 2022, WCF recorded pension expense of \$19,027 and \$19,952.

**STATE INSURANCE FUND
WORKERS' COMPENSATION FUND**

**Notes to Statutory Basis Financial Statements
For the Years Ended December 31, 2023 and 2022
(in thousands)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Postemployment Fringe Benefits – Other Postemployment Benefits:

WCF's employees are employees of the State. New York State Civil Service Law, Section 163.2, provides for health insurance coverage for retired employees of WCF including their spouses and dependent children ("The State Plan"). Eligibility is determined by the membership in the New York State and Local Employees' Retirement System, enrollment in the New York State Health Insurance Program ("NYSHIP") at the time of retirement, and the completion of a minimum number of years of service as required by the employees' membership tier in the retirement system.

The State's Actuarial Valuation Reports are prepared as of March 31 (the State's fiscal year end) and segregate balances relating to the various state agencies, including NYSIF, under GASB 75.

NYSIF, in the course of business, reimburses the State for certain Other Postemployment Benefits ("OPEB") related charges under the State's Plan. Under SSAP No. 92, *Postretirement Benefits Other Than Pensions*, WCF estimates its Normal Cost as of December 31 of each calendar year based on the State's latest available Actuarial Valuation Report, which is as of March 31 of the same calendar year.

WCF carries its net OPEB obligation (i.e., the Normal Cost less the amount WCF has funded to the State for retirees) as a liability. WCF recognizes in the statement of income only its annual Normal Cost, as this is WCF's current year expense for the plan for the period, in accordance with statutory accounting principles.

Projected benefits for financial reporting purposes are based on the State's actuarial calculations and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between employer and plan members to that point. The actuarial calculations reflect a long-term perspective. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revisions as results are compared to past expectations and new estimates are made about the future. WCF maintains an appropriated surplus account to provide for the portion of the contingency for OPEB costs that have not already been recognized as a net OPEB obligation, as permitted by SSAP No. 72, *Surplus and Quasi-Reorganizations*. Future obligations may vary significantly due to potential future changes in various key assumptions, such as WCF's ultimate allocated share of the liability, discount rate used to develop the present value of future benefits, healthcare inflation, projected healthcare claims, and the likelihood an employee retires, elects healthcare coverage, and survives after retirement. WCF updates the estimate each year-end.

**STATE INSURANCE FUND
WORKERS' COMPENSATION FUND**

**Notes to Statutory Basis Financial Statements
For the Years Ended December 31, 2023 and 2022
(in thousands)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Postemployment Fringe Benefits – Other Postemployment Benefits: (continued)

The activity in the Appropriated Surplus OPEB/Pension account related to postemployment benefits during 2023 and 2022 is as follows:

	2023	2022
Balance, beginning of year	\$ 658,665	\$ 645,374
Current year appropriation	(42,612)	13,291
Balance, end of year	<u>\$ 616,053</u>	<u>\$ 658,665</u>

The following table shows the components of WCF's assigned values relating to OPEB expense (normal cost) under the State's plan, the amount credited to the plan, and changes in the net OPEB obligation as of December 31, 2023 and 2022:

	2023	2022
Net OPEB obligation, beginning of year	\$ 66,640	\$ 68,969
Annual OPEB expense (Normal Cost)	17,583	25,327
Estimated contribution credit (retiree premiums paid)	(27,389)	(27,656)
Increase (Decrease) in net OPEB obligation	<u>(9,806)</u>	<u>(2,329)</u>
Net OPEB obligation, end of year	<u>\$ 56,834</u>	<u>\$ 66,640</u>

WCF has an accrued liability for employee' compensation for future absences in the amount of \$21,117 and \$21,793 as of December 31, 2023 and 2022.

I. Appropriated Surplus Funds:

As described above, WCF may designate a portion of unassigned surplus to provide for contingencies as permitted under NAIC SAP.

Security fluctuation surplus

The security fluctuation appropriation in surplus is an estimate of the potential loss in the investment portfolio's value over a one-year period, calculated at a 95% confidence level. WCF increased the security fluctuation surplus to \$2,040,000 as of December 31, 2023 from \$2,020,000 at December 31, 2022.

**STATE INSURANCE FUND
WORKERS' COMPENSATION FUND**

**Notes to Statutory Basis Financial Statements
For the Years Ended December 31, 2023 and 2022
(in thousands)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Appropriated Surplus Funds: (continued)

Catastrophe surplus

A review of catastrophe surplus in conjunction with a risk assessment of WCF's exposures resulted in WCF maintaining the catastrophe surplus at \$399,561 as of December 31, 2023 and 2022.

Terrorism catastrophe surplus

WCF has exposure to significant losses from terrorism. The Terrorism Risk Insurance Act of 2002, ("TRIA") was enacted into federal law and established a temporary federal program through the Department of the Treasury, providing a system of shared public and private compensation for insured losses resulting from foreign terrorism.

In order for a loss to be covered under TRIA, the loss must result from an event that is certified as an act of terrorism by the U.S. Secretary of the Treasury. If Congress has declared war, then only workers' compensation losses would be covered by TRIA. The Terrorism Insurance Program ("Terrorism Program") generally requires that all property/casualty insurers licensed in the United States participate in the Terrorism Program. The Terrorism Program became effective upon enactment, and in December 2005, was extended through December 31, 2007. In December 2007, the President signed into law the Terrorism Risk Insurance Program Reauthorization Act of 2007 ("TRIPRA"), extending TRIA for another seven years through December 31, 2014. In December 2019, the President signed into law an extension which expires December 31, 2027. TRIPRA adds domestic terrorism to the list of covered acts, triggers a year-long study of a proposal to mandate coverage for nuclear, biological, chemical and radiological attacks and retains the government's share of insured losses for a major attack at \$100 billion.

Once subject losses have reached the \$100 billion aggregate in a Terrorism Program year, there is no additional reimbursement from the U.S. Treasury and an insurer that has met its deductible for the Terrorism Program year is not liable for any losses (or portion thereof) that exceed the \$100 billion cap. WCF is responsible for a deductible of \$319,038 and \$359,616 for December 31, 2023 and 2022. WCF appropriated \$930,275 and \$895,331 of surplus which represents the estimated premium attributable to the foreign and domestic terrorism premium charge at December 31, 2023 and 2022.

**STATE INSURANCE FUND
WORKERS' COMPENSATION FUND**

**Notes to Statutory Basis Financial Statements
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(in thousands)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Appropriated Surplus Funds: (continued)

Pension and postemployment benefits surplus

WCF records pension and postemployment benefit expenses based on an actuarial estimate from New York State for the net obligation as of December 31 of each calendar year based on the State's latest available actuarial valuation reports (see Notes 2G and 2H).

Appropriated pension surplus increased to \$98,349 at December 31, 2023 from \$0 at December 31, 2022.

Other postemployment benefits ("OPEB") appropriated surplus decreased to \$616,053 as of December 31, 2023 from \$658,665 at December 31, 2022.

J. Contingent Policyholder Dividends:

Section 90 of the New York State Workers' Compensation Law provides in substance that dividends may be paid at the discretion of the Fund to safety groups. The estimated contingent balance liability recorded by the Fund is based on an estimate of the accumulated contingent balance of each group at year end. The contingent balance for each safety group is calculated by adding premiums collected and credited investment income and then subtracting reported losses below the purchased loss limit, a provision for incurred but not reported losses, expenses, excess insurance charges and previous dividends. For years beginning on or after January 1, 2023, allocated loss adjustment expenses are included with losses when calculating the contingent balance.

Activity in contingent policyholder dividends is summarized as follows:

	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 1,844,702	\$ 1,788,930
Calendar year accrued Safety Group dividend liability	224,088	219,869
Dividends paid to policyholders	<u>(204,001)</u>	<u>(164,097)</u>
Balance, end of year	<u>\$ 1,864,789</u>	<u>\$ 1,844,702</u>

**STATE INSURANCE FUND
WORKERS' COMPENSATION FUND**

**Notes to Statutory Basis Financial Statements
For the Years Ended December 31, 2023 and 2022
(in thousands)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Income Tax:

WCF is exempt from federal and state income taxes. WCF is, however, subject to a New York State franchise tax. WCF's franchise tax is based on written premiums. The New York State franchise tax expense was \$30,087 and \$27,641 in 2023 and 2022.

WCF maintains an office and does business in the metropolitan New York area and is subject to the Metropolitan Transit Authority ("MTA") surcharge. The MTA surcharge is based on premiums written on businesses in the metropolitan area and wages paid to employees in the metropolitan area. The MTA surcharge was \$4,024 and \$4,086 in 2023 and 2022.

The franchise and MTA tax expenses are recorded through the statutory basis statements of income.

L. Concentrations of Credit Risk:

Financial instruments that potentially subject WCF to concentrations of credit risk are primarily cash and securities backed by the U.S. Government. Balances maintained in demand deposit accounts in the United States are fully insured by the Federal Deposit Insurance Corporation, ("FDIC") up to \$250. The term "demand deposits" means both interest-bearing and noninterest bearing deposits that are payable on demand and for which the depository institution does not reserve the right to require advance notice of an intended withdrawal.

Cash is held with high-credit quality financial institutions in the United States and, from time to time, may have balances that exceed the amount of insurance provided by the FDIC on such deposits.

M. Risks and Uncertainties:

WCF invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market risk and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in values of investment securities will occur in the near term and that changes could materially affect the amounts reported in the statutory basis financial statements.

**STATE INSURANCE FUND
WORKERS' COMPENSATION FUND**

**Notes to Statutory Basis Financial Statements
For the Years Ended December 31, 2023 and 2022
(in thousands)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Use of Estimates:

The preparation of these statutory basis financial statements in conformity with statutory accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the statutory basis financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The significant estimates included in these statutory basis financial statements are the liability for loss and loss adjustment expenses, earned but unbilled premiums and WCF's portion of the pension and OPEB costs estimated by WCF based on the current actuarial valuation prepared for the State, which includes WCF's employees.

O. Reclassifications:

Certain reclassifications have been made to the prior year's statutory basis financial statements to conform to the current year's presentation.

NOTE 3 - INVESTMENTS

Section 87 of the New York State Workers' Compensation Law states that the Commissioner of Taxation and Finance is the custodian of WCF. By order of the Commissioner and approval of DFS, Section 87 allows JPMorgan Chase to serve as WCF's custodian for investments. The type of securities authorized for investment by WCF are mandated by Section 87. All bank deposits are entirely insured or collateralized with securities held by JPMorgan Chase at December 31, 2023 and 2022, in accordance with Section 105 of the New York State Finance Law.

**STATE INSURANCE FUND
WORKERS' COMPENSATION FUND**

**Notes to Statutory Basis Financial Statements
For the Years Ended December 31, 2023 and 2022
(in thousands)**

NOTE 3 - INVESTMENTS (CONTINUED)

The amortized cost, gross unrealized gains, gross unrealized losses and estimated market value of investments in bonds and stocks at December 31, 2023 and 2022 are as follows:

	2023			
	Cost or Book Adjusted Carrying Value	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Market Value
U.S. Government and government agency obligations	\$ 5,984,174	\$ 20,827	\$ (852,445)	\$ 5,152,556
States, territories, possessions and political subdivisions	1,343,430	4,289	(188,133)	1,159,586
Corporate bonds and public utilities	9,237,910	75,259	(499,106)	8,814,063
Mortgage-backed securities	1,911,385	6,534	(52,635)	1,865,284
Total bonds	18,476,899	106,909	(1,592,319)	16,991,489
Common stocks	1,182,899	676,746	(32,440)	1,827,205
Total investments	\$ 19,659,798	\$ 783,655	\$ (1,624,759)	\$ 18,818,694

	2022			
	Cost or Book Adjusted Carrying Value	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Market Value
U.S. Government and government agency obligations	\$ 6,066,832	\$ 9,395	\$ (933,949)	\$ 5,142,278
States, territories, possessions and political subdivisions	1,323,883	286	(252,290)	1,071,879
Corporate bonds and public utilities	8,882,472	30,952	(727,219)	8,186,205
Mortgage-backed securities	1,848,673	586	(92,526)	1,756,733
Total bonds	18,121,860	41,219	(2,005,984)	16,157,095
Common stocks	1,227,575	482,448	(73,241)	1,636,782
Total investments	\$ 19,349,435	\$ 523,667	\$ (2,079,225)	\$ 17,793,877

The amortized cost and market value of bonds at December 31, 2023 by contractual maturity is shown below. Mortgage-backed securities and collateralized mortgage obligations are distributed by maturity year based on an estimate of the rate of future prepayments of principal over the remaining lives of the securities. Prepayment assumptions are based on market expectations; actual prepayment experience may vary from these estimates.

	Amortized Cost	Market Value
Due in one year or less	\$ 603,861	\$ 598,738
Due after one year through five years	7,597,711	7,282,560
Due after five years through ten years	2,260,634	2,122,875
Due after ten years	8,014,693	6,987,316
Total bonds	\$ 18,476,899	\$ 16,991,489

**STATE INSURANCE FUND
WORKERS' COMPENSATION FUND**

**Notes to Statutory Basis Financial Statements
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(in thousands)**

NOTE 3 - INVESTMENTS (CONTINUED)

WCF participates in securities lending programs whereby certain securities from WCF's portfolio are loaned to other institutions for short periods of time. Under the terms of the lending agreements, WCF receives a fee from the borrower and requires collateral with a market value of at least 102% of the market value of securities loaned. WCF maintains ownership rights to securities loaned and has the ability to sell securities while they are on loan. WCF has an indemnification agreement with lending agents in the event a borrower becomes insolvent or fails to return securities. As of December 31, 2023 and 2022, \$238,377 and \$242,832 of WCF investments were on loan, supported by collateral of \$250,359 and \$249,136.

WCF has reinvested collateral assets in the amount of \$86,447 and \$135,541 as of December 31, 2023 and 2022. For the years ended December 31, 2023 and 2022, WCF received fees of \$3,159 and \$1,683. Fees have been included in investment income earned in the statutory basis statements of income.

The amortized cost and market value of the reinvested collateral assets at December 31, 2023 by contractual maturity are shown below:

	Amortized Cost	Fair Value
30 days or less	\$ 86,251	\$ 86,251
31 to 180 days	196	219
Total collateral received	<u>\$ 86,447</u>	<u>\$ 86,470</u>

The amortized cost and market value of the reinvested collateral assets at December 31, 2022 by contractual maturity are shown below:

	Amortized Cost	Fair Value
30 days or less	\$ 135,339	\$ 135,340
31 to 180 days	202	210
Total collateral received	<u>\$ 135,541</u>	<u>\$ 135,550</u>

**STATE INSURANCE FUND
WORKERS' COMPENSATION FUND**

**Notes to Statutory Basis Financial Statements
For the Years Ended December 31, 2023 and 2022
(in thousands)**

NOTE 3 - INVESTMENTS (CONTINUED)

WCF has sufficient tradable securities that could be sold to pay for the collateral calls that could come due under a worst-case scenario.

WCF's security lending agreement is with JPMorgan Chase. All bank deposits are entirely insured or collateralized with securities held by JPMorgan Chase at December 31, 2023 and 2022, in accordance with Section 105 of the New York State Finance Law.

Net investment income earned consists principally of interest and dividends on investments as follows:

	<u>2023</u>	<u>2022</u>
Bonds	\$ 575,900	\$ 485,220
Stocks	26,310	28,941
Cash, cash equivalents and short-term investments	32,263	3,592
Real estate - home office	22,394	23,881
Securities lending	2,934	2,074
Other	530	(666)
Investment income earned	<u>660,331</u>	<u>543,042</u>
Investment expenses	(35,335)	(35,143)
Depreciation on real estate and other invested assets	(9,502)	(9,411)
Net realized capital gains (losses)	<u>56,224</u>	<u>(53,755)</u>
Net investment income	<u>\$ 671,718</u>	<u>\$ 444,733</u>

Net realized capital gains (losses) on investments, determined on the first-in, first-out method, and impairments in 2023 and 2022, consist of the following:

	<u>2023</u>	<u>2022</u>
Bonds	\$ (85,325)	\$ (30,859)
Stocks	141,535	(22,664)
Cash and short-term investments	7	-
Securities lending	7	27
Disposal of real estate	-	(259)
Net realized capital gains (losses) and impairments	<u>\$ 56,224</u>	<u>\$ (53,755)</u>

**STATE INSURANCE FUND
WORKERS' COMPENSATION FUND**

**Notes to Statutory Basis Financial Statements
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(in thousands)**

NOTE 3 - INVESTMENTS (CONTINUED)

Proceeds from investments sold, matured or repaid during the years ended December 31, 2023 and 2022 are \$3,496,010 and \$3,253,651. These sales resulted in gross realized capital gains of \$178,114 and \$89,779, and gross realized capital losses of \$121,888 and \$73,299 in 2023 and 2022, respectively.

The following table represents WCF's unrealized losses, fair value and amortized cost for bonds and stocks aggregated by investment category and length of time individual securities have been in a continuous unrealized loss position as of December 31, 2023 and 2022.

