NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES

FINANCIAL CONDITION REPORT ON EXAMINATION

OF THE

NEW YORK LIFE INSURANCE COMPANY

CONDITION:	DECEMBER 31, 2019
DATE OF REPORT:	JUNE 22, 2021

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EXAMINER: KRISTEN SHARROW, CFE

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NEW YORK STATE OF OPPORTUNITY.
Department of Financial Services

ANDREW M. CUOMO
Governor

LINDA A. LACEWELL
Superintendent

June 22, 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. 32073, dated April 3, 2020 and annexed hereto, an examination has been made into the condition and affairs of New York Life Insurance Company, hereinafter referred to as "the Company," The Company's home office is home office located at 51 Madison Avenue, New York, New York 10010. 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 comments contained in this report are summarized below.

- The Department conducted a review of the reserves as of December 31, 2019. This review included an examination of the asset adequacy analysis in accordance with Insurance Regulation 126. As a result of such review, the Department required, and the Company agreed to refine the reserve analysis in a manner acceptable to the Department. However, although the Company incorporated the revisions with the 12/31/2020 testing, additional changes were also incorporated which are under review. The Department is reviewing these revisions and at this juncture, the certificate of reserve valuation is being held and is not expected to be issued until the Department's review is concluded. (See Item 6F of this Report)
- 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 7A of this Report)
- On December 17, 2019, the Company entered into a definitive agreement with Cigna Corporation and its subsidiary, Cigna Holding Company (collectively referred to as "Cigna"), to acquire Cigna's group life and group disability insurance business ("Group Business") for a purchase price of $6.3 billion, subject to adjustments. (See Item 7B 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 to 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 of the Company was called by the Department in accordance with the Handbook guidelines, through the NAIC's Financial Examination Electronic Tracking System ("FEETS"). The Department served as the lead state on the examination. In addition to the Department, representatives from the Arizona Department of Insurance and Financial Institutions and the Delaware Department of Insurance participated on the examination, which included their respective domestic insurers, NYLIFE Insurance Company of Arizona ("NYLAZ") and New York Life Insurance and Annuity Corporation ("NYLIAC").

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 PricewaterhouseCoopers LLP. The Company received an unqualified opinion in all five years. Certain audit workpapers of the accounting firm were reviewed and relied upon in conjunction with this examination. The Company's Financial Control Unit is responsible for assessing the internal control structure and compliance with the Model Audit Rule ("MAR"). Where applicable, MAR 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 originally chartered in May 1841 as Nautilus Insurance Company and was authorized to write fire and marine insurance, inland navigation and transportation risks. The charter was amended in April 1843 to permit Nautilus Insurance Company to organize as a mutual company and write life insurance. The by-laws were amended in June 1845 to restrict the Company's business to "insurance on life and all and every insurance pertaining to life." The Company's name was officially changed to New York Life Insurance Company on April 5, 1849.

B. Subsidiaries

The following are brief descriptions of the significant subsidiaries in the New York Life holding company system as of December 31, 2019.

New York Life Insurance and Annuity Corporation

NYLIAC, incorporated in Delaware on November 3, 1980, is a direct, wholly owned subsidiary of the Company. NYLIAC is authorized to write life insurance, accident and health insurance and annuity business. It is licensed in all 50 states and the District of Columbia. NYLIAC offers non-participating life insurance, including a wide variety of interest sensitive and variable life insurance products and annuity products (fixed and variable deferred and immediate annuities). NYLIAC also issues products specifically designed for the bank-owned and corporate-owned life insurance markets.

NYLIFE Insurance Company of Arizona

NYLAZ is a direct, wholly owned subsidiary of the Company that was incorporated in Arizona on July 23, 1987 as a life and disability insurer. In 2004, NYLAZ obtained authority to issue variable life and variable annuity products. As of December 31, 2019, NYLAZ was licensed in the District of Columbia and all states except Maine and New York. NYLAZ's only product offering was a ten-year guaranteed term life product called "Term to Age 90", which was introduced in 1998. NYLAZ has not issued any new Term to Age 90 policies since 2011.

New York Life Investment Management Holdings LLC

New York Life Investment Management Holdings LLC ("NYLIM Holdings") is a direct, wholly owned subsidiary of the Company that was formed on December 17, 1999, under the laws of Delaware as a limited liability company. Through its various subsidiaries and affiliates, NYLIM Holdings provides a variety of investment related services, including: retail and institutional investment advisory services; mutual fund distribution and administrative services; pension and 401(k) products and related administrative services; and commercial financial services to corporate clients.

New York Life Enterprises LLC

New York Life Enterprises LLC ("NYLE") is a direct, wholly owned subsidiary of the Company that was formed on November 28, 2001 under the laws of Delaware as a limited liability company. NYLE began its operations on January 1, 2002, and through its various subsidiaries, joint ventures and affiliates, has offered life, annuity, health insurance and pension products and services to individuals and groups in selected emerging markets. Through a wholly owned subsidiary, Seguros Monterrey New York Life, S.A. de C.V., NYLE offers individual insurance and investment products in Mexico.

NYLIFE LLC

NYLIFE LLC is a direct, wholly owned subsidiary of the Company. NYLIFE LLC was formed on September 30, 1999 under the laws of Delaware as a limited liability company. NYLIFE Inc. was also a direct, wholly owned subsidiary of the Company incorporated on January 26, 1984 under the laws of New York. On September 30, 1999, NYLIFE Inc. merged with and into NYLIFE LLC, the survivor of the merger. NYLIFE LLC is a holding company for certain of the Company's subsidiaries. NYLIFE LLC, through its subsidiaries, offers securities brokerage, financial planning and investment advisory services, trust services and capital financing.

