NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES

FINANCIAL CONDITION REPORT ON EXAMINATION

OF THE

STANDARD SECURITY LIFE INSURANCE COMPANY OF NEW YORK

CONDITION:	DECEMBER 31, 2017
DATE OF REPORT:	MAY 8, 2019

NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES

FINANCIAL CONDITION REPORT ON EXAMINATION

OF THE

STANDARD SECURITY LIFE INSURANCE COMPANY OF NEW YORK

AS OF

DECEMBER 31, 2017

DATE OF REPORT:	MAY 8, 2019
EXAMINER:	JERRY KENNEDY, CFE

TABLE OF CONTENTS

NEW YORK STATE
DEPARTMENT *of*
FINANCIAL SERVICES

Andrew M. Cuomo
Governor

Linda A. Lacewell
Acting Superintendent

May 31, 2019

The Honorable Linda A. Lacewell
Acting Superintendent of Financial Services
New York, New York 10004

Madam:

In accordance with instructions contained in Appointment No. 31778, dated May 31, 2018, and annexed hereto, an examination has been made into the condition and affairs of Standard Security Life Insurance Company of New York, hereinafter referred to as "the Company," at its home office located at 485 Madison Avenue, New York, NY 10022.

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 National Association of Insurance Commissioners ("NAIC") *Financial Condition Examiners Handbook, 2018 Edition* (the "Handbook"). The examination covers the five-year period from January 1, 2013, to December 31, 2017. 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, 2017, 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 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 led by the State of New York, with participation from the states of Delaware and Wisconsin. 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 2013 through 2015, by the accounting firm of KPMG LLP and, for the years 2016 and 2017, by the accounting firm of RSM US LLP. The Company received an unqualified opinion in all years. Certain audit workpapers of the accounting firms were reviewed and relied upon in conjunction with this examination. The Company utilizes the internal audit department of its parent, Independence Holding Company ("IHC"), to assess the internal control structure and to determine compliance with the Sarbanes-Oxley Act of 2002 ("SOX"). The internal audit department also relied on the assessment and the testing of controls by the external auditor. Where applicable, SOX workpapers and reports were reviewed and portions were relied upon for this examination.

The examiner reviewed the corrective actions taken by the Company with respect to the financial condition violation and recommendation contained in the prior report on examination. The results of the examiner's review are contained in item 6 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.

