NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES

FINANCIAL CONDITION REPORT ON EXAMINATION

OF THE

COMBINED LIFE INSURANCE COMPANY OF NEW YORK

CONDITION:	DECEMBER 31, 2019
DATE OF REPORT:	MAY 10, 2021

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<u>AS OF</u>

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<u>EXAMINER</u>:	<u>CLARISSA CRISP, CFE</u>

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ANDREW M. CUOMO
Governor

LINDA A. LACEWELL
Superintendent

May 12, 2021

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

Linda A. Lacewell:

In accordance with instructions contained in Appointment No. 32074, dated April 17, 2020, and annexed hereto, an examination has been made into the condition and affairs of Combined Life Insurance Company of New York, hereinafter referred to as "the Company." The Company's home office is located at 13 Cornell Road, Latham, NY 12110. The examination was conducted remotely because of the COVID-19 pandemic.

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 is 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 11 NYCRR 95 (Regulation 126). During the review, concerns were raised regarding the degree of conservatism in the assumptions and methodology used in asset adequacy analysis of the ceded life insurance and ceded long term care insurance business. The Company has agreed to refine the analysis and to strengthen reserves in a manner acceptable to the Department. This increased the Company’s gross reserves in the amount of $4.7 million as of December 31, 2020. The examiner recommends that the Company continue to perform such testing as agreed upon with the Department. (See item 6F of this report.)
- The extent to which COVID-19 may affect the Company’s financial condition or results of operations will depend on future developments, including the duration, spread, and intensity of the pandemic. The extent of these future developments is uncertain and not readily determinable as of the date of this report, considering the rapidly evolving landscape. As a result, it is not currently possible to ascertain the overall effect of COVID-19 on the Company’s business. The Department, along with all insurance regulators and the NAIC, is closely monitoring the evolving situation and the insurance industry through a coordinated effort to assess the effect of the pandemic on various types of insurance, individual insurers, and the insurance industry as a whole. (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' *Financial Condition Examiners* "NAIC" *Handbook, 2019 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 financial examination was led by the Illinois Department of Insurance with participation from the Department. Since the lead and participating states are all accredited by the NAIC, all states deemed it appropriate to rely on each other's work.

Information about the Company's organizational structure, business approach and control environment were utilized to develop the examination approach. The Company's risks and management activities were evaluated incorporating the NAIC's nine branded risk categories. These categories are as follows:

- Pricing/Underwriting
- Reserving
- Operational

- Strategic
- Credit
- Market
- Liquidity
- Legal
- Reputational

The Company was audited annually, for the years 2015 through 2019, by the accounting firm of PricewaterhouseCoopers LLP. 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's ultimate parent, Chubb Limited ("Chubb"), has an internal audit department and a separate internal control department which was given the task of assessing the internal control structure and compliance with the Sarbanes-Oxley Act of 2002 ("SOX"). Where applicable, SOX workpapers and reports were reviewed and portions were relied upon for this examination.

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 and commenced business as a stock life insurance company under the laws of New York on November 24, 1964 under the name of James Monroe Life Insurance Company and commenced business on June 14, 1971. Initial resources of $800,000 consisting of 400,000 shares of stock with a par value of $2 per share. On February 17, 1965, the Company issued an additional 100,000 shares, with a par value of $2 that increased the authorized capital to $1,000,000.

On May 12, 1971, all shares of authorized capital stock were purchased by Combined Insurance Company of America ("CICA") for $6.10 per share, for a total consideration of $3,050,000. Of this amount, $1,000,000 was capital and $2,050,000 was paid-in and contributed surplus. The present name of the Company was adopted when the Company was purchased by CICA.

On December 9, 1982, the Company amended its charter to increase the par value of all outstanding shares to $4, thereby increasing capital to $2,000,000. At the same time, CICA increased the Company's paid-in and contributed surplus to $4,050,000. The Company's gross paid-in and contributed surplus at December 31, 2019 was $4,126,625.