NYL Investors LLC

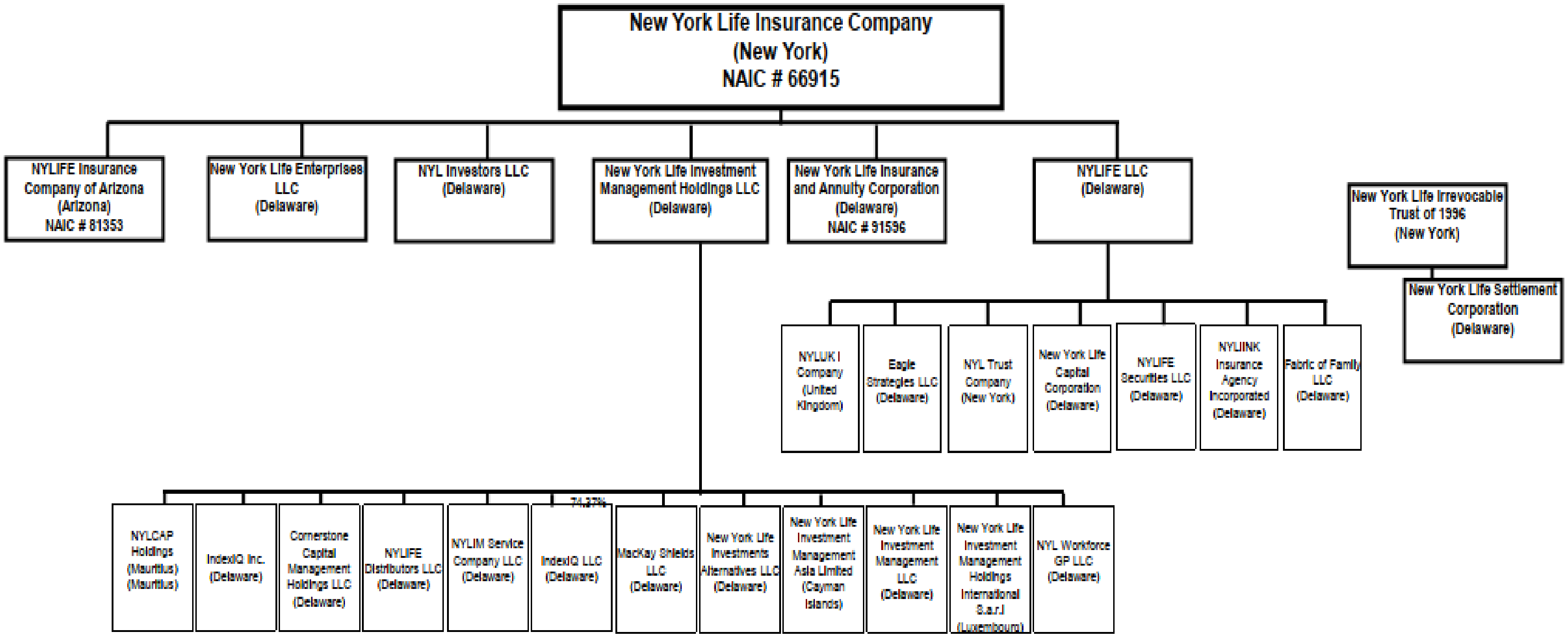
NYL Investors LLC ("NYL Investors") is a direct, wholly owned subsidiary of the Company that was formed on October 17, 2013 under the laws of Delaware as a limited liability company. NYL Investors provides investment advisory and administrative services for the majority of the securities and real estate portfolios of the general and separate accounts of the Company, NYLIAC and NYLAZ.

Madison Capital Funding LLC

Madison Capital Funding LLC ("MCF") is a direct subsidiary of the Company that was formed on March 16, 2001 under the laws of Delaware as a limited liability company. As of December 31, 2019, the Company and NYLIAC held 55% and 45% of the membership interests in MCF, respectively. As of May 1, 2020, New York Life Investments Alternatives LLC, an indirect, wholly owned subsidiary of the Company that was formed on April 2, 2020 under the laws of Delaware as a limited liability company, is the non-member manager of MCF. MCF is a commercial finance company focused on the corporate financing needs of private equity firms in the middle market. The Company has a revolving credit agreement to provide funding to MCF. Effective December 31, 2020, New York Life made a capital contribution to NYLIAC, consisting of a portion of its existing membership interest in MCF valued at approximately $529,817,996.03. Following the contribution, NYLIAC holds a 78.09650% membership interest in MCF, while the Company continues to hold a 21.90350% membership interest in MCF.

C. <u>Organizational Chart</u>

An organization chart reflecting the relationship between the Company and significant entities in its holding company system as of December 31, 2019 follows:



D. <u>Service Agreements</u>

The Company had 27 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
Expense Sharing Agreement	12/31/1996	New York Life Capital Corporation	The Company	Commercial Paper Issuance and Borrowing Services	2015 $(916,402) 2016 $(2,921,491) 2017 $(5,655,474) 2018 $(9,886,196) 2019 $(10,565,428)
Investment Advisory Agreement Amended and restated on File No. 57045	4/1/2000 1/1/19	NYL Investors LLC	The Company	Investment Management Services	2015 $(161,486,554) 2016 $(172,310,989) 2017 $(176,035,576) 2018 $(179,744,839) 2019 $(191,695,326)
Investment Management Services Letter Agreement Amended File No. 55924 2nd Amended and Restated File No.58154	8/30/2004 9/1/2018 8/1/19	GoldPoint Partners LLC	The Company	Investment Management Services	2015 $(27,167,334) 2016 $(24,198,983) 2017 $(24,099,549) 2018 $(23,134,725) 2019 $(22,534,184)
Investment Management Agreement File No.56830	7/1/19	GoldPoint Partners LLC	The Company	Investment Management Services	2019 $8,203,943

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
Air Transportation Services Agreement Amended and Restated Department File No. 57797	11/5/2004 7/1/2019	The Company & NYLIFE LLC	The Company, NYLIM Holdings¸ NYLIAC, NYLAZ, and New York Life Enterprises LLC	Air Transportation Services (use of services)	2015 $(1,793,680) 2016 $(3,693,504) 2017 $(4,515,324) 2018 $(5,922,873) 2019 $(6,772,332)
Air Transportation Services Agreement[1] Amended and Restated Department File No.57797	11/5/2004 7/1/2019	The Company & NYLIFE LLC	NYLIM Holdings¸ NYLIAC, NYLAZ, and New York Life Enterprises LLC	Air Transportation Services (for services provided)	2015 $762,400 2016 $530,393 2017 $777,930 2018 $558,638 2019 $ 0
Service Agreement	12/7/2007 amended and restated 12/1/2011 and 9/1/2012	The Company	NYLIFE Distributors LLC	Administrative Agreement	2015 $16,803,553 2016 $14,690,583 2017 $13,454,041 2018 $ 5,289,525 2019 $ 4,008,467
Service Agreement	12/15/2007	The Company	NYLIM Holdings	Administrative Service	2015 $ 25,000 2016 $4,439,100 2017 $ 179,356 2018 $4,015,620 2019 $9,630,387
Service Agreement	12/15/2007 amended and restated 1/1/2011	The Company	Cornerstone Capital Management Holdings LLC	Administrative Agreement	2015 $27,982,626 2016 $26,246,894 2017 $37,999,837 2018 $ 8,292,339 2019 $ 86,740

