NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES

REPORT ON EXAMINATION

OF THE

JACKSON NATIONAL LIFE INSURANCE COMPANY OF NEW YORK

CONDITION: DECEMBER 31, 2014

DATE OF REPORT: JUNE 1, 2016

NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES

REPORT ON EXAMINATION

OF THE

JACKSON NATIONAL LIFE INSURANCE COMPANY OF NEW YORK

AS OF

DECEMBER 31, 2014

DATE OF REPORT: JUNE 1, 2016

EXAMINER: CHACKO THOMAS

TABLE OF CONTENTS

ITEM		PAGE NO.
1.	Executive summary	2
2.	Scope of examination	3
3.	Description of Company	5
	A. History	5
	B. Holding company	5
	C. Organizational chart	6
	D. Service agreements	7
	E. Management	8
4.	Territory and plan of operations	11
	A. Statutory and special deposits	11
	B. Direct operations	11
	C. Reinsurance	12
5.	Significant operating results	13
6.	Financial statements	15
	A. Independent accountants	15
	B. Net admitted assets	16
	C. Liabilities, capital and surplus	17
	D. Condensed summary of operations	18
	E. Capital and surplus account	20
	F. Reserves	21
7.	Market conduct activities	22
	A. Advertising and sales activities	22
	B. Underwriting and policy forms	23
	C. Treatment of policyholders	23
8.	Prior report summary and conclusions	24
9.	Summary and conclusions	27

Andrew M. Cuomo Governor	Maria T. Vullo Acting Superintendent

June 1, 2016

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

Madam:

In accordance with instructions contained in Appointment No. 31285, dated May 13, 2015 and annexed hereto, an examination has been made into the condition and affairs of Jackson National Life Insurance Company of New York, hereinafter referred to as "the Company," at its home office located at 2900 Westchester Avenue, Purchase, New York 10577.

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

1. EXECUTIVE SUMMARY

The material comments, violations and recommendations contained in this report are summarized below:

- The Company violated Section 1210 of the New York Insurance Law by reducing the number of board of directors prior to receiving approval of the revision of the by-laws from the superintendent. (See item 3E of this Report)
- The Company's Certificate of Reserve Valuation is being held and is not expected to be issued until the Department's concerns are resolved regarding the methodology used to determine the gross reserves, the reinsurance reserve credit and associated reinsurance collateral for the variable annuity guaranteed withdrawal benefits reinsured. (See item 6F of this Report)
- 81.5% of the Company's admitted assets as of December 31, 2014 were derived from separate accounts. This separate account activity is mainly generated from the variable annuity guarantee block of business, which has been increasing each year, and exposes the Company to additional risks. In light of the amount of this business in relation to the total business and the size of the Company, the examiner recommends that the Company consider limiting its exposure to these risks. (See item 6F of this report)
- The Company violated Section 4228(f)(A) of the New York Insurance Law by not including commission payments made through the marketing agreements with the broker-dealers for services connected with the marketing of the Company's life and annuity products in its Section 4228 filings. (See item 7A 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 three-year period from January 1, 2012 through 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.

In the course of the examination, a review was also made of the manner in which the Company conducts its business and fulfills its contractual obligations to policyholders and claimants. The results of this review are contained in item 7 of this report.

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 was coordinated in conjunction with the examination of the insurer's parent, Jackson National Life Insurance Company ("JNL"), a Michigan domestic insurer. The coordinated examination was led by the State of Michigan ("Michigan") with participation from New York. Since the insurer and its parent share common controls and management, and Michigan is accredited by the NAIC, it was deemed appropriate to rely on the work performed by Michigan.

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 2012 through 2014, by the accounting firm of KPMG LLP ("KPMG"). The Company received an unqualified opinion in all the years. Certain audit workpapers of the accounting firm were reviewed and relied upon in conjunction with this examination. The Company shares an internal audit department and an internal control department with its parent, which was given the task of assessing the internal control structure. The Company follows the same control processes as the parent and where applicable, workpapers and reports were reviewed and portions were relied upon for this examination.

The examiner reviewed the corrective actions taken by the Company with respect to the violations, recommendations and/or comments contained in the prior report on examination. The results of the examiner's review are contained in item 8 of this report.

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 incorporated as a stock life insurance company under the laws of New York on July 11, 1995 under the name First Jackson National Life Insurance Company and commenced business on August 16, 1996.

