



STATE OF NEW YORK INSURANCE DEPARTMENT  
REPORT ON EXAMINATION  
OF THE  
PHOENIX LIFE AND REASSURANCE COMPANY OF NEW YORK

CONDITION:

DECEMBER 31, 2007

DATE OF REPORT:

SEPTEMBER 19, 2008

STATE OF NEW YORK INSURANCE DEPARTMENT

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OF THE

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EXAMINER:

MARK MCLEOD

## TABLE OF CONTENTS

<u>ITEM</u>	<u>PAGE NO.</u>
1. Scope of examination	2
2. Description of Company	3
A. History	3
B. Holding company	3
C. Management	5
D. Territory and plan of operation	7
E. Reinsurance	7
3. Significant operating results	8
4. Financial statements	9
A. Assets, liabilities, capital and surplus	9
B. Condensed summary of operations	10
C. Capital and surplus account	11
5. Market conduct activities	12
A. Advertising and sales activities	12
B. Underwriting and policy forms	12
C. Treatment of policyholders	12



STATE OF NEW YORK  
INSURANCE DEPARTMENT  
25 BEAVER STREET  
NEW YORK, NEW YORK 10004

David A. Paterson  
Governor

James J. Wrynn  
Superintendent

September 21, 2009

Honorable James J. Wrynn  
Superintendent of Insurance  
Albany, New York 12257

Sir:

In accordance with instructions contained in Appointment No. 22676, dated July 31, 2007 and annexed hereto, an examination has been made into the condition and affairs of Phoenix Life and Reassurance Company of New York, hereinafter referred to as "the Company," at its home office located at One American Row, Hartford, Connecticut 06102.

Wherever "Department" appears in this report, it refers to the State of New York Insurance Department.

The report indicating the results of this examination is respectfully submitted.

## 1. SCOPE OF EXAMINATION

The prior examination was conducted as of December 31, 2002. This examination covers the period from January 1, 2003 through December 31, 2007. As necessary, the examiner reviewed transactions occurring subsequent to December 31, 2007 but prior to the date of this report (i.e., the completion date of the examination).

The examination comprised a verification of assets and liabilities as of December 31, 2007 to determine whether the Company's 2007 filed annual statement fairly presents its financial condition. The examiner reviewed the Company's income and disbursements necessary to accomplish such verification and utilized the National Association of Insurance Commissioners' Examiners Handbook or such other examination procedures, as deemed appropriate, in such review and in the review or audit of the following matters:

- Company history
- Management and control
- Corporate records
- Fidelity bond and other insurance
- Territory and plan of operation
- Market conduct activities
- Growth of Company
- Business in force by states
- Mortality and loss experience
- Reinsurance
- Accounts and records
- Financial statements

The examiner reviewed the prior report on examination which did not contain any violations, recommendations or comments.

This report on examination is confined to financial statements and comments on those matters which involve departure from laws, regulations or rules, or which require explanation or description.

