NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES

FINANCIAL CONDITION REPORT ON EXAMINATION

OF THE

DELAWARE LIFE INSURANCE COMPANY OF NEW YORK

CONDITION: DECEMBER 31, 2019

DATE OF REPORT: JUNE 9, 2021

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EXAMINER:	ROBIN ROBERTS, CFE

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ANDREW M. CUOMO
Governor

LINDA A. LACEWELL
Superintendent

May 13, 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. 32188, dated January 27, 2021, and annexed hereto, an examination has been made into the condition and affairs of Delaware Life Insurance Company of New York, hereinafter referred to as "the Company." The Company's home office is located at Tower 49, 12 East 49th Street, New York, NY 10017. 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"*) Financial Condition Examiners Handbook, 2020 Edition* (the "Handbook"). The examination covers the four-year period from January 1, 2016, 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 called by the Delaware Department of Insurance ("Delaware") in accordance with the Handbook guidelines, through the NAIC's Financial Examination Electronic Tracking System. Delaware served as the lead state with the states of Arizona, Georgia, Illinois, New York, Pennsylvania, Texas, and Virginia participating. 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 2016 through 2019, by the accounting firm of PricewaterhouseCoopers LLP ("PwC"). The Company received an unqualified opinion in all years. Certain audit workpapers of the accounting firm were reviewed and relied upon in conjunction with this examination. The Company shares an internal audit department with its parent, Delaware Life Insurance Company ("DLIC"), a Delaware domiciled insurer. Certain internal audit work is outsourced to Ernst & Young LLP ("E&Y") and Stowe & Degon LLC ("Stowe") with both E&Y and Stowe given the task of assessing the internal audit control structure and compliance with the Model Audit Rule for the Company and its parent.

The examiner reviewed the corrective actions taken by the Company with respect to the recommendation in the prior financial report on examination. The results of the examiner's review are contained in item 8 of this report.

This report on examination is confined to financial statements and comments on those matters which involve departure from laws, regulations or rules, or which require explanation or description.

3. DESCRIPTION OF COMPANY

A. History

The Company was incorporated as a stock life insurance company under the laws of New York on May 25, 1983 under the name of Sun Life Insurance and Annuity Company of New York. The Company was licensed on April 11, 1985 and commenced business on August 15, 1985. Initial resources of $7,000,000, consisting of common capital stock of $2,000,000 and paid in and contributed surplus of $5,000,000, were provided through the sale of 2,000 shares of common stock (with a par value of $1,000 each) for $3,500 per share.

On December 31, 2002, Keyport Benefit Life Insurance Company ("KBL"), a New York domiciled life insurer, merged with and into the Company; the Company was the surviving entity. Prior to the merger, Keyport Life Insurance Company ("KLIC") owned KBL and DLIC, then known as Sun Life Assurance Company of Canada (U.S.) ("SLUS"), owned the Company. To execute the merger, the Company issued 4,001 additional shares of common stock to KLIC in exchange for the assets and liabilities of KBL. As a result of the additional common stock issuance, the Company became a subsidiary of both KLIC and SLUS, with KLIC owning 67% of the Company's common stock and SLUS owning 33%. On December 31, 2003, KLIC merged with and into SLUS; SLUS was the surviving company. As a result, the Company, once again, became a wholly owned subsidiary of SLUS.

KBL received a surplus contribution of $71,000,000 from KLIC in 2001. The Company received additional surplus contributions of $45,000,000 and $150,000,000 from its parent in 2002 and 2008, respectively. As of December 31, 2019, common capital stock totaled $2,100,350, and paid-in and contributed surplus totaled $357,399,650.

