NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES

FINANCIAL CONDITION REPORT ON EXAMINATION

OF THE

UNION SECURITY LIFE INSURANCE COMPANY OF NEW YORK

CONDITION:	DECEMBER 31, 2017
DATE OF REPORT:	MAY 9, 2019

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EXAMINER: MARK JASTER, CFE

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Andrew M. Cuomo
Governor

Linda A. Lacewell
Superintendent

September 24, 2019

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

Madam:

In accordance with instructions contained in Appointment No. 31839, dated November 28, 2018, and annexed hereto, an examination has been made into the condition and affairs of Union Security Life Insurance Company of New York, hereinafter referred to as "the Company," at the office of its parent, Assurant, Inc. ("Assurant"), located at 11222 Quail Roost Drive, Miami, FL 33157. The Company's home office is located at 212 Highbridge Street, Suite D, Fayetteville, NY 13066.

Wherever "Department" appears in this report, it refers to the New York State Department of Financial Services.

The report indicating the results of this examination is respectfully submitted.

1. EXECUTIVE SUMMARY

The material comments and violations contained in this report are summarized below.

- Effective March 2016, The Company entered into a 100% Coinsurance Agreement with Sun Life and Health Insurance Company ("Sun Life"), effectively exiting the group life, group dental, group vision and group disability insurance lines of business (Employee Benefit Segment). The reinsurance transaction allowed the Company to have a significantly reduced business profile as the Company's business is either 100% ceded, or in run off, except for a small block of active accidental death business. (See item 4B of this report.)
- The Company violated Section 1405(a)(7)(C)(ii) of the New York Insurance Law by investing in and holding foreign investments that exceeded seven percent (7%) of its admitted assets. (See item 5 of this report.)
- The Company violated Section 1405(a)(7)(D) of the New York Insurance Law by investing in and holding collateral loan obligations that exceeded six percent (6%) of its admitted assets. (See item 5 of this report.)
- On May 31, 2018, the Company's ultimate parent, Assurant, acquired TWG Holdings Limited and its subsidiaries, including the Warranty Group (collectively referred to as "TWG") from TPG Capital for a total enterprise value of approximately $2.47 billion. This amount included $894.9 million in cash, the repayment of $595.9 million of TWG's pre-existing debt, and the issuance of $975.5 million of Assurant's common stock. As a result, the equity holders of TWG, including TPG Capital, received a total of 10,399,862 shares of Assurant's common stock. (See item 7 of this report.)

2. SCOPE OF EXAMINATION

The examination of the Company was a full-scope examination as defined in the National Association of Insurance Commissioners' ("NAIC's") *Financial Condition Examiners Handbook, 2018 Edition* (the "Handbook"). The examination covers the four-year period from January 1, 2014, 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.

This is a multi-state financial condition examination of the insurer entities within the Assurant Holding Group. In addition to New York, states participating include Delaware, Florida, South Dakota, Texas, Georgia and Wisconsin. Delaware is the lead state, the Examination Coordinator and Facilitator. 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 2014 through 2017, by the accounting firm of PricewaterhouseCoopers, LLC ("PwC"). 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.

Although the Company does not have an internal audit department, the Company has an audit committee. Internal audit services ("IAS") at Assurant performs a semi-annual risk assessment of the Company and aligns the semi-annual audit plan with Assurant's principal enterprise and product line risks and initiatives. Therefore, the audit plan includes projects that are aligned to strategies, processes, systems and products rather than to specific legal entities.

The Company's audit committee receives an annual report from IAS highlighting the results of performed audits, which are indirectly related to the Company. These reports reflect IAS' audit activity related to processes, primarily in the corporate and information technology areas. IAS projects in these areas include audits that are scoped to include infrastructure, security, governance, and policies at Assurant's enterprise level.

The examiner reviewed the corrective actions taken by the Company with respect to the financial condition comment contained in the prior report on examination. The result of the examiner's review is contained in item 7 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 matters 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 the State of New York on August 17, 1971, under the name Securance Life Insurance Company. The Company was licensed and commenced business on April 5, 1974. Changes in the capital and surplus of the Company since incorporation resulted in capital and paid in and contributed surplus of $2,000,000 and $36,500,000, respectively, as of December 31, 2008. The Company was originally a wholly-owned subsidiary of the Crum and Forster Insurance Group. On July 1, 1978, the Company's name was changed to Crum and Forster Insurance Group (New York).

