NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES

REPORT ON EXAMINATION

OF THE

WILTON REASSURANCE LIFE COMPANY OF NEW YORK

CONDITION: DECEMBER 31, 2015

DATE OF REPORT: MAY 15, 2017

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EXAMINER:	ALEX QUASNITSCHKA
EXAMINER:	CHONG KIM

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Andrew M. Cuomo
Governor

Maria T. Vullo
Superintendent

April 25, 2017

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

Madam:

In accordance with instructions contained in Appointment No. 31507, dated July 7, 2016, and Appointment No. 31493, dated June 8, 2016 and annexed hereto, an examination has been made into the condition and affairs of Wilton Reassurance Life Company of New York, hereinafter referred to as “the Company,” at its administrative office located at 20 Glover Avenue, 4th Floor, Norwalk, CT 06850.

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 violation contained in this report is summarized below.

The Company violated Section 4228(h) of the New York Insurance Law by failing to demonstrate that pricing was performed prior to the date the statement of self-support was signed. (See item 7D 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, 2016 Edition* (the "Handbook"). The examination covers the five-year period from January 1, 2011 through December 31, 2015. 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, 2015 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 Company's parent, Wilton Reassurance Company ("WRAC"), a Minnesota domestic insurance company. The coordinated examination was led by the State of Minnesota with participation from the States of New York, Texas and South Carolina. Since the lead and participating states are all accredited by the NAIC, all states deemed it appropriate to rely on each other's work.

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 2011 through 2015, by the accounting firm of Ernst & Young, LLP ("E&Y"). The Company received an unqualified opinion in all years. Certain audit workpapers of the accounting firm were reviewed and relied upon in conjunction with this examination. An independent internal audit department exists at the holding company level. The internal audit department was given the task of assessing the internal control structure and compliance with the Sarbanes-Oxley Act of 2002 ("SOX") for all entities within the Group. The internal audit function is co-sourced and the Group utilizes PricewaterhouseCoopers LLP ("PwC") as its service provider for certain underlying compliance procedures. Where applicable, SOX workpapers and reports were reviewed and portions were relied upon for this examination.

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

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

3. DESCRIPTION OF COMPANY

A. History

The Company, under the name of American Life Insurance Company of New York ("ALNY"), was incorporated as a stock life insurance company under the laws of New York on March 23, 1955, was licensed on November 9, 1956 and commenced business on April 1, 1957. Initial resources of $2,000,000, consisting of capital stock of $500,000 and paid-in and contributed surplus of $1,500,000, were provided through the sale of 50,000 shares of common stock (with a par value of $10 each) for $40 per share.

ALNY was initially formed as a wholly-owned subsidiary of American Surety Company of New York. On December 31, 1963, control of ALNY passed to Transamerica Insurance Company, Inc. after American Surety Company of New York was absorbed in a merger. On April 1, 1981, Allied Investment Corporation, a Delaware Corporation, acquired all of the outstanding stock of ALNY from Transamerica Insurance Company, Inc. On March 4, 1988, Mutual of America Corporation ("MOAC") purchased ALNY from Allied Investment Corporation. MOAC changed its own name on September 20, 2000 to LIFCO Holding Company, Inc. ("LIFCO"). Mutual of America, ("MOA"), was the ultimate parent of MOAC and hence became the parent of LIFCO.

On March 16, 2001, Inviva, Inc. ("Inviva"), a Delaware holding company, acquired 100% of the outstanding stock of LIFCO from MOA. LIFCO owned 100% of ALNY's 1,100,000 shares of authorized common stock, with a par value of $4.55 per share, of which 550,000 shares were issued and outstanding.

On September 27, 2006, Wilton Re U.S. Holdings, Inc. ("Wilton Re Holdings") acquired all the issued and outstanding shares of ALNY, Utica National Life Insurance Company ("Utica") and the North American Company for Life and Health Insurance of New York ("NANY") for an aggregate purchase price of $156.7 million. Wilton Re Holdings contributed all of the issued and outstanding capital stock of ALNY, Utica and NANY to its wholly-owned subsidiary, WRAC, a Minnesota domestic insurance company.

