



NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES  
REPORT ON FINANCIAL EXAMINATION  
OF THE  
NEW YORK LIFE INSURANCE COMPANY

CONDITION:

DECEMBER 31, 2014

DATE OF REPORT:

JUNE 27, 2016

NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES

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OF THE

NEW YORK LIFE INSURANCE COMPANY

AS OF

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EXAMINER:

CHRISTOPHER T. RUSHFORD

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NEW YORK STATE  
DEPARTMENT *of*  
FINANCIAL SERVICES

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Andrew M. Cuomo  
Governor

Maria T. Vullo  
Superintendent

June 27, 2016

Honorable Maria T. Vullo  
Superintendent of Financial Services  
New York, New York 10004

Madam:

In accordance with instructions contained in Appointment No. 31384, dated May 23, 2016 and annexed hereto, an examination has been made into the condition and affairs of New York Life Insurance Company, hereinafter referred to as “the Company” or “NYLIC,” at its home office located at 51 Madison Avenue, New York, New York 10010.

Wherever “Department” appears in this report, it refers to the New York State Department of Financial Services.

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

## 1. EXECUTIVE SUMMARY

The material comments contained in this report are summarized below.

- On December 1, 2014, New York Life Investments Management Holdings LLC signed a definitive agreement to acquire IndexIQ, a leader in liquid alternative exchange traded funds and mutual funds. (See item 7A of this Report)
- On December 23, 2014, the Company agreed to enter into a reinsurance transaction with John Hancock Life Insurance Company (U.S.A) (“John Hancock”), an affiliate of Manulife Financial Corporation, in which the Company will assume, through a 100 percent coinsurance agreement, John Hancock’s closed block of business. In connection with this agreement, the Company has agreed to cede back 40 percent of the business to John Hancock through a coinsurance with funds withheld agreement. (See item 7B of this Report)

## 2. SCOPE OF EXAMINATION

The examination of the Company was a full scope examination as defined in the *NAIC Financial Condition Examiners Handbook, 2015 Edition* (the “Handbook”). The examination covers the five -year period from January 1, 2010 to December 31, 2014. The examination was conducted observing the guidelines and procedures in the Handbook and, where deemed appropriate by the examiner, transactions occurring subsequent to December 31, 2014, but prior to the date of this report (i.e., the completion date of the examination) were also reviewed.

The examination was conducted on a risk focused basis in accordance with the provisions of the Handbook published by the National Association of Insurance Commissioners (“NAIC”). The Handbook guidance provides for the establishment of an examination plan based on the examiner’s assessment of risk in the insurer’s operations and utilizing that evaluation in formulating the nature and extent of the examination. The examiner planned and performed the examination to evaluate the current financial condition as well as identify prospective risks that may threaten the future solvency of the insurer. The examiner identified key processes, assessed the risks within those processes, and evaluated the internal control systems and procedures used to mitigate those risks. The examination also included assessing the principles used and significant estimates made by management, evaluating the overall financial statement presentation, and determining management’s compliance with New York statutes and Department guidelines, Statutory Accounting Principles as adopted by the Department and annual statement instructions.

The examination of the Company was called by the Department in accordance with the Handbook guidelines, through the NAIC’s Financial Examination Electronic Tracking System (“FEETS”). The Department served as the lead state on the examination. In addition to the Department, a representative from the Arizona Department of Insurance participated on the examination which included its domestic insurer, NYLIFE Insurance Company of Arizona. Also, since the Company is licensed to write business in Nevada, a representative from the Nevada Division of Insurance participated on the examination.

Information about the Company's organizational structure, business approach and control environment were utilized to develop the examination approach. The Company's risks and management activities were evaluated incorporating the NAIC's nine branded risk categories. These categories are as follows:

- Pricing/Underwriting
- Reserving
- Operational
- Strategic
- Credit
- Market
- Liquidity
- Legal
- Reputational

The Company was audited annually, for the years 2010 through 2014 by the accounting firm of PricewaterhouseCoopers LLP. The Company received an unqualified opinion in all five years. Certain audit work papers of the accounting firm were reviewed and relied upon in conjunction with this examination.

The examiner reviewed the prior financial 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.

### 3. DESCRIPTION OF COMPANY

#### A. History

The Company was originally chartered in May 1841 as Nautilus Insurance Company and was authorized to write fire and marine insurance, inland navigation and transportation risks. The charter was amended in April 1843 to permit Nautilus Insurance Company to organize as a mutual company and write life insurance. The by-laws were amended in June 1845 to restrict the Company's business to "insurance on life and all and every insurance pertaining to life." The Company's name was officially changed to New York Life Insurance Company on April 5, 1849.

#### B. Subsidiaries

The following are brief descriptions of the significant subsidiaries in the New York Life holding company system as of December 31, 2014.

##### New York Life Insurance and Annuity Corporation

New York Life Insurance and Annuity Corporation ("NYLIAC"), incorporated in Delaware in 1980, is a direct, wholly owned subsidiary of the Company. NYLIAC is authorized to write life insurance, accident and health insurance and annuity business. It is licensed in all 50 states and the District of Columbia. NYLIAC offers non-participating life insurance including a wide variety of interest sensitive and variable life insurance products and annuity products (fixed and variable deferred and immediate annuities). NYLIAC also issues products specifically designed for the bank-owned and corporate-owned life insurance markets.

##### NYLIFE Insurance Company of Arizona

NYLIFE Insurance Company of Arizona ("NYLAZ") was incorporated and organized in Arizona in 1987 as a life and disability insurer. In 2004, NYLAZ obtained authority to issue variable life and variable annuity products. As of December 31, 2014, NYLAZ was licensed in the District of Columbia and all states except Maine and New York. NYLAZ's only product offering was a ten year guaranteed term life product called "Term to Age 90" which was introduced in 1998. NYLAZ has not issued any new Term to Age 90 policies since 2011.

New York Life Enterprises LLC (known as New York Life International, LLC until 5/2/2011)

New York Life Enterprises LLC (“NYLE”) is a direct, wholly owned subsidiary of the Company that was organized on November 28, 2001 under the laws of Delaware as a limited liability company. NYLE began its operations on January 1, 2002, and through its various subsidiaries, joint ventures, and affiliates, has offered life, annuity, health insurance and pension products and services to individuals and groups in selected emerging markets. During the examination period, the Company conducted business in China and NYLE’s subsidiaries and affiliates conducted business in Argentina, Hong Kong, India, Mexico, South Korea, Taiwan, and Thailand. The Company sold its 50% equity interest in its joint venture operation in China on January 28, 2011, and NYLE sold its 100% interest in its operations in South Korea on February 1, 2011, Thailand on March 17, 2011, Hong Kong on April 1, 2011, Taiwan on December 31, 2013, its equity interests in its joint venture operations in Argentina on January 13, 2012, and India on June 27, 2012. In addition, NYLE sold Fianzas Monterrey, S.A., its wholly owned Mexican surety bond business, on April 1, 2013. Through a wholly owned subsidiary, Seguros Monterrey New York Life, S.A. de C.V., NYLE continues to offer individual insurance and investment products in Mexico.