	2023					
	Less than 12 Months		12 Months or More		Total	
	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses
U. S. Government	\$ 243,949	\$ (4,332)	\$ 5,441,289	\$ (1,036,246)	\$ 5,685,238	\$ (1,040,578)
Corporate and Public Utilities	426,690	(5,705)	5,818,899	(493,401)	6,245,589	(499,106)
Mortgage Backed Securities	210,247	(549)	991,635	(52,086)	1,201,882	(52,635)
Total Fixed Maturities	880,886	(10,586)	12,251,823	(1,581,733)	13,132,709	(1,592,319)
Common Stock	89,138	(21,763)	33,243	(10,677)	122,381	(32,440)
Total Temporarily Impaired	\$ 970,024	\$ (32,349)	\$ 12,285,066	\$ (1,592,410)	\$ 13,255,090	\$ (1,624,759)

	2022					
	Less than 12 Months		12 Months or More		Total	
	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses
U. S. Government	\$ 4,183,165	\$ (730,504)	\$ 1,762,074	\$ (455,735)	\$ 5,945,239	\$ (1,186,239)
Corporate and Public Utilities	5,004,642	(466,115)	1,778,342	(261,104)	6,782,984	(727,219)
Mortgage Backed Securities	909,564	(37,366)	723,451	(55,160)	1,633,015	(92,526)
Total Fixed Maturities	10,097,371	(1,233,985)	4,263,867	(771,999)	14,361,238	(2,005,984)
Common Stock	293,781	(73,096)	261	(145)	294,042	(73,241)
Total Temporarily Impaired	\$ 10,391,152	\$ (1,307,081)	\$ 4,264,128	\$ (772,144)	\$ 14,655,280	\$ (2,079,225)

Gross unrealized losses represented 8.3% and 10.7% of cost or amortized cost of total investments for WCF as of December 31, 2023 and 2022, respectively. Fixed maturities represented 98.0% and 96.5% of WCF's unrealized losses as of December 31, 2023 and 2022. The group of securities in an unrealized loss position for less than twelve months was comprised of 964 and 2,442 securities for WCF as of December 31, 2023 and 2022. The group of securities depressed for twelve months or more are comprised of 1,645 and 518 securities for WCF as of December 31, 2023 and 2022.

**STATE INSURANCE FUND
WORKERS' COMPENSATION FUND**

**Notes to Statutory Basis Financial Statements
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(in thousands)**

NOTE 3 - INVESTMENTS (CONTINUED)

The fixed income securities in an unrealized loss position are primarily investment grade securities with extended maturity dates, which have been primarily impacted by a change in interest rates after the purchase date. As part of WCF's ongoing security monitoring process by a committee of investment and accounting professionals, WCF has reviewed its investment portfolio and concluded that there are no additional other-than-temporary impairments as of December 31, 2023 and 2022. Due to the issuers' continued satisfaction of the securities' obligations in accordance with their contractual terms and the expectation that they will continue to do so, management's ability and intent to hold these securities, as well as the evaluation of the fundamentals of the issuer's financial condition and other objective evidence, WCF believes that the securities identified above are temporarily impaired.

The evaluation for other-than-temporary impairments ("OTTI") is a quantitative and qualitative process, which is subject to risks and uncertainties in the determination of whether declines in the fair value of investments are other-than-temporary. The risks and uncertainties include changes in general economic conditions, the issuer's financial condition or near-term recovery prospects and the effects of changes in interest rates.

SSAP No. 43R — *Loan-backed and Structured Securities* ("SSAP No. 43R") requires that OTTI be recognized in earnings for a loan-backed or structured security in an unrealized loss position when it is anticipated that the amortized cost basis will not be recovered. In such situations, the OTTI recognized in earnings is the entire difference between the security's amortized cost and its fair value either (i) WCF intends to sell the security; or (ii) WCF does not have the intent and ability to retain the security for the time sufficient to recover the amortized cost basis. If neither of these two conditions exists, and WCF has the intent and ability to hold the security but does not expect to recover the entire amortized cost, the difference between the amortized cost basis of the security and the present value of projected future cash flows expected to be collected is recognized as an OTTI in earnings.

There are no amounts included in 2023 and 2022 for realized impairment losses related to SSAP No. 43R investments. There are no additional impairments recorded in 2023 and 2022 on the basis that the present value of future expected cash flows is less than the amortized cost basis of the security as losses are identified on the basis that WCF was unable to retain the security until recovery of amortized cost.

During 2023 and 2022, WCF did not record any OTTI related to bonds in the statutory basis statements of income. WCF recorded total OTTI of \$2 and \$70,023 related to common stock as of December 31, 2023 and 2022, as a component of net realized investment gains through the statutory basis statements of income.

**STATE INSURANCE FUND
WORKERS' COMPENSATION FUND**

**Notes to Statutory Basis Financial Statements
For the Years Ended December 31, 2023 and 2022
(in thousands)**

NOTE 3 - INVESTMENTS (CONTINUED)

A. Fair Value of Financial Instruments:

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the end of the reporting period.

WCF evaluated the significance of transfers between levels based upon the nature of the financial instrument and size of the transfer relative to the total investment portfolio.

The fair value of an asset is the amount at which that asset could be bought or sold in a current transaction between willing parties, that is, other than in a forced or liquidation sale. The fair value of a liability is the amount at which that liability could be incurred or settled in a current transaction between willing parties, that is, other than in a forced or liquidation sale.

Fair values are based on quoted market prices when available. When market prices are not available, fair value is generally estimated using discounted cash flow analysis, incorporating current market inputs for similar financial instruments with comparable terms and credit quality (matrix pricing). In instances where there is little or no market activity for the same or similar instruments, WCF estimates fair value using methods, models and assumptions that management believes market participants would use to determine a current transaction price. These valuation techniques involve some level of management's estimation and judgment, which becomes significant with increasingly complex instruments or pricing models. Where appropriate, adjustments are included to reflect the risk inherent in a particular methodology, model or input used.

SSAP No. 100R, *Fair Value*, defines fair value, establishes a framework for measuring fair value and establishes disclosure requirements about fair value.

Included in various investment related line items in the statutory basis financial statements are certain financial instruments carried at fair value. Other financial instruments are periodically measured at fair value, such as when impaired, or, for certain bonds and preferred stocks, when NAIC designations fall below a 2 and, therefore, are carried at the lower of cost or market.

**STATE INSURANCE FUND
WORKERS' COMPENSATION FUND**

**Notes to Statutory Basis Financial Statements
For the Years Ended December 31, 2023 and 2022
(in thousands)**

NOTE 3 - INVESTMENTS (CONTINUED)

A. Fair Value of Financial Instruments: (continued)

When available, WCF uses quoted market prices to determine the fair values of the aforementioned investment securities. When quoted market prices are not readily available or representative of fair value, pricing determinations are made based on the results of valuation models using observable market data such as recently reported trades, bid and offer information and benchmark securities. Unobservable inputs reflect WCF's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

WCF's financial assets and liabilities carried at fair value, as well as where fair value is disclosed, have been classified for disclosure purposes based on the SSAP No. 100R hierarchy. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3). An asset's or a liability's classification is based on the lowest level input that is significant to its measurement. For example, a Level 3 fair value measurement may include inputs that are both observable (Levels 1 and 2) and unobservable (Level 3).

The levels of the fair value hierarchy are as follows:

Level 1 – Values are unadjusted quoted prices for identical assets and liabilities in active markets accessible at the measurement date.

Level 2 – Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument. Such inputs include market interest rates and volatilities, spreads and yield curves.

Level 3 – Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect WCF's best estimate of what hypothetical market participants would use to determine a transaction price for the asset and liability at the reporting date.

**STATE INSURANCE FUND
WORKERS' COMPENSATION FUND**

**Notes to Statutory Basis Financial Statements
For the Years Ended December 31, 2023 and 2022
(in thousands)**

NOTE 3 - INVESTMENTS (CONTINUED)

A. Fair Value of Financial Instruments: (continued)

Net Asset Value (NAV) – Other invested assets are limited partnership investments in which the WCF has an interest of less than 20%. NAV represents WCF's partnership interest in the underlying audited U. S. GAAP equity of the partnerships. Each partnership was formed to acquire a diversified portfolio of interests in private investment funds or real estate. As of December 31, 2023, the total amount of remaining commitment was \$76,597.

The following table provides information as of December 31, 2023 about WCF's assets carried at fair value along with a brief description of the valuation technique for each type of asset.

Assets at fair value:	Level 1	Level 2	Level 3	Net Asset Value (NAV)	Total
Bonds	\$ -	\$ 233,465	\$ -	\$ -	\$ 233,465
Bank loans	-	49,943	-	-	49,943
Common stocks	1,827,205	-	-	-	1,827,205
Other long-term invested assets	-	-	-	75,750	75,750
Total assets at fair value/NAV	\$ 1,827,205	\$ 283,408	\$ -	\$ 75,750	\$ 2,186,363

The following table provides information as of December 31, 2022 about WCF's assets carried at fair value along with a brief description of the valuation technique for each type of asset.

Assets at fair value:	Level 1	Level 2	Level 3	Net Asset Value (NAV)	Total
Bonds	\$ -	\$ 323,168	\$ -	\$ -	\$ 323,168
Bank loans	-	273,445	-	-	273,445
Common stocks	1,636,782	-	-	-	1,636,782
Other long-term invested assets	-	-	-	54,387	54,387
Total assets at fair value/NAV	\$ 1,636,782	\$ 596,613	\$ -	\$ 54,387	\$ 2,287,782

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

**STATE INSURANCE FUND
WORKERS' COMPENSATION FUND**

**Notes to Statutory Basis Financial Statements
For the Years Ended December 31, 2023 and 2022
(in thousands)**

NOTE 3 - INVESTMENTS (CONTINUED)

A. Fair Value of Financial Instruments: (continued)

WCF evaluated the significance of transfers between levels based upon the nature of the financial instrument and size of the transfer relative to total net assets available for plan benefits.

WCF's policy is to recognize transfers in and out of Levels 2 and 3 as of the end of the reporting period. There are no significant transfers in or out of Level 2 or 3 during 2023 and 2022.

The following table provides information as of December 31, 2023 about WCF's financial instruments disclosed at fair value along with a brief description of the valuation technique for each type of asset.

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	Fair Value			Net Asset Value (NAV)
			Level 1	Level 2	Level 3	
Bonds	\$ 16,991,489	\$ 18,476,899	\$ -	\$ 16,991,489	\$ -	\$ -
Common stocks	1,827,205	1,827,205	1,827,205	-	-	-
Security lending collateral assets	86,470	86,447	86,251	219	-	-
Other long-term invested assets	75,750	75,750	-	-	-	75,750
Total	\$ 18,980,914	\$ 20,466,301	\$ 1,913,456	\$ 16,991,708	\$ -	\$ 75,750

The following table provides information as of December 31, 2022 about WCF's financial instruments disclosed at fair value along with a brief description of the valuation technique for each type of assets.

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	Fair Value			Net Asset Value (NAV)
			Level 1	Level 2	Level 3	
Bonds	\$ 16,157,095	\$ 18,121,860	\$ -	\$ 16,157,095	\$ -	\$ -
Short-term investments	1,000	1,000	-	1,000	-	-
Common stocks	1,636,782	1,636,782	1,636,782	-	-	-
Security lending collateral assets	135,550	135,541	135,340	210	-	-
Other long-term invested assets	54,387	54,387	-	-	-	54,387
Total	\$ 17,984,814	\$ 19,949,570	\$ 1,772,122	\$ 16,158,305	\$ -	\$ 54,387

**STATE INSURANCE FUND
WORKERS' COMPENSATION FUND**

**Notes to Statutory Basis Financial Statements
For the Years Ended December 31, 2023 and 2022
(in thousands)**

NOTE 3 - INVESTMENTS (CONTINUED)

A. Fair Value of Financial Instruments: (continued)

Speculative grade fixed maturity investments where fair value is lower than cost and common stocks are recorded at fair value. Securities classified into Level 1 included primarily common stocks, preferred stocks and money market mutual funds where there are quoted prices in active markets for identical securities. Unadjusted quoted prices for these securities are provided to WCF by independent pricing services. Quoted prices for these securities are provided to WCF using independent pricing services. Level 2 securities include all bonds, mortgage-backed securities including hybrid securities with pricing using bid evaluations or matrix pricing. Matrix pricing takes quoted prices of bonds with similar features and applies analytic methods to determine the fair value of bonds held. Features that are inputs into the analysis include duration, credit quality, tax status and call and sinking fund features.

B. Subprime Mortgage Exposure:

WCF has no direct subprime exposure through investments in subprime mortgage loans.

WCF has indirect subprime exposure in two mortgage-backed securities in the reinvested collateral assets in the amount of \$761 and \$774 in 2023 and 2022. Neither of these securities are deemed to have any issues that would lead management to believe that they are other-than-temporarily impaired.

WCF has no underwriting exposure to subprime mortgage risk through Mortgage Guaranty or Financial Guaranty insurance coverage.

C. Wash Sales:

In the course of WCF's management of its investment portfolio, securities may be sold at a loss and repurchased within 30 days of the sale date to enhance WCF's yield on its investment portfolio. In accordance with NAIC guidelines, WCF did not sell any securities at a loss or in a loss position with an NAIC designation from 3 to 6 for the years ended December 31, 2023 and 2022 that were reacquired within 30 days of the sale date.

**STATE INSURANCE FUND
WORKERS' COMPENSATION FUND**

**Notes to Statutory Basis Financial Statements
For the Years Ended December 31, 2023 and 2022
(in thousands)**

NOTE 4 - REAL ESTATE

Investment in real estate includes various locations in New York State occupied by NYSIF's employees. Depreciation expense recorded in the statutory basis statements of income during 2023 and 2022 was \$9,502 and \$9,411.

NYSIF-owned real estate recorded by WCF at December 31, 2023 and 2022 is as follows:

	<u>2023</u>	<u>2022</u>
Office buildings and improvements, at cost	\$ 165,714	\$ 164,108
Accumulated depreciation	<u>(77,652)</u>	<u>(68,152)</u>
Office buildings and improvements—net of accumulated depreciation	<u>88,062</u>	<u>95,956</u>
Land	2,735	2,735
Land improvements	<u>2,249</u>	<u>2,250</u>
Total real estate	<u>\$ 93,046</u>	<u>\$ 100,941</u>

NOTE 5 - NON-ADMITTED ASSETS

Non-admitted assets at December 31, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Premium in course of collection		
outstanding over 90 days, net	\$ 53,573	\$ 35,972
Earned but unbilled premiums	9,816	8,443
Accrued retrospective premiums	165	723
Electronic data equipment/software	1,425	2,640
Furniture and equipment, net of		
accumulated depreciation	4,054	5,209
Prepaid expenses and other	<u>4,881</u>	<u>4,616</u>
Total non-admitted assets	<u>\$ 73,914</u>	<u>\$ 57,603</u>

**STATE INSURANCE FUND
WORKERS' COMPENSATION FUND**

**Notes to Statutory Basis Financial Statements
For the Years Ended December 31, 2023 and 2022
(in thousands)**

NOTE 6 - TRANSACTIONS WITH NEW YORK STATE

Over the course of several years, WCF was required to transfer to the State an aggregate of \$1,295,000, which is noninterest bearing and is included in the accompanying statutory basis statements of admitted assets, liabilities and surplus as a contingent receivable due to the repayment conditions. Chapter 55 of the New York State Laws of 1982 required WCF to transfer \$190,000 out of its surplus to the general fund of the State. Chapter 28 of the New York State Laws of 1986 authorized and directed WCF to transfer an additional \$325,000 to the general fund of the State. Chapter 47 of the New York State Laws of 1987 required WCF to pay an additional \$300,000 (\$150,000 to the general fund of the State and \$150,000 to the State's capital fund). Chapter 7 of the New York State Laws of 1989 required WCF to pay an additional \$250,000 to the general fund of the State. As required by Chapter 41 of the New York State Laws of 1990, WCF transferred \$230,000 to the State's general fund. The statutes require the State to appropriate \$1,295,000 annually for the potential repayment of any portion of the aggregate contingent receivable. Such repayment by the State is required only if, in substance, WCF has no assets in excess of its reserves available to pay claims under its Workers' Compensation policies. These statutes specifically require the contingent receivable to be carried as an admitted asset.

NOTE 7 - REINSURANCE

Assumed Reinsurance — Section 76 of the New York State Workers' Compensation Law was amended on April 14, 2021, to include subdivision 1-a, which permitted WCF to enter into agreements with insurers licensed to write workers' compensation insurance in states outside of New York. Effective September 1, 2022, WCF entered into a Quota Share reinsurance agreement with Zurich American Insurance Company, American Zurich Insurance Company and Zurich American Insurance Company of Illinois, (collectively "Zurich entities") to provide workers' compensation insurance in states other than New York, provided that the WCF policyholders' New York premiums are greater than the premiums to cover Workers' Compensation insurance in all other states combined. The WCF will invoice and receive premiums for policies written under the quota share agreement, and reimburse the Zurich entities for losses, loss adjustment expenses and fees for the out of state policies. In 2023, there were assumed written premiums of \$2,341 and incurred losses of \$871.

**STATE INSURANCE FUND
WORKERS' COMPENSATION FUND**

**Notes to Statutory Basis Financial Statements
For the Years Ended December 31, 2023 and 2022
(in thousands)**

NOTE 7 - REINSURANCE (CONTINUED)

Ceded Reinsurance — As part of a prior reinsurance program, WCF reinsured certain risks with other companies. Such arrangements served to limit WCF's maximum loss from catastrophes, large risks and unusually hazardous risks. To the extent that any reinsuring company might be unable to meet its obligations, WCF would be liable for its respective participation in such defaulted amounts. The reserves for losses are \$2,054 and \$2,437 for losses recoverable under reinsurance contracts as of December 31, 2023 and 2022. WCF purchased no reinsurance in 2023 and 2022.

