NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES

REPORT ON EXAMINATION

OF THE

NATIONAL BENEFIT LIFE INSURANCE COMPANY

CONDITION:	DECEMBER 31, 2019
DATE OF REPORT:	MAY 11, 2021

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EXAMINER:	DERRICK H. LOPEZ

TABLE OF CONTENTS

NEW YORK STATE OF OPPORTUNITY. Department of Financial Services

ANDREW M. CUOMO
Governor

LINDA A. LACEWELL
Superintendent

May 11, 2021

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

Linda A. Lacewell:

In accordance with instructions contained in Appointment No. 32086, dated May 5, 2020, 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." The Company's home office is located at 30-30 47th Avenue, Suite 625, Long Island City, NY 11101. Due to the COVID-19 pandemic, the examination was conducted remotely.

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 comment contained in this report is summarized below.

The full effect of COVID-19 on the U.S. and global insurance and reinsurance industry is still unknown at the time of releasing this report. The Department is expecting the COVID-19 outbreak to impact a wide range of insurance products resulting in coverage disputes, reduced liquidity of insurers, and other areas of operations of insurers. The Department and all insurance regulators, with the assistance of the NAIC, are monitoring the situation through a coordinated effort and will continue to assess the impacts of the pandemic on U.S. insurers. (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, 2020 Edition* (the "Handbook"). The examination covers the five-year period from January 1, 2015, through December 31, 2019. 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, 2019, 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 coordinated and conducted with the examination of the Company's immediate parent, Primerica Life Insurance Company ("PLIC"). The State of Tennessee led the examination, with participation from the states of New York and Vermont. 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 2015 through 2019, by the accounting firm of KPMG, LLP ("KPMG"). 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.

3. DESCRIPTION OF COMPANY

A. 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 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, exclusive of PLIC and the Company, and substantially all 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"). On 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.

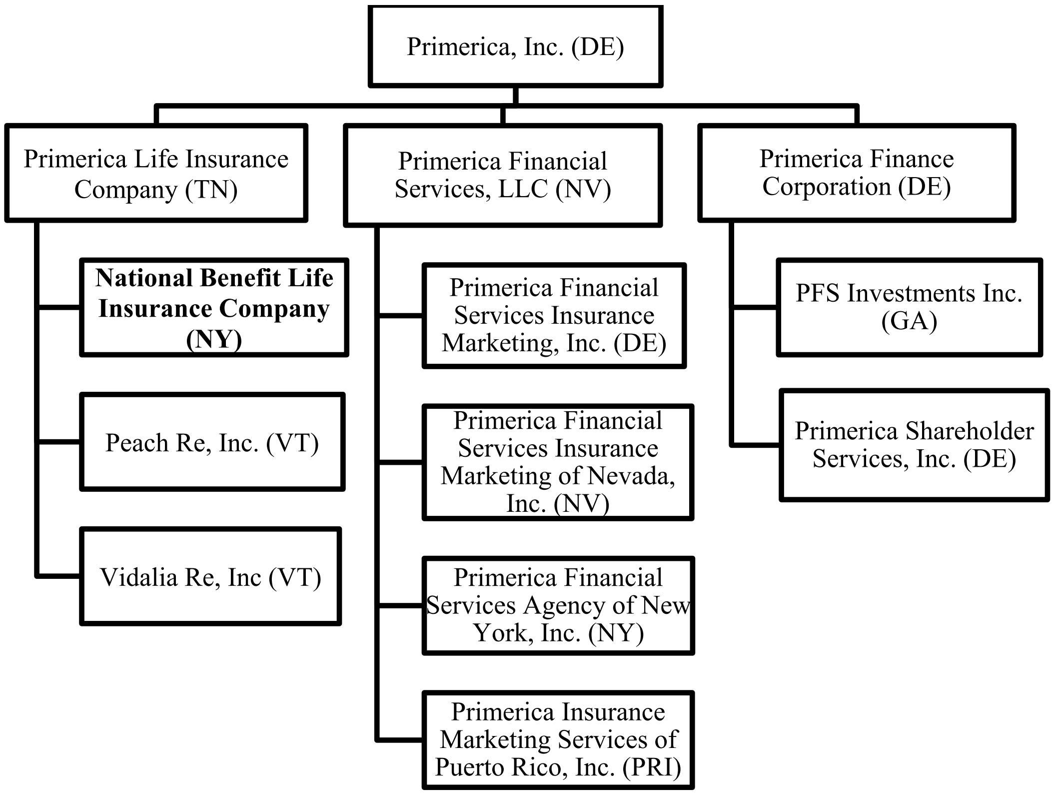
The Company paid ordinary dividends of $21,500,000, $15,200,000, $16,000,000, $16,700,000, and $16,000,000 to PLIC as of December 31, 2019, December 31, 2018, December 31, 2017, December 31, 2016, and December 31, 2015, respectively. As of December 31, 2019, the Company's capital and paid in and contributed surplus were $2,500,000 and $61,239,630 respectively.