2. DESCRIPTION OF COMPANY

A. History

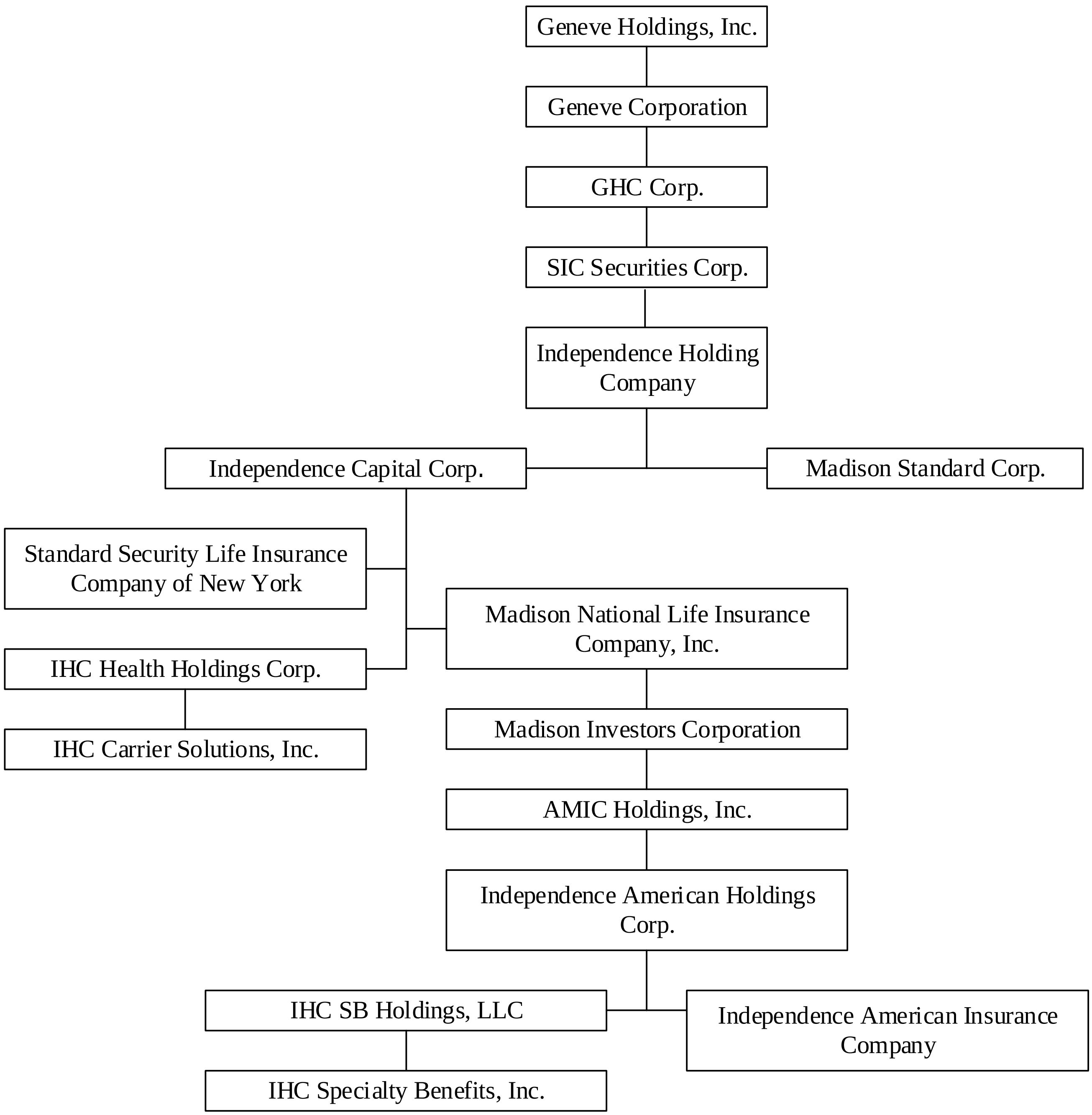
The Company was incorporated as a stock life insurance company under the laws of the State of New York on June 28, 1957, under the name American Security Life Insurance Company of New York. It was licensed and commenced business on December 22, 1958. The present name was adopted in 1958. Initial resources of $500,000, consisting of common capital stock of $500,000, were provided through the sale of 250,000 shares of common stock with a par value of $2.00 each.

B. Holding Company

The Company is a wholly-owned subsidiary of Independence Capital Corporation ("ICC"), a Delaware investment company, which in turn is a wholly-owned subsidiary of IHC, a Delaware publicly held holding company engaged principally in the life and health insurance business. The ultimate parent of the Company is Geneve Holdings, Inc., a Delaware holding 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, 2017, follows:



D. Service Agreements

The Company had nine 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
Investment Service Agreement Amended and Restated File No. 48885	08/01/1989 01/01/2002 and 01/01/2014	IHC	The Company	Investment advisory services	2013 $(589,915) 2014 $(588,300) 2015 $(573,963) 2016 $(651,175) 2017 $(322,997)
Service Agreement Amended and Restated File No. 31939	10/01/1998 11/25/2003	Madison Standard Corp.	The Company	Data processing, actuarial, accounting and policy administrative services	2013 $0 2014 $0 2015 $0 2016 $0 2017 $0
Service Agreement File No. 35491	06/01/1998	The Company	Independence American Insurance Company	Legal, tax, financial statement preparation, accounting, audit, actuarial, policy issuance, premium and marketing	2013 $341,509 2014 $228,827 2015 $200,600 2016 $361,276 2017 $658,277
Amended and Restated File No. 34591B	07/01/2007	American Independence Corp.** and AMIC Holdings, Inc. IHC	The Company The Company	Accounting, audit, tax, payroll, policy issuance, premium, marketing and management Accounting, audit, tax, payroll, policy issuance, premium, marketing and management	2013 $(291,989) 2014 $(404,475) 2015 $(297,078) 2016 $(611,492) 2017 $(459,925) 2013 $(429,758) 2014 $(420,356) 2015 $(443,840) 2016 $(545,547) 2017 $(153,938)
Service Agreement File No. 27266	11/01/1999	Madison Standard Corp.	The Company	Underwriting, premium collection, agent compensation and claims payment	2013 $(139,435) 2014 $(120,490) 2015 $(66,666) 2016 $(20,868) 2017 $(21,996)