On December 12, 1979, the Charter Company, an industrial and financial services conglomerate, purchased the Company from Crum and Forster Insurance Group, and on March 11, 1980, the name of the Company was changed to Charter Security Life Insurance Company (New York). On January 10, 1985, Metropolitan Life Insurance Company ("Metropolitan Life") purchased the Company from the Charter Company, and on June 14, 1985, the name of the Company was changed to Metlife Security Insurance Company of New York.

On March 24, 1989, AMEV Holdings Inc, ("AMEVHI"), a Nevada corporation purchased the Company from Metropolitan Life, and on June 16, 1989, the name of the Company was changed to Financial Security Life Insurance Company ("FSLIC"). On January 4, 1991, Fortis AMEV, N.V. ("FAMEVNV"), a Dutch corporation, purchased the Company from its subsidiary, AMEVHI. The sale was accomplished through a transfer of FSLIC shares from AMEVHI, its immediate parent, to FAMVNV, its ultimate parent. On January 2, 1992, AMEVHI changes its name to Fortis Inc. ("Fortis"), and on January 27, 1992, the name of the Company was changed to First Fortis Life Insurance Company ("FFLIC"). On April 30, 1997, Fortis re-acquired 100% of the Company's common stock.

In 1999, Fortis acquired American Bankers Insurance Group, Inc. ("ABIG"). One of the subsidiaries of ABIG was Bankers American Life Assurance Company ("BALAC"), a New York-licensed life and accident and health insurer. On November 30, 2001, the Company acquired all the issued and outstanding common stock of BALAC from ABIG, then BALAC merged with and into the Company, with the Company being the surviving corporation.

On April 1, 2001, Fortis completed the sale of its Fortis Financial Group division to Hartford Life Insurance and Annuity Company.

On February 5, 2004, Fortis N.V. and Fortis SA/NV, together the successor to FAMEVNV, through their subsidiary Fortis Insurance, N.V., sold approximately 65% of its ownership interest in Fortis through an initial public offering, retaining approximately 35% of its ownership. Prior to the initial public offering, on February 4, 2004, Fortis was merged into Assurant, Inc. ("Assurant"), a Delaware corporation. The merger was executed to re-domesticate Fortis from Nevada to Delaware and to change its name. After the merger, Assurant became the successor to the business, operations and obligations of Fortis.

On January 21, 2005, Fortis N.V. and Fortis SA/NV, through their subsidiary Fortis Insurance N.V., sold 27,200,000 (approximately 17%) of its Assurant's shares in a secondary offering to the public and concurrently sold mandatory exchangeable bonds, due January 26, 2008, which were exchangeable for approximately 22 million of Assurant's shares. On January 28, 2008, Fortis N.V. and Fortis SA/NV distributed shares of Assurant common stock to the holders of the mandatory exchangeable bonds. Fortis N.V. and Fortis SA/NV then owned 4,147,440 (approximately 3.5%) of Assurant's outstanding shares. On August 7, 2008, Assurant purchased 1,000,000 of its common shares from Fortis N.V. and Fortis SA/NV, which subsequently sold the remaining shares to other investors. Following this transaction, Assurant continued to own 100% of the Company.