On September 29, 2006, Utica and NANY were merged with and into ALNY with ALNY surviving. ALNY was renamed Wilton Reassurance Life Company of New York.

On July 2, 2007, WRAC acquired all of the issued and outstanding capital stock of Keystone State Life Insurance Company (‘Keystone”), a Pennsylvania domiciled company for an aggregate purchase price of $15.3 million. On December 31, 2007, Keystone was merged with and into the Company, with the Company surviving. WRAC owns 100% of the Company’s 1,100,000 shares of authorized common stock, with a par value of $4.55 per share, of which 550,000 shares are issued and outstanding.

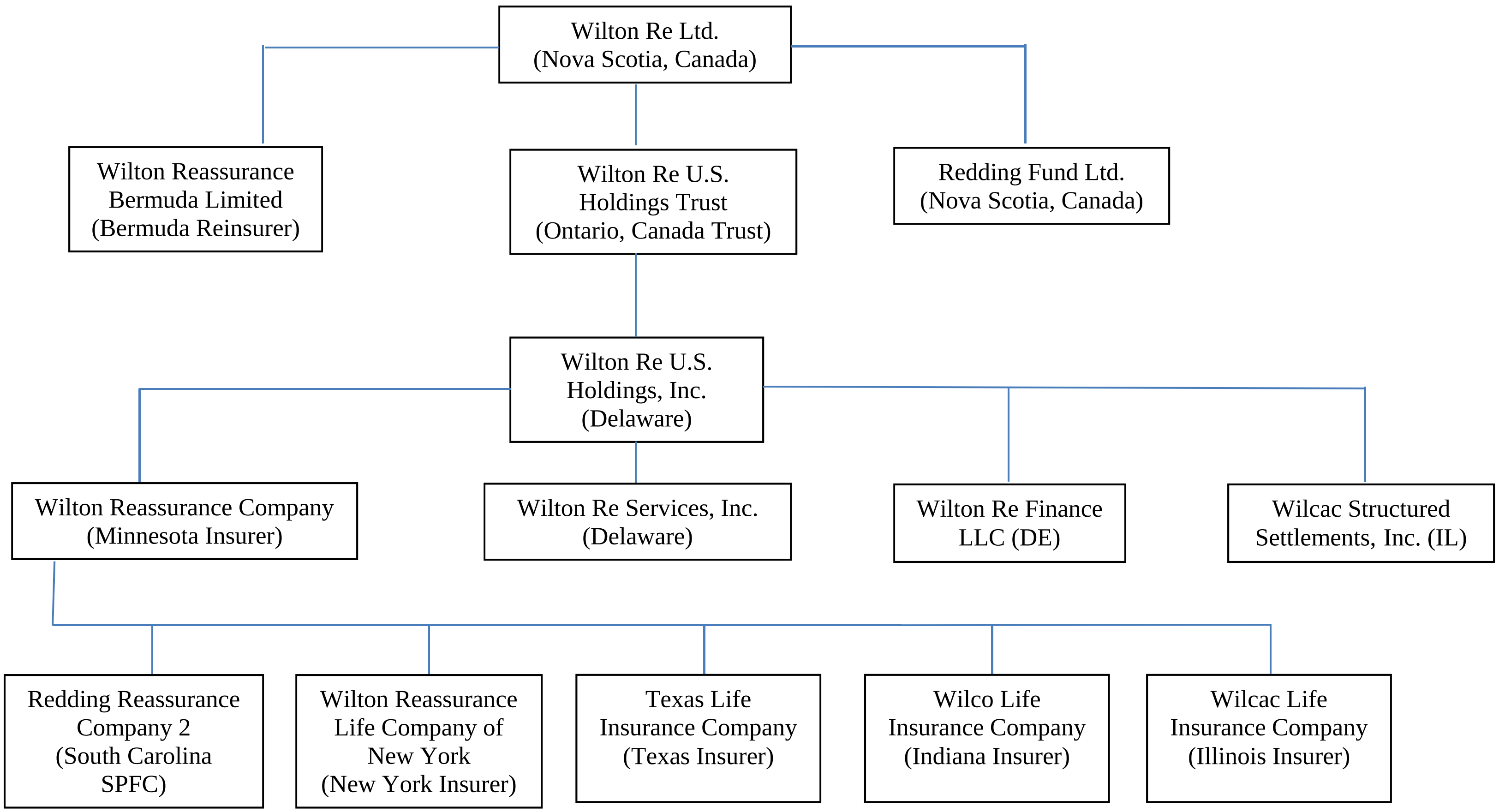
Effective June 30, 2014, in connection with the acquisition of Wilton Re Holdings Limited, a Bermuda company and the former ultimate parent (“WRHL”), by an affiliate of Canada Pension Plan Investment Board (“CPPIB”), WRHL was merged with and into Cheddar Merger Holdings Limited, a Bermuda company which, effective August 2014, was continued from Bermuda to Nova Scotia, Canada and renamed as Wilton Re Limited (“WRL”). All but a de minimis portion of the economic interests and 100% of the voting interests of Wilton Re Holdings are held or controlled by Wilton Re U.S. Holdings Trust (the “Trust”), a wholly owned subsidiary of WRL, established under the laws of Ontario, Canada in June 2014. In turn, all economic interests associated with the Trust accrue to WRL, the ultimate parent corporation in the Company’s holding company system.

