NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES

FINANCIAL CONDITION REPORT ON EXAMINATION

OF THE

COMMERCIAL TRAVELERS LIFE INSURANCE COMPANY

CONDITION: DECEMBER 31, 2017

DATE OF REPORT: JUNE 3, 2019

NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES

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AS OF

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EXAMINER:	ANDREW JENNINGS, CFE

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NEW YORK STATE
DEPARTMENT of
FINANCIAL SERVICES

Andrew M. Cuomo
Governor

Linda A. Lacewell
Acting Superintendent

June 3, 2019

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

Madam:

In accordance with instructions contained in Appointment No. 31858, dated January 2, 2019, and annexed hereto, an examination has been made into the condition and affairs of Commercial Travelers Life Insurance Company, hereinafter referred to as "the Company," at the primary location of its books and records located at Two East Gilman Street, Madison, WI 53703. The Company's statutory office is located at 70 Genesee Street, Utica, NY 13502.

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.

- On April 25, 2017, during a special meeting of the board of directors, policyholders approved the demutualization of the Company and subsequently its acquisition by National Guardian Life Insurance Company after a five-year transition to full ownership that began when the two entities entered into the affiliation agreement. (See item 3A of this report.)
- On May 1, 2017, after completing the sponsored demutualization and acquisition, the Company became a subsidiary of NGLIC. The Company was granted life authority in its domiciliary state of New York, completing its transition to a stock life insurer and the adopting of its current name. (See item 3A of this report.)

2. SCOPE OF EXAMINATION

The examination of the Company was a full-scope, single-state examination as defined in the National Association of Insurance Commissioners' ("NAIC") *Financial Condition Examiners Handbook, 2018 Edition* (the "Handbook"). The examination covers the four-year period from January 1, 2014, to December 31, 2017. The examination was conducted observing the guidelines and procedures in the Handbook and, where deemed appropriate by the examiner, transactions occurring subsequent to December 31, 2017, but prior to the date of this report (i.e., the completion date of the examination) were also reviewed.

The examination was conducted on a risk-focused basis in accordance with the provisions of the Handbook published by the NAIC. The Handbook guidance provides for the establishment of an examination plan based on the examiner's assessment of risk in the insurer's operations and utilizing that evaluation in formulating the nature and extent of the examination. The examiner planned and performed the examination to evaluate the current financial condition as well as identify prospective risks that may threaten the future solvency of the insurer. The examiner identified key processes, assessed the risks within those processes and evaluated the internal control systems and procedures used to mitigate those risks. The examination also included assessing the principles used and significant estimates made by management, evaluating the overall financial statement presentation, and determining management's compliance with New York statutes and Department guidelines, Statutory Accounting Principles as adopted by the Department, and annual statement instructions.

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

- Pricing/Underwriting
- Reserving
- Operational
- Strategic
- Credit
- Market
- Liquidity
- Legal

- Reputational

The Company was audited annually, for the years 2014 through 2017, by the accounting firm of Ernst & Young, LLP ("E&Y"). 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 has an internal audit department which was given the task of assessing the Company's internal control structure.

The examiner reviewed the corrective actions taken by the Company with respect to the recommendations contained in the prior report on examination. The results of the examiner's review are contained in item 7 of this report.

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

3. DESCRIPTION OF COMPANY

A. History

The Company was incorporated and commenced business as a cooperative assessment health plan in the State of New York on March 20, 1883, under the name of Commercial Travelers Mutual Accident Association of America. On May 22, 1953, the Company's name was shortened to The Commercial Travelers Mutual Accident Association. On February 16, 1970, the Company was re-incorporated as a mutual accident and health insurance company, licensed under Article 42 of the New York Insurance Law; and hence changed its name to Commercial Travelers Mutual Insurance Company. On May 6, 1988, a merger was effected between the Company and InterAmerica Consolidated Mutual Insurance Company of La Grange, Illinois; as a result, the assets of the two entities were accounted for as a pooling interest, with the Company being the surviving corporation.