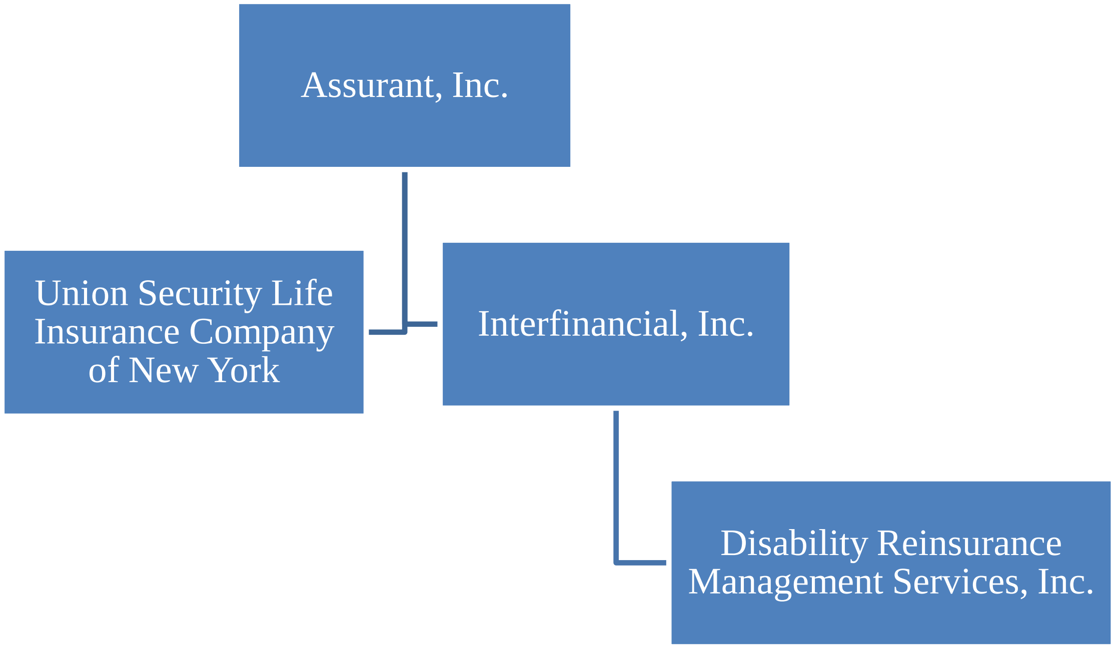
The Company changed its name from FFLIC to its present's name on September 5, 2005.

B. <u>Holding Company</u>

The Company is a wholly-owned subsidiary of Assurant, a Delaware publicly traded 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 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 Services Covered	Expense* For Each Year of the Examination
Investment Management Agreement File No. 37783	03/01/1994 Amended 02/06/2004 09/06/2005 Amended to revise the names of the legal entities	Assurant	The Company	Investment services	2014 $(219,444) 2015 $(406,045) 2016 $(67,554) 2017 $(73,504)
Administrative Services Agreement File No. 37782	10/01/2000 Amended 02/06/2004 09/06/2005 Amended to revise the names of the legal entities	Assurant	The Company	Distribution/producer management, marketing support/product development and administration, reinsurance and underwriting, policyowner and contract holder services, claims processing and payment, actuarial/financial services, information technology, legal services and government relations, general services, human resources, etc.	2014 $(4,188,521) 2015 $(3,856,850) 2016 $(710,029) 2017 $(199,868)
Risk Management Agreement File No. 44257	01/01/2003 Amended 10/11/2010 04/01/2012 Terminated 03/01/2016	Disability Reinsurance Management Services, Inc.	The Company	Manage the disability and life reinsurance business	2014 $(809,573) 2015 $(534,951) 2016 $(228,322) 2017 $ 0

*Amount of Expense Incurred by the Company

The decrease in expenses in 2016 and 2017 resulted from the March 1, 2016 coinsurance agreement with Sun Life and Health Insurance Company, when the Company effectively exited the group life, group dental and vision, and group disability insurance lines of business. (See item 4B of this report.)

The Company participates in a federal income tax allocation agreement with its parent and affiliate

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 ten directors. Directors are elected for a period of one year at the annual meeting of the stockholders held in May of each year. As of December 31, 2017, the board of directors consisted of seven members. Meetings of the board are held annually.