B. Holding Company

The Company is a wholly-owned subsidiary of WRAC, a Minnesota domestic insurance company. WRAC is in turn a wholly-owned subsidiary of Wilton Re Holdings, a Delaware corporation. The ultimate parent of the Company is Wilton Re Limited, a Nova Scotia, Canada corporation.

C. Organizational Chart

An organization chart reflecting the relationship between the Company and significant entities in its holding company system as of December 31, 2015 follows:



D. Service Agreements

The Company had one service agreement in effect with an affiliate during the examination period.

Type of Agreement and Department File Number	Effective Date	Provider of Services	Recipient of Services	Specific Services Covered	Income/ (Expense)* For Each Year of the Examination
Administrative Services File No. 35181H	09/27/2006	Wilton Re Services Inc.	The Company	Accounting Actuarial and Administrative	2011 $(2,199,973) 2012 $(1,643,854) 2013 $(1,496,979 2014 $(1,048,394) 2015 $(1,115,697)

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

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

E. Management

The Company's by-laws provide that the board of directors shall be comprised of not less than seven and not more than thirteen directors. Directors are elected for a period of one year at the annual meeting of the stockholders held during the second quarter of each year. As of December 31, 2015, the board of directors consisted of seven members. Meetings of the board are held annually and as frequently as the dispatch of business shall require.

The seven board members and their principal business affiliation, as of December 31, 2015, were as follows:

Name and Residence	Principal Business Affiliation	Year First Elected
Perry H. Braun Scarsdale, NY	Sr. Vice President and Chief Investment Officer Wilton Reassurance Life Company of New York	2006
Robert V. Deutsch* Farmington, CT	Chief Strategy Officer Hamilton Insurance Group	2006
Michael E. Fleitz Wilton, CT	Sr. Vice President and Chief Financial Officer Wilton Reassurance Life Company of New York	2006

Name and Residence	Principal Business Affiliation	Year First Elected
Herman D. Overbeeke* Wilton CT	President and Chief Executive Officer, Brake Parts Inc., LLC	2007
Mark R. Sarlitto Cross River, NY	Sr. Vice President and General Counsel Wilton Reassurance Life Company of New York	2006
John P. Schreiner* Chicago, IL	Retired Actuary, Milliman, Inc	2012
Chris C. Stroup Wilton, CT	Chairman, President and Chief Executive Officer Wilton Reassurance Life Company of New York	2006

* 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.

The following is a listing of the principal officers of the Company as of December 31, 2015:

Name	Title
Chris C. Stroup	Chairman, Chief Executive Officer
Michael E. Fleitz	Senior Vice President and Chief Financial Officer
Mark R. Sarlitto	Senior Vice President, General Counsel and Secretary
Robert Fahr	Controller
Robert L. Buckner	Valuation Actuary

Ms. Patricia Harrigan, Vice President and Associate General Counsel, is the designated consumer services officer per Insurance Regulation No. 64, 11 NYCRR Section 216.4(c).