## 2. DESCRIPTION OF COMPANY

### A. History

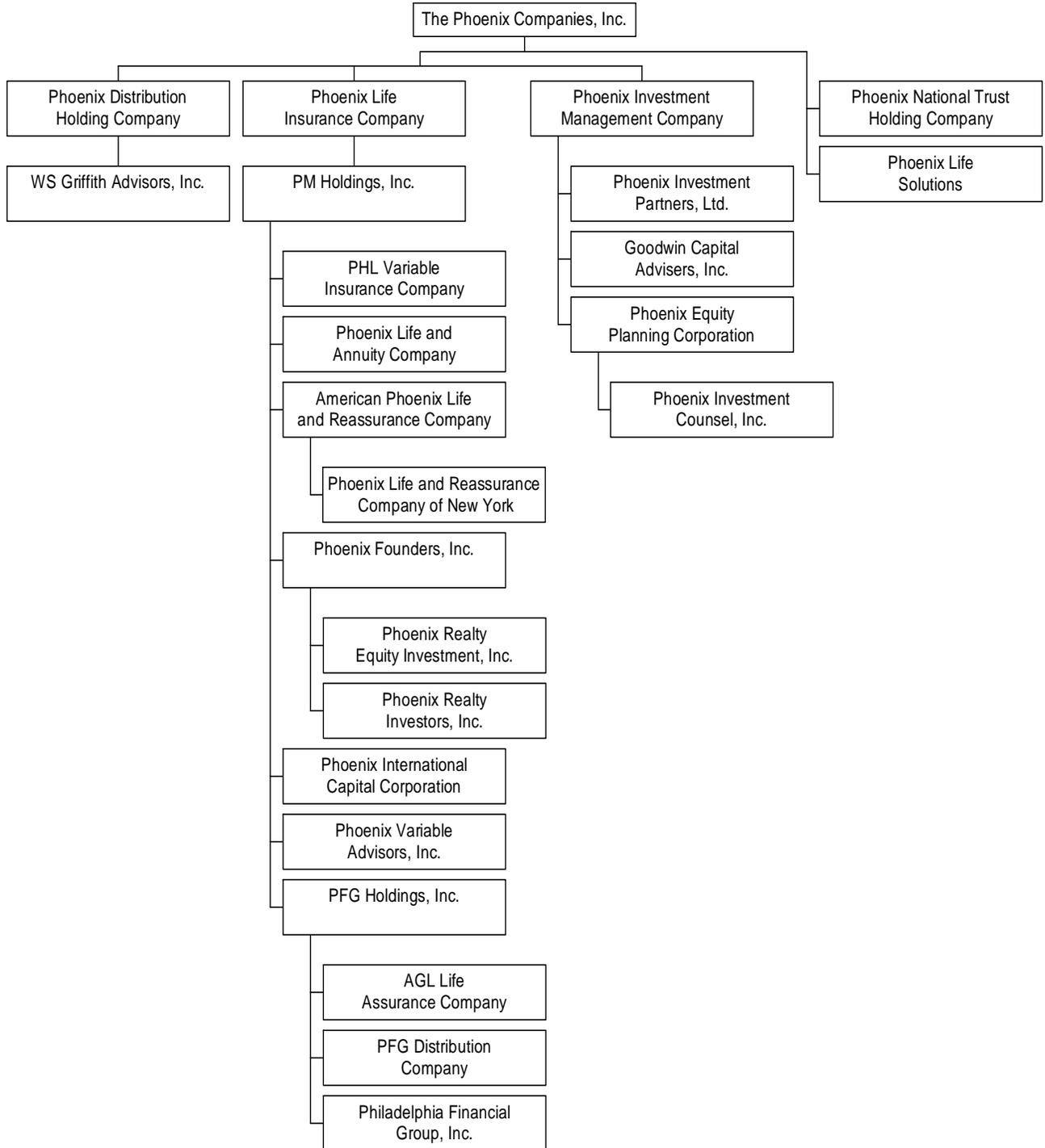
The Company was incorporated as a stock life insurance company under the laws of New York on April 15, 1988 under the name Maximum Life Insurance Company, and commenced business on May 20, 1988. Initial resources of \$7,502,427, consisting of common capital stock of \$2,000,000 and paid in and contributed surplus of \$5,502,427, were provided through the sale of 2,000 shares of common stock (with a par value of \$1,000 each) for \$3,751.21 per share.

On December 31, 1995, the Company was acquired by American Phoenix Life and Reassurance Company (“APLAR”), and the name of the Company was changed to its current name, Phoenix Life and Reassurance Company of New York.

### B. Holding Company

The Company is a wholly owned subsidiary of APLAR, a Connecticut life insurance company. APLAR is a wholly owned subsidiary of PM Holdings, Inc. (“PMH”), a Connecticut holding company. PMH is a wholly owned subsidiary of Phoenix Life Insurance Company (“Phoenix Life”), a New York life insurance company. The ultimate parent of the Company is The Phoenix Companies, Inc. (“The Phoenix”), a Delaware holding company.

An organization chart reflecting the relationship between the Company and significant entities in its holding company system as of December 31, 2007 follows:



The Company had two service agreements in effect with affiliates during the examination period.