New York Life Investment Management Holdings LLC

New York Life Investment Management Holdings LLC (“NYLIM”) is a direct, wholly owned subsidiary of the Company that was organized on December 17, 1999, under the laws of Delaware as a limited liability company. Through its various subsidiaries and affiliates, NYLIM provides a variety of investment related services, including: retail and institutional investment advisory services; mutual fund distribution and administrative services; pension and 401(k) products and related administrative services; and commercial financial services to corporate clients.

During the examination period, NYLIM provided investment advisory services for the securities and real estate portfolios of the general and separate accounts of the Company, NYLIAC and NYLAZ. On May 1, 2014, NYLIM assigned the majority of its investment advisory rights and obligations to NYL Investors LLC.

### NYL Investors LLC

NYL Investors LLC (“NYL Investors”) is a direct, wholly owned subsidiary of the Company that was organized on October 17, 2013, under the laws of Delaware as a limited liability company. NYL Investors provides investment advisory and administrative services for the majority of the securities and real estate portfolios of the general and separate accounts of the Company, NYLIAC and NYLAZ.

### NYLife Real Estate Holdings, LLC

NYLife Real Estate Holdings, LLC (“RE Holdings”) is a direct, wholly owned subsidiary of the Company that was organized on December 20, 2007, under the laws of Delaware as a limited liability company. RE Holdings’ principal function is to own membership interests in various single-purpose entities which hold title (directly or indirectly) to real estate properties for income producing purposes.

### NYLIFE LLC

NYLIFE LLC is a wholly owned subsidiary of the Company. NYLIFE LLC was originally incorporated under the laws of New York in 1984 as NYLIFE Inc., and was converted to a Delaware limited liability company (“LLC”) on September 30, 1999. NYLIFE LLC is a holding company for a number of the Company’s subsidiaries. NYLIFE LLC, through its subsidiaries, offers securities brokerage, financial planning and investment advisory services, trust services and capital financing.

### NYLIFE Securities LLC

NYLIFE Securities LLC, a wholly owned subsidiary of NYLIFE LLC, is a U.S. Securities and Exchange Commission (“SEC”) registered broker-dealer, offering mutual funds, variable insurance products, Section 529 college savings plan interests and retail brokerage services to, among others, the Company’s policyholders through the Company’s agents who are qualified with the Financial Industry Regulatory Authority (“FINRA”) as registered representatives of that firm.

### Eagle Strategies LLC

Eagle Strategies LLC, a wholly owned subsidiary of NYLIFE LLC, is an SEC-registered investment advisor offering retail investment advisory and financial planning services to, among others, the Company's policyholders through the Company's agents who are qualified with relevant state securities departments as investment advisory representatives of that firm.

### NYLINK Insurance Agency Incorporated

NYLINK Insurance Agency Incorporated, a wholly owned subsidiary of NYLIFE LLC, is a licensed insurance agency historically used by the Company's retirement plan services and executive benefit businesses.

### New York Life Trust Company

New York Life Trust Company, a wholly owned subsidiary of NYLIFE LLC, is a fiduciary for pension, profit sharing and other employee benefit plans and acts as trustee for the collective investment business.

### New York Life Capital Corporation

New York Life Capital Corporation, a wholly owned subsidiary of NYLIFE LLC, is an issuer of commercial paper.

### New York Life Investment Management LLC

New York Life Investment Management LLC, a wholly owned subsidiary of NYLIM, is an SEC-registered investment advisor offering institutional advising services.

### MacKay Shields LLC

MacKay Shields LLC, a wholly owned subsidiary of NYLIM, is an SEC-registered investment advisor offering a broad range of fixed income related strategies and solutions for a wide array of global clients including pension funds, government and financial institutions, family offices, high net worth individuals, endowments and foundations, and retail clients.

### GoldPoint Partners LLC

GoldPoint Partners LLC is a wholly owned subsidiary of NYLIM. Prior to December 4, 2012, the Company was known as NYLCAP Manager, LLC. GoldPoint Partners LLC is an SEC-registered investment advisor offering institutional advising services.

### NYLIM Service Company LLC

NYLIM Service Company LLC, a wholly owned subsidiary of NYLIM, is a mutual fund transfer agent registered with the SEC and the New Jersey Department of Banking and Insurance, Division of Banking.

### NYLIFE Distributors LLC

NYLIFE Distributors LLC, a wholly owned subsidiary of NYLIM, is an SEC-registered broker-dealer offering institutional broker-dealer services.

### Madison Capital Funding LLC

Madison Capital Funding LLC, a wholly owned subsidiary of NYLIM, is a commercial finance company focused on the corporate financing needs of private equity firms in the middle market.