In May, 2016, Michael E. Fleitz replaced Chris C. Stroup as Chief Executive Officer. Mr. Stroup still remains Chairman of the Board. Also in May, 2016, Steven D. Lash was elected Senior Vice President and replaced Mr. Fleitz as Chief Financial Officer.

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 all 50 states, the District of Columbia and the U.S. Virgin Islands. In 2015, 71% of life premiums, 94% of annuity considerations, and 84% of accident and health premiums, were received from New York.

A. Statutory and Special Deposits

As of December 31, 2015, the Company had $5,000,000 (par value) of Type B assets on deposit with the State of New York, its domiciliary state, for the benefit of all policyholders, claimants and creditors of the Company. As reported in Schedule E of the 2015 filed annual statement, an additional, $4,363,594 was being held by the states of Arkansas, Florida, Georgia, Massachusetts, New Mexico, North Carolina, South Carolina, Virginia and the U.S. Virgin Islands.

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B. Direct Operations

The majority of the Company's business is in run-off as the Company does not actively market or write new business. The Company's operating strategy is focused on the acquisition of closed blocks of life and fixed annuities business. Historically, marketing efforts have been concentrated in New York.

Computer Sciences Corporation ("CSC") is the Company's Third Party Administrator ("TPA") since July 1, 2009. The Company does not administer any direct policy business. All other administrative functions are outsourced to CSC. With a heavy reliance on CSC, as part of its in-house TPA Monitoring Program, the Company utilizes SSAE 16 reports to ensure there are adequately designed controls that are operating effectively over all CSC administrative areas.

C. Reinsurance

As of December 31, 2015, the Company had reinsurance treaties in effect with 32 companies, of which 18 were authorized or accredited. The Company's life and accident and health business is reinsured on a coinsurance, modified coinsurance, and yearly renewable term basis. Reinsurance is provided on an automatic and facultative basis.

The maximum retention limit for individual life contracts is $1,000,000. The total face amount of life insurance ceded as of December 31, 2015, was $10,286,381,681, which represents 86% of the total face amount of life insurance in force. Reserve credit taken for reinsurance ceded to unauthorized companies, totaling $52,884,914, was supported by letters of credit, trust agreements and funds withheld.

The total face amount of life insurance assumed as of December 31, 2015, was $347,011,621.

Effective January 1, 2012, the Company coinsured a block of individual life policies to WRAC. According to the agreement, the Company ceded 100% of the risk on the in force blocks of individual life insurance policies originally issued by NANY. The agreement was approved by the Department with an effective date of January 1, 2012.

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, 2010	December 31, 2015	Increase (Decrease)
Admitted assets	$1,199,634,337	$902,186,236	$(297,448,101)
Liabilities	$1,100,983,465	$811,415,422	$(289,568,043)
Common capital stock	$ 2,502,500	$ 2,502,500	$ 0
Gross paid in and contributed surplus	68,307,831	71,546,348	3,238,517
Aggregate write-ins for special surplus funds	3,528,426	0	(3,528,426)
Unassigned funds (surplus)	24,312,116	16,721,959	(7,590,157)
Total capital and surplus	$ 98,650,873	$ 90,770,807	$ (7,880,066)
Total liabilities, capital and surplus	$1,199,634,338	$902,186,229	$(297,448,109)

The Company's invested assets as of December 31, 2015, exclusive of separate accounts, were mainly comprised of bonds (92.0%). The majority (97.3%) of the Company's bond portfolio, as of December 31, 2015, was comprised of investment grade obligations.

The following indicates, for each of the years listed below, the amount of life insurance issued and in force by type (in thousands of dollars):

	Individual Whole Life		Individual Term	
Year	Issued	In Force	Issued	In Force
2011	$3,070	$4,909,927	$ 0	$12,531,791
2012	$2,495	$4,579,143	$13,463	$11,045,427
2013	$2,996	$4,349,669	$16,117	$ 9,877,799
2014	$ 0	$4,168,188	$ 0	$ 8,890,322
2015	$1,345	$3,996,455	$ 700	$ 7,939,199

The Company does not write new business. Amounts reported as issued for individual whole life insurance were due to policy conversions from term life insurance. Amounts reported as issued for individual term life insurance were due to renewals under the policy re-entry provision. Decreases in term and whole life inforce were due to the businesses being in run-off.