Type of Agreement and Department File Number	Effective Date	Provider(s) of Service(s)	Recipient(s) of Service(s)	Specific Service(s) Covered	Income/ (Expense)* For Each Year of the Examination
Investment Advisory Agreement	Amended and Restated 6/25/01	Phoenix Life	The Company	Investment advisory services	2003 (\$14,592) 2004 (\$14,771) 2005 (\$14,160) 2006 (\$ 6,224) 2007 (\$ 8,150)
Administrative Agreement	Amended and Restated 6/25/01	Phoenix Life	The Company	Use of office space and personnel	2003 (\$34,746) 2004 (\$50,765) 2005 (\$59,241) 2006 (\$48,286) 2007 (\$29,606)

\* Amount of Income or (Expense) Incurred by the Company

The Company also has a tax allocation agreement in effect with the Phoenix.

### C. Management

The Company's by-laws provide that the board of directors shall be comprised of not less than nine and not more than 21 directors. The number of directors shall be increased to not fewer than 13 within one year following the end of the calendar year in which the Company's admitted assets exceed \$500,000,000. Directors are elected for a period of one year at the annual meeting of the stockholders held in March of each year. As of December 31, 2007, the board of directors consisted of nine members. Meetings of the board are held twice annually.

The nine board members and their principal business affiliation, as of December 31, 2007, were as follows:

<u>Name and Residence</u>	<u>Principal Business Affiliation</u>	<u>Year First Elected</u>
Peter A. Hofmann North Salem, NY	Senior Executive Vice President, Chief Financial Officer and Chairman, Strategic Relations The Phoenix Companies, Inc.	2007
Robert G. Lautensack, Jr. Simsbury, CT	Senior Vice President and Chief Risk Officer The Phoenix Companies, Inc.	2000
Bonnie J. Malley Suffield, CT	Executive VP, HR, Corporate and Marketing Communications The Phoenix Companies, Inc.	2002
Daniel J. Moskey Granby, CT	Vice President and Treasurer Phoenix Life and Reassurance Company of New York	2007
David R. Pellerin Hebron, CT	President Phoenix Life and Reassurance Company of New York.	2003
Philip K. Polkington Simsbury, CT	Senior Executive VP and President Life & Annuity The Phoenix Companies, Inc.	2004
Zafar Rashid Avon, CT	Senior Vice President, Actuarial Financial The Phoenix Companies, Inc.	2005
James D. Wehr South Windsor, CT	Executive Vice President and Chief Investment Officer Phoenix Life and Reassurance Company of New York.	2004
Christopher M. Wilkos South Windsor, CT	Senior Vice President, Corporate Portfolio Manager The Phoenix Companies, Inc	2007

The examiner's review of the minutes of the meetings of the board of directors and its committees indicated that meetings were well attended and that each director attended a majority of meetings.

The following is a listing of the principal officers of the Company as of December 31, 2007:

<u>Name</u>	<u>Title</u>
David R. Pellerin	President
Daniel J. Moskey	Vice President and Treasurer
John H. Beers	Vice President and Secretary
Andrew S. Greenhalgh	Second Vice President and Appointed Actuary
Stephen L. Bray	Vice President and Assistant Secretary
Tracy L. Rich	Executive Vice President and Assistant Secretary
John R. Flores*	Vice President and Assistant Secretary
James D. Wehr	Executive Vice President and Chief Investment Officer

\* Designated consumer services officer per Section 216.4(c) of Department Regulation No. 64

#### D. Territory and Plan of Operation

The Company is authorized to write life insurance, annuities and accident and health insurance as defined in paragraphs 1, 2 and 3 of Section 1113(a) of the New York Insurance Law.

The Company is licensed to transact business solely in New York State. The Company ceased marketing all direct insurance products in 1998. In 2007, 100% of life premiums were received from New York. Policies were written on a non-participating basis. The Company is currently not marketing any products, and the remaining block of life insurance (four policies) is in run off.