On December 31, 2011, Sun Life Financial Inc. ("SLF") announced that it would discontinue new sales of its domestic U.S. annuity and individual life products effective December 30, 2011, as a result of a strategic review of its business. SLF's decision to discontinue sales in these lines of business was based on unfavorable product economics due to ongoing shifts in capital markets and regulatory requirements. On December 17, 2012, SLF announced the execution of a definitive agreement ("Sale Transaction") to sell its domestic U.S. annuity business and certain life insurance business to Delaware Life Holdings, LLC ("Delaware Life Holdings"). Delaware Life Holdings, a newly formed limited liability company organized under the laws of

Delaware, was ultimately owned by Mark R. Walter and Todd L. Boehly. Messrs. Walter and Boehly were principal officers of, and held non-controlling ownership interest in, Guggenheim Partners, LLC, a privately held investment firm. Delaware Life Holdings was formed as an acquisition vehicle for the transaction with SLF. The Sale Transaction was approved by the Department on July 30, 2013. After receiving all regulatory approvals, the Sale Transaction closed on August 2, 2013 with an effective date of July 31, 2013 for accounting purposes. Included in the Sale Transaction was the transfer to Delaware Life Holdings of all the issued and outstanding shares of capital stock of SLUS, the holder of 100% of the issued and outstanding shares of the Company's capital stock. Effective July 21, 2014, the name of the Company was changed from Sun Life Insurance and Annuity Company of New York to its current name, Delaware Life Insurance Company of New York. On that same date, the name of the Company's parent, SLUS, was changed to DLIC.

On July 5, 2016, the Department received a divestiture notice from Mr. Todd L. Boehly stating that he would be divesting himself from ownership of Delaware Life Holdings. No party or person acquired Mr. Boehly's shares, including Mr. Mark R. Walter who became the ultimate controlling owner of Delaware Life Holdings.

On October 5, 2017, Delaware Life Holdings, LLC, changed its name to Group One Thousand One, LLC ("GOTO").