On April 20, 2012, the Company entered into an affiliation agreement with National Guardian Life Insurance Company ("NGLIC"), a Wisconsin domiciled mutual life insurance company. In conjunction with the affiliation, NGLIC funded the Company with $5,000,000 in the form of a surplus note and reinsured 50% of the Company's student accident and health insurance to improve the Company's capital position, and most of the positions on the Company's board of directors were held by NGLIC's representatives. On April 25, 2017, during a special meeting of the board of directors, policyholders approved the demutualization of the Company and subsequently its acquisition by NGLIC after a five-year transition to full ownership that began when the two entities entered into the affiliation agreement.

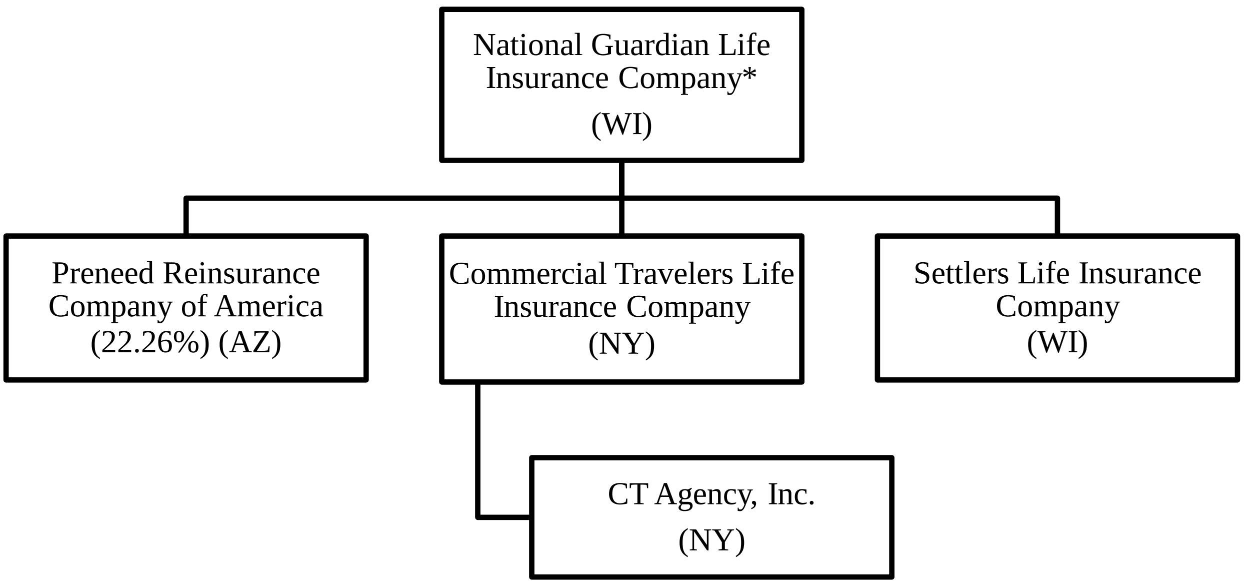
On May 1, 2017, after completing the sponsored demutualization and acquisition, the Company became a subsidiary of NGLIC. The Company's surplus note issued to NGLIC was also repaid and retired. The Company received $14 million from NGLIC in exchange for issuance of 11 million shares of $1 par value common capital stock and paid in and contributed surplus of $3 million. The acquisition resulted in the Company becoming a direct, wholly-owned, stock subsidiary of NGLIC, immediately increasing its total capital and surplus significantly. The Company was granted life authority in its domiciliary state of New York, completing its transition to a stock life insurer and the adopting of its current name.

B. Holding Company

The Company is a wholly-owned subsidiary of NGLIC, which is also the ultimate parent of the Company.

C. Organizational Chart

An abbreviated organization chart reflecting the relationship between the Company and significant entities in its holding company system as of December 31, 2017, follows:



*National Guardian Life Insurance Company owns 22.26% of the outstanding common shares of Preneed Reinsurance Company of America and holds 75% voting control of Preneed Reinsurance Company of America through the common shares it directly holds and the shares it controls, held in a voting trust.

D. Service Agreements

The Company had three service agreements in effect with affiliates during the examination period.