On April 1, 2008, pursuant to the terms of a Stock Purchase Agreement by and between Aon Corporation and ACE Limited, ACE Limited acquired 100% of the outstanding shares of the Company's parent, CICA, and certain of its subsidiaries from Aon Corporation including Combined Life Insurance Company of New York. As a result of the acquisition, CICA became an indirectly wholly-owned subsidiary of ACE Limited, the then ultimate controlling parent.

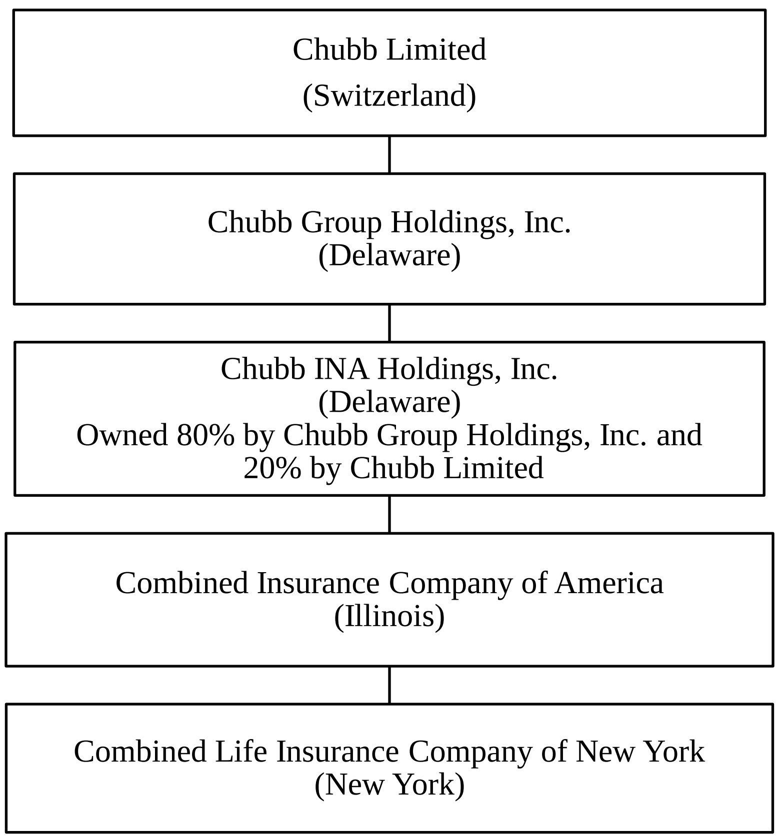
On January 14, 2016, ACE Limited completed an acquisition of the Chubb Corporation (Chubb Corp.) and effective January 15, 2016, Chubb Corp. merged with and into Chubb INA Holdings Inc. (Chubb INA), with Chubb INA the surviving Company, and ACE Limited was renamed Chubb Limited..

B. Holding Company

The Company is a wholly owned subsidiary of CICA, which in turn is owned by Chubb INA Holdings, which in turn is 80% owned by Chubb Group Holdings, Inc., a New Jersey holding company and 20% owned by Chubb Limited. Chubb Group Holdings, Inc. is a wholly owned subsidiary of Chubb Limited, the ultimate controlling entity in the holding company which is domesticated in Switzerland. On April 1, 2008, the sale of CICA and the Company was completed for approximately $2.56 billion and approved by the Department on March 20, 2008.

C. Organizational Chart

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



D. Service Agreements

The Company had five 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
Investment Advisory Services Agreement (Department File #40596)	1/1/2009	ACE Asset Management	The Company	Oversee CLICNY's third party investment managers and advise on matters related to its investment portfolio	2015 $(92,322) 2016 $(84,058) 2017 $(77,303) 2018 $(36,374) 2019 $(80,474)
Administrative Service Agreement File #42107	1/1/2010	CICA	CLICNY	Services & expertise relating to Life A&H business including executive services, IT, accounting and financial reporting, actuarial, sales administration, HR, claims administration, marketing, inventory management, policyholder services, underwriting, facilities management, and legal services	2015 $(22,129,251) 2016 $(26,410,732) 2017 $(25,092,914) 2018 $(23,596,435) 2019 $(22,454,870)
Administrative Service Agreement File #42106	1/1/2010	CLICNY	CICA	Services & expertise relating to Life and A&H business including claims and sales administration	2015 $433,427 2016 $52,949 2017 $35,437 2018 $23,507 2019 $41,085
General Service Agreement File #46263	12/31/2012	ACE American Insurance Company	CLICNY	General Services including treasury, global claims, reinsurance administration, IT and other services.	2015 $(2,582,343) 2016 $(2,954,758) 2017 $(2,516,608) 2018 $(3,217,102) 2019 $(3,468,675)
Amended and Restated Inter–Company Allocation Agreement	6/1/2015	No services provided; however Combined Insurance Company of America and CLICNY are parties to the agreement		Determines how reinsurance recoveries under reinsurance contracts are allocated amongst affiliates when there are multiple ceding companies party to a single reinsurance agreement	