### Institutional Capital LLC

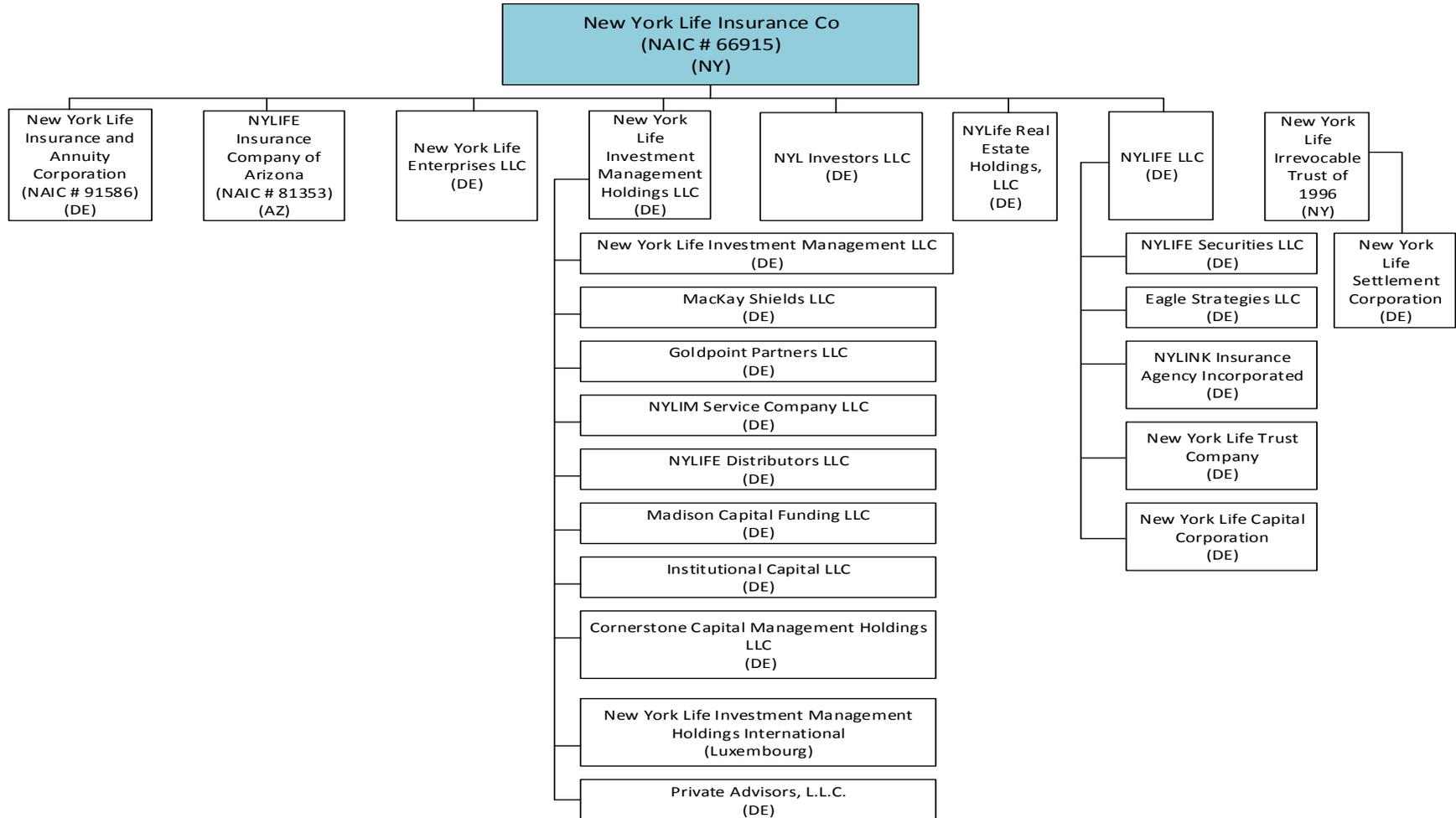
Institutional Capital LLC, a wholly owned subsidiary of NYLIM, is an SEC-registered investment advisor offering institutional advising services.

### Cornerstone Capital Management Holdings LLC

Madison Square Investors LLC, a wholly owned subsidiary of NYLIM, changed its name to Cornerstone Capital Management Holdings LLC on January 9, 2013. Cornerstone Capital Management Holdings LLC is an SEC-registered investment advisor offering institutional investment advising services.

### C. Organizational Chart

An organization chart reflecting the relationship between the Company and significant entities in its holding company system as of December 31, 2014 follows:



D. Service Agreements

The Company had 20 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
Administrative Service Agreement	05/29/2009	The Company	New York Life Insurance and Annuity Corporation	General administrative services, including human resources and payroll, legal, finance, treasury, information technology and actuarial services	2010 \$722,742,000 2011 \$731,469,590 2012 \$749,616,615 2013 \$763,971,534 2014 \$813,426,694
Administrative Service Agreement	05/29/2009	The Company	New York Life Insurance Company of Arizona	General administrative services, including human resources and payroll, legal, finance, treasury, information technology and actuarial services	2010 \$12,788,748 2011 \$ 8,224,051 2012 \$ 4,490,848 2013 \$ 3,366,791 2014 \$ 2,455,130
Administrative Service Agreement	07/29/2009	The Company	NYLIFE LLC	General administrative services, including human resources and payroll, legal, finance, treasury, information technology and actuarial services	2010 \$1,289,923 2011 \$ 653,387 2012 \$ 594,380 2013 \$ 257,802 2014 \$ 131,641

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
Administrative Service Agreement	05/29/2009, amended and restated on 10/01/12, and 11/01/14	The Company	NYLIFE Securities LLC	General administrative services, including human resources and payroll, legal, finance, treasury, information technology and actuarial services	2010 \$53,603,981 2011 \$58,651,025 2012 \$61,256,784 2013 \$62,773,260 2014 \$72,260,149
Administrative Service Agreement	05/29/2009	The Company	Eagle Strategies LLC	General administrative services, including human resources and payroll, legal, finance, treasury, information technology and actuarial services	2010 \$ 6,350,254 2011 \$ 8,708,010 2012 \$12,213,955 2013 \$14,925,607 2014 \$14,980,033
Administrative Service Agreement	05/29/2009	The Company	NYLINK Insurance Agency Incorporated	General administrative services, including human resources and payroll, legal, finance, treasury, information technology and actuarial services	2010 \$ 43,457 2011 \$ 25,528 2012 \$ 38,389 2013 \$333,583 2014 \$194,075
Administrative Service Agreement	07/29/2009	The Company	New York Life Settlement Corporation	General administrative services, including human resources and payroll, legal, finance, treasury, information technology and actuarial services	2010 \$24,000 2011 \$24,000 2012 \$24,000 2013 \$24,000 2014 \$24,000

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
Administrative Service Agreement	07/29/2009	The Company	New York Life Enterprises LLC	General administrative services, including human resources and payroll, legal, finance, treasury, information technology and actuarial services	2010 \$44,706,783 2011 \$28,388,745 2012 \$40,880,779 2013 \$ 9,149,515 2014 \$ 6,603,074
Administrative Service Agreement	12/15/2007	The Company	New York Life Investment Management Holdings LLC	General administrative services, including human resources and payroll, legal, treasury and information technology services.	2010 \$34,150,647 2011 \$22,754,606 2012 \$42,919,102 2013 \$73,500,162 2014 \$15,199,491
Administrative Service Agreement	12/15/2007 amended and restated 12/01/2011	The Company	MacKay-Shields LLC	General administrative services, including human resources and payroll, legal, finance, treasury, information technology and actuarial services	2010 \$ 8,140,520 2011 \$ 7,782,209 2012 \$ 8,980,533 2013 \$10,365,149 2014 \$14,667,457
Administrative Service Agreement	12/15/2007 amended and restated 12/01/2012	The Company	GoldPoint Partners LLC	General administrative services, including human resources and payroll, legal, finance, treasury, information technology and actuarial services	2010 \$4,115,493 2011 \$3,694,421 2012 \$5,318,685 2013 \$4,886,603 2014 \$6,110,892