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:

	2011	2012	2013	2014	2015
Ordinary:					
Life insurance	$(4,855,464)	$23,318,473	$13,390,396	$ 5,991,837	$(4,249,035)
Individual annuities	2,390,064	(1,620,175)	(173,035)	(1,984,832)	(3,564,899)
Supplementary contracts	1,805,331	23,220	162,806	(775,574)	323,343
Total ordinary	$ (660,069)	$21,721,518	$13,380,167	$ 3,231,431	$(7,490,591)
Group:					
Life	$ 3,535	$ (1,488)	$ (15,019)	$ 606	$ 4,464
Annuities	92,878	35,477	34,954	43,134	37,950
Total group	$ 96,413	$ 33,989	$ 19,935	$ 43,740	$ 42,414
Accident and health:					
Group	$ 4,168	$ 14,439	$ (10,485)	$ 13,056	$ 11,018
Other	(1,632)	80,100	25,945	143	24,866
Total accident and health	$ 2,536	$ 94,539	$ 15,460	$ 13,199	$ 35,884
Total	$ (561,120)	$21,850,046	$13,415,562	$ 3,288,371	$(7,412,294)

The increase in ordinary life net gain from operations in 2012 compared to 2011 was primarily due to income tax benefits, all allocated to ordinary life, the impact of which resulted from cession to WRAC. The 2012 decrease in individual annuities net gain from operations compared to 2011 was primarily the result of an increase to asset adequacy reserves of $10 million.

The decrease in ordinary life net gain in operations in 2013 compared to 2012 was due to changes in account for sold Interest Maintenance Reserve ("IMR"). During the second quarter of 2013, the Company reviewed its accounting for sold IMR, relative to the coinsurance agreement with WRAC, and found that it had not been recorded properly in the Summary of Operations. As a result, entries were made relative to these transactions during 2013. The Company's premiums decreased by $53.2 million with an offset of $34.6 million to miscellaneous income and federal income taxes of $18.6 million.

The decrease in ordinary life net gain from operations in 2014 compared to 2013 was primarily driven by a federal income tax increase by $32.6 million. This increase was primarily due to the aforementioned unfavorable change on federal income taxes for the correction of the accounting for sold IMR in 2013. The ordinary life net gain in operations in 2015 decreased approximately $10.2 million when compared to 2014 due to an increase in asset adequacy reserves.

6. FINANCIAL STATEMENTS

The following statements show the assets, liabilities, capital and surplus as of December 31, 2015, as contained in the Company's 2015 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, 2015 filed annual statement.

A. Independent Accountants

The firm of Ernst & Young, LLP ("E&Y") was retained by the Company to audit the Company's statutory basis statements of financial position as of December 31 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.

E&Y 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	$829,050,575
Stocks:	
Preferred stocks	12,126,626
Common stocks	253
Cash, cash equivalents and short term investments	25,983,886
Contract loans	15,841,377
Other invested assets	531,096
Receivables for securities	944,009
Investment income due and accrued	6,669,291
Premiums and considerations:	
Uncollected premiums and agents' balances in the course of collection	757,870
Deferred premiums, agents' balances and installments booked but deferred and not yet due	1,150,356
Reinsurance:	
Amounts recoverable from reinsurers	3,418,558
Other amounts receivable under reinsurance contracts	69,173
Net deferred tax asset	2,959,533
Guaranty funds receivable or on deposit	900,000
Prepaid ceded premium (N.Y.C.L.11)	1,139,804
From separate accounts, segregated accounts and protected cell accounts	643,829
Total admitted assets	$902,186,236

