



2022 ANNUAL REPORT
THE ROAD AHEAD





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

THE NYSIF ADVANTAGE

We know workers' compensation, disability benefits and paid family leave insurance because that's all we do.

For more than a century, New York State businesses and their injured workers have benefitted from our dedication, commitment and service. That's something we won't change.

2022 ANNUAL REPORT

Financial Highlights

WORKERS' COMPENSATION FUND

(in thousands)

	2022	2021
Net Written Premium	\$ 1,565,411	\$ 1,733,104
Net Earned Premium	\$ 1,595,276	\$ 1,798,082
Net Investment Income	\$ 444,733	\$ 723,087
Net Income	\$ 348,799	\$ 658,803
Total Admitted Assets	\$ 21,973,634	\$ 22,106,139
Total Surplus	\$ 9,667,456	\$ 9,735,429

DISABILITY BENEFITS FUND

(in thousands)

	2022	2021
Net Written Premium	\$ 120,288	\$ 122,447
Net Earned Premium	\$ 132,495	\$ 99,327
Net Investment Income	\$ 5,620	\$ 253
Net Income	\$ 59,084	\$ 39,042
Total Admitted Assets	\$ 408,427	\$ 346,111
Total Surplus	\$ 289,998	\$ 235,541



MESSAGE FROM THE CHAIRMAN

Kenneth R. Theobalds

In the past year, NYSIF worked hard to advance important initiatives and surpass previous performance while moving the needle on key issues impacting policyholders, the state's workforce and the broader community.

A BROAD SCOPE OF VISION

NYSIF remains committed to its mission to guarantee the availability of workers' compensation and disability benefits insurance at the lowest possible cost. **Our participation in the marketplace helps ensure fairness and choice for New York employers** as we strive to achieve the best health outcomes for injured workers.

The State Fund also acknowledges its role as an asset owner and fiduciary, one of only a handful of state agencies to serve in that capacity. As New York State's largest workers' compensation insurance provider, we will, as appropriate, leverage our unique position in the marketplace to embrace opportunities to make positive change.

We moved forward with providing new services to our policyholders; enhancing programs to assist injured workers; building our commitment to Diversity, Equity and Inclusion (DEI); and outlining our approach to addressing the impact of climate change on our investment policies and portfolios.

DIVERSITY, EQUITY AND INCLUSION

NYSIF continued to meet and surpass the goals of New York's Minority and Women-owned Business Enterprise (MWBE) initiatives. The agency far exceeded its established MWBE participation goal of 35% for investments and financial services in Fiscal Year 2021-2022, allocating nearly 49% of dollars paid to asset management firms and financial institutions to MWBE-certified firms. In addition, several NYSIF Commissioners were recognized for excellence and their commitment to service by the National Association of Securities Professionals.

With regard to other procurement, NYSIF has exceeded the Governor's MWBE utilization goal each year since 2013. The agency was acknowledged for its contributions and commitment to the MWBE program — **NYSIF received the first-ever MWBE Choice Recognition Award and the Empire State Development 2022 MWBE Champions Award.**

We will strive to make continued progress with our own Diversity, Equity and Inclusion policy to ensure the NYSIF candidate pool reflects New York State's extraordinary talent.

At NYSIF, we will continue the essential work of championing economic opportunity throughout the agency; we welcome the new ideas that an inclusive environment fosters.

I am confident that along with my colleagues on the Board of Commissioners and NYSIF's dedicated leadership team and talented staff, we will expertly navigate the road ahead. Thank you, Governor Kathy Hochul, for your continued support.

Kenneth R. Theobalds
Chairman

NYSIF Board of Commissioners

NYSIF BOARD OF COMMISSIONERS



Chairman
KENNETH R. THEOBALDS
President and Managing Partner
RiverRun Partners, LLC



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New York State AFL-CIO



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Managing Director
Responsible Investing
Trinity Church Wall Street



LOUIS J. ROBERTI JR.
Owner
Arroway Ford/Arroway Tractor



ALEXIS E. THOMAS
CEO and Founder
Preston Hollow Consultants



SCOTT B. MELVIN
Executive Deputy Commissioner
New York State Department of Labor



MESSAGE FROM THE EXECUTIVE DIRECTOR & CEO

Gaurav Vasisht

The lingering effects of a global health crisis and the economic uncertainties that followed have irrevocably changed our world, the way we work and the workers' compensation insurance landscape. At NYSIF, we viewed these challenges collectively as an opportunity to reexamine how we do business and serve our policyholders, injured workers and the broader community.

ACCEPTING THE CHALLENGE

These events required that we ask ourselves: **How can we do more** — to better serve New York businesses and injured workers who rely on us, as well as promote the mental health and professional development of our employees while we also safeguard our investments and uphold our fiduciary responsibilities?

In response, **we continued to harness technology to increase efficiencies** in all areas of our business operations and ensure our workers' compensation and disability benefits claimants received benefit payments faster. We deployed state-of-the-art security tools to protect NYSIF and client data and further streamlined our premium audit process to ensure policyholders completed the process quickly and paid the lowest possible premium. Meanwhile, NYSIF worked diligently to prevent and detect fraud. We identified more than \$12 million in premium fraud, which helped stave off further premium increases and leveled the playing field for NYSIF policyholders.

We assisted businesses in burgeoning industries, as well as those with outstanding

premium balances by helping them obtain the affordable workers' comp and disability benefits coverages they needed to protect employees and pay off their outstanding balances. Through our dividend and return of premium programs, **we returned more than \$585 million to NYSIF policyholders**. Our new credit card fee waiver initiative saved small business policyholders more than \$100,000. NYSIF also implemented new programs to cover policyholders' out-of-state employees and provided injured workers with immediate access to a medical professional so they could report a work-related injury and receive assistance anytime, 24 hours a day.

EMPLOYEES FIRST

The well-being and ongoing professional development of our greatest asset, **our staff, remained a top priority. NYSIF created an internal mental wellness campaign** comprised of engaging workshops, activities and speakers to support employees' mental health. Since joining NYSIF in late 2021, one of my priorities has been to increase the number of promotional opportunities for all staff. Over the last 18 months, we made significant strides to increase career mobility and opportunities for advancement: we expanded the number of positions in certain title series, created new titles to provide additional promotions, upgraded salary grades and strengthened our DEI policy. In addition, several staff in our Risk Control department earned professional certifications, demonstrating the highest levels of proficiency and mastery in their field. Meanwhile, several employees in NYSIF's Actuarial department passed one of the many rigorous actuarial examinations needed to become a fully credentialed actuary.



MESSAGE FROM THE EXECUTIVE DIRECTOR & CEO (CONTINUED)

Gaurav Vasisht

A GLOBAL CITIZEN

Achieving our mission in light of climate change now requires ensuring the long-term security of our portfolio through aggressive net-zero action. **We developed an action plan to guide us in our aim to mitigate the risks of climate exposure** to our portfolios and the real economy and positively impact economic development, infrastructure and human health.

NYSIF also **began examining ways to leverage our vast data** to inform the broader conversation and research on a range of public health, financial services and regulatory issues. We believe successfully meeting the challenges of our current environment can positively impact the strength of our policyholders, foster economic development and advance overall human health, including that of our staff and our customers.

THE ROAD AHEAD

At NYSIF, we have a singular focus on the road ahead: We will continue to fulfill our mission to serve our stakeholders and ensure NYSIF remains an industry leader in workers' compensation, disability benefits and paid family leave.

This Annual Report highlights the actions we took in 2022 in support of that goal.

Gaurav Vasisht
Executive Director & CEO
NYSIF

NYSIF EXECUTIVE STAFF



GAURAV VASISHT
Executive Director & CEO



JOSEPH MULLEN
Deputy Executive Director
& Chief of Staff



AUGUSTO BORTOLONI
Director of Policyholder Services
Business Operations



PETER CUSICK
Director of Claims
Business Operations



SITA FEY
Director of External Affairs



GREGORY FRANCIS
Chief Investment Officer



WILLIAM GRATRIX
Chief Financial Officer



CHARLOTTE GRIFFIN
Chief Information Officer



DAVID JACOBSON
Director of Communications



MELISSA JENSEN
Director of Policy

NYSIF EXECUTIVE STAFF



TIMOTHY KOESTER
Chief Actuary



CHAD LOSHBAUGH
Director of Administration



SCOTT MADDALO, M.D.
Medical Director



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



DAVID F. WERTHEIM
Acting General Counsel

NEW YORK BUSINESSES

Supporting New York State businesses is a priority of NYSIF. Our public mission is to ensure a fair marketplace, keep employers across New York insured and protect their employees.

Dividend and Return of Premium Programs

NYSIF dividend and return of premium programs continued to provide policyholders with much-needed relief during challenging times. Paying uninterrupted dividends since 1923, **our safety groups enable NYSIF policyholders to enjoy huge savings on their insurance premiums** while maintaining safe workplaces. Collectively, our dividend and return of premium programs returned \$585 million to policyholders with strong safety records in 2022. Our competitive pricing, coupled with these programs, helps us to maintain long-term policyholder relationships that last for generations. **NYSIF is proud of our 86% retention rate** among our Group 90 policyholders and 95% retention rate for safety groups.

“ I just wanted to thank you for your assistance last week while I was meeting with a policyholder. He was impressed with your ability to solve his problem, as well as your willingness to hang on the phone with us until his problem was resolved. ”

— Broker —



Out-of-State Coverage

For the first time in its 108-year history, **NYSIF extended coverage to the out-of-state employees of its New York-based policyholders.** The new program, which arises from 2021 legislation permitting NYSIF to provide low-cost workers' compensation insurance for our policyholders' employees across the United States, enables NYSIF policyholders to benefit from our competitive rates for all their employees.

Now, any New York-based employer that has more workers' comp premium or payroll in New York State than in all other states combined can offer its out-of-state employees NYSIF workers' compensation coverage and will no longer have to incur the additional cost of procuring a policy from another insurer for out-of-state employees. New NYSIF customers with satellite offices or remote workers out of state are also eligible for the program.

Credit Card Fee Waiver

Assisting Small Business Policyholders

To address the needs of our small business policyholders, NYSIF **waived credit card transaction fees for eligible small business policyholders** who enrolled in, or were currently using, paperless billing. When eligible workers' compensation or disability benefits policyholders enroll in paperless documents (i.e., elect to receive their bills and policy documents electronically), NYSIF will waive the 2.25% fee that normally applies on credit card premium payments. We offered this program to any policyholder in good financial standing and whose annual workers' compensation premium is \$10,000 or less, or whose annual disability benefits premium is \$1,000 or less. Our fee waiver program also promotes climate resiliency. **In 2022, NYSIF policyholders saved more than \$100,000**, and we estimate that policyholders could save more than \$300,000 a year through the program.



Emerging Markets: Cannabis

NYSIF developed a campaign to assist established and emerging New York businesses licensed to participate in the state's burgeoning, legalized recreational cannabis market. We are committed to helping these companies fulfill their workers' compensation, disability benefits and paid family leave requirements, and ensure that their workers are fully protected if they are injured on or off the job. Companies may be eligible to join the NYSIF safety group program for additional savings.

Second-Chance Policies

A new law enabled NYSIF to **assist businesses with outstanding balances to obtain workers' comp insurance coverage** by setting up payment plans to pay owed premiums. Policyholders can work with NYSIF to establish a payment plan for both the outstanding balance and premium on a new policy. All companies must also meet NYSIF's general underwriting standards.

The legislation permitting NYSIF to establish this program will give more than 3,000 New York businesses renewed access to the largest segment of the low-cost workers' compensation insurance market, **generating an aggregate of \$8 million in potential premium savings**, or an average of approximately \$2,000 per policyholder. Last year, 176 NYSIF policyholders benefitted from this program and had estimated savings of about \$120,000.

Accident Prevention

Workplace Safety

NYSIF is committed to helping our policyholders keep their businesses and their employees safe.

Our Risk Control department provided a range of services to policyholders and safety groups to help identify, control and eliminate workplace hazards and key loss drivers. We aim to help them reduce the frequency and severity of painful and costly workplace injuries. This included facilitating air quality checks and conducting safety inspections, as well as on-site and virtual employee safety training. We also offered U.S. Occupational Safety and Health Administration (OSHA) safety training certificate courses, Code Rule 59 comprehensive safety and loss prevention program consultations and compliance evaluations. In addition, designated teams developed industry-specific resources targeting current safety issues for relevant policyholders.

Meanwhile, the NYSIF Risk Control Resource Center library and learning management system continued to receive positive reviews from our policyholders. They gave it high marks for the quality of information available and, in some instances, were pleasantly surprised to find resources specific to their industry.