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
Service Agreement	04/23/2007	IHC Health Solutions, Inc., (now known as Ebix Health Administrative Exchange, Inc.***)	The Company	Sales training and marketing development	2013 $(306,850) 2014 $ 0 2015 $ 0 2016 $ 0 2017 $ 0
Service Agreement File No. 38358	03/01/2008	Madison National Life Insurance Company, Inc.****	The Company	Data processing, actuarial, accounting, and policy servicing	2013 $0 2014 $0 2015 $0 2016 $0 2017 $0
Service Agreement File No. 41464	06/01/2009	IHC Carrier Solutions, Inc.† (formerly Actuarial Management Corporation)	The Company	Actuarial services	2013 $(1,311,692) 2014 $(1,897,790) 2015 $(1,634,065) 2016 $(2,008,675) 2017 $(786,113)
Management Agreement File No. 46195	01/01/2012	IHC Risk Solutions, LLC‡	The Company	Administrative services	2013 $(123,000) 2014 $ 0 2015 $ 0 2016 $ 0 2017 $ 0
Marketing Assistance Services Agreement File No. 49683	12/01/2014	IHC Specialty Benefits, Inc.	The Company	Marketing and promotional assistants related to certain short term medical policies	2013 $ 0 2014 $ 0 2015 $(517,002) 2016 $(556,286) 2017 $(97,910)

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

**On August 31, 2016, American Independence Corp. merged with and into AMIC Holdings, Inc., with the latter being the surviving entity.

***Effective September 1, 2015, Ebix, Inc. (“Ebix”), and IHC and the Company formed a joint venture named Ebix Health Exchange Holdings, LLC ("EbixHealth"). IHC and the Company contributed all their shares in their third-party administrator, IHC Health Solutions, Inc. (“ Health Solutions”), for a 60% membership interest in EbixHealth. Effective December 31, 2015, Health Solutions changed its name to EBIX Health Administration Exchange, Inc. (“EHAE”). Also, effective July 1, 2016, Ebix purchased 11% of the common units in EbixHealth Exchange Holdings, LLC ("EbixHealth JV") from IHC and the Company, which resulted in Ebix holding 51% controlling equity interest in EbixHealth, with IHC retaining the remaining 49%.

****This agreement was inactive during the examination period. However, the parties do not intend to terminate the agreement because they may require the services provided under the agreement in the future.

†On December 31, 2013, Actuarial Management Corporation merged with and into IHC Carrier Solutions, Inc., with the latter being the surviving entity.

‡On March 31, 2016, IHC sold all its membership interest in IHC Risk Solutions, LLC (“Risk Solutions”) to Swiss Re Corporate Solutions, a division of Swiss Reinsurance Company Limited. Under the agreement, all the in force stop-loss business produced by the Company through Risk Solutions was coinsured by Swiss Re Corporate Solutions’ U.S. carrier, Westport Insurance Corporation, effective January 1, 2016.

E. Management

The Company's by-laws provide that the board of directors (the "board") shall be comprised of not less than 7 and not more than 13 directors; provided, however, that if the admitted assets of the Company should exceed one and one-half billion dollars during any calendar year, then the number of directors shall be increased to not less than 13 within one year following the end of such calendar year. Directors are elected for a period of one year at the annual meeting of the stockholders to be held at such time and place as the board shall by resolution prescribe.

The by-laws also provide that at least one-third but not less than four of the directors and at least one-third of the members of each committee of the board shall be persons who are not officers or employees of the Company or of any entity controlling, controlled by, or under common control with the Company and who are not beneficial owners of a controlling interest in the voting stock of the Company or any such entity. However, the Company shall not be required to maintain any outside directors if the Company's holding company or parent corporation is a publicly held corporation incorporated in the United States, having a board of directors and committees thereof that meet the same requirements as have been established for a domestic stock life insurance company. As of December 31, 2017, the Company's board consisted of seven affiliated members. Meetings of the board are held quarterly.

