NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES

REPORT ON EXAMINATION

OF THE

DEARBORN NATIONAL LIFE INSURANCE COMPANY OF NEW YORK

CONDITION: DECEMBER 31, 2013

DATE OF REPORT: JULY 1, 2015

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EXAMINER:	RICHARD RANDOUR, CFE JOCATENA HARGROVE

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Andrew M. Cuomo
Governor

Maria T. Vullo
Superintendent

March 29, 2016

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

Madam:

In accordance with instructions contained in Appointment No. 31096, dated July 8, 2014, and annexed hereto, a financial examination has been made into the condition and affairs of Dearborn National Life Insurance Company of New York, hereinafter referred to as "the Company," at the administrative office of the Company's ultimate parent, Health Care Service Corporation ("HCSC"), located at 300 East Randolph Street, Chicago, IL 60601.

In accordance with instructions contained in Appointment No. 31296, dated March 24, 2015, and annexed hereto, a market conduct examination has been made into the condition and the affairs of the Company at its home office located at 1250 Pittsford Victor Road, Suite 116, Pittsford, NY 14534.

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

In November 2009, the Company stopped accepting annuity applications. On June 30, 2013, the Company closed its sales office in New York City. As a result, the Company stopped marketing all products in New York. Although current business is renewed, the overall effect is that the Company is in runoff. (See item 4B 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, 2014 Edition* (the "Handbook"). The examination covers the five-year period from January 1, 2009, through December 31, 2013. 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, 2013, 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 of HCSC was led by the state of Illinois, with participation from New York. Since the lead and participating states are accredited by the NAIC, both 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 2009 through 2013, 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. The Company's parent has an internal audit department and a separate internal control department which is given the task of assessing the Company's internal control structure.

The examiner reviewed the corrective actions taken by the Company with respect to the violations and recommendations 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 May 18, 1989, under the name of Northstar Life Insurance Company ("Northstar"), and was licensed and commenced business on January 9, 1991. Initial resources of $8,000,000, consisting of common capital stock of $2,000,000 and paid in and contributed surplus of $6,000,000, were provided through the sale of 200,000 shares of common stock (with a par value of $10 each) for $40 per share.

On July 1, 2007, Fort Dearborn Life Insurance Company ("FDL"), a stock life insurance company organized under the laws of the State of Illinois acquired all the outstanding shares of Northstar for cash. The acquisition was executed pursuant to a stock purchase agreement between FDL, Minnesota Life Insurance Company and Securian Life Insurance Company ("Securian"), the former parents. The cash transaction was in the amount of $25.7 million. According to the terms of the agreement, Northstar would enter into a 100% coinsurance agreement with Securian. In January 2008, FDL filed and the Department approved a surplus contribution of $1,066,214 to the Company. As a result, as of December 31, 2008, the Company's gross paid-in and contributed surplus increased to $7,066,214.

