

May 30, 2023

Hon. Karima M. Woods
Commissioner
Department of Insurance, Securities and Banking
1050 First Street, NE 801
Washington, DC 20002

Dear Commissioner Woods:

I write on behalf of Group Hospitalization and Medical Services, Inc. ("GHMSI") to report GHMSI's surplus at year-end 2022, pursuant to 26A DCMR 4601.1. GHMSI's year-end 2022 surplus was \$1,591M or 891% risk-based capital - authorized control level ("RBC").

In 2020, GHMSI obtained a complete actuarial surplus analysis from Milliman. A copy of Milliman's Report was submitted by GHMSI to the DISB as an attachment to the year-end 2020 submission under 26A DCMR 4601.1, which was made on July 1, 2021. For the period of 2021 through 2023, Milliman recommended that GHMSI should maintain an optimal surplus range of 800% to 1100% RBC. The GHMSI Board reviewed the Milliman analysis and, on December 1, 2020, the GHMSI Board approved and adopted the recommended surplus target range of 800% to 1100% RBC for the period of 2021 through 2023. The GHMSI Board monitors the surplus levels of the Company, and reviews the target ranges and estimated surplus levels as part of its annual planning.

At this time, GHMSI estimates a further drop in its surplus and RBC in 2023 based on current market conditions and their impact on GHMSI's financial results but expects that GHMSI RBC will remain within the board approved range.

In 2023, GHMSI will engage Milliman to perform a study of the company's anticipated surplus needs for the time period 2024-2026, which will be considered by the GHMSI Board in its planning for 2024.

Please let me know if you have questions.



Jenny Smith
Chief Financial Officer, Executive Vice President