B. <u>Holding Company</u>

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

C. Organizational Chart

An organization chart reflecting the relationship between the Company and significant entities in its holding company system as of December 31, 2019 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(s) of Service(s)	Recipient(s) of Service(s)	Specific Service(s) Covered	Income/ (Expense)* For Each Year of the Examination
Data Processing File No. 19416	09/24/1993	PLIC	The Company	Data processing functions in support of insurance functions (including claims, underwriting, accounting, actuarial, operations and administrative functions	2015 $(1,495,196) 2016 $(1,657,054) 2017 $(2,036,968) 2018 $(2,808,732) 2019 $(1,142,968)
Cost Sharing and Services Agreement File No. 46358	09/01/2012	PLIC	The Company	Regular or systematic services, such as legal, tax services, internal audit, field audit, actuarial, finance, printing, training, underwriting, facilities, policyholder service, claims, marketing, cash disbursement, treasury, cash management, purchasing, records management, accounting, reinsurance support, and regulatory filings.	2015 $(3,779,892) 2016 $(4,319,064) 2017 $(4,409,015) 2018 $(4,340,265) 2019 $(4,795,096)
General Agency Agreement File No. 30290	09/01/2002	Primerica Financial Services Agency of New York, Inc. (“PFSANY”)	The Company	PFSANY acts as General Agent for the Company	2015 $(26,536,148) 2016 $(30,367,955) 2017 $(30,478,243) 2018 $(31,618,437) 2019 $(32,603,004)

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

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, and at least a majority of whom shall be citizens and residents of the United States and not less than one shall be a resident of the State of New York. Directors are elected for a period of one year at the annual meeting of the stockholders held in November of each year. As of December 31, 2019, 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, 2019, were as follows:

Name and Residence	Principal Business Affiliation	Year First Elected
Vickie R. Bulger Stone Mountain, Georgia	Senior Vice President Primerica Life Insurance Company	2016
David T. Chadwick Dunwoody, Georgia	President Primerica Life Insurance Company	2016
Stacey K. Geer Dunwoody, Georgia	Vice President, Deputy General Counsel, Chief Governance Officer, and Secretary Primerica, Inc.	2014
Joseph F. Gill Hauppauge, New York	President, Chief Executive Officer, and Chief Operating Officer National Benefit Life Insurance Company	2009
Robert H. Peterman, Jr. Buford, Georgia	Executive Vice President and Chief Marketing Officer Primerica, Inc.	2014
Daniel B. Settle Lilburn, Georgia	Executive Vice President and Chief Actuary Primerica Life Insurance Company	2016
Michael K. Wells Cumming, Georgia	Treasurer Primerica, Inc.	2016

Primerica, the Company's ultimate parent, is publicly traded on the New York Stock Exchange. The Company meets the independence requirement at the ultimate parent level pursuant to Section 1202(b)(3) of the New York Insurance Law. All members of the board of Primerica are independent in accordance with Section 1202(b) of the New York Insurance Law, except for the Chief Executive Officer of Primerica Glenn J. Williams and former Chief Executive Officers John Addison and Rick Williams.

The examiner's review of the minutes of the meetings of the Company's board of directors and its committees indicated that meetings were well attended and that each director attended a majority of meetings.

Effective July 8, 2020, Daniel B. Settle was replaced by Emily R. Roman as a member of the board.

The following is a listing of the principal officers of the Company as of December 31, 2019:

Name	Title
Joseph G. Gill	Chief Executive Officer, President, and Chief Operating Officer
Michael K. Wells	Treasurer
Stacey K Geer	Vice President, Chief Legal Officer, and Secretary
Joseph R. Carragher	Vice President, General Counsel, and Assistant Secretary
Leanne E. Ness	Vice President, Financial Reporting
Vickie R. Bulger	Vice President, Chief Compliance Officer
Daniel B. Settle	Vice President and Chief Actuary
Bret D. Thomas	Vice President and Appointed Actuary
Stephen R. Peeples	Vice President and Illustration Actuary
John DiBari	Vice President, Sales and Marketing
David T. Chadwick	Vice President
Jeannette Hunte	Vice President
Maureen M. Middleton	Vice President
Roxanne Boalt*	Vice President

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

Effective July 2020, Roxanne Boalt retired, and Jeannette Hunte replaced her as the designated consumer officer. Effective July 8, 2020, Daniel B. Settle was replaced by Emily R. Roman as Vice President and Chief Actuary.