The seven board members and their principal business affiliation, as of December 31, 2017, were as follows:

Name and Residence	Principal Business Affiliation	Year First Elected
Gary J. Balzofiore Staten Island, New York	President Standard Security Life Insurance Company of New York	2007
Larry R. Graber Austin, Texas	Senior Vice President and Chief Life and Annuity Actuary Independence Holding Company	1996
Teresa A. Herbert White Plains, New York	Senior Vice President and Chief Financial Officer Independence Holding Company	2016
David T. Kettig New York, New York	Chairman and Chief Executive Officer Standard Security Life Insurance Company of New York	2012
Steven B. Lapin New York, New York	Chairman, Chief Executive Officer, and President Geneve Corporation	1992
Rachel Lipari New York, New York	Former President Standard Security Life Insurance Company of New York	1989
Roy T. K. Thung White Plains, New York	Chairman and Chief Executive Officer Independence Holding Company	1990

The Company meets the unaffiliated directors' requirement of Section 1202 of the New York Insurance Law at the IHC level, the Company's publicly held holding company.

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, 2017:

Name	Title
David T. Kettig	Chairman and Chief Executive Officer
Gary J. Balzofiore	President
David B. Getz	Vice President and Chief Financial Officer
Vincent J. Furfaro	Vice President, Director of Information Technology, and Chief Information Security Officer
Marla J. DiResta*	Vice President, General Counsel and Chief Compliance Officer
Adam M. Guarino	First Vice President and Controller
Loan T. Nisser	First Vice President, Legal and Secretary

* Designated consumer services officer per Section 216.4(c) of 11 NYCRR 216 (Insurance Regulation 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 all states, the District of Columbia, and the U.S. territories of Puerto Rico and the U.S. Virgin Islands. In 2017, 22.5% of life premiums, 45% of annuity considerations, and 29.9% of accident and health premiums were received from New York. Policies are written on a non-participating basis.

The following tables show the percentage of direct premiums received, by state, and by major lines of business for the year 2017:

Life Insurance Premiums

Pennsylvania	52.3%
New York	22.5
Indiana	9.0
Subtotal	83.8%
All others	16.2
Total	100.0%

Accident and Health Insurance Premiums

New York	29.9%
Arizona	11.3
California	7.6
Texas	7.4
Subtotal	56.2%
All others	43.8
Total	100.0%

A. Statutory and Special Deposits

As of December 31, 2017, the Company had $1,500,000 (par value) of United States 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. Per confirmations received from the following states which were reported in Schedule E of the 2017 filed annual statement, an additional $1,550,202 (fair value) were being held by the states of Arkansas, Georgia, New Mexico, North Carolina, and South Carolina, and the U.S. territory of the U.S. Virgin Islands.

B. Direct Operations

The Company's principal lines of business offered during the examination period were employer medical stop-loss insurance, a short-term statutory benefit product in New York State, commonly known as New York Disability Benefits Law ("DBL"), and specialty health insurance products, which consist of ancillary and supplemental products. The ancillary products included individual and group major medical, short-term major medical, dental, and vision insurance products; the supplemental products included fixed indemnity limited benefit, critical illness, and hospital indemnity. Additionally, the Company had existing in force business in several lines that are in run-off: individual accident and health, individual life, single premium immediate annuities, and miscellaneous insurance products.

The Company ceased writing new vision policies in 2013, placed the major medical insurance business in run-off in 2015, and ceased writing new dental policies in November 2017. On July 31, 2015, the Company and its affiliate Madison National Life Insurance Company, Inc., disposed of the in force individual life and annuity business to National Guardian Life Insurance Company ("NGLIC") through a coinsurance agreement. Also included in the transaction was the sale of the individual life and annuity operations, including all associated information systems and employees. Also, effective March 31, 2016, all the in force stop-loss business was coinsured by Swiss Re Corporate Solutions ("Swiss Re") U.S. carrier, Westport Insurance Corporation, effective January 1, 2016. As a result, the Company's medical stop-loss business is in run-off.

As of December 31, 2017, the Company's entire New York business is in run-off, except for the DBL business. Effective January 1, 2018, covered New York State employers are required to provide eligible employees with paid family leave ("PFL") coverage. The coverage is added as a rider to all existing DBL policies. As a carrier that writes DBL business, the Company is implementing the PFL coverage to its DBL polices.

The Company's agency operations are conducted on a general agency and brokerage basis.

