NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES

REPORT ON FINANCIAL EXAMINATION

OF THE

NATIONAL BENEFIT LIFE INSURANCE COMPANY

CONDITION: DECEMBER 31, 2014

DATE OF REPORT: MAY 19, 2016

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AS OF

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EXAMINER:	JAN M. MOENCK

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Andrew M. Cuomo
Governor

Maria T. Vullo
Acting Superintendent

May 20, 2016

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

Madam:

In accordance with instructions contained in Appointment No. 31386, dated October 13, 2015 and annexed hereto, an examination has been made into the condition and affairs of National Benefit Life Insurance Company, hereinafter referred to as "the Company," at the home office of its parent company, Primerica, Inc., located at 1 Primerica Parkway, Duluth, GA 30099. The Company's home office is located at One Court Square, Long Island City, NY 11120.

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. 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 four-year period from January 1, 2011 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.

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 Commonwealth of Massachusetts, Office of Consumer Affairs and Business Regulation Division of Insurance, was the lead state examining the Company's immediate parent, Primerica Life Insurance Company ("PLIC"), a Massachusetts domestic insurer. The State of New York and the Vermont Department of Financial Regulation participated in the coordinated examination. 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 2014, by the accounting firm of KPMG, LLP. The Company received an unqualified opinion in all years under examination. Certain audit workpapers of the accounting firm were reviewed and relied upon in conjunction with this examination. The Company's immediate parent, PLIC, has an internal audit department and a separate internal control department which was given the task of assessing the internal control structure and compliance with the Sarbanes-Oxley Act of 2002 ("SOX"). 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.

2. DESCRIPTION OF COMPANY

1. History

The Company was incorporated as a stock life insurance company under the laws of New York on June 18, 1962, as Constitution National Life Insurance Company. The Company's name was changed to Beneficial Standard Life Insurance Company of New York on January 2, 1963 and was licensed and commenced business on May 14, 1963. On June 28, 1963, the Company's name was changed to Beneficial National Life Insurance Company. The Company's present name, National Benefit Life Insurance Company was adopted on December 31, 1980. Initial resources of $1,250,000, consisting of common capital stock of $500,000 and paid in and contributed surplus of $750,000, were provided through the sale of 500,000 shares of common stock (with a par value of $1 each) for $2.50 per share.

The Company was originally controlled by Beneficial Standard Life Insurance Company ("BSLIC"). Benefit National Corporation ("BNC"), a holding company owned by BSLIC, acquired a majority interest of the outstanding stock of the Company and assumed control of the Company on April 22, 1970. Associated Madison Companies, Inc. ("AMAD") acquired all of the shares of BNC on June 7, 1979 and became the Company's immediate parent, controlling 97.7% of the outstanding stock of the Company.

Primerica Corporation acquired control of AMAD and its subsidiaries on April 8, 1982. On December 15, 1982, pursuant to Section 481-a (now Section 7118) of the New York Insurance Law, the Company acquired the minority interest of their outstanding common shares. The Company retired the acquired common stock shares resulting in a reduction in paid in capital of $1,801,370 (1,801,370 shares at $1.00 a share), and the Company became a wholly owned subsidiary of AMAD.

Primerica Corporation purchased Travelers, Inc. and changed its name to Travelers Group on December 31, 1993. On October 8, 1998, Travelers Group merged with Citicorp to form Citigroup Inc. ("Citigroup"), which became the Company's ultimate parent.

On June 30, 2005, Citigroup sold its domestic life insurance and annuity business, primarily The Travelers Insurance Company ("TIC"), exclusive of PLIC and the Company, and substantially all of its international insurance subsidiaries to MetLife. Following the sale, the

Company and its immediate parent PLIC became subsidiaries of Citigroup Insurance Holding Corporation (“CIHC”), a subsidiary of Citigroup.

On March 31, 2010 and April 1, 2010, Citigroup, the Company’s then ultimate parent, entered into a series of transactions the intent of which was to restructure ownership in specified subsidiaries, including the Company. As part of the various restructuring transactions, an initial public offering (“IPO”) of the stock in Primerica, Inc., a newly formed Delaware corporation and indirect subsidiary of Citigroup, was made. Ownership of the Company and certain other subsidiaries of Citigroup, were transferred to Primerica, Inc., which became the ultimate parent of the Company.