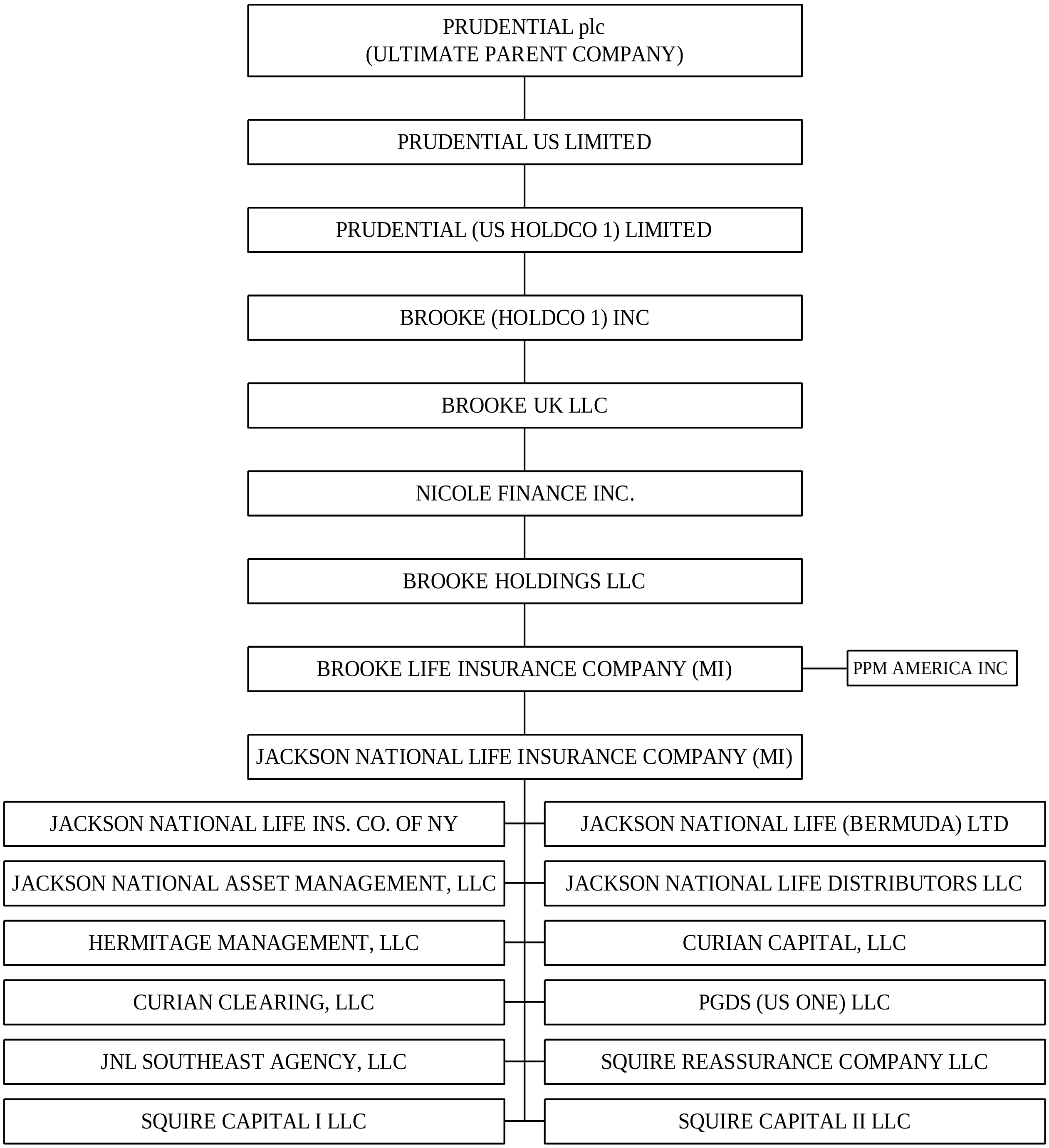
In 1997, the Company formally changed its name to Jackson National Life Insurance Company of New York. As of December 31, 2014, the Company's capital and paid in and contributed surplus were $2,000,000 and $484,961,576, respectively.

B. Holding Company

The Company is a wholly owned subsidiary of JNL, a Michigan insurer. JNL is in turn a wholly owned subsidiary of Brooke Life Insurance Company, a Michigan insurer, which was formed by Prudential, plc, after it acquired JNL in 1986**.** Prudential, plc, a multi-national financial services company headquartered in London, England, is the second largest life assurance company in the United Kingdom and one of the leading financial services organizations in the world. JNL is the United States operating arm of Prudential, plc.