See Note 2[I] on reinsurance afforded through the Terrorism Risk Insurance Act of 2002.

Unsecured Reinsurance Recoverables in Excess of 3% of Surplus:

WCF does not have an unsecured aggregate recoverable for losses, paid and unpaid including IBNR, loss adjustment expenses and unearned premium with any individual reinsurers, authorized or unauthorized, that exceeds 3% of WCF's surplus at December 31, 2023 and 2022.

NOTE 8 - RELATED PARTY TRANSACTIONS

Expenses allocated to DBF are \$4,010 in 2023 and \$3,920 in 2022. The amount owed to WCF from DBF is \$1,896 and \$1,695 as of December 31, 2023 and 2022.

NYSIF acts as the administrator of ATF by paying losses on behalf of the ATF. ATF was created under New York State Workers' Compensation Law and is the disbursing agency for certain death and permanent disability claims exclusive of claims applicable to WCF. NYSIF charges ATF an administrative fee based on paid losses for such services at a rate of 3% for awards adjudicated prior to July 1, 2018 and 6% for awards adjudicated on or after July 1, 2018. The total administration fees charged to ATF during 2023 and 2022 are \$2,252 and \$2,167. The amount owed to NYSIF, recorded in WCF from ATF is \$174 and \$193 as of December 31, 2023 and 2022.

**STATE INSURANCE FUND
WORKERS' COMPENSATION FUND**

**Notes to Statutory Basis Financial Statements
For the Years Ended December 31, 2023 and 2022
(in thousands)**

NOTE 8 - RELATED PARTY TRANSACTIONS (CONTINUED)

WCF administers workers' compensation claims for the State, which self-insures its liability. WCF is reimbursed for losses, allocated loss adjustment expenses, reinsurance and administrative expenses incurred on behalf of the State. During 2023 and 2022, the State reimbursed WCF \$513,681 and \$515,008 for such costs. The amount owed to WCF from the State is \$55,567 and \$19,427 as of December 31, 2023 and 2022.

Assessments payable to the WCB are estimated based on premium written in the prior quarter, as well as assessment adjustments to policies previously reported. WCF is reimbursed for assessments payable to WCF through premium billing. Policyholders were assessed in the amount of \$168,207 and \$162,601, and estimated payments made to the Workers' Compensation Board were \$169,742 and \$164,281 for the years ended December 31, 2023 and 2022. WCF recorded a liability of \$7,621 and \$9,534 as of December 31, 2023 and 2022 for assessments due to the Workers' Compensation Board.

Amounts due to/from affiliates are as follows as of December 31:

	<u>2023</u>	<u>2022</u>
Due from affiliates		
Aggregate Trust Fund	\$ 174	\$ 193
DBF	1,896	1,695
New York State	<u>55,567</u>	<u>19,427</u>
Total due from affiliates	<u>\$ 57,637</u>	<u>\$ 21,315</u>

**STATE INSURANCE FUND
WORKERS' COMPENSATION FUND**

**Notes to Statutory Basis Financial Statements
For the Years Ended December 31, 2023 and 2022
(in thousands)**

NOTE 9 - COMMITMENTS

NYSIF leases office space under non-cancellable operating leases, generally varying from one to fifteen years. WCF's aggregate minimum commitments under non-cancellable operating leases at December 31, 2023 are as follows:

	<u>2023</u>
2024	\$ 3,193
2025	3,100
2026	2,447
2027	2,459
2028	2,576
Thereafter	13,040
Net minimum commitments	<u><u>\$ 26,815</u></u>

Rental expense (which includes an imputed amount of rent expense attributed to its owned building for WCF of \$16,255 and \$17,110) was \$20,606 and \$21,162 in 2023 and 2022 and is recorded as an offset to investment income earned.

NYSIF leases office space at its 199 Church St. location in New York City to the New York State Division of State Police ("State Police") and the New York State Department of Labor ("DOL"). The termination date of the State Police lease is December 31, 2032. The termination date of the DOL lease is December 31, 2035. NYSIF recognized lease income of \$6,140 and \$6,771 in 2023 and 2022 recorded through investment income earned.

WCF has made commitments to fund \$76,597 and \$55,663 of limited partnership investments as of December 31, 2023 and 2022.

**STATE INSURANCE FUND
WORKERS' COMPENSATION FUND**

**Notes to Statutory Basis Financial Statements
For the Years Ended December 31, 2023 and 2022
(in thousands)**

NOTE 10 - RESERVES FOR LOSSES AND LOSS ADJUSTMENT EXPENSES

Activity in the reserves for losses and loss adjustment expenses, net of reinsurance recoveries of \$2,054 for 2023 and \$2,437 for 2022 is summarized as follows:

	<u>2023</u>	<u>2022</u>
Balance — January 1 (net of reinsurance recoveries)	<u>\$ 9,811,488</u>	<u>\$ 9,893,478</u>
Incurred claims related to:		
Current year	<u>1,606,615</u>	1,413,297
Prior years	<u>(248,432)</u>	<u>(170,897)</u>
Total incurred	<u>1,358,183</u>	<u>1,242,400</u>
Paid claims related to:		
Current year	<u>195,076</u>	191,454
Prior years	<u>1,191,920</u>	<u>1,132,936</u>
Total paid	<u>1,386,996</u>	<u>1,324,390</u>
Balance — December 31 (net of reinsurance recoveries)	<u><u>\$ 9,782,675</u></u>	<u><u>\$ 9,811,488</u></u>

These amounts reflect discounting pursuant to prescribed practices that depart from NAIC SAP. See Note 2A, Summary of Significant Accounting Policies.

The incurred claims relating to prior years have changed in 2023 and 2022 as a result of changes in estimates of events insured in prior years.

NOTE 11 - SURPLUS

There are no restrictions placed on WCF's surplus.

Changes in balances of appropriated surplus funds from December 31, 2022 to December 31, 2023 are discussed in Note 2I.

Unassigned surplus includes the accumulated balance for the items listed below:

	<u>2023</u>	<u>2022</u>
Unrealized gains	\$ 626,540	\$ 359,926
Nonadmitted assets	(73,914)	(57,603)

**STATE INSURANCE FUND
WORKERS' COMPENSATION FUND**

**Notes to Statutory Basis Financial Statements
For the Years Ended December 31, 2023 and 2022
(in thousands)**

NOTE 12 - OTHER UNDERWRITING EXPENSES

The components of other underwriting expenses are as follows:

	<u>2023</u>	<u>2022</u>
Reinsurance assumed commission excluding contingent	\$ 581	\$ 14
Advertising	234	151
Boards, bureaus and associations	4,974	5,499
Surveys and underwriting reports	96	28
Audit of assured's records	508	419
Salaries and payroll taxes	75,141	68,866
Employee relations and welfare	28,606	31,214
Insurance	116	115
Travel and travel items	424	303
Rent and rent items	9,067	9,384
Equipment	605	634
Cost or depreciation of EDP equipment and software	11,073	11,359
Printing and stationery	854	650
Postage and telephone	3,130	2,684
Legal and auditing	1,657	2,593
Franchise taxes and other fees	35,284	33,134
Miscellaneous expenses	5,861	5,459
	<u> </u>	<u> </u>
Total	<u>\$ 178,211</u>	<u>\$ 172,506</u>

NOTE 13 - CONTINGENCIES

From time to time, WCF is involved in pending and threatened litigation in the normal course of business in which claims for monetary damages are asserted and are considered as part of the estimation of loss and loss adjustment expenses. In the opinion of management, the ultimate liability, if any, arising from such pending or threatened litigation is not expected to have a material effect on the results of operations, liquidity, or financial position of WCF.

**STATE INSURANCE FUND
WORKERS' COMPENSATION FUND**

**Notes to Statutory Basis Financial Statements
For the Years Ended December 31, 2023 and 2022
(in thousands)**

NOTE 14 - RETROSPECTIVELY RATED CONTRACTS

For certain policies, WCF offers experience-rated insurance contracts whereby the ultimate premium is dependent upon claims incurred. WCF estimates accrued retrospective premium adjustments through the review of each individual retrospectively rated risk, comparing case basis loss development with that anticipated in the policy contract to arrive at the best estimate of return or additional retrospective premium.

The amount of net premiums written subject to retrospective rating feature is \$4,637 and \$7,581 at December 31, 2023 and 2022, respectively, or 0.3% and 0.5% of total net written premiums written for the year ended December 31, 2023 and 2022, respectively.

As of December 31, 2023 and 2022, respectively, premiums receivable included accrued retrospective and unbilled audit premiums of \$1,485 and \$6,506. In accordance with SSAP No. 66, *Retrospectively Rated Contracts*, 10% of the amount of accrued retrospective premiums not offset by retrospective return premiums has been non-admitted as referenced below.

	2023	2022
Accrued retrospective premium receivable	\$ 1,650	\$ 7,229
Less: non-admitted amount (10%)	(165)	(723)
Admitted retrospective premium receivable	<u>\$ 1,485</u>	<u>\$ 6,506</u>

NOTE 15 - SUBSEQUENT EVENTS

Subsequent events have been reviewed in accordance with SSAP No. 9, *Subsequent Events*, for both annual statement reporting and through issuance of these audited statutory basis financial statements. Subsequent events were initially reviewed through February 29, 2024, when the annual statement was filed with the NAIC and DFS. After that date, subsequent events have been reviewed through May 15, 2024, the date which these audited statements were available to be issued.

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Commissioners of
The State Insurance Fund Workers' Compensation Fund
New York, New York

We have audited the statutory basis financial statements of the State Insurance Fund Workers' Compensation Fund as of December 31, 2023 and 2022, and for each of the years then ended, and have issued our report thereon dated May 15, 2024, which expressed an unmodified opinion on those statutory basis financial statements. Our audits were conducted for the purpose of forming an opinion on the statutory basis financial statements as a whole. The statutory basis supplementary investment risk interrogatories, statutory basis supplementary summary investment schedule and statutory basis supplementary reinsurance interrogatories are presented for purposes of additional analysis and are not a required part of the statutory basis financial statements, but is information required to be presented to comply with the National Association of Insurance Commissioners' ("NAIC") Accounting Practices and Procedures Manual and the NAIC Annual Statement Instructions. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the statutory basis financial statements. The information has been subjected to the auditing procedures applied in the audits of the statutory basis financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the statutory basis financial statements or to the statutory basis financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the statutory basis financial statements as a whole.



EISNERAMPER LLP
New York, New York
May 15, 2024

**STATUTORY BASIS SUPPLEMENTARY SCHEDULES
SUPPLIED IN COMPLIANCE WITH THE NATIONAL ASSOCIATION
OF INSURANCE COMMISSIONERS' INSTRUCTIONS TO
ANNUAL AUDITED FINANCIAL REPORTS**

STATE INSURANCE FUND WORKERS' COMPENSATION FUND

Statutory Basis Supplementary Schedule of Investment Interrogatories Year Ended December 31, 2023

Of The State Insurance Fund Workers' Compensation Fund

Address (City, State, Zip Code): New York, NY 10007

NAIC Group Code: 0000

NAIC Company Code: 36102

Employer's ID Number: 13-3098552

The Investment Risks Interrogatories are to be filed by April 1. They are also to be included with the Audited Statutory Financial Statements.

Answer the following interrogatories by reporting the applicable U. S. dollar amounts and percentages of the reporting entity's total admitted assets held in that category of investments.

1. Reporting entity's total admitted assets as reported on Page 2 of this annual statement. \$. 22,674,236,984

2. Ten largest exposures to a single issuer/borrower/investment.

1	2	3	4
<u>Issuer</u>	<u>Description of Exposure</u>	<u>Amount</u>	<u>Percentage of Total Admitted Assets</u>
2.01 Federal Home Loan Mortgage Corporation	Bonds	\$ 978,674,532	..... 4.316 %
2.02 Federal National Mortgage Association	Bonds	\$ 836,941,541	..... 3.691 %
2.03 Morgan Stanley	Bonds and stocks	\$ 324,223,813	..... 1.430 %
2.04 Apple Inc	Bonds and stocks	\$ 239,291,755	..... 1.055 %
2.05 FRESB Multifamily Structured P	Bonds	\$ 206,396,278	..... 0.910 %
2.06 Berkshire Hathaway Inc	Bonds and stocks	\$ 201,858,398	..... 0.890 %
2.07 Tennessee Valley Authority	Bonds	\$ 186,339,752	..... 0.822 %
2.08 JPMorgan Chase & Co	Bonds and stocks	\$ 186,335,338	..... 0.822 %
2.09 Goldman Sachs Group Inc/The	Bonds and stocks	\$ 170,902,158	..... 0.754 %
2.10 Amazon.com Inc	Bonds and stocks	\$ 151,212,194	..... 0.667 %

3. Amounts and percentages of the reporting entity's total admitted assets held in bonds and preferred stocks by NAIC designation.

<u>Bonds</u>	<u>1</u>	<u>2</u>	<u>Preferred Stocks</u>	<u>3</u>	<u>4</u>
3.01 NAIC 1 \$. 16,884,179,976		74.464 %	3.07 NAIC 1	\$	%
3.02 NAIC 2 \$ 855,412,625		3.773 %	3.08 NAIC 2	\$	%
3.03 NAIC 3 \$ 644,758,246		2.844 %	3.09 NAIC 3	\$	%
3.04 NAIC 4 \$ 88,590,098		0.391 %	3.10 NAIC 4	\$	%
3.05 NAIC 5 \$ 3,688,930		0.016 %	3.11 NAIC 5	\$	%
3.06 NAIC 6 \$ 268,933		0.001 %	3.12 NAIC 6	\$	%

4. Assets held in foreign investments:

4.01 Are assets held in foreign investments less than 2.5% of the reporting entity's total admitted assets? Yes () No (X)

If response, to 4.01 above is yes, responses are not required for Interrogatories 5 - 10.

4.02 Total admitted assets held in foreign investments. \$. . 1,018,255,637 4.491 %
4.03 Foreign-currency-denominated investments. \$ %
4.04 Insurance liabilities denominated in that same foreign currency. \$ %

**STATE INSURANCE FUND
WORKERS' COMPENSATION FUND**

**Statutory Basis Supplementary Schedule of Investment Interrogatories (continued)
Year Ended December 31, 2023**

5. Aggregate foreign investment exposure categorized by NAIC sovereign designation:

	<u>1</u>	<u>2</u>	
5.01 Countries designated NAIC 1	\$ 1,004,608,527	4.431	%
5.02 Countries designated NAIC 2	\$ 7,126,958	0.031	%
5.03 Countries designated NAIC 3 or below	\$ 6,520,152	0.029	%

6. Largest foreign investment exposures by country, categorized by the country's NAIC sovereign designation:

	<u>1</u>	<u>2</u>	
Countries designated NAIC 1:			
6.01 Country 1: CAYMAN ISLANDS	\$ 167,187,178	0.737	%
6.02 Country 2: AUSTRALIA	\$ 158,875,305	0.701	%
Countries designated NAIC 2:			
6.03 Country 1: PANAMA	\$ 5,337,224	0.024	%
6.04 Country 2: ITALY	\$ 1,789,734	0.008	%
Countries designated NAIC 3 or below:			
6.05 Country 1: GIBRALTAR	\$ 3,538,819	0.016	%
6.06 Country 2: LIBERIA	\$ 2,317,749	0.010	%

7. Aggregate unhedged foreign currency exposure:

<u>1</u>	<u>2</u>	
\$	%

8. Aggregate unhedged foreign currency exposure categorized by NAIC sovereign designation:

	<u>1</u>	<u>2</u>	
8.01 Countries designated NAIC 1	\$	%
8.02 Countries designated NAIC 2	\$	%
8.03 Countries designated NAIC 3 or below	\$	%

9. Largest unhedged foreign currency exposures by country, categorized by the country's NAIC sovereign designation:

	<u>1</u>	<u>2</u>	
Countries designated NAIC 1:			
9.01 Country 1:	\$	%
9.02 Country 2:	\$	%
Countries designated NAIC 2:			
9.03 Country 1:	\$	%
9.04 Country 2:	\$	%
Countries designated NAIC 3 or below:			
9.05 Country 1:	\$	%
9.06 Country 2:	\$	%

10. Ten largest non-sovereign (i.e. non-governmental) foreign issues:

<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	
Issuer	NAIC Designation	-	-	
10.01 Westpac Banking Corp	1.D FE	\$ 64,487,199	0.284	%
10.02 Pfizer Inc	1.F FE	\$ 55,440,095	0.245	%
10.03 Siemens AG	1.E FE	\$ 53,217,722	0.235	%
10.04 Diageo PLC	1.G FE	\$ 52,446,637	0.231	%
10.05 National Australia Bank Ltd	2.A FE	\$ 52,028,253	0.229	%
10.06 Cooperative Rabobank U	1.G FE	\$ 51,988,214	0.229	%
10.07 Air Liquide SA	1.F FE	\$ 50,938,131	0.225	%
10.08 Mitsubishi UFJ Financial G	1.G FE	\$ 45,000,000	0.198	%
10.09 Commonwealth Bank of A	1.D FE	\$ 34,998,907	0.154	%
10.10 Nordea Bank Abp	1.F FE	\$ 34,959,747	0.154	%

**STATE INSURANCE FUND
WORKERS' COMPENSATION FUND**

**Statutory Basis Supplementary Schedule of Investment Interrogatories (continued)
Year Ended December 31, 2023**

11. Amounts and percentages of the reporting entity's total admitted assets held in Canadian investments and unhedged Canadian currency exposure:

11.01 Are assets held in Canadian investments less than 2.5% of the reporting entity's total admitted assets? Yes (X) No ()

If response to 11.01 is yes, detail is not required for the remainder of Interrogatory 11.