On April 15, 2010, in connection with the initial public offering of the stock of Primerica, Inc., and pursuant to a securities purchase agreement dated February 8, 2010, CIHC sold 22.40% of the common stock of Primerica, Inc. to Warburg Pincus Equity X, L.P. and Warburg Pincus X Partnership, L.P. (together, “Warburg Pincus”). At December 31, 2010 CIHC continued to own 39.58% of the common stock of Primerica, Inc. CIHC and “Warburg Pincus” sold their common stock ownership interests during 2011 and 2013, respectively.

In connection with the initial public offering transaction, the Company paid an extraordinary dividend of $296,838,565 to its immediate Parent, PLIC. The dividend payment consisted of cash of $234,004,569 and fixed income securities of $62,832,996. Pursuant to Section 4207(a)(2) of the New York Insurance Law, the extraordinary dividend was approved by the Department.

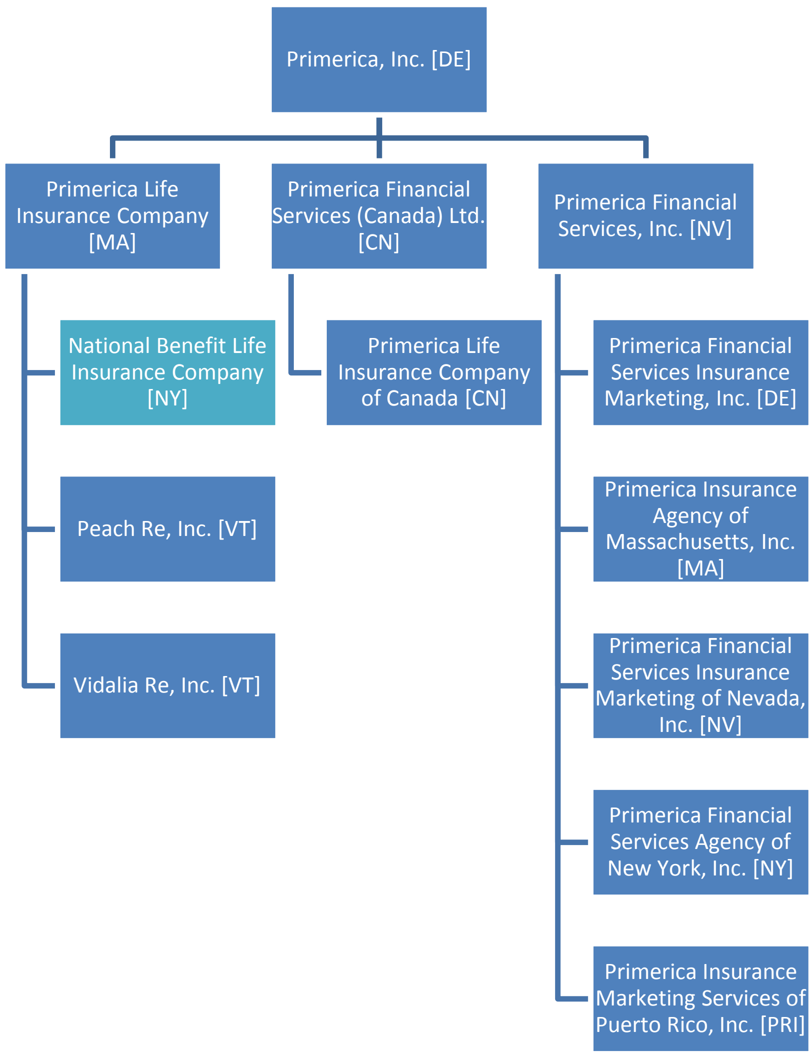
As part of the extraordinary dividend documented above, during 2010 the Company paid a dividend of $152,434,000 to PLIC as a return of capital. However, the dividend was incorrectly reflected as a decrease to unassigned funds (surplus) rather than a reduction in to gross paid in and contributed surplus. The Company recorded an adjustment of $152,434,000 in 2013 to unassigned funds (surplus) and gross paid in and contributed to surplus. This adjustment did not impact the Company’s total capital and surplus. At December 31, 2014, the Company’s capital and paid in and contributed surplus were $2,500,000 and $60,642,788 respectively.

B. Holding Company

The Company is a wholly owned subsidiary of PLIC, a Massachusetts life insurance company. PLIC is in turn a wholly owned subsidiary of Primerica, Inc., a Delaware corporation which is publicly held.