C. <u>Reinsurance</u>

As of December 31, 2017, the Company had reinsurance treaties in effect with 43 companies, of which 16 were authorized or accredited. The Company's life and accident and health business is reinsured on a coinsurance and yearly renewable term basis. Reinsurance is provided on an automatic and facultative basis.

The maximum net retention limits, as of December 31, 2017, are $150,000 per life on individual life and the corresponding disability waiver of premium policies, no retention limit on accidental death benefits provided by a rider to individual life policies; up to $1,250,000 on any one medical stop-loss claim; up to $1,000,000 per calendar year for specialty health business; and $5,000 of monthly benefits on disability income policies. The Company also maintains catastrophe reinsurance to protect against adverse mortality that could occur to its overall life business.

The total face amount of life insurance ceded as of December 31, 2017, was $52,749,434, which represents 13.6% of the total face amount of life insurance in force. The total amount of accident and health premiums ceded, as of December 31, 2017, was $26,955,628, which represents 29.3% of the total accident and health premiums in force.

Reserve credit taken for reinsurance ceded to unauthorized companies, totaling $16,335,903, was supported by letters of credit, trust agreements, funds withheld, and other miscellaneous balances. The Company also established a liability of $299,774 for reinsurance ceded to unauthorized companies that was supported by letters of credit, trust agreements, funds withheld, or other miscellaneous balances.

The total amount of accident and health insurance premiums assumed, as of December 31, 2017, was $107,135. The Company no longer assumes life insurance business.

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, 2012	December 31, 2017	Increase (Decrease)
Admitted assets	$239,503,850	$131,485,847	$(108,018,003)
Liabilities	$123,222,124	$ 65,886,283	$ (57,335,841)
Common capital stock	$ 2,586,845	$ 2,586,845	$ 0
Gross paid in and contributed surplus	24,774,503	24,774,503	0
Group contingency life reserve	658,000	550,000	(108,000)
Gain on coinsurance treaty	0	654,333	654,333
Unassigned funds (surplus)	88,262,378	37,033,883	(51,228,495)
Total capital and surplus	$116,281,726	$ 65,599,564	$ (50,682,162)
Total liabilities, capital and surplus	$239,503,850	$131,485,847	$(108,018,003)

The decrease in admitted assets was due primarily to an extraordinary dividend of $60 million paid by the Company in 2016 and ordinary dividends, totaling $39.5 million, paid by the Company during the examination period to ICC, its parent company. The decrease was also due to the reduction in ceded reinsurance business that resulted from the sale of the medical stop-loss insurance block of business. The decrease in liabilities was due to a reduction in accident and health insurance reserves that also resulted from the sale of the medical stop-loss insurance block of business.

The Company's invested assets, as of December 31, 2017, were mainly comprised of bonds (76.9%), stocks (16.4%), and cash and short-term investments (6.6%). The Company's entire bond portfolio, as of December 31, 2017, 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):

	Group Life	
Year	Issued & Increases	In Force
2013	$ 76,476	$131,067
2014	$320,115	$363,611
2015	$325,561	$364,653
2016	$ 62,777	$369,160
2017	$ 0	$359,063

The increases between 2013 and 2015 resulted from production increases from several sources, with a significant portion generated by a single new producer. However, overall production began to decline in 2016, and the Company actively discontinued selling group life products, resulting in no group life policies issued in 2017. The decline in production is expected to continue in future years.

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

	Ordinary Annuities				
	2013	2014	2015	2016	2017
Outstanding, end of previous year	291	239	231	28	28
Issued during the year	0	3	3	0	187
Other net changes during the year	(52)	(11)	(206)	0	190
Outstanding, end of current year	239	231	28	28	25

The in force annuity business declined during the examination period because of the 100% cession of a block of annuities that was in runoff to NGLIC in July 2015. The Company also ceased issuing new annuities.

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:

Ordinary

	2013	2014	2015	2016	2017
Outstanding, end of previous year	274	1,249	977	8,747	14,494
Issued during the year	1,010	772	8,566	14,340	11,175
Other net changes during the year	(35)	(1,044)	(796)	(8,593)	(14,364)
Outstanding, end of current year	1,249	977	8,747	14,494	11,305

The fluctuations during the examination period were primarily attributable to the short-term medical business the Company began to market in 2015.

