

STATE OF NEW YORK INSURANCE DEPARTMENT

PRIVACY REPORT ON EXAMINATION

OF THE

SECURITY MUTUAL LIFE INSURANCE COMPANY OF NEW YORK

AS OF

MARCH 14, 2003

DATE OF REPORT:

MARCH 14, 2003

EXAMINER:

VINCENT TARGIA

## TABLE OF CONTENTS

<u>ITEM</u>		<u>PAGE NO.</u>
1.	Executive summary	2
2.	Scope of examination	3
3.	Examination procedures and findings	3
4.	Summary and conclusions	5



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

George E. Pataki  
Governor

Gregory V. Serio  
Superintendent

March 14, 2003

Honorable Gregory V. Serio  
Superintendent of Insurance  
Albany, New York 12257

Sir:

In accordance with instructions contained in Appointment No. 21969, dated November 29, 2002 and annexed hereto, an examination has been made into the condition and affairs of Security Mutual Life Insurance Company of New York, hereinafter referred to as "the Company," at its home office located at 100 Court Street, Binghamton, New York 13902.

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. EXECUTIVE SUMMARY

The examiner recommends that the Company revise its privacy notice to state: “We will not disclose our customers’ or former customers’ personal information except as necessary for conducting business or where permitted by law.” (See item 3 of this report)

## 2. SCOPE OF EXAMINATION

The examiner conducted a targeted examination limited to a review of: (i) the Company's policies and procedures regarding the privacy of consumer and customer financial and health information, and (ii) the Company's standards for safeguarding customer information. The objective of the examination was to determine whether the Company satisfied and complied with applicable New York Insurance Law and Department regulations and circular letters, the operating rules of the Company, and internal control standards deemed adequate by the Department.

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

## 3. EXAMINATION PROCEDURES AND FINDINGS

The examiner reviewed various elements of the Company's privacy and safeguarding activities affecting customers and consumers to determine compliance with applicable statutes and regulations, the operating rules of the Company, and internal control standards deemed adequate by the Department. The review included an evaluation of: the Company's documented privacy and safeguarding policies and procedures (including information previously submitted to the Department); internal, external and compliance audit workpapers; and management and internal control reports. The examination included a review of the following:

- privacy notices;
- opt out and opt in notices, if applicable;
- disclosure of non-public personal information (financial and health);
- redisclosure and reuse of non-public personal information (financial and health) received and disclosed; and
- the written information security program for the protection of customer information.

The examiner also conducted limited tests and other procedures, as deemed appropriate, in the review of privacy and safeguarding activities.

Section 420.6(a) of Department Regulation No. 169 states, in part:

“General rule. The initial, annual, and revised privacy notices that a licensee provides under sections 420.4, 420.5 and 420.8 of this Part shall include each of the following items of information that applies to the licensee and to the consumers to whom the licensee sends its privacy notice . . .

(4) The categories of nonpublic personal financial information about the licensee’s former customers that the licensee discloses and the categories of affiliates and nonaffiliated third parties to whom the licensee discloses nonpublic personal financial information about the licensee’s former customers, other than those parties to whom the licensee discloses information under sections 420.14 or 420.15 of this Part . . . ”

A review of the Company’s initial and annual privacy notices indicated that the Company failed to include, as part of its privacy notices, information concerning former customers as required by Section 420.6(a)(4) of Department Regulation No. 169.

The examiner recommends that the Company revise its privacy notice to state: “We will not disclose our customers’ or former customers’ personal information except as necessary for conducting business or where permitted by law.”

4. SUMMARY AND CONCLUSIONS

Following is the recommendation contained in this report:

<u>Item</u>	<u>Description</u>	<u>Page No(s).</u>
A	The examiner recommends that the Company revise its privacy notice to state: "We will not disclose our customers' or former customers' personal information except as necessary for conducting business or where permitted by law."	4

Respectfully submitted,

\_\_\_\_\_/s/  
Vincent Targia  
Associate Examiner

STATE OF NEW YORK     )  
  )SS:  
COUNTY OF NEW YORK    )

Vincent Targia, being duly sworn, deposes and says that the foregoing report, subscribed by him,  
is true to the best of his knowledge and belief.

\_\_\_\_\_/s/  
Vincent Targia

Subscribed and sworn to before me  
this \_\_\_\_\_ day of \_\_\_\_\_

APPOINTMENT NO. 21969

STATE OF NEW YORK  
INSURANCE DEPARTMENT

I, GREGORY V. SERIO, Superintendent of Insurance of the State of New York, pursuant to the provisions of the Insurance Law, do hereby appoint:

VINCENT TARGIA

as a proper person to examine into the affairs of the

SECURITY MUTUAL LIFE INSURANCE 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.

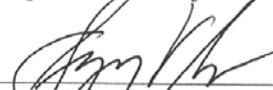
In Witness Whereof, I have hereunto subscribed by name  
and affixed the official Seal of the Department  
at the City of New York

this 29th day of November, 2002



GREGORY V. SERIO

Superintendent of Insurance

  
Superintendent