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	12/15/2007 amended and restated 12/1/2011	The Company	MacKay-Shields LLC	Administrative Agreement	2015 $18,046,788 2016 $13,242,405 2017 $21,433,223 2018 $16,804,350 2019 $ 5,310,904
Service Agreement	12/15/2007 amended and restated 12/1/2011	The Company	GoldPoint Partners LLC	Administrative Agreement	2015 $ 7,867,607 2016 $ 7,825,898 2017 $13,343,178 2018 $12,325,485 2019 $ 7,481,389
Service Agreement	12/15/2007 amended and restated 12/1/2011	The Company	NYLIM Service Company LLC	Administrative Agreement	2015 $9,731,440 2016 $5,206,437 2017 $8,009,159 2018 $3,372,201 2019 $2,836,948
Service Agreement	12/15/2007 amended and restated 12/1/2011	The Company	New York Life Trust Company	Administrative Agreement	2015 $1,250,939 2016 $ 752,510 2017 $ 759,653 2018 $ 509,676 2019 $ 248,700
Service Agreement	12/15/2007 amended and restated 12/1/2011	The Company	MCF	Administrative Agreement	2015 $29,196,950 2016 $22,931,487 2017 $85,572,173 2018 $76,349,328 2019 $83,462,963
Service Agreement	5/29/2009	The Company	NYLIAC	Administrative Service	2015 $ 952,870,881 2016 $ 961,102,091 2017 $ 992,637,198 2018 $1,180,606,313 2019 $1,013,774,516
Service Agreement	5/29/2009	The Company	NYLAZ	Administrative Service	2015 $2,830,180 2016 $3,868,539 2017 $4,129,363 2018 $4,421,902 2019 $2,612,799

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	5/29/2009	The Company	Eagle Strategies LLC	Administrative Service	2015 $55,560,285 2016 $59,678,174 2017 $73,424,174 2018 $83,085,732 2019 $91,048,266
Service Agreement Department File No. 49301	5/29/2009 amended and restated on 10/1/2012, 11/1/2014	The Company	NYLIFE Securities LLC	Administrative Service	2015 $ 74,126,413 2016 $120,367,735 2017 $115,814,637 2018 $120,768,326 2019 $121,650,299
Service Agreement	7/29/2009	The Company	NYLE f/k/a New York Life International, LLC	Administrative Agreement	2015 $4,023,767 2016 $2,196,545 2017 $9,761,519 2018 $ 680,116 2019 $ 896,199
Intercompany Policy Conversion Agreement[2]	1/1/2011	The Company & NYLIAC	NYLAZ	Term Life Policy Conversions	2015 $ 0 2016 $4,420,225 2017 $2,976,110 2018 $3,560,115 2019 $3,730,231
Investment Management Service Agreement Department File No. 52082 Amended and Restated File No. 56981	1/17/2013 4/1/19	Private Advisors, LLC	The Company	Investment Management Services	2015 $(1,226,558) 2016 $(1,581,087) 2017 $(2,298,508) 2018 $(2,029,689) 2019 $(2,018,130)
Service Agreement Department File No. 48146	10/17/2014	The Company	NYL Investors	Administrative Agreement	2015 $(19,786,429) 2016 $(33,025,724) 2017 $(73,886,682) 2018 $(72,246,247) 2019 $(126,024,556)

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
Lockbox Agreement Department File No. 49549	1/1/2015	The Company	NYLIAC	Lockbox Services	2015 $ 10,826,019 2016 $153,197,150 2017 $485,577,477 2018 $541,002,811 2019 $581,802,070
Service Agreement Department File No. 51523	1/1/2016	The Company	IndexIQ LLC	Administrative Agreement	2015 $ 0 2016 $2,887,445 2017 $6,703,692 2018 $6,845,126 2019 $7,855,899
Service Agreement Department File No. 51524	1/1/2016	The Company	IndexIQ Advisors LLC	Administrative Agreement	2015 $ 0 2016 $9,320,205 2017 $3,041,058 2018 $3,404,044 2019 $3,308,753
Investment Management Service Agreement Department File No. 57001	1/1/2019	Private Advisors, LLC	The Company	Investment Management Services	2015 $ 0 2016 $ 0 2017 $ 0 2018 $ 0 2019 $(2,912,721)
Investment Management Service Agreement Department File No. 56594 Amended and restated on Department File No. 57027	10/15/2018 1/1/19	MacKay-Shields LLC	The Company	Investment Management Services	2015 $ 0 2016 $ 0 2017 $ 0 2018 $(809,337) 2019 $(5,882,237)
Investment Management Service Agreement Department File No. 57031	6/1/2019	MacKay-Shields LLC	The Company	Investment Management Services	2015 $ 0 2016 $ 0 2017 $ 0 2018 $ 0 2019 $(6,356,128)

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 Department File No. 56550	10/1/2018	MacKay-Shields LLC	The Company	Non-advisory Service in connection with investment program	2018 $36,000 2019 $36,000

*Amount of income or (expense) incurred by the Company.

[1] Under the 2004 agreement, the aircraft was owned by NYLIFE and made available to the Company and its subsidiaries (collectively, the New York Life Group). NYLIFE reimbursed the Company for the provision of services on its behalf to facilitate access to, and use of the aircraft; therefore, the Company generated income as well as incurred expenses. The Agreement was significantly amended effective July 1, 2019, effectively terminating the 2004 agreement. In 2019, NYLIFE no longer owned the aircraft but instead held a fractional interest. As a result of this, the Company provided no services on behalf of NYLIFE in 2019.

[2] The Company confirmed no transactions occurred regarding the Intercompany Policy Conversion Agreement in 2015.

Section 1712 of the New York Insurance law states, in part:

> " . . . (b) The following transactions between a parent corporation and subsidiary may not be enter into unless the parent corporation has notified the superintendent in writing of its intention to enter into any such transaction at least thirty days prior thereto . . . or such shorter period as the superintendent may permit, and the superintendent has not disapproved it within such period:
> . . . (4) management agreements, service contracts, tax allocation agreements, guarantees, and all cost-sharing agreements."

By letter dated August 17, 2020, the Company submitted a proposed amended and restated passive trust agreement between itself and New York Life Trust Company ("NYLTC") to the Department for review and non-disapproval. The Company also indicated in the letter that the parties had entered into a passive trust agreement effective April 24, 2017, and that due to an oversight, the Company failed to file agreement with the Department. The Company received a non-disapproval letter, dated November 25, 2020, from the Department in connection with amended and restated passive trust agreement.