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
Administrative Service Agreement	12/15/2007 amended and restated 12/01/2011	The Company	NYLIM Service Company LLC	General administrative services, including human resources and payroll, legal, finance, treasury, information technology and actuarial services	2010 \$ 6,080,996 2011 \$ 5,785,625 2012 \$ 9,013,618 2013 \$10,283,778 2014 \$15,789,629
Administrative Service Agreement	12/07/2007 amended and restated 12/01/2011 and 09/01/2012	The Company	NYLIFE Distributors LLC	General administrative services, including human resources and payroll, legal, finance, treasury, information technology and actuarial services	2010 \$ 6,865,940 2011 \$13,498,695 2012 \$32,229,949 2013 \$10,320,225 2014 \$13,973,636
Administrative Service Agreement	12/15/2007 amended and restated 12/01/2011	The Company	New York Life Trust Company	General administrative services, including human resources and payroll, legal, finance, treasury, information technology and actuarial services	2010 \$219,294 2011 \$182,711 2012 \$177,662 2013 \$232,062 2014 \$406,689
Administrative Service Agreement	12/15/2007 amended and restated 12/01/2011	The Company	Madison Capital Funding LLC	General administrative services, including human resources and payroll, legal, finance, treasury, information technology and actuarial services	2010 \$ 3,277,063 2011 \$ 5,780,300 2012 \$ 7,774,213 2013 \$10,429,833 2014 \$14,285,525

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
Administrative Service Agreement	01/01/2011	The Company	Institutional Capital LLC	General administrative services, including human resources and payroll, legal, finance, treasury, information technology and actuarial services	2010 \$3,791,822 2011 \$3,652,384 2012 \$4,172,069 2013 \$5,245,765 2014 \$6,267,591
Administrative Service Agreement	01/01/2011	The Company	McMorgan & Company LLC	General administrative services, including human resources and payroll, legal, finance, treasury, information technology and actuarial services	2010 \$798,339 2011 \$684,530 2012 \$123,760 2013 \$ 0 2014 \$ 0
Administrative Service Agreement	10/17/2014	The Company	NYL Investors LLC	General administrative services, including human resources and payroll, legal, finance, treasury, information technology and actuarial services	2010 \$ 0 2011 \$ 0 2012 \$ 0 2013 \$ 0 2014 \$28,333,880
Administrative Service Agreement	12/15/2007, amended and restated 01/01/2011	The Company	Cornerstone Capital Management Holdings LLC	General administrative services, including human resources and payroll, legal, finance, treasury, information technology and actuarial services	2010 \$1,897,581 2011 \$1,606,088 2012 \$2,123,453 2013 \$2,417,338 2014 \$4,491,019

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
Administrative Service Agreement	12/31/1996, amended and restated 07/29/2009	The Company	New York Life Capital Corporation	General administrative services, including human resources and payroll, legal, finance, treasury, information technology and actuarial services	2010 \$ (891,000) 2011 \$(1,057,000) 2012 \$ (919,000) 2013 \$ (728,000) 2014 \$ (672,000)

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

## E. Management

The Company's Charter provides that the board of directors ("the board") shall be comprised of not less than 11 and not more than 17 directors. Directors are divided into three classes, as nearly equal in number as possible. Each class is elected on the second Wednesday of April for a term of three years. As of December 31, 2014, the board consisted of 12 members. Meetings of the board are generally held on the third Wednesday of such months as may be determined from time to time by the board, provided that at least four such meetings are held in each calendar year.

The 12 board members and their principal business affiliation, as of December 31, 2014, were as follows:

<u>Name and Residence</u>	<u>Principal Business Affiliation</u>	<u>Year First Elected</u>
Betty C. Alewine* Vero Beach, FL	Former President and CEO COMSAT Corporation	1998
Michele G. Buck* Hummelstown, PA	President, North America The Hershey Company	2013
Ralph de la Vega* Alpharetta, GA	President and CEO AT&T Mobile and Business Solutions	2009
Mark L. Feidler* Atlanta, GA	Founding Partner MSouth Equity Partners	2006
Kent B. Foster* Dallas, TX	Former Chairman and CEO Ingram Micro Inc.	1995
Christina A. Gold* Miami, FL	Former President, CEO and Director The Western Union Company	2001
Theodore A. Mathas Armonk, NY	Chairman of the Board, President and CEO New York Life Insurance Company	2006
S. Thomas Moser* Naples, FL	Former Vice Chairman KPMG LLP	2008
Admiral Joseph W. Prueher* Virginia Beach, VA	Retired Admiral, U. S. Navy	2001

<u>Name and Residence</u>	<u>Principal Business Affiliation</u>	<u>Year First Elected</u>
Thomas C. Schievelbein* Richmond, VA	Chairman of the Board, President and CEO The Brink's Company	2006
Gerald B. Smith* Houston, TX	Chairman and CEO Smith, Graham & Co. Investment Advisors, L.P.	2012
William G. Walter* Bonita Springs, FL	Former Chairman, President and CEO FMC Corporation	2009

\* Not affiliated with the Company or any other company in the holding company system

Joseph W. Prueher retired from the board effective April, 2015. In November, 2015, Edward D. Shirley was appointed to the board. In January 2016, Robert B. Carter was appointed to the board.

The examiner's review of the minutes of the meetings of the board 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 key executive officers of the Company as of December 31, 2014:

<u>Name</u>	<u>Title</u>
Theodore A. Mathas	Chairman of the Board, President and Chief Executive Officer
John Y. Kim	Vice Chairman, President of the Investments Group, and Chief Investment Officer
Christopher O. Blunt	Executive Vice President and Co-President of the Insurance and Agency Group
Sheila K. Davidson	Executive Vice President, Chief Legal Officer and General Counsel
John T. Fleurant	Executive Vice President and Chief Financial Officer
Mark W. Pfaff	Executive Vice President and Co-President of the Insurance and Agency Group
Patricia Barbari	Senior Vice President and General Auditor
Thomas A. Hendry	Senior Vice President and Treasurer
George Nichols III	Senior Vice President in charge of the Office of Governmental Affairs
Katherine R. O'Brien	Senior Vice President and Chief Human Resources Officer
Barry A. Schub**	Senior Vice President
Joel M. Steinberg	Senior Vice President, Chief Risk Officer, and Chief Actuary
Susan A. Thrope	Senior Vice President, Deputy General Counsel, and Secretary
Robert M. Gardner	Vice President and Controller

Vice President Fior Tully is the designated consumer services officer per Section 216.4(c) of Department Regulation No. 64.