C. Liabilities, Capital and Surplus

Aggregate reserve for life policies and contracts	$742,128,532
Aggregate reserve for accident and health contracts	29,549
Liability for deposit-type contracts	12,472,170
Contract claims:	
Life	10,957,405
Accident and Health	4,472
Premiums and annuity considerations for life and accident and health contracts received in advance	52,658
Contract liabilities not included elsewhere:	
Surrender values on canceled contracts	24,673
Other amounts payable on reinsurance ceded	317,153
Interest maintenance reserve	11,534,083
Commissions to agents due or accrued	39,810
Commissions and expense allowances payable on reinsurance assumed	(159,997)
General expenses due or accrued	949,627
Taxes, licenses and fees due or accrued, excluding federal income taxes	119,993
Current federal and foreign income taxes	8,657,968
Unearned investment income	82,099
Amounts withheld or retained by company as agent or trustee	287,769
Amounts held for agents' account	467,870
Remittances and items not allocated	4,583,346
Miscellaneous liabilities:	
Asset valuation reserve	5,269,945
Reinsurance in unauthorized companies	4,252,189
Funds held under reinsurance treaties with unauthorized reinsurers	7,081,113
Payable to parent, subsidiaries and affiliates	272,155
Abandoned Property	738,766
Contingency reserve	300,000
Payable to NACOLAH	250,702
Modco payable	57,543
From Separate Accounts statement	643,829
Total liabilities	$811,415,422
Common capital stock	2,502,500
Gross paid in and contributed surplus	71,546,348
Unassigned funds (surplus)	16,721,959
Surplus	$ 88,268,307
Total capital and surplus	$ 90,770,807
Total liabilities, capital and surplus	$902,186,229

D. Condensed Summary of Operations

	2011	2012	2013	2014	2015
Premiums and considerations	$ 48,896,828	$(375,252,427)	$(32,031,691)	$18,259,413	$ 18,793,016
Investment income	67,879,545	60,601,638	45,840,392	47,518,126	44,421,619
Commissions and reserve adjustments on reinsurance ceded	3,923,614	18,629,894	1,435,629	1,601,330	1,232,779
Miscellaneous income	(450,707)	(4,018,934)	34,377,700	225,074	(377,761)
Total income	$120,249,280	$(300,039,829)	$ 49,622,030	$67,603,943	$ 64,069,653
Benefit payments	$ 92,538,446	$ 45,846,151	$ 46,340,897	$51,871,777	$ 48,262,773
Increase in reserves	16,131,449	(334,698,467)	10,712,999	1,685,026	12,288,417
Commissions	1,260,727	1,261,595	1,114,452	1,018,020	685,940
General expenses and taxes	10,631,837	6,933,567	6,657,243	5,534,626	5,711,645
Net transfers to (from) Separate Accounts	(8,759)	28,740	13,180	(28,801)	(35,870)
Miscellaneous deductions	50,000	158,557	(150,000)	125,560	(124,947)
Total deductions	$120,603,700	$(280,469,857)	$ 64,688,771	$60,206,208	$ 66,787,958
Net gain (loss)	$ (354,420)	$ (19,569,972)	$(15,066,741)	$ 7,397,735	$ (2,718,305)
Federal and foreign income taxes incurred	206,700	(41,420,018)	(28,482,303)	4,109,364	4,693,988
Net gain (loss) from operations before net realized capital gains	$ (561,120)	$ 21,850,046	$ 13,415,562	$ 3,288,371	$ (7,412,293)
Net realized capital gains (losses)	(91,473)	14,467,284	286,131	(5,031,012)	(4,668,968)
Net income	$ (652,593)	$ 36,317,329	$ 13,701,692	$ (1,742,641)	$(12,081,262)

From 2011 to 2012, premiums and considerations decreased $423.6 million or 882.7% mainly due to the 2012 coinsurance agreement with WRAC and the continuing run-off of the in-force business. Net investment income decreased by $7.2 million or 10.9% primarily as a result of the assets transferred as part of the coinsurance agreement with WRAC in the third quarter of 2012. Reinsurance commissions on ceded reinsurance increased $15.3 million or 401.4% attributable to the coinsurance agreement with WRAC. Aggregate write-ins for miscellaneous income decreased $3.6 million as a result of the coinsurance agreement with WRAC. Death benefits decreased $35.8 million or 76.5% while annuity benefits decreased $2.4 million or 24.5%. These decreases were primarily attributable to the coinsurance agreement with WRAC. Surrender benefits and withdrawals decreased $10.5 million or 29.6% due to $5.0 million in surrenders associated with the WRAC coinsurance agreement coupled with the reductions in surrender rates on the annuity block. Aggregate reserves decreased $350.8 million or 2,174.9% with $400.0 million attributed to the coinsurance agreement with WRAC. This favorable change was partially offset by a $60 million increase in asset adequacy reserves.