The Company violated Section 1712(b)(4) by failing to notify the superintendent in writing of its intention to enter into a passive trust agreement with NYLTC at thirty days prior to April 24, 2017.

E. Management

The Company's Charter provides that the board of directors ("the board") shall be comprised of not less than 11 and not more than 17 directors. The board is divided into three classes of directors, which are as nearly equal in number as practical, and as the respective terms of the directors of each class shall expire, such directors shall be elected for a term of three years. The annual election of directors is held on the second Wednesday of April of each year. As of December 31, 2019, the board consisted of 12 members.

The 12 board members and their principal business affiliation, as of December 31, 2019, were as follows:

Name and Residence	Principal Business Affiliation	Year First Elected
Betty C. Alewine* Vero Beach, Florida	Former President and Chief Executive Officer COMSAT Corporation	1998
Michele G. Buck* Hummelstown, Pennsylvania	Chairman, Chief Executive Officer and President The Hershey Company	2013
Robert B. Carter* Memphis, Tennessee	Chief Information Officer FedEx Corporation	2016
Ralph de la Vega* Boca Raton, Florida	Chairman De la Vega Group, LLC	2009
Mark L. Feidler* Atlanta, Georgia	Founding Partner MSouth Equity Partners	2006
Robert F. Friel* Westwood, Massachusetts	Former Chairman and Chief Executive Officer PerkinElmer, Inc.	2019
Christina A. Gold* Miami, Florida	Former President and Chief Executive Officer The Western Union Company	2001
Donna H. Kinnaird* Athens, Georgia	Former Senior Executive Vice President and Chief Operating Officer Reinsurance Group of America Inc.	2017
Theodore A. Mathas Tarrytown, New York	Chairman, President and Chief Executive Officer New York Life Insurance Company	2006

Name and Residence	Principal Business Affiliation	Year First Elected
Thomas C. Schievelbein* Key Largo, Florida	Former Chairman, President and Chief Executive Officer The Brink's Company	2006
Edward D. Shirley* Scottsdale, Arizona	Executive Chairman Sysco Corporation	2015
Gerald B. Smith* Houston, Texas	Chairman and Chief Executive Officer Smith, Graham & Co. Investment Advisors, L.P.	2012

*Not affiliated with the Company or any other company in the holding company system

Christina Gold and Betty Alewine left the board in April 2020 and April 2021, respectively, when their terms expired. Claire Babineaux-Fontenot and Paula Steiner were elected to the board effective January 2021. Additionally, Craig DeSanto was elected to the board effective February 2021. Currently the board has 13 members.

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, 2019:

Name	Title
Theodore A. Mathas	Chairman of the Board, President and Chief Executive Officer
Sheila K. Davidson	Executive Vice President, Chief Legal Officer and General Counsel
Craig L. DeSanto	Executive Vice President and Co-Chief Operating Officer
Eric A. Feldstein	Executive Vice President and Chief Financial Officer
Matthew M. Grove	Executive Vice President and Co-Chief Operating Officer
Mark J. Madgett	Executive Vice President and Head of Agency
Anthony R. Malloy	Executive Vice President and Chief Investment Officer
Patricia Barbari	Senior Vice President and General Auditor
Elizabeth K. Brill	Senior Vice President and Chief Actuary
David J. Castellani	Senior Vice President
Robert M. Gardner	Senior Vice President and Controller
Thomas A. Hendry	Senior Vice President and Treasurer
Yie-Hsin Hung	Senior Vice President
Amy Miller	Senior Vice President, Deputy General Counsel and Corporate Secretary
Carla T. Rutigliano	Senior Vice President and Head of Human Resources and Corporate Affairs
Joel M. Steinberg	Senior Vice President and Chief Risk Officer

Fior Tully, Corporate Vice President, is the designated consumer services officer per Section 216.4(c) of 11 NYCRR 216 (Insurance Regulation 64).

Effective February 16, 2020, Natalie Lamarque was elected Senior Vice President and General Counsel; Benjamin Rosenthal was elected Senior Vice President and Chief Risk Officer; Joel Steinberg ceased to hold the Chief Risk Officer role; and Sheila Davidson remained Executive Vice President and Chief Legal Officer and ceased to hold the General Counsel role.

Effective March 31, 2020, Alexander I. Cook (Senior Vice President), Alain M. Karaoglan (Senior Vice President) and Natalie Lamarque (Senior Vice President & General Counsel) were named Principal Officers of the Company.

Effective April 20, 2020, Joel Steinberg became a Senior Advisor to the Chief Executive Officer and was removed as a Principal Officer of the Company.

Effective July 15, 2020, Craig DeSanto was elected President. Theodore Mathas remained Chairman and Chief Executive Officer and ceased to hold the President role.

Effective August 31, 2020, Matthew M. Grove left the Company.

Effective September 17, 2020, Aaron C. Ball (Senior Vice President) was named a Principal Officer of the Company. Effective March 31, 2021, David J. Castellani retired from the Company

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, Canada and Puerto Rico.

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	
California	15.2%
New York	13.6
Texas	7.9
Florida	4.9
New Jersey	4.4
Subtotal	46.0%
All others	54.0
Total	100.0%

Annuity Considerations	
Delaware	39.7%
California	7.4
Texas	4.3
Ohio	3.7
Kansas	3.2
Subtotal	58.3%
All others	41.7
Total	100.0%

Accident and Health Insurance Premiums	
New York	14.8%
California	12.9
Texas	7.1
Florida	5.1
New Jersey	3.6
Subtotal	43.5%
All others	56.5
Total	100.0%

Deposit Type Funds	
Delaware	82.5%
New York	13.5
Indiana	2.4
New Mexico	0.9
Iowa	0.7
Total	100.0%

Others	
New York	33.8%
California	10.9
Georgia	5.9
Texas	5.0
North Carolina	4.3
Subtotal	59.9%
All others	40.1
Total	100.0%

A. Statutory and Special Deposits

As of December 31, 2019, the Company had $1,645,000 (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, and other special deposits with a par value of $135,000. As reported in Schedule E of the 2019 filed annual statement, additional amounts were being held for the states of Arkansas, Georgia, Massachusetts, New Mexico, North Carolina, and the territories of Guam and Puerto Rico with an aggregated par value of $2,165,000. In addition, the Company had $1,050,000 (par value) on deposit with Oklahoma for the benefit of all policyholders. Also reported in Schedule E of the 2019 filed annual statement were fixed income securities and cash and cash equivalents, with a par value in the amount of $254,300,000, being held at RBC Dexia Investor Services Trust in compliance with Section 582(1) and 611 of the Canadian Insurance Companies Act.