D. 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:



National Benefit Life Insurance Company does not have any subsidiaries. Sales and marketing for the Company is conducted out of Primerica Financial Services Agency of New York, which is a subsidiary of an affiliate of the Company, Primerica Financial Services, Inc.

D. Service Agreements

The Company had 5 service agreements in effect with affiliates during the examination period.

Type of Agreement and Department File Number	Effective Date	Provider(s) of Service(s)	Recipient(s) of Service(s)	Specific Service(s) Covered	Income/ (Expense)* For Each Year of the Examination
Data Processing (Department File No. 19416)	09/24/1993	PLIC	The Company	PLIC provides certain data functions and administrative processing services	2011 $(2,504,155) 2012 $(2,536,908) 2013 $(2,868,699) 2014 $(1,549,691)
Cost Sharing Agreement (Department File No. 21014) Agreement Terminated	12/01/1994 08/31/2012	The Company, Citigroup, Inc., and named Citigroup affiliates, including PLIC	The Company, Citigroup, Inc., and named Citigroup affiliates, including PLIC	The Company provides various specified services to and receives various specified services from its affiliates, including performance of certain company insurance administration, legal, underwriting, and claims functions by PLIC	2011 $(4,328,916) 2012 $(2,846,563) 2013 $ 0 2014 $ 0
Cost Sharing and Services Agreement (Department File No. 46358)	09/01/2012	PLIC	The Company	PLIC provides accounting, actuarial, treasury, and other services	2011 $ 0 2012 $(1,916,441) 2013 $(5,518,162) 2014 $(5,106,521)
General Agency Agreement (Department File No. 30290)	09/01/2002	Primerica Financial Services Agency New York, Inc. ("PFSANY")	The Company	PFSANY act as General Agent for the Company	2011 $(20,640,505) 2012 $(21,674,549) 2013 $(22,910,469) 2014 $(24,507,941)
Sublease (Department File No. 41849)	09/01/2009 Amended 2/28/2014	Citibank N.A.	The Company	Citibank, N.A., as sub-landlord, sub-leased to the Company, as tenant, the Company's home office space at One Court Square, 44th Floor, Long Island City, NY	2011 $(853,273) 2012 $(840,826) 2013 $(926,880) 2014 $(796,537)

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

The sale of the Company's group accident and health business in 2014 significantly reduced the expenses incurred by the Company under its data processing agreement with PLIC.

The Company participates in a federal income 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 21 directors. Directors are elected for a period of one year at the annual meeting of the stockholders held in February of each year. As of December 31, 2014, the board of directors consisted of 8 members. Meetings of the board are held semi-annually

The 8 board members and their principal business affiliation, as of December 31, 2014, were as follows:

Name and Residence	Principal Business Affiliation	Year First Elected
Joseph G. Condon* Ridgefield, CT	Retired National Benefit Life Insurance Company	2009
Stacy K. Geer Dunwoody, GA	Vice President, Corporate Secretary, and Deputy General Counsel Primerica, Inc.	2014
Joseph F. Gill Hauppauge, NY	Senior Vice President, Insurance Operations National Benefit Life Insurance Company	2009
Frederick W. Kanner* Summit, NJ	Retired, Former Senior Counsel, Covington & Burling LLP	2006
Donald Kramer* Greenwich, CT	Chairman and Chief Executive Officer ILS Capital Management Ltd. (Bermuda)	1979
Robert Peterman, Jr. Buford, GA	Executive Vice President Primerica Life Insurance Company	2014
Raul Rivera Garden City, NY	President and Chief Executive Officer National Benefit Life Insurance Company	1972
Elliot Wohl* Rancho Santa Fe, CA	Retired, Former General Counsel for National Benefit Life Insurance Company	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.

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

Name	Title
Raul Rivera	President and Chief Executive Officer
Stacey K. Geer	Vice president, Chief Legal Officer & Secretary
Michael K. Wells	Treasurer
Joseph F. Gill	Senior Vice President, Insurance Operations
Lynn R. Lund	Vice President & Appointed Actuary
Leanne E. Ness	Vice President, Financial Reporting
Vicki R. Bulger	Vice President, Chief Compliance Officer
Roxanne Boalt *	Vice President

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

3. TERRITORY AND PLAN OF OPERATIONS

The Company is authorized to write life insurance, annuities and accident and health insurance as defined in paragraphs 1, 2 and 3 of Section 1113(a) of the New York Insurance Law.