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
Larry M. Cains* Monroe, New Jersey	Retired Senior Vice President Assurant, Inc.	2013
Julie E. Cosio Miami, Florida	Vice President Union Security Life Insurance Company of New York	2013
Melissa J. T. Hall New York, New York	Assistant Treasurer Union Security Life Insurance Company of New York	2005
Eric M. Kurzrok Ridgewood, New Jersey	Vice President Actuary, Rating and Capital Assurant, Inc.	2016
Terry J. Kryshak* Bessemer, Michigan	Retired Vice President, Audit Assurant, Inc.	2011
Esther L. Nelson* Brookline, Massachusetts	Chief Executive Officer and Artistic Director Boston Lyric Opera	1999
Paula M. SeGuin Chittenango, New York	President and Chief Executive Officer Union Security Life Insurance Company of New York	2013

*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, 2017:

Name	Title
Paula M. SeGuin*	President and Chief Executive Officer
Tamrha V. Mangelsen	Treasurer and Chief Financial Officer
Jeannie A. Aragon-Cruz	Secretary
Brian J. Smith	Corporate Actuary and Appointed Actuary
Julie E. Cosio	Vice President

*Designated consumer services officer per Section 216.4(c) of 11 NYCRR 216 (Insurance Regulation 64)

In December 2018, Athanasios (Tom) Bolivinos replaced Tamrha V. Mangelsen as Treasurer and Chief Financial Officer.

4. TERRITORY AND PLAN OF OPERATIONS

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

The Company is licensed to transact business in New York only. In 2017, all life premiums, annuity considerations, and accident and health premiums were received from New York.

A. Statutory and Special Deposits

As of December 31, 2017, the Company had $915,000 (par value) of United States Treasury Strip 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

Through February 2016, the Company's major products were group life, group credit life, credit accident and health, group disability, group dental and vision, and group accidental death insurance. The Company has a limited number of ordinary life policies, which were obtained through conversion of group life contracts.

Effective March 1, 2016, the Company entered into a 100% coinsurance agreement ("Agreement") with Sun Life and Health Insurance Company ("Sun Life"), effectively exiting the group life, group dental and vision, and group disability insurance lines of business (i.e., the employee benefits business segment). The reinsurance transaction allowed the Company to have a significantly reduced business profile as the Company's business is either 100% ceded, or in run off, except for a small block of active accidental death business.

The Company currently only writes group credit life, group credit accident and health, and a small block of group accidental death and dismemberment. This business is part of its parent's global lifestyle business segment.

Group accident and health, group credit life and disability, and group life premiums represented 49%, 46% and 5% of total premiums in 2017, respectively.

C. Reinsurance

As of December 31, 2017, the Company had reinsurance treaties in effect with 17 companies, of which 11 were authorized or accredited. The Company's life and accident and health business is reinsured on a coinsurance, modified-coinsurance, and/or yearly renewable term basis. Reinsurance is provided on an automatic basis.

The total face amount of life insurance ceded as of December 31, 2017, was $446,432,074, which represents 93.9% of the total face amount of life insurance in force; the total amount of accident and health insurance premiums ceded as of December 31, 2017, was $22,622,262, which represents 97.2% of the total accident and health premiums in force. Reserve credit taken for reinsurance ceded to unauthorized companies, totaling $413,295,757, was supported by trust agreements, funds withheld, and other miscellaneous balances.

The total amount of accident and health insurance premiums assumed as of December 31, 2017, was $285,191, which was retroceded to Sun Life.

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, 2013	December 31, 2017	Increase (Decrease)
Admitted assets	$147,653,040	$66,680,375	$(80,972,665)
Liabilities	$106,753,501	$13,950,273	$(92,803,228)
Common capital stock	$ 2,000,000	$ 2,000,000	$ 0
Preferred capital stock	0	0	0
Gross paid in and contributed surplus	38,627,088	38,627,088	0
Gain on reinsurance of in force block	0	6,192,494	6,192,494
Unassigned funds (surplus)	272,451	5,910,520	5,638,069
Total capital and surplus	$ 40,899,539	$52,730,102	$ 11,830,563
Total liabilities, capital and surplus	$147,653,040	$66,680,375	$(80,972,665)

The Company's invested assets as of December 31, 2017, exclusive of separate accounts, mainly comprised bonds (94.5%) and cash and short-term investments (5.3%).

The majority (98.2%) of the Company's bond portfolio, as of December 31, 2017, was composed of investment grade obligations.

The decrease in admitted assets and liabilities, as well as the increase in gain on reinsurance of in force block, is primarily due to the 100% coinsurance agreement with Sun Life, effective March 1, 2016

The change in unassigned funds (surplus) for the examination period is primarily due to dividends paid during the examination period.

