

Brian D. Pieninck
President and Chief Executive Officer

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June 12, 2019

Hon. Stephen Taylor
Commissioner
Department of Insurance, Securities and Banking
1050 First Street, NE, 801
Washington, DC 20002

Dear Commissioner Taylor:

I write on behalf of Group Hospitalization and Medical Services, Inc. ("GHMSI") to report GHMSI's surplus at year-end 2018, pursuant to 26A DCMR 4601.1. GHMSI's year-end 2018 surplus was \$1,200M or 923% risk-based capital – authorized control level ("RBC"). GHMSI's surplus level at year-end 2018 was 88% RBC lower than GHMSI's year-end 2017 level of 1011% RBC.

On December 12, 2017, GHMSI's CEO at that time, Chet Burrell wrote to inform you that (a) GHMSI had obtained a new full actuarial surplus analysis from Milliman, which concluded that GHMSI should maintain an optimal surplus range of 900% to 1200% percent risk-based capital - authorized control level ("RBC"), and (b) on December 4, 2017, the GHMSI Board approved the recommended target surplus target range of 900% to 1200% RBC for the period of 2018 through 2020. Mr. Burrell's December 12, 2017 letter included a copy of the 2017 Milliman Report for GHMSI and a chart showing the 18 reviews of GHMSI's surplus that have been conducted on behalf of GHMSI or a regulator since 2015. That letter and its attachments were incorporated into GHMSI's 2017 surplus report, which was filed with the Department of Insurance, Securities, and Banking ("DISB") on June 1, 2018.

Mr. Burrell's December 12, 2017 letter and its attachments are also incorporated here. The GHMSI Board did not modify its approved surplus ranges in 2018.

Please do not hesitate to contact me if you have questions.

Sincerely,

A handwritten signature in blue ink, appearing to read "B. Pieninck", written over a circular stamp or watermark.

Brian D. Pieninck
President and CEO