Enhanced Customer Service

When our policyholders and injured workers needed answers to their insurance questions, NYSIF staff were readily available — just an email or a phone call away. Our Contact Center staff **handled 90% of all calls at the first point of contact — which is well above the global average of 75%**. We believe this is significant because it provided a great customer experience and helped other NYSIF departments manage a wide range of customer issues. Staff also **helped NYSIF obtain more than 800 new policyholders** by calling potential customers and assisting them in completing their new business insurance applications.

“It’s exceptional customer care that you reached out and followed up. Not only did you respond promptly and courteously, you followed up as well. NYSIF is very fortunate to have employees like you, and customers like me benefit.”

— Workers’ comp policyholder

Long-Standing Policyholder Relationships

We are proud of our commitment to continuously provide excellent customer service to our policyholders and of the trust they have placed in us to honor that commitment — some for more than a century.



100+
YEARS

Sobert Realty Corp., Purchase, NY



95+
YEARS

Town of Van Etten,
Van Etten, NY



95+
YEARS

Incorporated Village of Sands Point,
Sands Point, NY



90+
YEARS

RC Lacy, Inc.,
Catskill, NY



85+
YEARS

Rucker Lumber,
Boston, NY



80+
YEARS

Hastings Paint & Hardware Co., Inc.,
Hastings-on-Hudson, NY



75+
YEARS

New York State Society of
Professional Engineers, Inc.,
Albany, NY

NYSIF understands how disruptive an injury can be for a worker and their family. We implemented several changes to better serve injured workers.

Accident Reporting Hotline

NYSIF launched a 24-hour Accident Reporting Hotline (ARH), which provides nurse triage services seven days a week. It enables policyholders or their employees to speak with a registered nurse about a work-related injury. The nurse can offer self-care options or suggest treatment facilities. Available to all policyholders, the ARH is ideal for second- or third-shift employers who don't want to wait until the next day to report an injury.



Timely Initial Payments

In 2022, NYSIF managed approximately 104,000 workers' compensation claims. **NYSIF Claims staff issued timely initial payments on 96.8% of our new claims**, demonstrating our commitment to ensuring injured workers receive wage replacement benefits as soon as possible. The staff also exceeded its goal of settling a percentage of our open claims to limit our ongoing liability on those claims.

“ Thank you from the bottom of my heart for all of the help you've provided. ”
— Workers' comp claimant

Same-Day Direct Deposit

We implemented same-day direct deposit, which enabled NYSIF to get benefit payments to claimants as much as four days faster than a mailed check. NYSIF also worked to notify all workers' compensation and disability benefits claimants of this enhancement, and we added almost 7,000 new direct deposit enrollees in 2022. **We estimate that our claimants will save as much as \$300,000 a year** and some could see up to 24 days of extra income each year by participating in the program.

“ Wow! You're amazing! Thank you for your diligence and your wonderful work to help me. You are a valuable asset. ”
— Workers' comp claimant

Disability Benefits/Paid Family Leave

In 2022, **our staff processed more than 14,000 disability benefits and paid family leave claims**, including more than 1,000 COVID-19 claims. Claimants also benefitted from same-day direct deposit of benefit payments and expanded coverage for domestic employees. Policyholders were able to take advantage of our new credit card fee waiver and second-chance premium payment programs, as well as updated payroll reports. Brokers saw improved online access to disability benefits accounts.

“ You have truly been a blessing to me in this time of my life. You made my day a little brighter, and I thank God that there are still people like yourself who are around. Thank you again! ”
— Disability benefits claimant

NYSIF knows that our employees are our most valuable asset. Their dedication and knowledge are key to our business success. In return, we have focused on increasing employee morale through better communication, opportunities for growth and staff development. NYSIF classified more than 50 new positions, promoted more than 100 staff members and hired 141 new employees. In addition, we funded a number of professional exams and provided study time for employees.



Helping to distinguish NYSIF as an industry leader in safety, nine members of our Risk Control staff became Certified Safety Professionals (CSPs). CSP is the safety, health and environmental industry's most widely recognized credential and is considered as the gold standard among safety professionals. NYSIF also has 10 Associate Safety Professionals (ASPs). ASPs perform expert-level safety duties such as conducting worksite risk assessments, identifying hazards, investigating incidents and preparing emergency response plans.

In addition, three staff members in our Actuarial department completed additional coursework and examinations testing a broad range of insurance, mathematical and statistical knowledge, including ratemaking, accounting, financial reporting and insurance law. The successful completion of this coursework moves each closer to achieving the designation of an Actuarial Fellow, a high professional designation only held by slightly more than 20,000 professionals worldwide.

This type of professional development helps employees broaden their knowledge base and brings greater value to the services we provide NYSIF policyholders.

Mental Wellness

To illustrate the high level of importance we place on mental wellness, we launched a new initiative, the NYSIF State of Wellness, and conducted a mental wellness week of activities and speakers for our 1,800 employees. NYSIF strongly believes that being healthy on all levels, beginning with breaking the stigmas that prevent healthy discussion of this topic and educating everyone about behaviors and activities that can help keep us balanced, benefits our organizations, families and communities.

We believe this new campaign can help prioritize mental wellness and fill a critical need for many companies and workers across New York. Hence, we are looking at making the materials we shared with our staff more widely available. As an organization that exists to support the health of the state's workers, NYSIF is uniquely qualified to lead this effort.

Here are some thoughts NYSIF employees shared about our State of Wellness initiative:

- “ I felt so connected on this conversation ... and heard, too. ”
- “ Absolutely amazing! Feeling burnt out is not a space of mind where anyone should live, and this type of mindfulness teaching and learning to take the time to do a self-assessment (mind/body) is so important to a successful day/week/career — taking care of your mind is just as important as taking care of your body. I am proud to work for an agency that supports this type of progressive thinking in the workplace. ”
- “ I am so proud that NYSIF is acknowledging the importance of mental health! Thank you, NYSIF, for supporting 'breaking the stigma.' ”

As an insurer and asset owner, **NYSIF is uniquely positioned to decarbonize investments, finance green solutions and collaborate with business partners to drive positive change** in the communities where we work. NYSIF also added its voice to those commenting on government regulations that have the potential to (re)shape critical aspects of the financial services industry and affect the way we do business.

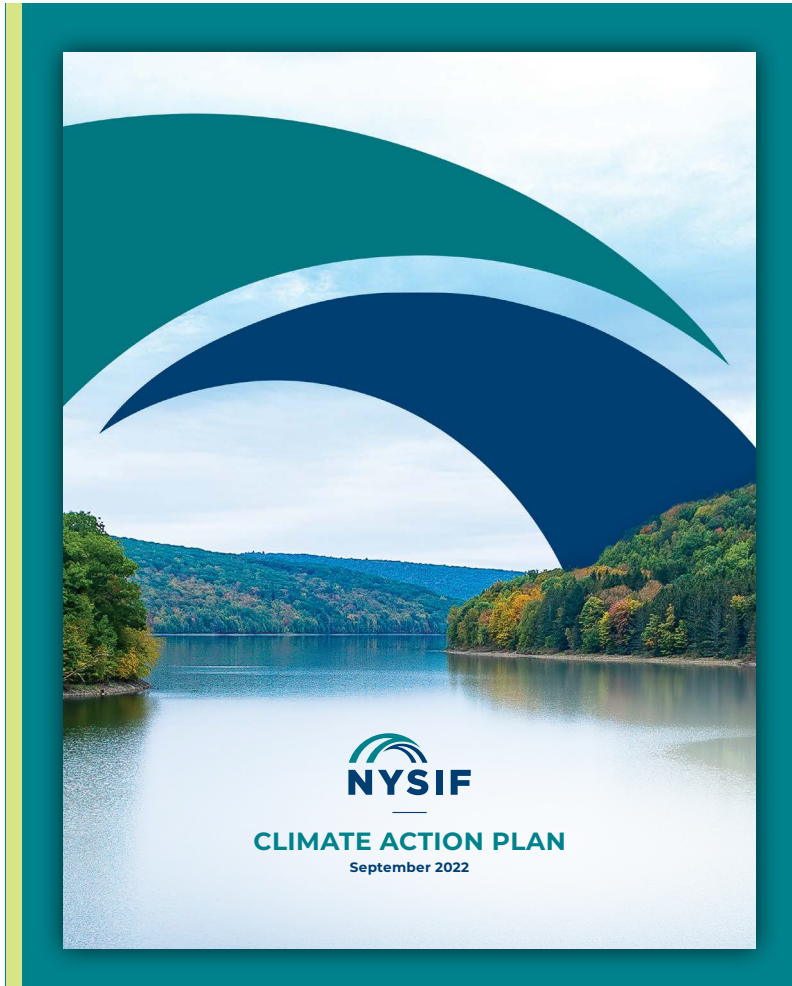
Climate Action

Mitigating climate change will require substantial, collective efforts. The **NYSIF Climate Action Plan** lays out our ambitions to aid the global economy in achieving net-zero carbon emissions. In developing the plan, NYSIF embraced Governor Hochul’s mandate that state investment portfolios lead on climate action, achieving net-zero carbon emissions in their investments by 2040. The plan clarifies our commitment to meet our net-zero 2040 ambition and outlines our climate strategy.

To further this initiative, **NYSIF hosted a discussion among leading New York State agency experts about sustainability initiatives** aimed at reducing state agency greenhouse gas emissions. This thoughtful conversation included professionals from NYSIF, the New York State Department of Environmental Conservation, New York Power Authority and Columbia University. We also laid the groundwork to host periodic sessions to educate our Environmental, Social and Governance investment team on climate risk and how it affects our investments.

Regulatory Matters

NYSIF sent letters to the Securities and Exchange Commission (SEC) in support of SEC proposals to protect investors, increase transparency and strengthen private (investment) funds (e.g., private equity, venture capital and hedge funds) regulation, and to enhance and standardize climate-related disclosures to facilitate investor decision-making.



LOOKING AHEAD

NYSIF is proud of our accomplishments over the past year and the progress that we made in fulfilling our mission. We know that we are New York State’s largest workers’ compensation insurance provider for a reason: **We are committed to being the best at what we do and providing superior customer service.** We will continue to look to the road ahead, maintaining our steadfast focus on developing the products, services and applications that meet the evolving needs of our clients.

EISNERAMPER

**STATE INSURANCE FUND
WORKERS' COMPENSATION FUND**

STATUTORY BASIS FINANCIAL STATEMENTS

**AS OF AND FOR THE YEARS ENDED
DECEMBER 31, 2022 and 2021**

**STATUTORY BASIS SUPPLEMENTARY SCHEDULES
FOR THE YEAR ENDED DECEMBER 31, 2022
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, which comprise the statutory statements of admitted assets, liabilities and surplus as of December 31, 2022 and 2021, 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, 2022 and 2021, 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, 2022 and 2021, or the results of its operations or its cash flows for the years then ended.

Basis for Opinion

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

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

As described in Note 2A of the statutory basis financial statements, the statutory basis financial statements are prepared by State Insurance Fund 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.

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 Companies' 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 Company'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 Company'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 17, 2023



**STATE INSURANCE FUND
WORKERS' COMPENSATION FUND**

**Statutory Basis Statements of Admitted Assets, Liabilities and Surplus
As of December 31, 2022 and 2021
(in thousands)**

	2022	2021
Admitted assets		
Cash and invested assets:		
Bonds — at NAIC carrying value	\$ 18,121,860	\$ 17,798,893
Common stocks	1,636,782	2,051,036
Real estate	100,941	108,041
Cash, cash equivalents and short-term investments	316,042	488,892
Other invested assets	54,387	-
Receivables for securities and security lending reinvested collateral assets	142,816	119,323
	20,372,828	20,566,185
Total cash and invested assets		
Premium receivables	156,232	111,690
Accrued investment income	122,244	108,710
Due from affiliates	21,315	18,765
Other admitted assets	6,015	5,789
Contingent receivable from New York State	1,295,000	1,295,000
	1,295,000	1,295,000
Total admitted assets	\$ 21,973,634	\$ 22,106,139
Liabilities and surplus		
Liabilities:		
Reserve for losses	\$ 8,896,801	\$ 9,007,464
Reserve for loss adjustment expenses	914,687	886,014
Unearned premiums	293,897	303,070
Contingent policyholder dividends	1,844,702	1,788,930
Payables for securities and securities lending	147,487	171,573
Accrued expenses and other liabilities	208,604	213,659
	12,306,178	12,370,710
Total liabilities		
Surplus:		
Appropriated surplus funds:		
Security fluctuation surplus	2,020,000	1,790,000
Catastrophe surplus	399,561	399,561
Terrorism catastrophe surplus	895,331	863,856
Postemployment benefits surplus	658,665	645,825
Unassigned surplus	5,693,899	6,036,187
	9,667,456	9,735,429
Total surplus		
Total liabilities and surplus	\$ 21,973,634	\$ 22,106,139

See accompanying notes to statutory basis financial statements.