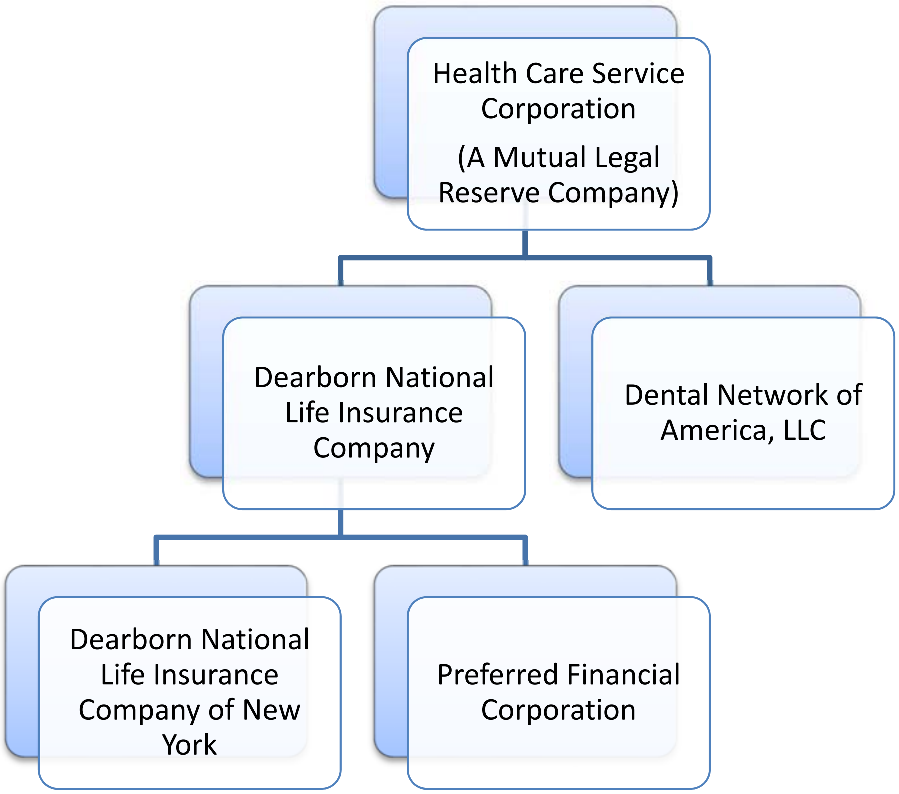
On January 1, 2012, FDL changed its name to Dearborn National Life Insurance Company ("DNL") and on July 24, 2012, the Company changed its name to Dearborn National Life Insurance Company of New York.

B. Holding Company

The Company is a wholly owned subsidiary of DNL. The ultimate parent of the Company is HCSC, an Illinois domiciled mutual legal reserve company.

C. Organizational Chart

An organization chart reflecting the relationship between the Company and significant entities in its holding company system as of December 31, 2013, follows:



D. Service Agreements

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

Type of Agreement and Department File Number	Effective Date	Provider of Services	Recipient of Services	Specific Service(s) Covered	Expense* For Each Year of the Examination
Investment Management Service Agreement File No.43486	04/01/2010	HCSC	The Company	Investments Management Services	2010 $ (91,003) 2011 $(116,964) 2012 $(106,984) 2013 $(101,125)
Service Agreement File No. 40217	04/01/2008	Dental Network of America	The Company	Dental Claims Services	2009 $ 0 2010 $ 0 2011 $ (89,475) 2012 $(144,444) 2013 $ (84,629)
Service Agreement File No. 37244	07/01/2007	DNL	The Company	Data processing related to IT application development, audit, risk management, tax consulting, planning, preparation, reporting and payment services	2009 $(2,637,854) 2010 $(2,656,854) 2011 $(2,376,971) 2012 $(2,006,003) 2013 $(1,818,188)

* Amount of Expense Incurred by the Company

Section 1505(d) of the New York Insurance Law states, in part:

"The following transactions between a domestic controlled insurer and any person in its holding company system may not be entered into unless the insurer has notified the superintendent in writing of its intention to enter into any such transaction at least thirty days prior thereto . . . or such shorter period as the superintendent may permit, and the superintendent has not disapproved it within such period . . .
(4) any material transaction, specified by regulation, that the superintendent determines may adversely affect the interests of the insurer`s policyholders or shareholders. Nothing herein contained shall be deemed to authorize or permit any transaction that, in the case of a non-controlled insurer, would be otherwise contrary to law."

Section 308(a)(1) of the New York Insurance Law states, in part:

> "The superintendent may also address to any . . . authorized insurer or its officers any inquiry in relation to its transactions or condition or any matter connected therewith. Every corporation or person so addressed shall reply in writing to such inquiry promptly . . . "

Insurance Circular Letter No. 33 (1979) provides guidelines to assure that tax allocation agreements are fair and equitable and give appropriate recognition to the separate operating identity of the domestic insurer consistent with the various sections of the Insurance Law.