\*\* Barry A. Schub retired from the Company, effective December 31, 2014, and was succeeded by Katherine R. O'Brien.

#### 4. TERRITORY AND PLAN OF OPERATIONS

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 in 50 states, the District of Columbia, Canada and Puerto Rico.

The following tables show the percentage of direct premiums received, by state, and by major lines of business for the year 2014:

<u>Life Insurance Premiums</u>		<u>Annuity Considerations</u>	
California	14.4%	Delaware	69.3%
New York	12.6%	Maryland	11.0%
Texas	7.5%	California	4.9%
Florida	4.5%	New York	3.3%
New Jersey	<u>4.0%</u>	Nevada	<u>2.8%</u>
Subtotal	43.1%	Subtotal	91.4%
All others	<u>56.9%</u>	All others	<u>8.6%</u>
Total	<u>100.0%</u>	Total	<u>100.0%</u>
<u>Accident and Health Insurance Premiums</u>		<u>Deposit Type Funds</u>	
New York	16.2%	Delaware	75.9%
California	12.7%	New York	19.3%
Texas	7.0%	Pennsylvania	2.7%
Florida	4.6%	Iowa	1.0%
Pennsylvania	<u>3.5%</u>	Ohio	<u>0.6%</u>
Subtotal	43.9%	Subtotal	99.5%
All others	<u>56.1%</u>	All others	<u>0.5%</u>
Total	<u>100.0%</u>	Total	<u>100.0%</u>

<u>Others</u>	
New York	47.3%
Pennsylvania	9.0%
Massachusetts	5.6%
Georgia	4.9%
Minnesota	<u>4.1%</u>
Subtotal	70.8%
All others	<u>29.2%</u>
Total	<u>100.0%</u>

#### A. Statutory and Special Deposits

As of December 31, 2014, the Company had \$1,545,613 (book/adjusted carrying value) of United States Treasury Bonds on deposit with the State of New York, its domiciliary state, for the benefit of all policyholders, claimants and creditors of the Company and other special deposits with a book/adjusted carrying value of \$236,797. As per confirmations received, and amounts which were reported in Schedule E of the 2014 filed annual statement, additional amounts of \$1,007,374 and \$1,000,000, were being held by the State of Oklahoma and the Commonwealth of Puerto Rico, respectively. As per a confirmation received from Canada, which was also reported in Schedule E of the 2014 filed annual statement, common stocks, fixed income securities, cash and cash equivalents, with the book adjusted carrying value in the amount of \$196,806,028, were being held at RBC Dexia Investor Services Trust in compliance with Section 582(1) and 611 of the Canadian Insurance Companies Act.

#### B. Direct Operations

Approximately 97% of the Company's policies are written on a participating basis. The Company writes whole life and term life insurance, group life and group accident and health membership association insurance, long-term care insurance, structured settlements and group annuity contracts.

The Company's agency operations are conducted using general agencies, branch offices and direct response solicitation.

### C. Reinsurance

As of December 31, 2014, the Company had 126 reinsurance treaties in effect with 21 companies, of which 14 were authorized or accredited. The Company's life business is reinsured 84.8% on a yearly renewable term basis, 14.5% on a coinsurance basis and 0.7% on a modified-coinsurance basis. Reinsurance is provided on both an automatic and/or facultative basis.

The maximum retention limit for individual life contracts is as follows:

<u>Issue Age</u>	<u>Maximum Retention Limit</u>
0 – 60	\$40,000,000
61 – 65	\$30,000,000
66 – 75	\$20,000,000
76 – 85	\$10,000,000
86 and over	\$ 7,500,000

The total face amount of life insurance ceded as of December 31, 2014, was \$124 billion, which represents 11.5% of the total face amount of life insurance in force. Reserve credit taken for reinsurance ceded to unauthorized companies totaling \$3,710,210 was supported by letters of credit and trust agreements.

The total face amount of life insurance assumed as of December 31, 2014 was \$253 billion.

## 5. 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 (decline) during the period under review:

	December 31, <u>2009</u>	December 31, <u>2014</u>	Increase (Decrease)
Admitted assets	<u>\$117,835,521,372</u>	<u>\$146,267,047,744</u>	<u>\$28,431,526,372</u>
Liabilities	<u>\$104,149,253,503</u>	<u>\$127,661,055,161</u>	<u>\$23,511,801,658</u>
Surplus Notes	1,990,004,000	1,992,023,795	2,019,795
Special Surplus Funds- Deferred Tax	514,358,025	0	(514,358,025)
Unassigned funds (surplus)	<u>11,181,905,844</u>	<u>16,613,968,788</u>	<u>5,432,062,944</u>
Total surplus	<u>\$ 13,686,267,869</u>	<u>\$ 18,605,992,583</u>	<u>\$ 4,919,724,714</u>
Total liabilities and surplus	<u>\$117,835,521,372</u>	<u>\$146,267,047,744</u>	<u>\$28,431,526,372</u>

The \$28,431 million increase in admitted assets was primarily due to higher cash and invested assets during the period due to the Company's reinvestment of operating cash flow, growth in separate account assets, and an increase in the carrying value of the Company's subsidiaries.

The Company's invested assets as of December 31, 2014, exclusive of separate accounts, were mainly comprised of bonds (60.9%), other invested assets (11.6%), mortgage loans (9.8%), stocks (8.0%), and policy loans (7.3%). The majority (92.0%) of the Company's bond portfolio, as of December 31, 2014, was comprised of investment grade obligations.

The following has been extracted from the Exhibit of Annuities in the filed annual statements for each of the years under review:

	<u>Ordinary Annuities</u>				
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Outstanding, end of previous year	51,007	49,358	47,923	47,037	46,115
Issued during the year	1,891	1,673	2,381	2,070	357
Other net changes during the year	<u>(3,540)</u>	<u>(3,108)</u>	<u>(3,267)</u>	<u>(2,992)</u>	<u>(3,071)</u>
Outstanding, end of current year	<u>49,358</u>	<u>47,923</u>	<u>47,037</u>	<u>46,115</u>	<u>43,401</u>

The decrease from 2013 to 2014 relates to a change in the way the company issued structured settlement sales. In 2014, many of the structured settlements were issued as group contracts, and therefore no longer reported under the Ordinary section.