**STATE INSURANCE FUND
WORKERS' COMPENSATION FUND**

**Statutory Basis Statements of Income
As of December 31, 2022 and 2021
(in thousands)**

	2022	2021
Underwriting income:		
Net written premium	\$ 1,565,411	\$ 1,733,104
Assumed written premium	91	-
Net earned premium	1,595,276	1,798,082
Underwriting expenses:		
Losses incurred	1,013,546	1,087,978
Loss adjustment expenses incurred	228,854	175,538
Other underwriting expenses incurred	172,506	186,521
Total underwriting expenses	1,414,906	1,450,037
Net underwriting profit	180,370	348,045
Investment income earned:		
Investment income	543,042	516,412
Investment expenses	(44,554)	(40,522)
Net realized capital gains (losses)	(53,755)	247,197
Net investment income earned	444,733	723,087
Other income (expenses):		
Bad debt expense	(87,138)	(111,209)
Finance and service charges	22,319	32,014
Miscellaneous income	8,383	3,074
Dividend expense to policyholders	(219,868)	(336,208)
Total other expenses	(276,304)	(412,329)
Net income	\$ 348,799	\$ 658,803

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, 2022 and 2021
(in thousands)**

	<u>Appropriated Surplus Funds</u>				<u>Unassigned Surplus</u>	<u>Total Surplus</u>
	<u>Security Fluctuation Surplus</u>	<u>Catastrophe Surplus</u>	<u>Terrorism Catastrophe Surplus</u>	<u>Postemployment Benefits Surplus</u>		
Balance — January 1, 2021	\$ 1,980,000	\$ 399,561	\$ 819,299	\$ 918,665	\$ 4,836,013	\$ 8,953,538
Net income	-	-	-	-	658,803	658,803
Change in net unrealized capital gain — investments	-	-	-	-	195,294	195,294
Change in nonadmitted assets	-	-	-	-	(72,206)	(72,206)
Appropriation of unassigned to (from) appropriated surplus	<u>(190,000)</u>	<u>-</u>	<u>44,557</u>	<u>(272,840)</u>	<u>418,283</u>	<u>-</u>
Balance — December 31, 2021	1,790,000	399,561	863,856	645,825	6,036,187	9,735,429
Net income	-	-	-	-	348,799	348,799
Change in net unrealized capital gain (losses) – investments	-	-	-	-	(471,528)	(471,528)
Change in nonadmitted assets	-	-	-	-	54,756	54,756
Appropriation of unassigned to (from) appropriated surplus	<u>230,000</u>	<u>-</u>	<u>31,475</u>	<u>12,840</u>	<u>(274,315)</u>	<u>-</u>
Balance — December 31, 2022	<u>\$ 2,020,000</u>	<u>\$ 399,561</u>	<u>\$ 895,331</u>	<u>\$ 658,665</u>	<u>\$ 5,693,899</u>	<u>\$ 9,667,456</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, 2022 and 2021
(in thousands)**

	<u>2022</u>	<u>2021</u>
Cash flows from operations:		
Premiums collected, net of reinsurance	\$ 1,585,465	\$ 1,646,935
Net investment income	517,955	525,163
Miscellaneous expense	(56,504)	(76,132)
Losses and loss adjustment expenses paid, net	(1,124,209)	(1,208,554)
Expenses paid	(372,179)	(379,564)
Dividends paid to policyholders	(164,096)	(169,824)
	<u>386,432</u>	<u>338,024</u>
Cash flows from investments:		
Proceeds from investments sold, matured or repaid	3,253,651	5,248,921
Cost of investments acquired	(3,841,961)	(5,541,621)
	<u>(588,310)</u>	<u>(292,700)</u>
Net cash flows from other sources	<u>29,028</u>	<u>(4,091)</u>
Net cash provided by (used in) other sources	<u>29,028</u>	<u>(4,091)</u>
Net change in cash, cash equivalents and short-term investments	(172,850)	41,233
Cash, cash equivalents and short-term investments:		
Beginning of year	<u>488,892</u>	<u>447,659</u>
Cash, cash equivalents and short-term investments:		
End of year	<u>\$ 316,042</u>	<u>\$ 488,892</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, 2022 and 2021
(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, 2022 and 2021
(in thousands)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Basis of Presentation: (continued)

Differences between NAIC SAP and NY SAP:

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

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

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

WCF discounts all reserves, including pension and non-pension reserves, for loss and loss adjustment expenses at 5%. If no discounting was used, statutory surplus would decrease by \$6,285,100 and \$6,402,740 as of December 31, 2022 and 2021. 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, 2022 and 2021.

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, 2022 and 2021 is as follows:

**STATE INSURANCE FUND
WORKERS' COMPENSATION FUND**

**Notes to Statutory Basis Financial Statements
For the Years Ended December 31, 2022 and 2021
(in thousands)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Basis of Presentation: (continued)

Differences between NAIC SAP and NY SAP: (continued)

	<u>2022</u>	<u>2021</u>
Surplus		
Total surplus as shown on statutory statements — NY SAP	<u>\$ 9,667,456</u>	<u>\$ 9,735,429</u>
Discounting of loss and loss adjustment expense reserves at 5%	(6,285,100)	(6,402,740)
Add back tabular discount at 3.5% on pension reserves	1,983,148	2,033,552
Contingent receivable from State of New York	<u>(1,295,000)</u>	<u>(1,295,000)</u>
Total cumulative effect	<u>(5,596,952)</u>	<u>(5,664,188)</u>
Total adjusted surplus — NAIC SAP	<u>\$ 4,070,504</u>	<u>\$ 4,071,241</u>
Net Income		
Total net income as shown on statutory statements — NY SAP	<u>\$ 348,799</u>	<u>\$ 658,803</u>
Discounting of loss and loss adjustment expense reserves at 5%	117,640	196,263
Tabular discount at 3.5% on pension reserves	<u>(50,404)</u>	<u>(82,226)</u>
Total cumulative effect	<u>67,236</u>	<u>114,037</u>
Total adjusted net income — NAIC SAP	<u>\$ 416,035</u>	<u>\$ 772,840</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, 2022 and 2021
(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, 2022 and 2021
(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 2022 and 2021. 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, 2022 and 2021
(in thousands)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Basis of Presentation: (continued)

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

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

B. Investments:

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

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

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

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

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

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

**STATE INSURANCE FUND
WORKERS' COMPENSATION FUND**

**Notes to Statutory Basis Financial Statements
For the Years Ended December 31, 2022 and 2021
(in thousands)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Investments: (continued)

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

An investment in a debt or equity security is impaired if its fair value falls below book value and the decline is considered other-than-temporary. Factors considered in determining whether a loss is other-than-temporary include the length of time and extent to which fair value has been below cost, the financial condition and near-term prospects of the issuer, and WCF's ability and intent to hold the investment for a period of time sufficient to allow for an anticipated recovery. A debt security is impaired if it is probable that WCF will not be able to collect all the amounts due under the security contractual terms. Equity investments are impaired when it becomes apparent that WCF will not recover its cost over the expected holding period. Other-than-temporary declines in fair value of investments are included in realized losses. The amount recorded in the statutory basis statements of income in 2022 and 2021 for realized impaired losses was \$70,023 and \$15,241.

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 2022 and 2021 was \$17,110 and \$15,558.

Maintenance and repairs are charged to expense as incurred.

D. Premium Revenue and Related Accounts:

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

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

**STATE INSURANCE FUND
WORKERS' COMPENSATION FUND**

**Notes to Statutory Basis Financial Statements
For the Years Ended December 31, 2022 and 2021
(in thousands)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Premium Revenue and Related Accounts: (continued)

At December 31, 2022 and 2021, the outstanding premium receivable balance is stated net of \$45,138 and \$95,595 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, \$87,138 and \$111,209 are recorded as bad debt expense in the statutory basis statements of income for the years ended December 31, 2022 and 2021.

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 \$9,534 and \$12,177 related to assessments due to the Workers' Compensation Board as of December 31, 2022 and 2021.

F. Reserves for Losses and Loss Adjustment Expenses:

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

Reserves for losses and loss adjustment expenses of WCF are discounted to present value using an annual rate of 5%. Reserves for losses and loss adjustment expenses of WCF have been reduced by \$6,285,100 and \$6,402,740 as of December 31, 2022 and 2021, as a result of the 5% discounting. This accounting practice is mandated by Section 86 of the New York State Workers' Compensation Law.

**STATE INSURANCE FUND
WORKERS' COMPENSATION FUND**

**Notes to Statutory Basis Financial Statements
For the Years Ended December 31, 2022 and 2021
(in thousands)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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
For the Years Ended December 31, 2022 and 2021
(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 \$4,616 and \$6,332 as of December 31, 2022 and 2021.

Based on actual costs billed by various State agencies, WCF incurred \$70,164 and \$76,066 of fringe benefits and indirect costs in 2022 and 2021, 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, 2022 and 2021, WCF appropriated surplus to provide for the net pension obligation costs as permitted by SSAP No. 72, *Surplus and Quasi-Reorganizations*. Future obligations may vary significantly due to potential future changes in various key assumptions, such as WCF's ultimate allocated share of the obligation, investment earning and actuarial projections. WCF updates the estimate each year-end.

At December 31, 2022 and 2021, WCF's pro-rata portion of its New York State Employees' ultimate net pension obligation was \$0 and \$451. The pension obligation was measured by the State as of March 31, 2022 and 2021, with WCF's portion of the obligation based on a ratio of its employees to State employees. As of March 31, 2022 and 2021, WCF's approximate proportionate share was 0.470% and 0.455%.

The activity in the Appropriated Surplus OPEB/Pension account related to pension benefits during 2022 and 2021 is as follows:

	2022	2021
Balance, beginning of year	\$ 451	\$ 131,375
Current year appropriation	(451)	(130,924)
Balance, end of year	\$ -	\$ 451

Per the Actuarial Evaluation Report as of March 31, 2022, the pension plan assets of the State are fully funded, and therefore no appropriation to surplus is required. In 2022 and 2021, WCF recorded pension expense of \$19,952 and \$24,424.

**STATE INSURANCE FUND
WORKERS' COMPENSATION FUND**

**Notes to Statutory Basis Financial Statements
For the Years Ended December 31, 2022 and 2021
(in thousands)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Postemployment Fringe Benefits – Other Postemployment Benefits:

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

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

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

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

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

**STATE INSURANCE FUND
WORKERS' COMPENSATION FUND**

**Notes to Statutory Basis Financial Statements
For the Years Ended December 31, 2022 and 2021
(in thousands)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The activity in the Appropriated Surplus OPEB/Pension account related to postemployment benefits during 2022 and 2021 is as follows:

	2022	2021
Balance, beginning of year	\$ 645,374	\$ 787,290
Current year appropriation	13,291	(141,916)
Balance, end of year	\$ 658,665	\$ 645,374

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, 2022 and 2021:

	2022	2021
Net OPEB obligation, beginning of year	\$ 68,969	\$ 61,564
Annual OPEB expense (Normal Cost)	25,327	28,963
Estimated contribution credit (retiree premiums paid)	(27,656)	(21,558)
(Decrease) Increase in net OPEB obligation	(2,329)	7,405
Net OPEB obligation, end of year	\$ 66,640	\$ 68,969

WCF has an accrued liability for employee' compensation for future absences in the amount of \$21,793 and \$22,345 as of December 31, 2022 and 2021.

I. Appropriated Surplus Funds:

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

Security fluctuation surplus

The security fluctuation appropriation in surplus is an estimate of the potential loss in the investment portfolio's value over a one-year period, calculated at a 95% confidence level. WCF increased the security fluctuation surplus to \$2,020,000 as of December 31, 2022 from \$1,790,000 at December 31, 2021.

**STATE INSURANCE FUND
WORKERS' COMPENSATION FUND**

**Notes to Statutory Basis Financial Statements
For the Years Ended December 31, 2022 and 2021
(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, 2022 and 2021.

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 \$359,616 and \$316,649 for December 31, 2022 and 2021. WCF appropriated \$895,331 and \$863,856 of surplus which represents the estimated premium attributable to the foreign and domestic terrorism premium charge at December 31, 2022 and 2021.

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**Notes to Statutory Basis Financial Statements
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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 and estimates a contingent liability for the ultimate 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 \$0 at December 31, 2022 from \$451 at December 31, 2021.

Other postemployment benefits ("OPEB") appropriated surplus increased to \$658,665 as of December 31, 2022 from \$645,374 at December 31, 2021.

J. Contingent Policyholder Dividends:

Section 90 of the New York State Workers' Compensation Law provides that dividends are paid to Safety Groups at the discretion of NYSIF. Safety Groups are groups of policyholders in the same industry, trade group, or association that agree to adhere to the rules of the Safety Group Program as established by NYSIF. The dividends paid by NYSIF are based on the contingent balances of the safety groups as of the most recent group accounting date. The contingent balances are calculated by adding premiums billed and applicable investment income less reported losses, expenses and previous dividends. The dividends paid during the year and the change in the contingent balance during the calendar year are reflected in the statutory basis statements of income.