From 2012 to 2013, premiums and considerations increased $343.1 million. The 2012 coinsurance agreement with WRAC decreased earned premium in 2012 by $399.2 million due to the initial asset transfer and by $53.2 million in 2013 due to recording the sold Interest Maintenance Reserve (IMR) on this transaction. The net of these one-time events, $346.0 million, is the driver of the $343.2 million increase in earned premiums. The year-over-year change also reflects the reduction in premium from the continuing run-off of the in-force business. Net investment income earned decreased $14.9 million mainly as a result of the assets transferred as part of the coinsurance agreement with WRAC in 2012. Reinsurance commissions on ceded reinsurance decreased $17.3 million as a result of the 2012 coinsurance agreement with WRAC. Aggregate write-ins for miscellaneous income increased $38.4 million. During the second quarter of 2013, the Company reviewed its account for sold IMR, relative to the 2012 coinsurance agreement with WRAC, and found that it had not been recorded properly in the Summary of Operations. As a result, entries were made relative to these transactions in 2013. The Company’s premiums decreased by $53.2 million with an offset of $34.6 million to miscellaneous income. The difference is the tax effect and, when coupled with the resulting tax entries, brings the after tax effect of the entries to $0. Aggregate reserves increased $345.4 million with $400.4 million of the change attributed to the 2012 coinsurance agreement with WRAC. This was partially offset by an increase of $60.0 million in the asset adequacy reserves.

From 2013 to 2014, premiums and considerations increased $49.9 million. This was primarily driven by the one-time decrease in 2013 due to initial asset transfers related to the WRAC coinsurance agreement. Aggregate write-ins for miscellaneous income decreased $34.2 million due to the 2012 changes in accounting for IMR previously mentioned. Increase in aggregate reserves decreased $9.0 million. The Company established an asset adequacy reserve of $150.0 million ($25.0 million net of reinsurance) at December 31, 2014. This represents an increase of $5.0 million from the $145.0 million ($20.0 million net of reinsurance) reported at December 31, 2013. This increase primarily reflects continued pressure on investment income from the continued low interest rate environment. Federal and foreign income taxes increased $32.6 million primarily due to the aforementioned $18.6 million effect on federal income taxes from the correction of the accounting for sold IMR in 2013. Also impacting the change was the year-over-year change in the gain (loss) from operations. Net realized capital losses less taxes increased $5.3 million, capital gains tax increased $6.1 million and capital gains taxes transferred to IMR increased $3.1 million. Net realized capital losses are primarily due to the tax expense of $5.0 million on recorded gains in 2014.

From 2014 to 2015, aggregate reserves increased $10.6 million or 629.3%. The Company established gross asset adequacy reserves of $145.0 million and $150.0 million at December 31, 2015 and December 31, 2014, respectively. The decrease in gross asset adequacy reserves reflects the normal release of reserves previously built up to cover future underwriting losses for universal life (UL) product using reserve methodologies that predate the UL Model Regulation. After reinsurance, the net asset adequacy reserves were $40 million and $25 million, respectively for 2015 and 2014. This UL business is ceded to the Company’s parent, WRAC.