Type of Agreement and Department File Number	Effective Date	Provider of Services	Recipient of Services	Specific Services Covered	Income/ (Expense)* For Each Year of the Examination
Cost Sharing File No. 53207	4/23/2012 07/01/2017	NGLIC	The Company	Agent and broker related services, human resources, information services, legal, actuarial, accounting and financial	2014 $(698,385) 2015 $(640,514) 2016 $(708,352) 2017 $(805,215)
Investment Services File No. 53207	07/01/2017	NGLIC	The Company	Investment management	2017 $(28,869)
Marketing and Administration File No. 53207	08/01/2013 07/01/2017	The Company	NGLIC	Marketing and administration of specific insurance products	2014 $1,663,669 2015 $2,266,573 2016 $2,795,381 2017 $3,121,672

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

The Company participates in a federal income tax sharing agreement with NGLIC and Settlers Life Insurance Company.

E. Management

The Company’s by-laws provide that the board of directors shall be comprised of not less than 7 and not more than 12 directors. Directors are divided into three groups as nearly equal as possible and are elected for a period of three years at the annual meeting of the stockholders held in May of each year, such that the terms of approximately one-third of the directors expire each year at the annual meeting. As of December 31, 2017, the board of directors consisted of nine members. Meetings of the board are held annually.

The nine board members and their principal business affiliation, as of December 31, 2017, were as follows:

Name and Residence	Principal Business Affiliation	Year First Elected
Philip W. Grece III Oriskany Falls, New York	Senior Vice President Commercial Travelers Life Insurance Company	2012
Frank C. Hastings* Madison, Wisconsin	Retired Chairman J.H. Findorff & Son, Inc.	2017
Brian J. Hogan Fitchburg, Wisconsin	Senior Vice President Commercial Travelers Life Insurance Company	2012
Harrison J. Hummel III* Mohawk, New York	President and Chief Executive Officer Hummel's Office Plus	1999
Elmer J. Lemon* Madison, Wisconsin	Retired Partner and Accountant Grant Thornton, LLP	2017
Robert A. Mucci Madison, Wisconsin	EVP, Treasurer and Director of Corporate Services National Guardian Life Insurance Company	2012
Mark L. Solverud Middleton, Wisconsin	President and Chief Executive Officer Commercial Travelers Life Insurance Company	2012
David G. Walsh* Madison, Wisconsin	Chairman, Attorney and Retired Partner Foley & Lardner, LLP	2017
Gary J. Wolter* Madison, Wisconsin	Chairman, Retired President and Chief Executive Officer MGE Energy, Inc. and Madison Gas & Electric Company	2017

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

In May 2018, Timothy J. Heaton was elected to the board and Philip W. Grece III resigned from the board. In August 2018, Elmer J. Lemon passed away and was removed from the board. In January 2019, Mark L. Solverud and Brian J. Hogan resigned from the board and were replaced by Knut A. Olson and Daniel P. Olszewski.

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 most meetings.

The following is a listing of the principal officers of the Company as of December 31, 2017:

Name	Title
Mark L. Solverud	President and Chief Executive Officer
Kimberly A. Shaul	Vice President, General Counsel and Corporate Secretary
Derek J. Metcalf	Vice President, Chief Financial Officer and Treasurer
Daniel T. Durow	Appointed Actuary
William J. Kosick	Vice President, Director of Underwriting
Alan L. Shulman	Vice President, Actuary and Assistant Corporate Secretary
Brian T. Stalder	Vice President, Director of Marketing
Philip W. Grece III	Senior Vice President

Jeryl A. Olson, Assistant Vice President and Compliance Officer, is the designated consumer services officer per Section 216.4(c) of 11 NYCRR 216 (Insurance Regulation 64).

In May 2018, Timothy J. Heaton and Robert A. Mucci were elected as Vice Presidents and Philip W. Grece III retired as Senior Vice President. In January 2019, Knut A. Olson replaced Mark L. Solverud as President and Chief Executive Officer and Brian J. Hogan retired as Senior Vice President.

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 has not written any life or annuities insurance.