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

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

E. Management

The Company's by-laws provide that the board of directors shall be comprised of seven directors. Directors are elected for a period of one year at the annual meeting of the stockholders held in February of each year. As of December 31, 2019, the board of directors consisted of seven members. Meetings of the board are held quarterly.

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
Jose Vasquez Princeton, New Jersey	President Combined Life Insurance Company of New York	2018
Fredric L. Bodner* Albany, New York	Shareholder Hinman Straub, P.C.	2008
Christopher E. Anderson Lake Forest, Illinois	Senior Vice President, Chief Financial Officer Combined Life Insurance Company of New York	2019
Paul A. Levine* Delmar, New York	Managing Member Lemery Greisler LLC	2017
Eileen Castolene Chicago, Illinois	Senior Vice President, Head of Operations and Technology Combined Life Insurance Company of New York	2019
Alexander Faynberg Hewlett, New York	Senior Vice President, Chief Actuary Combined Life Insurance Company of New York	2017
Lee M. Smith* Plymouth, Massachusetts	Retired - Legislative Bill Drafting Commission, New York State Legislature	2008

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

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

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

Name	Title
Jose Vasquez	President
John M. Buckley	Treasurer
Rebecca L. Collins	Secretary
Christopher E. Anderson	Chief Financial Officer

Mary Slingerland is the Company's 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, New York and Illinois. In 2019, 96% of life premiums and 96% accident and health premiums were received from New York. Policies are written on a non-participating basis.

A. Statutory and Special Deposits

As of December 31, 2019, the Company had $ 1,700,000 (par value) of United States Treasury Bonds 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 has three product distribution and marketing channels namely the U.S. Core/Enhanced Sales Model (ESM), Worksite Solutions, and Combined Select Programs ("CSP").

The Company utilizes a needs-based sales distribution model, known as the Enhanced Sales Model ("ESM"). The ESM focuses on the total coverage needs of an individual. The Company distributes the majority of its products through a three-tier career distribution force of domestic captive agents who market products in consumer homes. This distribution channel sells life and accident & health supplemental products that include disability income, accident only, accident and sickness, accident and sickness recovery, accidental death and dismemberment, critical care, specified disease, whole life and term life.

The Company's focus is towards the sale of individual accident and health policies, but the Company also sells smaller face amount life policies. The target market for the Company's products is lower middle income and working-class groups, as well as small business owners located in small towns throughout New York State. The sales force works off Company generated 'leads' based on its existing and lapsed policyholders in soliciting its products.

The Worksite Solutions channel has changed significantly since the prior examination. The traditional worksite sales distribution channel consisting primarily of independent brokers and a limited number of captive agents (account executives), has been eclipsed by marketing integration with Chubb in the Chubb Workplace Benefits channel, which uses independent brokers to offer products to client employees. The Worksite Solutions distribution channel sells life and accident and health supplemental products that include universal life, level term life, disability income, accident only, accident and sickness, accidental death and dismemberment, critical care and specified disease.

The Company's group products are solicited through the Company's Combined Select Programs ("CSP"), a division/business unit of its parent CICA. Group vision care and group life/AD&D are marketed to employer groups located in New York State. CSP utilizes program managers and independent brokers to market its group vision care and group life/AD&D products. Although the group vision insurance was a significant amount of overall premiums in 2019, the product is being phased out over the next several years as the producer, EyeMed, transfers business to a different insurer.