11.02 Total admitted assets held in Canadian Investments	\$ %
11.03 Canadian-currency-denominated investments	\$ %
11.04 Canadian-denominated insurance liabilities	\$ %
11.05 Unhedged Canadian currency exposure	\$ %

12. Report aggregate amounts and percentages of the reporting entity's total admitted assets held in investments with contractual sales restrictions.

12.01 Are assets held in investments with contractual sales restrictions less than 2.5% of the reporting entity's total admitted assets? Yes (X) No ()

If response to 12.01 is yes, responses are not required for the remainder of Interrogatory 12.

<u>1</u>	<u>2</u>	<u>3</u>
12.02 Aggregate statement value of investments with contractual sales restrictions	\$ %
Largest three investments with contractual sales restrictions:		
12.03	\$ %
12.04	\$ %
12.05	\$ %

13. Amounts and percentages of admitted assets held in the ten largest equity interests:

13.01 Are assets held in equity interests less than 2.5% of the reporting entity's total admitted assets? Yes () No (X)

If response to 13.01 above is yes, responses are not required for the remainder of Interrogatory 13.

<u>1</u> <u>Name of Issuer</u>	<u>2</u>	<u>3</u>
13.02 Morgan Stanley	\$ 166,888,838	..... 0.736 %
13.03 NVIDIA Corp	\$ 91,780,608	..... 0.405 %
13.04 Apple Inc	\$ 81,054,745	..... 0.357 %
13.05 Microsoft Corp	\$ 81,053,166	..... 0.357 %
13.06 Alphabet Inc	\$ 54,385,637	..... 0.240 %
13.07 Amazon.com Inc	\$ 43,328,122	..... 0.191 %
13.08 Meta Platforms Inc	\$ 22,146,215	..... 0.098 %
13.09 Eli Lilly & Co	\$ 21,889,812	..... 0.097 %
13.10 Mastercard Inc	\$ 20,173,923	..... 0.089 %
13.11 Berkshire Hathaway Inc	\$ 19,318,132	..... 0.085 %

STATE INSURANCE FUND WORKERS' COMPENSATION FUND

Statutory Basis Supplementary Schedule of Investment Interrogatories (continued) Year Ended December 31, 2023

14. Amounts and percentages of the reporting entity's total admitted assets held in nonaffiliated, privately placed equities:

14.01 Are assets held in nonaffiliated, privately placed equities less than 2.5% of the reporting entity's total admitted assets? Yes (X) No ()

If response to 14.01 is yes, responses are not required for 14.02 through 14.05.

	<u>1</u>	<u>2</u>	<u>3</u>
14.02 Aggregate statement value of investments held in nonaffiliated, privately placed equities		\$ %
Largest 3 investments held in nonaffiliated, privately placed equities:			
14.03		\$ %
14.04		\$ %
14.05		\$ %

Ten largest fund managers:

	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>
	Fund Manager	Total Invested	Diversified	Nondiversified
14.06 Calvert		\$ 161,045,327	\$ 161,045,327	\$
14.07 BlackRock		\$ 2,024,979	\$ 2,024,979	\$
14.08		\$	\$	\$
14.09		\$	\$	\$
14.10		\$	\$	\$
14.11		\$	\$	\$
14.12		\$	\$	\$
14.13		\$	\$	\$
14.14		\$	\$	\$
14.15		\$	\$	\$

15. Amounts and percentages of the reporting entity's total admitted assets held in general partnership interests:

15.01 Are assets held in general partnership interests less than 2.5% of the reporting entity's total admitted assets? Yes (X) No ()

If response to 15.01 is yes, responses are not required for the remainder of Interrogatory 15.

	<u>1</u>	<u>2</u>	<u>3</u>
15.02 Aggregate statement value of investments in general partnership interests.		\$ %
Largest three investments held in general partnership interests:			
15.03 0		\$ %
15.04 0		\$ %
15.05 0		\$ %

16. Amounts and percentages of the reporting entity's total admitted assets held in mortgage loans:

16.01 Are mortgage loans reported in Schedule B less than 2.5 % of the reporting entity's total admitted assets? Yes (X) No ()

If response to 16.01 above is yes, responses are not required for the remainder of Interrogatory 16 and Interrogatory 17.

	<u>1</u>	<u>2</u>	<u>3</u>
Type (Residential, Commercial, Agricultural)			
16.02 0		\$ %
16.03 0		\$ %
16.04 0		\$ %
16.05 0		\$ %
16.06 0		\$ %
16.07 0		\$ %
16.08 0		\$ %
16.09 0		\$ %
16.10 0		\$ %
16.11 0		\$ %

Amount and percentage of the reporting entity's total admitted assets held in the following categories of mortgage loans:

	<u>1</u>	<u>2</u>
16.12 Construction loans	\$ %
16.13 Mortgage loans over 90 days past due	\$ %
16.14 Mortgage loans in the process of foreclosure	\$ %
16.15 Mortgage loans foreclosed	\$ %
16.16 Restructured mortgage loans	\$ %

**STATE INSURANCE FUND
WORKERS' COMPENSATION FUND**

**Statutory Basis Supplementary Schedule of Investment Interrogatories (continued)
Year Ended December 31, 2023**

17. Aggregate mortgage loans having the following loan-to-value ratios as determined from the most current appraisal as of the annual statement date:

<u>Loan-to-Value</u>	<u>Residential</u>			<u>Commercial</u>			<u>Agricultural</u>		
	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>			
17.01 above 95%	\$	% \$	% \$	%		
17.02 91% to 95%	\$	% \$	% \$	%		
17.03 81% to 90%	\$	% \$	% \$	%		
17.04 71% to 80%	\$	% \$	% \$	%		
17.05 below 70%	\$	% \$	% \$	%		

18. Amounts and percentages of the reporting entity's total admitted assets held in each of the five largest investments real estate:

18.01 Are assets held in real estate reported in less than 2.5% of the reporting entity's total admitted assets? Yes (X) No ()

If response to 18.01 above is yes, responses are not required for the remainder of Interrogatory 18.

Largest five investments in any one parcel or group of contiguous parcels of real estate.

<u>Description</u>	<u>1</u>	<u>2</u>	<u>3</u>		
18.02		\$	%	
18.03		\$	%	
18.04		\$	%	
18.05		\$	%	
18.06		\$	%	

19. Report aggregate amounts and percentages of the reporting entity's total admitted assets held in investments held in mezzanine real estate loans:

19.01 Are assets held in investments held in mezzanine real estate loans less than 2.5% of the reporting entity's total admitted assets? Yes (X) No ()

If response to 19.01 above is yes, responses are not required for the remainder of Interrogatory 19.

<u>1</u>	<u>2</u>	<u>3</u>	
19.02 Aggregate statement value of investments held in mezzanine real estate loans:	\$	%
Largest three investments held in mezzanine real estate loans:			
19.03	\$	%
19.04	\$	%
19.05	\$	%

20. Amounts and percentages of the reporting entity's total admitted assets subject to the following types of agreements:

	<u>At Year-End</u>		<u>At End of Each Quarter</u>			
	<u>1</u>	<u>2</u>	<u>1st Qtr</u> <u>3</u>	<u>2nd Qtr</u> <u>4</u>	<u>3rd Qtr</u> <u>5</u>	
20.01 Securities lending agreements (do not include assets held as collateral for such transactions)	\$ 244,949,453	..... 1.080	% \$ 246,544,778	\$ 270,337,682	\$ 183,264,935	
20.02 Repurchase agreements	\$ .....	.....	% \$ .....	\$ .....	\$ .....
20.03 Reverse repurchase agreements	\$ .....	.....	% \$ .....	\$ .....	\$ .....
20.04 Dollar repurchase agreements	\$ .....	.....	% \$ .....	\$ .....	\$ .....
20.05 Dollar reverse repurchase agreements	\$ .....	.....	% \$ .....	\$ .....	\$ .....

**STATE INSURANCE FUND
WORKERS' COMPENSATION FUND**

**Statutory Basis Supplementary Schedule of Investment Interrogatories (continued)
Year Ended December 31, 2023**

21. Amounts and percentages of the reporting entity's total admitted assets for warrants not attached to other financial instruments, options, caps, and floors:

	<u>Owned</u>			<u>Written</u>		
	<u>1</u>	<u>2</u>		<u>3</u>	<u>4</u>	
21.01 Hedging	\$	%	\$	%
21.02 Income generation	\$	%	\$	%
21.03 Other	\$	%	\$	%

22. Amounts and percentages of the reporting entity's total admitted assets of potential exposure for collars, swaps, and forwards:

	<u>At Year-End</u>			<u>At End of Each Quarter</u>		
				1st Qtr	2nd Qtr	3rd Qtr
	<u>1</u>	<u>2</u>		<u>3</u>	<u>4</u>	<u>5</u>
22.01 Hedging	\$	%	\$	\$	\$
22.02 Income generation	\$	%	\$	\$	\$
22.03 Replications	\$	%	\$	\$	\$
22.04 Other	\$	%	\$	\$	\$

23. Amounts and percentages of the reporting entity's total admitted assets of potential exposure for futures contracts:

	<u>At Year-End</u>			<u>At End of Each Quarter</u>		
				1st Qtr	2nd Qtr	3rd Qtr
	<u>1</u>	<u>2</u>		<u>3</u>	<u>4</u>	<u>5</u>
23.01 Hedging	\$	%	\$	\$	\$
23.02 Income generation	\$	%	\$	\$	\$
23.03 Replications	\$	%	\$	\$	\$
23.04 Other	\$	%	\$	\$	\$

**STATE INSURANCE FUND
WORKERS' COMPENSATION FUND**

**Statutory Basis Supplementary Summary Investment Schedule
Year Ended December 31, 2023**

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement			
	1 Amount	2 Percentage of Column 1 Line 13	3 Amount	4 Securities Lending Reinvested Collateral Amount	5 Total (Col. 3+4) Amount	6 Percentage of Column 5 Line 13
1. Long-Term Bonds (Schedule D, Part 1):						
1.01 U. S. governments	3,676,787,837	17.488	3,676,787,837		3,676,787,837	17.488
1.02 All other governments						
1.03 U. S. states, territories and possessions, etc. guaranteed	1,343,430,039	6.390	1,343,430,039		1,343,430,039	6.390
1.04 U. S. political subdivisions of states, territories, and possessions, guaranteed						
1.05 U. S. special revenue and special assessment obligations, etc. non-guaranteed	2,307,385,814	10.974	2,307,385,814		2,307,385,814	10.974
1.06 Industrial and miscellaneous	10,739,866,910	51.081	10,739,866,910	196,444	10,740,063,354	51.082
1.07 Hybrid securities						
1.08 Parent, subsidiaries and affiliates						
1.09 SVO identified funds						
1.10 Unaffiliated bank loans	409,428,205	1.947	409,428,205		409,428,205	1.947
1.11 Unaffiliated certificates of deposit						
1.12 Total long-term bonds	18,476,898,805	87.880	18,476,898,805	196,444	18,477,095,249	87.881
2. Preferred stocks (Schedule D, Part 2, Section 1):						
2.01 Industrial and miscellaneous (Unaffiliated)						
2.02 Parent, subsidiaries and affiliates						
2.03 Total preferred stocks						
3. Common stocks (Schedule D, Part 2, Section 2):						
3.01 Industrial and miscellaneous Publicly traded (Unaffiliated)	1,827,204,698	8.691	1,827,204,698		1,827,204,698	8.691
3.02 Industrial and miscellaneous Other (Unaffiliated)						
3.03 Parent, subsidiaries and affiliates Publicly traded						
3.04 Parent, subsidiaries and affiliates Other						
3.05 Mutual funds						
3.06 Unit investment trusts						
3.07 Closed-end funds						
3.08 Exchange traded funds						
3.09 Total common stocks	1,827,204,698	8.691	1,827,204,698		1,827,204,698	8.691
4. Mortgage loans (Schedule B):						
4.01 Farm mortgages						
4.02 Residential mortgages						
4.03 Commercial mortgages						
4.04 Mezzanine real estate loans						
4.05 Total valuation allowance						
4.06 Total mortgage loans						
5. Real estate (Schedule A):						
5.01 Properties occupied by company	93,045,693	0.443	93,045,693		93,045,693	0.443
5.02 Properties held for production of income						
5.03 Properties held for sale						
5.04 Total real estate	93,045,693	0.443	93,045,693		93,045,693	0.443
6. Cash, cash equivalents and short-term investments:						
6.01 Cash (Schedule E, Part 1)	462,689,895	2.201	462,689,895	1,000,000	463,689,895	2.205
6.02 Cash equivalents (Schedule E, Part 2)				85,250,854	85,250,854	0.405
6.03 Short-term investments (Schedule DA)						
6.04 Total cash, cash equivalents and short-term investments	462,689,895	2.201	462,689,895	86,250,854	548,940,749	2.611
7. Contract loans						
8. Derivatives (Schedule DB)						
9. Other invested assets (Schedule BA)	75,749,547	0.360	75,749,547		75,749,547	0.360
10. Receivables for securities	3,041,745	0.014	3,041,745		3,041,745	0.014
11. Securities Lending (Schedule DL, Part 1)	86,447,298	0.411	86,447,298	X X X	X X X	X X X
12. Other invested assets (Page 2, Line 11)						
13. Total invested assets	21,025,077,681	100.000	21,025,077,681	86,447,298	21,025,077,681	100.000

**STATE INSURANCE FUND
WORKERS' COMPENSATION FUND**

**Statutory Basis Supplementary Schedule of Reinsurance Interrogatories
Year Ended December 31, 2023**

For reinsurance contracts entered into, renewed or amended on or after January 1, 1994.

- 7.1 Has this reporting entity reinsured a risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss ratio cap, an aggregate limit or any similar provisions)?

Yes [] No [X]

- 7.2 If 7.1 is yes, indicate the number of reinsurance contracts containing such provisions: N/A

- 7.3 If 7.1 is yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)?

Yes [] No [] N/A [X]

- 8.1 Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured?

Yes [] No [X] N/A []

- 8.2 If 8.1 is yes, give full information:

Not applicable

- 9.1 Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 3% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 3% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:

- a. A contract term longer than two years and the contract is non-cancelable by the reporting entity during the contract term;
- b. A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;
- c. Aggregate stop loss reinsurance coverage;

**STATE INSURANCE FUND
WORKERS' COMPENSATION FUND**

**Statutory Basis Supplementary Schedule of Reinsurance Interrogatories (continued)
Year Ended December 31, 2023**

- d. An unconditional or unilateral right by either party to commute the reinsurance contract except for such provisions which are only triggered by a decline in the credit status of the other party;
- e. A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or
- f. Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity?
Yes [] No [X]

9.2 Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), for which, during the period covered by the statement, it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under common control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where:

- (a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or
- (b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates?
Yes [] No [X]

9.3 If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatory 9:

- (a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income;
- (b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and
- (c) A brief discussion of management's principal objectives in entering into the reinsurance contract including the economic purpose to be achieved.

**STATE INSURANCE FUND
WORKERS' COMPENSATION FUND**

**Statutory Basis Supplementary Schedule of Reinsurance Interrogatories (continued)
Year Ended December 31, 2023**

- 9.4 Except for transactions meeting the requirements of paragraph 80-85 of SSAP No. 62R, *Property and Casualty Reinsurance*, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:
- (a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or
 - (b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP?
Yes [] No [X]
- 9.5 If yes to 9.4, explain in the Reinsurance Summary Supplemental Filing for General Interrogatory 9 (Section D) why the contract(s) is treated differently for GAAP and SAP.
Yes [] No [] N/A [X]

**STATE INSURANCE FUND
DISABILITY BENEFITS FUND**

STATUTORY BASIS FINANCIAL STATEMENTS

**AS OF AND FOR THE YEARS ENDED
DECEMBER 31, 2023 and 2022
STATUTORY BASIS SUPPLEMENTARY SCHEDULES
FOR THE YEAR ENDED DECEMBER 31, 2023
AND INDEPENDENT AUDITORS' REPORT**

**STATE INSURANCE FUND
DISABILITY BENEFITS FUND**

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners of
The State Insurance Fund Disability Benefits Fund
New York, New York

Report on the Statutory Basis Financial Statements

Opinion

We have audited the statutory basis financial statements of the State Insurance Fund Disability Benefits Fund, which comprise the statutory statements of admitted assets, liabilities and surplus as of December 31, 2023 and 2022, and the related statutory statements of income, surplus, and cash flows for the years then ended, and the related notes to the statutory basis financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying statutory basis financial statements present fairly, in all material respects, the admitted assets, liabilities and surplus of State Insurance Fund Disability Benefits Fund as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended on the basis of accounting described in Note 2A.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the statutory basis financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of State Insurance Fund Disability Benefits Fund as of December 31, 2023 and 2022, or the results of its operations or its cash flows for the years then ended.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2A of the statutory basis financial statements, the statutory basis financial statements are prepared by State Insurance Fund Disability Benefits Fund on the basis of accounting practices prescribed or permitted by the Insurance Department of the New York State Department of Financial Services, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of New York State Department of Financial Services. The effects on the statutory basis financial statements of the variances between the regulatory basis of accounting described in Note 2A and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the statutory basis financial statements in accordance with the accounting practices prescribed or permitted by the Insurance Department of the New York State Department of Financial Services. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of statutory basis financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the statutory basis financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the statutory basis financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.



- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

EisnerAmper LLP

EISNERAMPER LLP
New York, New York
May 15, 2024

EISNERAMPER
LLP



**STATE INSURANCE FUND
DISABILITY BENEFITS FUND**

**Statutory Basis Statements of Admitted Assets, Liabilities and Surplus
As of December 31, 2023 and 2022
(in thousands)**

	<u>2023</u>	<u>2022</u>
Admitted assets		
Cash and invested assets:		
Bonds — at NAIC carrying value	\$ 240,105	\$ 221,885
Common stocks, at market value	25,279	19,982
Cash and short-term investments	168,004	130,545
Securities lending reinvested collateral	1,949	9,262
	<u>435,337</u>	<u>381,674</u>
Total cash and invested assets		
Premium receivables	23,181	25,776
Accrued investment income	1,031	977
Other admitted assets	41	-
	<u>\$ 459,590</u>	<u>\$ 408,427</u>
Total admitted assets		
Liabilities and surplus		
Liabilities:		
Reserve for losses	\$ 24,138	\$ 26,844
Reserve for loss adjustment expenses	1,963	2,250
Unearned premiums	57,295	59,924
Advance premium	3,123	3,250
Due to affiliate	1,896	1,695
Payables for securities and securities lending	1,959	9,274
Accrued expenses and other liabilities	15,118	15,192
	<u>105,492</u>	<u>118,429</u>
Total liabilities		
Surplus:		
Appropriated surplus funds:		
Security fluctuation	10,840	12,780
Catastrophe	4,000	4,000
Pension and postemployment benefits	8,442	6,688
Unassigned surplus	330,816	266,530
	<u>354,098</u>	<u>289,998</u>
Total surplus		
Total liabilities and surplus	<u>\$ 459,590</u>	<u>\$ 408,427</u>

See accompanying notes to statutory basis financial statements.

**STATE INSURANCE FUND
DISABILITY BENEFITS FUND**

**Statutory Basis Statements of Income
For the Years Ended December 31, 2023 and 2022
(in thousands)**

	<u>2023</u>	<u>2022</u>
Underwriting income:		
Net written premium	<u>\$ 117,979</u>	<u>\$ 120,288</u>
Net earned premium	<u>\$ 120,608</u>	<u>\$ 132,495</u>
Underwriting expenses:		
Losses incurred	63,624	66,749
Loss adjustment expenses incurred	4,814	4,744
Other underwriting expenses incurred	<u>6,596</u>	<u>6,688</u>
Total underwriting expenses	<u>75,034</u>	<u>78,181</u>
Net underwriting profit	<u>45,574</u>	<u>54,314</u>
Investment income earned:		
Investment income	15,343	6,126
Investment expenses	(365)	(336)
Net realized capital losses	<u>(371)</u>	<u>(170)</u>
Net investment income earned	<u>14,607</u>	<u>5,620</u>
Other income (expense):		
Bad debt expense	(3,053)	(2,702)
Miscellaneous income	<u>1,646</u>	<u>1,852</u>
Total other income (expense)	<u>(1,407)</u>	<u>(850)</u>
Net income	<u><u>\$ 58,774</u></u>	<u><u>\$ 59,084</u></u>

See accompanying notes to statutory basis financial statements.

**STATE INSURANCE FUND
DISABILITY BENEFITS FUND**

**Statutory Basis Statements of Surplus
For the Years Ended December 31, 2023 and 2022
(in thousands)**

	<u>Appropriated Surplus Funds</u>				
	<u>Security Fluctuation Surplus</u>	<u>Catastrophe Surplus</u>	<u>Pension & Postemployment Benefits Surplus</u>	<u>Unassigned Surplus</u>	<u>Total Surplus</u>
Balance — January 1, 2022	\$ 1,840	\$ 4,000	\$ 6,281	\$ 223,420	\$ 235,541
Net income	-	-	-	59,084	59,084
Change in net unrealized capital gains (losses) – investments	-	-	-	(4,189)	(4,189)
Change in nonadmitted assets	-	-	-	(438)	(438)
Appropriation of unassigned to (from) appropriated surplus	<u>10,940</u>	<u>-</u>	<u>407</u>	<u>(11,347)</u>	<u>-</u>
Balance — December 31, 2022	12,780	4,000	6,688	266,530	289,998
Net income	-	-	-	58,774	58,774
Change in net unrealized capital gains (losses) – investments	-	-	-	4,996	4,996
Change in nonadmitted assets	-	-	-	330	330
Appropriation of unassigned to (from) appropriated surplus	<u>(1,940)</u>	<u>-</u>	<u>1,754</u>	<u>186</u>	<u>-</u>
Balance — December 31, 2023	<u>\$ 10,840</u>	<u>\$ 4,000</u>	<u>\$ 8,442</u>	<u>\$ 330,816</u>	<u>\$ 354,098</u>

See accompanying notes to statutory basis financial statements.

**STATE INSURANCE FUND
DISABILITY BENEFITS FUND**

**Statutory Basis Statements of Cash Flows
For the Years Ended December 31, 2023 and 2022
(in thousands)**

	<u>2023</u>	<u>2022</u>
Cash flows from operations:		
Premiums collected	\$ 121,033	\$ 125,397
Net investment income	14,612	5,819
Miscellaneous expense	(1,407)	(850)
Losses and loss adjustment expenses paid, net	(66,329)	(56,046)
Expenses paid	<u>(12,001)</u>	<u>(11,717)</u>
Net cash provided by operations	<u>55,908</u>	<u>62,603</u>
Cash flows from investments:		
Proceeds from investments sold, matured or repaid	60,634	5,321
Cost of investments acquired	<u>(71,928)</u>	<u>(223,090)</u>
Net cash used in investments	<u>(11,294)</u>	<u>(217,769)</u>
Cash flows (used in) provided by other sources	<u>(7,155)</u>	<u>5,754</u>
Net change in cash and short-term investments	37,459	(149,412)
Cash and short-term investments		
Beginning of year	<u>130,545</u>	<u>279,957</u>
Cash and short-term investments		
End of year	<u><u>\$ 168,004</u></u>	<u><u>\$ 130,545</u></u>

See accompanying notes to statutory basis financial statements.

**STATE INSURANCE FUND
DISABILITY BENEFITS FUND**

**Notes to Statutory Basis Financial Statements
For the Years Ended December 31, 2023 and 2022
(in thousands)**

NOTE 1 - ORGANIZATION AND PURPOSE

The State Insurance Fund ("NYSIF"), which includes the operations of Disability Benefits Fund ("DBF") and Workers' Compensation Fund ("WCF"), is a nonprofit agency of the State of New York (the "State"). NYSIF also administers the Aggregate Trust Fund ("ATF"). By statute, NYSIF maintains separate records for each fund.

In *Methodist Hospital of Brooklyn v. State Insurance Fund (1985)*, The New York State Court of Appeals held that NYSIF is "a State agency for all of whose liabilities the State is responsible".

DBF offers statutory disability benefits insurance that satisfies an employer's requirement to provide partial wage replacement benefits to their employees for off-the-job injuries or illnesses and disabilities arising from pregnancies. Statutory disability benefits are equal to one-half the average weekly wage of the employee, up to a maximum benefit of \$170 for 26 weeks, if necessary, within a 52-week period. Medical care is the responsibility of the claimant.

Effective January 1, 2018, DBF added an endorsement to policies to cover employees for mandatory New York State Paid Family Leave ("PFL"), which is funded through employee payroll deductions. PFL provides workers with job-protected, paid leave to bond with a new child, care for a loved one with a serious condition or help relieve family pressures when an eligible family member is deployed abroad on active military service.

The home office properties are occupied jointly by all three funds. Because of this relationship, DBF incurs operating expenses allocated to DBF by WCF based on the level of services provided. Management believes the method of allocating such expenses is fair and reasonable. WCF allocates the cost of services rendered to DBF based on a percentage of DBF employees, salaries and square footage occupied.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation:

The accompanying statutory basis financial statements of DBF are presented in conformity with accounting practices prescribed by the New York State Department of Financial Services ("DFS"). DFS recognizes only New York Statutory Accounting Practices ("NY SAP") for determining and reporting the financial condition and results of operations of an insurance company and for determining its solvency under New York State Insurance Law. The current version of the National Association of Insurance Commissioners' ("NAIC") Accounting Practices and Procedures Manual ("NAIC SAP") has been adopted as a component of NY SAP.

**STATE INSURANCE FUND
DISABILITY BENEFITS FUND**

**Notes to Statutory Basis Financial Statements
For the Years Ended December 31, 2023 and 2022
(in thousands)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Basis of Presentation: (continued)

Differences between NAIC SAP and NY SAP:

The State has prescribed certain accounting practices that differ from those found in NAIC SAP. Such differences are identified herein as NY SAP where applicable. Specifically, Electronic Data Processing ("EDP") and related equipment, constituting a data processing, record keeping or accounting system with a cost of \$50 and greater shall be depreciated over a period not to exceed 10 years under NY SAP.

In addition, the Superintendent of DFS has the right to permit other specific practices that may deviate from prescribed practices. The DFS, under State statutes and regulations, does not require DBF to report Risk Based Capital (RBC). NY Insurance Law 1108(c) specifically exempts DBF from licensing and most other requirements under the Insurance Law.

Differences between NY SAP and U.S. GAAP:

The accounting practices and procedures of NY SAP and NAIC SAP (collectively referred to as "SAP") comprise a comprehensive basis of accounting other than generally accepted accounting principles in the United States ("U.S. GAAP"). The more significant differences between SAP and U.S. GAAP, which are applicable to DBF, are set forth below:

- a. Bonds are generally carried at amortized cost. Under U.S. GAAP, such securities are classified into "held to maturity" and reported at amortized cost, or "trading" and reported at fair value with unrealized gains and losses included in earnings, or "available for sale" and reported at fair value with unrealized gains and losses reported as a separate component of surplus.

All single class and multi-class mortgage-backed/asset-backed securities are adjusted for the effects of changes in prepayment assumptions on the related accretion of discount or amortization of premium of such securities using either the retrospective or prospective methods. If it is determined that a decline in fair value is other-than-temporary, the cost basis of the security is written down to the discounted estimated future cash flows.

Under U.S. GAAP, all securities, purchased or retained, that represent beneficial interests in securitized assets (e.g., collateralized mortgage obligations or asset-backed securities), other than high-credit quality securities, are adjusted using the prospective method when there is a change in estimated future cash flows. If it is determined that a decline in fair value is other-than-temporary, the cost basis of the security is written down to the discounted fair value.

**STATE INSURANCE FUND
DISABILITY BENEFITS FUND**

**Notes to Statutory Basis Financial Statements
For the Years Ended December 31, 2023 and 2022
(in thousands)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Basis of Presentation: (continued)

Differences between NY SAP and U.S. GAAP: (continued)

- b. Common stocks are reported at fair value, as determined by the NAIC's Securities Valuation Office ("SVO") and other independent pricing sources and the related net unrealized capital gains and losses are reported in unassigned surplus. Under U.S. GAAP, common stocks are reported at fair value with unrealized gains and losses included in earnings.
- c. Cash and short-term investments in the statutory basis statements of cash flows represent cash balances and investments with initial maturities of one year or less. Under U.S. GAAP, the corresponding caption of cash and cash equivalents includes cash balances and investments with initial maturities of three months or less.
- d. Policy acquisition costs (principally underwriting and marketing-related costs) are expensed as incurred, whereas under U.S. GAAP these costs are recorded as a prepaid expense and amortized to income on the same basis as premium income is recognized.
- e. Certain assets designated as non-admitted assets (principally premiums in the course of collection outstanding over 90 days, 10% of earned but unbilled premium and prepaid expenses) are charged directly against surplus. Under U.S. GAAP, all premiums in course of collection and prepaid expenses would be included in total assets, net of valuation allowances.
- f. EDP and related equipment with a cost of \$2 or greater are depreciated over an estimated useful life of up to three years. Under U.S. GAAP, all EDP and related equipment would be recorded as assets, less accumulated depreciation over their useful lives.
- g. An appropriation of surplus for security fluctuations has been established for the difference between the amortized cost of securities and their fair value. Such an appropriation is established for future contingencies, rather than allocated to specific investments. In addition, a reasonable portion of unassigned surplus has been established as an appropriation for terrorism, catastrophes and postemployment benefits.
- h. Comprehensive income and its components are not presented in the statutory basis financial statements.

**STATE INSURANCE FUND
DISABILITY BENEFITS FUND**

**Notes to Statutory Basis Financial Statements
For the Years Ended December 31, 2023 and 2022
(in thousands)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Basis of Presentation: (continued)

Differences between NY SAP and U.S. GAAP: (continued)

- i. The net amount of all cash accounts is reported jointly. Cash accounts with positive balances are not reported separately from cash accounts with negative balances. If in the aggregate, the reporting entity has a net negative cash balance, it is reported as a negative asset. Under U.S. GAAP, positive cash balances are reported as assets while net negative cash balances are reported as liabilities.
- j. The aggregate effect of the foregoing differences between NY SAP and U.S. GAAP on the accompanying statutory basis financial statements has not been determined, however, it is presumed to be material.

B. Investments:

Investments are generally valued in accordance with the valuation procedures of the NAIC.

Bonds are principally carried at amortized cost. Discount or premium on bonds is amortized using the scientific method, which is a variation of the effective interest method. Short-term investments consist of bonds purchased within a year of the maturity date which are stated at amortized cost. Market value is primarily based on market prices obtained from the SVO and JPMorgan Chase.

For mortgage-backed fixed maturity securities, DBF recognizes income using the constant effective yield method, based on anticipated prepayments over the economic life of the security. Mortgage-backed securities are accounted for by the retrospective method and prepayment assumptions are based on market conditions. When actual payments differ significantly from anticipated prepayments, the effective yield is recalculated to reflect actual payments to date and anticipated future payments, and any resulting adjustment is included in net investment income.

Common stocks are carried at fair value, which is obtained from JPMorgan Chase and other pricing sources. The unrealized gain or loss for common stocks is the change in fair value from the prior year-end and is reflected as a separate component of unassigned surplus. Realized gains and losses are calculated based on the difference between cost and the consideration received at the time of sale or fair value at time of impairment and are included in the statutory basis statements of income.

**STATE INSURANCE FUND
DISABILITY BENEFITS FUND**

**Notes to Statutory Basis Financial Statements
For the Years Ended December 31, 2023 and 2022
(in thousands)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Investments: (continued)

Receivable and payable for securities represent sales and purchases of securities that are unsettled at year-end.

Realized gains and losses on the sale of investments are calculated based on the difference between the carrying value and the consideration received at the time of sale or fair value at time of impairment, and are included in the statutory basis statements of income.

Investment income earned consists primarily of interest and dividends. Interest is recognized on an accrual basis and dividends are recorded as earned at the ex-dividend date. Interest income on mortgage-backed and asset-backed securities is determined on the effective yield method based on estimated principal repayments. Accrual of income is suspended for bonds and mortgage loans that are in default or when the receipt of interest payments is in doubt. Realized capital gains and losses are determined using the first-in, first-out method.

An investment in a debt security is impaired if its fair value falls below book value and the decline is considered other-than-temporary. Factors considered in determining whether a loss is other-than-temporary include the length of time and extent to which fair value has been below cost, the financial condition and near-term prospects of the issuer, and DBF's ability and intent to hold the investment for a period of time sufficient to allow for an anticipated recovery. A debt security is impaired if it is probable that DBF will not be able to collect all the amounts due under the security contractual terms. Other-than-temporary declines in fair value of investments are included in realized losses. There are no realized losses related to impairment losses during 2023 and 2022.

C. Premium Revenue and Related Accounts:

DBF records written premiums on the effective date of the policy and earns the related premium income over the life of the policy.

DBF records premium receivables as an admitted asset if the following three conditions are met: (1) a bill for the premium amount is no more than 90 days past due, (2) the bill date is within six months after the expiration of the policy year, and (3) no other bill for the same policy is considered non-admitted.

At December 31, 2023 and 2022, the outstanding premium receivable balance is stated net of \$2,996 and \$3,336 of non-admitted amounts. DBF routinely assesses the collectability of receivables and establishes an appropriate allowance at each year end. Bad debt expense of \$3,053 and \$2,702 were recorded in the statutory basis statements of income for the year ended December 31, 2023 and 2022.

**STATE INSURANCE FUND
DISABILITY BENEFITS FUND**

**Notes to Statutory Basis Financial Statements
For the Years Ended December 31, 2023 and 2022
(in thousands)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Premium Revenue and Related Accounts: (continued)

For DBF, unearned premiums represent the pro-rata portion of premiums and endorsements written that are applicable to the unexpired term of policies in force at year-end.