The Company is licensed to transact business in 50 states, the District of Columbia and the U.S. Virgin Islands. In 2014, 78.1% of direct life premiums, 19.9% of accident and health premiums, 100% of annuity considerations, and 98.7% of deposit type funds were received from the State of New York. Policies are written on a non-participating basis.

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

Life Insurance Premiums		Accident and Health Insurance premiums	
New York	78.1%	New York	19.9%
New Jersey	2.4%	Texas	8.6%
Florida	2.4%	California	8.5%
Pennsylvania	1.5%	New Jersey	5.1%
Texas	1.3%	North Carolina	4.6%
Subtotal	85.7%	Subtotal	46.6%
All others	14.3%	All others	53.4%
Total	100.0%	Total	100.0%

A. Statutory and Special Deposits

As of December 31, 2014, the Company had $ 1,656,198 of United States Treasury Bonds and Notes on deposit with the State of New York, its domiciliary state, for the benefit of all policyholders, claimants and creditors of the Company. As per confirmations received from the following states which were reported in Schedule E of the 2014 filed annual statement, an additional $8,656,289 was being held by the states of Arkansas, Florida, Georgia, Massachusetts, New Hampshire, New Mexico, North Carolina, Oklahoma, South Carolina, Virginia, and the US Virgin Islands.

B. Direct Operations

During the period under examination the Company wrote term life, student life, state disability, and credit life policies. Since 1992, the Company has concentrated its marketing efforts on a new term life insurance product in New York. As of December 31, 2014, 306,382 policies totaling approximately $41.4 billion of this product were in force.

Student Life insurance is a $10,000, $20,000 or $30,000 term product marketed to parents of children ages 14 – 24. The product changes to a $25,000, $50,000 or $75,000 permanent policy, with the payment of an increased premium, when the student attains the age of 25. The Company marketed the product exclusively through a solitary general agent on a direct mail basis.

State disability insurance is sold as a state mandated, group, short-term (26 week maximum) disability product that reimburses a worker who becomes disabled due to a non-occupational injury or illness.

In 2012, the Company eliminated the marketing and underwriting of the credit life and remaining whole life insurance policies, but will continue to administer the existing block of credit life business.

In 2014, the Company eliminated the marketing and underwriting of new student life insurance policies, but will continue to administer the existing block of student life business.

In January 2014, the Company sold the assets and liabilities of the disability benefits life business to AmTrust North America, Inc. ("AmTrust NA"). As part of the sale agreement, an affiliate of AmTrust NA, Wesco Insurance Company, assumed all incurred but unpaid claims for the disability benefits life insurance policies in force as of January 1, 2014.

The Company's agency operations are conducted on a general agency basis with an affiliate, Primerica Financial Services Agency of New York, Inc.

C. Reinsurance

As of December 31, 2014, the Company had reinsurance treaties in effect with 32 companies, of which 13 were authorized or accredited. The Company's life, accident and health business is reinsured on a coinsurance, modified coinsurance, quota-share and yearly renewable term basis. Reinsurance is provided on an automatic and/or facultative basis.

The maximum retention limit for individual life contracts is $250,000. The total face amount of life insurance ceded as of December 31, 2014, was $35,907,138,601 which represents 87% of the total face amount of life insurance in force. Reserve credit taken for reinsurance ceded to unauthorized companies, totaling $219,302,252, was supported by letters of credit and trust agreements.

The Company did not assume any life insurance during the period under examination.

4. 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, 2014	Increase (Decrease)
Admitted assets	$479,321,614	$481,623,158	$ 2,301,544
Liabilities	$316,072,378	$309,688,446	$ (6,383,932)
Common capital stock	$ 2,500,000	$ 2,500,000	$ 0
Gross paid in and contributed surplus	209,838,591	60,642,788	(149,195,803)
Group contingency life reserves	476,983	84,180	(392,803)
Special contingency reserve fund for Separate Accounts	29,800	10,751	(19,049)
Impact on Surplus from Implementation of SSAP 10R	3,397,284	0	(3,397,284)
Unassigned funds (surplus)	(52,993,422)	108,696,993	161,690,415
Total capital and surplus	$163,249,236	$171,934,712	$ 8,685,476
Total liabilities, capital and surplus	$479,321,614	$481,623,158	$ 2,301,544

The decline in 'Gross paid in and contributed surplus' and 'increase in unassigned funds (surplus)' is a result of a dividend paid to PLIC in the amount of $152,434,000 during 2010. The dividend, declared as a return of capital, was paid to PLIC in 2010; however, this amount was reported as a reduction to 'Unassigned funds (surplus)' in the 2010 annual statement. This amount was reclassified and reported as a reduction in 'Gross paid in and contributed surplus' in 2013.