Activity in contingent policyholder dividends is summarized as follows:

	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 1,788,930	\$ 1,622,546
Calendar year accrued Safety Group dividend liability	219,869	336,208
Dividends paid to policyholders	<u>(164,097)</u>	<u>(169,824)</u>
Balance, end of year	<u>\$ 1,844,702</u>	<u>\$ 1,788,930</u>

**STATE INSURANCE FUND
WORKERS' COMPENSATION FUND**

**Notes to Statutory Basis Financial Statements
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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 \$27,641 and \$31,605 in 2022 and 2021.

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 \$4,086 and \$3,851 in 2022 and 2021.

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 cash equivalents. Cash equivalents include investments in commercial paper of companies with high credit ratings, investments in money market securities 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 and cash equivalents are 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, 2022 and 2021
(in thousands)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Risks and Uncertainties: (continued)

In early 2020, the World Health Organization declared the COVID-19 (coronavirus) outbreak to be a pandemic. As of December 31, 2022, the ultimate extent of the impact of the COVID-19 outbreak on NYSIF's financial results will depend on the long-term health consequences of COVID-19, which are unknown, uncertain and difficult to predict at this time.

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.

**STATE INSURANCE FUND
WORKERS' COMPENSATION FUND**

**Notes to Statutory Basis Financial Statements
For the Years Ended December 31, 2022 and 2021
(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 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, 2022 and 2021, 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, 2022 and 2021 are as follows:

2022				
	Cost or Book Adjusted Carrying Value	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Market Value
U.S. Government and government agency obligations	\$ 6,066,832	\$ 9,395	\$ (933,949)	\$ 5,142,278
States, territories, possessions and political subdivision	1,323,883	286	(252,290)	1,071,879
Corporate bonds and public utilities	8,882,472	30,952	(727,219)	8,186,205
Mortgage-backed securities	1,848,673	586	(92,526)	1,756,733
Total bonds	<u>18,121,860</u>	<u>41,219</u>	<u>(2,005,984)</u>	<u>16,157,095</u>
Common stocks	1,227,575	482,448	(73,241)	1,636,782
Total investments	<u>\$ 19,349,435</u>	<u>\$ 523,667</u>	<u>\$ (2,079,225)</u>	<u>\$ 17,793,877</u>
2021				
	Cost or Book Adjusted Carrying Value	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Market Value
U.S. Government and government agency obligations	\$ 5,958,559	\$ 545,760	\$ (83,451)	\$ 6,420,868
States, territories, possessions and political subdivision	1,291,013	48,293	(4,919)	1,334,387
Corporate bonds and public utilities	8,693,960	541,328	(42,231)	9,193,057
Mortgage-backed securities	1,855,361	7,756	(9,682)	1,853,435
Total bonds	<u>17,798,893</u>	<u>1,143,137</u>	<u>(140,283)</u>	<u>18,801,747</u>
Common stocks	1,224,544	841,321	(14,829)	2,051,036
Total investments	<u>\$ 19,023,437</u>	<u>\$ 1,984,458</u>	<u>\$ (155,112)</u>	<u>\$ 20,852,783</u>

**STATE INSURANCE FUND
WORKERS' COMPENSATION FUND**

**Notes to Statutory Basis Financial Statements
For the Years Ended December 31, 2022 and 2021
(in thousands)**

NOTE 3 - INVESTMENTS (CONTINUED)

The amortized cost and market value of bonds at December 31, 2022 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.

	<u>Amortized Cost</u>	<u>Market Value</u>
Due in one year or less	\$ 566,300	\$ 561,966
Due after one year through five years	7,200,136	6,742,821
Due after five years through ten years	2,356,957	2,088,919
Due after ten years	<u>7,998,467</u>	<u>6,763,389</u>
Total bonds	<u>\$ 18,121,860</u>	<u>\$ 16,157,095</u>

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, 2022 and 2021, \$242,832 and \$371,797 of WCF investments were on loan, supported by collateral of \$249,136 and \$380,066.

WCF has reinvested collateral assets in the amount of \$135,541 and \$108,840 as of December 31, 2022 and 2021. For the years ended December 31, 2022 and 2021, WCF received fees of \$1,683 and \$544. 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, 2022 by contractual maturity are shown below:

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

**STATE INSURANCE FUND
WORKERS' COMPENSATION FUND**

**Notes to Statutory Basis Financial Statements
For the Years Ended December 31, 2022 and 2021
(in thousands)**

NOTE 3 - INVESTMENTS (CONTINUED)

The amortized cost and market value of the reinvested collateral assets at December 31, 2021 by contractual maturity are shown below:

	<u>Amortized Cost</u>	<u>Fair Value</u>
30 days or less	\$ 108,629	\$ 108,629
31 to 180 days	<u>211</u>	<u>320</u>
Total collateral received	<u>\$ 108,840</u>	<u>\$ 108,949</u>

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, 2022 and 2021, 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>2022</u>	<u>2021</u>
Bonds	\$ 485,220	\$ 468,999
Stocks	28,941	26,337
Cash, cash equivalents and short-term investments	3,592	463
Real estate — home office	23,881	19,406
Securities lending	2,074	559
Other	<u>(666)</u>	<u>648</u>
Investment income earned	543,042	516,412
Investment expenses	(35,143)	(31,439)
Depreciation on real estate and other invested assets	(9,411)	(9,083)
Net realized capital gains (losses)	<u>(53,755)</u>	<u>247,197</u>
Net investment income	<u>\$ 444,733</u>	<u>\$ 723,087</u>

**STATE INSURANCE FUND
WORKERS' COMPENSATION FUND**

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

NOTE 3 - INVESTMENTS (CONTINUED)

Net realized capital gains (losses) on investments, determined on the first-in, first-out method, and impairments in 2022 and 2021, consist of the following:

	Year Ended December 31,	
	2022	2021
Bonds	\$ (30,859)	\$ 38,261
Stocks	(22,664)	208,897
Cash and short-term investments	-	(1)
Securities lending	27	40
Disposal of real estate	(259)	-
Net realized capital gains (losses) and impairments	\$ (53,755)	\$ 247,197

Proceeds from investments sold, matured or repaid during the years ended December 31, 2022 and 2021 are \$3,253,651 and \$5,248,921. These sales resulted in gross realized capital gains of \$89,779 and \$320,787, and gross realized capital losses of \$73,299 and \$58,387 in 2022 and 2021, 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, 2022 and 2021.

	2022					
	Less than 12 Months		12 Months or More		Total	
	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses
U.S. government/agency	\$ 4,183,165	\$ (730,504)	\$ 1,762,074	\$ (455,735)	\$ 5,945,239	\$ (1,186,239)
Corporate and public utilities	5,004,642	(466,115)	1,778,342	(261,104)	6,782,984	(727,219)
Mortgage backed securities	909,564	(37,365)	723,451	(55,160)	1,633,015	(92,525)
Total fixed maturities	10,097,371	(1,233,984)	4,263,867	(771,999)	14,361,238	(2,005,983)
Common stock	293,781	(73,095)	261	(145)	294,042	(73,240)
Total temporarily impaired	\$ 10,391,152	\$ (1,307,079)	\$ 4,264,128	\$ (772,144)	\$ 14,655,280	\$ (2,079,223)

**STATE INSURANCE FUND
WORKERS' COMPENSATION FUND**

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

	2021					
	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/agency	\$ 1,987,734	\$ (29,988)	\$ 520,284	\$ (58,382)	\$ 2,508,018	\$ (88,370)
Corporate and public utilities	2,094,144	(39,205)	78,935	(3,026)	2,173,079	(42,231)
Mortgage backed securities	1,216,048	(8,852)	19,121	(830)	1,235,169	(9,682)
Total fixed maturities	5,297,926	(78,045)	618,340	(62,238)	5,916,266	(140,283)
Common stock	102,960	(14,823)	108	(6)	103,068	(14,829)
Total temporarily impaired	<u>\$ 5,400,886</u>	<u>\$ (92,868)</u>	<u>\$ 618,448</u>	<u>\$ (62,244)</u>	<u>\$ 6,019,334</u>	<u>\$ (155,112)</u>

Gross unrealized losses represented 10.7% and 0.8% of cost or amortized cost of total investments for WCF as of December 31, 2022 and 2021, respectively. Fixed maturities represented 96.5% and 90.4% of WCF's unrealized losses as of December 31, 2022 and 2021. The group of securities in an unrealized loss position for less than twelve months was comprised of 2,442 and 1,208 securities for WCF as of December 31, 2022 and 2021. The group of securities depressed for twelve months or more are comprised of 518 and 29 securities for WCF as of December 31, 2022 and 2021.

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, 2022 and 2021. 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.

**STATE INSURANCE FUND
WORKERS' COMPENSATION FUND**

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

NOTE 3 - INVESTMENTS (CONTINUED)

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

There are no amounts included in 2022 and 2021 for realized impairment losses related to SSAP No. 43R investments. There are no additional impairments recorded in 2022 and 2021 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 2022 and 2021, WCF recorded OTTI related to bonds in the amount of \$0 and \$85 in the statutory basis statements of income. WCF recorded total OTTI of \$70,023 and \$15,156 related to common stock as of December 31, 2022 and 2021, as a component of net realized investment gains through the statutory basis statements of income.

A. Fair Value of Financial Instruments:

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

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.

**STATE INSURANCE FUND
WORKERS' COMPENSATION FUND**

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

NOTE 3 - INVESTMENTS (CONTINUED)

A. Fair Value of Financial Instruments: (continued)

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

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

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

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

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

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

A. Fair Value of Financial Instruments: (continued)

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.

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, 2022, the total amount of remaining commitment was \$55,663,000.

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

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

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

A. Fair Value of Financial Instruments: (continued)

The following table provides information as of December 31, 2021 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:	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Bonds	\$ -	\$ 265,843	\$ -	\$ 265,843
Bank loans	-	148,465	-	148,465
Common stocks	<u>2,051,036</u>	<u>-</u>	<u>1</u>	<u>2,051,037</u>
Total assets at fair value	<u>\$ 2,051,036</u>	<u>\$ 414,308</u>	<u>\$ 1</u>	<u>\$ 2,465,345</u>

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
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**Notes to Statutory Basis Financial Statements
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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 2022 and 2021.

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

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

The following table provides information as of December 31, 2021 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		
			Level 1	Level 2	Level 3
Bonds	\$ 18,801,747	\$ 17,798,893	\$ -	\$ 18,801,747	\$ -
Short-term investments	2,970	2,970	-	2,970	-
Common stocks	2,051,036	2,051,036	2,051,036	-	-
Security lending collateral assets	108,949	108,840	108,629	320	-
Total	\$ 20,964,702	\$ 19,961,739	\$ 2,159,665	\$ 18,805,037	\$ -

**STATE INSURANCE FUND
WORKERS' COMPENSATION FUND**

**Notes to Statutory Basis Financial Statements
For the Years Ended December 31, 2022 and 2021
(in thousands)**

NOTE 3 - INVESTMENTS (CONTINUED)

A. Fair Value of Financial Instruments: (continued)

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

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 \$774 and \$810 in 2022 and 2021. 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, 2022 and 2021 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, 2022 and 2021
(in thousands)**

NOTE 4 - REAL ESTATE

Investment in real estate includes various locations in New York State occupied by NYSIF's employees. Depreciation expense recorded in the statutory basis statements of income during 2022 and 2021 was \$9,411 and \$9,083.

NYSIF-owned real estate recorded by WCF at December 31, 2022 and 2021 is as follows:

	2022	2021
Office buildings and improvements, at cost	\$ 164,108	\$ 161,796
Accumulated depreciation	(68,152)	(58,740)
Office buildings and improvements — net of accumulated depreciation	95,956	103,056
Land	2,735	2,735
Land improvements	2,250	2,250
Total real estate	\$ 100,941	\$ 108,041

NOTE 5 - NON-ADMITTED ASSETS

Non-admitted assets at December 31, 2022 and 2021 are as follows:

	2022	2021
Premium in course of collection		
outstanding over 90 days, net	\$ 35,972	\$ 88,490
Earned but unbilled premiums	8,443	6,205
Accrued retrospective premiums	723	900
Electronic data equipment/software	2,640	3,592
Furniture and equipment, net of		
accumulated depreciation	5,209	6,838
Prepaid expenses and other	4,616	6,334
Total non-admitted assets	\$ 57,603	\$ 112,359

**STATE INSURANCE FUND
WORKERS' COMPENSATION FUND**

**Notes to Statutory Basis Financial Statements
For the Years Ended December 31, 2022 and 2021
(in thousands)**

NOTE 6 - TRANSACTIONS WITH NEW YORK STATE

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

NOTE 7 - REINSURANCE

Assumed Reinsurance — Section 76 of the New York State Workers' Compensation Law was amended on April 14, 2021, to include subdivision 1-a, which permitted WCF to enter into agreements with insurers licensed to write workers' compensation insurance in states outside of New York. Effective September 1, 2022, WCF entered into a Quota Share reinsurance agreement with Zurich American Insurance Company, American Zurich Insurance Company and Zurich American Insurance Company of Illinois, (collectively "Zurich entities") to provide workers' compensation insurance in states other than New York, provided that the WCF policyholders' New York premiums are greater than the premiums to cover Workers' Compensation insurance in all other states combined. The WCF will invoice and receive premiums for policies written under the quota share agreement, and reimburse the Zurich entities for losses, loss adjustment expenses and fees for the out of state policies. In 2022, there were assumed written premiums of \$91 and \$0 paid losses.