Section 1405(a)(7)(C)(ii) of the New York Insurance Laws states:

> "an insurer shall not make any investment in any foreign country pursuant to this subparagraph, if such investment, together with all other investments in the same foreign country so made and then held by such insurer, would exceed seven percent of the insurer's admitted assets."

Section 1405(a)(7)(D) of the New York Insurance Laws states, in part:

> "In addition to the foreign investments permitted under the preceding subparagraphs of this paragraph, foreign investments that are substantially of the same types as those eligible for investment under paragraphs one through six of this subsection, provided that, after giving effect to any investment made under this subparagraph, the aggregate amount of investments made under this subparagraph and then held by such insurer shall not exceed six percent of the insurer's admitted assets, and provided further that an insurer shall not make any investment in any foreign country pursuant to this subparagraph, if such investment, together with all other investments in the same foreign country so made and then held by such insurer, would exceed three percent of the insurer's admitted assets."

A review of the Company's investments held as of December 31, 2017, indicated that the Company invested and held approximately $8.7 million (15.6%) in foreign investments, mainly in the Cayman Island, of which approximately $8.2 million (12.3%) of these investments were in collateral loan obligations.

The Company violated Section 1405(a)(7)(C)(ii) of the New York Insurance Law by investing in and holding foreign investments that exceeded seven percent (7%) of its admitted assets.

The Company violated Section 1405(a)(7)(D) of the New York Insurance Law by investing in and holding collateral loan obligations that exceeded six percent (6%) of its admitted assets.

A review of the Company's 2018 filed annual statement indicated that the Company still owns its Cayman Island investments, but no longer were the investments classified as foreign investments.

The examiner recommends that the Company both correctly classify its Cayman Island investments as foreign investments and reduce such investments to keep within the limitations outlined in Sections 1405(a)(7)(c)(ii) and 1405(a)(7)(D) of the New York Insurance Law.

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			
	2014	2015	2016	2017
Outstanding, end of previous year	6,487	6,926	5,971	5,366
Issued during the year	552	0	27	0
Other net changes during the year	(113)	(955)	(632)	(411)
Outstanding, end of current year	6,926	5,971	5,366	4,955

In 2014 and 2015, the Company mis-stated the issued and the other net changes in its filed annual statements.

The following table reflects the correct numbers as they should have appeared in the 2014 and 2015 annual statements:

	Ordinary			
	2014	2015	2016	2017
Outstanding, end of previous year	6,487	6,926	5,971	5,366
Issued during the year	1,579	283	27	0
Other net changes during the year	(1,140)	(1,238)	(632)	(411)
Outstanding, end of current year	6,926	5,971	5,366	4,955

	Group			
	2014	2015	2016	2017
Outstanding, end of previous year	27,616	118,363	162,605	95,721
Issued during the year	3,971	49,480	3,255	3,063
Other net changes during the year	(13,224)	(5,238)	(70,139)	(992)
Outstanding, end of current year	18,363	162,605	95,721	97,792

The significant decrease in ordinary accident and health issued in 2015 compared with 2014 was primarily due to the volatile nature of the Company's dental product, which is subject to market competition and pricing. The Dental product was part of the employee benefits business segment that was discontinued after March 1, 2016.

The significant increase in group issued in 2015 compared with other years under examination was primarily the result of the inclusion of reinsurance assumed on group disability policies. These policies, known as disability alliance for reinsurance treaties ("DART") are a component of the Company's employee benefits business segment. The DART certificates had been inadvertently excluded from the certificate counts during prior reporting years as far back as 1999. In 2015, the Company found it had inadvertently excluded issued and assumed certificates for the DART assumed disability business. The Company reported all the DART issued and assumed business certificates in 2015.

The significant increase in group other net changes in 2016 compared with 2015 is due to the Sun Life Agreement.