C. Reinsurance

As of December 31, 2019, the Company had reinsurance treaties in effect with 30 companies, of which 19 were authorized or accredited. The Company's life business is reinsured on a coinsurance basis and the accident and health business is reinsured on a yearly renewable term basis. Reinsurance is provided on an automatic and facultative basis.

The maximum retention limit for individual life contracts is $300,000. The total face amount of life insurance ceded as of December 31, 2019, was $29,039,958, which represents 2.5% of the total face amount of life insurance in force. Reserve credit taken for reinsurance ceded to unauthorized companies, totaling $19,873,183, was supported by trust agreements.

5. SIGNIFICANT OPERATING RESULTS

Indicated below is significant information concerning the operations of the Company during the period under examination as extracted from its filed annual statements. Failure of items to add to the totals shown in any table in this report is due to rounding.

The following table indicates the Company's financial growth (decline) during the period under review:

	December 31, 2014	December 31, 2019	Increase (Decrease)
Admitted assets	$391,855,135	$502,764,980	$110,909,845
Liabilities	$352,002,030	$433,668,133	$ 81,666,103
Common Capital Stock	$ 2,000,000	$ 2,000,000	$ 0
Gross paid in and contributed surplus	4,111,396	4,126,625	15,229
Special Surplus Funds-Affordable Care Act Fee	229,000	202,000	(27,000)
Unassigned Funds (Surplus)	33,512,709	62,768,222	29,255,513
Total capital and surplus	$ 39,853,105	$ 69,096,847	$ 29,243,742
Total liabilities, capital and surplus	$391,855,135	$502,764,980	$110,909,845

The change in assets and liabilities is consistent with the growth of business. The most significant growth over the five year time period was increase in premium income of $34 million from Accident and Health. As a result of this, Accident and Health reserves increased by almost $53 million during the five year time period.

The Company's invested assets as of December 31, 2019, were mainly comprised of bonds (98%).

The Company's entire 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	$59,590	$721,203	$7,160	$99,166	$5,860	$151,811
2016	$107,267	$731,579	$3,490	$90,781	$22,515	$155,774
2017	$126,665	$774,655	$3,290	$83,465	$28,257	$182,832
2018	$139,806	$795,739	$21,595	$88,419	$14,011	$201,139
2019	$162,307	$853,506	$21,594	$88,419	$38,005	$240,444

The significant increase of In-Force Individual Whole Life during the examination period was due to the Company's efforts to strategically increase production. In 2015 the Company changed its Individual Whole life product to incorporate a more simplified application, underwriting process and reduced the maximum face amount on the product.

There was a decrease of In Force "Individual Term Life" from 2015 to 2019 because the Company changed its focus and did not actively promote term products during the examination period.

The overall increase in "Group Life" policies issued during the period of 2015 to 2019 was attributed to several factors. In 2016, there was an adjustment to agent compensation, which resulted in an increase in volume for 2016 and in 2017. In 2018, the group sales force indicated they no longer wished to solicit or administer Universal Life products, which affected Group Term sales. The increase in 2019 is a result of the focus on the Group Term business.

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

Ordinary

	2015	2016	2017	2018	2019
Outstanding, end of previous year	496,882	512,625	492,150	486,455	487,467
Issued during the year	83,046	57,930	57,910	62,192	61,524
Other net changes during the year	(67,303)	(78,405)	(63,605)	(61,180)	(66,407)
Outstanding, end of current year	512,625	492,150	486,455	487,467	482,584

Group

	2015	2016	2017	2018	2019
Outstanding, end of previous Year	44	249,433	181,961	231,025	205,031
Issued during the year	3	16,439	102,607	1,990	21,096
Other net changes during the year	(3)	(83,911)	(53,543)	(27,984)	(2,272)
Outstanding, end of current year	44	181,961	231,025	205,031	223,855

Prior to 2016, the New York exhibit of accident and health insurance displayed the number of groups and not the number of certificates. The significant increase in the 2016 opening balance was attributable to the difference in reporting.