B. Direct Operations

Approximately 97% of the Company’s policies are written on a participating basis. The Company writes whole life and term life insurance, group life and group accident and health membership association insurance, long-term care insurance, structured settlements and group annuity contracts.

The Company’s operations are conducted using career agents, third party distributors, specialized brokers and direct response solicitation.

C. Reinsurance

As of December 31, 2019, the Company had 134 reinsurance treaties in effect with 26 companies, of which 18 were authorized or accredited. The Company's life business is reinsured 82.4% on a yearly renewable term basis, 12.3% on a coinsurance basis**,** 0.5% on a modified-coinsurance basis, and 4.8% as other reinsurance. Reinsurance is provided on an automatic and/or facultative basis.

The maximum retention limit for individual life contracts is as follows:

Issue Age	Maximum Retention Limit
0 – 60	$40,000,000
61 – 65	$30,000,000
66 – 75	$20,000,000
76 – 85	$10,000,000
86 and over	$ 7,500,000

The total face amount of life insurance ceded as of December 31, 2019, was $151 billion, which represents 11.2% of the total face amount of life insurance in force. Reserve credit taken for reinsurance ceded to unauthorized companies, totaling $2,542,486,052 was supported by letters of credit, trust agreements and funds withheld.

On July 1, 2015, the Company entered into a closed block reinsurance transaction with John Hancock Life Insurance Company ("John Hancock"), in which the Company assumed, on a coinsurance basis, 100% of John Hancock's obligations and liabilities for participating whole life insurance policies issued prior to 2000 in connection with John Hancock's demutualization. The Company simultaneously retroceded 40% of those obligations and liabilities back to John Hancock through a funds withheld arrangement. The assets received from this transaction are pledged as collateral and are contractually restricted, the majority of which are held in a reinsurance trust for the Company's obligation to John Hancock.

The total face amount of life insurance assumed as of December 31, 2019, was $318 billion.

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
Admitted assets	$146,267,047,744	$189,231,107,933	$42,964,060,189
Liabilities	$127,661,055,161	$167,198,836,315	$39,537,781,154
Surplus Notes	$ 1,992,023,795	$ 2,986,904,107	$ 994,880,312
Unassigned funds (surplus)	16,613,968,788	19,045,367,511	2,431,398,723
Total surplus	$ 18,605,992,583	$ 22,032,271,618	$ 3,426,279,035
Total liabilities and surplus	$146,267,047,744	$189,231,107,933	$42,964,060,189

The $42.9 billion increase in admitted assets was primarily due to increased operating cashflows, along with assets transferred from the John Hancock closed block reinsurance transaction in 2015 and the issuance of surplus notes in 2019.

The $39.5 billion increase in liabilities was primarily due to higher policy reserves and deposit funds primarily driven by the aging and growing of the insurance in force, along with liabilities assumed from the John Hancock closed block reinsurance transaction.

The $995 million increase in surplus notes was due to an issuance with a principal balance of $1billion, bearing interest at 4.45%, with a maturity date of May 15, 2069.

The Company's invested assets as of December 31, 2019, exclusive of separate accounts, were mainly comprised of bonds (67.0%), mortgage loans (10.9%), policy loans (6.8%), stocks (6.3%), and other invested assets (5.9%).

The majority (94.1%) 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	$25,617,568	$306,970,487	$60,571,978	$456,073,375	$12,367,277	$139,117,616
2016	$28,708,260	$319,653,341	$62,710,031	$477,658,045	$12,106,409	$140,789,442
2017	$29,066,414	$334,756,763	$66,043,125	$498,855,607	$21,983,600	$150,937,622
2018	$28,766,532	$334,589,194	$61,788,615	$516,081,103	$33,603,268	$173,683,026
2019	$28,375,981	$351,971,817	$61,184,128	$530,182,493	$ 6,283,309	$172,277,479

The significant increase in group life issued and increases in 2017 and 2018 as compared to 2016 were primarily due to two large case acquisitions of $11.1 billion in 2017 and $23.1 billion in 2018, respectively.

The significant decrease in group life issued and increases in 2019 as compared to 2018 was within Company expectation as compared with high sales patterns in prior years.

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

	Group				
	2015	2016	2017	2018	2019
Outstanding, end of previous year	1,146,328	1,233,522	1,382,000	1,392,511	1,399,477
Issued during the year	124,712	327,593	80,411	118,049	105,616
Other net changes during the year	(37,518)	(179,115)	(69,900)	(111,083)	(887,548)
Outstanding, end of Current year	1,233,522	1,382,000	1,392,511	1,399,477	617,545

The increase in group accident and health policies issued in 2016 as compared to 2015, and the decrease from 2017 as compared to 2016 relate to variations in the amount of new business issued by the Group Membership business, which is sporadic from year to year and relates to fluctuations in the acquisitions and size of new cases.

The decrease in group accident and health other net changes in 2019 as compared to 2018 was primarily due to termination of multiple group associations.

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	$(287,194,333)	$224,820,773	$1,067,067,723	$ 885,375,655	$ 26,653,483
Individual annuities	49,785,554	41,183,051	92,741,614	(221,342,852)	69,823,461
Supplementary contracts	3,022,707	531,601	2,999,667	(5,339,712)	0
Total ordinary	$(234,386,072)	$266,535,425	$1,162,809,004	$ 658,693,091	$ 96,476,944
Group:					
Life	$ 96,670,746	$ 75,176,157	$ 119,030,977	$ (15,306,155)	$159,543,040
Annuities	284,830,434	276,806,508	274,243,248	397,377,455	246,602,734
Total group	$ 381,501,180	$351,982,665	$ 393,274,225	$ 382,071,300	$406,145,774
Accident and health:					
Group	$ 2,752,172	$ 1,891,637	$ 16,152,471	$ 15,479,995	$ 0
Other	536,627	(13,986,649)	(1,724,421)	228,580,644	(7,352,063)
Total accident and health	$ 3,288,799	$(12,095,012)	$ 14,428,050	$ 244,060,639	$ (7,352,063)
All other lines	$ 217,473	$ 274,828	$ 210,856	$ 247,393	$ 238,115
Total	$ 150,621,380	$606,697,905	$1,570,722,134	$1,285,072,423	$495,508,771

The increase in net gains from ordinary life operations in 2016 as compared to 2015 was primarily due to the ceding commission recorded in the previous year associated with the John Hancock closed block reinsurance transaction and the expense allowances paid on the assumed reinsurance.