4. TERRITORY AND PLAN OF OPERATIONS

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

The Company is licensed to transact business in 50 states, the District of Columbia, Puerto Rico, and the U.S. Virgin Island. In 2019, 83.2% of direct life premiums, 12.7% of accident and health premiums, and 97.4% of deposit type funds were received from the State of 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 2019:

Life Insurance Premiums	
New York	83.2%
Florida	2.1
New Jersey	2.0
Pennsylvania	1.2
Texas	1.0
Subtotal	89.5%
All others	10.5
Total	100.0%

Accident and Health Insurance Premiums	
New York	12.7%
Texas	11.3
California	8.9
North Carolina	6.3
Ohio	4.6
Subtotal	43.8%
All others	56.2
Total	100.0%

A. Statutory and Special Deposits

As of December 31, 2019, the Company had $1,600,000 (par value) 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 2019 filed annual statement, an additional $1,393,017 was being held by the states of Arkansas, Massachusetts, New Mexico, North Carolina, Virginia, and the US Virgin Islands.

B. Direct Operations

During the period under examination the Company wrote only term life insurance. The Company's agency operations are conducted on a general agency basis with an affiliate, Primerica Financial Services Agency of New York, Inc.

In 2014, the Company eliminated the marketing and underwiring of new student life insurance policies while continuing to administer the existing block of business. Also, in 1989, the company ceased writing certain types of individual life insurance, annuities, group life, and accident and health insurance coverage. However, the Company continues to service these blocks of business to the extent they remain in force.

In January 2014, the Company sold the assets and liabilities of its short-term disability benefit insurance business ("DBL") to AmTrust North America, Inc. ("AmTrust North America") (hereafter "the buyer"). The Company transferred the assets held in support of the DBL's claims reserves and other premium-related assets and liabilities to the buyer as part of the assumption reinsurance agreement. Also, as part of the sale agreement, Wesco Insurance Company, an affiliate of the buyer assumed all incurred but unpaid claims for the DBL insurance policies in force as of January 1, 2014.

C. Reinsurance

As of December 31, 2019, the Company had reinsurance treaties in effect with 23 companies, of which 10 were authorized or accredited. The Company's life, accident and health business is reinsured on a coinsurance, and or 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, 2019 was $43,004,519,433, which represents 86.8% of the total face amount of life insurance in force. Reserve credit taken for reinsurance ceded to unauthorized companies, totaling $191,383,182, was supported by letters of credit and trust agreements.

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

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, 2014	December 31, 2019	Increase (Decrease)
Admitted assets	$481,623,158	$592,388,106	$ 110,764,948
Liabilities	$309,688,446	$447,661,499	$ 137,973,053
Common capital stock	$ 2,500,000	$ 2,500,000	$ 0
Gross paid in and contributed surplus	60,642,788	61,239,630	596,842
Group Contingency life reserve	84,180	26,507	(57,673)
Special Contingency reserve fund for separate accounts	10,751	1,561	(9,190)
Unassigned funds (surplus)	108,696,993	80,958,909	(27,738,084)
Total capital and surplus	$171,934,712	$144,726,607	$ (27,208,105)
Total liabilities, capital and surplus	$481,623,158	$592,388,106	$110,764,948

The decrease in unassigned funds (surplus) was primarily due to dividend payments to PLIC during the examination period of $85,400,000. This reduction was offset by periods of positive income totaling $86,576,588.

The Company's invested assets as of December 31, 2019, exclusive of separate accounts, was mainly comprised of bonds (91.4%).

The majority (97.4%) of the Company's bond portfolio, as of December 31, 2019, 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		Individual Term		Group Life	
Year	Issued	In Force	Issued	In Force	Issued & Increases	In Force
2015	$0	$3,322,035	$5,610,353	$39,549,598	$0	$26,631
2016	$0	$3,010,996	$6,057,465	$41,914,290	$0	$18,561
2017	$0	$2,728,779	$5,992,018	$43,893,238	$0	$15,055
2018	$0	$2,476,428	$5,866,155	$45,532,685	$0	$12,444
2019	$0	$2,255,663	$6,014,808	$47,264,152	$0	$11,699

The group life and individual whole life businesses have been in run-off since 1989. During the period under examination the Company has continued to focus on the growth of its term life business.