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 four service agreements in effect with affiliates during the examination period.

Type of Agreement and Dept. File No.	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 Services 24644	11/03/1997	JNL	The Company	Accounting, Tax and Auditing; Underwriting; Claims; Marketing and Product Development; Functional Support; Payroll; Personnel; Policyholder Services; Telephone	2012 ($ 9,310,993) 2013 ($ 8,617,615) 2014 ($11,413,851)
Special Compensation, Consolidation and Cost Allocation 27718	12/31/1999	JNL/The Company	JNL/The Company	Special compensation for the managers employed by JNL and the Company	2012 ($6,175,580) 2013 ($6,740,671) 2014 ($9,941,045)
Administrative Services and Expense Allocation 27719	12/31/1999	Jackson National Life Distributors, Inc.	The Company	Product development, distribution and marketing services	2012 ($4,058,885) 2013 ($3,902,744) 2014 ($4,207,658)
Investment Advisory Agreement 22542C & 22542D Amended and Restated Investment Advisory Agreement 38130	05/16/1996 Amended and Restated Agreement effective 03/25/2008	PPM America, Inc.	The Company	Investment Services	2012 ($1,307,661) 2013 ($1,376,903) 2014 ($1,394,104)

The Company participates in a federal income tax allocation agreement with its parent and affiliates.

E. Management

The Company's by-laws provide that if admitted assets exceed $1.5 billion during any calendar year, then the number of directors shall be increased to not less than 13 within one year following the end of such calendar year. 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, 2014, the board of directors consisted of 13 members. Meetings of the board are held in March, June, September and December.

The 13 board members and their principal business affiliation, as of December 31, 2014, were as follows:

Name and Residence	Principal Business Affiliation	Year First Elected
John H. Brown East Lansing, MI	Vice President Jackson National Life Insurance Company of New York	2004
Gregory P. Cicotte Denver, CO	President Jackson National Life Distributors LLC	2013
John C. Colpean* Haslett, MI	Principal Colpean & Associates PC	2007
Michael A. Costello East Lansing, MI	Senior Vice President, Controller and Treasurer Jackson National Life Insurance Company of New York	2011
Donald T. DeCarlo* Douglaston, NY	Chairman and President AMCOMP	1999
Julia A. Goatley Okemos, MI	Senior Vice President, Chief Compliance and Governance Officer and Assistant Secretary Jackson National Life Insurance Company of New York	2004
Laura L. Hanson Lansing, MI	Vice President Jackson National Life Insurance Company of New York	2012
Donald B. Henderson Jr.* Bronxville, NY	Partner Wilkie Farr & Gallagher, LLP	1995
Thomas P. Hyatte Lansing, MI	Senior Vice President and Chief Risk Officer Jackson National Life Insurance Company	2013
Herbert G. May III Waban, MA	Chief Administrative Officer Jackson National Life Insurance Company of New York	2001

Name and Residence	Principal Business Affiliation	Year First Elected
Thomas J. Meyer East Lansing, MI	Senior Vice President, General Counsel and Secretary Jackson National Life Insurance Company of New York	1995
David L. Porteous* Reed City, MI	Partner McCurdy, Wotila & Porteous, PC	1995
Gary H. Torgow* Oak Park, MI	Chief Executive Officer Sterling Group	2005

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

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.

On May 1, 2015, Thomas P. Hyatte and Julia A. Goatley resigned from the board and were replaced by David A. Collins and Kristan L. Richardson effective June 17, 2015. On May 11, 2015, Thomas J. Meyer resigned from the board and was not replaced.

Section 1210 of the New York Insurance Law states, in part:

> "No by-law or amendment . . . of a by-law of any domestic stock life insurance company shall be effective until approved by the superintendent . . ."

Pursuant to Section I, Article II of the Company's currently approved by-laws, the Company is required to have at least 13 directors. The Company submitted amended by-laws to the Department reducing the number of directors from 13 to 12. The amended by-laws were not approved; however, the Company acted upon them by reducing the number of directors to 12. The minutes of a special meeting of the sole shareholder dated May 28 2015, indicated the resignation of the three directors, Thomas P. Hyatte, Julia A. Goatley and Thomas J. Meyer, and the subsequent appointment of the two directors, David A. Collins and Kristan L. Richardson; thereby reducing the number of directors to twelve.