Insurance Circular Letter No. 33 (1979) advises, in part:

> " . . . Any domestic insurer . . . shall file a copy of its tax allocation agreement with this Department within 30 days of electing to do so. Furthermore, notification to this Department should be given within 30 days of any amendment . . . "

As of January 1, 2013, the Company was included in a consolidated federal income tax return with its ultimate parent and affiliates. The Company did not file the consolidated federal income tax agreement with the Department until August 11, 2014.

The Company violated Section 1505(d)(4) of the New York Insurance Law by entering into a consolidated federal income tax allocation agreement with its ultimate parent and affiliates without notifying the Superintendent in writing of its intention to enter into any such transaction at least 30 days prior thereto.

E. <u>Management</u>

The Company's restated charter and by-laws provide that the board of directors shall be comprised of not less than 7 and not more than 21 directors. Directors are elected for a period of one year at the annual meeting of the stockholders held in April of each year. As of December 31, 2013, the board of directors consisted of eight members. Meetings of the board are held quarterly.

The eight board members and their principal business affiliation, as of December 31, 2013, were as follows:

Name of Director	Title	Year First Elected
Ralph C. Folz* Westhampton Beach, NY	Retired Seabrook Benefits Consulting	2011
Martin G. Foster Lake Forest, IL	Executive Vice President - Plan Operations Health Care Service Corporation	2008
Gerard T. Mallen Chicago, IL	Treasurer Health Care Service Corporation	2008
Michael J. Malouf Chicago, IL	President Dearborn National Life Insurance Company of New York	2013
James F. McCann* Carle Place, NY	Chief Executive Officer and Chairman 1-800-Flowers.com, Inc.	2011
Colleen F. Reitan Chicago, IL	Executive Vice President and Chief Operating Officer Health Care Service Corporation	2012
Maurice S. Smith Chicago, IL	Divisional Vice President – Business Development and Subsidiary Management Health Care Service Corporation	2012
Sherman M. Wolff* Dear Park, IL	Retired Health Care Service Corporation	2007

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

The April 18, 2014, minutes of the board of directors' meeting revealed the following change in the composition of the board: Martin G. Foster and Colleen F. Reitan were removed, and Karen Atwood was added. This change reduced the total number of directors from eight to seven.

At a special meeting of the board on August 8, 2014, it was announced that President and Chief Executive Officer, Michael J. Malouf, terminated his employment with the Company and resigned as a member of the board of directors. Mr. Malouf was replaced by Gregory S. Benesh on November 14, 2014.

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, 2013:

Name	Title
Michael J. Malouf	President and Chief Executive Officer
Gregory S. Benesh	Chief Financial Officer and Chief Actuary
William R. Barnes*	Secretary, Consumer Services and Chief Compliance Officer
Claire C. Burke	Treasurer

* Designated consumer services officer per Insurance Regulation No. 64, 11 NYCRR Section 216.4(c)

As previously stated, on November 14, 2014, Gregory S. Benesh replaced Michael J. Malouf to serve as the interim President and Chief Executive Officer of the Company, in addition to serving as the Chief Financial Officer and Chief Actuary.

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 only licensed to transact business in New York. Policies are written on a non-participating basis.

A. Statutory and Special Deposits

As of December 31, 2013, the Company had $500,000 (par value) of US Treasury Notes 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's principal products sold during the examination period were group life and disability, group credit life and disability, and group accidental death and dismemberment coverage. The Company's agency operations were conducted on a general agency basis, primarily marketing group life products. The Company marketed its group accident and health insurance coverage through independent producers.

In November 2009, the Company stopped accepting annuity applications. On June 30, 2013, the Company closed its sales office in New York City. As a result, the Company stopped marketing all products in New York. Although current business is renewed, the overall effect is that the Company is in runoff.