The increase in net gains from ordinary life operations in 2017 as compared to 2016 was primarily due to an increase in net investment income as a result of higher distributions from limited partnerships and tax benefit due to the impact of tax reform.

The significant decrease in net gains from ordinary life operations in 2019 as compared to 2018 was primarily due to higher dividend distribution from affiliated companies received in 2018 and various tax provision adjustments (credit carryforwards, tax settlements and audit liability for years 2011-2017), which did not recur in 2019.

The increase in net gains from individual annuity operations in 2017 as compared to 2016 was primarily due to the allocation methodology being refined in 2017 to allocate more net investment income from individual annuity to group annuity product lines.

The decrease in net gains from individual annuity operations in 2018 as compared to 2017 was primarily due to the establishment of additional asset adequacy reserve of $200 million for structured securities. The increase in net gains in 2019 was due primarily to a decrease in the asset adequacy reserve of $69 million, an increase in annuity considerations, a decrease in annuity benefits.

The decrease in net gains from group life operations in 2018 as compared to 2017 was primarily due to Group Membership new business strain associated with the acquisition of new blocks of business which required additional statutory reserves.

The increase in net gains from group life operations in 2019 as compared to 2018 was primarily due to the aforementioned Group Membership Association losses during the year, which did not recur in 2019, in addition to higher net investment income due to higher invested assets supporting the new business acquired in 2018.

The increase in net gains from group annuity operations in 2018 as compared to 2017 was primarily due to lower tax expenses mainly from a lower tax rate as a result of tax reform, higher dividends from subsidiaries allocated to group annuity due to higher amounts received in 2018, and lower asset shortfall on a separate account.

The decrease in net gains from group annuity operations in 2019 as compared to 2018 was primarily due to the increase in asset adequacy reserve, a higher asset shortfall on a separate account, and lower dividends from subsidiaries allocated to group annuity due to lower amounts received.

The increase in net gains from group accident and health operations in 2017 as compared to 2016 was primarily driven by the Group Membership Association increased premiums partially offset by an increase in policy reserves driven by 2016 and 2017 business transferred from other carriers..

The zero-amount reported in net gains from group accident and health operation in 2019 was the result of changes made to the 2019 Annual Statement blank. In 2018, group health was reported on column 9 of page 6 (Accident and health – Group). This column was removed by the

NAIC in 2019 and going forward all health business is combined and reported in column 6 of page 6 (Accident and health).

The decrease in net gains from other accident and health operations in 2016 as compared to 2015 was primarily due to higher long-term care reserves and expenses partially offset by higher premium and net investment income associated with in force growth.

The increase in net gains from other accident and health operations in 2018 as compared to 2017 was primarily due to a one-time $195 million release of long-term care asset adequacy reserves and tax benefits associated with an increase in formulaic reserves recorded as a change in basis..

The decrease in net loss from other accident and health operations in 2017 as compared to 2016 was primarily due to net change in claim reserve liability on the Company’s Individual Disability Income Non-Cancelable closed block of business. This was driven by 2017 reserves strengthening, which was mainly due to updated morbidity experience. This was reported as a change in reserve valuation basis, which was a direct impact to surplus, but the corresponding change in reserve adjustment on reinsurance ceded remained on the income statement therefore impacting the year over year net gain.

The decrease in net gains from other accident and health operations in 2019 as compared to 2018 was primarily due to the previously mentioned one-time $195 million release of long-term care asset adequacy reserves adjustment made in 2018, partially offset by the Group Membership Association acquisition of new cases..

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

The firm of PricewaterhouseCoopers LLP 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 year in the examination period, and the related statutory-basis statements of operations, capital and surplus, and cash flows for the year then ended.

PricewaterhouseCoopers 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	$112,477,284,916
Stocks:	
Preferred stocks	77,063,996
Common stocks	10,580,397,326
Mortgage loans on real estate:	
First liens	17,531,148,533
Other than first liens	790,989,487
Real estate:	
Properties occupied by the company	296,116,388
Properties held for the production of income	1,688,681,127
Cash, cash equivalents and short-term investments	2,292,000,638
Contract loans	11,501,805,056
Derivatives	788,450,216
Other invested assets	9,872,089,560
Receivable for securities	6,580,100
Derivatives-collateral assets	72,940,042
Derivatives receivable	8,968
Investment income due and accrued	1,669,966,256
Premiums and considerations:	
Uncollected premiums and agents' balances in the course of collection	237,851,221
Deferred premiums and agents' balances booked but not yet due	1,746,542,215
Reinsurance:	
Amounts recoverable from reinsurers	22,947,717
Other amounts receivable under reinsurance contracts	23,290,616
Current federal and foreign income tax recoverable and interest thereon	17,837,569
Net deferred tax asset	1,556,639,424
Guaranty funds receivable or on deposit	5,063,201
Electronic data processing equipment and software	27,620,997
Receivables from parent, subsidiaries and affiliates	109,672,813
Amounts receivable on corporate owned life insurance	4,538,572,011
Interest in annuity contracts	146,943,383
Unearned reinsurance premium recoverable	81,362,276
Collateral assignments	60,734,317
Administrative and other fees due and unpaid	7,686,566
Federal employees' group life conversion pool fund	4,940,361
From separate accounts, segregated accounts and protected cell accounts	$ 10,997,880,637
Total admitted assets	$189,231,107,933