The Company violated Section 1210 of the New York Insurance Law by reducing the number of board of directors prior to receiving approval of the revision of the by-laws from the superintendent.

The following is a listing of the principal officers of the Company as of December 31, 2014:

Name	Title
Michael A. Wells	President & Chief Executive Officer
James R. Sopha	Chief Operating Officer
Paul C. Myers	Executive Vice President & Chief Financial Officer
Herbert G. May, III	Chief Administrative Officer
Richard D. Ash	Senior Vice President, Chief Actuary & Appointed Actuary
Savvas P. Binioris	Senior Vice President
Bonnie G. Wasgatt	Senior Vice President & Chief Information Officer
Thomas J. Meyer	Senior Vice President, General Counsel & Secretary
Michael A Costello	Senior Vice President, Controller and Treasurer
Julia A. Goatley*	Senior Vice President, Chief Compliance and Governance officer & Assistant Secretary

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

On May 11, 2015, Andrew J. Bowden replaced Thomas J. Meyer as Senior Vice President, General Counsel and Secretary. On June 1, 2015, James R. Sopha replaced Michael A. Wells as President.

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 three states, namely Delaware, Michigan and New York. In 2014, 92% of life premiums, 97.4% of annuity considerations and all deposit type funds were received from New York. Policies are written on a non-participating basis.

A. Statutory and Special Deposits

As of December 31, 2014, the Company had $500,000 (par 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.

B. Direct Operations

The Company writes primarily individual variable annuities, as well as a modest amount of individual fixed annuities. In 2014, 99.9% of its new premium was derived from the sale of individual annuities. The Company's products are sold through the following distribution channels: independent agents and brokers; financial institutions; and broker-dealers. The Company has a general distributor agreement with Jackson National Life Distributors, LLC (JNLD) for the marketing of the Company's insurance and variable products through four distribution channels: Institutional Marketing Group (IMG), JNLD Registered, Regional Broker Dealer ("RBD") and JNLD Guaranteed.

JNLD is registered as a broker dealer with the Securities and Exchange Commission and is a member of the FINRA. JNLD does not sell any retail securities or insurance business and its activities are limited to wholesaling activities, including product and marketing support for the four distribution channels.

The IMG channel markets annuity products to financial institutions. The Company enters into selling agreements with financial institutions and broker-dealers but does not have a direct contractual relationship with the producers associated with these entities.

JNLD Registered channel markets annuity products to registered representatives affiliated with independent broker-dealers.

RBD markets annuity products to registered representatives affiliated with regional broker-dealers.

JNLD Guaranteed channel markets annuity and insurance products to independent producers. The Company enters into producer agreements with independent insurance producers who distribute fixed annuities and life products.

C. Reinsurance

As of December 31, 2014, the Company had reinsurance treaties in effect with 10 companies, of which 8 were authorized or accredited. The Company's life business is reinsured on a coinsurance, and yearly renewable term basis. Reinsurance is provided on an automatic and facultative basis. The New York Guaranteed Minimum Withdrawal Benefit risk in-force on variable annuity policies is reinsured with JNL on a coinsurance basis.

The maximum retention limit for individual life contracts is $2,000,000. The total face amount of life insurance ceded as of December 31, 2014, was $198,064,809 which represents 75% of the total face amount of life insurance in force. Reserve credit taken for reinsurance ceded to unauthorized companies, totaling $18,066,714 was supported by a trust agreement in the amount of $114,645,437. The trust agreement was filed with and approved by the Department on March 3, 2009. The Company did not assume any reinsurance during the examination period.

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, 2011	December 31, 2014	Increase (Decrease)
Admitted assets	$5,136,973,153	$9,608,499,059	$4,471,525,906
Liabilities	$4,868,467,166	$9,198,726,912	$4,330,259,746
Common capital stock	$ 2,000,000	$ 2,000,000	$ 0
Gross paid in and contributed surplus	484,961,576	484,961,576	0
Additional admitted DTA per three year reversal	2,776,068	0	(2,776,068)
Unassigned funds (surplus)	(221,231,657)	(77,189,429)	144,042,228
Total capital and surplus	$ 268,505,987	$ 409,772,147	$ 141,266,160
Total liabilities, capital and surplus	$5,136,973,153	$9,608,499,059	$4,471,525,906

The majority (81.4%) of the Company's admitted assets, as of December 31, 2014, was derived from Separate Accounts.

