



NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES
MARKET CONDUCT REPORT ON EXAMINATION
OF THE
WILLIAM PENN LIFE INSURANCE COMPANY OF NEW YORK

CONDITION:

DECEMBER 31, 2017

DATE OF REPORT:

DECEMBER 28, 2018

NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES

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EXAMINER:

TARN KHERA

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NEW YORK STATE
DEPARTMENT *of*
FINANCIAL SERVICES

Andrew M. Cuomo
Governor

Linda A. Lacewell
Superintendent

July 10, 2019

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

Madam:

In accordance with instructions contained in Appointment No. 31775, dated May 31, 2018, and annexed hereto, an examination has been made into the condition and affairs of the William Penn Life Insurance Company of New York, hereinafter referred to as “the Company,” at its home office is located at 70 East Sunrise Highway, Suite 500, Valley Stream, NY 11581.

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 covers the five-year period from January 1, 2013, to December 31, 2017. As necessary, the examiner reviewed matters occurring subsequent to December 31, 2017, but prior to the date of this report (i.e., the completion date of the examination).

The examination comprised a review of market conduct activities and utilized the National Association of Insurance Commissioners' *Market Regulations Handbook* or such other examination procedures, as deemed appropriate, in such review.

The examiner reviewed the prior report on examination which did not contain any market conduct 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

A. History

The Company was incorporated as a stock life insurance company under the laws of the State of New York on September 12, 1962, was licensed on January 28, 1963, and commenced business on February 23, 1963, under the name Modern Life Insurance Company. Initial resources of \$1,000,000, consisting of common capital stock of \$500,000 and paid in and contributed surplus of \$500,000 were provided through the sale of 100,000 shares of common stock (with a par value of \$5 each) for \$10 per share.

In 1967, ITT Hamilton Life Insurance Company, a subsidiary of Penncorp Financial, Inc., acquired the Company. In 1968, the Company's name was changed to ITT Life Insurance Company of New York; in 1972, the Company's name was changed to Penn Life Insurance Company of New York; and in 1975, the Company adopted its present name.

In 1983, Maiden Lane Life Insurance Company, a subsidiary of Continental Corp., acquired the Company and transferred the ownership to Commercial Life Insurance Company, also a subsidiary of Continental Corp. In 1985, ownership was transferred directly to Continental Corp.

In 1989, L&G acquired the Company and transferred the ownership to its subsidiary, LGA.

In 1991, the Company merged with its affiliate, Banner Life Insurance Company of New York, with the Company being the surviving entity. LGA then transferred 100% ownership of the Company to its affiliate, Banner Life.

B. 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 ceased writing accident and health insurance in 1975 and ceased writing annuities in 2005.

The Company is licensed to transact business in twenty states and the District of Columbia. In 2017, 82.5% percent of life premiums, 71.3% of annuity considerations, 60.2% of accident and health and 64.3% of deposit type funds were received from New York. Policies are written on 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.

<u>Life Insurance Premiums</u>		<u>Annuity Considerations</u>	
New York	82.5%	New York	71.3%
Florida	3.7	New Jersey	15.7
New Jersey	<u>3.6</u>	Florida	<u>7.3</u>
Subtotal	89.8%	Subtotal	94.3%
All others	<u>10.2</u>	All others	<u>5.7</u>
Total	<u>100.0%</u>	Total	<u>100.0%</u>
<u>Accident and Health Insurance Premiums</u>		<u>Deposit Type Funds</u>	
New York	60.2%	New York	64.3%
Florida	14.0	New Jersey	12.5
New Jersey	7.7	Massachusetts	7.8
Pennsylvania	<u>5.0</u>	Florida	<u>7.1</u>
Subtotal	86.9%	Subtotal	91.7%
All others	<u>13.1</u>	All others	<u>8.3</u>
Total	<u>100.0%</u>	Total	<u>100.0%</u>

The Company's primary products sold during the examination period were individual and universal life insurance with the focus on its fully underwritten term life insurance product. The Company de-emphasized the sale of its universal life insurance and annuity products in 1995 and ceased writing annuities in 2005. In addition, the Company has a closed block of par life products that was acquired from Monarch Life Insurance Company in the early 1990's.

The Company's agency operations are conducted on a brokerage general agency basis. The Company's general agents recruit agents/brokers for the Company to appoint. The agents/brokers sell the Company's products to the general public. All general agents and agents/brokers are independent.

3. 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.

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

Respectfully submitted,

/s/

Tarn Khera
Senior Insurance Examiner

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

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

/s/

Tarn Khera

Subscribed and sworn to before me

this _____ day of _____

APPOINTMENT NO. 31775

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:

TARN KHERA

as a proper person to examine the affairs of the
WILLIAM PENN 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***