The following has been extracted from the Exhibits of Accident and Health Insurance in the filed annual statements for each of the years under review:

	<u>Other Accident and Health</u>				
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Outstanding, end of previous year	171,863	174,164	178,892	183,254	182,248
Issued during the year	11,602	13,536	12,982	6,583	5,522
Other net changes during the year	<u>(9,301)</u>	<u>(8,808)</u>	<u>(8,620)</u>	<u>(7,589)</u>	<u>(8,240)</u>
Outstanding, end of current year	<u>174,164</u>	<u>178,892</u>	<u>183,254</u>	<u>182,248</u>	<u>179,530</u>

In 2012, the Company's Long-Term Care ("LTC") product line was repriced to reflect an increase in new business premium rates, which is the primary driver of the corresponding decrease in sales. The impact to sales numbers in 2012 was mitigated by the phase-in of the increase in rates by state over the year.

Group

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Outstanding, end of previous year	910,071	1,022,875	1,135,345	1,076,645	1,064,392
Issued during the year	164,267	176,562	34,969	193,006	38,330
Other net changes during the year	<u>(51,463)</u>	<u>(64,092)</u>	<u>(93,669)</u>	<u>(205,259)*</u>	<u>43,606*</u>
Outstanding, end of current year	<u>1,022,875</u>	<u>1,135,345</u>	<u>1,076,645</u>	<u>1,064,392</u>	<u>1,146,328</u>

The decrease in accident and health (“A&H”) issued from 2011 to 2012, the increase from 2012 to 2013 and the decrease from 2013 to 2014 relate to variations in the amount of new business issued by the group membership business, which are sporadic from year to year and relate to fluctuations in the acquisitions and size of new cases. Also, the Company completed its plan to exit the major medical business line in 2013.

\*\* For 2013, the outstanding policies at the end of the year were understated by 121,620. The amount was corrected during 2014, with the adjustment reported in “Other Net Changes”. The correct amounts for “Other Net Changes” in 2013 and 2014 are (84,179) and (77,474), respectively

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Ordinary:					
Life insurance	\$464,032,902	\$216,482,071	\$458,775,565	\$ 429,249,932	\$429,869,291
Individual annuities	68,471,485	60,065,457	70,130,590	63,015,505	54,121,487
Supplementary contracts	<u>6,886,087</u>	<u>3,550,645</u>	<u>4,357,484</u>	<u>3,646,152</u>	<u>1,746,838</u>
Total ordinary	<u>\$539,390,474</u>	<u>\$280,098,173</u>	<u>\$533,263,639</u>	<u>\$495,911,589</u>	<u>\$485,737,616</u>
Group:					
Life	\$ 70,458,929	\$ 80,589,432	\$ 81,954,771	\$ (8,064,815)	\$101,665,294
Annuities	<u>170,624,628</u>	<u>168,759,444</u>	<u>199,825,066</u>	<u>248,130,637</u>	<u>326,757,794</u>
Total group	<u>\$241,083,557</u>	<u>\$249,348,876</u>	<u>\$281,779,837</u>	<u>\$ 240,065,822</u>	<u>\$428,423,088</u>
Accident and health:					
Group	\$ 5,939,619	\$ (870,512)	\$ 6,025,021	\$ (91,662,389)	\$ (29,067,558)
Other	<u>(22,665,962)</u>	<u>(21,160,833)</u>	<u>(9,781,669)</u>	<u>(171,374,808)</u>	<u>16,447,612</u>
Total accident and health	<u>\$(16,726,343)</u>	<u>\$(22,031,345)</u>	<u>\$(3,756,648)</u>	<u>\$(263,037,197)</u>	<u>\$(12,619,946)</u>
All other lines	<u>\$ 1,587,515</u>	<u>\$ 1,776,543</u>	<u>\$ 1,930,708</u>	<u>\$ 162,701</u>	<u>\$ 220,908</u>
Total	<u>\$765,335,203</u>	<u>\$509,192,247</u>	<u>\$813,217,536</u>	<u>\$ 473,102,915</u>	<u>\$901,761,666</u>

The decrease in net gains from ordinary life operations from 2010 to 2011 was primarily due to the following: 1) a reduction in tax benefits from 2010 results due to the contribution made to Company's qualified pension plan in 2010; 2) a reduction in income associated with a change in cash surrender value of the Company's corporate owned life insurance; 3) the impact of unreported claims that were uncovered as a result of incorporating a quarterly review of the Social Security Death Master Index into the Company's claims process; partially offset by: 4) a lower dividend expense due to a reduction in the Company's dividend scale.

The increase in net gains from ordinary life operations from 2011 to 2012 was primarily due to 1) higher net investment income related to a dividend from the Company's subsidiaries, higher distribution income from limited partnerships and higher income from mortgage loans; 2) an increase in tax benefits due to a contribution made to the Company's qualified pension plan in 2012, as opposed to no contribution in 2011; 3) growth in the Company's corporate owned life insurance; partially offset by: 4) an increase in the dividend expense due to an increase in the Company's dividend scale and 5) an increase in operating expenses primarily due to higher compensation costs that was mainly driven by one-time costs associated with the restructuring of the organization, higher commissions and higher charitable contributions.

The decrease in net gains from group life operations from 2012 to 2013 was due to the following: In 2013, the Company's direct-AARP business received approval from the Department to release reserves that the Company had determined were no longer required for statutory results. Since this business passes back experience to AARP, there was no overall impact on surplus. However, net gain from operations reflects a charge to record the additional liability to AARP under the experience rated contract feature, while the benefit from the release of the policy reserves was recorded "below the line" as a direct adjustment to surplus. The increase from 2013 to 2014 was due to this reserve adjustment being a one-time event.

The primary reason for the increase in net gains from group annuity operations from 2013 to 2014 was that contracts with higher crediting rates matured and were replaced by contracts with lower crediting rates, thereby increasing the spread on this business.

The decrease in net gains from group accident and health operations from 2012 to 2013 is primarily due to an increase in group LTC asset adequacy reserves reflecting revised mortality and morbidity assumptions based on then recent adverse experience.

The decrease in net gains from other accident and health operations from 2012 to 2013 is primarily due to an increase in individual LTC asset adequacy reserves reflecting revised mortality and morbidity assumptions based on then recent adverse experience.

## 6. FINANCIAL STATEMENTS

The following statements show the assets, liabilities, capital and surplus as of December 31, 2014, as contained in the Company's 2014 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, 2014 filed annual statement.

