



DRIVING INNOVATION



2024 ANNUAL REPORT



NYSIF's mission is to guarantee the availability of workers' compensation, disability insurance and paid family leave at the lowest possible cost to New York employers while maintaining a solvent fund. Since its inception 110 years ago, NYSIF has fulfilled this mission by competing with other insurance 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 employers.

CELEBRATING 110 YEARS OF SERVING NEW YORKERS

Two million workers covered. Nearly 200,000 employers. 110 years of guaranteed and affordable coverage for New York and beyond.

NYSIF provides workers' compensation, disability and paid family leave coverage to New York State and beyond — and we've been doing it for 110 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 nearly 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.

We're still here. Still serving New Yorkers. Every day.

2024 ANNUAL REPORT

Financial Highlights

WORKERS' COMPENSATION FUND

(in thousands)

	2024	2023
Net Written Premium	\$ 1,690,272	\$ 1,711,534
Net Earned Premium	\$ 1,704,151	\$ 1,730,215
Net Investment Income	\$ 916,808	\$ 671,718
Net Income	\$ 793,536	\$ 533,791
Total Admitted Assets	\$ 24,044,988	\$ 22,674,237
Total Surplus	\$ 11,407,165	\$ 10,451,551

DISABILITY BENEFITS FUND

(in thousands)

	2024	2023
Net Written Premium	\$ 106,994	\$ 117,979
Net Earned Premium	\$ 115,788	\$ 120,608
Net Investment Income	\$ 18,638	\$ 14,607
Net Income	\$ 38,718	\$ 58,774
Total Admitted Assets	\$ 504,230	\$ 459,590
Total Surplus	\$ 398,859	\$ 354,098



MESSAGE FROM THE CHAIRMAN

Kenneth R. Theobalds

Our ability to develop and implement innovative solutions that enable us to fulfill our mission remains grounded in this edict: at NYSIF, we have a clear understanding of our public purpose.

DRIVING INNOVATION

A strong labor market, consistent premiums and reduced claim frequency helped workers' compensation continue to outperform other segments of the property and casualty insurance market. This led to solid financial performance—and competition—for our business. Our capacity to effectively compete in this environment relies heavily on our willingness to continue to harness the creativity and support the development of our greatest asset—our people.

Due to the efforts and dedication of our workforce, guided by an outstanding executive leadership team, NYSIF's 2024 accomplishments included the launch of a groundbreaking, first-of-its-kind hospital credit program and a report that highlighted the direct link between extreme heat and worker safety. NYSIF added disability benefits functionality to our award-winning claim mobile app, sped up payments to injured workers and won cases that helped combat fraud and safeguard policyholder premium. We doubled-down on our commitment to aid small businesses as we celebrated and worked to strengthen the diversity, equity and inclusiveness of our workforce.

PROMOTING FAIRNESS & OPPORTUNITY

At NYSIF, we work to serve the people of New York as best we can. That means promoting fairness and opportunity throughout all facets of our business. Our annual MWBE Symposium continued to introduce diverse financial institutions to NYSIF,

help reduce barriers, increase participation and stimulate job growth. For fiscal year 2024-2025, NYSIF achieved a 30% rate of Minority- and Women-owned Business Enterprise-certified (MWBE) participation among asset management, financial institution and professional service providers. We also continued to far exceed the New York State-mandated MWBE and Service-Disabled Veteran-Owned Businesses (SDVOBs) utilization goals of 30% and 6%, respectively. In contracting and procurement, NYSIF achieved a 44.69% utilization rate for MWBEs and 22.57% rate for SDVOBs. I am proud to report that 84% of the professionals on NYSIF's investment team are minority or women.

110 YEARS OF SERVING NEW YORKERS

This year marked the 110th anniversary of the State Insurance Fund. It is a milestone that we can all be proud of. In 1914, New York enacted important legislation to protect workers—which led to the creation of NYSIF. Since then, the agency has worked to ensure that the employers and injured workers we cover receive unparalleled customer service and care.

On behalf of the Board of Commissioners, I extend our sincerest thanks and gratitude for everything achieved by the staff at NYSIF that allows us to fulfill our mission of service. Governor Kathy Hochul, thank you for everything you do to support the work of the New York State Insurance Fund.

Excelsior!

Kenneth R. Theobalds,
Chairman
NYSIF Board of Commissioners

NYSIF BOARD OF COMMISSIONERS



Chairman

KENNETH R. THEOBALDS

President and Managing Partner
RiverRun Partners, LLC



ERIC DINALLO

Partner
Debevoise & Plimpton LLP



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



SCOTT B. MELVIN

Executive Deputy Commissioner
New York State Department of Labor



DAVID OURLICHT

Managing Director & Special Advisor
to the Chair
GAMCO Asset Management



ALEXIS E. THOMAS

CEO and Founder
Preston Hollow Consultants



MESSAGE FROM THE EXECUTIVE DIRECTOR & CEO

Gaurav Vasisht

Our numbers tell a great story: Nearly 200,000 employers trust NYSIF with their business. We manage approximately 100,000 workers' compensation claims. NYSIF has helped more than 40,000 workers care for a family member via paid family leave benefits. And we've been committed to serving New Yorkers for 110 years.

THINK DIFFERENT

NYSIF is positioned at the intersection of finance, health, labor and business in New York. Our public purpose provides us the opportunity to do some things that private sector insurance companies ordinarily would not be able to do. It also inspires us to become a part of big things in novel ways in the work that we do to serve our policyholders and improve the lives of the injured workers who rely on us.

So, here at NYSIF, we think a little differently about what it means to be a workers' compensation, disability benefits and paid family leave insurance provider. This nontraditional mindset also fuels our drive to innovate, to develop and utilize new products and services, leverage our data—and empower our workforce—to best serve our customers. I am proud to highlight some of our 2024 accomplishments that exemplify that bold, strategic thinking.

COMBATING CLIMATE CHANGE

NYSIF continued its work to align our investment portfolio with Governor Kathy Hochul's net zero commitment to combat climate change.

I am truly proud of our new pilot program designed to help hospitals reduce greenhouse gas emissions, become more resilient and improve worker safety.

This **first-in-the-nation program** provides premium credits of 5%, up to \$1 million annually, to NYSIF-insured hospital systems that pledge to achieve net zero greenhouse gas emissions by 2050.

NYSIF's Risk Control Department will also provide consulting services to help with routine, extreme heat-related issues and to strategize and develop programs to help hospitals pare greenhouse gas emissions and become more resilient.

A FOCUS ON INNOVATION

Innovative thinking, products and services enhance our business operations and product offerings. As we investigated the acceptable use of artificial intelligence (AI), we identified opportunities to automate business processes, upgrade applications and strengthen the security of our data while educating our staff about cybersecurity threats and risks. Automated communications helped policyholders avoid estimated audit bills while enhancements to our audit procedures helped us process audits faster. Integrated trading and risk management software will enable cross-departmental teams to work cohesively to monitor as well as identify new investment opportunities and assess risk. A new small business support program helps new NYSIF policyholders navigate the entire workers' compensation insurance process, from inception to renewal and annual premium audit.

NYSIF 110 AND BEYOND

This year marked the 110th anniversary of NYSIF. Rising in the aftermath of the tragic Triangle Shirtwaist Factory fire of 1911, NYSIF is the product of the zealous advocacy of pioneering figures like Frances Perkins, who helped lead the organization in the 1920s and whose contributions remain foundational to our mission. It is an honor to lead a team whose work ethos and accomplishments continue to embody that commitment to service.

Gaurav Vasisht,
Executive Director & CEO
NYSIF

NYSIF EXECUTIVE STAFF



GAURAV VASISHT
Executive Director & CEO



ALAN ANGELO
Director of Administration



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

In 2024, NYSIF continued to serve as the largest workers' compensation insurance provider in New York State. We maintained our well-earned reputation for highly responsive customer service and a commitment to serving all, from the smallest to the largest industries, throughout New York State and caring for their injured workers.

Through our focus on innovation, NYSIF has been successful in creating long-term value and delivering high-quality service to our customers.

Discounts and Dividends

NYSIF discount and dividend programs enabled us to **return \$740 million** to NYSIF policyholders in 2024, an acknowledgement and benefit of their strong safety records. NYSIF safety groups continued their record of paying uninterrupted dividends since 1923 while providing policyholders with savings on their insurance premiums for maintaining safe workplaces. Both programs assisted NYSIF in maintaining a **95% policyholder retention rate** among its safety group members.

“Without fail, you always provide exceptional service. If there were words more powerful than ‘thank you,’ I would send them your way. You are all very wonderful. Thanks for all that you do.”

— Safety Group Manager

Office of Small Businesses

Our new Office of Small Businesses helps newly established businesses obtain workers' compensation insurance and provides one-on-one support from initial underwriting through renewals, including annual premium audits. NYSIF also participated in a statewide, interagency program to provide information on resources and support

services available to small businesses as well as relevant regulatory and compliance requirements.

“It was because of your help that I could keep my business going. My family and I will always be grateful to you...Once again, I want to thank you for keeping my business operating.”

— Workers' Comp Policyholder

Climate Action

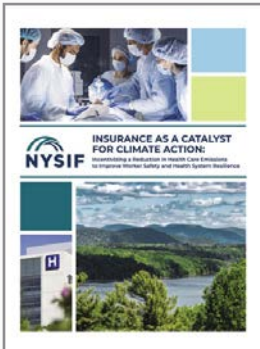
To encourage a reduction in greenhouse gas emissions, enhance system resilience and improve worker safety, NYSIF developed a groundbreaking Climate Action Premium Credit Program to help health care sector entities manage the risks posed by climate change.

Announced by Governor Kathy Hochul, this first-in-the-nation, [voluntary climate action pilot program](#) for hospitals is focused on improving worker health and safety while addressing the harmful impacts of climate change on the environment. The program provides premium credits of up to \$1 million to NYSIF-insured hospitals that pledge to achieve net zero greenhouse gas emissions by 2050 and enhance their resilience to extreme weather events, helping mitigate the climate-related hazards that contribute to steep increases in workplace injuries and illnesses. With those funds



being freed up in the budget, the expectation is that each of these health care systems would develop a detailed climate action plan to help them reduce greenhouse gases and become much more resilient to the effects of climate change.

Our program provides ongoing access to NYSIF Risk Control services, including climate-related training resources and consultancy services. Our pilot builds on Governor Hochul's commitment to building a greener, more sustainable future for New Yorkers.



In tandem with our pilot program, **NYSIF released a groundbreaking report, *Insurance as a Catalyst for Climate Action***. The report explores the relationship between rising emissions and worker safety, focusing on studies demonstrating

the association of extreme temperatures with higher rates of on-the-job injuries. Consistent with leading academic research, the analysis, which encompassed approximately 95,000 claims, found a higher correlation in the frequency and severity of workplace injuries and illnesses on extreme heat days. The data showed that when the heat index is over 80°F, injuries resulting in claims were 45% more likely to arise and 20% more severe. We intend to study our data further to better understand these correlations.

Ongoing Initiatives

Our Division of Confidential Investigations (DCI) plays a vital role in protecting the integrity of our insurance operations by conducting thorough fraud investigations and identifying potential risks. Through its efforts, DCI works diligently to strike a balance between uncovering fraud and safeguarding the interests of our policyholders and claimants, ensuring that NYSIF can continue providing competitive rates to businesses across New York State.

In 2024, **DCI helped save more than \$17 million** through its targeted anti-fraud efforts. DCI closed more than 2,000 cases, saving more than \$4.4 million that would have been paid on fraudulent claims. Additionally, DCI investigations resulted in recommended re-billing of close to \$4 million in premium to help combat fraud. Notable outcomes also included the release of \$8.8 million in trust funds that had been reserved for future claim costs. Meanwhile, our fraud hotline helped initiate more than 600 investigations in 2024, covering a wide range of fraud types.

As part of our continuous commitment to strengthening our investigative capabilities, DCI successfully onboarded new investigators, analysts and administrative staff in 2024. With specialized teams focused on claims, policyholder and provider fraud, forensic analysis, data analytics and case development, DCI is equipped to handle a diverse array of investigations.



Building upon our earlier work to inform the discussion about the impact of Long Covid on the workforce and the economy, NYSIF's [Long Covid Information Sheet](#) provides background on Long Covid and identifies strategies that can assist employers in supporting employees experiencing this ailment. It highlights the consequences of this pandemic illness for the labor force and the economy. The information sheet offers ideas for supporting workers who have or care for someone with Long Covid and explains the importance of

filing a workers' compensation claim when a worker contracts Covid-19 on the job.