The Company's invested assets as of December 31, 2014, exclusive of separate accounts, were mainly comprised of bonds (94.7%), and cash and short-term investments (4.1%).

The majority (96.8%) of the Company's bond portfolio, as of December 31, 2014 was comprised of investment grade obligations.

The increase in admitted assets and liabilities were primarily due to the increase in sales of variable annuities throughout the examination period.

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

	Ordinary Annuities		
	2012	2013	2014
Outstanding, end of previous year	47,959	54,293	61,725
Issued during the year	8,643	10,192	12,519
Other net changes during the year	(2,309)	(2,760)	(3,032)
Outstanding, end of current year	54,293	61,725	71,212

The following is the net gain (loss) 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:

	2012	2013	2014
Ordinary:			
Life insurance	$ (284,652)	$ (460,998)	$ 160,596
Individual annuities	40,067,922	50,250,436	29,391,903
Total ordinary	$39,783,270	$49,789,438	$29,552,499
Group Annuities	$ 7,301,101	$ 6,615,796	$ 3,591,575
Total	$47,084,371	$56,405,234	$33,144,074

The increase in ordinary life income in 2014 is primarily due to a decrease in death benefits paid. Individual annuity income decreased from 2013 to 2014 due to the investment performance and an increase in annuity benefit payments.

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 KPMG was retained by the Company to audit the Company's combined statutory basis statements of financial position of the Company as of December 31st 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.

KPMG 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	$1,686,396,626
Stocks:	
Preferred stocks	25,640
Common stocks	394,263
Cash, cash equivalents and short term investments	73,778,154
Contract loans	237,676
Securities lending reinvested collateral assets	6,174,470
Investment income due and accrued	16,219,749
Premiums and considerations:	
Uncollected premiums and agents' balances in the course of collection	(16,841,716)
Deferred premiums, agents' balances and installments booked but deferred and not yet due	16,866
Net deferred tax asset	12,944,628
Receivables from parent, subsidiaries and affiliates	1,333,564
Insurance department assessment on deposit	162,000
From separate accounts, segregated accounts and protected cell accounts	7,827,657,139
Total admitted assets	$9,608,499,059

C. Liabilities, Capital and Surplus

Aggregate reserve for life policies and contracts	$1,569,651,253
Liability for deposit-type contracts	12,061,918
Contract claims:	
Life	38,287,409
Premiums and annuity considerations for life and accident and health contracts received in advance	8,138
Contract liabilities not included elsewhere:	
Other amounts payable on reinsurance	802
Commissions to agents due or accrued	3,743,791
General expenses due or accrued	1,354,328
Transfers to separate accounts due or accrued	(276,444,997)
Taxes, licenses and fees due or accrued, excluding federal income taxes	2,105,077
Current federal and foreign income taxes	767,175
Amounts withheld or retained by company as agent or trustee	612,543
Remittances and items not allocated	30,364
Miscellaneous liabilities:	
Asset valuation reserve	11,840,345
Payable for Securities Lending	6,174,470
Escheat escrow liability - outstanding checks	55,157
Interest payable on contract claims	822,000
From Separate Accounts statement	7,827,657,139
Total liabilities	$9,198,726,912
Common capital stock	2,000,000
Gross paid in and contributed surplus	484,961,576
Unassigned funds (surplus)	(77,189,429)
Surplus	$ 407,772,147
Total capital and surplus	$ 409,772,147
Total liabilities, capital and surplus	$9,608,499,059

D. Condensed Summary of Operations

	2012	2013	2014
Premiums and considerations	$1,079,384,081	$1,317,348,533	$1,766,808,918
Investment income	79,317,698	81,999,124	83,311,565
Commissions and reserve adjustments on reinsurance ceded	63,893	61,606	53,084
Miscellaneous income	106,712,396	136,703,915	176,664,817
Total income	$1,265,478,068	$1,536,113,178	$2,026,838,384
Benefit payments	$ 393,578,841	$ 517,636,414	$ 626,168,329
Increase in reserves	25,219,763	8,101,165	8,647,523
Commissions	81,212,463	102,592,600	136,320,676
General expenses and taxes	24,359,234	20,752,456	12,308,114
Increase in loading on deferred and uncollected premiums	6,995	3,579	9,936
Net transfers to Separate Accounts	674,083,896	820,488,483	1,198,416,543
Total deductions	$1,198,461,192	$1,469,574,697	$1,981,871,121
Net gain	$ 67,016,876	$ 66,538,481	$ 44,967,263
Federal and foreign income taxes incurred	19,932,505	10,133,247	11,823,189
Net gain from operations before net realized capital gains	$ 47,084,371	$ 56,405,234	$ 33,144,074
Net realized capital gains (losses)	(859,547)	1,240,961	(474,534)
Net income	$ 46,224,824	$ 57,646,195	$ 32,669,540