**STATE INSURANCE FUND
WORKERS' COMPENSATION FUND**

**Notes to Statutory Basis Financial Statements
For the Years Ended December 31, 2022 and 2021
(in thousands)**

NOTE 7 - REINSURANCE (CONTINUED)

Ceded Reinsurance — As part of a prior reinsurance program, WCF reinsured certain risks with other companies. Such arrangements served to limit WCF's maximum loss from catastrophes, large risks and unusually hazardous risks. To the extent that any reinsuring company might be unable to meet its obligations, WCF would be liable for its respective participation in such defaulted amounts. The reserves for losses are \$2,437 for losses recoverable under reinsurance contracts as of December 31, 2022 and 2021. WCF purchased no reinsurance in 2022 and 2021.

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, 2022 and 2021.

NOTE 8 - RELATED PARTY TRANSACTIONS

Expenses allocated to DBF are \$3,920 in 2022 and \$3,689 in 2021. The amount owed to WCF from DBF is \$1,695 and \$1,181 as of December 31, 2022 and 2021.

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 2022 and 2021 are \$2,167 and \$2,112. The amount owed to NYSIF, recorded in WCF from ATF is \$193 and \$190 as of December 31, 2022 and 2021.

**STATE INSURANCE FUND
WORKERS' COMPENSATION FUND**

**Notes to Statutory Basis Financial Statements
For the Years Ended December 31, 2022 and 2021
(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 2022 and 2021, the State reimbursed WCF \$515,008 and \$541,001 for such costs. Amounts relating to New York State losses, loss adjustment expenses and underwriting expenses have been excluded from these financial statements. The amount owed to WCF from the State is \$19,427 and \$17,394 as of December 31, 2022 and 2021.

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 \$162,601 and \$201,451, and estimated payments made to the Workers' Compensation Board were \$164,281 and \$195,137 for the years ended December 31, 2022 and 2021. WCF recorded a liability of \$9,534 and \$12,177 as of December 31, 2022 and 2021 for assessments due to the Workers' Compensation Board.

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

	<u>2022</u>	<u>2021</u>
Due from affiliates		
Aggregate Trust Fund	\$ 193	\$ 190
DBF	1,695	1,181
New York State	<u>19,427</u>	<u>17,394</u>
Total due from affiliates	<u>\$ 21,315</u>	<u>\$ 18,765</u>

**STATE INSURANCE FUND
WORKERS' COMPENSATION FUND**

**Notes to Statutory Basis Financial Statements
For the Years Ended December 31, 2022 and 2021
(in thousands)**

NOTE 9 - COMMITMENTS

NYSIF leases offices, warehouse space and vehicles 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, 2022, are as follows:

2023	\$ 3,145
2024	3,139
2025	3,046
2026	2,393
2027	2,459
Thereafter	<u>15,616</u>
Net minimum commitments	<u>\$ 29,798</u>

Rental expense (which includes an imputed amount of rent expense attributed to its owned building for WCF of \$17,110 and \$15,558) was \$21,162 and \$19,458 in 2022 and 2021 and is recorded as an offset to investment income earned.

NYSIF leases office space at its 199 Church St. location in New York City to the New York State Division of State Police ("State Police") and the New York State Department of Labor ("DOL"). The termination date of the State Police lease is December 31, 2032. The termination date of the DOL lease is December 31, 2035. NYSIF recognized lease income of \$6,771 and \$3,849 in 2022 and 2021 recorded through investment income earned.

**STATE INSURANCE FUND
WORKERS' COMPENSATION FUND**

**Notes to Statutory Basis Financial Statements
For the Years Ended December 31, 2022 and 2021
(in thousands)**

NOTE 10 - RESERVES FOR LOSSES AND LOSS ADJUSTMENT EXPENSES

Activity in the reserves for losses and loss adjustment expenses, net of reinsurance recoveries of \$2,437 for 2022 and 2021 is summarized as follows:

	<u>2022</u>	<u>2021</u>
Balance — January 1 (net of reinsurance recoveries)	<u>\$ 9,893,478</u>	<u>\$ 10,032,157</u>
Incurred claims related to:		
Current year	1,413,297	1,471,780
Prior years	<u>(170,897)</u>	<u>(208,264)</u>
Total incurred	<u>1,242,400</u>	<u>1,263,516</u>
Paid claims related to:		
Current year	191,454	190,080
Prior years	<u>1,132,936</u>	<u>1,212,115</u>
Total paid	<u>1,324,390</u>	<u>1,402,195</u>
Balance — December 31 (net of reinsurance recoveries)	<u>\$ 9,811,488</u>	<u>\$ 9,893,478</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 2022 and 2021 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, 2021 to December 31, 2022 are discussed in Note 2I.

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

	<u>2022</u>	<u>2021</u>
Unrealized gains	\$ 359,926	\$ 831,453
Nonadmitted assets	\$ (57,603)	\$ (112,359)

**STATE INSURANCE FUND
WORKERS' COMPENSATION FUND**

**Notes to Statutory Basis Financial Statements
For the Years Ended December 31, 2022 and 2021
(in thousands)**

NOTE 12 - OTHER UNDERWRITING EXPENSES

The components of other underwriting expenses are as follows:

	<u>2022</u>	<u>2021</u>
Commission & Brokerage		
Reinsurance assumed excluding contingent	\$ 14	\$ -
Advertising	151	52
Boards, bureaus and associations	5,499	4,613
Surveys and underwriting reports	28	-
Audit of assured's records	419	22
Salaries and payroll taxes	68,866	77,256
Employee relations and welfare	31,214	33,792
Insurance	115	124
Travel and travel items	303	136
Rent and rent items	9,384	8,634
Equipment	634	939
Cost or depreciation of EDP equipment and software	11,359	10,866
Printing and stationery	650	716
Postage and telephone	2,684	2,814
Legal and auditing	2,593	1,712
Taxes, licenses and fees:		
Franchise taxes and other fees	33,134	37,725
Miscellaneous expenses	<u>5,459</u>	<u>7,120</u>
Total	<u>\$ 172,506</u>	<u>\$ 186,521</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, 2022 and 2021
(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 \$7,581 and \$7,189 at December 31, 2021 and 2020, respectively, or 0.5% and 0.4% of total net written premiums written for the year ended December 31, 2022 and 2021, respectively.

As of December 31, 2022 and 2021, respectively, premiums receivable included accrued retrospective and unbilled audit premiums of \$6,506 and \$8,102. 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.

	2022	2021
Accrued retrospective premium receivable	\$ 7,229	\$ 9,002
Less: non-admitted amount (10%)	(723)	(900)
Admitted retrospective premium receivable	\$ 6,506	\$ 8,102

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 28, 2023, when the annual statement was filed with the NAIC and DFS. After that date, subsequent events have been reviewed through May 17, 2023, 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, 2022 and 2021, and for each of the years then ended, and have issued our report thereon dated May 17, 2023, 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 17, 2023

**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 Risk Interrogatories
Year Ended December 31, 2022**

**SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES
For The Year Ended December 31, 2022
To Be Filed by April 1**

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: 14-6013200

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. \$. 21,973, 634, 487

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

1	2	3	4
<u>Issuer</u>	<u>Description of Exposure</u>	<u>Amount</u>	<u>Percentage of Total Admitted Assets</u>
2.01 Federal Home Loan Mortgage Corporation	Bonds	\$ 982,013,204	. . . . . 4.469 %
2.02 Federal National Mortgage Association	Bonds	\$ 822,770,171	. . . . . 3.744 %
2.03 Apple Inc	Bonds and stocks	\$ 258,376,330	. . . . . 1.176 %
2.04 Tennessee Valley Authority	Bonds	\$ 241,893,551	. . . . . 1.101 %
2.05 FRESB Multifamily Structured P	Bonds	\$ 232,074,114	. . . . . 1.056 %
2.06 Berkshire Hathaway Inc	Bonds and stocks	\$ 225,303,733	. . . . . 1.025 %
2.07 Goldman Sachs Group Inc/The	Bonds and stocks	\$ 194,410,417	. . . . . 0.885 %
2.08 JPMorgan Chase & Co	Bonds and stocks	\$ 169,273,886	. . . . . 0.770 %
2.09 Amazon.com Inc	Bonds and stocks	\$ 160,833,732	. . . . . 0.732 %
2.10 Morgan Stanley	Bonds and stocks	\$ 158,706,879	. . . . . 0.722 %

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

<u>Bonds</u>	1	2	<u>Preferred Stocks</u>	3	4
3.01 NAIC 1 \$. 16,425,387,348	. . . . . 74.750 %	3.07 NAIC 1	\$ %	
3.02 NAIC 2 \$. 1,021,512,062	. . . . . 4.649 %	3.08 NAIC 2	\$ %	
3.03 NAIC 3 \$. 598,996,195	. . . . . 2.726 %	3.09 NAIC 3	\$ %	
3.04 NAIC 4 \$. 76,368,446	. . . . . 0.348 %	3.10 NAIC 4	\$ %	
3.05 NAIC 5 \$. 595,926	. . . . . 0.003 %	3.11 NAIC 5	\$ %	
3.06 NAIC 6 \$ .	. . . . . %	3.12 NAIC 6	\$ 35 %	

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.	\$ 988,433,609
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 Risk Interrogatories (continued)
Year Ended December 31, 2022**

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

	1	2
5.01 Countries designated NAIC 1	\$ 979,108,346	..... 4.456 %
5.02 Countries designated NAIC 2	\$ 5,436,051	..... 0.025 %
5.03 Countries designated NAIC 3 or below	\$ 3,889,212	..... 0.018 %

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

	1	2
Countries designated NAIC 1:		
6.01 Country 1: Great Britain	\$ 174,450,162	..... 0.794 %
6.02 Country 2: Cayman Islands	\$ 168,257,282	..... 0.766 %
Countries designated NAIC 2:		
6.03 Country 1: Panama	\$ 4,732,281	..... 0.022 %
6.04 Country 2: Italy	\$ 703,770	..... 0.003 %
Countries designated NAIC 3 or below:		
6.05 Country 1: Liberia	\$ 1,811,364	..... 0.008 %
6.06 Country 2: Puerto Rico	\$ 1,065,594	..... 0.005 %

7. Aggregate unhedged foreign currency exposure:

	1	2
	\$ %

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

	1	2
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:

	1	2
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:

	1	2	3	4
<u>Issuer</u>	<u>NAIC Designation</u>		-	-
10.01 Westpac Banking Corp	1FE	\$ 64,932,515	..... 0.296 %	
10.02 HSBC Holdings PLC	1FE	\$ 59,999,289	..... 0.273 %	
10.03 Air Liquide SA	1FE	\$ 51,100,467	..... 0.233 %	
10.04 Diageo PLC	1FE	\$ 49,841,282	..... 0.227 %	
10.05 Mitsubishi UFJ Financial G	1FE	\$ 45,000,000	..... 0.205 %	
10.06 Nordea Bank Abp	1FE	\$ 44,937,470	..... 0.205 %	
10.07 Siemens AG	1FE	\$ 41,375,015	..... 0.188 %	
10.08 Cooperatieve Rabobank U	1FE	\$ 39,994,229	..... 0.182 %	
10.09 Commonwealth Bank of A	1FE	\$ 34,996,391	..... 0.159 %	
10.10 Sanofi	1FE	\$ 34,993,909	..... 0.159 %	

**STATE INSURANCE FUND
WORKERS' COMPENSATION FUND**

**Statutory Basis Supplementary Schedule of Investment Risk Interrogatories (continued)
Year Ended December 31, 2022**

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

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

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

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

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

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

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

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

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

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

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

	<u>1</u>	<u>2</u>	<u>3</u>
<u>Name of Issuer</u>			
13.02 Apple Inc		\$ 78,179,920	..... 0.356 %
13.03 Microsoft Corp		\$ 58,567,641	..... 0.267 %
13.04 NVIDIA Corp		\$ 39,999,103	..... 0.182 %
13.05 Amazon.com Inc		\$ 38,919,804	..... 0.177 %
13.06 Alphabet Inc		\$ 38,023,367	..... 0.173 %
13.07 Bank of America Corp		\$ 29,649,786	..... 0.135 %
13.08 UnitedHealth Group Inc		\$ 27,120,298	..... 0.123 %
13.09 Berkshire Hathaway Inc		\$ 20,083,442	..... 0.091 %
13.10 Mastercard Inc		\$ 19,983,000	..... 0.091 %
13.11 Johnson & Johnson		\$ 18,859,861	..... 0.086 %