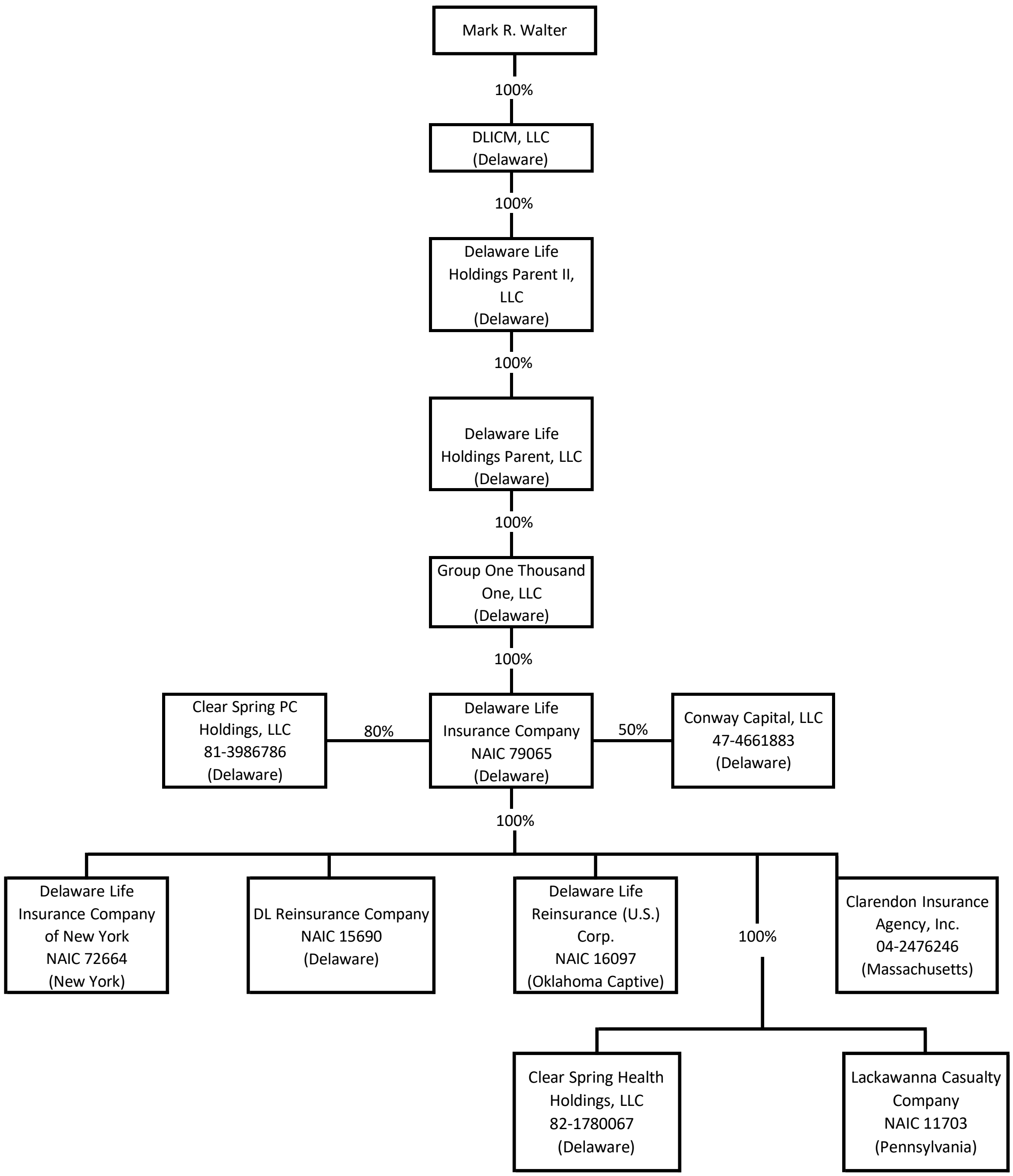
B. Holding Company

The Company is a wholly owned subsidiary of DLIC, a Delaware life insurance company. DLIC is in turn a wholly owned subsidiary of GOTO, a limited liability company organized under the laws of Delaware.

GOTO is a Delaware holding company consisting of insurance and non-insurance entities with a presence in the life, property and casualty, and health insurance markets. GOTO's parent companies, namely Delaware Life Holdings Parent, LLC, Delaware Life Holdings Parent II, LLC, DLHPII Equity Participation Company, LLC, and DLICM, LLC, are holding companies whose business activity is holding interests in subsidiaries and otherwise investing their assets. Mr. Mark R. Walter, an individual, holds 100% of the voting interests in DLHPII Equity Participation Company, LLC and DLICM, LLC and is the ultimate controlling party of DLIC.

C. Organizational Chart

A simplified 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 two 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
Amended and Restated Administrative Services Agreement File No. 29891	1/1/1999 Amendments: 11/21/2000 12/31/2001 12/1/2006	DLIC	The Company	DLIC furnishes personnel and certain investment, actuarial, and administrative services to the Company on a cost-reimbursement basis.	2016 $(9,179,846) 2017 $(8,596,801) 2018 $(9,397,203) 2019 $(7,782,716)
Principal Underwriter's Agreement** File No. 30978A	2/1/2003 Amendments: 12/1/2006 2/1/2009	Clarendon Insurance Agency, Inc. ("Clarendon")	The Company	Clarendon serves as principal underwriter and general distributor for certain variable insurance and annuity products issued by the Company.	2016 $ 0 2017 $ 0 2018 $ 0 2019 $ 0

*Amount of Income or (Expense) Incurred by the Company
**The agreement remains in effect if the Company begins to write new business

The Company also 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 twenty-five directors. Directors are elected for a period of one year at the annual meeting of the shareholder held in May of each year. The Company's by-laws provide that meetings of the board of directors may be held in person or by consent in lieu of a meeting without notice at such time and such place within or without the State of New York as the board of directors may from time to time determine. As of December 31, 2019, the board of directors consisted of seven members. Meetings of the board were held at least quarterly during the examination period with quorums present at all in person meetings.