In 2018, the Company lost two of its five largest groups, resulting in a very small net increase in certificates “issued during the year”. These two groups alone reduced the member count by 20,000. In 2019, the significant gain in the number of certificates reported as “issued during the year”, was due to renewing the Company’s largest New York group contract. As part of the renewal, the group decided to move from two carriers to one carrier which resulted in a significant gain in the number of insureds and premium to the Company.

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	$ 941,367	$ 996,774	$1,838,480	$1,992,537	$ 2,177,989
Total ordinary	$ 941,367	$ 996,774	$1,838,480	$1,992,537	$ 2,177,989
Group:					
Life	$ 81,541	$ 571,402	$ 217,189	$ 186,836	$ 191,627
Total group	$ 81,541	$ 571,402	$ 217,189	$ 186,836	$ 191,627
Accident and health:					
Group	$ 149,424	$ 332,017	$ (20,132)	$ 129,860	$ 0
Other	(10,859,079)	5,771,967	7,920,944	5,497,363	11,421,856
Total accident and health	$(10,709,655)	$6,103,984	$7,900,812	$5,627,223	$11,421,856
Total	$ (9,686,747)	$7,672,160	$9,956,481	$7,806,598	$13,791,472

Given the small size of the block of the "Group Life" line of business, a certain amount of year to year variance is expected. Loss experienced in 2015 was notably worse than the following year, with higher death benefits of $300,000 and an increase in aggregate policy reserves of $90,000. In addition, the current provision for federal income taxes accounted for a year over year variance of $90,000. The biggest drivers of variance between 2016 and 2017 were an increase in premium income of $330,000 in 2017, which offset by the increased death benefits and aggregate reserves of $500,000, and an increase in the federal income tax provision of $100,000. Similarly, the 2018 decrease in net gain from operations was due to higher losses and commissions.

The primary drivers of the 2016 increase in net gain from operations fluctuations in the "Group Accident and Health" line of business were increased premiums in 2016 of $520,000, plus a lower current tax provision of $95,000, partially offset by increases in Accident & Health ("A&H") benefits of $190,000, allocated insurance taxes, licenses and fees of $220,000. There was a decrease in net gain from operations in the "Group Accident and Health" line of business in 2017 due to an increase in A&H benefits of $665,000 and allocated general expenses of $65,000 were partially offset by decreases in commission expenses of $140,000, allocated insurance, taxes, licenses and fees of $250,000.

The 2018 increase in the "Group Accident and Health" line of business was related to the group vision care insurance, and the 2018 results were impacted by several large group terminations. As a result, overall benefits decreased by almost $2.5 million. This was largely offset by a decrease in premiums of $1.7 million, an increase in commissions of $430,000 and an increase in allocated insurance, taxes, licenses and fees of $280,000.

The 2019 decrease in the "Group Accident and Health" line of business was due to a change in the 2019 NAIC annual statement. Group Accident & Health is no longer reported separately but is now included in the overall Accident & Health Exhibit.

The Trustmark reinsurance transaction (effective 1/1/2015) was the primary driver in the 2016 increase in the "Other Accident and Health" line of business, due to the increased commission expenses (among other line items) in 2015 related to the ceding commission for that transaction.

The primary drivers of the 2017 increase was an increase in premiums of $6.6 million, along with lower allocated general expenses of $700,000, were partially offset by an increase in aggregate reserves of $3.1 million and an increase in the current federal tax provision of $2.3 million.

The 2018 decrease was higher due to Accident & Health benefits as well as an increase in aggregate reserves.

The 2019 increase was higher due to premiums of $20.4 million, along with a lower increase in aggregate reserves of $3 million and higher allocated net investment income of $1 million were partially offset by increased Accident & Health benefits of $13.2 million, higher allocated general expenses of $2.3 million, higher commissions of $1.4 million and an increase in the current tax provision of $1.5 million. Note also that this comparison was impacted by the previously discussed format change in the NAIC annual statement as $13 million of the premium increase and $10.9 million of the benefit increase were as the result of including the group vision business in Other Accident & Health in 2019.