NYSIF continued to advance programs created to help our customers. More than 850 policyholders benefited from the flexibility of the **Welcome Back program**, which enables policyholders with outstanding premium balances to retain workers' compensation coverage through NYSIF. In addition, 22,000 policies benefited from our **credit card fee waiver program**, which saved policyholders \$488,000 in fees. NYSIF's **Out-of-State Coverage program** gained more than 100 policyholders in 2024. The program now includes 444 policyholders with \$4.1 million in premium. Providing this additional coverage option helped policyholders with approximately \$119.5 million in corresponding in-state premium protect all their workforce.

Premium audits help NYSIF ensure that policyholders pay the accurate amount of premium. We remain focused on working to refine our audit and payroll reporting processes to reduce the inventory of audits needed, increasing the ease of use for our policyholders and improving their customer experience. In 2024, based on the successful completion of close to 30,000 audits, NYSIF was able to **return more than \$165 million** in premium to NYSIF policyholders.

Accident Prevention and Workplace Safety

NYSIF's Risk Control department **offers safety trainings and consultations to policyholders as a benefit of their NYSIF policy** that is provided at no additional cost. As an approved New York City Department of Buildings course provider,

we provide policyholders' employees mandated Occupational Safety and Health Administration (OSHA) 30-hour and 10-hour courses as well as 10-hour, Site Safety Training on topics including drug and alcohol awareness, fall prevention and construction safety. Over 50 NYSIF employees and a dozen policyholders received this NYSIF training.

The department also enhanced and upgraded reporting procedures to ensure more accurate reporting of metrics regarding the services we provide to policyholders. These upgrades resulted

in significant time savings for staff who no longer need to manually tabulate this information.



Meanwhile, continuing education programs strengthened employee skills, increased knowledge and professional capabilities. Risk Control staff attended in-person and virtual classes to enhance their skills and knowledge of occupational safety topics. New staff members received detailed instruction on subjects ranging from fall protection, written program creation and ergonomics, while more seasoned members completed advanced coursework on topics that required prior experience. In addition, five employees earned the Associate Safety Professionals certification, **a nationally and internationally accredited safety certification** that demonstrates a high level of competency in a wide range of safety knowledge areas.



We learned about the NYSIF RCRC (Risk Control Resource Center) and were helped by our NYSIF rep to get set up with access. I used this resource to find all of the relevant safety information and programs that I needed to successfully meet standards and [provide] the training materials for staff. After this positive experience, I further used the RCRC to improve our entire program. At the end of the day, we want them all to go home safe. I really appreciate all of your help!



Workers' Comp Policyholder

Customer Service

Despite an increase in call volume, the NYSIF Contact Center successfully improved key performance indicators in 2024. The staff achieved a 97% call answer rate, a lower call abandonment rate and reduced average hold times. First call resolution (FCR) is a metric that measures the percentage of calls contact center staff resolve on the first interaction, thus eliminating the need for follow up. Generally, the global industry benchmark for FCR is 70%-75%. In 2024, **approximately 89% of inquiries were resolved by the Contact Center** as the first point of contact. Program enhancements included preparations to launch a dedicated phone queue for medical providers and third-party billers.

“ [They] walked me through the process to apply for a quote and explained additional details I did not even know to ask about! Their guidance and extreme patience to assist me started this day on a truly high note! Thank you! ”

— Disability Benefits Applicant —

Meanwhile, our Client Relations team continued its focus on providing the highest level of services to policyholders across a wide range of premium levels. In 2024, the team strengthened its commitment to serve policyholders by establishing a client experience group. This group, which has representation from Claims, Policyholder Services and DB, tackled projects to simplify processes and communications by providing innovative solutions for all NYSIF stakeholders. Leveraging staff expertise, we also formed a data analysis team to help identify industry trends and target policyholder services.

“ Your customer service and communication were excellent! You have been the most helpful and timely in helping us get things straightened out. I am excited to work with NYSIF! Thank you for all of your help! I hope you have a wonderful day! ”

— Broker —



COMMEMORATING NYSIF 110

To commemorate our 110th anniversary, NYSIF staff celebrated more than a century of providing unmatched service to New York businesses and workers in fun and meaningful ways. We acknowledged our longest-serving, 110-year policyholders as well as decades-long employees, posted weekly trivia quizzes about NYSIF history and launched a “110 Days of Giving” food drive, where NYSIF staff ultimately contributed more than 1,500 pounds of food and personal care items to food banks throughout New York State. A citation from Governor Kathy Hochul was expected to cap our anniversary year.



ASSISTING INJURED WORKERS

An important part of our work involves doing all we can to help injured workers quickly receive benefits payments and the care they need so they can safely return to work as soon as possible.



Accelerated Benefits Payments

Our initiative to increase direct deposit enrollments continued to achieve positive results. NYSIF has delivered more than 1.4 million faster payments totaling more than \$870 million to injured workers and beneficiaries since the program began in 2022. Overall, direct deposit enrollments rose 43%, which included a 21% increase in 2024. **This project has helped injured workers gain faster access to their benefits while also saving them money.**

Claims

In 2024, the Claims team managed almost 98,000 workers' compensation claims. **Staff issued timely initial payments on 96.4% of our new claims,** demonstrating NYSIF's commitment to ensuring claimants receive immediate wage replacement benefits when injured and out of work. NYSIF also completed a reorganization that will improve claims handling as well as staff and stakeholder communications.

Our team underwent training for the advent of a new bill processing system to be rolled out in the coming year. Claims continued to explore the use of robotic process automation, expanding its use in several areas, including the assignment of additional prior authorization requests to our nursing staff. This enhancement continued to enable staff to more quickly and efficiently process these requests.

Disability Benefits/Paid Family Leave

The NYSIF DB/PFL team processed almost 7,300 PFL claims and more than 6,300 DB claims in 2024 and welcomed more than 8,300 new policyholders. In addition, **NYSIF expanded its Claim mobile app** to its short-term disability (DB) and paid family leave (PFL) claimants, allowing users to access real-time information about DB and PFL claims.

In 2024, almost 21,000 workers' comp and DB and PFL claimants used the award-winning NYSIF Claim Mobile App to access real-time information about their NYSIF claims. Additionally, more than 30,000 DB policyholders benefitted from the NYSIF DB dividend programs, which **returned over \$2.4 million in premium** to DB policyholders. Meanwhile, 8,866 DB/PFL policyholders benefitted from NYSIF's credit card fee waiver program in 2024, enjoying approximately \$96,000 in savings.



“ Thank you for your quick response. It’s exactly the answer I needed. As always, NYSIF is very helpful! ”

— Human Resources Rep —

“ I wanted to take this opportunity to thank you for everything you have done for me. I got to say you are simply the best. You made this process so much easier, and I am truly thankful. You are very personable and a true professional. You know all the information needed to handle each client and you reply to all my questions in a timely manner. You should know that everyone you deal with are lucky to have you in their corner, especially your employers. You made such a stressful and fearful process into an enjoyable one. ”

— PFL Claimant —

“ Thank you so much for your efficient help in processing my claim. I had been told that it can be a difficult process, and you made it so smooth for me. Thank you! ”

— DB Claimant —

“ Thank you so much for your very thorough and informative presentation. I believe you really engaged our employees and got them thinking about having a safety mindset while working. We appreciate your time and look forward to working with you. ”

— Workers' Comp Policyholder —

“ I just wanted to let you know how helpful and kind [your employee] has been helping me through the process of disability. [They have] gone above and beyond to help in a kind and caring manner. ”

— DB Claimant —

“ Thank you so much for the productive meeting today. We appreciate you and everything you did for us, including the development of our safety manual and recommendations to help keep our work environment safe for our employees visiting customers. The materials provided were really helpful. ”

— Workers' Comp Policyholder —

OUR EMPLOYEES

NYSIF's nearly 2,000-employee-strong workforce is the driving force enabling us to fulfill our mission. We benefit from the depth of our team's knowledge and experience every day. Our goal for every NYSIF employee is to help them reach their full potential and have a long, rewarding career in state service.

We are proud that over **232 colleagues have worked for NYSIF for more than 30 years**, 40 of whom have chosen to spend 40 years, and counting, with this organization. In 2024, we added 300 new members to our team and promoted 180 staff members. To aide in staff retention, development and promotion, we established approximately 200 new positions in more than 30 job titles and developed new management and employee training programs. NYSIF leveraged the New York State HELP (Hiring for Emergency Limited Placement) Program to fill more than 200 positions in critical areas. NYSIF also launched new employee resource groups and broadened recruitment efforts to attract New York's best and most promising individuals to our agency.

Training and Development

NYSIF is committed to the ongoing professional development of our people. We work to recruit, hire, retain, promote and support the career advancement of individuals with disabilities. Our workforce represents the rich diversity of New York and is one in which every employee can thrive to ensure that New York continues to serve all New Yorkers. With a strategic focus on developing the NYSIF workforce of the future, NYSIF provided work-based learning experiences, internships and training. In support of our ongoing recruitment initiatives, NYSIF representatives spoke to more than 10,300 job seekers at over 100 events who were interested in learning about our organization.

Student Intern Program

The NYSIF Student Intern Program welcomes applications from students attending

undergraduate and graduate programs at colleges and universities throughout New York State, and from New York State residents studying elsewhere.



In 2024, several NYSIF departments hosted interns including DCI, Investments, Information Technology Services, Office of the General Counsel, Premium Audit, Treasury and Underwriting. NYSIF provided valuable job experiences to 63 Interns. Of those, 11 were retained in permanent positions; six continued their internships with NYSIF; and five were invited to return as interns in the coming year.

Workplace Mental Health

NYSIF hosted its third annual Mental Health Awareness Week (MHAW) highlighting the importance of mental wellness. The goal of this popular program is to encourage healthy discussions and bring greater attention to the many aspects of mental well-being. The event included guest speakers, wellness gifts, healthy snacks and useful tips on mental health, exploring topics such as the benefits of a positive mental attitude, dealing with loss and grief, and the transformative power of journaling. NYSIF staff continue to give the MHAW presentations high marks and recommend topics for future events.

Via nysif.com, NYSIF continued to host our [workplace mental health portal](#), which provides information that helps employers explore how to promote mental health awareness at their companies, speak to employees about prioritizing their own mental health and ensure that employees have access to the support they need.

“My favorite part about the Mental Health Awareness Week event is the fact that the agency takes mental health seriously by hosting these virtual events for the employees. It says a lot about NYSIF.”

— NYSIF Employee

Innovation at NYSIF

NYSIF’s “Big Think” Innovation Conference challenged cross-functional employee teams to develop innovative products and solutions for customers to help NYSIF grow or improve business operations.

Designed to foster collaboration and learning with senior and executive leadership, the conference promoted creativity and a culture that embraces innovative change.

The winning presentation, from the Industry Professional, Scientific & Technical (PS&T) team, proposed solutions and insights to expand NYSIF’s share of business in the PS&T sector with a scalable business model that included premium discounts and enrollment in NYSIF’s new Small Business Support program for eligible businesses.

Each presenting team continued to work with executive sponsors to finalize their proposals with a goal to launch their initiatives in the coming year to align with **NYSIF’s vision of leading continued innovation and excellence** in the insurance industry.



SUSTAINABLE INVESTMENTS

In support of Governor’s Hochul’s commitment to building a greener, more sustainable future for New Yorkers, NYSIF has set a goal to achieve net zero carbon emissions in its investment portfolio by 2040. To achieve this goal, we focus on four tenants: internal and external engagement, investment and divestment.

Building on a foundation of earlier work to enhance the sustainability and resilience of our investment portfolio, NYSIF implemented our sustainable investing framework more broadly across the portfolio in 2024 to reinforce long-term portfolio resilience. Our NYSIF Sustainable Lenses framework takes an integrated approach to evaluating

investments through three interconnected dimensions: climate risk, ESG risk, and impact on the real economy. This comprehensive lens now guides investment decisions across asset classes, embedding sustainability into our processes for asset allocation, due diligence, and risk management.

By proactively identifying material risks and opportunities across these dimensions, the framework strengthens NYSIF’s ability to navigate a rapidly changing investment landscape and preserve long-term value for policyholders.





Fighting Fraud

Our annual anti-fraud education campaign included an initiative to educate young adults about the perils and impact of insurance fraud. NYSIF hosted a seminar, *The Cost of Fraud – How it Affects Us All*, at the John Jay College of Criminal Justice that brought together about 100 insurance fraud experts and criminal justice students. Attendees included representatives from the US Department of Justice, the state Inspector General's Office, the Attorney General's Office, the New York State Workers' Compensation Board and New York City-area district attorneys' offices. The keynote speaker was Dr. Kelly Richmond Pope, a leading expert in risk management, forensic accounting and white-collar crime. NYSIF executives and attendees discussed the costs associated with insurance fraud, estimated at \$34 billion a year in the workers' comp industry.