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:

	2014	2015	2016	2017
Ordinary:				
Life insurance	$ 152,780	$ 70,711	$ 1,431,516	$ 1,327
Individual annuities	(231,728)	222,961	200,698	185,213
Supplementary contracts	4,209	4,110	0	0
Total ordinary	$ (74,739)	$ 297,782	$ 1,632,214	$ 186,540
Credit life	$ 116,900	$ 34,535	$ 27,674	$ 63,883
Group life	$ 192,082	$ 870,487	$ 2,572,012	$1,223,876
Accident and health:				
Group	$4,387,152	$2,375,870	$22,526,821	$4,532,123
Credit	292,766	154,667	150,912	255,348
Other	480,709	(328,400)	41,853	(35,938)
Total accident and health	$5,160,627	$2,202,137	$22,719,586	$4,751,533
Total	$5,394,870	$3,404,941	$26,951,486	$6,225,832

The ordinary life business consists mainly of group life conversions. The business block is small and subject to swings in reserves. In 2016, when the Company exited the employee benefits business segment through the Sun Life Agreement, the Company ceded the ordinary life reserves, which reduced reserves and increased income reported for ordinary business.

The significant net loss in individual annuities in 2014 was due to the Company reducing its 2014 amortization rate because of adjusting its lapse-death termination assumptions downward to 10% annually. The actuarial analysis indicated a need for revising the annuity portion of the deferred gain amortization schedule in the fourth quarter of 2014, causing a loss in 2014 annuity net income.

The increase in group life net gains in 2015 compared with 2014 was mainly the result of approximately $1.2 million fewer claims, offset by a 35% tax effect of $420,000 for a net increase of $780,000.

The significant increase in group life net gain in 2016 was primarily the result of the Sun Life Agreement in which the Company 100% coinsured its employee benefits business segment, resulting in ceded premiums and claims to Sun Life at a net decrease to income of $2.8 million and received amortization of deferred gain on sold business of $5.1 million for a change between years of approximately $1.5 million.

The decrease in group accident and health net gain in 2015 compared with 2014 was primarily due to a $1.6 million decrease in premiums. The significant increase in 2016 was primarily the result of the Sun Life Agreement and the Company exiting the employee benefits business segment in which the company ceded premiums, claims, and reserves to Sun Life, while decreasing expenses of $6.8 million and recording an amortization of deferred gain on sold business and ceding commissions.

The significant fluctuation in other accident and health in 2015 compared with 2014 was due to a provision for tax return true-ups that were allocated to this line of business because of the medical loss ratio requirement. In 2014, other accident and health contained a federal income tax credit of $454.9 thousand. In 2015, other accident and health contained a federal income tax expense of $425.2 thousand, resulting in a fluctuation of $880.1 thousand.

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:

	2014	2015	2016	2017
Premiums earned	100.0%	100.0%	100.0%	100.0%
Incurred losses	63.8%	79.2%	92.4%	100.9%
Commissions	9.4	9.2	46.9	(467.3)
Expenses	28.5	20.0	0.2	50.8
	101.7%	108.3%	139.6%	(315.6%)
Underwriting results	(1.7%)	(8.3%)	(39.6%)	415.6%

The significant fluctuations in incurred losses, commissions, and expenses ratios in 2016 and 2017 were the direct result of the Sun Life Agreement and the result of Company’s exiting the employee benefits business segment.

6. 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 PwC was retained by the Company to audit the Company's combined statutory basis statements of financial position as of December 31 of each year in the examination period, and the related statutory-basis statements of operations, capital and surplus, and cash flows for the years then ended.

PwC 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	$51,176,983
Stocks:	
Preferred stocks	129,100
Cash, cash equivalents and short term investments	2,879,696
Investment income due and accrued	452,321
Premiums and considerations:	
Uncollected premiums and agents' balances in the course of collection	43,077
Reinsurance:	
Amounts recoverable from reinsurers	195,716
Other amounts receivable under reinsurance contracts	49,040
Net deferred tax asset	506,445
Guaranty funds receivable or on deposit	50,232
Receivables from parent, subsidiaries and affiliates	188,624
Other amounts receivable	3,163
From separate accounts, segregated accounts and protected cell accounts	$11,005,978
Total admitted assets	$66,680,375