The increase in “Premiums and considerations” during the examination period is primarily due to higher volume of variable annuity sales.

The increase in “Benefit payments” is primarily due to an increase in variable annuity surrenders.

The increase in “Miscellaneous income” is due to the collection of variable annuity fees, which are primarily due to growth in separate account assets.

The “Increase in reserves” decreased from 2012 to 2013, primarily as a result of a stronger equity market in 2013 as compared to 2012, and lower fixed annuity sales.

The increase in “Commissions” resulted primarily from an increase in sales of variable annuity products.

The “General expenses and taxes” decreased from 2012 to 2013 primarily due to a $9.2 million guaranty association assessment. In March of 2013, the state of New York initiated a franchise/premium tax audit of the Company for 2009 and 2010. An issue was raised with respect to the calculations of the cap or limit on the maximum amount of taxes due each year. In 2013, the Company recorded expense of $6.4 million. The decrease in 2014 is primarily due to cancellation of the assessment for the state of New York franchise/premium tax in June 2014. The state of New York conceded the tax issue in the Company’s favor and the initial provision of $6.4 million was reversed.

The decrease in “Net gains” during 2013 to 2014 was primarily due to an increase in reserves, attributable to the separate account performance, higher ceded guaranteed minimum withdrawal benefit premiums and higher commissions and general expenses.

The decrease in “Federal and foreign income taxes incurred “during 2012 to 2013 is mainly due to the year 2010 settlement reached with the IRS that resulted in a current tax benefit of $5.4 million. The changes in “Net realized capital gains (losses)” during 2012 and 2013 were primarily the result of impairment write-downs.

E. Capital and Surplus Account

	2012	2013	2014
Capital and surplus, December 31, prior year	$268,505,987	$316,976,613	$370,927,089
Net income	$ 46,224,824	$ 57,646,195	$ 32,669,540
Change in net unrealized capital gains	2,224,185	365,794	342,628
Change in net deferred income tax	2,816,490	(10,025,110)	3,648,943
Change in non-admitted assets and related items	2,036,032	8,205,117	1,059,733
Change in asset valuation reserve	(4,830,904)	(2,241,521)	1,124,214
Net change in capital and surplus for the year	$ 48,470,627	$ 53,950,475	$ 38,845,058
Capital and surplus, December 31, current year	$316,976,613	$370,927,089	$409,772,147

F. Reserves

The Department conducted a review of the reserves as of December 31, 2014. This review included an examination of the asset adequacy analysis in accordance with Department Regulation No. 126 and the minimum reserves calculated in accordance with Department Regulation No. 151. During the review, concerns were raised with the methodology used to determine the gross reserves, the reinsurance reserve credit and associated reinsurance collateral for the variable annuity guaranteed withdrawal benefits reinsured with the Jackson National Life Insurance Company. In addition, the Department noted that the company's utilization assumption for certain variable annuity policies with guaranteed living benefits were also found to be inconsistent with the Department's interpretation of Department Regulation No. 151. The Department is continuing to discuss these issues with the Company. At this juncture, the certificate of reserve valuation is being held and is not expected to be issued until the Department's concerns are resolved.

As stated earlier, the 81.5% of the Company's admitted assets as of December 31, 2014 were derived from separate accounts. This separate account activity is mainly generated from the variable annuity guarantee block of business, which has been increasing each year, and exposes the Company to additional risks. In light of the amount of this business in relation to the total business and the size of the Company, the examiner recommends that the Company consider limiting its exposure to these risks.

7. 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 examiner reviewed a sample of the Company's advertising files and the sales activities of the agency force including trade practices, solicitation and the replacement of insurance policies.