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
Michael S. Bloom Portsmouth, NH	Senior Vice President and General Counsel, and Secretary Delaware Life Insurance Company	2016
Dennis A. Cullen* Northbrook, IL	Retired Managing Partner Chicago Asset Funding, LLC	2013
Homer J. Holland* Carefree, AZ	Investor Holland Partners, Inc.	2013
Richard E. Kipper* Gerbaz, AZ	Retired President and Chief Executive Officer Major Legal Services, Inc.	2013
Michael K. Moran Bedford, MA	Senior Vice President and Chief Accounting Officer, and Treasurer Delaware Life Insurance Company	2016
Jonathan T. Morley New York, NY	Chairman and Chief Executive Officer G2 Investment Group	2018
David E. Sams, Jr. Vero Beach, FL	Chairman Delaware Life Insurance Company	2013

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

The examiner's review of the minutes of the meetings of the board of directors and its committees indicated that the 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
Daniel J. Towriss	President and Chief Executive Officer
Fang L. Wang	Chief Financial Officer
Michael S. Bloom	Senior Vice President and General Counsel, and Secretary
David E. Sams, Jr.	Chairman
Victor E. Akin	Senior Vice President, Chief Actuary
Andrew F. Kenney	Chief Investment Officer
Michael K. Moran	Senior Vice President and Chief Accounting Officer, and Treasurer
James D. Purvis	Chief Operating Officer
Robert B. Stanton	Senior Vice President, Information Technology and Operations
Christopher J. Vellante*	Vice President and Chief Compliance Officer
Michelle B. Wilcon	Senior Vice President, Human Resources

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

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 two states, namely New York and Rhode Island. The Company is a qualified reinsurer in Connecticut. In 2019, 58% of life premiums, 84.9% of annuity considerations, and 100% of accident and health premiums were received from New York. Policies are written on a non-participating basis.

The following tables show the percentage of direct premiums received, by state, and by major lines of business for the year 2019:

Life Insurance Premiums	
New York	58.0%
Michigan	18.3
Minnesota	10.1
Texas	4.1
Delaware	2.3
Subtotal	92.8%
All others	7.2
Total	100.0%

Annuity Considerations	
New York	84.9%
Florida	5.5
Connecticut	2.1
California	1.5
New Jersey	1.4
Subtotal	95.4%
All others	4.6
Total	100.0%

A. Statutory and Special Deposits

As of December 31, 2019, the Company had $400,000 (par value) of United States Treasury Bond on deposit with the State of New York, its domiciliary state, for the benefit of all policyholders, claimants, and creditors of the Company.

B. Direct Operations

The Company's business currently includes a variety of wealth accumulation and protection products, including individual fixed and variable annuities. The Company reinsures certain risks related to some of these products to former affiliated and non-affiliated reinsurers.

Effective August 1, 2013, the Company discontinued new sales of group life, disability income, dental and stop loss insurance, and its existing block of group life, disability income, dental and stop loss business was either 100% reinsured or rewritten to a former affiliate, Sun Life and Health Insurance Company (U.S.) (“SLHIC”). The Company is currently in run-off with no plans to commence writing new business within the next twelve months.

C. Reinsurance

As of December 31, 2019, the Company had reinsurance treaties in effect with 14 companies, of which ten were authorized or accredited. The Company’s life, accident and health business is primarily reinsured on a yearly renewable term (“YRT”) basis. A small percentage of life insurance products are reinsured on a coinsurance basis. Reinsurance is provided on an automatic and facultative basis.

The maximum retention limit for individual life contracts is $1,500,000. Retained amounts in excess of the retention limit were ceded to United States Branch of the Sun Life Assurance Company of Canada (“SLOC”), a former affiliate, on a YRT basis. These amounts were subsequently novated to SLHIC per a novation agreement which was effective October 31, 2017.

Reserve credit taken for reinsurance ceded to unauthorized companies, totaling $2,840,546 was supported by letters of credit totaling $1,960,000. The Company reported a liability for reinsurance in unauthorized and certified companies totaling $1,019,408 on its financial statement.

The total face amount of life insurance ceded as of December 31, 2019, was $1,713,928,787, which represents 98.3% of the total face amount of life insurance in force.