#### E. Reinsurance

As of December 31, 2007, the Company had reinsurance treaties in effect with one company which was authorized. The Company's ordinary individual life business is reinsured on a yearly renewable term basis. Reinsurance is provided on an automatic and a facultative basis.

The maximum retention limit for individual life contracts is \$50,000. The total face amount of life insurance ceded as of December 31, 2007, was \$875,000, which represents 81.39% of the total face amount of life insurance in force.

### 3. SIGNIFICANT OPERATING RESULTS

Indicated below is significant information concerning the operations of the Company during the period under examination as extracted from its filed annual statements. Failure of items to add to the totals shown in any table in this report is due to rounding.

The following table indicates the Company's financial growth during the period under review:

	December 31, <u>2002</u>	December 31, <u>2007</u>	Increase (Decrease)
Admitted assets	<u>\$11,465,137</u>	<u>\$13,256,634</u>	<u>\$ 1,791,497</u>
Liabilities	<u>\$ 219,594</u>	<u>\$ 155,880</u>	<u>\$ (63,714)</u>
Common Capital Stock	\$ 2,000,000	\$ 2,000,000	\$ 0
Gross paid in and contributed surplus	15,502,427	15,502,427	0
Unassigned funds (surplus)	<u>(6,256,884)</u>	<u>(4,401,673)</u>	<u>1,855,211</u>
Total capital and surplus	<u>\$11,245,543</u>	<u>\$13,100,754</u>	<u>\$1,855,211</u>
Total liabilities, capital and surplus	<u>\$11,465,137</u>	<u>\$13,256,634</u>	<u>\$1,791,497</u>

The Company's invested assets, as of December 31, 2007, exclusive of separate accounts, were mainly comprised of bonds (64.85%) and cash equivalents (33.78%).

The majority (100.00%) of the Company's bond portfolio, as of December 31, 2007, was comprised of investment grade obligations

The following is the net gain from operations by line of business after federal income taxes but before realized capital gains reported for each of the years under examination in the Company's filed annual statements:

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Ordinary:					
Life insurance	<u>\$331,477</u>	<u>\$296,919</u>	<u>\$371,333</u>	<u>\$412,448</u>	<u>\$409,027</u>
Total	<u>\$331,477</u>	<u>\$296,919</u>	<u>\$371,333</u>	<u>\$412,448</u>	<u>\$409,027</u>

#### 4. FINANCIAL STATEMENTS

The following statements show the assets, liabilities, capital and surplus as of December 31, 2007, as contained in the Company's 2007 filed annual statement, a condensed summary of operations and a reconciliation of the capital and surplus account for each of the years under review. The examiner's review of a sample of transactions did not reveal any differences which materially affected the Company's financial condition as presented in its financial statements contained in the December 31, 2007 filed annual statement.

##### A. ASSETS, LIABILITIES, CAPITAL AND SURPLUS AS OF DECEMBER 31, 2007

###### Admitted Assets

Bonds	\$ 8,597,138
Cash, cash equivalents and short term investments	4,558,880
Investment income due and accrued	<u>100,616</u>
 Total admitted assets	 <u>\$13,256,634</u>

###### Liabilities, Capital and Surplus

Aggregate reserve for life policies and contracts	\$ 589
Contract liabilities not included elsewhere:	
Interest maintenance reserve	55,249
General expenses due or accrued	8,260
Federal income taxes due and accrued	61,820
Net deferred tax liability	2,660
Miscellaneous liabilities:	
Asset valuation reserve	25,759
Payable to parent, subsidiaries and affiliates	<u>1,543</u>
 Total liabilities	 <u>\$ 155,880</u>
 Common capital stock	 \$ 2,000,000
Gross paid in and contributed surplus	15,502,427
Unassigned funds (surplus)	<u>(4,401,673)</u>
 Total capital and surplus	 <u>\$13,100,754</u>
 Total liabilities, capital and surplus	 <u>\$13,256,634</u>