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:

	2015	2016	2017	2018	2019
Ordinary:					
Life insurance	$16,193,790	$15,852,184	$14,872,655	$20,380,033	$19,940,398
Individual annuities	(533,496)	(507,686)	(185,823)	(269,241)	(275,734)
Total ordinary	$15,660,294	$15,344,498	$14,686,832	$20,110,792	$19,664,664
Credit life	$ 1,784	$ 4,055	$ (1,141)	$ 49	$ 720
Group:					
Life	$ (281,965)	$ (53,634)	$ 63,135	$ 204,906	$ 16,323
Total group	$ (281,965)	$ (53,634)	$ 63,135	$ 204,906	$ 16,323
Accident and health:					
Group	$ 136,423	$ 480,646	$ 492,129	$ 520,817	$ 451,152
Credit	21,207	22,030	1,915	848	552
Other	(110)	(14,346)	(59,069)	156,094	(87,211)
Total accident and health	$ 157,520	$ 488,330	$ 434,975	$ 677,759	$ 364,493
All other lines	$ 0	$ 0	$ 0	$ 557,526	$ (11,548)
Total	$15,537,634	$15,783,251	$15,183,801	$21,551,031	$20,034,651

The net gain from ordinary life insurance between 2017 and 2018 was driven by the following: (1) increase of $8.7 million in premiums and considerations in 2018, while maintaining relatively consistent benefit payments, commissions and general expenses over the period; and (2) approximately $1.9 million increase in the deferred gain amortization (recognized into income and reduction of surplus) related to the gain associated with the pre-2010 block of business ceded to American Health and Life Insurance Company ("AH&L").

The net loss from individual annuities over all periods was 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 related to this line of business. In addition, in 2016, the Company changed its expense allocation methodology and less expenses were allocated to individual annuities. However, in 2016, this benefit was offset by an additional $400,000 increase to the reserve and resulted in no change from 2015 to 2016.

The Company's accident and health line of business was comprised primarily of the state disability product line. This product line was sold to AmTrust North America, Inc. via an assumption reinsurance agreement. Allocation of certain general expenses to the accident and health business was higher in 2015, prior to the Company's re-allocation of expenses in 2016 due to the sale of the state disability product line. The re-allocation of expenses was the primary reason for the net gains in 2016 through 2019. The additional net gain in 2018 was the result of the Company reducing accident and health reserves based on updating experience and assumptions.

The net gain from all other lines of business in 2018 was driven by approximately $500,000 reimbursement from its investment manager, net of federal income taxes.

6. FINANCIAL STATEMENTS

The following statements show the assets, liabilities, capital and surplus as of December 31, 2019, as contained in the Company's 2019 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, 2019 filed annual statement.

A. Independent Accountants

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

KPMG 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	$518,915,481
Stocks:	
Preferred stocks	6,245,000
Common stocks	1,794,985
Cash, cash equivalents and short-term investments	20,945,339
Contract loans	5,667,172
Other invested assets	998,284
Securities lending reinvested collateral assets	12,867,068
Investment income due and accrued	4,147,486
Premiums and considerations:	
Uncollected premiums and agents' balances in the course of collection	(8,137,785)
Deferred premiums, agents' balances and installments booked but deferred and not yet due	4,586,821
Reinsurance:	
Amounts recoverable from reinsurers	1,090,155
Funds held by or deposited with reinsured companies	32,251
Other amounts receivable under reinsurance contracts	682,977
Current federal and foreign income tax recoverable and interest thereon	163,413
Net deferred tax asset	6,858,774
Guaranty funds receivable or on deposit	37,289
SSAP 61R prepaid reinsurance	15,426,812
Summary of remaining write-ins for Line 25 from overflow page	4,125
From separate accounts, segregated accounts, and protected cell accounts	$ 62,460
Total admitted assets	$592,388,106