C. Liabilities, Capital and Surplus

Aggregate reserve for accident and health contracts	$ 588,037
Contract claims:	
Life	44,538
Accident and health	133,172
Contract liabilities not included elsewhere:	
Other amounts payable on reinsurance	200,201
Interest maintenance reserve	51,221
Commissions to agents due or accrued	43,162
General expenses due or accrued	29,713
Taxes, licenses and fees due or accrued, excluding federal income taxes	181,145
Current federal and foreign income taxes	107,639
Amounts withheld or retained by company as agent or trustee	13,319
Remittances and items not allocated	1,269
Miscellaneous liabilities:	
Asset valuation reserve	248,230
Funds held under reinsurance treaties with unauthorized reinsurers	113,345
Payable to parent, subsidiaries and affiliates	177,789
Payable for Securities	700,000
Unclaimed funds to be escheated	311,516
From Separate Accounts statement	11,005,978
Total liabilities	$13,950,273
Common capital stock	2,000,000
Gain on reinsurance of inforce block	6,192,494
Gross paid in and contributed surplus	38,627,088
Unassigned funds (surplus)	5,910,520
Surplus	$50,730,102
Total capital and surplus	$52,730,102
Total liabilities, capital and surplus	$66,680,375

D. Condensed Summary of Operations

	2014	2015	2016	2017
Premiums and considerations	$23,762,351	$21,613,656	$(71,960,553)	$ 977,594
Investment income	6,906,031	6,072,594	2,457,608	2,103,799
Net gain from operations from Separate Accounts	0	0	0	0
Commissions and reserve adjustments on reinsurance ceded	859,839	1,271,778	36,524,920	7,407,064
Miscellaneous income	146,675	101,803	17,115	1,689
Total income	$31,674,896	$29,059,831	$(32,960,910)	$10,490,146
Benefit payments	$23,988,528	$21,376,787	$ 2,606,710	$ 766,702
Increase in reserves	(8,920,335)	(5,631,315)	(69,442,250)	83,268
Commissions	3,253,598	3,035,265	2,608,793	2,459,258
General expenses and taxes	7,547,904	5,204,208	154,964	477,253
Increase in loading on deferred and uncollected premiums	(13,271)	(14,429)	(18,472)	0
Net transfers to (from) Separate Accounts	(542,088)	(908,633)	0	0
Miscellaneous deductions	579,808	922,460	4,008,587)	1,478
Total deductions	$25,894,144	$23,984,343	$(68,098,842)	$ 3,787,959
Net gain (loss)	$ 5,780,752	$ 5,075,488	$ 35,137,932	$ 6,702,187
Federal and foreign income taxes incurred	385,882	1,670,547	8,186,446	476,355
Net gain (loss) from operations before net realized capital gains	$ 5,394,870	$ 3,404,941	$ 26,951,486	$ 6,225,832
Net realized capital gains (losses)	195,405	(102,697)	(4,927,019)	35,546
Net income	$ 5,590,275	$ 3,302,244	$ 22,024,467	$ 6,261,378

The significant fluctuations for most of the line items in 2016 compared with other years under examination were directly related to the Sun Life Agreement and the Company exiting the employee benefits business segment. The sale impacted year-over-year changes in 2015 through 2017 because of the ceding of premiums and reserves, the commission and expense allowances, the decrease in expenses in 2016, and the subsequent and permanent reduction of net premiums and reserves compared with the year of sale.

E. Capital and Surplus Account

	2014	2015	2016	2017
Capital and surplus, December 31, prior year	$40,899,539	$42,756,417	$39,533,504	$ 67,445,950
Net income	$ 5,590,275	$ 3,302,244	$22,024,467	$ 6,261,378
Change in net deferred income tax	(1,116,277)	469,379	(1,312,709)	(710,730)
Change in non-admitted assets and related items	790,487	1,179,533	(318,176)	595,611
Change in liability for reinsurance in unauthorized companies	9,772	1,802	0	0
Change in asset valuation reserve	240,856	117,510	452,409	(50,075)
Surplus adjustments:				
Change in surplus as a result of reinsurance	231,717	(217,739)	(200,705)	(185,665)
Dividends to stockholders	(3,889,953)	(8,075,642)	(3,753,351)	(15,798,351)
Gain on reinsurance of in force block	0	0	11,020,511	(4,828,017)
Net change in capital and surplus for the year	1,856,878	(3,222,913)	27,912,447	(14,715,849)
Capital and surplus, December 31, current year	$42,756,417	$39,533,504	$67,445,950	$ 52,730,102