B. CONDENSED SUMMARY OF OPERATIONS

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Premiums and considerations	\$ 21,491	\$ 14,016	\$ 3,227	\$ 2,581	\$ 2,100
Investment income	<u>488,839</u>	<u>472,927</u>	<u>606,424</u>	<u>662,224</u>	<u>672,992</u>
Total income	<u>\$510,330</u>	<u>\$486,943</u>	<u>\$609,651</u>	<u>\$664,805</u>	<u>\$675,092</u>
Increase in reserves	\$ (2,193)	\$ (1,912)	\$ (3,735)	\$ 29	\$ (106)
Commissions	3,338	3,531	0	0	0
General expenses and taxes	<u>49,541</u>	<u>52,503</u>	<u>49,254</u>	<u>38,623</u>	<u>55,180</u>
Total deductions	<u>\$ 50,686</u>	<u>\$ 54,122</u>	<u>\$ 45,519</u>	<u>\$ 38,652</u>	<u>\$ 55,074</u>
Net gain	\$459,644	\$432,821	\$564,131	\$626,153	\$620,018
Federal and foreign income taxes incurred	<u>128,167</u>	<u>135,901</u>	<u>192,800</u>	<u>213,706</u>	<u>210,991</u>
Net gain (loss) from operations before net realized capital gains	\$331,477	\$296,920	\$371,331	\$412,447	\$409,027
Net realized capital (losses)	<u>(4,854)</u>	<u>3,753</u>	<u>(481)</u>	<u>13,831</u>	<u>(308)</u>
Net income	<u>\$326,623</u>	<u>\$300,673</u>	<u>\$370,850</u>	<u>\$426,278</u>	<u>\$408,719</u>

C. CAPITAL AND SURPLUS ACCOUNT

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Capital and surplus, December 31, prior year	\$ <u>11,245,543</u>	\$ <u>11,574,960</u>	\$ <u>11,891,147</u>	\$ <u>12,264,798</u>	\$ <u>12,693,512</u>
Net income	\$ 326,623	\$ 300,673	\$ 370,851	\$ 426,278	\$ 408,719
Change in net deferred income tax	(760)	8,838	(89)	(1,009)	786
Change in asset valuation reserve	<u>3,554</u>	<u>6,676</u>	<u>2,889</u>	<u>3,445</u>	<u>(2,263)</u>
Net change in capital and surplus for the year	\$ <u>329,417</u>	\$ <u>316,187</u>	\$ <u>373,651</u>	\$ <u>428,714</u>	\$ <u>407,242</u>
Capital and surplus, December 31, current year	\$ <u>11,574,960</u>	\$ <u>11,891,147</u>	\$ <u>12,264,798</u>	\$ <u>12,693,512</u>	\$ <u>13,100,754</u>

## 5. MARKET CONDUCT ACTIVITIES

The examiner reviewed various elements of the Company's market conduct activities affecting policyholders, claimants, and beneficiaries to determine compliance with applicable statutes and regulations and the operating rules of the Company.

### A. Advertising and Sales Activities

The Company did not conduct any advertising or sales activities during the period under examination.

### B. Underwriting and Policy Forms

The Company did not issue any significant business during the period under examination.

### C. Treatment of Policyholders

The Company did not have any claim activity during the period under examination.



**STATE OF NEW YORK**  
**INSURANCE DEPARTMENT**

I, ERIC R. DINALLO, Superintendent of Insurance of the State of New York,  
pursuant to the provisions of the Insurance Law, do hereby appoint:

**MARK MCLEOD**

as a proper person to examine into the affairs of the

**PHOENIX LIFE AND REASSURANCE COMPANY OF NEW YORK**  
and to make a report to me in writing of the condition of the said  
**COMPANY**

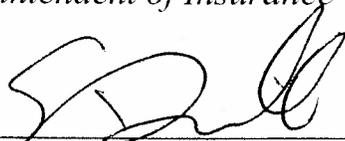
with such other information as he shall deem requisite.

In Witness Whereof, I have hereunto subscribed by name  
and affixed the official Seal of the Department  
at the City of New York

this 31<sup>st</sup> day of July, 2007



ERIC R. DINALLO  
Superintendent of Insurance

  
Superintendent