**STATE INSURANCE FUND
WORKERS' COMPENSATION FUND**

**Statutory Basis Supplementary Schedule of Investment Risk Interrogatories (continued)
Year Ended December 31, 2022**

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

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

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

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

Ten largest fund managers:

	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>
	Fund Manager	Total Invested	Diversified	Nondiversified
14.06		\$	\$	\$
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>2</u>	<u>3</u>
	Type (Residential, Commercial, Agricultural)		
16.02 0		\$ %
16.03 0		\$ %
16.04 0		\$ %
16.05 0		\$ %
16.06 0		\$ %
16.07 0		\$ %
16.08 0		\$ %
16.09 0		\$ %
16.10 0		\$ %
16.11 0		\$ %

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

	<u>1</u>	<u>2</u>	
		<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 Risk Interrogatories (continued)
Year Ended December 31, 2022**

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

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

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

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

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

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

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

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

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

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

1	2	3
19.02 Aggregate statement value of investments held in mezzanine real estate loans:	\$ %

Largest three investments held in mezzanine real estate loans:

19.03	\$ %
19.04	\$ %
19.05	\$ %

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

	At Year-End		At End of Each Quarter		
	1	2	1st Qtr 3	2nd Qtr 4	3rd Qtr 5
20.01 Securities lending agreements (do not include assets held as collateral for such transactions)	\$... 256,157,781	..... 1.166 %	\$... 296,073,199	\$... 301,726,945	\$... 342,832,839
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 Risk Interrogatories (continued)
Year Ended December 31, 2022**

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>		1st Qtr	2nd Qtr	3rd Qtr
	<u>1</u>	<u>2</u>		<u>3</u>	<u>4</u>	<u>5</u>
22.01 Hedging	\$	%	\$	\$	\$
22.02 Income generation	\$	%	\$	\$	\$
22.03 Replications	\$	%	\$	\$	\$
22.04 Other	\$	%	\$	\$	\$

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

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

**STATE INSURANCE FUND
WORKERS' COMPENSATION FUND**

**Statutory Basis Supplementary Summary Investments Schedule
Year Ended December 31, 2022**

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	3,688,281,419	18.104	3,688,281,419		3,688,281,419	18.104
1.02 All other governments						
1.03 U.S. states, territories and possessions, etc. guaranteed	1,323,882,963	6.498	1,323,882,963		1,323,882,963	6.498
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	2,378,550,342	11.675	2,378,550,342		2,378,550,342	11.675
1.06 Industrial and miscellaneous	10,353,578,995	50.821	10,353,578,995	201,657	10,353,780,652	50.822
1.07 Hybrid securities						
1.08 Parent, subsidiaries and affiliates						
1.09 SVO identified funds						
1.10 Unaffiliated bank loans	377,566,256	1.853	377,566,256		377,566,256	1.853
1.11 Unaffiliated certificates of deposit						
1.12 Total long-term bonds	18,121,859,975	88.951	18,121,859,975	201,657	18,122,061,632	88.952
2. Preferred stocks (Schedule D, Part 2, Section 1):						
2.01 Industrial and miscellaneous (Unaffiliated)	35		35		35	
2.02 Parent, subsidiaries and affiliates						
2.03 Total preferred stocks	35		35		35	
3. Common stocks (Schedule D, Part 2, Section 2):						
3.01 Industrial and miscellaneous Publicly traded (Unaffiliated)	1,636,782,039	8.034	1,636,782,039		1,636,782,039	8.034
3.02 Industrial and miscellaneous Other (Unaffiliated)						
3.03 Parent, subsidiaries and affiliates Publicly traded						
3.04 Parent, subsidiaries and affiliates Other						
3.05 Mutual funds						
3.06 Unit investment trusts						
3.07 Closed-end funds						
3.08 Exchange traded funds						
3.09 Total common stocks	1,636,782,039	8.034	1,636,782,039		1,636,782,039	8.034
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	100,941,194	0.495	100,941,194		100,941,194	0.495
5.02 Properties held for production of income						
5.03 Properties held for sale						
5.04 Total real estate	100,941,194	0.495	100,941,194		100,941,194	0.495
6. Cash, cash equivalents and short-term investments:						
6.01 Cash (Schedule E, Part 1)	315,041,526	1.546	315,041,526	4,000,000	319,041,526	1.566
6.02 Cash equivalents (Schedule E, Part 2)	1,000,000	0.005	1,000,000	131,339,511	132,339,511	0.650
6.03 Short-term investments (Schedule DA)						
6.04 Total cash, cash equivalents and short-term investments	316,041,526	1.551	316,041,526	135,339,511	451,381,037	2.216
7. Contract loans						
8. Derivatives (Schedule DB)						
9. Other invested assets (Schedule BA)	54,386,623	0.267	54,386,623		54,386,623	0.267
10. Receivables for securities	7,274,859	0.036	7,274,859		7,274,859	0.036
11. Securities Lending (Schedule DL, Part 1)	135,541,168	0.665	135,541,168	X X X	X X X	X X X
12. Other invested assets (Page 2, Line 11)						
13. Total invested assets	20,372,827,419	100.000	20,372,827,419	135,541,168	20,372,827,419	100.000

**STATE INSURANCE FUND
WORKERS' COMPENSATION FUND**

**Statutory Basis Supplementary Schedule of Reinsurance Interrogatories
Year Ended December 31, 2022**

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, 2022**

- 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, 2022**

- 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]

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**STATE INSURANCE FUND
DISABILITY BENEFITS FUND**

STATUTORY BASIS FINANCIAL STATEMENTS

**AS OF AND FOR THE YEARS ENDED
DECEMBER 31, 2022 and 2021
STATUTORY BASIS SUPPLEMENTARY SCHEDULES
FOR THE YEAR ENDED DECEMBER 31, 2022
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, 2022 and 2021, 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, 2022 and 2021, 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, 2022 and 2021, or the results of its operations or its cash flows for the years then ended.

Basis for Opinion

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



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

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the statutory basis financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company'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 Company'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 17, 2023

EISNERAMPER
LLP



**STATE INSURANCE FUND
DISABILITY BENEFITS FUND**

**Statutory Basis Statements of Admitted Assets, Liabilities and Surplus
As of December 31, 2022 and 2021
(in thousands)**

	2022	2021
Admitted assets		
Cash and invested assets:		
Bonds — at NAIC carrying value	\$ 221,885	\$ 33,431
Common stocks, at market value	19,982	-
Cash and short-term investments	130,545	279,957
Securities lending reinvested collateral	9,262	4,063
	381,674	317,451
Total cash and invested assets		
Premium receivables	25,776	27,439
Accrued investment income	977	1,221
	\$ 408,427	\$ 346,111
	\$ 408,427	\$ 346,111
Liabilities and surplus		
Liabilities:		
Reserve for losses	\$ 26,844	\$ 16,141
Reserve for loss adjustment expenses	2,250	2,350
Unearned premiums	59,924	72,132
Advance premium	3,250	3,131
Due to affiliate	1,695	1,181
Payables for securities and securities lending	9,274	4,063
Accrued expenses and other liabilities	15,192	11,572
	118,429	110,570
Total liabilities		
Surplus:		
Appropriated surplus funds:		
Security fluctuation surplus	12,780	1,840
Catastrophe surplus	4,000	4,000
Postemployment benefits surplus	6,688	6,281
Unassigned surplus	266,530	223,420
	289,998	235,541
Total surplus		
Total liabilities and surplus	\$ 408,427	\$ 346,111
	\$ 408,427	\$ 346,111

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, 2022 and 2021
(in thousands)**

	2022	2021
Underwriting income:		
Net written premium	\$ 120,288	\$ 122,447
Net earned premium	\$ 132,495	\$ 99,327
Underwriting expenses:		
Losses incurred	66,749	53,042
Loss adjustment expenses incurred	4,744	4,488
Other underwriting expenses incurred	6,688	6,569
Total underwriting expenses	78,181	64,099
Net underwriting profit	54,314	35,228
Investment income earned:		
Investment income	6,126	604
Investment expenses	(336)	(327)
Net realized capital losses	(170)	(24)
Net investment income earned	5,620	253
Other income (expense):		
Bad debt income (expense)	(2,702)	1,709
Miscellaneous income	1,852	1,852
Total other income (expense)	(850)	3,561
Net income	\$ 59,084	\$ 39,042

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, 2022 and 2021
(in thousands)**

	<u>Appropriated Surplus Funds</u>				
	<u>Security Fluctuation Surplus</u>	<u>Catastrophe Surplus</u>	<u>Postemployment Benefits Surplus</u>	<u>Unassigned Surplus</u>	<u>Total Surplus</u>
Balance — January 1, 2021	\$ 800	\$ 4,000	\$ 13,835	\$ 180,310	\$ 198,945
Net income	-	-	-	39,042	39,042
Change in nonadmitted assets	-	-	-	(2,446)	(2,446)
Appropriation of unassigned to (from) appropriated surplus	1,040	-	(7,554)	6,514	-
Balance — December 31, 2021	1,840	4,000	6,281	223,420	235,541
Net income	-	-	-	59,084	59,084
Change in net unrealized capital gains (losses) – investments	-	-	-	(4,189)	(4,189)
Change in nonadmitted assets	-	-	-	(438)	(438)
Appropriation of unassigned to (from) appropriated surplus	10,940	-	407	(11,347)	-
Balance — December 31, 2022	<u>\$ 12,780</u>	<u>\$ 4,000</u>	<u>\$ 6,688</u>	<u>\$ 266,530</u>	<u>\$ 289,998</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, 2022 and 2021
(in thousands)**

	<u>2022</u>	<u>2021</u>
Cash flows from operations:		
Premiums collected	\$ 125,397	\$ 108,224
Net investment (expense) income	5,819	(855)
Miscellaneous income (expense)	(850)	3,562
Losses and loss adjustment expenses paid, net of salvage and subrogation	(56,046)	(51,858)
Expenses paid	<u>(11,717)</u>	<u>(11,499)</u>
Net cash provided by operations	<u>62,603</u>	<u>47,574</u>
Cash flows from investments:		
Proceeds from investments sold, matured or repaid	5,321	11,801
Cost of investments acquired	<u>(223,090)</u>	<u>(35,995)</u>
Net cash used in investments	<u>(217,769)</u>	<u>(24,194)</u>
Cash flows from other sources	<u>5,754</u>	<u>4,407</u>
Net change in cash and short-term investments	(149,412)	27,787
Cash and short-term investments		
Beginning of year	<u>279,957</u>	<u>252,170</u>
Cash and short-term investments		
End of year	<u>\$ 130,545</u>	<u>\$ 279,957</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, 2022 and 2021
(in thousands)**

NOTE 1 - ORGANIZATION AND PURPOSE

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

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

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation:

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

**STATE INSURANCE FUND
DISABILITY BENEFITS FUND**

**Notes to Statutory Basis Financial Statements
For the Years Ended December 31, 2022 and 2021
(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, 2022 and 2021
(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. 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.
- c. 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.
- d. 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.
- e. 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.
- f. 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.
- g. Comprehensive income and its components are not presented in the statutory basis financial statements.
- h. 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.
- i. 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.

**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)

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.

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. Interest is recognized on an accrual basis. 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 2022 and 2021.

**STATE INSURANCE FUND
DISABILITY BENEFITS FUND**

**Notes to Statutory Basis Financial Statements
For the Years Ended December 31, 2022 and 2021
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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Premium Revenue and Related Accounts:

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

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

At December 31, 2022 and 2021, the outstanding premium receivable balance is stated net of \$3,336 and \$2,859 of non-admitted amounts. DBF routinely assesses the collectability of receivables and establishes an appropriate allowance at each year end. Bad debt expense of \$2,702 and bad debt recoveries of \$1,709 were recorded in the statutory basis statements of income for the year ended December 31, 2022 and 2021.

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

Also included in the reserve for unearned premiums are estimates for Return of Premium Program ("ROP") in the amount of \$1,229 and \$934 at December 31, 2022 and 2021, and the Premium Adjustment Plan ("PAP") in the amount of \$1,493 and \$1,805 at December 31, 2022 and 2021 (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. 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, 2022 and 2021
(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, 2022.

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 2022 and 2021, DBF made a risk adjustment payment of \$4,949 and \$7,479.

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
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(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 \$146 and \$185 as of December 31, 2022 and 2021.