Section 4228(e) of the New York Insurance Law states, in part:

> (10)(A) If a broker or an agent who is not a general agent performs services for a company other than those related to the sale or servicing of a policy or contract, or if a general agent performs services for a company other than those related to the sale or servicing of a policy or contract, or the recruiting, training or supervision of agents, the company may compensate the broker or agent for the performance of such services. Such payments are not subject to the limits in subsection (d) of this section. …"

Section 4228(f) of the New York Insurance Law states, in part:

> "(A) A company shall make annual information filings with respect to any newly-introduced plans or changes under which the company makes payments to agents or brokers if such plans are commission plans for which the commission percentages are, in all policy or contract years, no greater than the commission percentages set forth in paragraphs one, two, three and four of subsection (d) of this section…"

The Company's parent, JNL, has marketing agreements with broker–dealers who work for the Company as licensed agents. The marketing agreements provide for JNL to make payments to the broker-dealers as compensation for the services provided by the broker-dealers connected with the marketing of the Company's life insurance and annuity products.

The portion of these marketing allowance payments attributable to the marketing of life insurance and annuity products of the Company is agent compensation subject to the Section 4228(f)(A) filing requirements.

The Company permitted JNL to make payments through the marketing agreements to the broker-dealers for services connected with the marketing of the Company's life and annuity products and as such, these payments are subject to the Section 4228(f)(A) filing requirements.

The Company violated Section 4228(f)(A) of the New York Insurance Law by not including commission payments made through the marketing agreements with the broker-dealers for services connected with the marketing of the Company's life and annuity products in its Section 4228 filings.

B. Underwriting and Policy Forms

The examiner reviewed a sample of new underwriting files, both issued and declined, and the applicable policy forms.

Based upon the sample reviewed, no significant findings were noted.

C. Treatment of Policyholders

The examiner reviewed a sample of various types of claims, surrenders, changes and lapses. The examiner also reviewed the various controls involved, checked the accuracy of the computations and traced the accounting data to the books of account.

8. PRIOR REPORT SUMMARY AND CONCLUSIONS

Following are the violations, recommendations and comments contained in the prior report on examination and the subsequent actions taken by the Company in response to each citation:

Item	Description
A	The Company violated Section 1202(b)(2) of the New York Insurance Law when its Audit and Compensation Committee failed to: recommend the selection of independent certified public accountants; review the Company's financial condition; evaluate the performance of officers deemed by the committee to be principal officers of the company and recommend to the board of directors the compensation of such principal officers; review the scope and results of the independent audit; and nominate candidates for director for election by shareholders. The review of the Audit and Compensation Committee minutes revealed that the Committee recommended the selection of the independent certified public accountants, and reviewed the scope and results of the audit, the financial condition of the Company, the performance evaluation of the officers and their compensation, and nominated the candidates for director for election by shareholders.
B	The Company violated Section 51.6(b)(4) of Department Regulation No. 60 by failing to furnish the insurer whose coverage was being replaced a copy of any proposal, including the sales material used in the sale of the proposed annuity contract, and the completed Disclosure Statement within ten days of receipt of the application. The review of a sample of replacement files revealed that the company furnished to the insurer whose coverage was being replaced a copy of the proposals within 10 days of receipt of the application.
C	The examiner recommended that the Company limit its exposure to risks generated from the variable annuity guarantee block of business in light of the amount of this business in relation to the total business and the size of the Company. The Company limited its exposure to risks generated from the variable annuity guarantee block of business by amending its reinsurance agreement with JNL, to cede, on a 90% quota share basis, all current and future blocks of annuity guarantee business.
D	The examiner recommended that the Company indicate the items being provided along with the letter being furnished to the insurer whose policy is being replaced. The company complied with the recommendation by indicating the items being provided on the letter.