The Company's invested assets as of December 31, 2014, exclusive of separate accounts, were mainly comprised of bonds (89.4%).

The majority (95.8%) of the Company's bond portfolio, as of December 31, 2014, 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

Year	Issued	In Force
2011	$329,829	$2,373,545
2012	$ 19,167	$2,427,196
2013	$ 0	$2,395,926
2014	$ 0	$2,336,105

The majority of the Company’s whole life products were last issued in 1989 and the remaining products were last issued in 2012.

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

	Group			
	2011	2012	2013	2014
Outstanding, end of previous year	49,761	50,127	49,440	53,224
Issued during the year	5,015	4,072	7,434	0
Other net changes during the year	(4,649)	(4,759)	(3,650)	(0)
Outstanding, end of current year	50,127	49,440	53,224	1

On January 14, 2014, the Department approved the sale of the Company’s assets and liabilities connected with its disability benefits business to AmTrust NA. As part of the sale agreement, Wesco Insurance Company, an affiliate of AmTrust NA, assumed all incurred but unpaid claims for the Company’s DBL insurance policies in force as of January 1, 2014.

The following has been extracted from the Exhibits of Deposit Funds and Dividend Accumulations in the filed annual statements for each of the years under review:

Deposit Funds

	2011	2012	2013	2014
Outstanding, end of previous year	0	1	1,674	2,309
Issued during the year	1	2,105	1,135	936
Other net changes during the year	(0)	(432)	(500)	(552)
Outstanding, end of current year	1	1,674	2,309	2,693

The Company began issuing Premium Deposit Accounts in late 2011. After its initial momentum in 2012, products sales experienced a steady decline in the accounts issued during 2013 and 2014.

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
Ordinary:				
Life insurance	$16,813,345	$22,820,109	$17,958,721	$16,346,325
Individual annuities	12,018	(51,932)	(91,956)	(128,772)
Total ordinary	$16,825,363	$22,768,177	$17,866,765	$16,217,553
Credit life	$ 427,774	$ 294,990	$ 87,901	$ 91,993
Group Life	$ 762,095	$ 210,743	$ 34,694	$ 459,782
Accident and health:				
Group	$ (2,263,064)	$ 321,582	$ 2,917,504	$ 4,567,869
Credit	1,116	72,851	55,567	32,030
Other	300,497	934,616	1,192,804	(240,748)
Total accident and health	$ (1,961,451)	$ 1,329,049	$ 4,165,875	$ 4,359,151
All other lines	$ 0	$ 0	$ (3,083)	$ 0
Total	$16,053,780	$24,602,959	$22,152,152	$21,128,479

The Company's ordinary life insurance increase in net gain from operations from 2011 to 2012 was driven primarily by an increase in term life sales as the Company continued to layer term policies onto the recurring in-force premium base. In addition, the Company's decline in net gains from operations from 2012 to 2013 was a result of an increase in net premiums during 2013; however, it was offset by reserve increases, increased commissions, and reduced amortization of deferred profits from a co-insurance reinsurance agreement with American Health and Life Insurance Company.

The Company's individual annuities recorded a net loss from operations for 2012, 2013, and 2014 as a result of the line of business being in run-off and the spread on interest rates for these annuities not offsetting the allocated expenses to this line of business.

The Company's credit life line of business provided decreasing net gains from operations for the years 2011 through 2014 as a result of the run-off of this closed block of business.

The Company's significant gain in group accident and health during 2012, 2013 and 2014 was a result of the improvement in loss ratios for those years. Prior to 2014, substantially all of the Company's group accident and health line of business represented the state disability ("DBL") product line. In 2011, the Company experienced higher disability claims benefits of $30.0 million on $41.7 million of premium resulting in a benefits ratio of 72%. Rate increases were implemented during the latter part of 2011. In 2012, disability benefits of $24.8 million on $37.7 million premiums resulted in a benefits ratio of 66%, which was favorably impacted by the 2011 rate increases. During 2013, disability benefits of $22.1 million on $35.4 million premiums resulted in a benefits ratio of 62%. As the DBL business was sold on January 1, 2014, the Company had no DBL benefits during 2014. In addition 2014, results were favorably impacted by a decline in taxes, licenses, and fees.