### A. Independent Accountants

The firm of PricewaterhouseCoopers was retained by the Company to audit the Company's combined statutory basis statements of financial position of the Company as of December 31<sup>st</sup> of each year in the examination period, and the related statutory-basis statements of operations, capital and surplus, and cash flows for the year then ended.

PricewaterhouseCoopers concluded that the statutory financial statements presented fairly, in all material respects, the financial position of the Company at the respective audit dates. Balances reported in these audited financial statements were reconciled to the corresponding years' annual statements with no discrepancies noted.

B. Net Admitted Assets

Bonds	\$ 73,566,171,663
Stocks:	
Preferred stocks	63,292,070
Common stocks	9,563,132,015
Mortgage loans on real estate:	
First liens	11,261,317,166
Other than first liens	569,741,091
Real estate:	
Properties occupied by the company	269,756,072
Properties held for the production of income	238,836,669
Cash, cash equivalents and short term investments	1,341,353,961
Contract loans	8,866,326,753
Derivatives	891,137,110
Other invested assets	14,030,903,146
Receivable for securities	332,058
Derivatives-collateral assets	43,396,583
Investment income due and accrued	1,309,506,057
Premiums and considerations:	
Uncollected premiums and agents' balances in the course of collection	209,579,819
Deferred premiums, agents' balances and installments booked but deferred and not yet due	1,513,440,058
Reinsurance:	
Amounts recoverable from reinsurers	55,462,224
Funds held by or deposited with reinsured companies	4,365,823,306
Other amounts receivable under reinsurance contracts	30,507,280
Current federal and foreign income tax recoverable and interest thereon	70,007,062
Net deferred tax asset	1,617,351,442
Guaranty funds receivable or on deposit	25,470,521
Electronic data processing equipment and software	45,004,244
Receivables from parent, subsidiaries and affiliates	311,765,744
Amounts receivable on corporate-owned life insurance	3,890,701,356
Interest in annuity contracts	148,174,398
Collateral assignments	79,360,400
Unearned reinsurance premium recoverable	64,431,161
State premium tax credit	8,400,000
Administrative and other fees due and unpaid	4,407,710
Federal employees' group life conversion pool fund	2,488,957
Amount due for undelivered securities	508,307
From separate accounts, segregated accounts and protected cell accounts	<u>11,808,961,341</u>
Total admitted assets	<u>\$146,267,047,744</u>

### C. Liabilities, Capital and Surplus

Aggregate reserve for life policies and contracts	\$ 85,760,865,356
Aggregate reserve for accident and health contracts	3,308,225,762
Liability for deposit-type contracts	13,992,816,786
Contract claims:	
Life	693,232,470
Accident and health	25,994,839
Policyholders' dividends and coupons due and unpaid	19,276,660
Provision for policyholders' dividends and coupons payable in following calendar year – estimated amounts	
Dividends apportioned for payment	1,605,240,058
Premiums and annuity considerations for life and accident and health contracts received in advance	85,799,016
Contract liabilities not included elsewhere:	
Other amounts payable on reinsurance	50,755,591
Interest maintenance reserve	500,479,462
Commissions to agents due or accrued	15,461,770
Commissions and expense allowances payable on reinsurance assumed	17,586,013
General expenses due or accrued	1,152,403,299
Transfers to separate accounts due or accrued (net)	(12,335,316)
Taxes, licenses and fees due or accrued, excluding federal income taxes	69,711,906
Current federal and foreign income taxes	106,842,225
Unearned investment income	1,058,860
Amounts withheld or retained by company as agent or trustee	676,414,074
Amounts held for agents' account	33,579,374
Remittances and items not allocated	212,818,683
Net adjustment in assets and liabilities due to foreign exchange rates	14,542,019
Liability for benefits for employees and agents if not included above	925,091,285
Borrowed money and interest thereon	504,785,464
Miscellaneous liabilities:	
Asset valuation reserve	2,437,644,780
Reinsurance in unauthorized companies	1,263,115
Payable to parent, subsidiaries and affiliates	42,909,978
Derivatives	418,124,808
Payable for securities	121,492,159
Payable for securities lending	553,973,604
Unfunded pension obligations for employees and agents	1,153,931,996
Derivatives-collateral liability	601,238,151
Special reserves on certain group policies	376,818,115
Unfunded postretirement obligations for employees and agents	179,584,225
Obligations under structured settlement agreements	148,174,398

General contingency reserve	\$ 14,792,325
Liability for interest on claims	14,763,838
Reserves required on certain group annuity separate accounts	7,487,966
Adjustment to agents' progress sharing plan liability	7,194,158
Deferred rent payable	5,917,344
Deferred gains liability	4,317,608
Deferred liability rebate commission	2,553,116
Accrued expenses payable	2,264,626
Contingent liability	1,514,418
Other expenses payable	217,094
From separate accounts statement	<u>11,804,231,683</u>
Total liabilities	<u>\$127,661,055,161</u>
Surplus notes	\$ 1,992,023,795
Unassigned funds (surplus)	<u>16,613,968,788</u>
Total surplus	<u>\$ 18,605,992,583</u>
Total liabilities and surplus	<u>\$146,267,047,744</u>