Item	Description
E	The Company violated Section 3214(c) of the New York Insurance Law by not computing interest at the rate in effect from the date of death of the insured to the date of payment and also by paying incorrect benefit amounts due to three claimants. The Company completed a review of impacted claims and paid the difference in interest due. The Examiner's review of the claim files shows that the Company paid the difference in interest.
F	The examiner recommended that, going forward, the Company pay interest on death claim proceeds at the rate of interest currently paid on proceeds left under the interest settlement option pursuant to Section 3214(c) of the New York Insurance Law. The Company complied with the requirements of Section 3214(c) when paying interest on death claim proceeds during the examination period. .
G	The Company violated Section 403(d) of the New York Insurance Law by utilizing a claim form that does not contain the required fraud warning statement. A review of a sample of claim files shows that the claim forms used contained the fraud warning statement.
H	The examiner recommended that, going forward, the Company identify the insurer of record on all claim forms. The sample claim files reviewed showed the name of the Company. The Company also instructed the claims reviewers to accept only the New York claim forms.
I	The Company violated Section 2112(a) of the New York Insurance Law when it failed to file the agents' appointment certificates with the Superintendent. The Company reviews a weekly report verifying that the Company's agents are properly appointed with the Department. The Company also conducts a quarterly review of all Company appointments against the Department's records to ensure that the Company's agents are properly appointed. The examiner's review revealed that all agent appointments were filed with the Superintendent.
J	The Company violated Section 2112(d) of the New York Insurance Law when it failed to notify the Superintendent of the agents' terminations. The Company reviews a weekly report verifying that its agents are properly terminated with the Department. A review revealed that the Department was notified of all agent terminations during the examination period.

Item	Description
K	The Company's violated Section 2112(d) of the New York Insurance Law when it failed to file with the superintendent, within thirty days, a statement in such form as the superintendent may prescribe of the facts relative to such termination for cause. The Company has implemented a process where all terminations for cause are reviewed at the time they are processed to ensure that the Department is promptly notified of terminations for cause. The review revealed that the Department was notified of all terminations for cause during the examination period.
L	The examiner recommends that the Company update its data files to reflect the correct status of its agents. The Company reviews a weekly report of new appointment and termination records verifying that agents are properly appointed or terminated in its data files. The Company also conducts a quarterly review of all Company licensing records against the Department's licensing records to ensure that the Company data files reflect the current status of its agents. The data files reflected the correct agent status.
M	The Company violated Section 2114(a)(1) of the New York Insurance Law when it paid commission to unlicensed broker/dealers. The Company completed an extensive review of broker/dealer relationships to ensure commissions are paid to licensed entities within their organizations. A review of the commission payments shows that the commission was paid to the licensed entities.
N	The Company violated Section 4228(f)(1)(B) of the New York Insurance Law by not including the value of the Company's matching payments to agents in any Section 4228 filing to the Department. The Company included the value of the Company's matching payment to agents in the subsequent annual Section 4228 filings.
O	The examiner recommended that the Company exercise greater care when preparing the "Notes to Financial Statements" and make the appropriate Section 4228 filings with respect to its deferred compensation plans going forward. The Company has implemented proper notes to Financial Statements and submitted appropriate fillings for deferred compensation plans to the Department.

9. SUMMARY AND CONCLUSIONS

Following are the violations, and comments contained in this report:

Item	Description	Page No(s).
A	The Company violated Section 1210 of the New York Insurance Law by reducing the number of board of directors prior to receiving approval of the revision of the by-laws from the superintendent.	9
B	The Company's Certificate of Reserve Valuation is being held and is not expected to be issued until the Department's concerns are resolved regarding the methodology used to determine the gross reserves, the reinsurance reserve credit and associated reinsurance collateral for the variable annuity guaranteed withdrawal benefits reinsured.	21
C	81.5% of the Company's admitted assets as of December 31, 2014 were derived from separate accounts. This separate account activity is mainly generated from the variable annuity guarantee block of business, which has been increasing each year, and exposes the Company to additional risks. In light of the amount of this business in relation to the total business and the size of the Company, the examiner recommends that the Company consider limiting its exposure to these risks.	21
D	The Company violated Section 4228(f)(A) of the New York Insurance Law by not including commission payments made through the marketing agreements with the broker-dealers for services connected with the marketing of the Company's life and annuity products in its Section 4228 filings.	22 - 23

Respectfully submitted,

/s/
Chacko Thomas
Senior Insurance Examiner

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

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

/s/
Chacko Thomas

Subscribed and sworn to before me

this__________ day of ____________________

APPOINTMENT NO. 31285

NEW YORK STATE

DEPARTMENT OF FINANCIAL SERVICES

*I, **BENJAMIN M. LAWSKY**, 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:*

CHACKO THOMAS

as a proper person to examine the affairs of the

JACKSON NATIONAL LIFE INSURANCE COMPANY OF NEW YORK

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 13th day of May, 2015

BENJAMIN M. LAWSKY
Superintendent of Financial Services

By: Mark McLeod

MARK MCLEOD
ASSISTANT CHIEF - LIFE BUREAU