"Insurance fraud is more prevalent and pervasive than people recognize. It adds billions of dollars to the cost of insurance," said NYSIF Executive Director and CEO Gaurav Vasisht. **In fighting fraud, "what we're trying to accomplish is a public good—it will actually help people. Technology is rapidly changing and at the same time creating new tools for all of us to seek out fraud and root it out. We need people with a fresh perspective, strong analytical skills and, most importantly, a strong ethical foundation. The investigator of tomorrow is going to have to be as comfortable with technology as [they are with] traditional methods."**

Climate Change and Risk

NYSIF's Climate Change Initiative is dedicated to assisting hospitals in fostering sustainable practices and **increasing awareness of the urgent challenges posed by climate change**. As part of this initiative, policyholders receive a 5% premium credit upon signing our pledge to reduce carbon emissions. This credit is extended if, at the 10-month mark, they submit a viable climate change plan that complies with NYSIF's terms and conditions.



The Risk Control Department has been instrumental in driving this initiative forward. Our team has assisted in educating brokers and policyholders about the key components of creating effective climate change plans, the risks associated with climate change and practical strategies for hospitals to improve sustainability. Beyond this, our team is committed to reviewing submitted plans to ensure they meet the required terms and conditions. These professionals are always available to answer questions, address concerns and offer advice and resources to help hospitals reduce their carbon footprint and enhance sustainability practices.

NYSIF Celebrates Long-Standing Policyholder Relationships

Our longevity and success are the result of our unwavering commitment to meeting the needs of our policyholders, some of whom have rewarded us with their trust, confidence and their business for 110 years.



Maple Grove Cemetery
Worcester, NY



Sleepy Hollow Cemetery
Tarrytown, NY



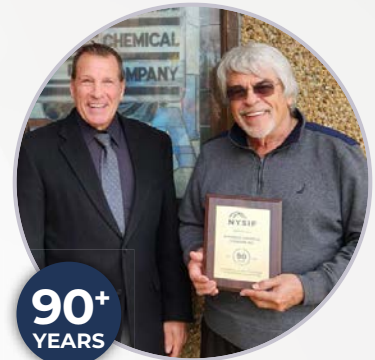
Witherbee & Whalen
Canton, NY



Alden Aurora Gas Company
Alden, NY



Boehm Surgical Instrument Corp.
Rochester, NY



Riverside Chemical Company
Tonawanda, NY



Town of Montour
Montour, NY



Harbison Brothers, Inc.
Buffalo, NY



American Glass
Niagara Falls, NY

A COMMITMENT TO SERVE

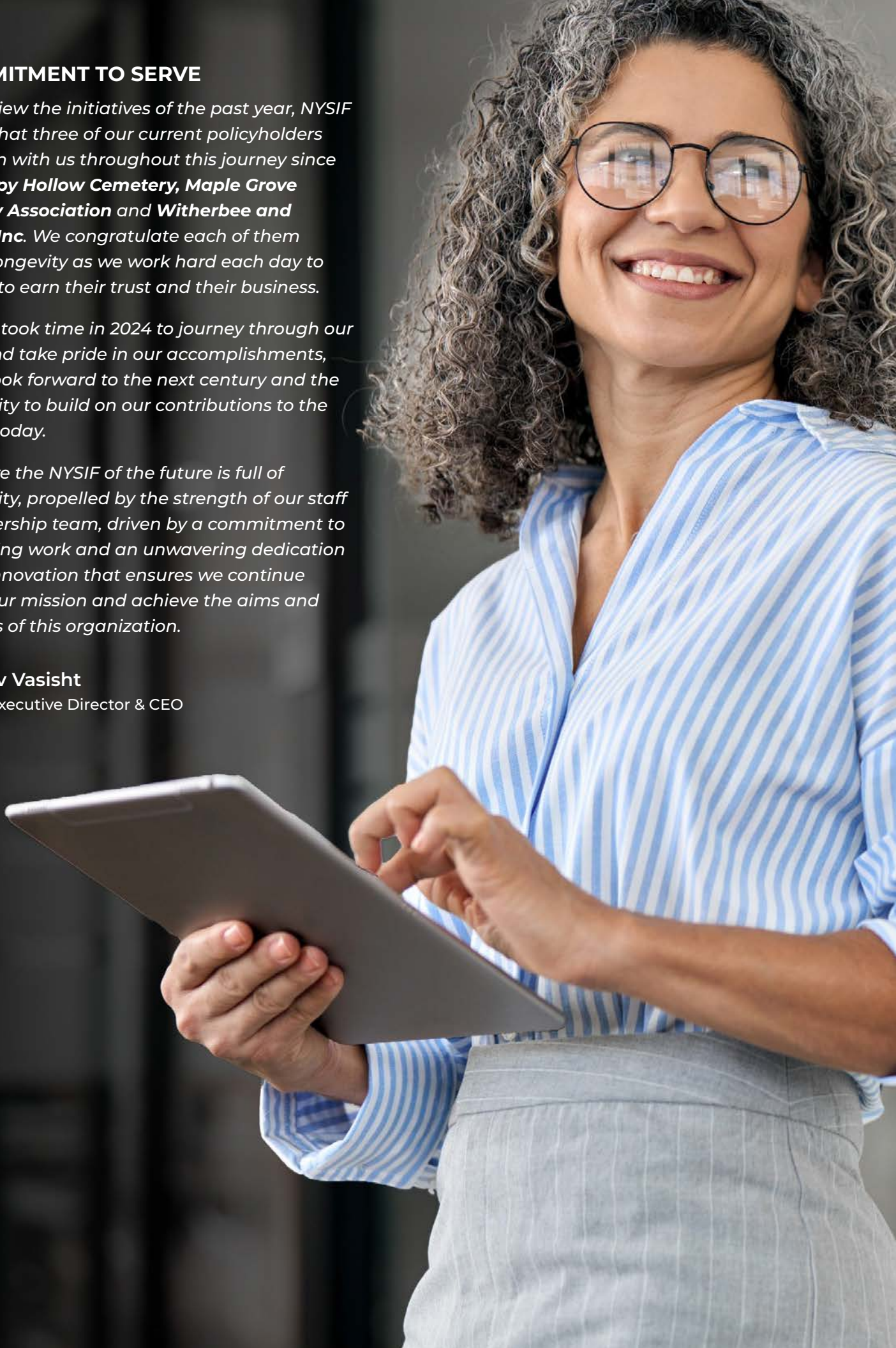
*As we review the initiatives of the past year, NYSIF is proud that three of our current policyholders have been with us throughout this journey since 1914: **Sleepy Hollow Cemetery, Maple Grove Cemetery Association and Witherbee and Whalen, Inc.** We congratulate each of them on their longevity as we work hard each day to continue to earn their trust and their business.*

While we took time in 2024 to journey through our history and take pride in our accomplishments, we also look forward to the next century and the opportunity to build on our contributions to the NYSIF of today.

We believe the NYSIF of the future is full of opportunity, propelled by the strength of our staff and leadership team, driven by a commitment to outstanding work and an unwavering dedication to drive innovation that ensures we continue to fulfill our mission and achieve the aims and objectives of this organization.

— **Gaurav Vasisht**

NYSIF Executive Director & CEO



**STATE INSURANCE FUND
WORKERS' COMPENSATION FUND**

STATUTORY BASIS FINANCIAL STATEMENTS

**AS OF AND FOR THE YEARS ENDED
DECEMBER 31, 2024 and 2023**

**STATUTORY BASIS SUPPLEMENTARY SCHEDULES
FOR THE YEAR ENDED DECEMBER 31, 2024
AND INDEPENDENT AUDITORS' REPORT**

**STATE INSURANCE FUND
WORKERS' COMPENSATION FUND**

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INDEPENDENT AUDITORS' REPORT

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, 2024 and 2023, 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, 2024 and 2023, 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, 2024 and 2023, 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.

"EisnerAmper" is the brand name under which EisnerAmper LLP and Eisner Advisory Group LLC and its subsidiary entities provide professional services. EisnerAmper LLP and Eisner Advisory Group LLC are independently owned firms that practice in an alternative practice structure in accordance with the AICPA Code of Professional Conduct and applicable law, regulations and professional standards. EisnerAmper LLP is a licensed CPA firm that provides attest services, and Eisner Advisory Group LLC and its subsidiary entities provide tax and business consulting services. Eisner Advisory Group LLC and its subsidiary entities are not licensed CPA firms.

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 21, 2025

EISNERAMPER
LLP



**STATE INSURANCE FUND
WORKERS' COMPENSATION FUND**

**Statutory Basis Statements of Admitted Assets, Liabilities and Surplus
For the Years Ended December 31, 2024 and 2023
(in thousands)**

	<u>2024</u>	<u>2023</u>
Admitted assets		
Cash and invested assets:		
Bonds—at NAIC carrying value	\$ 18,975,313	\$ 18,476,899
Common stocks	2,057,268	1,827,205
Real estate	84,474	93,046
Cash, cash equivalents and short-term investments	968,868	462,690
Other invested assets	144,887	75,750
Receivables for securities and security lending reinvested collateral assets	217,030	89,489
	<u>22,447,840</u>	<u>21,025,079</u>
Total cash and invested assets		
	22,447,840	21,025,079
Premium receivables	147,790	157,472
Accrued investment income	144,459	134,167
Due from affiliates	2,509	57,637
Other admitted assets	7,390	4,882
Contingent receivable from New York State	1,295,000	1,295,000
	<u>24,044,988</u>	<u>22,674,237</u>
Total admitted assets		
	\$ 24,044,988	\$ 22,674,237
Liabilities and surplus		
Liabilities:		
Reserve for losses	\$ 8,799,206	\$ 8,836,930
Reserve for loss adjustment expenses	982,861	945,745
Unearned premiums	269,486	283,365
Contingent policyholder dividends	1,913,210	1,864,789
Payables for securities and securities lending	238,919	109,555
Accrued expenses and other liabilities	162,384	182,302
Due to New York State	271,757	-
	<u>12,637,823</u>	<u>12,222,686</u>
Total liabilities		
	12,637,823	12,222,686
Surplus:		
Appropriated surplus funds:		
Security fluctuation	1,520,000	2,040,000
Catastrophe	399,561	399,561
Terrorism catastrophe	965,358	930,275
Pension and Postemployment benefits	711,721	714,402
Unassigned surplus	7,810,525	6,367,313
	<u>11,407,165</u>	<u>10,451,551</u>
Total surplus		
	11,407,165	10,451,551
Total liabilities and surplus	<u>\$ 24,044,988</u>	<u>\$ 22,674,237</u>

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, 2024 and 2023
(in thousands)**

	<u>2024</u>	<u>2023</u>
Underwriting income:		
Direct written premium	\$ 1,686,141	\$ 1,709,193
Assumed written premium	<u>4,131</u>	<u>2,341</u>
Net written premium	<u>\$ 1,690,272</u>	<u>\$ 1,711,534</u>
Net earned premium	<u>\$ 1,704,151</u>	<u>\$ 1,730,215</u>
Underwriting expenses:		
Losses incurred	1,081,720	1,116,915
Loss adjustment expenses incurred	263,545	241,268
Other underwriting expenses incurred	<u>187,517</u>	<u>178,211</u>
Total underwriting expenses	<u>1,532,782</u>	<u>1,536,394</u>
Net underwriting income	<u>171,369</u>	<u>193,821</u>
Investment income earned:		
Investment income	761,501	660,331
Investment expenses	(50,488)	(44,837)
Net realized capital gains	<u>205,795</u>	<u>56,224</u>
Net investment income earned	<u>916,808</u>	<u>671,718</u>
Other income (expenses):		
Bad debt expense	(115,839)	(134,590)
Finance and service charges	25,591	23,559
Miscellaneous income	3,947	3,371
Dividend expense to policyholders	<u>(208,340)</u>	<u>(224,088)</u>
Total other expenses	<u>(294,641)</u>	<u>(331,748)</u>
Net income	<u>\$ 793,536</u>	<u>\$ 533,791</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, 2024 and 2023
(in thousands)**