C. Liabilities, Capital and Surplus

Aggregate reserve for life policies and contracts	$390,891,112
Aggregate reserve for accident and health contracts	1,730,011
Liability for deposit-type contracts	19,354,664
Contract claims:	
Life	5,864,845
Accident and health	533,456
Premiums and annuity considerations for life and accident and health contracts received in advance	517,418
Contract liabilities not included elsewhere:	
Other amounts payable on reinsurance	47,635
Interest maintenance reserve	3,966,191
General expenses due or accrued	935,862
Taxes, licenses and fees due or accrued, excluding federal income taxes	(7,289)
Unearned investment income	151,193
Amounts withheld or retained by company as agent or trustee	636,197
Amounts held for agents' account	11,400
Remittances and items not allocated	1,121,215
Miscellaneous liabilities:	
Asset valuation reserve	3,978,451
Reinsurance in unauthorized companies	461,407
Payable to parent, subsidiaries and affiliates	4,491,793
Payable for securities	12,867,068
Liability for interest on policy claims	46,411
From Separate Accounts statement	62,460
Total liabilities	$447,661,499
Common capital stock	2,500,000
Gross paid in and contributed surplus	61,239,630
Group contingency life reserves	26,507
Special contingency reserve fund for separate accounts	1,561
Unassigned funds (surplus)	80,958,909
Surplus	$142,226,607
Total capital and surplus	$144,726,607
Total liabilities, capital and surplus	$592,388,106

D. Condensed Summary of Operations

	2015	2016	2017	2018	2019
Premiums and considerations	$ 65,961,046	$ 74,010,344	$ 82,751,275	$ 91,274,112	$ 98,013,765
Investment income	21,996,182	21,319,458	21,693,230	20,813,236	20,763,621
Commissions and reserve adjustments on reinsurance ceded	15,965,580	17,444,333	13,611,742	15,004,543	13,774,753
Miscellaneous income	1,827,906	1,647,425	2,512,954	3,257,168	2,448,795
Total income	$105,750,714	$114,421,560	$120,569,201	$130,349,059	$135,000,934
Benefit payments	$ 16,100,792	$ 16,386,908	$ 17,576,673	$ 17,837,889	$ 20,094,988
Increase in reserves	21,397,091	24,980,425	30,512,317	33,580,813	36,401,441
Commissions	29,982,216	33,456,215	33,061,637	33,774,235	34,412,311
General expenses and taxes	15,889,448	16,734,397	17,167,534	17,109,623	17,301,212
Increase in loading on deferred and uncollected premiums	(38,615)	(182,772)	23,793	(97,023)	18,145
Net transfers to (from) separate accounts	(264,472)	(32,259)	(16,850)	(13,671)	(31,402)
Miscellaneous deductions	0	0	62,390	(4,250)	120
Total deductions	$ 83,066,460	$ 91,342,914	$ 98,387,494	$102,187,616	$108,196,815
Net gain (loss) from operations	$ 22,684,254	$ 23,078,646	$ 22,181,707	$ 28,161,443	$ 26,804,119
Federal and foreign income taxes Incurred	7,146,620	7,295,395	6,997,907	6,610,411	6,769,469
Net gain (loss) from operations before net realized capital gains	$ 15,537,634	$ 15,783,251	$ 15,183,800	$ 21,551,032	$ 20,034,650
Net realized capital gains (losses)	$ (1,426,706)	$ 631,853	$ (301,947)	$ (11,701)	$ (405,279)
Net income	$ 14,110,928	$ 16,415,104	$ 14,881,854	$ 21,539,330	$ 19,629,372

Premiums and considerations steadily increased from 2015 through 2019 primarily due to the continued layering of new sales in the term life business.

The increase in miscellaneous income in 2018 was driven by approximately $743,000 reimbursement from its investment manager. On November 16, 2017, Intel announced its intention to redeem 2.95% convertible securities. Based on the options provided, the investment manager chose the conversion option that resulted in $743,000 less in value received by the Company. The investment manager agreed to make a single payment of approximately $743,000 to the Company in good faith restitution for their decision, which was received by the Company in January 2018.

The annual increase in reserves is due to the 20-year and 30-year term line of business where the reserves are continuing to increase. The larger increase in 2017 was the result of the Company recapturing business originally ceded to AH&L.