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:

	2015	2016	2017	2018	2019
Premiums earned	100.0%	100.0%	100.0%	100.0%	100.0%
Incurred losses	69.9%	63.6%	63.2%	66.4%	63.5%
Commissions	18.8%	5.8%	5.4%	5.7%	5.1%
Expenses	28.5%	32.5%	30.7%	29.1%	28.5%
Underwriting results	(17.2)%	(2.0)%	0.7%	(1.2)%	2.9%

The Underwriting results loss ratio was significantly higher in 2015, due to notably higher loss experience in Accident and Health business than the subsequent years under examination.

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	$465,371,733
Stocks:	
Common stocks	325,850
Cash, cash equivalents and short-term investments	2,699,978
Contract loans	8,643,501
Investment income due and accrued	2,747,974
Uncollected premiums and agents' balances in the course of collection	4,323,216
deferred and not yet due	4,211,107
Net deferred tax asset	9,020,550
Receivables from parent, subsidiaries and affiliates	5,221,071
Summary of remaining write-ins for Line 25 from overflow pages	$ 200,000
Total admitted assets	$502,764,980

C. Liabilities, Capital and Surplus

Aggregate reserve for life policies and contracts	$109,551,460
Aggregate reserve for accident and health contracts	261,997,619
Contract claims:	
Life	2,669,753
Accident and health	43,048,243
Premiums and annuity considerations for life and accident and health contracts received in advance	828,102
General expenses due or accrued	2,487,910
Taxes, licenses and fees due or accrued, excluding federal income taxes	2,755,375
Current federal and foreign income taxes	79,139
Unearned investment income	235,820
Amounts withheld or retained by Company as agent or trustee	1,516,530
Remittances and items not allocated	4,159,754
Miscellaneous liabilities:	
Asset valuation reserve	1,433,099
Payable to parent, subsidiaries and affiliates	646,782
Additional reinsurance allowance	1,532,272
Escheats	726,276
Total liabilities	$433,668,133
Common capital stock	$ 2,000,000
Gross paid in and contributed surplus	4,126,625
Special surplus funds – affordable care act fee	202,000
Unassigned funds (surplus)	62,768,222
Surplus	$ 67,096,847
Total capital and surplus	$ 69,096,847
Total liabilities, capital and surplus	$502,764,980

D. Condensed Summary of Operations

	2015	2016	2017	2018	2019
Premiums and considerations	$156,240,021	$155,186,024	$163,443,550	$167,219,257	$176,392,720
Investment income	10,726,545	10,678,952	11,914,602	12,636,367	13,940,555
Miscellaneous income	74,270	287,447	144,346	122,915	212,864
Total income	$167,040,836	$166,152,423	$175,502,498	$179,978,539	$190,546,139
Benefit payments	$ 93,286,839	$ 91,635,349	$ 91,807,989	$ 94,355,095	$ 98,651,860
Increase in reserves	15,706,377	6,942,578	11,686,076	16,445,977	13,763,044
Commissions	26,907,072	9,351,440	9,400,211	10,117,722	9,851,362
General expenses and taxes	45,676,371	50,522,784	50,121,448	48,541,530	50,193,344
Increase in loading on deferred and uncollected premiums	(114,266)	704,946	306,837	113,857	196,730
Total deductions	$181,462,393	$159,157,097	$163,322,561	$169,574,181	$172,656,340
Net gain (loss) from operations	$ (14,421,557)	$ 6,995,326	$ 12,179,937	$ 10,404,358	$ 17,889,799
Federal and foreign income taxes Incurred	(4,734,810)	(676,834)	2,223,456	2,597,759	4,098,327
Net gain (loss) from operations before net realized capital gains	$ (9,686,747)	$ 7,672,160	$ 9,956,481	$ 7,806,599	$ 13,791,472
Net realized capital gains (losses)	0	(44,936)	0	(10,899)	(34,980)
Net income	$ (9,686,747)	$ 7,627,224	$ 9,956,481	$ 7,795,699	$ 13,756,492

The primary driver of the $1,053,997 decrease in 2016 premiums and considerations was lower assumed Accident & Health premiums under the Trustmark treaty, as the Company decided to stop marketing the Trustmark products in August of 2015. This decrease in premiums and considerations more than offset an increase in direct written Accident &Health business.