Also included in the reserve for unearned premiums are estimates for Return of Premium Program ("ROP") in the amount of \$1,615 and \$1,229 at December 31, 2023 and 2022, and the Premium Adjustment Plan ("PAP") in the amount of \$1,266 and \$1,493 at December 31, 2023 and 2022 (see Note 2K). ROP is a program whereby policyholders with 49 or fewer employees become members of a group of policyholders and a premium credit is estimated based on the group's loss ratio that is not in excess of the industry standard as established by DFS.

PAP is a program whereby policyholders with annual premium greater than \$1 may qualify for an annual credit based on policyholder's individual claim performance. If the total annual premium is greater than the total claims paid, after all claims are closed for that same period, multiplied by a factor of 1.2, a PAP credit is awarded, subject to certain minimum requirements. Other qualifications for both ROP and the PAP are that the policyholder must maintain an active status with DBF throughout the policy year and have payroll reports submitted after the end of the policy period.

D. Reserves for Losses and Loss Adjustment Expenses:

Reserves for losses and loss adjustment expenses ("LAE"), which include case and incurred but not reported ("IBNR") reserves, are estimated using generally accepted actuarial methods. The methods for making such estimates and for establishing the resulting liabilities are continually reviewed and any adjustments are reflected in the period determined. An independent actuarial consulting firm reviews the estimated liability. DBF's management believes that the assumptions used in determining this liability are reasonable and that the amount recorded represents the best estimate of the ultimate cost of investigating, defending and settling claims.

Case reserves for losses of DBF are based on individual case estimates for claims incurred on or before December 31, 2023.

DBF's actual future experience may not conform to the assumptions inherent in the determination of the liability. Accordingly, the ultimate settlement value may vary significantly from the amounts included in the statutory basis financial statements and the difference may be material.

**STATE INSURANCE FUND
DISABILITY BENEFITS FUND**

**Notes to Statutory Basis Financial Statements
For the Years Ended December 31, 2023 and 2022
(in thousands)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Reserves for Losses and Loss Adjustment Expenses: (continued)

The DFS has imposed a risk adjustment mechanism on insurers writing PFL coverage. Each year, those carriers with PFL loss ratios lower than the average industry loss ratio make a risk adjustment payment and those carriers with loss ratios higher than the average industry loss ratio receive a risk adjustment payment. The payment and receipt of risk adjustments is intended to ensure all carriers have an equivalent loss ratio within specific employer size groupings. DBF records a reserve for PFL coverage including an estimate of future risk adjustments. The reserve carries a high degree of uncertainty as the information regarding industry results, necessary to calculate the risk adjustment, are largely unknown. Differences between risk adjustment reserve amounts and actual payments made or received, are recorded in income in the period in which the estimates are changed or payments are made in accordance with SAP guidance. During 2023 and 2022, DBF made a risk adjustment payment of \$11,258 and \$4,949.

DBF does not cede or assume any reinsurance. DBF does not participate in any voluntary or involuntary pools.

The reserves for loss and LAE of DBF are not discounted.

E. Postemployment Fringe Benefits – Pension:

All employees of DBF are eligible to be covered under a retirement plan administered by the New York State Employees Retirement System. For employees hired prior to July 27, 1976, the plan is noncontributory. For employees hired on or after July 27, 1976, but before 2015, the plan is partially contributory in the first ten years of employment and noncontributory thereafter. For employees hired on and after January 1, 2015, the plan is partially contributory for the entire term of employment.

DBF has determined that they are not directly liable for this obligation and as such, in accordance with SSAP No. 102, *Pensions*, DBF records its obligation based on amounts billed by the State. DBF records the difference between amounts billed by the State and amounts paid to the State as a liability or prepaid asset. DBF has a non-admitted prepaid asset for pension benefits in the amount of \$156 and \$146 as of December 31, 2023 and 2022.

Based on actual costs billed by various State agencies, DBF incurred \$2,064 and \$2,244 of fringe benefits and indirect costs in 2023 and 2022, recorded through other underwriting expenses in the statutory basis statements of income.

**STATE INSURANCE FUND
DISABILITY BENEFITS FUND**

**Notes to Statutory Basis Financial Statements
For the Years Ended December 31, 2023 and 2022
(in thousands)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Postemployment Fringe Benefits – Pension: (continued)

DBF also estimates a contingent liability for the net pension liability as of December 31 of each calendar year based on the State's latest available Actuarial Valuation Report, which is as of March 31 of the same calendar year.

During the years ended December 31, 2023 and 2022, DBF appropriated surplus to provide for the net pension obligation costs as permitted by SSAP No. 72, *Surplus and Quasi-Reorganizations*. Future obligations may vary significantly due to potential future changes in various key assumptions, such as DBF's ultimate allocated share of the obligation, investment earnings and actuarial projections. DBF updates the estimate each year-end.

At December 31, 2023 and 2022, DBF's pro-rata portion of its New York State Employees' net pension obligation was \$3,099 and \$0. The pension obligation was measured by the State as of March 31, 2023 and 2022, with DBF's portion of the obligation based on a ratio of its employees to State employees. As of March 31, 2023 and 2022, DBF's approximate proportionate share was 0.01%.

The activity in the appropriated surplus for pension benefits during 2023 and 2022 is as follows:

	2023	2022
Balance, beginning of year	\$ -	\$ 13
Current year appropriation	3,099	(13)
Balance, end of year	<u>\$ 3,099</u>	<u>\$ -</u>

Per the Actuarial Evaluation Report as of March 31, 2023, the pension plan assets of the State are fully funded, and therefore, no appropriation to surplus is required. In 2023 and 2022, DBF recorded pension expense of \$611 and \$621.

**STATE INSURANCE FUND
DISABILITY BENEFITS FUND**

**Notes to Statutory Basis Financial Statements
For the Years Ended December 31, 2023 and 2022
(in thousands)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Postemployment Fringe Benefits – Other Postemployment Benefits:

DBF's employees are employees of the State. New York State Civil Service Law, Section 163.2, provides for health insurance coverage for retired employees of DBF including their spouses and dependent children (the "State Plan"). Eligibility is determined by the membership in the New York State and Local Employees' Retirement System, enrollment in the New York State Health Insurance Program ("NYSHIP") at the time of retirement, and the completion of a minimum number of years of service as required by the employees' membership tier in the retirement system.

The State's Actuarial Valuation Reports are prepared as of March 31 (the State's fiscal year end) and segregate balances relating to the various state agencies, including NYSIF, under GASB 75.

NYSIF, in the course of business, reimburses the State for certain Other Postemployment Benefits ("OPEB") related charges under the State's Plan. Under SSAP No. 92, *Postretirement Benefits Other Than Pensions*, DBF estimates its Normal Cost as of December 31 of each calendar year based on the State's latest available Actuarial Valuation Report, which is as of March 31 of the same calendar year.

DBF carries its net OPEB obligation (i.e., the Normal Cost less the amount DBF has funded to the State for retirees) as a liability. DBF recognizes in the statement of income only its annual Normal Cost, as this is DBF's current year expense for the plan for the period, in accordance with statutory accounting principles.

Projected benefits for financial reporting purposes are based on the State's actuarial calculations and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between employer and plan members to that point. The actuarial calculations reflect a long-term perspective. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revisions as results are compared to past expectations and new estimates are made about the future. DBF maintains an appropriated surplus account to provide for the portion of the contingency for OPEB costs that have not already been recognized as a net OPEB obligation, as permitted by SSAP No. 72, *Surplus and Quasi-Reorganizations*. Future obligations may vary significantly due to potential future changes in various key assumptions, such as DBF's ultimate allocated share of the liability, discount rate used to develop the present value of future benefits, healthcare inflation, projected healthcare claims, and the likelihood an employee retires, elects healthcare coverage, and survives after retirement. DBF updates the estimate each year-end.

**STATE INSURANCE FUND
DISABILITY BENEFITS FUND**

**Notes to Statutory Basis Financial Statements
For the Years Ended December 31, 2023 and 2022
(in thousands)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Postemployment Fringe Benefits – Other Postemployment Benefits: (continued)

The activity in the appropriated surplus for postemployment benefits during 2023 and 2022 is as follows:

	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 6,688	\$ 6,268
Current year appropriation	(1,345)	420
Balance, end of year	<u>\$ 5,343</u>	<u>\$ 6,688</u>

The following table shows the components of DBF's assigned values relating to OPEB expense (normal cost) under the State's plan, the amount credited to the plan, and changes in the net OPEB obligation as of December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Net OPEB obligation, beginning of year	\$ 1,121	\$ 1,194
Annual OPEB expense (Normal Cost)	554	800
Estimated contribution credit (retiree premiums paid)	(1,150)	(873)
Decrease in net OPEB obligation	<u>\$ (596)</u>	<u>\$ (73)</u>
Net OPEB obligation, end of year	<u>\$ 525</u>	<u>\$ 1,121</u>

DBF has an accrued liability for employees' compensation for future absences in the amount of \$589 and \$545 as of December 31, 2023 and 2022.

G. Appropriated Surplus Funds:

As described above, DBF may designate a portion of unassigned surplus to provide for contingencies as permitted under NAIC SAP.

Security fluctuation surplus

The security fluctuation appropriation in surplus is an estimate of the potential loss in the investment portfolio's value over a one year period, calculated at a 95% confidence level. DBF decreased the security fluctuation surplus to \$10,840 at December 31, 2023 from \$12,780 at December 31, 2022.

**STATE INSURANCE FUND
DISABILITY BENEFITS FUND**

**Notes to Statutory Basis Financial Statements
For the Years Ended December 31, 2023 and 2022
(in thousands)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Appropriated Surplus Funds: (continued)

Catastrophe surplus

A review of catastrophe surplus in conjunction with a risk assessment of DBF's exposures resulted in DBF maintaining the catastrophe surplus at \$4,000 as of December 31, 2023 and 2022.

Pension and postemployment fringe benefits surplus

DBF records pension and postemployment benefits expenses and estimates a contingent liability for the net obligation as of December 31 of each calendar year based on the State's latest available actuarial valuation reports (see Notes 2E and 2F).

Appropriated pension surplus increased to \$3,099 as of December 31, 2023 from \$0 at December 31, 2022.

Other postemployment benefits ("OPEB") surplus decreased to \$5,343 as of December 31, 2023 from \$6,688 at December 31, 2022.

H. Income Tax:

DBF is exempt from federal and state income taxes. DBF is, however, subject to a New York State franchise tax. DBF's franchise tax is based on written premiums. The New York State franchise tax expense was \$2,051 and \$2,137 in 2023 and 2022.

DBF maintains an office and does business in the metropolitan New York area and is subject to the Metropolitan Transit Authority ("MTA") surcharge. The MTA surcharge is based on premiums written on businesses in the metropolitan area and wages paid to employees in the metropolitan area. The MTA surcharge was \$292 and \$302 in 2023 and 2022.

The franchise and MTA tax expenses are recorded through the statutory basis statements of income.

**STATE INSURANCE FUND
DISABILITY BENEFITS FUND**

**Notes to Statutory Basis Financial Statements
For the Years Ended December 31, 2023 and 2022
(in thousands)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Concentrations of Credit Risk:

Financial instruments that potentially subject DBF to concentrations of credit risk are primarily cash and securities backed by the U.S. Government. Balances maintained in demand deposit accounts in the United States are fully insured by the Federal Deposit Insurance Corporation, ("FDIC") up to \$250. The term "demand deposit" means both interest and non-interest-bearing deposits that are payable on demand and for which the depository institution does not reserve the right to require advance notice of an intended withdrawal.

Cash is held with high-credit quality financial institutions in the United States and, from time to time, may have balances that exceed the amount of insurance provided by the FDIC on such deposits.

J. Risks and Uncertainties:

DBF invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market risk and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in values of investment securities will occur in the near term and those changes could materially affect the amounts reported in the statutory basis financial statements.

K. Use of Estimates:

The preparation of these statutory basis financial statements in conformity with statutory basis accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the statutory basis financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The significant estimates included in these statutory basis financial statements are the liability for loss and LAE, ROP and PAP estimates in unearned premiums, and DBF's portion of the pension and OPEB costs estimated by DBF based on the current actuarial valuation prepared for New York State, which includes DBF's employees.

**STATE INSURANCE FUND
DISABILITY BENEFITS FUND**

**Notes to Statutory Basis Financial Statements
For the Years Ended December 31, 2023 and 2022
(in thousands)**

NOTE 3 - INVESTMENTS

Section 87 of the New York State Workers' Compensation Law states that the Commissioner of Taxation and Finance is the sole custodian of DBF. By order of the Commissioner and approval of DFS, Section 87 allows JPMorgan Chase to serve as DBF's custodian for investments. The types of securities authorized for investment by DBF are mandated by Section 87. All bank deposits are entirely insured or collateralized with securities held by JPMorgan Chase at December 31, 2023 and 2022, in accordance with Section 105 of the New York State Finance Law.

The amortized cost, gross unrealized gains, gross unrealized losses and estimated market value of investments in bonds and stocks at December 31, 2023 and 2022 are as follows:

2023				
	Cost or Book Carrying Value	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Market Value
U.S. Government and agency obligations	\$ 28,099	\$ -	\$ (1,461)	\$ 26,638
Corporate bonds and public utilities	99,006	9	(3,149)	95,866
Mortgaged/Loan backed securities	113,000	802	(551)	113,251
Total bonds	240,105	811	(5,161)	235,755
Common stocks	24,472	2,831	(2,024)	25,279
Total investments	<u>\$ 264,577</u>	<u>\$ 3,642</u>	<u>\$ (7,185)</u>	<u>\$ 261,034</u>

2022				
	Cost or Book Carrying Value	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Market Value
U.S. Government and agency obligations	\$ 28,093	\$ -	\$ (2,147)	\$ 25,946
Corporate bonds and public utilities	105,640	11	(5,513)	100,138
Mortgaged/Loan backed securities	88,152	120	(1,059)	87,213
Total bonds	221,885	131	(8,719)	213,297
Common stocks	24,171	567	(4,756)	19,982
Total investments	<u>\$ 246,056</u>	<u>\$ 698</u>	<u>\$ (13,475)</u>	<u>\$ 233,279</u>

**STATE INSURANCE FUND
DISABILITY BENEFITS FUND**

**Notes to Statutory Basis Financial Statements
For the Years Ended December 31, 2023 and 2022
(in thousands)**

NOTE 3 - INVESTMENTS (CONTINUED)

The amortized cost and market value of bonds at December 31, 2023 by contractual maturity is shown below. Actual maturities may differ from contractual maturities because certain issuers may have the right to call or prepay obligations with or without penalties.

	Amortized Cost	Market Value
Due in one year or less	\$ 17,384	\$ 16,923
Due in one year through five years	195,405	191,357
Due in five years through ten years	6,400	6,525
Due after ten years	<u>20,916</u>	<u>20,950</u>
Total Bonds	<u>\$ 240,105</u>	<u>\$ 235,755</u>

DBF participates in securities lending programs whereby certain securities from DBF's portfolio are loaned to other institutions for short periods of time. Under the terms of the lending agreements, DBF receives a fee from the borrower and requires collateral with a market value of at least 102% of the market value of securities loaned. DBF maintains ownership rights to securities loaned and has the ability to sell securities while they are on loan. DBF has an indemnification agreement with lending agents in the event a borrower becomes insolvent or fails to return securities. As of December 31, 2023 and 2022, \$14,190 and \$13,405 of DBF investments were on loan, supported by collateral of \$14,491 and \$13,578.

DBF had reinvested collateral assets in the amount of \$1,949 and \$9,262 as of December 31, 2023 and 2022. For the years ended December 31, 2023 and 2022, DBF received fees of \$60 and \$61. Fees have been included in investment income earned in the statutory basis statements of income.

The amortized cost and market value of the reinvested collateral assets at December 31, 2023 by contractual maturity are shown below:

	Amortized Cost	Fair Value
30 days or less	<u>\$ 1,949</u>	<u>\$ 1,949</u>
Total collateral received	<u>\$ 1,949</u>	<u>\$ 1,949</u>

**STATE INSURANCE FUND
DISABILITY BENEFITS FUND**

**Notes to Statutory Basis Financial Statements
For the Years Ended December 31, 2023 and 2022
(in thousands)**

NOTE 3 - INVESTMENTS (CONTINUED)

DBF has sufficient tradable securities that could be sold and used to pay for the collateral calls that could come due under a worst-case scenario.

DBF has security lending agreements with JPMorgan Chase. All bank deposits are entirely insured or collateralized with securities held by JPMorgan Chase at December 31, 2023, in accordance with Section 105 of the New York State Finance Law.

Net investment income earned consists principally of interest and dividends on investments as follows:

	<u>2023</u>	<u>2022</u>
Bonds	\$ 7,803	\$ 3,694
Stocks	365	266
Cash and short-term investments	7,122	2,142
Security lending	60	61
Other	(7)	(37)
Investment income	<u>15,343</u>	<u>6,126</u>
Investment expenses	(365)	(336)
Net realized capital losses	<u>(371)</u>	<u>(170)</u>
Net investment income	<u>\$ 14,607</u>	<u>\$ 5,620</u>

Net realized capital gains (losses) on investments, determined on the first-in, first-out method, and impairments in 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Bonds	\$ (308)	\$ (82)
Stocks	(60)	(76)
Cash and short-term investments	(3)	(12)
Net realized capital losses and impairments	<u>\$ (371)</u>	<u>\$ (170)</u>

**STATE INSURANCE FUND
DISABILITY BENEFITS FUND**

**Notes to Statutory Basis Financial Statements
For the Years Ended December 31, 2023 and 2022
(in thousands)**

NOTE 3 - INVESTMENTS (CONTINUED)

Proceeds from investments sold, matured, or repaid during the years ended December 31, 2023 and 2022 were \$60,634 and \$5,321. In 2023, these sales resulted in gross realized capital gains of \$66 and gross realized capital losses of \$434. In 2022, these sales resulted in gross realized capital gains of \$14 and gross realized capital losses of \$172.