	<u>Appropriated Surplus Funds</u>					
	<u>Security Fluctuation Surplus</u>	<u>Catastrophe Surplus</u>	<u>Terrorism Catastrophe Surplus</u>	<u>Pension & Postemployment Benefits Surplus</u>	<u>Unassigned Surplus</u>	<u>Total Surplus</u>
Balance—January 1, 2023	\$ 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	2,040,000	399,561	930,275	714,402	6,367,313	10,451,551
Net income	-	-	-	-	793,536	793,536
Change in net unrealized capital gain (losses) - investments	-	-	-	-	173,138	173,138
Change in nonadmitted assets	-	-	-	-	(11,060)	(11,060)
Appropriation of unassigned to (from) appropriated surplus	<u>(520,000)</u>	<u>-</u>	<u>35,083</u>	<u>(2,681)</u>	<u>487,598</u>	<u>-</u>
Balance—December 31, 2024	<u>\$ 1,520,000</u>	<u>\$ 399,561</u>	<u>\$ 965,358</u>	<u>\$ 711,721</u>	<u>\$ 7,810,525</u>	<u>\$ 11,407,165</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, 2024 and 2023
(in thousands)**

	<u>2024</u>	<u>2023</u>
Cash flows from operations:		
Premiums collected, net of reinsurance	\$ 1,691,049	\$ 1,687,480
Net investment income	723,133	635,361
Miscellaneous expense	(86,730)	(107,450)
Losses and loss adjustment expenses paid, net	(1,119,444)	(1,176,786)
Expenses paid	(420,406)	(386,914)
Dividends paid to policyholders	(159,919)	(204,001)
	<u>627,683</u>	<u>447,690</u>
Net cash provided by operations		
Cash flows from investments:		
Proceeds from investments sold, matured or repaid	3,569,252	3,496,010
Cost of investments acquired	(4,124,452)	(3,699,723)
	<u>(555,200)</u>	<u>(203,713)</u>
Net cash used in investments		
Net cash flows from other sources	<u>433,695</u>	<u>(97,329)</u>
Net cash provided by (used in) other sources	<u>433,695</u>	<u>(97,329)</u>
Net cash provided by cash, cash equivalents and short-term investments	506,178	146,648
Cash, cash equivalents and short-term investments:		
Beginning of year	<u>462,690</u>	<u>316,042</u>
Cash, cash equivalents and short-term investments:		
End of year	<u>\$ 968,868</u>	<u>\$ 462,690</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, 2024 and 2023
(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, 2024 and 2023
(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 \$5,903,846 and \$6,114,013 as of December 31, 2024 and 2023. 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, 2024 and 2023.

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, 2024 and 2023 is as follows:

**STATE INSURANCE FUND
WORKERS' COMPENSATION FUND**

**Notes to Statutory Basis Financial Statements
For the Years Ended December 31, 2024 and 2023
(in thousands)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Basis of Presentation: (continued)

Differences between NAIC SAP and NY SAP: (continued)

	<u>2024</u>	<u>2023</u>
Surplus		
Total surplus as shown on statutory statements - NY SAP	<u>\$ 11,407,165</u>	<u>\$ 10,451,551</u>
Discounting of loss and loss adjustment expense reserves at 5%	<u>(5,903,846)</u>	<u>(6,114,013)</u>
Add back tabular discount at 3.5% on pension reserves	<u>1,731,296</u>	<u>1,845,708</u>
Contingent receivable from State of New York	<u>(1,295,000)</u>	<u>(1,295,000)</u>
Total cumulative effect	<u>(5,467,550)</u>	<u>(5,563,305)</u>
Total adjusted surplus - NAIC SAP	<u><u>\$ 5,939,615</u></u>	<u><u>\$ 4,888,246</u></u>
Net Income		
Total net income as shown on statutory statements - NY SAP	<u>\$ 793,536</u>	<u>\$ 533,791</u>
Discounting of loss and loss adjustment expense reserves at 5%	<u>210,167</u>	<u>171,087</u>
Tabular discount at 3.5% on pension reserves	<u>(114,412)</u>	<u>(137,440)</u>
Total cumulative effect	<u>95,755</u>	<u>33,647</u>
Total adjusted net income - NAIC SAP	<u><u>\$ 889,291</u></u>	<u><u>\$ 567,438</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, 2024 and 2023
(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, 2024 and 2023
(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 2024 and 2023. 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, 2024 and 2023
(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 statutory basis financial statements do not reflect a measure of credit losses for financial assets, known as the current expected credit losses model (“CECL”). Under U.S. GAAP, expected credit losses are used to estimate current losses resulting in a recorded allowance.
- p. 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. The market value of bonds is primarily based on market prices obtained from the SVO and JPMorgan Chase. Private placement bonds are priced using Pricing Direct, Inc., a JPMorgan Chase affiliate, and other third-party pricing sources.

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.

**STATE INSURANCE FUND
WORKERS' COMPENSATION FUND**

**Notes to Statutory Basis Financial Statements
For the Years Ended December 31, 2024 and 2023
(in thousands)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Investments: (continued)

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 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 2024 and 2023 for realized impaired losses was \$1 and \$2.

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 2024 and 2023 was \$16,963 and \$16,255. See Note 9 for discussion on the escrow deposit related to the construction of a new building in Albany County.

Maintenance and repairs are charged to expense as incurred.

**STATE INSURANCE FUND
WORKERS' COMPENSATION FUND**

**Notes to Statutory Basis Financial Statements
For the Years Ended December 31, 2024 and 2023
(in thousands)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

At December 31, 2024 and 2023, the outstanding statutory premium receivable balance (under 90 days), is stated net of \$74,332 and \$63,553 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, \$115,839 and \$134,590 are recorded as bad debt expense in the statutory basis statements of income for the years ended December 31, 2024 and 2023.

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 \$4,811 and \$7,621 related to assessments due to the Workers' Compensation Board as of December 31, 2024 and 2023.

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.

**STATE INSURANCE FUND
WORKERS' COMPENSATION FUND**

**Notes to Statutory Basis Financial Statements
For the Years Ended December 31, 2024 and 2023
(in thousands)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 \$5,903,846 and \$6,114,013 as of December 31, 2024 and 2023, 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.

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.

**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)

G. Postemployment Fringe Benefits — Pension: (continued)

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 \$5,937 and \$4,874 as of December 31, 2024 and 2023.

Based on actual costs billed by various State agencies, WCF incurred \$70,923 and \$64,275 of fringe benefits and indirect costs in 2024 and 2023, recorded in other underwriting expenses in the statutory basis statements of income.

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, 2024 and 2023, 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 earnings and actuarial projections. WCF updates the estimate each year-end.

At December 31, 2024 and 2023, WCF's pro-rata portion of its New York State Employees' ultimate net pension obligation was \$61,572 and \$98,349. The pension obligation was measured by the State as of March 31, 2024 and 2023, with WCF's portion of the obligation based on a ratio of its employees to State employees. As of March 31, 2024 and 2023, WCF's approximate proportionate share was 0.417% and 0.459%.

The activity in the Appropriated Surplus Pension account related to pension benefits during 2024 and 2023 is as follows:

	2024	2023
Balance, beginning of year	\$ 98,349	\$ -
Current year (reduction) appropriation	(36,777)	98,349
Balance, end of year	<u>\$ 61,572</u>	<u>\$ 98,349</u>

Per the Actuarial Evaluation Report as of March 31, 2024, the pension plan assets of the State are fully funded, and therefore no appropriation to surplus is required. In 2024 and 2023, WCF recorded pension expense of \$22,483 and \$19,027.

**STATE INSURANCE FUND
WORKERS' COMPENSATION FUND**

**Notes to Statutory Basis Financial Statements
For the Years Ended December 31, 2024 and 2023
(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 benefits' eligible service.

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
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(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 account related to postemployment benefits during 2024 and 2023 is as follows:

	<u>2024</u>	<u>2023</u>
Balance, beginning of year	\$ 616,053	\$ 658,665
Current year appropriation (reduction)	<u>34,096</u>	<u>(42,612)</u>
Balance, end of year	<u>\$ 650,149</u>	<u>\$ 616,053</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, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Net OPEB obligation, beginning of year	\$ 56,834	\$ 66,640
Annual OPEB expense (Normal Cost)	13,845	17,583
Estimated contribution credit (retiree premiums paid)	<u>(30,295)</u>	<u>(27,389)</u>
(Decrease) Increase in net OPEB obligation	<u>(16,450)</u>	<u>(9,806)</u>
Net OPEB obligation, end of year	<u>\$ 40,384</u>	<u>\$ 56,834</u>

WCF has an accrued liability for employees' compensation for future absences in the amount of \$20,982 and \$21,117 as of December 31, 2024 and 2023.

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 decreased the security fluctuation surplus to \$1,520,000 as of December 31, 2024 from \$2,040,000 at December 31, 2023.

**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)

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, 2024 and 2023.

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 \$345,731 and \$319,038 for December 31, 2024 and 2023. WCF appropriated \$965,358 and \$930,275 of surplus which represents the estimated premium attributable to the foreign and domestic terrorism premium charge at December 31, 2024 and 2023.

**STATE INSURANCE FUND
WORKERS' COMPENSATION FUND**

**Notes to Statutory Basis Financial Statements
For the Years Ended December 31, 2024 and 2023
(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 decreased to \$61,572 at December 31, 2024 from \$98,349 at December 31, 2023.

Other postemployment benefits ("OPEB") appropriated surplus increased to \$650,149 as of December 31, 2024 from \$616,053 at December 31, 2023.

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>2024</u>	<u>2023</u>
Balance, beginning of year	\$ 1,864,789	\$ 1,844,702
Calendar year accrued Safety Group dividend liability	208,340	224,088
Dividends paid to policyholders	<u>(159,919)</u>	<u>(204,001)</u>
Balance, end of year	<u>\$ 1,913,210</u>	<u>\$ 1,864,789</u>

**STATE INSURANCE FUND
WORKERS' COMPENSATION FUND**

**Notes to Statutory Basis Financial Statements
For the Years Ended December 31, 2024 and 2023
(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 \$30,506 and \$30,087 in 2024 and 2023.

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 \$4,133 and \$4,024 in 2024 and 2023.

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, 2024 and 2023
(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, 2024 and 2023, in accordance with Section 105 of the New York State Finance Law.

**STATE INSURANCE FUND
WORKERS' COMPENSATION FUND**

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

NOTE 3 - INVESTMENTS (CONTINUED)

The amortized cost, gross unrealized gains, gross unrealized losses and estimated market value of investments in bonds, stocks and limited partnerships at December 31, 2024 and 2023 are as follows:

	2024			
	Cost or Book Adjusted Carrying Value	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Market Value
U.S. Government and government agency obligations	\$ 6,948,868	\$ 9,177	\$ (1,186,952)	\$ 5,771,093
All other governments	54,397	1	(8,480)	45,918
States, territories, possessions and political subdivisions	275,349	498	(31,865)	243,982
Corporate bonds and public utilities	9,599,348	27,716	(529,157)	9,097,907
Mortgage-backed securities	2,060,666	9,785	(39,807)	2,030,644
Hybrid securities	36,685	140	(1,524)	35,301
Total bonds	18,975,313	47,317	(1,797,785)	17,224,845
Common stocks	1,255,077	849,124	(46,933)	2,057,268
Other invested assets	136,229	8,658	-	144,887
Total investments	\$ 20,366,619	\$ 905,099	\$ (1,844,718)	\$ 19,427,000

	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
Other invested assets	73,403	2,347	-	75,750
Total investments	\$ 19,733,201	\$ 786,002	\$ (1,624,759)	\$ 18,894,444

The amortized cost and market value of bonds at December 31, 2024 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	\$ 1,279,193	\$ 1,264,222
Due after one year through five years	7,133,807	6,870,864
Due after five years through ten years	2,517,839	2,401,367
Due after ten years	8,044,474	6,688,392
Total bonds	\$ 18,975,313	\$ 17,224,845

**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, 2024 and 2023, \$473,057 and \$238,377 of WCF investments were on loan, supported by collateral of \$484,603 and \$250,359.

WCF has reinvested collateral assets in the amount of \$210,909 and \$86,447 as of December 31, 2024 and 2023. For the years ended December 31, 2024 and 2023, WCF received fees of \$4,722 and \$3,159. 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, 2024 by contractual maturity are shown below:

	Amortized Cost	Fair Value
30 days or less	\$ 210,717	\$ 210,718
31 to 180 days	192	220
Total collateral received	<u>\$ 210,909</u>	<u>\$ 210,938</u>

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>

**STATE INSURANCE FUND
WORKERS' COMPENSATION FUND**

**Notes to Statutory Basis Financial Statements
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(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, 2024 and 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>2024</u>	<u>2023</u>
Bonds	\$ 657,836	\$ 575,900
Stocks	28,546	26,310
Cash, cash equivalents and short-term investments	44,322	32,263
Real estate - home office	24,015	22,394
Securities lending	5,240	2,934
Other	1,542	530
Investment income earned	<u>761,501</u>	<u>660,331</u>
Investment expenses	(40,965)	(35,335)
Depreciation on real estate and other invested assets	(9,523)	(9,502)
Net realized capital gains (losses)	<u>205,795</u>	<u>56,224</u>
Net investment income	<u><u>\$ 916,808</u></u>	<u><u>\$ 671,718</u></u>

Net realized capital gains on investments, determined on the first-in, first-out method, and impairments in 2024 and 2023, consist of the following:

	<u>2024</u>	<u>2023</u>
Bonds	\$ (43,353)	\$ (85,325)
Stocks	249,126	141,535
Cash and short-term investments	10	7
Securities lending	12	7
Net realized capital gains and impairments	<u><u>\$ 205,795</u></u>	<u><u>\$ 56,224</u></u>

**STATE INSURANCE FUND
WORKERS' COMPENSATION FUND**

**Notes to Statutory Basis Financial Statements
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NOTE 3 - INVESTMENTS (CONTINUED)

Proceeds from investments sold, matured or repaid during the years ended December 31, 2024 and 2023 are \$3,569,252 and \$3,496,010. These sales resulted in gross realized capital gains of \$273,161 and \$178,114, and gross realized capital losses of \$67,366 and \$121,888 in 2024 and 2023, 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, 2024 and 2023.