Effective September 1, 2017, each life policy ceded to The Toa Reinsurance Company, Limited will be recaptured upon completing ten full years from its issue date.

Effective August 1, 2018, the Company agreed to a Security Life of Denver Insurance Company reinsurance premium rate increase on single life policies for which the insured has reached an attained age of 80 or greater and all joint policies, regardless of attained age.

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, 2015	December 31, 2019	(Decrease)
Admitted assets	$2,731,013,554	$2,250,928,881	$(480,084,673)
Liabilities	$2,329,203,154	$1,852,389,506	$(476,813,648)
Common capital stock	$ 2,100,350	$ 2,100,350	$ 0
Gross paid in and contributed surplus	357,399,650	357,399,650	0
Unassigned funds (surplus)	42,310,400	39,039,375	(3,271,025)
Total capital and surplus	$ 401,810,400	$ 398,539,375	$ (3,271,025)
Total liabilities, capital and surplus	$2,731,013,554	$2,250,928,881	$(480,084,673)

The Company's invested assets as of December 31, 2019, exclusive of separate accounts, were mainly comprised of bonds (88.8%), stocks and mortgage loans (6.3%).

The majority 94.8% of the Company's bond portfolio, as of December 31, 2019, was comprised of investment grade obligations.

The decrease in admitted assets and liabilities is primarily attributed to the Company's business operations being in run-off.

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
2016	$0	$1,814,193	$0	$22,669	$0	$78,726
2017	$0	$1,797,587	$0	$29,823	$0	$51,526
2018	$0	$1,764,336	$0	$29,104	$0	$48,897
2019	$0	$1,675,692	$0	$20,056	$0	$46,921

The decrease in individual whole life policies, individual term policies, and group life contracts in force during the examination period resulted from the Company's business operations being in run-off. The Company is currently not writing any new business.

The following has been extracted from the Exhibits of Number of Policies, Contracts, Certificates, Income Payable and Account Values in Force for Supplementary Contracts, Annuities, Accident and Health and Other Policies in the filed annual statements for each of the years under review:

	Ordinary Annuities			
	2016	2017	2018	2019
Outstanding, end of previous year	27,205	24,811	22,408	20,115
Issued during the year	56	61	57	53
Other net changes during the year	(2,450)	(2,464)	(2,350)	(2,405)
Outstanding, end of current year	24,811	22,408	20,115	17,763

The decrease in ordinary annuities outstanding is attributed to death benefit elections, and the Company's business operations being in run-off.

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:

	2016	2017	2018	2019
Ordinary:				
Life insurance	$ 388,236	$ 713,027	$ 40,884	$ (51,843)
Individual annuities	17,394,763	10,099,054	2,268,333	24,079,986
Supplementary contracts	(1,191,102)	(106,472)	(1,612,529)	0
Total ordinary	$16,591,897	$10,705,609	$ 696,688	$24,028,143
Group:				
Life	$ (317,999)	$ (356,930)	$ (12,220)	$ 79,792
Total group	$ (317,999)	$ (356,930)	$ (12,220)	$ 79,792
Accident and health:				
Group	$ 0	$ 0	$ 3,819,115	$ 0
Total accident and health	$ 0	$ 0	$ 3,819,115	$ 0
All other lines	$ 7,823,172	$ 9,962,970	$11,074,954	$10,837,984
Total	$24,097,070	$20,311,649	$15,578,537	$34,945,918

The changes in operating income in the ordinary life insurance line of business were as follows: the increase from 2016 to 2017 was due to lower investment expenses on funds withheld. The decrease from 2017 to 2018 was due to increases in general insurance expenses and investment expenses. The decrease from 2018 to 2019 was due to increased investment expenses and greater ceded interest maintenance reserve.

The changes in operating income in the individual annuities line of business were as follows: the decreases from 2016 to 2017 and 2017 to 2018 were due to increased annuity benefits and surrenders along with increases in asset adequacy reserves. The increase from 2018 to 2019 was due to lower general insurance expenses, higher net investment income and small profits from the supplementary contracts being grouped with the individual annuities. This was a format change for the 2019 annual statement.