The following tables represent DBF's unrealized losses, fair value and amortized cost for bonds and stock aggregated by investment category and length of time individual securities have been in a continuous unrealized loss position as of December 31, 2023 and 2022.

	2023					
	Less Than 12 Months		12 Months or More		Total	
	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses
U.S. government	\$ 1,582	\$ (10)	\$ 25,055	\$ (1,451)	\$ 26,637	\$ (1,461)
Corporate and public utilities	5,835	(156)	89,025	(2,993)	94,860	(3,149)
Mortgage backed securities	17,090	(28)	32,245	(523)	49,335	(551)
Total fixed maturities	24,507	(194)	146,325	(4,967)	170,832	(5,161)
Common stock	2,153	(255)	7,403	(1,769)	9,556	(2,024)
Total temporarily impaired	\$ 26,660	\$ (449)	\$ 153,728	\$ (6,736)	\$ 180,388	\$ (7,185)

	2022					
	Less Than 12 Months		12 Months or More		Total	
	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses
U.S. government	\$ 16,961	\$ (1,129)	\$ 8,986	\$ (1,018)	\$ 25,947	\$ (2,147)
Corporate and public utilities	97,282	(5,376)	1,848	(137)	99,130	(5,513)
Mortgage backed securities	60,280	(1,059)	-	-	60,280	(1,059)
Total fixed maturities	174,523	(7,564)	10,834	(1,155)	185,357	(8,719)
Common stock	14,671	(4,756)	-	-	14,671	(4,756)
Total temporarily impaired	\$ 189,194	\$ (12,320)	\$ 10,834	\$ (1,155)	\$ 200,028	\$ (13,475)

**STATE INSURANCE FUND
DISABILITY BENEFITS FUND**

**Notes to Statutory Basis Financial Statements
For the Years Ended December 31, 2023 and 2022
(in thousands)**

NOTE 3 - INVESTMENTS (CONTINUED)

Gross unrealized losses represented 2.72% and 5.48% of the total cost or amortized cost of total investments for DBF as of December 31, 2023 and 2022. Fixed maturities represented 71.8% and 64.7% of DBF's unrealized losses as of December 31, 2023 and 2022. The group of securities in an unrealized loss position for less than twelve months was comprised of 196 and 844 securities for DBF as of December 31, 2023 and 2022. The group of securities depressed for twelve months or more was 454 and 4 as of December 31, 2023 and 2022.

The fixed income securities in an unrealized loss position are primarily investment grade securities with extended maturity dates, which have been primarily impacted by a change in interest rates after the purchase date. As part of DBF's ongoing security monitoring process by a committee of investment and accounting professionals, DBF has reviewed its investment portfolio and concluded that there are no additional other-than-temporary impairments as of December 31, 2023 and 2022. Due to the issuers' continued satisfaction of the securities' obligations in accordance with their contractual terms and the expectation that they will continue to do so, management's ability and intent to hold these securities, as well as the evaluation of fundamentals of the issuers' financial condition and other objective evidence, DBF believes that the securities identified above are temporarily impaired.

The evaluation for other-than-temporary impairments ("OTTI") is a quantitative and qualitative process, which is subject to risks and uncertainties in the determination of whether declines in the fair value of investments are other-than-temporary. The risks and uncertainties include changes in general economic conditions, the issuer's financial condition or near-term recovery prospects and the effects of changes in interest rates.

SSAP No. 43R – *Loan-backed and Structured Securities* ("SSAP No. 43R") requires that OTTI be recognized in earnings for a loan-backed or structured security in an unrealized loss position when it is anticipated that the amortized cost basis will not be recovered. In such situations, the OTTI recognized in earnings is the entire difference between the security's amortized cost and its fair value if either (i) DBF intends to sell the security; or (ii) DBF does not have the intent and ability to retain the security for the time sufficient to recover the amortized cost basis. If neither of these two conditions exists, and DBF has the intent and ability to hold the security but does not expect to recover the entire amortized cost, the difference between the amortized cost basis of the security and the present value of projected future cash flows expected to be collected is recognized as an OTTI in earnings.

There are no amounts included in 2023 and 2022 for realized impairment losses for DBF related to SSAP No. 43R investments. There are no additional impairments recorded in 2023 and 2022 on the basis that the present value of future expected cash flows is less than the amortized cost basis of the security as losses are identified on the basis that DBF was unable to retain the security until recovery of amortized cost.

**STATE INSURANCE FUND
DISABILITY BENEFITS FUND**

**Notes to Statutory Basis Financial Statements
For the Years Ended December 31, 2023 and 2022
(in thousands)**

NOTE 3 - INVESTMENTS (CONTINUED)

During 2023 and 2022, DBF did not record impairments related to bonds in the statutory basis statements of income. DBF did record total OTTI of \$0 and \$4,189 related to common stocks as of December 31, 2023 and 2022, as a component of net realized investment gains (losses) through the statutory basis statements of income.

A. Fair Value of Financial Instruments:

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the end of the reporting period.

DBF evaluated the significance of transfers between levels based upon the nature of the financial instrument and size of the transfer relative to the total investment portfolio.

The fair value of an asset is the amount at which that asset could be bought or sold in a current transaction between willing parties, that is, other than in a forced or liquidation sale. The fair value of a liability is the amount at which that liability could be incurred or settled in a current transaction between willing parties, that is, other than in a forced or liquidation sale.

Fair values are based on quoted market prices when available. When market prices are not available, fair value is generally estimated using discounted cash flow analysis, incorporating current market inputs for similar financial instruments with comparable terms and credit quality (matrix pricing). In instances where there is little or no market activity for the same or similar instruments, DBF estimates fair value using methods, models and assumptions that management believes market participants would use to determine a current transaction price. These valuation techniques involve some level of management's estimation and judgment, which becomes significant with increasingly complex instruments or pricing models. Where appropriate, adjustments are included to reflect the risk inherent in a particular methodology, model or input used.

SSAP No. 100R defines fair value, establishes a framework for measuring fair value and establishes disclosure requirements about fair value.

**STATE INSURANCE FUND
DISABILITY BENEFITS FUND**

**Notes to Statutory Basis Financial Statements
For the Years Ended December 31, 2023 and 2022
(in thousands)**

NOTE 3 - INVESTMENTS (CONTINUED)

A. Fair Value of Financial Instruments: (continued)

Included in various investment related line items in the statutory basis financial statements are certain financial instruments carried at fair value. Other financial instruments are periodically measured at fair value, such as when impaired, or, for certain bonds when NAIC designations fall below a 2 and, therefore, are carried at the lower of cost or market.

When available, DBF used quoted market prices to determine the fair value of the aforementioned investment securities. When quoted market prices are not readily available or representative of fair value, pricing determinations are made based on the results of valuation models using observable market data such as recently reported trades, bid and offer information and benchmark securities. There are no investments with unobservable inputs held by DBF as of December 31, 2023 and 2022. Unobservable inputs reflect DBF's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

DBF's financial assets and liabilities carried at fair value, as well as where fair value is disclosed, have been classified, for disclosure purposes, based on the SSAP No. 100R hierarchy. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3). An asset's or a liability's classification is based on the lowest level input that is significant to its measurement. For example, a Level 3 fair value measurement may include inputs that are both observable (Levels 1 and 2) and unobservable (Level 3).

The levels of the fair value hierarchy are as follows:

Level 1 – Values are unadjusted quoted prices for identical assets and liabilities in active markets accessible at the measurement date.

Level 2 – Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument. Such inputs include market interest rates and volatilities, spreads and yield curves.

Level 3 – Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect DBF's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

**STATE INSURANCE FUND
DISABILITY BENEFITS FUND**

**Notes to Statutory Basis Financial Statements
For the Years Ended December 31, 2023 and 2022
(in thousands)**

NOTE 3 - INVESTMENTS (CONTINUED)

A. Fair Value of Financial Instruments: (continued)

The following table provides information as of December 31, 2023 about DBF's assets carried at fair value along with a brief description of the valuation technique for each type of asset.

Assets at fair value:	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common stocks	\$ 25,279	\$ -	\$ -	\$ 25,279
Total assets at fair value	<u>\$ 25,279</u>	<u></u>	<u></u>	<u>\$ 25,279</u>

The following tables provide information as of December 31, 2023 and 2022 about DBF's assets disclosed at aggregate fair value along with a brief description of the valuation technique for each type of asset.

2023					
Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	Fair Value		
			<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Bonds	\$ 235,755	\$ 240,105	\$ -	\$ 235,755	\$ -
Common Stocks	25,279	25,979	25,279	-	-
Short-term investments	154,608	154,569	-	154,608	-
Security lending collateral assets	1,949	1,949	1,949	-	-
Total	<u>\$ 417,591</u>	<u>\$ 422,602</u>	<u>\$ 27,228</u>	<u>\$ 390,363</u>	<u>\$ -</u>

2022					
Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	Fair Value		
			<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Bonds	\$ 213,297	\$ 221,885	\$ -	\$ 213,297	\$ -
Common Stocks	19,982	19,982	19,982	-	-
Short-term investments	116,381	116,368	-	116,381	-
Security lending collateral assets	9,262	9,262	9,262	-	-
Total	<u>\$ 358,922</u>	<u>\$ 367,497</u>	<u>\$ 29,244</u>	<u>\$ 329,678</u>	<u>\$ -</u>

**STATE INSURANCE FUND
DISABILITY BENEFITS FUND**

**Notes to Statutory Basis Financial Statements
For the Years Ended December 31, 2023 and 2022
(in thousands)**

NOTE 3 - INVESTMENTS (CONTINUED)

A. Fair Value of Financial Instruments: (continued)

Securities classified as Level 1 included primarily common stocks, cash equivalents and treasury notes (collateral assets) where there are quoted prices in active markets for identical securities. Unadjusted quoted prices for these securities are provided to DBF by independent pricing services. Level 2 securities include all bonds, mortgage-backed securities including hybrid securities with pricing using bid evaluations or matrix pricing. Matrix pricing takes quoted prices of bonds with similar features and applies analytic methods to determine the fair value of bonds held. Features that are inputs into the analysis include duration, credit quality, tax status and call and sinking fund features. DBF does not have any Level 3 securities. The valuation methodology has been applied consistently.

There were no significant transfers into or out of Level 3 during 2023 and 2022.

B. Subprime Mortgage Exposure:

DBF had no exposures to subprime mortgage loans at December 31, 2023 and 2022.

C. Wash Sales:

In the course of DBF's management of investment portfolio, securities may be sold at a loss and repurchased within 30 days of the sale date to enhance DBF's yield on its investment portfolio. In accordance with NAIC guidelines, DBF did not sell any securities at a loss or in a loss position with a NAIC designation from 3 to 6 for the years ended December 31, 2023 and 2022 that were reacquired within 30 days of the sale date.

**STATE INSURANCE FUND
DISABILITY BENEFITS FUND**

**Notes to Statutory Basis Financial Statements
For the Years Ended December 31, 2023 and 2022
(in thousands)**

NOTE 4 - NON-ADMITTED ASSETS

The non-admitted assets of DBF at December 31, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Premium in course of collection outstanding over 90 days	\$ 2,996	\$ 3,336
Other	156	146
Total non-admitted assets	<u>\$ 3,152</u>	<u>\$ 3,482</u>

NOTE 5 - RELATED PARTY TRANSACTIONS

Expenses allocated to DBF from WCF were \$4,010 in 2023 and \$3,920 in 2022. The amount owed to WCF at December 31, 2023 and 2022 from DBF is \$1,896 and \$1,695.

NOTE 6 - RESERVES FOR LOSSES AND LOSS ADJUSTMENT EXPENSES

Activity in the reserves for losses and loss adjustment expenses is summarized as follows:

	<u>2023</u>	<u>2022</u>
Balance - January 1	\$ 29,094	\$ 18,491
Incurred claims related to:		
Current year	77,795	76,846
Prior years	<u>(9,357)</u>	<u>(5,353)</u>
Total incurred	<u>68,438</u>	<u>71,493</u>
Paid claims related to:		
Current year	53,398	48,336
Prior years	<u>18,033</u>	<u>12,554</u>
Total paid:	<u>71,431</u>	<u>60,890</u>
Balance - December 31	<u>\$ 26,101</u>	<u>\$ 29,094</u>

**STATE INSURANCE FUND
DISABILITY BENEFITS FUND**

**Notes to Statutory Basis Financial Statements
For the Years Ended December 31, 2023 and 2022
(in thousands)**

NOTE 6 - RESERVES FOR LOSSES AND LOSS ADJUSTMENT EXPENSES (CONTINUED)

The incurred claims related to prior years have changed in 2023 and 2022 as a result of changes in estimate of events insured in prior years.

NOTE 7 - SURPLUS

There are no restrictions placed on DBF's surplus.

Changes in balances of appropriated surplus funds from December 31, 2022 to December 31, 2023 are discussed in Note 2G.

Unassigned surplus reflects the accumulated balance of unrealized investment gains of \$807 at December 31, 2023 and non-admitted assets of \$(3,152) and \$(3,482) as of December 31, 2023 and 2022.

NOTE 8 - OTHER UNDERWRITING EXPENSES

The components of other underwriting expenses are as follows:

	<u>2023</u>	<u>2022</u>
Salaries and payroll taxes	\$ 2,394	\$ 2,174
Employee relations and welfare	914	994
Insurance	5	4
Travel and travel items	6	2
Rent and rent items	170	185
Equipment	6	4
Taxes, licenses and fees	2,337	2,546
Cost or depreciation of EDP equipment and software	234	237
Printing and stationery	16	12
Postage and telephone	155	103
Legal and auditing	213	293
Miscellaneous expenses	<u>146</u>	<u>134</u>
Total	<u>\$ 6,596</u>	<u>\$ 6,688</u>

**STATE INSURANCE FUND
DISABILITY BENEFITS FUND**

**Notes to Statutory Basis Financial Statements
For the Years Ended December 31, 2023 and 2022
(in thousands)**

NOTE 9 - CONTINGENCIES

From time to time, DBF is involved in pending and threatened litigation in the normal course of business in which claims for monetary damages are asserted. In the opinion of management, the ultimate liability, if any, arising from such pending or threatened litigation is not expected to have material effect on the results of operations, liquidity or the financial position of DBF.

NOTE 10 - SUBSEQUENT EVENTS

Subsequent events have been reviewed in accordance with SSAP No. 9, Subsequent Events, for both annual statement reporting and through issuance of these audited statutory basis financial statements. Subsequent events were initially reviewed through February 29, 2024 when the annual statement was filed with the NAIC and DFS. After that date, subsequent events have been reviewed through May 15, 2024, the date which these audited statements were available to be issued.

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Commissioners of
The State Insurance Fund Disability Benefits Fund
New York, New York

We have audited the statutory basis financial statements of the State Insurance Fund Disability Benefits Fund as of December 31, 2023 and 2022, and for each of the years then ended, and have issued our report thereon dated May 15, 2024, which expressed an unmodified opinion on those statutory basis financial statements. Our audits were conducted for the purpose of forming an opinion on the statutory basis financial statements as a whole. The statutory basis supplementary investment risk interrogatories and statutory basis supplementary summary investment schedule are presented for purposes of additional analysis and are not a required part of the statutory basis financial statements, but is information required to be presented to comply with the National Association of Insurance Commissioners' ("NAIC") Accounting Practices and Procedures Manual and the NAIC Annual Statement Instructions. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the statutory basis financial statements. The information has been subjected to the auditing procedures applied in the audits of the statutory basis financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the statutory basis financial statements or to the statutory basis financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the statutory basis financial statements as a whole.



EISNERAMPER LLP
New York, New York
May 15, 2024

**STATUTORY BASIS SUPPLEMENTARY SCHEDULES
SUPPLIED IN COMPLIANCE WITH THE NATIONAL ASSOCIATION OF INSURANCE
COMMISSIONERS' INSTRUCTIONS TO ANNUAL AUDITED FINANCIAL REPORTS**

STATE INSURANCE FUND DISABILITY BENEFITS FUND

Statutory Basis Supplementary Schedule of Investment Risk Interrogatories Year Ended December 31, 2023

Of The State Insurance Fund Disability Benefits Fund
Address (City, State, Zip Code): New York, NY 10007
NAIC Group Code: 0000

NAIC Company Code: 36103

Employer's ID Number: 13-3098552

The Investment Risks Interrogatories are to be filed by April 1. They are also to be included with the Audited Statutory Financial Statements.

Answer the following Interrogatories by reporting the applicable U. S. dollar amounts and percentages of the reporting entity's total admitted assets held in that category of investments.