C. Reinsurance

As of December 31, 2013, the Company had reinsurance treaties in effect with ten companies, all of which were authorized or accredited. The Company's life and accident and health business are reinsured on a coinsurance basis. The Company has 10% quota share reinsurance on its short-term disability business. The Company has reinsurance for risks in excess of $2,000 of monthly benefit on its long-term disability business. Reinsurance is provided on a quota share and excess reinsurance on existing premium waiver and long-term disability claims.

The maximum retention limit for individual life contracts is $400,000, for group life is $400,000; and for accidental death and dismemberment is $400,000. The total face amount of life insurance ceded as of December 31, 2013, was $11,911,000 which represents 1.6% of the total face amount of life insurance in force.

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, 2008	December 31, 2013	Increase (Decrease)
Admitted assets	$44,252,119	$44,779,885	$ 527,766
Liabilities	$19,503,729	$23,648,327	$ 4,144,598
Common capital stock	$ 2,000,000	$ 2,000,000	$ 0
Gross paid in and contributed surplus	7,066,214	7,066,214	0
Unassigned funds (surplus)	15,682,176	12,065,344	(3,616,832)
Total capital and surplus	$24,748,390	$21,131,558	$(3,616,832)
Total liabilities, capital and surplus	$44,252,119	$44,779,885	$ 527,766

The Company's invested assets as of December 31, 2013, were mainly comprised of bonds (93.6%), and cash and short-term investments (6.4%).

The Company's entire bond portfolio, as of December 31, 2013, was comprised of investment grade obligations.

The increase in liabilities is due to an increase in annuity reserves resulting from new annuity business in 2009, which has subsequently started to drop because the line of business is in runoff.

The decrease in unassigned funds was primarily due to net income losses during the examination period.

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:

	2009	2010	2011	2012	2013
Ordinary:					
Life insurance	$ (29,430)	$ (72,559)	$ (4,516)	$ (12,322)	$ (73,779)
Individual annuities	(1,199,295)	760,021	608,098	1,352,727	1,670,571
Supplementary contracts	31	9,691	10,195	(3,070)	17,320
Total ordinary	$(1,228,694)	$ 697,153	$613,777	$ 1,337,335	$1,614,112
Credit life	$ (19)	$ (4)	$ 0	$ (45)	$ 0
Group:					
Life	$ (863,864)	$ (639,273)	$601,193	$ (745,571)	$ (457,690)
Accident and health:					
Group	$ 17,914	$(1,027,520)	$(558,006)	$(2,153,822)	$ (461,808)
Credit	(49)	(18)	(16)	(43)	0
Other	0	0	0	21,455	90,566
Total accident and health	$ 17,865	$(1,027,538)	$(558,022)	$(2,132,410)	$ (371,242)
Total	$(2,074,712)	$ (969,662)	$ 656,948	$(1,540,691)	$ 785,180

The loss in individual annuities during 2009 was the result of first-year expenses associated with the issuance of annuities that commenced and suspended during 2008. These same annuities became profitable as they remained in force in subsequent years.

The gain in group life in 2011 was the result of a significant decrease in paid death claims, and the losses in other years were attributable to inadequate premiums.

The gain in group accident and health in 2009 was the result of investment income and lower paid benefits. The losses from 2010 to 2013 were mainly attributable to decreases in investment income in 2010 and 2011 while significant increases in benefits paid and inadequate premiums contributed to the losses for all four years.

The following ratios, applicable to the accident and health business of the Company, have been extracted from Schedule H for each of the indicated years:

	2009	2010	2011	2012	2013
Premiums earned	100.0%	100.0%	100.0%	100.0%	100.0%
Incurred losses	51.3%	79.9%	74.1%	111.8%	80.8%
Commissions	12.4	11.5	11.1	10.5	11.5
Expenses	59.2	69.8	52.3	44.2	37.2
	71.6%	81.3%	63.4%	54.8%	48.7%
Underwriting results	(22.9)%	(61.2)%	(37.4)%	(66.5)%	(29.5)%

The increase in incurred losses and the negative underwriting results were directly attributed to an increase in dental losses paid during the examination period.