Based on actual costs billed by various State agencies, DBF incurred \$2,244 and \$2,368 of fringe benefits and indirect costs in 2022 and 2021, 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, 2022 and 2021, 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, 2022 and 2021, DBF's pro-rata portion of its New York State Employees' net pension obligation was \$0 and \$13. The pension obligation was measured by the State as of March 31, 2022 and 2021, with DBF's portion of the obligation based on a ratio of its employees to State employees. As of March 31, 2022 and 2021, DBF's approximate proportionate share was 0.01%.

**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)

E. Postemployment Fringe Benefits – Pension: (continued)

The activity in the appropriated surplus for pension benefits during 2022 and 2021 is as follows:

	2022	2021
Balance, beginning of year	\$ 13	\$ 3,410
Current year appropriation	(13)	(3,397)
Balance, end of year	\$ 0	\$ 13

Per the Actuarial Evaluation Report as of March 31, 2022, the pension plan assets of the State are fully funded, and therefore, no appropriation to surplus is required. In 2022 and 2021, DBF recorded pension expense of \$621 and \$701.

F. Postemployment Fringe Benefits – Other Postemployment Benefits:

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

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

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

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

**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)

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

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

The activity in the appropriated surplus for postemployment benefits during 2022 and 2021 is as follows:

	2022	2021
Balance, beginning of year	\$ 6,268	\$ 10,425
Current year appropriation	420	(4,157)
Balance, end of year	\$ 6,688	\$ 6,268

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, 2022 and 2021:

	2022	2021
Net OPEB obligation, beginning of year	\$ 1,194	\$ 977
Annual OPEB expense (Normal Cost)	800	848
Estimated contribution credit (retiree premiums paid)	(873)	(631)
Decrease in net OPEB obligation	(73)	217
Net OPEB obligation, end of year	\$ 1,121	\$ 1,194

**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)

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

DBF has an accrued liability for employees' compensation for future absences in the amount of \$545 and \$540 as of December 31, 2022 and 2021.

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 increased the security fluctuation surplus to \$12,780 at December 31, 2022 from \$1,840 at December 31, 2021.

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, 2022 and 2021.

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 \$0 as of December 31, 2022 from \$13 at December 31, 2021.

Other postemployment benefits ("OPEB") surplus increased to \$6,688 as of December 31, 2022 from \$6,268 at December 31, 2021.

H. Income Tax:

DBF is exempt from federal and state income taxes. DBF is, however, subject to a New York State franchise tax. DBF's franchise tax is based on written premiums. The New York State franchise tax expense was \$2,137 and \$2,142 in 2022 and 2021.

**STATE INSURANCE FUND
DISABILITY BENEFITS FUND**

**Notes to Statutory Basis Financial Statements
For the Years Ended December 31, 2022 and 2021
(in thousands)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Income Tax: (continued)

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 \$302 and \$304 in 2022 and 2021.

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 cash equivalents. Cash equivalents include investments in money market securities 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 and cash equivalents are 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.

In early 2020, the World Health Organization declared the COVID-19 (coronavirus) outbreak to be a pandemic.

**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)

J. Risks and Uncertainties: (continued)

As of December 31, 2022, the ultimate extent of the impact of the COVID-19 outbreak on DBF's future financial results will depend on the long-term health consequences of COVID-19, which are unknown, uncertain, and difficult to predict at this time.

While loss payments attributable to COVID-19 claims have been significantly less than expected as of December 31, 2022, the future impact of such claims may be material. Both NY State and the Federal Government passed legislation expanding wage loss benefits, essentially sick leave paid by the employer, to qualifying persons impacted by COVID-19. The State law also provides that DB and PFL benefits be paid to qualifying employees when sick leave benefits have been exhausted. It is NYSIF's conclusion that the federally mandated benefits are primary and paid directly by the employer to the employee. Under the State law, however, DB and PFL expanded benefits will also be paid by DBF for coterminous periods with federally mandated sick leave where the benefit under the State law is greater than the benefit available under the federal law, but only to the extent of the difference between the two. Accordingly, the passage of the federal law significantly reduced DBF's exposure to COVID-19 losses as it is expected to be either a partial or complete offset to otherwise mandated State benefits for most claims.

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
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(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, 2022 and 2021, 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, 2022 and 2021 are as follows:

	2022			
	Cost or Book Carrying Value	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Market Value
U.S. Government and government agency obligations	\$ 28,093	\$ -	\$ (2,147)	\$ 25,946
Corporate bonds and public utilities	105,640	11	(5,513)	100,138
Mortgage/loan backed securities	88,152	120	(1,059)	87,213
Total bonds	221,885	131	(8,719)	213,297
Common stocks	24,171	567	(4,756)	19,982
Total investments	\$ 246,056	\$ 698	\$ (13,475)	\$ 233,279
	2021			
	Cost or Book Carrying Value	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Market Value
U.S. Government and government agency obligations	\$ 24,866	\$ 7	\$ (10)	\$ 24,863
Corporate bonds and public utilities	7,065	11	(3)	7,073
Mortgage/loan backed securities	1,500	4	-	1,504
Total investments	\$ 33,431	\$ 22	\$ (13)	\$ 33,440

**STATE INSURANCE FUND
DISABILITY BENEFITS FUND**

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

NOTE 3 - INVESTMENTS (CONTINUED)

The amortized cost and market value of bonds at December 31, 2022 by contractual maturity is shown below. Actual maturities may differ from contractual maturities because certain issuers may have the right to call or prepay obligations with or without penalties.

	Amortized Cost	Market Value
Due in one year or less	\$ -	\$ -
Due after one year through five years	198,044	189,965
Due after five years through ten years	9,595	9,447
Due after ten years	14,246	13,885
	<u> </u>	<u> </u>
Total bonds	<u>\$ 221,885</u>	<u>\$ 213,297</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, 2022 and 2021, \$13,405 and \$9,459 of DBF investments were on loan, supported by collateral of \$13,578 and \$9,631.

DBF had reinvested collateral assets in the amount of \$9,262 and \$4,063 as of December 31, 2022 and 2021. For the years ended December 31, 2022 and 2021, DBF received fees of \$61 and \$6. 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, 2022 by contractual maturity are shown below:

	Amortized Cost	Fair Value
30 days or less	<u>\$ 9,262</u>	<u>\$ 9,262</u>
Total collateral received	<u>\$ 9,262</u>	<u>\$ 9,262</u>

**STATE INSURANCE FUND
DISABILITY BENEFITS FUND**

**Notes to Statutory Basis Financial Statements
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(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, 2022, in accordance with Section 105 of the New York State Finance Law.

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

	<u>2022</u>	<u>2021</u>
Bonds	\$ 3,694	\$ 188
Stocks	266	-
Cash and short-term investments	2,142	206
Security lending	61	6
Other	(37)	204
Investment income	<u>6,126</u>	<u>604</u>
Investment expenses	(336)	(327)
Net realized capital losses	<u>(170)</u>	<u>(24)</u>
Net investment income	<u>\$ 5,620</u>	<u>\$ 253</u>

Net realized capital gains (losses) on investments, determined on the first-in, first-out method, and impairments in 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Bonds	\$ (82)	\$ -
Stocks	(76)	-
Cash and short-term investments	<u>(12)</u>	<u>(24)</u>
Net realized capital losses and impairments	<u>\$ (170)</u>	<u>\$ (24)</u>

**STATE INSURANCE FUND
DISABILITY BENEFITS FUND**

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

NOTE 3 - INVESTMENTS (CONTINUED)

Proceeds from investments sold, matured, or repaid during the years ended December 31, 2022 and 2021 were \$5,321 and \$11,801. In 2022, these sales resulted in gross realized capital gains of \$14 and gross realized capital losses of \$172. In 2021, the sales did not result in any realized capital gains or losses.

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, 2022 and 2021.

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

	2021					
	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	\$ 9,994	\$ (10)	\$ -	\$ -	\$ 9,994	\$ (10)
Corporate and public utilities	2,013	(3)	-	-	2,013	(3)
Mortgage backed securities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fixed maturities	<u>12,007</u>	<u>(13)</u>	<u>-</u>	<u>-</u>	<u>12,007</u>	<u>(13)</u>
Total temporarily impaired	<u>\$ 12,007</u>	<u>\$ (13)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,007</u>	<u>\$ (13)</u>

**STATE INSURANCE FUND
DISABILITY BENEFITS FUND**

**Notes to Statutory Basis Financial Statements
For the Years Ended December 31, 2022 and 2021
(in thousands)**

NOTE 3 - INVESTMENTS (CONTINUED)

Gross unrealized losses represented 5.48% and .04% of the total cost or amortized cost of total investments for DBF as of December 31, 2022 and 2021. Fixed maturities represented 64.7% and 100% of DBF's unrealized losses as of December 31, 2022 and 2021. The group of securities in an unrealized loss position for less than twelve months was comprised of 844 and 4 securities for DBF as of December 31, 2022 and 2021. The group of securities depressed for twelve months or more was 4 and 0 as of December 31, 2022 and 2021.

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, 2022 and 2021. Due to the issuers' continued satisfaction of the securities' obligations in accordance with their contractual terms and the expectation that they will continue to do so, management's ability and intent to hold these securities, as well as the evaluation of fundamentals of the issuers' financial condition and other objective evidence, DBF believes that the securities identified above are temporarily impaired.

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

SSAP No. 43R 1 – *Loan-backed and Structured Securities* ("SSAP No. 43R") requires that OTTI be recognized in earnings for a loan-backed or structured security in an unrealized loss position when it is anticipated that the amortized cost basis will not be recovered. In such situations, the OTTI recognized in earnings is the entire difference between the security's amortized cost and its fair value if either (i) DBF intends to sell the security; or (ii) DBF does not have the intent and ability to retain the security for the time sufficient to recover the amortized cost basis. If neither of these two conditions exists, and DBF has the intent and ability to hold the security but does not expect to recover the entire amortized cost, the difference between the amortized cost basis of the security and the present value of projected future cash flows expected to be collected is recognized as an OTTI in earnings.

There are no amounts included in 2022 and 2021 for realized impairment losses for DBF related to SSAP No. 43R investments. There are no additional impairments recorded in 2022 and 2021 on the basis that the present value of future expected cash flows is less than the amortized cost basis of the security as losses are identified on the basis that DBF was unable to retain the security until recovery of amortized cost.

**STATE INSURANCE FUND
DISABILITY BENEFITS FUND**

**Notes to Statutory Basis Financial Statements
For the Years Ended December 31, 2022 and 2021
(in thousands)**

NOTE 3 - INVESTMENTS (CONTINUED)

During 2022 and 2021, DBF did not record impairments related to bonds in the statutory basis statements of income. DBF did record total OTTI of \$4,189 and \$0 related to common stocks as of December 31, 2022 and 2021, as a component of net realized investment gains (losses) through the statutory basis statements of income.

A. Fair Value of Financial Instruments:

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

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

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

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

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

**STATE INSURANCE FUND
DISABILITY BENEFITS FUND**

**Notes to Statutory Basis Financial Statements
For the Years Ended December 31, 2022 and 2021
(in thousands)**

NOTE 3 - INVESTMENTS (CONTINUED)

A. Fair Value of Financial Instruments: (continued)

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

When available, DBF used quoted market prices to determine the fair value of the aforementioned investment securities. When quoted market prices are not readily available or representative of fair value, pricing determinations are made based on the results of valuation models using observable market data such as recently reported trades, bid and offer information and benchmark securities. There are no investments with unobservable inputs held by DBF as of December 31, 2022 and 2021. Unobservable inputs reflect DBF's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

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

The levels of the fair value hierarchy are as follows:

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

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

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

**STATE INSURANCE FUND
DISABILITY BENEFITS FUND**

**Notes to Statutory Basis Financial Statements
For the Years Ended December 31, 2022 and 2021
(in thousands)**

NOTE 3 - INVESTMENTS (CONTINUED)

A. Fair Value of Financial Instruments: (continued)

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

Assets at fair value:	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common stocks	\$ 19,982	\$ -	\$ -	\$ 19,982
Total assets at fair value	<u>\$ 19,982</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,982</u>

The following tables provide information as of December 31, 2022 and 2021 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	<u>Aggregate Fair Value</u>	<u>Admitted Assets</u>	<u>2022</u>		
			<u>Fair Value</u>		
			<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Bonds	\$ 213,297	\$ 221,885	\$ -	\$ 213,297	\$ -
Common stocks	19,982	19,982	19,982	-	-
Short-term investments	116,381	116,368	-	116,381	-
Security lending collateral assets	9,262	9,262	9,262	-	-
Total	<u>\$ 358,922</u>	<u>\$ 367,497</u>	<u>\$ 29,244</u>	<u>\$ 329,678</u>	<u>\$ -</u>

Type of Financial Instrument	<u>Aggregate Fair Value</u>	<u>Admitted Assets</u>	<u>2021</u>		
			<u>Fair Value</u>		
			<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Bonds	\$ 33,440	\$ 33,431	\$ -	\$ 33,440	\$ -
Short-term investments	265,906	265,991	-	265,906	-
Security lending collateral assets	4,063	-	4,063	-	-
Total	<u>\$ 303,409</u>	<u>\$ 299,422</u>	<u>\$ 4,063</u>	<u>\$ 299,346</u>	<u>\$ -</u>

**STATE INSURANCE FUND
DISABILITY BENEFITS FUND**

**Notes to Statutory Basis Financial Statements
For the Years Ended December 31, 2022 and 2021
(in thousands)**

NOTE 3 - INVESTMENTS (CONTINUED)

A. Fair Value of Financial Instruments: (continued)

Securities classified as Level 1 included primarily common stocks, cash equivalents and treasury notes (collateral assets) where there are quoted prices in active markets for identical securities. Unadjusted quoted prices for these securities are provided to DBF by independent pricing services. Level 2 securities include all bonds, mortgage-backed securities including hybrid securities with pricing using bid evaluations or matrix pricing. Matrix pricing takes quoted prices of bonds with similar features and applies analytic methods to determine the fair value of bonds held. Features that are inputs into the analysis include duration, credit quality, tax status and call and sinking fund features. Quoted prices for these securities are provided to DBF by independent pricing services. 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 2022 and 2021.