1. Reporting entity's total admitted assets as reported on Page 2 of this annual statement. \$ 459,590,405

2. Ten largest exposures to a single issuer/borrower/investment.

1	2	3	4
<u>Issuer</u>	<u>Description of Exposure</u>	<u>Amount</u>	<u>Percentage of Total Admitted Assets</u>
2.01 BBOMS Trust	Bonds	\$ 7,512,377	..... 1.635 %
2.02 JPMorgan Chase & Co	Bonds and Stocks	\$ 5,981,297	..... 1.301 %
2.03 World Omni Auto Trust	Bonds	\$ 5,780,878	..... 1.258 %
2.04 Enterprise Fleet Financing	Bonds	\$ 5,260,988	..... 1.145 %
2.05 BIA Credit Card Trust	Bonds	\$ 4,799,570	..... 1.044 %
2.06 Apple Inc	Bonds and Stocks	\$ 4,708,080	..... 1.024 %
2.07 CarMax Inc	Bonds and Stocks	\$ 4,608,211	..... 1.003 %
2.08 Benchmark Mortgage	Bonds	\$ 4,598,569	..... 1.001 %
2.09 Toyota Auto Receivables Owner	Bonds	\$ 4,554,021	..... 0.991 %
2.10 Microsoft Corp	Bonds and Stocks	\$ 4,511,520	..... 0.982 %

3. Amounts and percentages of the reporting entity's total admitted assets held in bonds and preferred stocks by NAIC designation.

<u>Bonds</u>	1	2	<u>Preferred Stocks</u>	3	4
3.01 NAIC 1 \$ 386,730,230	..... 84.147 %	3.07 NAIC 1 \$ %	
3.02 NAIC 2 \$ 7,944,135	..... 1.729 %	3.08 NAIC 2 \$ %	
3.03 NAIC 3 \$ .....	..... %	3.09 NAIC 3 \$ %	
3.04 NAIC 4 \$ .....	..... %	3.10 NAIC 4 \$ %	
3.05 NAIC 5 \$ .....	..... %	3.11 NAIC 5 \$ %	
3.06 NAIC 6 \$ .....	..... %	3.12 NAIC 6 \$ %	

4. Assets held in foreign investments:

4.01 Are assets held in foreign investments less than 2.5% of the reporting entity's total admitted assets? Yes (X) No ()

If response, to 4.01 above is yes, responses are not required for Interrogatories 5 - 10.

4.02 Total admitted assets held in foreign investments.	\$ 8,409,401	..... 1.849 %
4.03 Foreign-currency-denominated investments.	\$ %
4.04 Insurance liabilities denominated in that same foreign currency.	\$ %

**STATE INSURANCE FUND
DISABILITY BENEFITS FUND**

**Statutory Basis Supplementary Schedule of Investment Risk Interrogatories (continued)
Year Ended December 31, 2023**

5. Aggregate foreign investment exposure categorized by NAIC sovereign designation:

	<u>1</u>	<u>2</u>	
5.01 Countries designated NAIC 1	\$	%
5.02 Countries designated NAIC 2	\$	%
5.03 Countries designated NAIC 3 or below	\$	%

6. Largest foreign investment exposures by country, categorized by the country's NAIC sovereign designation:

	<u>1</u>	<u>2</u>	
Countries designated NAIC 1:			
6.01 Country 1:	\$	%
6.02 Country 2:	\$	%
Countries designated NAIC 2:			
6.03 Country 1:	\$	%
6.04 Country 2:	\$	%
Countries designated NAIC 3 or below:			
6.05 Country 1:	\$	%
6.06 Country 2:	\$	%

7. Aggregate unhedged foreign currency exposure:

<u>1</u>	<u>2</u>	
\$	%

8. Aggregate unhedged foreign currency exposure categorized by NAIC sovereign designation:

	<u>1</u>	<u>2</u>	
8.01 Countries designated NAIC 1	\$	%
8.02 Countries designated NAIC 2	\$	%
8.03 Countries designated NAIC 3 or below	\$	%

9. Largest unhedged foreign currency exposures by country, categorized by the country's NAIC sovereign designation:

	<u>1</u>	<u>2</u>	
Countries designated NAIC 1:			
9.01 Country 1:	\$	%
9.02 Country 2:	\$	%
Countries designated NAIC 2:			
9.03 Country 1:	\$	%
9.04 Country 2:	\$	%
Countries designated NAIC 3 or below:			
9.05 Country 1:	\$	%
9.06 Country 2:	\$	%

10. Ten largest non-sovereign (i.e., non-governmental) foreign issues:

	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	
	<u>Issuer</u>	<u>NAIC Designation</u>	—	—	
10.01			\$	%
10.02			\$	%
10.03			\$	%
10.04			\$	%
10.05			\$	%
10.06			\$	%
10.07			\$	%
10.08			\$	%
10.09			\$	%
10.10			\$	%

STATE INSURANCE FUND DISABILITY BENEFITS FUND

Statutory Basis Supplementary Schedule of Investment Risk Interrogatories (continued) Year Ended December 31, 2023

11. Amounts and percentages of the reporting entity's total admitted assets held in Canadian investments and unhedged Canadian currency exposure:

11.01 Are assets held in Canadian investments less than 2.5% of the reporting entity's total admitted assets? Yes (X) No ()

If response to 11.01 is yes, detail is not required for the remainder of Interrogatory 11.

11.02 Total admitted assets held in Canadian investments	\$ .....	.....	%
11.03 Canadian-currency-denominated investments	\$ .....	.....	%
11.04 Canadian-denominated insurance liabilities	\$ .....	.....	%
11.05 Unhedged Canadian currency exposure	\$ .....	.....	%

12. Report aggregate amounts and percentages of the reporting entity's total admitted assets held in investments with contractual sales restrictions.

12.01 Are assets held in investments with contractual sales restrictions less than 2.5% of the reporting entity's total admitted assets? Yes (X) No ()

If response to 12.01 is yes, responses are not required for the remainder of Interrogatory 12.

<u>1</u>	<u>2</u>	<u>3</u>	
12.02 Aggregate statement value of investments with contractual sales restrictions	\$	%
Largest three investments with contractual sales restrictions:			
12.03	\$	%
12.04	\$	%
12.05	\$	%

13. Amounts and percentages of admitted assets held in the ten largest equity interests:

13.01 Are assets held in equity interests less than 2.5% of the reporting entity's total admitted assets? Yes () No (X)

If response to 13.01 above is yes, responses are not required for the remainder of Interrogatory 13.

<u>1</u> <u>Name of issuer</u>	<u>2</u>	<u>3</u>	
13.02 Apple Inc	\$ 1,630,152	.....	0.355 %
13.03 Microsoft Corp	\$ 1,606,819	.....	0.350 %
13.04 Alphabet Inc	\$ 882,782	.....	0.192 %
13.05 Amazon.com Inc	\$ 785,834	.....	0.171 %
13.06 NVIDIA Corp	\$ 675,480	.....	0.147 %
13.07 Meta Platforms Inc	\$ 449,529	.....	0.098 %
13.08 Tesla Inc	\$ 393,592	.....	0.086 %
13.09 Berkshire Hathaway Inc	\$ 375,206	.....	0.082 %
13.10 Eli Lilly & Co	\$ 284,485	.....	0.062 %
13.11 JPMorgan Chase & Co	\$ 281,856	.....	0.061 %

STATE INSURANCE FUND DISABILITY BENEFITS FUND

Statutory Basis Supplementary Schedule of Investment Risk Interrogatories (continued) Year Ended December 31, 2023

14. Amounts and percentages of the reporting entity's total admitted assets held in nonaffiliated, privately placed equities:

14.01 Are assets held in nonaffiliated, privately placed equities less than 2.5% of the reporting entity's total admitted assets?

Yes (X) No ()

If response to 14.01 is yes, responses are not required for 14.02 through 14.05.

	1	2	3	
14.02 Aggregate statement value of investments held in nonaffiliated, privately placed equities		\$	%
Largest 3 investments held in nonaffiliated, privately placed equities:				
14.03		\$	%
14.04		\$	%
14.05		\$	%

Ten largest fund managers:

	1 Fund Manager	2 Total Invested	3 Diversified	4 Nondiversified
14.06 BlackRock		\$ 77,891	\$ 77,891	\$
14.07		\$	\$	\$
14.08		\$	\$	\$
14.09		\$	\$	\$
14.10		\$	\$	\$
14.11		\$	\$	\$
14.12		\$	\$	\$
14.13		\$	\$	\$
14.14		\$	\$	\$
14.15		\$	\$	\$

15. Amounts and percentages of the reporting entity's total admitted assets held in general partnership interests:

15.01 Are assets held in general partnership interests less than 2.5% of the reporting entity's total admitted assets?

Yes (X) No ()

If response to 15.01 is yes, responses are not required for the remainder of Interrogatory 15.

	1	2	3	
15.02 Aggregate statement value of investments in general partnership interests.		\$	%
Largest three investments held in general partnership interests:				
15.03 0		\$	%
15.04 0		\$	%
15.05 0		\$	%

16. Amounts and percentages of the reporting entity's total admitted assets held in mortgage loans:

16.01 Are mortgage loans reported in Schedule B less than 2.5% of the reporting entity's total admitted assets?

Yes (X) No ()

If response to 16.01 above is yes, responses are not required for the remainder of Interrogatory 16 and Interrogatory 17.

	1 Type (Residential, Commercial, Agricultural)	2	3	
16.02 0		\$	%
16.03 0		\$	%
16.04 0		\$	%
16.05 0		\$	%
16.06 0		\$	%
16.07 0		\$	%
16.08 0		\$	%
16.09 0		\$	%
16.10 0		\$	%
16.11 0		\$	%

Amount and percentage of the reporting entity's total admitted assets held in the following categories of mortgage loans:

	1	2	
16.12 Construction loans	\$	%
16.13 Mortgage loans over 90 days past due	\$	%
16.14 Mortgage loans in the process of foreclosure	\$	%
16.15 Mortgage loans foreclosed	\$	%
16.16 Restructured mortgage loans	\$	%

**STATE INSURANCE FUND
DISABILITY BENEFITS FUND**

**Statutory Basis Supplementary Schedule of Investment Risk Interrogatories (continued)
Year Ended December 31, 2023**

17. Aggregate mortgage loans having the following loan-to-value ratios as determined from the most current appraisal as of the annual statement date:

Loan-to-Value	Residential			Commercial			Agricultural		
	1	2	3	4	5	6			
17.01 above 95%	\$	% \$	% \$	%
17.02 91% to 95%	\$	% \$	% \$	%
17.03 81% to 90%	\$	% \$	% \$	%
17.04 71% to 80%	\$	% \$	% \$	%
17.05 below 70%	\$	% \$	% \$	%

18. Amounts and percentages of the reporting entity's total admitted assets held in each of the five largest investments real estate:

18.01 Are assets held in real estate reported in less than 2.5% of the reporting entity's total admitted assets? Yes (X) No ()

If response to 18.01 above is yes, responses are not required for the remainder of Interrogatory 18.

Largest five investments in any one parcel or group of contiguous parcels of real estate.

Description	1	2	3
18.02		\$ %
18.03		\$ %
18.04		\$ %
18.05		\$ %
18.06		\$ %

19. Report aggregate amounts and percentages of the reporting entity's total admitted assets held in investments held in mezzanine real estate loans:

19.01 Are assets held in investments held in mezzanine real estate loans less than 2.5% of the reporting entity's total admitted assets? Yes (X) No ()

If response to 19.01 above is yes, responses are not required for the remainder of Interrogatory 19.

1	2	3
19.02 Aggregate statement value of investments held in mezzanine real estate loans:	\$ %
Largest three investments held in mezzanine real estate loans:		
19.03	\$ %
19.04	\$ %
19.05	\$ %

20. Amounts and percentages of the reporting entity's total admitted assets subject to the following types of agreements:

	At Year-End		At End of Each Quarter			
	1	2	1st Qtr 3	2nd Qtr 4	3rd Qtr 5	
20.01 Securities lending agreements (do not include assets held as collateral for such transactions)	\$ 14,231,121	..... 3.096 %	\$ 9,429,009	\$ 13,477,975	\$ 13,001,383	
20.02 Repurchase agreements	\$ %	\$	\$	\$	
20.03 Reverse repurchase agreements	\$ %	\$	\$	\$	
20.04 Dollar repurchase agreements	\$ %	\$	\$	\$	
20.05 Dollar reverse repurchase agreements	\$ %	\$	\$	\$	

**STATE INSURANCE FUND
DISABILITY BENEFITS FUND**

**Statutory Basis Supplementary Schedule of Investment Risk Interrogatories (continued)
Year Ended December 31, 2023**

21. Amounts and percentages of the reporting entity's total admitted assets for warrants not attached to other financial instruments, options, caps, and floors:

	<u>Owed</u>		<u>Written</u>	
	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>
21.01 Hedging	\$	% \$	\$	%
21.02 Income generation	\$	% \$	\$	%
21.03 Other	\$	% \$	\$	%

22. Amounts and percentages of the reporting entity's total admitted assets of potential exposure for collars, swaps, and forwards:

	<u>At Year-End</u>		<u>At End of Each Quarter</u>		
	<u>1</u>	<u>2</u>	1st Qtr <u>3</u>	2nd Qtr <u>4</u>	3rd Qtr <u>5</u>
22.01 Hedging	\$	% \$	\$	\$	\$
22.02 Income generation	\$	% \$	\$	\$	\$
22.03 Replications	\$	% \$	\$	\$	\$
22.04 Other	\$	% \$	\$	\$	\$

23. Amounts and percentages of the reporting entity's total admitted assets of potential exposure for futures contracts:

	<u>At Year-End</u>		<u>At End of Each Quarter</u>		
	<u>1</u>	<u>2</u>	1st Qtr <u>3</u>	2nd Qtr <u>4</u>	3rd Qtr <u>5</u>
23.01 Hedging	\$	% \$	\$	\$	\$
23.02 Income generation	\$	% \$	\$	\$	\$
23.03 Replications	\$	% \$	\$	\$	\$
23.04 Other	\$	% \$	\$	\$	\$

**STATE INSURANCE FUND
DISABILITY BENEFITS FUND**

**Statutory Basis Supplementary Summary Investment Schedule
Year Ended December 31, 2023**

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement			
	1 Amount	2 Percentage of Column 1 Line 13	3 Amount	4 Securities Lending Reinvested Collateral Amount	5 Total (Col. 3+4) Amount	6 Percentage of Column 5 Line 13
1. Long-Term Bonds (Schedule D, Part 1):						
1.01 U.S. governments	24,928,524	5.726	24,928,524		24,928,524	5.726
1.02 All other governments						
1.03 U.S. states, territories and possessions, etc. guaranteed						
1.04 U.S. political subdivisions of states, territories, and possessions, guaranteed						
1.05 U.S. special revenue and special assessment obligations, etc. non-guaranteed	3,170,441	0.728	3,170,441		3,170,441	0.728
1.06 Industrial and miscellaneous	212,006,413	48.699	212,006,413		212,006,413	48.699
1.07 Hybrid securities						
1.08 Parent, subsidiaries and affiliates						
1.09 SVO identified funds						
1.10 Unaffiliated bank loans						
1.11 Unaffiliated certificates of deposit						
1.12 Total long-term bonds	240,105,378	55.154	240,105,378		240,105,378	55.154
2. Preferred stocks (Schedule D, Part 2, Section 1):						
2.01 Industrial and miscellaneous (Unaffiliated)						
2.02 Parent, subsidiaries and affiliates						
2.03 Total preferred stocks						
3. Common stocks (Schedule D, Part 2, Section 2):						
3.01 Industrial and miscellaneous Publicly traded (Unaffiliated)	25,278,943	5.807	25,278,943		25,278,943	5.807
3.02 Industrial and miscellaneous Other (Unaffiliated)						
3.03 Parent, subsidiaries and affiliates Publicly traded						
3.04 Parent, subsidiaries and affiliates Other						
3.05 Mutual funds						
3.06 Unit investment trusts						
3.07 Closed-end funds						
3.08 Exchange traded funds						
3.09 Total common stocks	25,278,943	5.807	25,278,943		25,278,943	5.807
4. Mortgage loans (Schedule B):						
4.01 Farm mortgages						
4.02 Residential mortgages						
4.03 Commercial mortgages						
4.04 Mezzanine real estate loans						
4.05 Total valuation allowance						
4.06 Total mortgage loans						
5. Real estate (Schedule A):						
5.01 Properties occupied by company						
5.02 Properties held for production of income						
5.03 Properties held for sale						
5.04 Total real estate						
6. Cash, cash equivalents and short-term investments:						
6.01 Cash (Schedule E, Part 1)	13,435,488	3.086	13,435,488		13,435,488	3.086
6.02 Cash equivalents (Schedule E, Part 2)				1,949,574	1,949,574	0.448
6.03 Short-term investments (Schedule DA)	154,568,987	35.505	154,568,987		154,568,987	35.505
6.04 Total cash, cash equivalents and short-term investments	169,004,475	38.592	169,004,475	1,949,574	169,954,049	39.040
7. Contract loans						
8. Derivatives (Schedule DB)						
9. Other invested assets (Schedule BA)						
10. Receivables for securities						
11. Securities Lending (Schedule DL, Part 1)	1,949,574	0.448	1,949,574	X X X	X X X	X X X
12. Other invested assets (Page 2, Line 11)						
13. Total invested assets	435,338,370	100.000	435,338,370	1,949,574	435,338,370	100.000



New York State Insurance Fund

2023 ANNUAL REPORT

nysif.com

Governor

Kathy Hochul

Chair

Kenneth R. Theobalds

Executive Director & CEO

Gaurav Vasisht



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