6. FINANCIAL STATEMENTS

The following statements show the assets, liabilities, capital and surplus as of December 31, 2013, as contained in the Company's 2013 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, 2013 filed annual statement.

A. Independent Accountants

The firm of E&Y was retained by the Company to audit the Company's combined statutory basis statements of financial position 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.

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	$41,327,094
Cash, cash equivalents, and short term investments	2,823,446
Investment income due and accrued	413,705
Premiums and considerations:	
Uncollected premiums and agents' balances in the course of collection	179,646
Deferred premiums, agents' balances and installments booked but deferred and not yet due	817
Reinsurance:	
Amounts recoverable from reinsurers	35,177
Total admitted assets	$44,779,885

C. Liabilities, Capital and Surplus

Aggregate reserve for life policies and contracts	$17,527,919
Aggregate reserve for accident and health contracts	3,657,021
Liability for deposit-type contracts	235,738
Contract claims:	
Life	348,315
Accident and health	422,693
Premiums and annuity considerations for life and accident and health contracts received in advance	4,236
Interest maintenance reserve	605,954
Commissions to agents due or accrued	28,356
General expenses due or accrued	298,804
Taxes, licenses and fees due or accrued, excluding federal income taxes	46,763
Net deferred tax liability	108,241
Amounts withheld or retained by company as agent or trustee	(12,882)
Remittances and items not allocated	22,240
Miscellaneous liabilities:	
Asset valuation reserve	147,296
Payable to parent, subsidiaries and affiliates	143,506
Funds held under coinsurance	23,844
Unclaimed funds	40,283
Total liabilities	$23,648,327
Common capital stock	$ 2,000,000
Gross paid in and contributed surplus	$ 7,066,214
Unassigned funds (surplus)	12,065,344
Surplus	$19,131,558
Total capital and surplus	$21,131,558
Total liabilities, capital and surplus	$44,779,885

D. Condensed Summary of Operations

	2009	2010	2011	2012	2013
Premiums and considerations	$36,044,912	$ 5,620,411	$5,826,053	$ 6,076,425	$ 4,368,996
Investment income	3,348,321	3,579,458	3,340,749	3,059,981	2,569,520
Commissions and reserve adjustments on reinsurance ceded	2,452	2,016	1,788	1,096	1,781
Miscellaneous income	365	1,512	2,785	0	23,930
Total income	$39,396,050	$ 9,203,397	$9,171,375	$ 9,137,502	$ 6,964,227
Benefit payments	$ 6,546,513	$ 7,367,189	$5,873,539	$18,505,723	$ 13,804,627
Increase in reserves	30,090,841	(601,903)	(985,685)	(11,777,143)	(10,388,001)
Commissions	2,089,842	575,023	638,572	692,598	510,212
General expenses and taxes	2,757,016	2,835,714	3,052,838	3,254,973	2,425,733
Increase in loading on deferred and uncollected premiums	(1,800)	992	1,493	1,275	(3,586)
Total deductions	$41,482,412	$10,177,015	$8,580,757	$10,677,426	$ 6,348,985
Net gain (loss)	$ (2,086,362)	$ (973,618)	$ 590,618	$ (1,539,924)	$615,242
Federal and foreign income taxes incurred	(11,650)	(3,956)	(66,330)	767	(169,938)
Net gain (loss) from operations before net realized capital gains	$ (2,074,712)	$ (969,662)	$ 656,948	$ (1,540,691)	$ 785,180
Net realized capital gains (losses)	(242,526)	46,744	(23,730)	0	(169,938)
Net income	$ (2,317,238)	$ (922,918)	$ 633,218	$ (1,540,691)	$ 615,242

The significant decrease in premium in 2010, as compared with 2009, was because the company suspended the sale of its annuity products.