	2024					
	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	\$ 616,127	\$ 13,467	\$ 4,862,250	\$ 1,205,350	\$ 5,478,377	\$ 1,218,817
All other governments	-	-	44,154	8,480	44,154	8,480
Corporate Bonds and Public Utilities	1,901,414	46,379	4,994,804	482,778	6,896,218	529,157
Hybrid Securities	-	-	9,384	1,524	9,384	1,524
Mortgage Backed Securities	311,792	4,428	520,842	35,379	832,634	39,807
Total Fixed Maturities	2,829,333	64,274	10,431,434	1,733,511	13,260,767	1,797,785
Common Stock	193,621	25,123	50,570	21,810	244,191	46,933
Total	\$ 3,022,954	\$ 89,397	\$ 10,482,004	\$ 1,755,321	\$ 13,504,958	\$ 1,844,718

	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 Bonds 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	\$ 970,024	\$ (32,349)	\$ 12,285,066	\$ (1,592,410)	\$ 13,255,090	\$ (1,624,759)

Gross unrealized losses represented 9.1% and 8.3% of cost or amortized cost of total investments for WCF as of December 31, 2024 and 2023, respectively. Fixed maturities represented 97.5% and 98.0% of WCF's unrealized losses as of December 31, 2024 and 2023. The group of securities in an unrealized loss position for less than twelve months was comprised of 1,001 and 964 securities for WCF as of December 31, 2024 and 2023. The group of securities depressed for twelve months or more are comprised of 1,684 and 1,645 securities for WCF as of December 31, 2024 and 2023.

**STATE INSURANCE FUND
WORKERS' COMPENSATION FUND**

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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, 2024 and 2023. 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. 43 — *Loan-backed and Structured Securities* ("SSAP No. 43") 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 2024 and 2023 for realized impairment losses related to SSAP No. 43 investments. There are no additional impairments recorded in 2024 and 2023 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 2024 and 2023, WCF did not record any OTTI related to bonds in the statutory basis statements of income. WCF recorded total OTTI of \$0 and \$2 related to common stock as of December 31, 2024 and 2023, 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, 2024 and 2023
(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. 100, *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, 2024 and 2023
(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. 100 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, 2024 and 2023
(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, 2024, the total amount of remaining commitment was \$73,237.

The following table provides information as of December 31, 2024 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	\$ -	\$ 158,706	\$ -	\$ -	\$ 158,706
Bank loans	-	73,602	-	-	73,602
Common stocks	2,057,268	-	-	-	2,057,268
Other long-term invested assets	-	-	-	144,887	144,887
Total assets at fair value/NAV	\$ 2,057,268	\$ 232,308	\$ -	\$ 144,887	\$ 2,434,463

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 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, 2024 and 2023
(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 2024 and 2023.

The following table provides information as of December 31, 2024 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	\$ 17,224,846	\$ 18,975,313	\$ -	\$ 16,989,627	\$ 235,219	\$ -
Cash equivalents	4,951	4,951	4,951	-	-	-
Common stocks	2,057,268	2,057,268	2,057,268	-	-	-
Other long-term invested assets	144,887	144,887	-	-	-	144,887
Security lending	210,938	210,909	210,718	220	-	-
Short term investments	123,375	123,375	-	123,375	-	-
Total	<u>\$ 19,766,265</u>	<u>\$ 21,516,703</u>	<u>\$ 2,272,937</u>	<u>\$ 17,113,222</u>	<u>\$ 235,219</u>	<u>\$ 144,887</u>

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 assets.

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	<u>\$ 18,980,914</u>	<u>\$ 20,466,301</u>	<u>\$ 1,913,456</u>	<u>\$ 16,991,708</u>	<u>\$ -</u>	<u>\$ 75,750</u>

**STATE INSURANCE FUND
WORKERS' COMPENSATION FUND**

**Notes to Statutory Basis Financial Statements
For the Years Ended December 31, 2024 and 2023
(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 mostly bonds, such as mortgage-backed securities and 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. Level 3 securities include some private placement bonds. 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 \$745 and \$761 in 2024 and 2023. 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, 2024 and 2023 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, 2024 and 2023
(in thousands)**

NOTE 4 - REAL ESTATE

Investment in real estate includes various locations in New York State occupied by NYSIF and other State agencies' employees, as described in Note 9. Depreciation expense recorded in the statutory basis statements of income during 2024 and 2023 was \$9,523 and \$9,502.

NYSIF-owned real estate recorded by WCF at December 31, 2024 and 2023 is as follows:

	<u>2024</u>	<u>2023</u>
Office buildings and improvements, at cost	\$ 166,664	\$ 165,714
Accumulated depreciation	<u>(87,174)</u>	<u>(77,652)</u>
Office buildings and improvements—net of accumulated depreciation	<u>79,490</u>	<u>88,062</u>
Land	2,735	2,735
Land improvements	<u>2,249</u>	<u>2,249</u>
Total real estate	<u>\$ 84,474</u>	<u>\$ 93,046</u>

NOTE 5 - NON-ADMITTED ASSETS

Non-admitted assets at December 31, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Premiums in course of collection		
outstanding over 90 days, net of allowance	\$ 64,351	\$ 53,573
Earned but unbilled premiums	9,693	9,816
Accrued retrospective premiums	288	165
Electronic data equipment/software	901	1,425
Furniture and equipment, net of		
accumulated depreciation	3,803	4,054
Prepaid expenses and other	<u>5,938</u>	<u>4,881</u>
Total non-admitted assets	<u>\$ 84,974</u>	<u>\$ 73,914</u>

**STATE INSURANCE FUND
WORKERS' COMPENSATION FUND**

**Notes to Statutory Basis Financial Statements
For the Years Ended December 31, 2024 and 2023
(in thousands)**

NOTE 6 - CONTINGENT RECEIVABLE FROM 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. There were assumed written premiums of \$4,131 and \$2,341 in 2024 and 2023 and incurred losses of \$2,154 and \$871 in 2024 and 2023, respectively.

**STATE INSURANCE FUND
WORKERS' COMPENSATION FUND**

**Notes to Statutory Basis Financial Statements
For the Years Ended December 31, 2024 and 2023
(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 \$1,752 and \$2,054 for losses recoverable under reinsurance contracts as of December 31, 2024 and 2023. WCF purchased no reinsurance in 2024 and 2023.

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, 2024 and 2023.

NOTE 8 - RELATED PARTY TRANSACTIONS

Expenses allocated to DBF are \$5,916 in 2024 and \$4,010 in 2023. The amount owed to WCF from DBF is \$2,325 and \$1,896 as of December 31, 2024 and 2023.

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 2024 and 2023 are \$2,262 and \$2,252. The amount owed to NYSIF, recorded in WCF from ATF is \$184 and \$174 as of December 31, 2024 and 2023.

**STATE INSURANCE FUND
WORKERS' COMPENSATION FUND**

**Notes to Statutory Basis Financial Statements
For the Years Ended December 31, 2024 and 2023
(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 2024 and 2023, the State reimbursed WCF \$560,936 and \$513,681 for such costs. In 2024, the State advanced \$300,000 to WCF for future claims and processing costs. The amount due to the State was \$271,757 as of December 31, 2024, and the amount due from the State to WCF was \$55,567 as of December 31, 2023.

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 \$154,702 and \$168,207, and estimated payments made to the Workers' Compensation Board were \$157,299 and \$169,742 for the years ended December 31, 2024 and 2023. WCF recorded a liability of \$4,811 and \$7,621 as of December 31, 2024 and 2023 for assessments due to the Workers' Compensation Board.

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

	<u>2024</u>	<u>2023</u>
Due from affiliates		
Aggregate Trust Fund	\$ 184	\$ 174
DBF	2,325	1,896
New York State	-	55,567
Total due from affiliates	<u>\$ 2,509</u>	<u>\$ 57,637</u>
Due to affiliates		
New York State	<u>\$ 271,757</u>	<u>\$ -</u>
Total due to affiliates	<u>\$ 271,757</u>	<u>\$ -</u>

**STATE INSURANCE FUND
WORKERS' COMPENSATION FUND**

**Notes to Statutory Basis Financial Statements
For the Years Ended December 31, 2024 and 2023
(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, 2024 are as follows:

	<u>2024</u>
2025	3,492
2026	2,817
2027	2,551
2028	2,671
2029	2,711
Thereafter	<u>11,838</u>
Net minimum commitments	<u><u>\$ 26,080</u></u>

Rental expense (which includes an imputed amount of rent expense attributed to its owned building for WCF of \$16,963 and \$16,255) was \$21,366 and \$20,606 in 2024 and 2023 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 July 31, 2032. The termination date of the DOL lease is May 31, 2036. NYSIF recognized lease income of \$7,052 and \$6,140 in 2024 and 2023 recorded through investment income earned.

WCF made an escrow payment of \$28,557 on November 22, 2024 for the construction of a new building in Albany county. The escrow payment is included in Cash on the Statement of Admitted Assets, Liabilities and Surplus.

WCF has made commitments to fund \$73,237 and \$76,597 of limited partnership investments as of December 31, 2024 and 2023.

**STATE INSURANCE FUND
WORKERS' COMPENSATION FUND**

**Notes to Statutory Basis Financial Statements
For the Years Ended December 31, 2024 and 2023
(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 \$1,752 for 2024 and \$2,054 for 2023 is summarized as follows:

	<u>2024</u>	<u>2023</u>
Balance — January 1 (net of reinsurance recoveries)	\$ <u>9,782,675</u>	\$ <u>9,811,488</u>
Incurred claims related to:		
Current year	1,649,921	1,606,615
Prior years	<u>(304,656)</u>	<u>(248,432)</u>
Total incurred	<u>1,345,265</u>	<u>1,358,183</u>
Paid claims related to:		
Current year	185,904	195,076
Prior years	<u>1,159,969</u>	<u>1,191,920</u>
Total paid	<u>1,345,873</u>	<u>1,386,996</u>
Balance — December 31 (net of reinsurance recoveries)	\$ <u>9,782,067</u>	\$ <u>9,782,675</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 2024 and 2023 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, 2023 to December 31, 2024 are discussed in Note 2I.

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

	<u>2024</u>	<u>2023</u>
Unrealized gains on investments	\$ <u>799,678</u>	\$ <u>626,540</u>
Nonadmitted assets	<u>(84,974)</u>	<u>(73,914)</u>

**STATE INSURANCE FUND
WORKERS' COMPENSATION FUND**

**Notes to Statutory Basis Financial Statements
For the Years Ended December 31, 2024 and 2023
(in thousands)**

NOTE 12 - OTHER UNDERWRITING EXPENSES

The components of other underwriting expenses are as follows:

	<u>2024</u>	<u>2023</u>
Assumed reinsurance commission	\$ 800	\$ 581
Advertising	273	234
Boards, bureaus and associations	4,999	4,974
Surveys and underwriting reports	135	96
Audit of assured's records	547	508
Salaries and payroll taxes	80,320	75,141
Employee relations and welfare	31,755	28,606
Insurance	201	116
Travel and travel items	459	424
Rent and rent items	9,401	9,067
Equipment	577	605
Cost or depreciation of EDP equipment and software	10,432	11,073
Printing and stationery	983	854
Postage and telephone	3,311	3,130
Legal and auditing	2,203	1,657
Franchise taxes and other fees	36,034	35,284
Miscellaneous expenses	<u>5,087</u>	<u>5,861</u>
Total	<u>\$ 187,517</u>	<u>\$ 178,211</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, 2024 and 2023
(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 \$4,669 and \$4,637 at December 31, 2024 and 2023, respectively, or 0.3% and 0.3% of total net written premiums written for the year ended December 31, 2024 and 2023, respectively.

