

May 27, 2022

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 2021, pursuant to 26A DCMR 4601.1. GHMSI's year-end 2021 surplus was \$1,639M or 984% 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 last year's submission under 26A DCMR 4601.1, which was made on July 1, 2021. For the period of 2021 through 2024, Milliman recommends that GHMSI should maintain an optimal surplus range of 800% to 1100% RBC. The GHMSI Board reviewed this analysis by Milliman 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 2024. GHMSI management believes that the Milliman analysis continues to serve as an appropriate estimate of GHMSI's surplus needs.

At this time, GHMSI estimates a further drop in its surplus and RBC in 2022 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.

Please let me know if you have questions.



Jenny Smith
Chief Financial Officer, Executive Vice President