#### D. Condensed Summary of Operations

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Premiums and considerations	\$12,473,729,406	\$14,108,091,235	\$13,721,589,655	\$13,050,908,935	\$13,935,225,544
Investment income	4,916,815,397	4,933,498,390	5,142,826,042	5,284,213,326	5,521,490,800
Net gain from operations from Separate Accounts	14,599	(179,346)	0	0	0
Commissions and reserve adjustments on reinsurance ceded	(59,528,475)	(53,509,006)	(85,354,867)	(55,531,543)	(68,045,798)
Miscellaneous income	<u>669,069,847</u>	<u>449,760,741</u>	<u>632,155,897</u>	<u>638,841,027</u>	<u>580,110,839</u>
Total income	<u>\$18,000,100,774</u>	<u>\$19,437,662,014</u>	<u>\$19,411,216,727</u>	<u>\$18,918,431,745</u>	<u>\$19,968,781,385</u>
Benefit payments	\$ 9,952,217,091	\$10,193,419,868	\$12,170,051,296	\$11,346,852,670	\$11,408,811,911
Increase in reserves	3,481,307,645	3,318,987,542	2,627,630,281	3,462,649,625	3,582,415,690
Commissions	424,618,327	434,342,764	451,059,155	441,210,093	447,424,426
General expenses and taxes	1,806,997,827	1,887,787,717	1,979,134,903	2,088,936,224	2,067,176,584
Increase in loading on deferred & uncollected premiums	16,139,632	(15,815,493)	8,444,281	20,654,873	(7,125,647)
Net transfers to (from) Separate Accounts	99,845,321	1,620,608,779	(35,986,357)	(442,596,777)	(56,358,001)
Miscellaneous deductions	<u>62,253,618</u>	<u>39,616,875</u>	<u>15,181,625</u>	<u>120,083,337</u>	<u>(38,954,108)</u>
Total deductions	<u>\$15,843,379,461</u>	<u>\$17,478,948,052</u>	<u>\$17,215,515,184</u>	<u>\$17,037,790,045</u>	<u>\$17,403,390,855</u>
Net gain before dividends and federal income taxes	\$ 2,156,721,313	\$ 1,958,713,962	\$ 2,195,701,543	\$ 1,880,641,700	\$ 2,565,390,530
Dividends	1,376,440,110	1,279,532,756	1,402,672,512	1,506,627,801	1,686,801,218
Federal and foreign income taxes incurred	<u>14,946,000</u>	<u>169,988,959</u>	<u>(20,188,505)</u>	<u>(99,089,016)</u>	<u>(23,172,354)</u>
Net gain from operations before net realized capital gains	\$ 765,335,203	\$ 509,192,247	\$ 813,217,536	\$ 473,102,915	\$ 901,761,666
Net realized capital gains (losses)	<u>(239,778,674)</u>	<u>(246,578,811)</u>	<u>(122,752,401)</u>	<u>47,220,623</u>	<u>(53,498,466)</u>
Net income	<u>\$ 525,556,529</u>	<u>\$ 262,613,436</u>	<u>\$ 690,465,135</u>	<u>\$ 520,323,538</u>	<u>\$ 848,263,200</u>

## E. Surplus Account

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Surplus, December 31, prior year	\$ <u>13,686,267,869</u>	\$ <u>14,716,846,435</u>	\$ <u>15,128,949,008</u>	\$ <u>16,568,538,339</u>	\$ <u>17,853,770,064</u>
Net income	\$ 525,556,529	\$ 262,613,436	\$ 690,465,135	\$ 520,323,538	\$ 848,263,200
Change in net unrealized capital gains (losses)	1,076,709,454	980,919,940	1,367,961,999	306,166,727	1,061,476,453
Change in net unrealized foreign exchange capital gain (loss)	13,706,206	71,506,478	(109,462,942)	(57,885,746)	(6,239,061)
Change in net deferred income tax	15,862,889	337,467,099	(17,638,469)	(119,268,777)	813,534,873
Change in non-admitted assets and related items	(302,826,191)	5,192,576	(336,283,138)	1,311,939,386	(579,718,202)
Change in liability for reinsurance in unauthorized companies	(323,626)	(598,096)	821,830	(2,300,548)	1,680,955
Change in reserve valuation basis	0	0	0	112,533,198	36,000,000
Change in asset valuation reserve	(612,707,879)	(592,967,886)	(208,919,883)	(138,916,764)	(19,506,355)
Other changes in surplus in Separate Accounts statement	1,664,830	(506,406)	3,647,089	(2,029,083)	208,909
Change in surplus notes	410,461	402,333	402,333	402,333	402,333
Cumulative effect of changes in accounting principles	(39,075,798)	(4,410,873)	(46,085,496)	0	0
Prior period correction	30,280,893	0	134,613,038	0	48,499,214
Change in special reserves on certain group annuity contracts	(3,005,760)	(166,502)	(2,266,478)	2,924,563	(556,031)
Ceding commission	(2,702,895)	(2,702,895)	(2,702,895)	(2,702,895)	(2,702,895)
Change in liability for postretirement benefits	0	0	0	(26,377,199)	(153,207,026)
Change in overfunded pension plan asset	0	0	0	(1,252,543,467)	(572,389,580)
Change in liability for pension benefits	0	0	0	(430,407,728)	(723,524,268)
Minimum pension liability adjustment	338,102,011	(818,363,256)	(33,421,608)	1,076,176,374	0
Change in special reserves on certain group policies	(1,024,254)	(5,073,340)	3,330,521	(3,017,447)	0
Change in prior service cost on employees & agents benefits	(25,767,291)	8,297,060	(4,871,705)	(9,784,740)	0
Change in special surplus funds-deferred tax	<u>15,718,987</u>	<u>170,492,905</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net change in surplus for the year	\$ <u>1,030,578,566</u>	\$ <u>412,102,573</u>	\$ <u>1,439,589,331</u>	\$ <u>1,285,231,725</u>	\$ <u>752,222,519</u>
Surplus, December 31, current year	\$ <u>14,716,846,435</u>	\$ <u>15,128,949,008</u>	\$ <u>16,568,538,339</u>	\$ <u>17,853,770,064</u>	\$ <u>18,605,992,583</u>

## 7. SUBSEQUENT EVENTS

### A. Assets Under Management

On December 1, 2014, NYLIM signed a definitive agreement to acquire IndexIQ, a leader in liquid alternative exchange traded funds and mutual funds. The transaction closed on April 15, 2015, adding approximately \$1,500,000,000 to the Company's assets under management.

### B. Acquisition of John Hancock Closed Block

On December 23, 2014, the Company agreed to enter into a reinsurance transaction with John Hancock Life Insurance Company (U.S.A) ("John Hancock"), an affiliate of Manulife Financial Corporation, in which the Company will assume, through a 100 percent coinsurance agreement, John Hancock's closed block of business, comprised primarily of participating whole life insurance. In connection with this agreement, the Company has agreed to cede back 40 percent of the business to John Hancock through a coinsurance with funds withheld agreement. The transaction closed on July 1, 2015, and reduced statutory surplus by approximately \$581,000,000.



*APPOINTMENT NO. 31484*

**NEW YORK STATE**

***DEPARTMENT OF FINANCIAL SERVICES***

*I, MARIA T. VULLO, Acting Superintendent of Financial Services of the State of New York, pursuant to the provisions of the Financial Services Law and the Insurance Law, do hereby appoint:*

***CHRISTOPHER T. RUSHFORD  
(RISK & REGULATORY CONSULTING, LLC)***

*as a proper person to examine the affairs of the*

***NEW YORK LIFE INSURANCE COMPANY***

*and to make a report to me in writing of the condition of said*

***COMPANY***

*with such other information as he shall deem requisite.*

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

*this 23rd day of May, 2016*

***MARIA T. VULLO***  
*Acting Superintendent of Financial Services*

*By:*

*Mark McLeod*

***MARK MCLEOD***  
***DEPUTY CHIEF - LIFE BUREAU***