The 2018, increase of $8,257,526 in premiums and considerations was primarily in Other Accident & Health direct premiums, which was comprised of $6.8 million of that increase coming from the Worksite Solutions channel (including increases of $3 million each in Disability and Specified Disease sales). ESM channel (career agents) also contributed to the growth with a $1.2 million increase in premiums, primarily in Hospital & Recovery and Disability Insurance products.

The $3,775,707 increase of premiums and considerations in 2018 was a combination of growth in the Worksite Solutions channel of $5.1 million and an increase in both Ordinary and Group Life of $1 million, offset by a net decrease of $2.1 million related to the Trustmark business.

The primary driver for the 2019 increase in premiums and considerations was the increased sales in the Worksite Solutions channel due to increased marketing efforts by Chubb Workplace Benefits brokers. Products impacted included Hospital & Recovery, Disability Insurance and Specified Disease (all three product lines up in total $6.3 million). In addition, ESM Life sales increased $1 million and ESM Disability Insurance sales were up $1.4 million.

The $1,651,490 decrease in 2016 benefit payments was attributed to the decision to cease marketing Trustmark products in August of 2015, which resulted in a $1.6 million decrease in assumed disability benefits.

The 2018 increase of $2,547,106 in benefit payments was due to Disability Insurance of $4.2 million and Hospital & Recovery of $2.8 million in both channels (ESM & Worksite Solutions), and an increase in life death benefits of $1.1 million, partially offset by lower benefits in Worksite Specified Disease of $2.8 million and lower vision benefits of $2.5 million.

The 2019 increase of $4,296,765 in benefit payments was primarily due to a $3.7 million increase in disability benefits, with minor increases in death and surrender benefits of about $300,000 each also contributing to the increase. The increase in disability insurance was a combination of Worksite Solutions channel products (with increases in Disability Insurance and Hospital & Recovery being partially offset by a decrease in Specified Disease, for a net increase of approximately $2.5 million) and vision benefits, which were up about $1.4 million.

Over half of the $8,763,799 decrease in reserves in 2016 of was related to the Trustmark assumption in 2015. Most of the remaining decreases were related to lower increases in reserves for the ESM business, primarily driven by Hospital & Recovery, but also Specified Disease and Disability.

The 2017 increase in reserves of $4,743,498 was driven by increases in reserves for the ESM channel (Hospital & Recovery, $2.2 million; Specified Disease, $700,000, Disability, $500,000) as well as an increase in Ordinary Life policy reserves of $1.6 million.

The biggest driver for the 2018 increase in reserves of $4,759,901 was an increase in Worksite Solutions Specified Disease reserves of $6.2 million. A cohort of in force two-year preliminary term reserve policies expired in 2018, so the Company had to start providing net level reserves for the block of policies. This increase was partially offset by a $1.2 million decrease in ESM Disability reserves.

The 2019 decrease of $2,682,933 in reserves was due to a decrease in Worksite Solutions Specified Disease, as the issue that had impacted this product line in the prior year (the expiration of the two-year preliminary term period) did not recur in 2019.

A decrease of $17,555,632 in "commissions" was noted in 2016 related to the Trustmark assumption, with $14.4 million from the initial purchase accounting/ceding commission at the inception of the treaty. The remaining reduction was due to the Company's decision to discontinue marketing the products in August of 2015. All commissions paid in 2016 were at lower renewal rates.

An increase of $4,846,413 in "general expenses and taxes" in 2016 was due to an increase in direct expenses of $1.4 million, primarily driven by increased agent overrides and manager bonuses. In addition, allocated expenses from the parent increased by $3.1 million (allocation was based on written premiums).