The Company's other accident and health line of business generated increasing net gains from operations in 2011, 2012 and 2013 due to the decrease in loss reserves as a result of the Company's claims and loss experience. During 2014, the loss experience was not as favorable and the reserves remained relatively constant.

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:

	2011	2012	2013	2014
Premiums earned	100.0%	100.0%	100.0%	100.0%
Incurred losses	73.4%	63.7%	53.6%	40.8%
Commissions	16.1%	15.5%	14.6%	0.1%
Expenses	20.8%	19.9%	20.3%	(171.3)%
	110.3%	99.1%	88.5%	(130.4)%
Underwriting results	(10.3)%	0.9%	11.4%	(30.4)%

The Company’s accident and health business in 2011, 2012, and 2013, was primarily comprised of the state disability business. The Company’s loss ratio for the disability business declined, in accordance with emerging claims experience during 2012 and 2013. During 2014, the Company sold its disability business; as such, 2014 results are primarily based on the Company’s group hospital indemnity business. The state disability business was responsible for nearly all accident and health commissions in 2011, 2012, and 2013. Subsequent to the sale of the disability business, the remaining accident and health commissions are negligible. After the sale of the disability business, general insurance expenses for accident and health decreased $5.6 million from 2013 to 2014, and taxes, licenses and fees for accident and health decreased $3.8 million resulting in a credit to accident and health expenses in 2014.

5. 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 LLP was retained by the Company to audit the Company's 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 LLP 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	$411,788,892
Stocks:	
Preferred stocks	7,003,978
Common stocks	3,463,941
Cash, cash equivalents and short term investments	7,950,255
Contract loans	10,381,030
Other invested assets	1,021,692
Securities lending reinvested collateral assets	19,191,962
Investment income due and accrued	4,819,374
Premiums and considerations:	
Uncollected premiums and agents' balances in the course of collection	(8,930,805)
Deferred premiums, agents' balances and installments booked but deferred and not yet due	5,715,785
Reinsurance:	
Amounts recoverable from reinsurers	2,181,906
Funds held by or deposited with reinsured companies	70,223
Other amounts receivable under reinsurance contracts	1,759,204
Net deferred tax asset	8,001,815
Guaranty funds receivable or on deposit	936,086
Electronic data processing equipment and software	1
SSAP 61 prepaid reinsurance	5,733,919
Tax indemnification asset	64,375
Cash in transit and suspense	3,224
Miscellaneous	36,271
From separate accounts, segregated accounts and protected cell accounts	430,030
Total admitted assets	$481,623,158

C. Liabilities, Capital and Surplus

Aggregate reserve for life policies and contracts	$245,753,032
Aggregate reserve for accident and health contracts	3,599,205
Liability for deposit-type contracts	16,386,801
Contract claims:	
Life	3,730,790
Accident and health	844,590
Premiums and annuity considerations for life and accident and health contracts received in advance	334,965
Contract liabilities not included elsewhere:	
Other amounts payable on reinsurance	1,973,281
Interest maintenance reserve	6,129,939
General expenses due or accrued	1,587,808
Taxes, licenses and fees due or accrued, excluding federal income taxes	655,446
Current federal and foreign income taxes	217,290
Unearned investment income	269,694
Amounts withheld or retained by company as agent or trustee	708,686
Amounts held for agents' account	74,605
Remittances and items not allocated	1,078,144
Miscellaneous liabilities:	
Asset valuation reserve	3,202,891
Reinsurance in unauthorized companies	287,498
Payable to parent, subsidiaries and affiliates	3,165,440
Payable for Securities Lending	19,191,962
Liability for interest on policy claims	66,349
From Separate Accounts statement	430,030
Total liabilities	$309,688,446
Common capital stock	$ 2,500,000
Gross paid in and contributed surplus	$ 60,642,788
Group contingency life reserves	84,180
Special contingency reserve fund for Separate Accounts	10,751
Unassigned funds (surplus)	108,696,993
Surplus	$169,434,712
Total capital and surplus	$171,934,712
Total liabilities, capital and surplus	$481,623,158