7. SUBSEQUENT EVENTS

On May 31, 2018, the Company's ultimate parent, Assurant, acquired TWG Holdings Limited and its subsidiaries, including The Warranty Group (collectively referred to as "TWG") from TPG Capital for a total enterprise value of approximately $2.47 billion. This amount included $894.9 million in cash, the repayment of $595.9 million of TWG's pre-existing debt, and the issuance of $975.5 million of Assurant's common stock. As a result, the equity holders of TWG, including TPG Capital, received a total of 10,399,862 shares of Assurant's common stock.

TPG VI Wolverine, LP and TPG VI Wolverine Co-Invest, LP (collectively referred to as the "TPG Funds") respectively received 4,697,702 and 5,371,528 shares of Assurant's issued common stock, which represented approximately 15.96% of the outstanding shares of Assurant's common stock. In September 2018, pursuant to the terms of a stockholder rights agreement, the TPG Funds sold 1,000,000 shares of Assurant's common stock to Norges Bank, the central bank of Norway, and 1,200,000 shares to other institutional investors.

On March 18, 2019, Assurant announced an underwritten secondary public offering of all the remaining 7,869,230 shares of its common stock held by the TPG Funds. The offering closed on March 21, 2019. As a result, the TPF Funds no longer hold common stock of Assurant and, in turn, TPG Capital no longer maintains a controlling interest in Assurant.

8. PRIOR REPORT SUMMARY AND CONCLUSIONS

Following is the financial condition comment contained in the prior report on examination and the subsequent actions taken by the Company in response to the citation:

Item	Description
A	The Department conducted a review of reserves as of December 31, 2013. During this review, the Department found that greater conservatism was needed in the assumptions used for asset adequacy analysis of long-term care reserves. In response, the Company agreed to strengthen the assumptions used. As a result, the Company increased the gross reserves for this business as of December 31, 2014, and additional assets were added to the associated reinsurance trust. As the long-term care business is 100% reinsured, this does not impact the net reserves held. The examiner's review indicated that the Company has continued to reserve for long term care policies in a manner acceptable to the Department.

9. SUMMARY AND CONCLUSIONS

Following are the violations and recommendation contained in this report:

Item	Description	Page No(s).
A	The Company violated Section 1405(a)(7)(C)(ii) of the New York Insurance Law by investing in and holding foreign investments in the Cayman Island's that exceeded seven percent (7%) of its admitted assets.	14
B	The Company violated Section 1405(a)(7)(D) of the New York Insurance Law by investing in and holding Cayman Island CLO's that exceeded six percent (6%) of its admitted assets.	14
C	The examiner recommends that the Company both correctly classify its Cayman Island investments as foreign investments and reduce such investments to keep within the limitations outlined in Sections 1405(a)(7)(c)(ii) and 1405(a)(7)(D) of the New York Insurance Law.	14

Respectfully submitted,

Mark Jaster

Mark Jaster, CFE
INS Regulatory Insurance Services, Inc.

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

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

Mark Jaster

Mark Jaster

Subscribed and sworn to before me

this 15th day of October, 2019

COETTA A. MILLER
NOTARY PUBLIC
BALTIMORE COUNTY
MARYLAND
MY COMM. EXP. NOVEMBER 16, 2021

Respectfully submitted,

_____________/s/____________
Vincent Targia
Principal Insurance Examiner

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

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

_____________/s/____________
Vincent Targia

Subscribed and sworn to before me

this__________ day of ____________________

APPOINTMENT NO. 31839

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:

MARK JASTER
(INS REGULATORY INSURANCE SERVICES, INC.)

as a proper person to examine the affairs of the

UNION 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 28th day of November, 2018

MARIA T. VULLO
Superintendent of Financial Services

By:

MARK MCLEOD
DEPUTY CHIEF - LIFE BUREAU