As of December 31, 2024 and 2023, respectively, premiums receivable included accrued retrospective and unbilled audit premiums of \$2,590 and \$1,485. 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.

	<u>2024</u>	<u>2023</u>
Accrued retrospective premium receivable	\$ 2,878	\$ 1,650
Less: non-admitted amount (10%)	<u>(288)</u>	<u>(165)</u>
Admitted retrospective premium receivable	<u>\$ 2,590</u>	<u>\$ 1,485</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 26, 2025, when the annual statement was filed with the NAIC and DFS. After that date, subsequent events have been reviewed through May 21, 2025, 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, 2024 and 2023, and for each of the years then ended, and have issued our report thereon dated May 21, 2025, 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 21, 2025

**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, 2024

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.

\$. 24,044,988,494

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

<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>
<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	\$. 1,149,470,188	4.780 %
2.02 FEDERAL NATIONAL MORTGAGE ASSOCIATION	Bonds	\$. 803,955,046	3.344 %
2.03 MORGAN STANLEY	Bonds and Stocks	\$. 378,455,355	1.574 %
2.04 JPMORGAN CHASE & CO	Bonds and Stocks	\$. 221,427,516	0.921 %
2.05 APPLE INC	Bonds and Stocks	\$. 216,058,777	0.899 %
2.06 BANK OF AMERICA CORP	Bonds and Stocks	\$. 200,593,153	0.834 %
2.07 BERKSHIRE HATHAWAY INC	Bonds and Stocks	\$. 198,317,544	0.825 %
2.08 TENNESSEE VALLEY AUTHORITY	Bonds	\$. 188,733,750	0.785 %
2.09 AMAZON.COM INC	Bonds and Stocks	\$. 164,163,372	0.683 %
2.10 BENCHMARK MORTGAGE TRUST	Bonds	\$. 162,706,574	0.677 %

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	\$ 17,424,446,656	72.466	%	3.07	NAIC 1	\$	%
3.02	NAIC 2	\$ 878,768,386	3.655	%	3.08	NAIC 2	\$	%
3.03	NAIC 3	\$ 724,938,649	3.015	%	3.09	NAIC 3	\$	%
3.04	NAIC 4	\$ 66,920,571	0.278	%	3.10	NAIC 4	\$	%
3.05	NAIC 5	\$ 8,564,370	0.036	%	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 () 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.	\$. 941,351,973	3.915 %
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, 2024**

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

	<u>1</u>	<u>2</u>	
5.01 Countries designated NAIC 1	\$ 933,633,886	3.883 %	
5.02 Countries designated NAIC 2	\$ 5,298,311	0.022 %	
5.03 Countries designated NAIC 3 or below	\$ 2,419,776	0.010 %	

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: United Kingdom	\$ 158,792,693	0.660 %	
6.02 Country 2: Cayman Islands	\$ 143,011,776	0.595 %	
Countries designated NAIC 2:			
6.03 Country 1: Uruguay	\$ 2,821,030	0.012 %	
6.04 Country 2: Italy	\$ 2,312,180	0.010 %	
Countries designated NAIC 3 or below:			
6.05 Country 1: Puerto Rico	\$ 1,124,285	0.005 %	
6.06 Country 2: Gibraltar	\$ 484,701	0.002 %	

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 DIAGEO PLC	1.A FE	\$ 55,005,319	0.229 %	
10.02 SIEMENS AG	1.A FE	\$ 53,259,377	0.221 %	
10.03 L AIR LIQUIDE SA POUR	1.C FE	\$ 50,773,042	0.211 %	
10.04 HSBC HOLDINGS PLC	1.D FE	\$ 46,000,000	0.191 %	
10.05 MITSUBISHI UFJ FINANC	1.E FE	\$ 45,000,000	0.187 %	
10.06 WESTPAC BANKING CO	1.A FE	\$ 44,035,659	0.183 %	
10.07 PFIZER INC	1.A FE	\$ 40,491,184	0.168 %	
10.08 INT-AM DEV - SUPRA	1.A FE	\$ 37,643,798	0.157 %	
10.09 NORDEA BANK ABP	1.B FE	\$ 34,980,733	0.145 %	
10.10 SUMITOMO MITSUI FINA	1.E FE	\$ 29,997,882	0.125 %	

**STATE INSURANCE FUND
WORKERS' COMPENSATION FUND**

**Statutory Basis Supplementary Schedule of Investment Interrogatories (continued)
Year Ended December 31, 2024**

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.

	<u>1</u>	<u>2</u>	
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>ISSUER</u>	<u>2</u>	<u>3</u>	
13.02 CALVERT US LARGE CAP CORE RESPONSIBILITY	\$	197,849,205	.....	0.823 %
13.03 NVIDIA CORPORATION	\$	107,921,756	.....	0.449 %
13.04 APPLE INC	\$	80,914,709	.....	0.337 %
13.05 MICROSOFT CORPORATION	\$	80,180,681	.....	0.333 %
13.06 SPDR S&P 500 ETF TRUST	\$	62,797,886	.....	0.261 %
13.07 ALPHABET INC	\$	59,067,325	.....	0.246 %
13.08 AMAZON.COM INC	\$	52,718,978	.....	0.219 %
13.09 BLACKSTONE INFRASTRUCTURE PARTNERS, L.P.	\$	40,000,000	.....	0.166 %
13.10 META PLATFORMS INC	\$	34,251,164	.....	0.142 %
13.11 TESLA INC	\$	28,681,524	.....	0.119 %

**STATE INSURANCE FUND
WORKERS' COMPENSATION FUND**

**Statutory Basis Supplementary Schedule of Investment Interrogatories (continued)
Year Ended December 31, 2024**

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>Fund Manager</u>	<u>2</u> <u>Total Invested</u>	<u>3</u> <u>Diversified</u>	<u>4</u> <u>NonDiversified</u>
14.06 Blackstone Infrastructure Associates N		\$ 40,000,000	\$	\$ 40,000,000
14.07 Monroe Capital LLC		\$ 26,799,753	\$	\$ 26,799,753
14.08 Thomas Bravo UGP XV, LLC		\$ 20,261,636	\$	\$ 20,261,636
14.09 Mesrow Financial Private Equity		\$ 19,333,318	\$	\$ 19,333,318
14.10 Basis Investment Group, LLC		\$ 15,172,762	\$	\$ 15,172,762
14.11 Carlyle Renewable & Sustainable Energy		\$ 15,084,170	\$	\$ 15,084,170
14.12 Churchill DE GP, LLC		\$ 8,235,203	\$	\$ 8,235,203
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		\$	%
15.04		\$	%
15.05		\$	%

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

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

		<u>Loans</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, 2024**

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)	\$ 503,820,630	..... 2.095 %	\$ 170,780,658	\$ 303,934,828	\$ 414,586,050
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, 2024**

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>		
	<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>
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>		<u>1st Qtr</u> <u>3</u>	<u>2nd Qtr</u> <u>4</u>	<u>3rd Qtr</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, 2024**

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	3,663,359,568	16.319	3,663,359,564		3,663,359,564	16.319
1.02 All other governments	54,397,068	0.242	54,397,069		54,397,069	0.242
1.03 U.S. states, territories and possessions, etc. guaranteed	149,174,994	0.665	149,174,994		149,174,994	0.665
1.04 U.S. political subdivisions of states, territories, and possessions, guaranteed	124,098,476	0.553	124,098,475		124,098,475	0.553
1.05 U.S. special revenue and special assessment obligations, etc. non-guaranteed	3,287,583,959	14.645	3,287,583,965		3,287,583,965	14.645
1.06 Industrial and miscellaneous	11,229,069,377	50.023	11,229,069,371	191,581	11,229,260,952	50.024
1.07 Hybrid securities	36,684,676	0.163	36,684,676		36,684,676	0.163
1.08 Parent, subsidiaries and affiliates						
1.09 SVO identified funds						
1.10 Unaffiliated bank loans	430,944,734	1.920	430,944,741		430,944,741	1.920
1.11 Unaffiliated certificates of deposit						
1.12 Total long-term bonds	18,975,312,852	84.531	18,975,312,855	191,581	18,975,504,436	84.532
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)	1,794,797,850	7.995	1,794,797,801		1,794,797,801	7.995
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	262,470,284	1.169	262,470,284		262,470,284	1.169
3.06 Unit investment trusts						
3.07 Closed-end funds						
3.08 Exchange traded funds						
3.09 Total common stocks	2,057,268,134	9.165	2,057,268,085		2,057,268,085	9.165
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	84,473,621	0.376	84,473,621		84,473,621	0.376
5.02 Properties held for production of income						
5.03 Properties held for sale						
5.04 Total real estate	84,473,621	0.376	84,473,621		84,473,621	0.376
6. Cash, cash equivalents and short-term investments:						
6.01 Cash (Schedule E, Part 1)	840,542,262	3.744	840,542,262	3,000,000	843,542,262	3.758
6.02 Cash equivalents (Schedule E, Part 2)	4,950,523	0.022	4,950,523	207,717,534	212,668,057	0.947
6.03 Short-term investments (Schedule DA)	123,375,255	0.550	123,375,255		123,375,255	0.550
6.04 Total cash, cash equivalents and short-term investments	968,868,040	4.316	968,868,040	210,717,534	1,179,585,574	5.255
7. Contract loans						
8. Derivatives (Schedule DB)						
9. Other invested assets (Schedule BA)	144,886,842	0.645	144,886,842		144,886,842	0.645
10. Receivables for securities	6,120,651	0.027	6,120,651		6,120,651	0.027
11. Securities Lending (Schedule DL, Part 1)	210,909,115	0.940	210,909,115	XXX	XXX	XXX
12. Other invested assets (Page 2, Line 11)						
13. Total invested assets	22,447,839,255	100.000	22,447,839,209	210,909,115	22,447,839,209	100.000

**STATE INSURANCE FUND
WORKERS' COMPENSATION FUND**

**Statutory Basis Supplementary Schedule of Reinsurance Interrogatories
Year Ended December 31, 2024**

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, 2024**

- 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, 2024**

- 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, 2024 and 2023

STATUTORY BASIS SUPPLEMENTARY SCHEDULES
FOR THE YEAR ENDED DECEMBER 31, 2024
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, 2024 and 2023, 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, 2024 and 2023, 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, 2024 and 2023, 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.



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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 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 21, 2025



**STATE INSURANCE FUND
DISABILITY BENEFITS FUND**

**Statutory Basis Statements of Admitted Assets, Liabilities and Surplus
As of December 31, 2024 and 2023
(in thousands)**

	<u>2024</u>	<u>2023</u>
Admitted assets		
Cash and invested assets:		
Bonds — at NAIC carrying value	\$ 166,727	\$ 240,105
Common stocks, at market value	31,483	25,279
Cash and short-term investments	281,784	168,004
Securities lending reinvested collateral	<u>2,138</u>	<u>1,949</u>
Total cash and invested assets	482,132	435,337
Premium receivables	21,172	23,181
Accrued investment income	926	1,031
Other admitted assets	<u>-</u>	<u>41</u>
Total admitted assets	<u><u>\$ 504,230</u></u>	<u><u>\$ 459,590</u></u>
Liabilities and surplus		
Liabilities:		
Reserve for losses	\$ 31,758	\$ 24,138
Reserve for loss adjustment expenses	1,720	1,963
Unearned premiums	48,501	57,295
Advance premium	2,958	3,123
Due to affiliate	2,325	1,896
Payables for securities and securities lending	2,143	1,959
Accrued expenses and other liabilities	<u>15,966</u>	<u>15,118</u>
Total liabilities	<u>105,371</u>	<u>105,492</u>
Surplus:		
Appropriated surplus funds:		
Security fluctuation	10,840	10,840
Catastrophe	4,000	4,000
Pension and postemployment benefits	8,308	8,442
Unassigned surplus	<u>375,711</u>	<u>330,816</u>
Total surplus	<u>398,859</u>	<u>354,098</u>
Total liabilities and surplus	<u><u>\$ 504,230</u></u>	<u><u>\$ 459,590</u></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, 2024 and 2023
(in thousands)**