Group

	2013	2014	2015	2016	2017
Outstanding, end of previous year	1,115,939	1,704,437	1,045,906	1,123,300	844,285
Issued during the year	1,339,423	560,365	566,993	172,791	153,375
Other net changes during the year	(750,925)	(1,218,896)	(489,999)	(451,806)	(124,082)
Outstanding, end of current year	1,704,437	1,045,906	1,123,300	844,285	873,578

The fluctuations during the examination period were attributable to the discontinued marketing of accidental death and dismemberment business in 2014, the exit from the vision market in 2015, and the growth in the medical stop-loss business prior to its sale in 2016.

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:

	2013	2014	2015	2016	2017
Ordinary:					
Life insurance	$ 47,147	$ (39,653)	$ 122,300	$ (145,822)	$ 3,155
Individual annuities	(54,309)	(6,863)	(116,347)	(11,139)	(20,687)
Supplementary contracts	136,358	(51,610)	77,937	125,467	78,901
Total ordinary	$ 129,196	$ (98,126)	$ 83,890	$ (31,494)	$ 61,369
Group:					
Life	$ 159,308	$ (15,085)	$239,586	$ 72,707	$ 187,504
Annuities	10,960	(35,353)	(64,840)	(12,075)	(24,476)
Total group	$ 170,268	$ (50,438)	$ 174,746	$ 60,632	$ 163,028
Accident and health:					
Group	$8,051,214	$12,254,932	$13,462,914	$11,857,749	$ 4,741,373
Other	(264,761)	(250,328)	(197,695)	(599,478)	(1,877,545)
Total accident and health	$7,786,453	$12,004,604	$13,265,219	$11,258,271	$ 2,863,828
Total	$8,085,917	$11,856,040	$13,523,855	$11,287,409	$ 3,088,225

The changes in ordinary life insurance net gain from operations were attributable to several one-time events in certain blocks of business, with normal activity returning during 2017. These events included an increase in the allocation of general expenses for two blocks, the 100% reinsurance of certain business with NGLIC, and the subsequent closing of the sale of the in-force life and annuity business to NGLIC.

The net losses in individual annuities were attributable to the cost of administration and the shortfalls in investment income supporting the business.

The changes in supplementary contract's net gain from operations were affected by fluctuations in investment income allocation.

Group life insurance is a small block in which larger fluctuations can be reasonably expected from poor loss experience results.

Group annuity losses are attributable to expenses associated with the cash flow testing and the absence of assets to support the 100% reinsured line of business.

The changes in group accident and health's net gain from operations were affected by the changes associated with the medical stop-loss business, which is currently in run-off due to sale to Swiss Re, and the adverse experience in certain product lines.

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:

	2013	2014	2015	2016	2017
Premiums earned	100.0%	100.0%	100.0%	100.0%	100.0%
Incurred losses	70.2%	68.7%	67.2%	55.6%	52.9%
Commissions	13.1	10.7	8.9	7.7	22.2
Expenses	13.9	14.5	17.1	20.5	24.3
	97.2%	93.9%	93.2%	83.8%	99.4%
Underwriting results	2.8%	6.1%	6.8%	16.2%	0.6%

Underwriting results in the accident and health business during the examination period were affected by the changes in the medical stop-loss business, culminating in its sale at the end of 2016, and the fluctuations in loss experience in the other accident and health insurance products.

5. FINANCIAL STATEMENTS

The following statements show the assets, liabilities, and capital and surplus as of December 31, 2017, as contained in the Company's 2017 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, 2017, filed annual statement.

A. Independent Accountants

The firm of RSM US LLP was retained by the Company to audit the Company's combined statutory basis statements of financial position as of December 31, 2016, and December 31, 2017, and the related statutory basis statements of operations, capital and surplus, and cash flows for the years then ended. KPMG LLP was retained by the Company to audit the Company's combined statutory basis statements of financial position as of December 31, 2013, through December 31, 2015, and the related statutory basis statements of operations, capital and surplus, and cash flows for the years then ended.