The changes in operating income in the supplementary contracts line of business were as follows: the increase from 2016 to 2017 was due to lower interest adjustments on contract and deposit-type funds. The decrease from 2017 to 2018 was primarily due to the increase in policyholder benefits and reserves exceeding the considerations received. The decrease from 2018 to 2019 was due to the supplementary contracts being grouped with the individual annuities. This was a format change in the 2019 annual statement.

The changes in the group life insurance line of business were as follows: the increase between 2017 and 2018 was due to a large death claim. The increase between 2018 and 2019 was due to net investment income and no death benefit claims.

The changes in the group accident and health line of business were as follows: the increase between 2017 and 2018 and the decrease from 2018 to 2019 were due to the release of amortized gain on the SLHIC 2013 reinsurance treaty from surplus during 2018.

The increases and decreases, in all other lines of business between 2016 and 2019 were due to the unallocated investment income and general insurance expenses.

The following ratios, applicable to the accident and health business of the Company, have been extracted from Schedule H for each of the indicated years:

	2016	2017	2018	2019
Premiums earned	100.0%	100.0%	100.0%	100.0%
Incurred losses (lines 5 and 6)	100.0%	0.0%	0.0%	(216,022.2)%
Underwriting results (line 12)	0.0%	0.0%	0.0%	216,122.2%

The change between 2018 and 2019 in incurred losses and underwriting results is attributed to the last policy being terminated and the resulting decrease in reserves.

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

PwC was retained by the Company to audit the Company's combined statutory basis statements of financial position , 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.

PwC concluded that the statutory financial statements presented fairly, in all material respects, the financial position of the Company at the respective audit dates. Balances reported in these audited financial statements were reconciled to the corresponding years' annual statements with no discrepancies noted.

B. Net Admitted Assets

Bonds	$1,008,366,999
Stocks:	
Preferred stocks	16,457,629
Common stocks	4,755,585
Mortgage loans on real estate:	
First liens	49,629,405
Cash, cash equivalents and short-term investments	43,013,387
Contract loans	5,852,655
Other invested assets	2,638,312
Receivable for securities	5,005,864
Mortgage escrow funds	129,233
Investment income due and accrued	9,246,117
Premiums and considerations:	
Deferred premiums, agents' balances and installments booked but deferred and not yet due	33,083
Reinsurance:	
Amounts recoverable from reinsurers	2,115,538
Other amounts receivable under reinsurance contracts	10,798
Net deferred tax asset	30,018,032
Miscellaneous receivables and other assets	875,922
From separate accounts, segregated accounts and protected cell accounts	$1,072,780,322
Total admitted assets	$2,250,928,881

C. Liabilities, Capital and Surplus

Aggregate reserve for life policies and contracts	$ 579,606,982
Liability for deposit-type contracts	17,052,395
Contract claims:	
Life	1,731,622
Contract liabilities not included elsewhere:	
Other amounts payable on reinsurance	2,543,409
Interest maintenance reserve	21,808,214
Commissions to agents due or accrued	351,679
General expenses due or accrued	2,048,078
Transfers to separate accounts due or accrued	(34,800,584)
Taxes, licenses and fees due or accrued, excluding federal income taxes	5,807,804
Current federal and foreign income taxes	16,507,626
Unearned investment income	9,014
Remittances and items not allocated	716,576
Miscellaneous liabilities:	
Asset valuation reserve	10,153,097
Reinsurance in unauthorized companies	1,019,408
Payable to parent, subsidiaries and affiliates	817,906
Funds held under coinsurance	152,757,844
Payable for Securities	570,833
Stale checks	49,213
Accrued interest on policy claims	108,170
Miscellaneous liabilities	10,423
Summary of remaining write-ins for line 25 from overflow page	740,758
From Separate Accounts statement	1,072,779,040
Total liabilities	$1,852,389,506
Common capital stock	2,100,350
Gross paid in and contributed surplus	357,399,650
Unassigned funds (surplus)	39,039,375
Surplus	$ 396,439,025
Total capital and surplus	398,539,375
Total liabilities, capital and surplus	$2,250,928,881