C. Liabilities and Surplus

Aggregate reserve for life policies and contracts	$110,108,589,688
Aggregate reserve for accident and health contracts	4,413,109,710
Liability for deposit-type contracts	23,451,219,080
Contract claims:	
Life	596,438,377
Accident and health	28,420,380
Policyholders’ dividends and coupons due and unpaid	21,096,987
Policyholders’ dividends and refunds apportioned for payment	1,958,656,544
Premiums and annuity considerations received in advance	103,388,392
Contract liabilities not included elsewhere:	
Other amounts payable on reinsurance	39,835,226
Interest maintenance reserves	521,534,102
Commissions to agents due or accrued	18,924,540
Commissions and expense allowances payable on reinsurance assumed	3,883,000
General expenses due or accrued	2,083,669,684
Transfers to separate accounts due or accrued	(5,477,998)
Taxes, licenses and fees due or accrued, excluding federal income taxes	39,838,664
Unearned investment income	488,992
Amounts withheld or retained by reporting entity as agent or trustee	1,194,557,430
Amounts held for agents’ account	32,285,959
Remittances and items not allocated	335,161,203
Net adjustment in assets and liabilities due to foreign exchange rates	30,097,749
Liability for benefits for employees and agents if not included above	341,267,997
Borrowed money and interest thereon	401,976,231
Miscellaneous liabilities:	
Asset valuation reserves	3,371,258,840
Reinsurance in unauthorized and certified companies	4,575,881
Funds held under reinsurance treaties with unauthorized reinsurers	3,040,608,190
Payable to parent, subsidiaries and affiliates	41,158,012
Funds held under coinsurance	838,482,845
Derivatives	364,807,506
Payable for securities	74,604,305
Payable for securities lending	629,540,055
Unfunded pension obligations for employees and agents	642,422,621
Derivatives-collateral liability	429,265,700
Special reserves on certain group policies	424,706,775
Unfunded postretirement obligations for employees and agents	384,400,644
Obligations under structured settlement agreements	146,943,383
Liability for interest on claims	24,311,998
Other payables	18,705,072
Contingent liability	14,186,363
Deferred gains liability	10,433,334
Adjustment to agents’ progress sharing plan liability	5,131,189
Reserves required on certain group annuity separate accounts	4,749,326
Deferred rent payable	4,567,811
Deferred liability rebate commission	4,373,891
Tax credit payable	2,760,000
From separate accounts statement	10,997,880,637

Total liabilities	$167,198,836,315
Surplus notes	$ 2,986,904,107
Unassigned funds (surplus)	19,045,367,511
Total surplus	$ 22,032,271,618
Total liabilities and surplus	$189,231,107,933

D. Condensed Summary of Operations

	2015	2016	2017	2018	2019
Premiums and considerations	$20,397,451,534	$15,441,303,845	$15,070,976,747	$17,085,158,254	$15,963,228,209
Investment income	5,968,239,083	6,078,026,348	6,708,241,121	7,337,737,593	7,163,935,210
Commissions and reserve adjustments on reinsurance ceded	240,040,612	(110,182,160)	(35,489,719)	(55,408,217)	(47,419,908)
Miscellaneous income	478,380,019	510,303,455	589,524,990	(3,737,624,702)	174,808,081
Total income	$27,084,111,248	$21,919,451,488	$22,333,253,139	$20,629,862,928	$23,254,551,592
Benefit payments	$11,489,453,508	$11,402,133,823	$12,355,599,123	$13,881,017,527	$12,146,312,016
Increase in reserves	9,253,838,787	3,848,411,722	4,600,376,591	2,079,033,291	4,979,979,806
Commissions	1,238,758,001	553,431,277	593,381,559	547,695,248	577,011,210
General expenses and taxes	2,322,314,022	2,518,976,872	2,568,853,551	2,743,686,457	2,738,312,525
Increase in loading on deferred and uncollected premiums	3,611,651	4,883,723	7,653,355	(4,320,654)	(20,716,959)
Net transfers to (from) separate Accounts	120,060,612	999,967,761	(981,483,203)	(1,706,085,016)	104,497,371
Miscellaneous deductions	257,818,788	203,528,092	281,918,542	271,272,123	221,923,614
Total deductions	$24,685,855,369	$19,531,333,270	$19,426,299,518	$17,812,298,976	$20,747,319,583
Net gain from operations	$ 2,398,255,879	$ 2,388,118,218	$ 2,906,953,621	$ 2,817,563,952	$ 2,507,232,009
Dividends	1,923,250,075	1,943,957,223	1,958,311,333	1,974,316,854	2,043,186,658
Federal and foreign income taxes Incurred	326,687,419	(162,536,910)	(622,079,846)	(441,825,325)	(31,463,420)
Net gain from operations before net realized capital gains	$ 148,318,385	$ 606,697,905	$ 1,570,722,134	$ 1,285,072,423	$ 495,508,771
Net realized capital gains (losses)	(302,863,374)	(308,670,686)	(90,858,697)	(74,713,710)	(117,897,771)
Net income (loss)	$ (152,241,994)	$ 298,027,219	$ 1,479,863,437	$ 1,210,358,713	$ 377,611,000

The significant amount of $240 million in "commission and reserve adjustments on reinsurance ceded" reported in 2015, as compared with all other years under examination, is primarily related to the ceding commission income received as a result of the 2015 closed block reinsurance transaction with John Hancock.

The significant negative balance reported in "miscellaneous income" in 2018 as compared with all other years under examination is primarily due to the decrease in funds withheld adjustments of $3.9 billion resulting from the termination of the NYLIAC modified coinsurance agreement effective April 1, 2018.

The significant amount reported for "in increase in reserves" in 2015, when compared with all other years under examination, is primarily attributed to a $5.5 billion decrease in Insurance and Agency Group premiums driven by the initial impact of the John Hancock closed block reinsurance transaction.

The significant amount reported for "commissions" in 2015, when compared with all other years under examination, is due to the commission and expense allowance paid on the assumed reinsurance related to the John Hancock closed block reinsurance transaction.

The decrease in "increase in loading on deferred and uncollected premiums" in 2018 as compared to 2017 was due to loading being an additional cost built into the insurance policy to cover losses which are higher than anticipated. Loading as an additional cost was higher in 2017. (This account balance is generated by the difference between gross and net premiums and can fluctuate from time to time.)

The decrease in "increase in loading on deferred and uncollected premiums" in 2019 as compared to 2018 is primarily due to a change in valuation basis. The valuation is based on Company experience and fluctuates year to year based on various drivers and conditions that may impact collectability.

The change in "net transfers to separate accounts" in 2016 as compared to 2015 is attributed to higher net deposits in 2016 on funding agreements.

The change in "net transfers from separate accounts" in 2017 as compared to 2016 is due to net transfers from the Company's retirement plan separate account, the termination of a guaranteed separate account product in 2017, and the sale of two large stable value contracts in 2017.

The change in "net transfers from separate accounts" in 2018 as compared to 2017 is primarily driven by pension related withdrawals related to a change in asset allocation. This was partially offset by transfers into separate accounts from higher sales from stable value products.

The change in "net transfers to separate accounts" in 2019 as compared to 2018 is primarily attributed to withdrawals from re-balancing the pension plans in 2018, and higher net transfers from the stable value products in 2019.