RSM US LLP and 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	$ 90,922,888
Stocks:	
Preferred stocks	18,210,685
Common stocks	1,147,027
Cash, cash equivalents and short-term investments	7,775,238
Contract loans	37,592
Receivable for securities	157,161
Investment income due and accrued	885,034
Premiums and considerations:	
Uncollected premiums and agents' balances in the course of collection	6,224,336
Deferred premiums, agents' balances and installments booked but deferred and not yet due	85,217
Reinsurance:	
Amounts recoverable from reinsurers	42,637
Funds held by or deposited with reinsured companies	198,450
Other amounts receivable under reinsurance contracts	2,034,381
Current federal and foreign income tax recoverable and interest thereon	267,102
Net deferred tax asset	625,973
Electronic data processing equipment and software	884,341
Receivables from parent, subsidiaries and affiliates	180,147
Claim funds	1,807,638
Total admitted assets	$131,485,847

C. Liabilities, Capital and Surplus

Aggregate reserve for life policies and contracts	$ 15,335,526
Aggregate reserve for accident and health contracts	28,131,680
Liability for deposit-type contracts	3,554,505
Contract claims:	
Life	474,592
Accident and health	819,364
Premiums and annuity considerations for life and accident and health contracts received in advance	3,619
Contract liabilities not included elsewhere:	
Interest maintenance reserve	966,959
Commissions to agents due or accrued	3,361,573
Commissions and expense allowances payable on reinsurance assumed	318,732
General expenses due or accrued	4,553,668
Taxes, licenses and fees due or accrued, excluding federal income taxes	(908,578)
Amounts withheld or retained by company as agent or trustee	35,560
Remittances and items not allocated	4,674,869
Miscellaneous liabilities:	
Asset valuation reserve	464,291
Reinsurance in unauthorized companies	299,774
Funds held under reinsurance treaties with unauthorized reinsurers	1,876,102
Payable to parent, subsidiaries and affiliates	1,084,484
Funds held under coinsurance	656,326
Reserve for unpresented checks	175,944
Premium deposit funds	7,293
Total liabilities	$ 65,886,283
Common capital stock	$ 2,586,845
Gain on coinsurance treaty	654,333
Gross paid in and contributed surplus	24,774,503
Group contingency life reserve	550,000
Unassigned funds (surplus)	37,033,883
Surplus	$ 63,012,719
Total capital and surplus	$ 65,599,564
Total liabilities, capital and surplus	$131,485,847

D. Condensed Summary of Operations

	2013	2014	2015	2016	2017
Premiums and considerations	$214,413,084	$207,335,893	$211,035,596	$ 84,739,646	$80,337,989
Investment income	6,876,820	6,010,461	6,842,557	6,008,367	4,177,665
Commissions and reserve adjustments on reinsurance ceded	15,671,291	19,266,675	23,538,779	32,274,936	5,484,473
Miscellaneous income	266,043	3,773	18,253	(209,874)	16,504
Total income	$237,227,238	$232,616,802	$241,435,185	$122,813,075	$90,016,631
Benefit payments	$131,581,079	$143,874,593	$134,131,496	$ 85,845,276	$41,989,393
Increase in reserves	17,781,712	(2,890,471)	(2,708,442)	(40,288,814)	(2,328,128)
Commissions	43,771,613	41,621,040	41,909,275	38,854,647	23,312,817
General expenses and taxes	32,333,344	33,183,327	38,723,563	20,239,141	23,365,302
Increase in loading on deferred and uncollected premiums	(5,645)	(4,560)	(36,314)	(50)	(168)
Miscellaneous deductions	491,562	0	9,084,920	0	0
Total deductions	$225,953,665	$215,783,929	$221,099,498	$104,650,200	$86,339,216
Net gain (loss) from operations	$ 11,273,573	$ 16,832,873	$ 20,335,687	$ 18,162,875	$ 3,677,415
Dividends	8,010	1,831	2,109	0	0
Federal and foreign income taxes incurred	3,179,646	4,975,004	6,809,723	6,875,466	589,189
Net gain (loss) from operations before net realized capital gains	$ 8,085,917	$ 11,856,038	$ 13,523,855	$ 11,287,409	$ 3,088,226
Net realized capital gains (losses)	1,094,035	218,428	(326,037)	(21,767,391)	466,708
Net income	$ 9,179,952	$ 12,074,466	$ 13,197,818	$ (10,479,982)	$ 3,554,934

The 2016 decrease in premiums and considerations is a direct result of the sale of the Company's in force individual life and annuity business to NGLIC in July of 2015 and the sale of its medical stop-loss business to Swiss Re in March of 2016. Both sales were done through coinsurance agreements.