D. Condensed Summary of Operations

	2016	2017	2018	2019
Premiums and considerations	$ 23,078,676	$ 25,572,212	$ 21,679,253	$ 22,957,465
Investment income	46,959,704	53,028,735	44,493,821	49,199,340
Commissions and reserve adjustments on reinsurance ceded	1,136,730	857,083	5,335,571	638,243
Miscellaneous income	28,668,627	27,101,996	24,446,504	21,884,009
Total income	$ 99,843,737	$ 106,560,026	$ 95,955,149	$ 94,679,056
Benefit payments	$ 228,197,676	$ 242,632,308	$ 232,123,310	$ 234,810,283
Increase in reserves	(30,619,487)	(21,930,393)	(14,468,675)	(44,699,444)
Commissions	5,774,111	5,509,576	4,724,232	4,294,116
General expenses and taxes	11,812,722	10,881,492	10,656,153	10,500,853
Net transfers to (from) Separate Accounts	(159,809,068)	(168,585,358)	(162,516,968)	(164,648,983)
Miscellaneous deductions	6,719,156	6,151,317	6,597,652	6,865,211
Total deductions	$ 62,075,110	$ 74,658,942	$ 77,115,704	$ 47,122,036
Net gain (loss)	$ 37,768,627	$ 31,901,084	$ 18,839,445	$ 47,557,020
Federal and foreign income taxes incurred	13,671,557	11,589,435	3,260,908	12,611,102
Net gain (loss) from operations before net realized capital gains	$ 24,097,070	$ 20,311,649	$ 15,578,537	$ 34,945,918
Net realized capital gains (losses)	(2,706,730)	(1,104,486)	(385,907)	195,596
Net income	$ 21,390,340	$ 19,207,163	$ 15,192,630	$ 35,141,514

The increase in the commissions and reserve adjustments on reinsurance ceded between 2017 and 2018 and the decrease between 2018 and 2019 are attributed to the amortization of gain on the reinsurance treaty with SLHIC recognized in 2018 as a result of the 2013 Sale Transaction.

The change in reserves between 2016 and 2017 is attributed to the increase in variable annuity and ordinary life reserves and decrease in the fixed annuity reserves as a result of the continued surrenders of the Company's in-force annuities. The change in reserves between 2017 and 2018 is attributed to the increase in guaranteed minimum benefit reserves and a smaller increase in the asset adequacy reserves because of the continued surrenders of the Company's in-force policies and contracts. The change between 2018 and 2019 is attributed to the decrease in the formula and guaranteed minimum benefit reserves, and a smaller increase in the asset adequacy reserves as a result of the continued surrenders of in-force polices and contracts.

The changes in the net gain were as follows: the decrease from 2017 to 2018 was primarily due to the decrease in investment income, the increase in commission and reserve adjustments on reinsurance ceded due to the gain on the 2013 reinsurance treaty with SLHIC associated with the Sale Transaction, the increase in the guaranteed minimum benefit reserves, and the decrease in the asset adequacy reserves. The increase from 2018 to 2019 was primarily attributed to the decrease in the formula reserves and a smaller increase in the asset adequacy reserves.

The decrease in the federal and foreign income taxes incurred in 2018, as compared with 2017, was due to the decrease in income. The increase in the federal and foreign income taxes incurred in 2019 was attributed to the increase in income due to the decrease in deductions as a result of the reserve changes.

The decrease in net realized capital losses between 2016 and 2018 and the increase between 2018 and 2019 were due to increased realized long-term bond gains.