E. Capital and Surplus Account

	2015	2016	2017	2018	2019
Capital and surplus, December 31, prior year	$39,853,105	$21,862,110	$33,430,128	$44,316,047	$52,740,387
Net income	$ (9,686,747)	$ 7,627,224	$ 9,956,481	$ 7,795,699	$13,756,492
Change in net unrealized capital gains (losses)	(1,729)	(75,644)	(21,612)	2,845	26,267
Change in net deferred income tax	660,055	(3,365,738)	(14,011,686)	452,139	351,250
Change in non-admitted assets and related items	(9,219,025)	6,023,338	15,158,171	36,196	2,479,824
Change in asset valuation reserve	(19,715)	(86,902)	(151,246)	191,678	(177,355)
Surplus adjustments:					
Paid in	15,229	0	0	0	0
Additional reinsurance allowance	260,937	1,445,740	(44,189)	(54,218)	(80,018)
Net change in capital and surplus for the year	(17,990,995)	11,568,018	10,885,919	8,424,339	16,356,460
Capital and surplus, December 31, current year	$21,862,110	$33,430,128	$44,316,047	$52,740,387	$69,096,847

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 11 NYCRR 95 (Regulation 126). During the review, concerns were raised regarding the degree of conservatism in the assumptions and methodology used in asset adequacy analysis of the ceded life insurance and ceded long term care insurance business. The Company has agreed to refine the analysis and to strengthen reserves in a manner acceptable to the Department. This increased the Company's gross reserves in the amount of $4.7 million as of December 31, 2020. The examiner recommends that the Company continue to perform such testing as agreed upon with the Department.

7. SUBSEQUENT EVENTS

In December 2019, a novel strain of coronavirus—COVID-19—was reported in Wuhan, China. The virus has subsequently spread to other parts of the world, including the United States. On March 11, 2020, the World Health Organization declared the COVID-19 outbreak a pandemic, and on March 13, 2020, President Donald J. Trump declared the pandemic a national emergency. The COVID-19 pandemic has disrupted the United States' economy and caused extreme volatility in the financial markets globally in an unprecedented manner.

The extent to which COVID-19 may affect the Company's financial condition or results of operations will depend on future developments, including the duration, spread, and intensity of the pandemic. The extent of these future developments is uncertain and not readily determinable as of the date of this report, considering the rapidly evolving landscape. As a result, it is not currently possible to ascertain the overall effect of COVID-19 on the Company's business.

The Department, along with all insurance regulators and the NAIC, is closely monitoring the evolving situation and the insurance industry through a coordinated effort to assess the effect of the pandemic on various types of insurance, individual insurers, and the insurance industry as a whole.

8. SUMMARY AND CONCLUSIONS

Following is the recommendation contained in this report:

Item	Description	Page No(s).
A	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 11 NYCRR 95 (Regulation 126). During the review, concerns were raised regarding the degree of conservatism in the assumptions and methodology used in asset adequacy analysis of the ceded life insurance and ceded long term care insurance business. The Company has agreed to refine the analysis and to strengthen reserves in a manner acceptable to the Department. This increased the Company's gross reserves in the amount of $4.7 million as of December 31, 2020. The examiner recommends that the Company continue to perform such testing as agreed upon with the Department.	24
B	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.	25

Respectfully submitted,

Clarissa Crisp, CFE
Risk & Regulatory Consulting, LLC

STATE OF UTAH)
)SS:
COUNTY OF SALT LAKE)

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

Clarissa Crisp

Subscribed and sworn to before me

this 27 day of May, 2021

State of Utah
County of Salt Lake
On this 27 day of May, 2021, Clarissa Crisp
Personally appeared before me.
__ who is personally known to me.
X who's identity I verified on the bases of UT Drivers License
__ who's identity I verified on the oath/affirmation of a creditable witness,
to be the signer of the foregoing document, and he/she acknowledges that he/she signed it.

Notary Public

My Commission Expires 10-29-22

ALEEYA MONTANEZ
Notary Public - State of Utah
Comm. No. 703111
My Commission Expires on
Oct 29, 2022

Respectfully submitted,

/s/
Christine Mavour
Associate Insurance Examiner

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

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

/s/
Christine Mavour

Subscribed and sworn to before me

this__________ day of ____________________

APPOINTMENT NO. 32074

NEW YORK STATE

DEPARTMENT OF FINANCIAL SERVICES

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

CLARISSA L. CRISP
(RISK & REGULATORY CONSULTING, LLC)

as a proper person to examine the affairs of the

COMBINED 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 17th day of April, 2020

LINDA A. LACEWELL
Superintendent of Financial Services

By: Mark McLeod

MARK MCLEOD
DEPUTY CHIEF - LIFE BUREAU