	<u>2024</u>	<u>2023</u>
Underwriting income:		
Net written premium	<u>\$ 106,994</u>	<u>\$ 117,979</u>
Net earned premium	<u>\$ 115,788</u>	<u>\$ 120,608</u>
Underwriting expenses:		
Losses incurred	82,184	63,624
Loss adjustment expenses incurred	6,591	4,814
Other underwriting expenses incurred	<u>8,049</u>	<u>6,596</u>
Total underwriting expenses	<u>96,824</u>	<u>75,034</u>
Net underwriting profit	<u>18,964</u>	<u>45,574</u>
Investment income earned:		
Investment income	19,167	15,343
Investment expenses	(548)	(365)
Net realized capital gains (losses)	<u>19</u>	<u>(371)</u>
Net investment income earned	<u>18,638</u>	<u>14,607</u>
Other income (expense):		
Bad debt expense	(569)	(3,053)
Miscellaneous income	<u>1,685</u>	<u>1,646</u>
Total other income (expense)	<u>1,116</u>	<u>(1,407)</u>
Net income	<u><u>\$ 38,718</u></u>	<u><u>\$ 58,774</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, 2024 and 2023
(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, 2023	\$ 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	10,840	4,000	8,442	330,816	354,098
Net income	-	-	-	38,718	38,718
Change in net unrealized capital gains (losses) – investments	-	-	-	5,749	5,749
Change in nonadmitted assets	-	-	-	294	294
Appropriation of unassigned to (from) appropriated surplus	<u>-</u>	<u>-</u>	<u>(134)</u>	<u>134</u>	<u>-</u>
Balance — December 31, 2024	<u><u>\$ 10,840</u></u>	<u><u>\$ 4,000</u></u>	<u><u>\$ 8,308</u></u>	<u><u>\$ 375,711</u></u>	<u><u>\$ 398,859</u></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, 2024 and 2023
(in thousands)**

	<u>2024</u>	<u>2023</u>
Cash flows from operations:		
Premiums collected	\$ 110,254	\$ 121,033
Net investment income	18,481	14,612
Miscellaneous expense	1,115	(1,407)
Losses and loss adjustment expenses paid, net	(74,565)	(66,329)
Expenses paid	<u>(15,057)</u>	<u>(12,001)</u>
Net cash provided by operations	<u>40,228</u>	<u>55,908</u>
Cash flows from investments:		
Proceeds from investments sold, matured or repaid	74,893	60,634
Cost of investments acquired	<u>(1,912)</u>	<u>(71,928)</u>
Net cash provided by (used in) investments	<u>72,981</u>	<u>(11,294)</u>
Cash flows provided by (used in) other sources	<u>571</u>	<u>(7,155)</u>
Net change in cash and short-term investments	113,780	37,459
Cash and short-term investments		
Beginning of year	<u>168,004</u>	<u>130,545</u>
Cash and short-term investments		
End of year	<u><u>\$ 281,784</u></u>	<u><u>\$ 168,004</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, 2024 and 2023
(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.

DBF offers mandatory New York State Paid Family Leave ("PFL") coverage, which is added as an endorsement to disability policies and 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, 2024 and 2023
(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, 2024 and 2023
(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, 2024 and 2023
(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 statutory basis financial statements do not reflect a measure of credit losses for financial assets, known as the current expected credit losses model ("CECL"). Under U.S. GAAP, expected credit losses are used to estimate current losses resulting in a recorded allowance.
- k. 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.

**STATE INSURANCE FUND
DISABILITY BENEFITS FUND**

**Notes to Statutory Basis Financial Statements
For the Years Ended December 31, 2024 and 2023
(in thousands)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Investments: (continued)

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.

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 2024 and 2023.

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.

**STATE INSURANCE FUND
DISABILITY BENEFITS FUND**

**Notes to Statutory Basis Financial Statements
For the Years Ended December 31, 2024 and 2023
(in thousands)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Premium Revenue and Related Accounts: (continued)

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, 2024 and 2023, the outstanding statutory premium receivable balance (under 90 days), is stated net of \$2,619 and \$2,996 of non-admitted amounts. DBF routinely assesses the collectability of receivables and establishes an appropriate allowance at each year end. Bad debt expense of \$569 and \$3,053 were recorded in the statutory basis statements of income for the year ended December 31, 2024 and 2023.

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 \$2,476 and \$1,615 at December 31, 2024 and 2023, and the Premium Adjustment Plan ("PAP") in the amount of \$2,069 and \$1,266 at December 31, 2024 and 2023 (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.

**STATE INSURANCE FUND
DISABILITY BENEFITS FUND**

**Notes to Statutory Basis Financial Statements
For the Years Ended December 31, 2024 and 2023
(in thousands)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2024.

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.

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 2024 and 2023, DBF made a risk adjustment payment of \$15,878 and \$11,258.

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.

**STATE INSURANCE FUND
DISABILITY BENEFITS FUND**

**Notes to Statutory Basis Financial Statements
For the Years Ended December 31, 2024 and 2023
(in thousands)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 \$239 and \$156 as of December 31, 2024 and 2023.

Based on actual costs billed by various State agencies, DBF incurred \$2,971 and \$2,064 of benefits and indirect costs in 2024 and 2023, recorded through other underwriting expenses in the statutory basis statements of income.

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, 2024 and 2023, 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, 2024 and 2023, DBF's pro-rata portion of its New York State Employees' net pension obligation was \$1,621 and \$3,099. The pension obligation was measured by the State as of March 31, 2024 and 2023, with DBF's portion of the obligation based on a ratio of its employees to State employees. As of March 31, 2024 and 2023, DBF's approximate proportionate share was 0.01%.

**STATE INSURANCE FUND
DISABILITY BENEFITS FUND**

**Notes to Statutory Basis Financial Statements
For the Years Ended December 31, 2024 and 2023
(in thousands)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Postemployment Fringe Benefits – Pension: (continued)

The activity in the Appropriated Surplus Pension account related to pension benefits during 2024 and 2023 is as follows:

	<u>2024</u>	<u>2023</u>
Balance, beginning of year	\$ 3,099	\$ -
Current year (reduction) appropriation	(1,478)	3,099
Balance, end of year	<u>\$ 1,621</u>	<u>\$ 3,099</u>

Per the Actuarial Evaluation Report as of March 31, 2024, the pension plan assets of the State are fully funded, and therefore, no appropriation to surplus is required. In 2024 and 2023, DBF recorded pension expense of \$870 and \$611.

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 benefits' eligible service.

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.

**STATE INSURANCE FUND
DISABILITY BENEFITS FUND**

**Notes to Statutory Basis Financial Statements
For the Years Ended December 31, 2024 and 2023
(in thousands)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

The activity in the Appropriated Surplus OPEB account related to postemployment benefits during 2024 and 2023 is as follows:

	<u>2024</u>	<u>2023</u>
Balance, beginning of year	\$ 5,343	\$ 6,688
Current year appropriation (reduction)	<u>1,344</u>	<u>(1,345)</u>
Balance, end of year	<u><u>\$ 6,687</u></u>	<u><u>\$ 5,343</u></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, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Net OPEB obligation, beginning of year	\$ 525	\$ 1,121
Annual OPEB expense (Normal Cost)	556	554
Estimated contribution credit (retiree premiums paid)	<u>(1,081)</u>	<u>(1,150)</u>
Decrease in net OPEB obligation	<u>(525)</u>	<u>(596)</u>
Net OPEB obligation, end of year	<u><u>\$ -</u></u>	<u><u>\$ 525</u></u>

DBF has an accrued liability for employees' compensation for future absences in the amount of \$580 and \$589 as of December 31, 2024 and 2023.

**STATE INSURANCE FUND
DISABILITY BENEFITS FUND**

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 security fluctuation surplus remained the same at \$10,840 at December 31, 2024 and 2023.

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, 2024 and 2023.

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 decreased to \$1,621 as of December 31, 2024 from \$3,099 at December 31, 2023.

Other postemployment benefits ("OPEB") surplus increased to \$6,687 as of December 31, 2024 from \$5,343 at December 31, 2023.

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 \$1,872 in 2024 and \$2,051 in 2023.

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 \$264 in 2024 and \$292 in 2023.

**STATE INSURANCE FUND
DISABILITY BENEFITS FUND**

**Notes to Statutory Basis Financial Statements
For the Years Ended December 31, 2024 and 2023
(in thousands)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Income Tax: (continued)

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

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, 2024 and 2023
(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, 2024 and 2023, 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, 2024 and 2023 are as follows:

	2024			
	Cost or Book Carrying Value	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Market Value
U.S. Government and government agency obligations	\$ 17,689	\$ -	\$ (760)	\$ 16,929
Corporate bonds and public utilities	87,673	4	(1,480)	86,197
Mortgaged/Loan backed securities	61,365	578	(198)	61,745
Total bonds	166,727	582	(2,438)	164,871
Common stocks	24,927	8,447	(1,891)	31,483
Total investments	<u>\$ 191,654</u>	<u>\$ 9,029</u>	<u>\$ (4,329)</u>	<u>\$ 196,354</u>

	2023			
	Cost or Book Carrying Value	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Market Value
U.S. Government and government 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>

**STATE INSURANCE FUND
DISABILITY BENEFITS FUND**

**Notes to Statutory Basis Financial Statements
For the Years Ended December 31, 2024 and 2023
(in thousands)**

NOTE 3 - INVESTMENTS (CONTINUED)

The amortized cost and market value of bonds at December 31, 2024 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.

	<u>Amortized Cost</u>	<u>Market Value</u>
Due in one year or less	\$ 38,795	\$ 38,597
Due in one year through five years	107,271	105,487
Due in five years through ten years	2,535	2,569
Due after ten years	<u>18,126</u>	<u>18,218</u>
Total Bonds	<u>\$ 166,727</u>	<u>\$ 164,871</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, 2024 and 2023, \$13,571 and \$14,190 of DBF investments were on loan, supported by collateral of \$13,864 and \$14,491.

DBF had reinvested collateral assets in the amount of \$2,138 and \$1,949 as of December 31, 2024 and 2023. For the years ended December 31, 2024 and 2023, DBF received fees of \$87 and \$60. 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, 2024 by contractual maturity are shown below:

	<u>Amortized Cost</u>	<u>Fair Value</u>
30 days or less	\$ 2,138	\$ 2,138
Total collateral received	<u>\$ 2,138</u>	<u>\$ 2,138</u>

**STATE INSURANCE FUND
DISABILITY BENEFITS FUND**

**Notes to Statutory Basis Financial Statements
For the Years Ended December 31, 2024 and 2023
(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, 2024, 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>2024</u>	<u>2023</u>
Bonds	\$ 7,602	\$ 7,803
Stocks	394	365
Cash and short-term investments	11,156	7,122
Security lending	87	60
Other	<u>(72)</u>	<u>(7)</u>
Investment income	19,167	15,343
Investment expenses	(548)	(365)
Net realized capital gains (losses)	<u>19</u>	<u>(371)</u>
Net investment income	<u><u>\$ 18,638</u></u>	<u><u>\$ 14,607</u></u>

Net realized capital gains (losses) on investments, determined on the first-in, first-out method, and impairments in 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Bonds	\$ (37)	\$ (308)
Stocks	56	(60)
Cash and short-term investments	<u>-</u>	<u>(3)</u>
Net realized capital gains (losses)	<u><u>\$ 19</u></u>	<u><u>\$ (371)</u></u>

**STATE INSURANCE FUND
DISABILITY BENEFITS FUND**

**Notes to Statutory Basis Financial Statements
For the Years Ended December 31, 2024 and 2023
(in thousands)**

NOTE 3 - INVESTMENTS (CONTINUED)

Proceeds from investments sold, matured, or repaid during the years ended December 31, 2024 and 2023 were \$74,893 and \$60,634. In 2024, these sales resulted in gross realized capital gains of \$170 and gross realized capital losses of \$151. In 2023, these sales resulted in gross realized capital gains of \$66 and gross realized capital losses of \$434.

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, 2024 and 2023.

	2024					
	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	\$ 1,303	\$ (11)	\$ 15,626	\$ (749)	\$ 16,929	\$ (760)
Corporate and public utilities	-	-	83,695	(1,480)	83,695	(1,480)
Mortgage backed securities	-	-	16,246	(198)	16,246	(198)
Total fixed maturities	<u>1,303</u>	<u>(11)</u>	<u>115,567</u>	<u>(2,427)</u>	<u>116,870</u>	<u>(2,438)</u>
Common stock	<u>3,131</u>	<u>(358)</u>	<u>3,239</u>	<u>(1,533)</u>	<u>6,370</u>	<u>(1,891)</u>
Total	<u>\$ 4,434</u>	<u>\$ (369)</u>	<u>\$ 118,806</u>	<u>\$ (3,960)</u>	<u>\$ 123,240</u>	<u>\$ (4,329)</u>

	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	<u>17,090</u>	<u>(28)</u>	<u>32,245</u>	<u>(523)</u>	<u>49,335</u>	<u>(551)</u>
Total fixed maturities	<u>24,507</u>	<u>(194)</u>	<u>146,325</u>	<u>(4,967)</u>	<u>170,832</u>	<u>(5,161)</u>
Common stock	<u>2,153</u>	<u>(255)</u>	<u>7,403</u>	<u>(1,769)</u>	<u>9,556</u>	<u>(2,024)</u>
Total	<u>\$ 26,660</u>	<u>\$ (449)</u>	<u>\$ 153,728</u>	<u>\$ (6,736)</u>	<u>\$ 180,388</u>	<u>\$ (7,185)</u>

Gross unrealized losses represented 2.26% and 2.72% of the total cost or amortized cost of total investments for DBF as of December 31, 2024 and 2023. Fixed maturities represented 56.3% and 71.8% of DBF's unrealized losses as of December 31, 2024 and 2023. Equity securities represented 43.7% and 28.2% of DBF's unrealized losses as of December 31, 2024 and 2023, respectively. The group of securities in an unrealized loss position for less than twelve months was comprised of 223 and 196 securities for DBF as of December 31, 2024 and 2023. The group of securities depressed for twelve months or more was 320 and 454 as of December 31, 2024 and 2023.