E. Surplus Account

	2015	2016	2017	2018	2019
Surplus, December 31, prior year	$18,605,992,583	$19,495,935,115	$20,107,561,106	$20,356,950,396	$21,006,470,366
Net income (loss)	$ (152,241,994)	$ 298,027,219	$ 1,479,863,437	$ 1,210,358,713	$ 377,611,000
Change in net unrealized capital gains (losses)	541,986,701	178,252,761	896,067,511	(500,467,242)	1,295,633,399
Change in net unrealized foreign exchange capital gain (loss)	(137,935,579)	122,266,850	(53,350,746)	(49,884,679)	(138,218,898)
Change in net deferred income tax	492,239,792	128,595,018	(1,522,871,560)	(92,922,231)	240,707,471
Change in non-admitted assets and related items	(406,327,824)	27,600,546	412,892,521	(208,995,148)	92,610,118
Change in liability for reinsurance in unauthorized companies	(747,071)	(438,453)	1,304,576	(2,566,793)	(865,025)
Change in reserve valuation basis	0	0	(313,809,431)	(235,624,931)	(25,735,962)
Change in asset valuation reserve	177,306,628	84,870,656	(476,142,030)	57,616,016	(777,265,330)
Surplus (contributed to), withdrawn from separate accounts during period	0	(27,000,000)	(8,050,052)	0	0
Other changes in surplus in separate accounts statement	(1,114,738)	2,259,638	(5,874,558)	0	0
Change in surplus notes	402,333	402,333	402,333	402,333	993,270,979
Cumulative effect of changes in accounting principles	127,256,754	0	0	0	0
Aggregate write ins for gains (losses) in surplus	249,117,530	(203,210,577)	(161,042,710)	471,603,932	(1,031,946,500)
Net change in surplus for the year	$ 889,942,532	$ 611,625,991	$ 249,389,291	$ 649,519,970	$ 1,025,801,252
Surplus, December 31, current year	$19,495,935,115	$20,107,561,106	$20,356,950,396	$21,006,470,366	$22,032,271,618

F. Reserves

The Department conducted a review of the reserves as of December 31, 2019. This review included an examination of the asset adequacy analysis in accordance with Insurance Regulation 126. As a result of such review, the Department required, and the Company agreed to refine the reserve analysis in a manner acceptable to the Department. However, although the Company incorporated the revisions with the 12/31/2020 testing, additional changes were also incorporated which are under review. The Department is reviewing these revisions and at this juncture, the certificate of reserve valuation is being held and is not expected to be issued until the Department's review is concluded.

7. SUBSEQUENT EVENTS

A. COVID-19

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.

B. Acquisition of Cigna's Group Life and Group Disability Insurance Business

On December 17, 2019, the Company entered into a definitive agreement with Cigna Corporation and its subsidiary, Cigna Holding Company (collectively referred to as "Cigna"), to acquire Cigna's group life and group disability insurance business ("Group Business") for a purchase price of $6.3 billion, subject to adjustment. The acquisition of the Group Business will include the purchase by the Company of two insurance companies through which the Group Business is primarily conducted, Life Insurance Company of North America ("LINA"), domiciled in Pennsylvania, and Cigna Life Insurance Company of New York ("CLICNY"), domiciled in New York. The acquisition received all applicable regulatory approvals needed to satisfy the transaction and was closed on December 31, 2020.

On May 14, 2020, the Company filed a Service Agreement between the Company and its proposed subsidiary, CLICNY, with the Department, which received non-disapproval on June 12, 2020.

On May 18, 2020, the Company filed a Claims Administration Service Agreement between the Company and its proposed subsidiaries, CLICNY and LINA, with the Department, which received non-disapproval on June 10, 2020.

On June 8, 2020, the Company filed a Service Agreement between the Company and its proposed subsidiary, LINA, with the Department, which received non-disapproval on June 18, 2020.

The Company submitted a proposed Amended and Restated Agreement to Allocate Consolidated Tax Liability and Benefits (to include LINA and CLICNY) dated July 15, 2020 and received a non-disapproval letter from the Department dated September 24, 2020.

The Company submitted a proposed Service Agreement among New York Life, LINA and LINA Benefit Payments, Inc. dated September 30, 2020 and received a non-disapproval letter from the Department dated October 27, 2020.

These affiliate agreements became effective December 31, 2020.CLICNY was renamed New York Life Group Insurance Company of NY effective March 10, 2021.

8. SUMMARY AND CONCLUSIONS

Following are the violation and comments contained in this report:

Item	Description	Page No(s).
A	The Company violated Section 1712(b)(4) by failing to notify the superintendent in writing of its intention to enter into a passive trust with NYLTC at thirty days prior to April 24, 2017.	15
B	The Department conducted a review of the reserves as of December 31, 2019. This review included an examination of the asset adequacy analysis in accordance with Insurance Regulation 126. As a result of such review, the Department required, and the Company agreed to refine the reserve analysis in a manner acceptable to the Department. However, although the Company incorporated the revisions with the 12/31/2020 testing, additional changes were also incorporated which are under review. The Department is reviewing these revisions and at this juncture, the certificate of reserve valuation is being held and is not expected to be issued until the Department's review is concluded.	36
C	On December 17, 2019, the Company entered into a definitive agreement with Cigna Corporation and its subsidiary, Cigna Holding Company (collectively referred to as "Cigna"), to acquire Cigna's group life and group disability insurance business ("Group Business") for a purchase price of $6.3 billion, subject to adjustments.	37

Respectfully submitted,

Kristen Sharrow

Kristen Sharrow, CFE
Risk & Regulatory Consulting, LLC

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

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

Kristen Sharrow

Kristen Sharrow

Subscribed and sworn to before me
this 25th day of June, 2021
Audrey Hall

AUDREY HALL
Notary Public, State of New York
No. 01HA6274900
Qualified in Kings County
Commission Expires January 28, 2025

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. 32073

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:*

KRISTEN SHARROW
(RISK & REGULATORY CONSULTING, LLC)

as a proper person to examine the affairs of the

NEW YORK LIFE INSURANCE COMPANY

and to make a report to me in writing of the condition of said

COMPANY

with such other information as she shall deem requisite.

In Witness Whereof, I have hereunto subscribed my name
and affixed the official Seal of the Department
at the City of New York

this 3rd day of April, 2020

LINDA A. LACEWELL
Acting Superintendent of Financial Services

By:

MARK MCLEOD
DEPUTY CHIEF - LIFE BUREAU