During 2012 and 2013, the Company had significant annuity surrenders in the amounts of $12.4 million and $9.4, respectively. These annuity surrenders resulted in a significant decrease in reserves and a significant increase in benefits payments for each of these years. The annuity surrenders were the result of the Company's primary deferred annuity product containing a bailout feature whereby the contract holder could surrender the contract free of charge, if the renewal rates were set below the contractual bailout rate. In 2012 and 2013, the Company realized higher than usual surrender activity when the Company declared rates that were below the bailout rate.

The significant decrease in expenses in 2013, as compared with 2012, was a result of a reduction in workforce that occurred in 2013, which reduced the overall salary and benefit expenses for the organization.

The negative income in 2009 was attributable to $30.5 million in new annuity premiums, which resulted in significantly higher reserves and commissions.

The negative income in 2012 was primarily driven by $12.3 million in annuity surrenders, and higher than usual dental claims of $2.6 million, which was partially offset by a decrease in reserves of $10.7 million.

E. Capital and Surplus Account

	2009	2010	2011	2012	2013
Capital and surplus, December 31, prior year	$24,748,390	$22,522,741	$21,530,500	$22,153,807	$20,577,243
Net income	$ (2,317,238)	$ (922,918)	$ 633,218	$ (1,540,691)	$ 615,242
Change in net deferred income tax	(173,337)	(140,892)	(365,852)	0	(108,241)
Change in non-admitted assets and related items	237,571	154,681	388,229	(2,390)	45,726
Change in asset valuation reserve	27,355	(83,112)	(32,289)	(33,483)	1,588
Net change in capital and surplus for the year	$ (2,225,649)	$ (992,241)	$ 623,307	$ (1,576,564)	$ 554,315
Capital and surplus, December 31, current year	$22,522,741	$21,530,500	$22,153,807	$20,577,243	$21,131,558

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.

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

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.

1. Insurance Regulation No. 95, 11 NYCRR Section 86.4 states, in part:

> “(a) . . . all claim forms for insurance . . . provided to any person residing or located in this State in connection with insurance policies for issuance or issuance for delivery in this State, shall contain the following statement:
> ‘Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime, and shall also be subject to a civil penalty not to exceed five thousand dollars and the stated value of the claim for each such violation.’ . . .
> (e) . . . insurers may use substantially similar warning statements provided such warning statements are submitted to the Criminal Investigations Unit for prior approval.”

The examiner reviewed a sample of 34 claims. In 29 of the claim forms reviewed (85.3%), the examiner noted one or more of the following: (1) the form did not have a fraud warning statement; (2) the form contained an incomplete fraud warning statement; or (3) the claim form was not a New York specific claim form and failed to contain the required fraud warning statement.

The Company violated Insurance Regulation No. 95, 11 NYCRR Section 86.4 by failing to include the required fraud warning statement on its claim forms.

2. As part of the claims' review, the examiner issued examination request number 2 that stated the following: "Please be sure to provide the complete claim file. The file should include all the documents necessary to substantiate the decision made, such as the application, policy, claimant statement, death certificate, canceled check, payment letter, and medical documentation to support all claims, the EOB and any other relevant documents."

Upon receipt and review of the requested claims files, the examiner noted that the Company did not provide a complete claim file. When brought to the Company's attention, the Company indicated that the missing documentation would immediately be provided. However, the additional documentation that was provided still did not allow the examiner to reconstruct the claim from inception to completion.

The Company arranged a meeting for the examiner to discuss the missing documentation with various claim handlers via teleconference. During the meeting, the examiner explained in detail the documents necessary to substantiate the claim decision as outlined in examination request number 2. As a result of the teleconference, the Company provided the documentation needed to reconstruct the claim file from inception to payment.

The examiner recommends that, during future examinations, the Company provides complete claim files in a timely and efficient manner that will allow the examiner to reconstruct the claim from inception through disposition, including the dates on which the forms and other documents are received.