E. Capital and Surplus Account

	2015	2016	2017	2018	2019
Capital and surplus, December 31, prior year	$171,934,712	$169,733,698	$164,315,762	$155,296,616	$153,948,497
Net income	$ 14,110,928	$ 16,415,104	$ 14,881,854	$ 21,539,330	$ 19,629,372
Change in net unrealized capital gains (losses)	56,143	198,553	(98,248)	(81,486)	137,789
Change in net unrealized foreign exchange capital gain (loss)	(8,474)	0	0	0	0
Change in net deferred income tax	505,897	1,220,838	(9,086,064)	2,632,814	2,869,771
Change in non-admitted assets and related items	924,617	170,858	7,446,887	(3,099,017)	(2,950,510)
Change in liability for reinsurance in unauthorized companies	(55,785)	0	(348,279)	326,993	(96,838)
Change in reserve valuation basis	3,603,201	0	0	0	0
Change in asset valuation reserve	219,513	(590,056)	(230,144)	73,316	(248,189)
Capital changes:					
Paid in	327,963	229,858	39,021	0	0
Surplus adjustments:					
Change in surplus as a result of Reinsurance	(5,885,021)	(6,363,091)	(5,624,169)	(7,540,068)	(7,063,285)
Dividends to stockholders	(16,000,000)	(16,700,000)	(16,000,000)	(15,200,000)	(21,500,000)
Net change in capital and surplus for the year	(2,201,018)	(5,417,936)	(9,019,143)	(1,348,118)	(9,221,890)
Capital and surplus, December 31, current year	$169,733,698	$164,315,762	$155,296,616	$153,948,497	$144,726,607

The increase in net deferred income tax in 2016 was primarily due to an increase in deferred tax assets ("DTAs") for tax reserves and tax and deferred acquisition costs, partially offset by a decrease in DTAs due to book-tax basis differences on disposed investments. The decrease in the net deferred income tax during 2017 was due to the Tax Reform's elimination of carry-back provisions and the rate change from 35% to 21%, which resulted in a lower valuation of all deferred tax items. The deferred income tax increased in 2018 and 2019 due to better valuation of the assets that resulted in a smaller non- admitted amount.

The fluctuations in the non-admitted assets and related items were primarily due to the deferred income taxes discussed previously as all deferred income tax changes directly affected the non-admitted assets.

The change in reserve valuation basis in 2015 was primarily driven by the change in the X-factors. Deficiency reserves calculated under Section 98.4(b)(5) of 11 NYCRR 98 (Insurance Regulation 147) allow the appointed actuary to apply X-factors to modify the mortality basis. The X-factors used determine the deficiency reserves were changed in 2015.

7. SUBSEQUENT EVENTS

On March 11, 2020, the World Health Organization declared the spreading coronavirus (COVID-19) outbreak a pandemic. On March 13, 2020, U.S. President Donald J. Trump declared the coronavirus pandemic a national emergency in the United States. The epidemiological threat posed by COVID-19 is having disruptive effects on the economy, including disruption of the global supply of goods, reduction in the demand for labor, and reduction in the demand for U.S. products and services, resulting in a sharp increase in unemployment. The economic disruptions caused by COVID-19 and the increased uncertainty about the magnitude of the economic slowdown has also caused extreme volatility in the financial markets.

The full effect of COVID-19 on the U.S. and global insurance and reinsurance industry is still unknown at the time of releasing this report. The Department is expecting the COVID-19 outbreak to impact a wide range of insurance products resulting in coverage disputes, reduced liquidity of insurers, and other areas of operations of insurers. The Department and all insurance regulators, with the assistance of the NAIC, are monitoring the situation through a coordinated effort and will continue to assess the impacts of the pandemic on U.S. insurers.

Respectfully submitted,

Derrick Lopez, CFE
Risk & Regulatory Consulting, LLC

STATE OF GEORGIA)
)SS:
COUNTY OF ROCKDALE)

Derrick Lopez, being duly sworn, deposes and says that the foregoing report, subscribed by them, is true to the best of their knowledge and belief.

Derrick Lopez

Subscribed and sworn to before me

this 28th day of May 2021

KEN M AUGUST
MY COMMISSION EXPIRES
NOVEMBER 7, 2024
NOTARY PUBLIC
ROCKDALE COUNTY, GEORGIA

Respectfully submitted,

/s/
Christine Mavour
Associate Insurance Examiner

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

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

/s/
Christine Mavour

Subscribed and sworn to before me

this__________ day of ___________________

APPOINTMENT NO. 32086

NEW YORK STATE

DEPARTMENT OF FINANCIAL SERVICES

*I, **LINDA A. LACEWELL**, 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:*

DERRICK H. LOPEZ
(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 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 5th day of May, 2020

LINDA A. LACEWELL
Acting Superintendent of Financial Services

By: Mark McLeod

MARK MCLEOD
DEPUTY CHIEF - LIFE BUREAU