E. Capital and Surplus Account

	2011	2012	2013	2014	2015
Capital and surplus, December 31, prior year	$ 98,650,873	$ 87,018,925	$118,322,479	$113,124,531	$106,559,024
Net income	$ (652,593)	$ 36,317,329	$ 13,701,692	$ (1,742,641)	$ (12,081,262)
Change in net unrealized capital gains (losses)	(884,538)	814,959	124,718	(2,724,740)	(1,255,714)
Change in net deferred income tax	(1,562,743)	(47,941,005)	(11,082,171)	8,322,929	5,078,289
Change in non-admitted assets and related items	3,443,030	44,677,333	4,515,422	(4,589,531)	(4,872,134)
Change in liability for reinsurance in unauthorized companies	(179,910)	64,333	(1,723,187)	918,031	50,889
Change in asset valuation reserve	(2,295,193)	(2,629,396)	265,578	1,443,456	85,192
Surplus adjustments:					
Paid in	0	0	0	2,806,985	431,532
Dividends to stockholders	(9,500,000)	0	(11,000,000)	(11,000,000)	(3,225,000)
Net change in capital and surplus for the year	(11,631,947)	31,303,553	(5,197,949)	(6,565,512)	(15,788,208)
Capital and surplus, December 31, current year	$ 87,018,925	$118,322,479	$113,124,531	$106,559,024	$ 90,770,807

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 Company did not have any advertising or sales activities during the period under review.

B. Underwriting and Policy Forms

The Company did not write any business during the period under review.

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.

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

D. Actuarial Statement of Self-Support

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

> "No company shall offer for sale any life insurance policy form or annuity contract form covered by this section or any debit life insurance policy form which shall not appear to be self-supporting on reasonable assumptions as to interest, mortality, persistency, taxes, agents' and brokers' survival and expenses resulting from the sale of the policy or contract form. For all such forms offered for sale in this state, and for all forms filed for use outside this state by domestic life insurance companies, a statement that the requirements of this subsection have been met, signed by an actuary who is a member in good standing of the American Academy of Actuaries and meets the requirements prescribed by the superintendent by regulation shall be submitted with each such life insurance policy or annuity contract form filed pursuant to paragraph one or six of subsection (b) of section three thousand two hundred one of this chapter. A demonstration supporting each such statement, signed by an actuary meeting such qualifications, shall be retained

> in the company's home office, while such form is being offered in this state and for a period of six years thereafter and be available for inspection. . . ."

The examiner conducted a review of the pricing adequacy for various products subject to Section 4228(h) of the New York Insurance Law. This review included an examination of the required actuarial statements of self-support and the supporting demonstrations. The examiner requested statements and corresponding demonstrations for the Company's policy forms subject to Section 4228(h). For one policy form, with 228 policies issued, no signed and dated demonstration of self-support could be located.

The Company violated Section 4228(h) of the New York Insurance Law by failing to demonstrate that pricing was performed prior to the date the statement of self-support was signed.

In response to the Department's concerns, the Company agreed that all future demonstrations will be signed, dated and finalized prior to the date of the statement of self-support. The Company also agreed that such demonstrations will be well organized, containing detailed narrative descriptions of the methodologies and material assumptions used such that another actuary can make a reasonable assessment of the analyses performed.

8. SUMMARY AND CONCLUSIONS

Following is the violation contained in this report:

Item	Description	Page No(s).
A	The Company violated Section 4228(h) of the New York Insurance Law by failing to demonstrate that pricing was performed prior to the date the statement of self-support was signed.	23 - 24

Respectfully submitted,

____________/s/____________
Alex Quasnitschka, CFE
Examiner-In-Charge
Risk & Regulatory Consulting, LLC

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

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

____________/s/____________
Alex Quasnitschka

Subscribed and sworn to before me

this__________ day of ____________________

Respectfully submitted,

/s/
Chong Kim
Senior Insurance Examiner

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

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

/s/
Chong Kim

Subscribed and sworn to before me

this__________ day of ___________________

APPOINTMENT NO. 31507

NEW YORK STATE

DEPARTMENT OF FINANCIAL SERVICES

I, MARIA T. VULLO, 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:

ALEX QUASNITSCHKA
(RISK & REGULATORY CONSULTING, LLC)

as a proper person to examine the affairs of the

WILTON REASSURANCE 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 7th day of July, 2016

MARIA T. VULLO
Superintendent of Financial Services

By: Mark M Leod

MARK MCLEOD
DEPUTY CHIEF - LIFE BUREAU

APPOINTMENT NO. 31493

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:

CHONG KIM

as a proper person to examine the affairs of the

WILTON REASSURANCE 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 8th day of June, 2016

MARIA T. VULLO
Acting Superintendent of Financial Services

By: Mark McLeod

MARK MCLEOD
DEPUTY CHIEF - LIFE BUREAU