D. Condensed Summary of Operations

	2011	2012	2013	2014
Premiums and considerations	$ 84,507,866	$ 85,741,090	$ 88,820,937	$ 60,931,153
Investment income	26,839,940	26,086,488	25,614,587	23,815,912
Commissions and reserve adjustments on reinsurance ceded	22,062,775	21,369,905	20,167,222	16,519,135
Miscellaneous income	2,410,418	2,822,276	1,232,002	4,426,066
Total income	$135,820,999	$136,019,759	$135,834,748	$105,692,266
Benefit payments	$ 44,919,641	$ 38,263,687	$ 34,108,412	$ 15,895,103
Increase in reserves	10,410,861	7,047,573	15,376,882	16,449,226
Commissions	33,547,486	32,733,510	32,956,937	28,849,620
General expenses and taxes	26,113,709	25,743,853	24,170,522	16,876,951
Increase in loading on deferred and uncollected premiums	(207,481)	(59,074)	(87,560)	(55,374)
Net transfers to (from) Separate Accounts	(183,613)	(202,952)	(174,623)	(198,000)
Miscellaneous deductions	0	0	2,940	638
Total deductions	$114,600,603	$103,526,597	$106,353,510	$ 77,818,164
Net gain (loss)	$ 21,220,396	$ 32,493,162	$ 29,481,238	$ 27,874,102
Federal and foreign income taxes incurred	5,166,616	7,890,203	7,329,087	6,745,624
Net gain (loss) from operations before net realized capital gains	$ 16,053,780	$ 24,602,959	$ 22,152,151	$ 21,128,478
Net realized capital gains (losses)	(302,415)	252,580	114,989	(789,571)
Net income	$ 15,751,365	$ 24,855,539	$ 22,267,141	$ 20,338,908

The significant increase in miscellaneous income from 2013 to 2014 was primarily the result of the $3 million gain recognized on the sale of the disability business to AmTrust NA. The significant decrease in premiums, benefit payments, and general expenses and taxes is also reflective of the sale of the Company’s disability business.

E. Capital and Surplus Account

	2011	2012	2013	2014
Capital and surplus, December 31, prior year	$163,249,236	$173,678,836	$175,949,695	$174,530,886
Net income	$ 15,751,365	$ 24,855,539	$ 22,267,141	$ 20,338,908
Change in net unrealized capital gains (losses)	(4,480)	(1,001)	85,009	(162,409)
Change in net unrealized foreign exchange capital gain (loss)	0	0	0	1,977
Change in net deferred income tax	1,573,754	(297,383)	548,832	187,730
Change in non-admitted assets and related items	1,198,715	1,536,365	2,576,788	42,135
Change in liability for reinsurance in unauthorized companies	277,868	236,431	(28,013)	(162,111)
Change in reserve valuation basis	0	886,642	(560,150)	0
Change in asset valuation reserve	(430,194)	(610,195)	(759,274)	56,227
Surplus adjustments:				
Paid in	1,019,231	893,664	567,894	757,408
Transferred from capital	0	0	(152,434,000)	0
Change in surplus as a result of reinsurance	(8,031,386)	(9,229,203)	(8,287,450)	(6,656,040)
Dividends to stockholders	0	(16,000,000)	(17,000,000)	(17,000,000)
Impact on Surplus from Implementation of SSAP 10R	(925,272)	0	0	0
Correction of prior year payable to parent, subsidiaries and affiliates	0	0	1,070,929	0
Adjustment for prior year return of capital	0	0	152,434,000	0
Correction of prior year underwriting accrual	0	0	322,884	0
Correction of prior year traditional life reserves	0	0	(2,223,399)	0
Net change in capital and surplus for the year	$ 10,429,601	$ 2,270,858	$ (1,418,809)	$ (2,596,175)
Capital and surplus, December 31, current year	$173,678,836	$175,949,695	$174,530,886	$171,934,712

Respectfully submitted,

_____________/s/____________
Jan M. Moenck, CFE
Examiner-In-Charge
Risk & Regulatory Consulting, LLC

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

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

_____________/s/____________
Jan M. Moenck

Subscribed and sworn to before me

this_________ day of __________________

APPOINTMENT NO. 31386

NEW YORK STATE

DEPARTMENT OF FINANCIAL SERVICES

I, ANTHONY J. ALBANESE, 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:

JAN MOENCK
(RISK & REGULATORY CONSULTING, LLC)

as a proper person to examine the affairs of the

NATIONAL BENEFIT LIFE INSURANCE COMPANY

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 13th day of October, 2015

ANTHONY J. ALBANESE
Acting Superintendent of Financial Services

By:

MARK MCLEOD
ASSISTANT CHIEF - LIFE BUREAU