8. PRIOR REPORT SUMMARY AND CONCLUSIONS

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

Item	Description
A	The examiner recommended that the Company submit revised business projections to the Department prior to marketing new annuity contracts The Company did not submit new projections to the Department and ceased selling any products in the New York market as of December 10, 2008. (See item 4 of this report)
B	The examiner recommended that the Company implement administration efficiencies prior to the marketing of new annuity contracts. The Company ceased selling annuities as of December 10, 2008.
C	The Company violated Section 4228(h) of the New York Insurance Law by failing to provide signed demonstrations for Forms FDLNY 8-900-1007 and FDLNY 8-500-1007, and providing demonstrations that were not adequate with regard to documentation of the methodologies and all material assumptions used in the analysis. The review indicated that the Company had extensive communications with the Department's Actuarial Bureau from July 2009 through January 2010 concerning Section 4228(h) and has corrected the deficiencies.
D	The examiner recommended that the Company implement changes for documenting all work related to the self-support analysis in the manner agreed upon with the Department. The examiner's review indicated that the Company had extensive communication with the Department's Actuarial Bureau from July 2009 through January 2010 and has corrected the deficiencies.
E	The Company violated Section 219.5(a) of Department Regulation No. 34-A by failing to include advertisements that the Company disseminated in New York State in its Advertising file, and for failing to indicate the extent of distribution of such advertisements. The examiner's review indicated that the Company includes all advertisements in its advertising file, including the extent of distribution.

Item	Description
F	The Company violated Section 3201(b)(1) of the New York Insurance Law by issuing annuity contracts using an unapproved policy/application form. The examiner’s review indicated that the Company took corrective action and all policy forms are approved.

9. SUMMARY AND CONCLUSIONS

Following are the violations and recommendation contained in this report:

Item	Description	Page No(s).
A	The Company violated Section 1505(d)(4) of the New York Insurance Law by entering into a consolidated federal income tax allocation agreement with its ultimate parent and affiliates without notifying the Superintendent in writing of its intention to enter into any such transaction at last 30 days prior thereto.	8
B	The Company violated Insurance Regulation No. 95, 11 NYCRR Section 86.4 by failing to include the required fraud warning statement on its claim forms.	22
C	The examiner recommends that, during future examinations, the Company provides complete claim files in a timely and efficient manner that will allow the examiner to reconstruct the claim from inception through disposition, including the dates that forms and other documents are received.	22

Respectfully submitted,

Richard Randour

Richard Randour, CFE
INS Regulatory Insurance Services, Inc.

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

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

Richard Randour

Richard Randour

Subscribed and sworn to before me

This 24th day of April 2018

Audrey Hall

AUDREY HALL
Notary Public, State of New York
No. 01HA6274900
Qualified in Kings County
Commission Expires January 28, 2021

Respectfully submitted,

/s/
JoCatena Hargrove
Senior Insurance Examiner

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

JoCatena Hargrove, being duly sworn, deposes and says that the foregoing report, subscribed by her, is true to the best of her knowledge and belief.

/s/
JoCatena Hargrove

Subscribed and sworn to before me

This ________ day of ___________________

APPOINTMENT NO. 31096

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:

RICHARD RANDOUR
(INS REGULATORY INSURANCE SERVICES, INC.)

as a proper person to examine the affairs of the

DEARBORN 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 8th day of July, 2014

BENJAMIN M. LAWSKY
Superintendent of Financial Services

By:

MICHAEL MAFFEI
ASSISTANT DEPUTY SUPERINTENDENT
AND CHIEF OF THE LIFE BUREAU

APPOINTMENT NO. 31296

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:

JO CATENA HARGROVE

as a proper person to examine the affairs of the

DEARBORN 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 she 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 24th day of March, 2015

BENJAMIN M. LAWSKY
Superintendent of Financial Services

By:

MICHAEL MAFFEI
ASSISTANT DEPUTY SUPERINTENDENT
AND CHIEF OF THE LIFE BUREAU