**STATE INSURANCE FUND
DISABILITY BENEFITS 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 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, 2024 and 2023. 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. 43 – *Loan-backed and Structured Securities* ("SSAP No. 43") 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 2024 and 2023 for realized impairment losses for DBF related to SSAP No. 43 investments. There are no additional impairments recorded in 2024 and 2023 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.

During 2024 and 2023, DBF did not record impairments related to bonds in the statutory basis statements of income. DBF also did not record OTTI related to common stocks for the years ended December 31, 2024 and 2023.

**STATE INSURANCE FUND
DISABILITY BENEFITS FUND**

**Notes to Statutory Basis Financial Statements
For the Years Ended December 31, 2024 and 2023
(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.

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. 100 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 when NAIC designations fall below a 2 and, therefore, are carried at the lower of cost or market.

**STATE INSURANCE FUND
DISABILITY BENEFITS FUND**

**Notes to Statutory Basis Financial Statements
For the Years Ended December 31, 2024 and 2023
(in thousands)**

NOTE 3 - INVESTMENTS (CONTINUED)

A. Fair Value of Financial Instruments: (continued)

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, 2024 and 2023. 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. 100 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, 2024 and 2023
(in thousands)**

NOTE 3 - INVESTMENTS (CONTINUED)

A. Fair Value of Financial Instruments: (continued)

The following tables provide information as of December 31, 2024 and 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:	2024			
	Level 1	Level 2	Level 3	Total
Common stocks	\$ 31,483	\$ -	\$ -	\$ 31,483
Total assets at fair value	<u>\$ 31,483</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,483</u>

Assets at fair value:	2023			
	Level 1	Level 2	Level 3	Total
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, 2024 and 2023 about DBF's assets disclosed at aggregate fair value along with a brief description of the valuation technique for each type of asset.

Type of Financial Instrument	2024				
	Aggregate Fair Value	Admitted Assets	Fair Value		
			Level 1	Level 2	Level 3
Bonds	\$ 164,871	\$ 166,727	\$ -	\$ 164,871	\$ -
Common Stocks	31,483	31,483	31,483	-	-
Short-term investments	257,120	257,120	-	257,120	-
Security lending collateral assets	2,138	2,138	2,138	-	-
Total	<u>\$ 455,612</u>	<u>\$ 457,468</u>	<u>\$ 33,621</u>	<u>\$ 421,991</u>	<u>\$ -</u>

Type of Financial Instrument	2023				
	Aggregate Fair Value	Admitted Assets	Fair Value		
			Level 1	Level 2	Level 3
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>

**STATE INSURANCE FUND
DISABILITY BENEFITS FUND**

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

NOTE 3 - INVESTMENTS (CONTINUED)

A. Fair Value of Financial Instruments: (continued)

Securities classified as Level 1 included primarily common stocks, money market mutual funds, 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 2024 and 2023.

B. Subprime Mortgage Exposure:

DBF had no exposures to subprime mortgage loans at December 31, 2024 and 2023.

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, 2024 and 2023 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, 2024 and 2023
(in thousands)**

NOTE 4 - NON-ADMITTED ASSETS

The non-admitted assets of DBF at December 31, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Premium in course of collection outstanding over 90 days, net of allowance	\$ 2,619	\$ 2,996
Other	239	156
Total non-admitted assets	<u>\$ 2,858</u>	<u>\$ 3,152</u>

NOTE 5 - RELATED PARTY TRANSACTIONS

Expenses allocated to DBF from WCF were \$5,916 in 2024 and \$4,010 in 2023. The amount owed to WCF at December 31, 2024 and 2023 from DBF is \$2,325 and \$1,896.

NOTE 6 - RESERVES FOR LOSSES AND LOSS ADJUSTMENT EXPENSES

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

	<u>2024</u>	<u>2023</u>
Balance - January 1	\$ 26,101	\$ 29,094
Incurred claims related to:		
Current year	88,268	77,795
Prior years	507	(9,357)
Total incurred	<u>88,775</u>	<u>68,438</u>
Paid claims related to:		
Current year	56,751	53,398
Prior years	24,647	18,033
Total paid:	<u>81,398</u>	<u>71,431</u>
Balance - December 31	<u>\$ 33,478</u>	<u>\$ 26,101</u>

The incurred claims related to prior years have changed in 2024 and 2023 as a result of changes in estimate of events insured in prior years.

**STATE INSURANCE FUND
DISABILITY BENEFITS FUND**

**Notes to Statutory Basis Financial Statements
For the Years Ended December 31, 2024 and 2023
(in thousands)**

NOTE 7 - SURPLUS

There are no restrictions placed on DBF's surplus.

Changes in balances of appropriated surplus funds from December 31, 2023 to December 31, 2024 are discussed in Note 2G.

Unassigned surplus reflects the accumulated balance of unrealized investment gains of \$6,556 at December 31, 2024 and non-admitted assets of (\$2,858) and (\$3,152) as of December 31, 2024 and 2023.

NOTE 8 - OTHER UNDERWRITING EXPENSES

The components of other underwriting expenses are as follows:

	<u>2024</u>	<u>2023</u>
Salaries and payroll taxes	\$ 3,225	\$ 2,394
Employee relations and welfare	1,320	914
Insurance	6	5
Travel and travel items	5	6
Rent and rent items	174	170
Equipment	9	6
Taxes, licenses and fees	2,175	2,337
Cost or depreciation of EDP equipment and software	419	234
Printing and stationery	41	16
Postage and telephone	182	155
Legal and auditing	354	213
Miscellaneous expenses	<u>139</u>	<u>146</u>
Total	<u>\$ 8,049</u>	<u>\$ 6,596</u>

**STATE INSURANCE FUND
DISABILITY BENEFITS FUND**

**Notes to Statutory Basis Financial Statements
For the Years Ended December 31, 2024 and 2023
(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 28, 2025 when the annual statement was filed with the NAIC and DFS. After that date, subsequent events have been reviewed through May 21, 2025, 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, 2024 and 2023, and for each of the years then ended, and have issued our report thereon dated May 21, 2025, 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.

A stylized, handwritten-style signature of "EisnerAmper LLP" in black ink.

EISNERAMPER LLP
New York, New York
May 21, 2025



**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, 2024

Of The State Insurance Fund Disability Benefits Fund
Address (City, State, Zip Code): 196 Church Street, New York, New York, US 10007
NAIC Group Code: 0000

NAIC Company Code: 36103

Employer's ID Number: 13-309652

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. \$ 504,229,898

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

	<u>1</u> <u>Issuer</u>	<u>2</u> <u>Description of Exposure</u>	<u>3</u> <u>Amount</u>	<u>4</u> <u>Percentage of Total Admitted Assets</u>
2.01	BANK OF AMERICA CORP	Bonds and Stocks	\$ 7,405,217	..... 1.469 %
2.02	BARCLAYS COMMERCIAL MORTGAGE	Bonds	\$ 6,832,308	..... 1.355 %
2.03	JPMORGAN CHASE & CO	Bonds and Stocks	\$ 6,091,591	..... 1.208 %
2.04	APPLE INC	Bonds and Stocks	\$ 5,138,789	..... 1.019 %
2.05	MICROSOFT CORPORATION	Bonds and Stocks	\$ 4,727,390	..... 0.938 %
2.06	ALPHABET INC	Bonds and Stocks	\$ 4,543,843	..... 0.901 %
2.07	BENCHMARK MORTGAGE TRUST BMARK	Bonds	\$ 4,242,877	..... 0.841 %
2.08	AMERICAN EXPRESS COMPANY	Bonds and Stocks	\$ 4,196,742	..... 0.832 %
2.09	ROCHE HOLDINGS AG	Bonds	\$ 4,000,000	..... 0.793 %
2.10	NATIONAL SECURITIES CLEARING CORP	Bonds and Stocks	\$ 3,902,827	..... 0.774 %

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 \$ 417,198,423	..... 82.740 %	3.07	NAIC 1	\$ %
3.02	NAIC 2 \$ 6,647,748	..... 1.318 %	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. \$ 6,879,090 1.364 %
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, 2024**

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, 2024**

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.

	<u>1</u>	<u>2</u>
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> Issuer	<u>2</u>	<u>3</u>
13.02 Apple Inc	\$	2,087,501	0.414 %
13.03 NVIDIA Corp	\$	1,830,238	0.363 %
13.04 Microsoft Corp	\$	1,824,252	0.362 %
13.05 Amazon.com Inc	\$	1,198,747	0.238 %
13.06 Alphabet Inc	\$	1,185,588	0.235 %
13.07 Meta Platforms Inc	\$	747,696	0.148 %
13.08 Tesla Inc	\$	653,413	0.130 %
13.09 Broadcom Inc	\$	614,608	0.122 %
13.10 Berkshire Hathaway Inc	\$	482,743	0.096 %
13.11 JPMorgan Chase & Co	\$	391,926	0.078 %

**STATE INSURANCE FUND
DISABILITY BENEFITS FUND**

**Statutory Basis Supplementary Schedule of Investment Risk Interrogatories (continued)
Year Ended December 31, 2024**

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>Fund Manager</u>	<u>2</u> <u>Total Invested</u>	<u>3</u> <u>Diversified</u>	<u>4</u> <u>Nondiversified</u>
14.06		\$	\$	\$
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.

	<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>Type (Residential, Commercial, Agricultural)</u>	<u>2</u>	<u>3</u>	
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>Loans</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
DISABILITY BENEFITS FUND**

**Statutory Basis Supplementary Schedule of Investment Risk Interrogatories (continued)
Year Ended December 31, 2024**

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	<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)	\$ 13,578,389	..... 2.602 %	\$ 12,186,639	\$ 13,475,889	\$ 12,266,954
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, 2024**

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>		
	<u>1</u>	<u>2</u>	<u>1st Qtr</u>	<u>2nd Qtr</u>	<u>3rd Qtr</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>		
	<u>1</u>	<u>2</u>	<u>1st Qtr</u>	<u>2nd Qtr</u>	<u>3rd Qtr</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
DISABILITY BENEFITS FUND**

**Statutory Basis Supplementary Summary Investment Schedule
Year Ended December 31, 2024**

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	14,960,492	3.103	14,960,492		14,960,492	3.103
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	2,728,124	0.566	2,728,124		2,728,124	0.566
1.06 Industrial and miscellaneous	149,038,049	30.912	149,038,049		149,038,049	30.912
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	166,726,665	34.581	166,726,665		166,726,665	34.581
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)	31,404,007	6.514	31,404,007		31,404,007	6.514
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	78,607	0.016	78,607		78,607	0.016
3.06 Unit investment trusts						
3.07 Closed-end funds						
3.08 Exchange traded funds						
3.09 Total common stocks	31,482,614	6.530	31,482,614		31,482,614	6.530
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)	24,664,379	5.116	24,664,379		24,664,379	5.116
6.02 Cash equivalents (Schedule E, Part 2)				2,138,210	2,138,210	0.443
6.03 Short-term investments (Schedule DA)	257,119,506	53.330	257,119,506		257,119,506	53.330
6.04 Total cash, cash equivalents and short-term investments	281,783,885	58.445	281,783,885	2,138,210	283,922,095	58.889
7. Contract loans						
8. Derivatives (Schedule DB)						
9. Other invested assets (Schedule BA)						
10. Receivables for securities						
11. Securities Lending (Schedule DL, Part 1)	2,138,210	0.443	2,138,210	X X X	X X X	X X X
12. Other invested assets (Page 2, Line 11)						
13. Total invested assets	482,131,374	100.000	482,131,374	2,138,210	482,131,374	100.000

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New York State Insurance Fund

2024 ANNUAL REPORT

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Governor

Kathy Hochul

Chair

Kenneth R. Theobalds

Executive Director & CEO

Gaurav Vasisht



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