E. Capital and Surplus Account

	2016	2017	2018	2019
Capital and surplus, December 31, prior year	$401,810,400	$404,360,887	$369,198,259	$366,353,748
Net income	$ 21,390,340	$ 19,207,163	$ 15,192,630	$ 35,141,514
Change in net unrealized capital gains (losses)	432,518	332,168	337,887	(487,139)
Change in net deferred income tax	2,312,892	(15,736,930)	1,555,224	2,696,950
Change in non-admitted assets and related items	(2,577,835)	3,916,693	3,324	8,670
Change in liability for reinsurance in unauthorized companies	476,886	1,840,652	(191,788)	(40,111)
Change in asset valuation reserve	(2,288,502)	(4,286,296)	5,188,413	(6,864,727)
Other changes in surplus in Separate Accounts statement	17	11	(17)	44
Change in surplus as a result of Reinsurance	0	0	(4,618,535)	0
Dividends to stockholders	(17,195,829)	(40,436,089)	(20,311,649)	0
Prior period adjustment net of tax	0	0	0	1,730,426
Net change in capital and surplus for the year	2,550,487	(35,162,628)	(2,844,511)	32,185,627
Capital and surplus, December 31, current year	$404,360,887	$369,198,259	$366,353,748	$398,539,375

The change in net unrealized capital gains between 2018 and 2019 is attributed to temporary decreases in the fair value of the Company's common stock investments.

The change in net deferred income tax between 2016 and 2017 is primarily attributed to the change in the corporate tax rate from 35% to 21% effective January 1, 2018 as a result of tax reform legislation enacted in December 2017. The change between 2017 and 2018 is primarily attributed to the 2017 adjustment to deferred taxes as a result of the corporate tax rate change from 35% to 21% enacted in December 2017.

The change in non-admitted assets between 2016 and 2017 resulted from the decrease in contract loans and miscellaneous receivables. The change between 2017 and 2018 resulted from an increase in contract loans and a decrease in miscellaneous receivables and other assets.

The changes in the liability for reinsurance in unauthorized companies between the years during the examination period were due to the 2006 reinsurance agreement with SCOR Global Life Americas Reinsurance Company, a non-affiliate, whereby the Company cedes individual universal life insurance business.

The changes in the asset valuation reserve between the years during the examination period were primarily due to the unrealized losses on invested assets in the Company's non-insulated separate accounts which are accounted for at fair value.

The changes in surplus as a result of reinsurance between 2017 and 2019 are attributed to the amortization of gain resulting from the SLHIC reinsurance treaty that was part of the Sale Transaction.

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.

8. PRIOR REPORT SUMMARY AND CONCLUSIONS

Following is the recommendation contained in the prior report on examination and the subsequent actions taken by the Company:

Item	Description
A	The examiner recommended that all members of the board of directors attend a majority of meetings within a calendar year.
	The examiner's review of the minutes of the meetings of the board of directors indicated that the meetings were well attended and that each director attended a majority of meetings.

Respectfully submitted,

Robin Roberts, CFE
Eide Bailly, LLP

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

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

Robin Roberts

Subscribed and sworn to before me
this 9th day of June, 2021

Audrey Hall

AUDREY HALL
Notary Public, State of New York
No. 01HA6274900
Qualified in Kings County
Commission Expires January 28, 2021

Respectfully submitted,

_____________/s/____________
Mostafa Mahmoud
Principal Insurance Examiner

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

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

_____________/s/____________
Mostafa Mahmoud

Subscribed and sworn to before me

this__________ day of ____________________

APPOINTMENT NO. <u>32188</u>

NEW YORK STATE

DEPARTMENT OF FINANCIAL SERVICES

*I, **<u>LINDA A. LACEWELL</u>**, 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:*

ROBIN ROBERTS

(EIDE BAILLY, LLP)

as a proper person to examine the affairs of the

DELAWARE LIFE INSURANCE COMPANY OF NEW YORK

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

COMPANY

with such other information as 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 <u>27th</u> day of January 2021

LINDA A. LACEWELL
Superintendent of Financial Services By:

Mark McLeod

MARK MCLEOD
DEPUTY CHIEF - LIFE BUREAU