B. Subprime Mortgage Exposure:

DBF had no exposures to subprime mortgage loans at December 31, 2022 and 2021.

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, 2022 and 2021 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, 2022 and 2021
(in thousands)**

NOTE 4 - NON-ADMITTED ASSETS

The non-admitted assets of DBF at December 31, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Premium in course of collection outstanding over 90 days	\$ 3,336	\$ 2,859
Other	<u>146</u>	<u>185</u>
Total non-admitted assets	<u>\$ 3,482</u>	<u>\$ 3,044</u>

NOTE 5 - RELATED PARTY TRANSACTIONS

Expenses allocated to DBF from WCF were \$3,920 in 2022 and \$3,689 in 2021. The amount owed to WCF at December 31, 2022 and 2021 from DBF is \$1,695 and \$1,181.

NOTE 6 - RESERVES FOR LOSSES AND LOSS ADJUSTMENT EXPENSES

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

	<u>2022</u>	<u>2021</u>
Balance – January 1	<u>\$ 18,491</u>	<u>\$ 17,290</u>
Incurred claims related to:		
Current year	76,846	61,333
Prior years	<u>(5,353)</u>	<u>(3,803)</u>
Total incurred	<u>71,493</u>	<u>57,530</u>
Paid claims related to:		
Current year	48,336	44,082
Prior years	<u>12,554</u>	<u>12,247</u>
Total paid:	<u>60,890</u>	<u>56,329</u>
Balance – December 31	<u>\$ 29,094</u>	<u>\$ 18,491</u>

**STATE INSURANCE FUND
DISABILITY BENEFITS FUND**

**Notes to Statutory Basis Financial Statements
For the Years Ended December 31, 2022 and 2021
(in thousands)**

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

The incurred claims related to prior years have changed in 2022 and 2021 as a result of changes in estimate of events insured in prior years.

NOTE 7 - SURPLUS

There are no restrictions placed on DBF's surplus.

Changes in balances of appropriated surplus funds from December 31, 2021 to December 31, 2022 are discussed in Note 2G.

Unassigned surplus reflects the accumulated balance of unrealized investment gains (losses) of (\$4,189) at December 31, 2022 and non-admitted assets of (\$3,482) and (\$3,044) as of December 31, 2022 and 2021.

NOTE 8 - OTHER UNDERWRITING EXPENSES

The components of other underwriting expenses are as follows:

	<u>2022</u>	<u>2021</u>
Salaries and payroll taxes	\$ 2,174	\$ 2,262
Employee relations and welfare	994	1,048
Insurance	4	4
Travel and travel items	2	1
Rent and rent items	185	171
Equipment	4	7
Taxes, licenses and fees	2,546	2,500
Cost or depreciation of EDP equipment and software	237	148
Printing and stationery	12	18
Postage, telephone and telegraph	103	69
Legal and auditing	293	204
Miscellaneous expense	134	137
	<u>134</u>	<u>137</u>
Total	<u>\$ 6,688</u>	<u>\$ 6,569</u>

**STATE INSURANCE FUND
DISABILITY BENEFITS FUND**

**Notes to Statutory Basis Financial Statements
For the Years Ended December 31, 2022 and 2021
(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, 2023 when the annual statement was filed with the NAIC and DFS. After that date, subsequent events have been reviewed through May 17, 2023, 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, 2022 and 2021, and for each of the years then ended, and have issued our report thereon dated May 17, 2023, which expressed an unmodified opinion on those statutory basis financial statements. Our audits were conducted for the purpose of forming an opinion on the statutory basis financial statements as a whole. The statutory basis supplementary investment risk interrogatories and statutory basis supplementary summary investment schedule are presented for purposes of additional analysis and are not a required part of the statutory basis financial statements, but is information required to be presented to comply with the National Association of Insurance Commissioners' ("NAIC") Accounting Practices and Procedures Manual and the NAIC Annual Statement Instructions. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the statutory basis financial statements. The information has been subjected to the auditing procedures applied in the audits of the statutory basis financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the statutory basis financial statements or to the statutory basis financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the statutory basis financial statements as a whole.



EISNERAMPER LLP
New York, New York
May 17, 2023

**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, 2022**

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

NAIC Company Code: 36103

Employer's ID Number: 13-3098552

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

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

1. Reporting entity's total admitted assets as reported on Page 2 of this annual statement. \$ 408,426,985

2. Ten largest exposures to a single Issuer/borrower/Investment.

1	2	3	4
<u>Issuer</u>	<u>Description of Exposure</u>	<u>Amount</u>	<u>Percentage of Total Admitted Assets</u>
2.01 BBCMS Trust Total	Bonds	\$ 6,426,791	..... 1.574 %
2.02 Ford Credit Auto Owner Trust Total	Bonds	\$ 4,799,796	..... 1.175 %
2.03 World Omni Auto Trust Total	Bonds	\$ 4,799,644	..... 1.175 %
2.04 Enterprise Fleet Financing Total	Bonds	\$ 4,799,444	..... 1.175 %
2.05 CarMax Inc Total	Bonds and Stocks	\$ 4,721,568	..... 1.156 %
2.06 Ally Auto Receivables Trust Total	Bonds	\$ 4,568,136	..... 1.118 %
2.07 JPMorgan Chase & Co Total	Bonds and Stocks	\$ 4,319,682	..... 1.058 %
2.08 Apple Inc Total	Bonds and Stocks	\$ 4,202,392	..... 1.029 %
2.09 American Express Co Total	Bonds and Stocks	\$ 4,146,338	..... 1.015 %
2.10 Roche Holding AG Total	Bonds and Stocks	\$ 4,000,000	..... 0.979 %

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

<u>Bonds</u>		1	2	<u>Preferred Stocks</u>		3	4
3.01	NAIC 1	\$ 330,331,210	..... 80.879 %	3.07	NAIC 1	\$ %
3.02	NAIC 2	\$ 7,921,064	..... 1.939 %	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? If response, to 4.01 above is yes, responses are not required for Interrogatories 5 - 10.	..... Yes (X) No ()
4.02	Total admitted assets held in foreign investments.	\$ %
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, 2022**

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	COMMONWEALTH BANK	1.0 FE	\$ 2,500,000	..... 0.612 %
10.02	DNB BANK ASA	1.0 FE	\$ 2,500,000	..... 0.612 %
10.03	HSBC HOLDINGS PLC	1.G FE	\$ 2,000,000	..... 0.490 %
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, 2022**

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

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

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

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

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

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

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

1	2	3
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.

1	2	3
Name of Issuer		
13.02 Apple Inc	\$ 1,088,428	..... 0.269 %
13.03 Microsoft Corp	\$ 1,008,443	..... 0.247 %
13.04 Alphabet Inc	\$ 584,141	..... 0.138 %
13.05 Amazon .com Inc	\$ 419,328	..... 0.103 %
13.06 Berkshire Hathaway Inc	\$ 313,225	..... 0.077 %
13.07 UnitedHealth Group Inc	\$ 278,345	..... 0.068 %
13.08 Johnson & Johnson	\$ 261,442	..... 0.064 %
13.09 Exxon Mobil Corp	\$ 255,896	..... 0.063 %
13.10 JPMorgan Chase & Co.	\$ 219,824	..... 0.054 %
13.11 Procter & Gamble Co/The	\$ 201,272	..... 0.049 %

**STATE INSURANCE FUND
DISABILITY BENEFITS FUND**

**Statutory Basis Supplementary Schedule of Investment Risk Interrogatories (continued)
Year Ended December 31, 2022**

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

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

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

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

Ten largest fund managers:

	<u>1</u>		<u>2</u>		<u>3</u>		<u>4</u>
	Fund Manager		Total	Invested	\$	Diversified	Nondiversified
14.06			\$	.....		.....	.....
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>2</u>		<u>3</u>	
	Type (Residential, Commercial, Agricultural)					
16.02 0			\$	.....		..... %
16.03 0			\$	.....		..... %
16.04 0			\$	.....		..... %
16.05 0			\$	.....		..... %
16.06 0			\$	.....		..... %
16.07 0			\$	.....		..... %
16.08 0			\$	.....		..... %
16.09 0			\$	.....		..... %
16.10 0			\$	.....		..... %
16.11 0			\$	.....		..... %

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

			<u>1</u>		<u>2</u>	
				<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, 2022**

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

Loan-to-Value	Residential			Commercial			Agricultural		
	1	2	3	4	5	6	7	8	
17.01 above 95%	\$	% \$	% \$	% \$	
17.02 91% to 95%	\$	% \$	% \$	% \$	
17.03 81% to 90%	\$	% \$	% \$	% \$	
17.04 71% to 80%	\$	% \$	% \$	% \$	
17.05 below 70%	\$	% \$	% \$	% \$	

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

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

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

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

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

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

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

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

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

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

	At Year-End		At End of Each Quarter		
	1	2	1st Qtr 3	2nd Qtr 4	3rd Qtr 5
20.01 Securities lending agreements (do not include assets held as collateral for such transactions)	\$ 13,536,859	..... 3.314 %	\$ 5,825,821	\$ 8,715,756	\$ 13,642,656
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, 2022**

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>	1st Qtr	2nd Qtr	3rd Qtr
			<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>	1st Qtr	2nd Qtr	3rd Qtr
			<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, 2022**

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement			
	1 Amount	2 Percentage of Column 1 Line 13	3 Amount	4 Securities Lending Reinvested Collateral Amount	5 Total (Col. 3+4) Amount	6 Percentage of Column 5 Line 13
1. Long-Term Bonds (Schedule D, Part 1):						
1.01 U. S. governments	24,897,181	6.523	24,897,181		24,897,181	6.523
1.02 All other governments						
1.03 U. S. states, territories and possessions, etc. guaranteed						
1.04 U. S. political subdivisions of states, territories, and possessions, guaranteed						
1.05 U. S. special revenue and special assessment obligations, etc. non-guaranteed	3,195,804	0.837	3,195,804		3,195,804	0.837
1.06 Industrial and miscellaneous	193,791,638	50.774	193,791,638		193,791,638	50.774
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	221,884,623	58.135	221,884,623		221,884,623	58.135
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)	19,982,522	5.235	19,982,522		19,982,522	5.235
3.02 Industrial and miscellaneous Other (Unaffiliated)						
3.03 Parent, subsidiaries and affiliates Publicly traded						
3.04 Parent, subsidiaries and affiliates Other						
3.05 Mutual funds						
3.06 Unit investment trusts						
3.07 Closed-end funds						
3.08 Exchange traded funds						
3.09 Total common stocks	19,982,522	5.235	19,982,522		19,982,522	5.235
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)	14,177,494	3.715	14,177,494		14,177,494	3.715
6.02 Cash equivalents (Schedule E, Part 2)				9,262,112	9,262,112	2.427
6.03 Short-term investments (Schedule DA)	116,367,652	30.489	116,367,652		116,367,652	30.489
6.04 Total cash, cash equivalents and short-term investments	130,545,146	34.203	130,545,146	9,262,112	139,807,258	36.630
7. Contract loans						
8. Derivatives (Schedule DB)						
9. Other invested assets (Schedule BA)						
10. Receivables for securities						
11. Securities Lending (Schedule DL, Part 1)	9,262,112	2.427	9,262,112	X X X	X X X	X X X
12. Other invested assets (Page 2, Line 11)						
13. Total invested assets	381,674,403	100.000	381,674,403	9,262,112	381,674,403	100.000

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New York State Insurance Fund

2022 ANNUAL REPORT

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