The 2016 increase in commissions and reserve adjustments on reinsurance ceded resulted primarily from the initial coinsurance agreement with Swiss Re. The subsequent sale of the medical stop-loss business resulted in the decrease in 2017.

The decrease in benefit payments in 2016 compared to 2015 and in 2017 compared to 2016 are a direct result of the respective sales of the life and annuity and medical stop-loss businesses.

The Company has been tapering its major insurance operations since 2013. The fluctuations in reserves during the examination period are a direct result of the reduction in the sale of new business. The significant decrease in 2016 resulted from the 2016 coinsurance agreement with and subsequent sale of the medical stop-loss business to Swiss Re.

The miscellaneous deduction of $9,084,920 in 2015 represents the expense incurred from the transfer of reserves on the coinsurance agreement with NGLIC.

E. Capital and Surplus Account

	2013	2014	2015	2016	2017
Capital and surplus, December 31, prior year	$116,281,726	$113,971,775	$116,524,521	$125,069,920	$70,620,090
Net income	$ 9,179,952	$ 12,074,466	$ 13,197,818	$ (10,479,982)	$ 3,554,934
Change in net unrealized capital gains (losses)	(2,062,480)	(2,468,941)	(570,802)	27,574,037	38,320
Change in net deferred income tax	(348,679)	(1,770,244)	631,475	(1,627,521)	(537,119)
Change in non-admitted assets and related items	122,670	861,132	(778,310)	1,203,125	759,074
Change in liability for reinsurance in unauthorized companies	(27,806)	(845,779)	1,351,326	356,242	39,402
Change in reserve valuation basis	(600,000)	(100,000)	(100,000)	640,000	(1,540,800)
Change in asset valuation reserve	(573,608)	802,112	55,559	436,269	(282,337)
Dividends to stockholders	(8,000,000)	(6,000,000)	(6,000,000)	(72,500,000)	(7,000,000)
Gain on coinsurance treaty	0	0	758,333	(52,000)	(52,000)
Net change in capital and surplus for the year	$ (2,309,951)	$ 2,552,746	$ 8,545,399	$ (54,449,830)	$ (5,020,526)
Capital and surplus, December 31, current year	$113,971,775	$116,524,521	$125,069,920	$ 70,620,090	$65,599,564

The significant increase in dividends in 2016 compared to 2015 was driven by an extraordinary dividend of $60 million paid by the Company to its parent, ICC.

6. PRIOR REPORT SUMMARY AND CONCLUSIONS

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

Item	Description
A	The Company violated Section 1505(d)(3) of the New York Insurance Law by accepting investing services on a regular basis from its affiliate that were not agreed to in its filed and approved investment counsel agreement. The Company has filed an amended and restated agreement that included investment services, such as buying and selling securities, with the Department, which was also approved in 2014.
B	The examiner recommended that the Company amend its agreement with IHC to include all the services being provided and submit the revised agreement to the Department for approval. The Company has filed an amended and restated agreement that included investment services, such as buying and selling securities, with the Department, which was also approved in 2014.

Respectfully submitted,

Jerry Kennedy, CFE
INS Regulatory Insurance Services, Inc.

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

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

Jerry Kennedy

Subscribed and sworn to before me

this 12th day of June, 2019

Elizabeth Rodriguez

ELIZABETH RODRIGUEZ
Notary Public – Notary Seal
Platte County – State of Missouri
Commission Number 17441860
My Commission Expires Aug 14, 2021

Respectfully submitted,

/s/

Courtney Williams
Principal Insurance Examiner

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

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

/s/

Courtney Williams

Subscribed and sworn to before me

this__________ day of ___________________

APPOINTMENT NO. 31778

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:

JERRY KENNEDY
(INS REGULATORY INSURANCE SERVICES, INC.)

as a proper person to examine the affairs of the

STANDARD SECURITY 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 31st day of May, 2018

MARIA T. VULLO
Superintendent of Financial Services

By: Mark McLeod

MARK MCLEOD
DEPUTY CHIEF - LIFE BUREAU

NEW YORK STATE
DEPARTMENT OF FINANCIAL SERVICES
EXCELSIOR