The Company is licensed to transact business in all states, except Hawaii, and the District of Columbia. In 2017, 82.5% of accident and health premiums were received from Connecticut (18.7%), New Hampshire (10.5%), and New York (53.4%). Policies are written on a non-participating basis only.

A. Statutory and Special Deposits

As of December 31, 2017, the Company had $1,500,000 (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. Per confirmations received from the following states, which were reported in Schedule E of the 2017 filed annual statement, an additional $2,520,000 (par value) was being held by the states of Arkansas, Florida, Georgia, Michigan, New Hampshire, New Mexico, North Carolina, South Carolina, and Virginia.

B. Direct Operations

The Company's primary lines of business include college student and kindergarten to twelfth grade student accident and medical coverage. The Company has also a small in force block of disability and accident insurance.

During the examination period, a large portion of the Company's student accident and health insurance renewals was transferred to NGLIC's books. However, the Company continues to market and administer most of the holding company's group student accident and health insurance business. Additionally, the Company discontinued sales of its group disability products.

The Company's business is produced exclusively through multiple agents and brokers. Consolidated Health Plans, located in Springfield, Massachusetts, produced 27.5% of the Company's direct premium written in 2017.

C. Reinsurance

As of December 31, 2017, the Company had reinsurance treaties in effect with three companies, of which two were authorized, accredited, or certified. The Company's accident and health business is reinsured on a coinsurance basis. Reinsurance is provided on an automatic basis.

One of the reinsurance treaties is with NGLIC, whereby NGLIC assumes 50% of the risks, liabilities, rights, and obligations regarding the insurance policies and assumes any other liabilities of the Company's in force student accident and health business written after January 1, 2012.

The total amount of accident and health insurance premiums ceded, as of December 31, 2017, was $2,793,556, which represents 30.8% of the total accident and health premiums in force. Reserve credit taken for reinsurance ceded to unauthorized companies, totaling $1,095,651, was supported by funds withheld and other miscellaneous balances.

The total amount of accident and health insurance premiums assumed, as of December 31, 2017, was 151,135.

Effective October 1, 2017, the Company assumed from NGLIC 50% of an in force block of supplementary contracts with life contingencies. The transaction was pursued primarily to qualify the Company as a life insurer for federal income tax purposes and to allow the Company to enter into a tax sharing agreement with its parent.

5. SIGNIFICANT OPERATING RESULTS

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

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

	December 31, 2013	December 31, 2017	Increase (Decrease)
Admitted assets	$21,161,893	$29,368,636	$ 8,206,743
Liabilities	$13,664,980	$15,411,090	$ 1,746,110
Common capital stock	$ 0	$11,000,000	$11,000,000
Gross paid in and contributed surplus	0	3,000,000	3,000,000
Health insurer fee payable	0	18,000	18,000
Surplus Notes	5,000,000	0	(5,000,000)
Unassigned funds (surplus)	2,496,913	(60,454)	(2,557,367)
Total capital and surplus	$ 7,496,913	$13,957,546	$ 6,460,633
Total liabilities, capital and surplus	$21,161,893	$29,368,636	$ 8,206,743

The Company's invested assets as of December 31, 2017, mainly comprised bonds (68.2%) and cash and cash equivalents (29.2%). The Company's entire bond portfolio, as of December 31, 2017, was composed of investment grade obligations.

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			
	2014	2015	2016	2017
Outstanding, end of previous year	676,248	699,802	423,521	440,971
Issued during the year	422,519	326,832	346,941	327,503
Other net changes during the year	(398,965)	(603,113)	(329,491)	(344,194)
Outstanding, end of current year	699,802	423,521	440,971	424,280

The number of policies decreased significantly from 2014 to 2015 due to the transfer of the student accident and health insurance renewals business from the Company to NGLIC.

The following is the net gain (loss) from operations by line of business after federal income taxes but before realized capital gains (losses) reported for each of the years under examination in the Company's filed annual statements:

	2014	2015	2016	2017
Ordinary:				
Supplementary contracts	0	0	0	(277,352)
Total ordinary	$ 0	$ 0	$ 0	$ (277,352)
Accident and health:				
Group	$267,155	$ (68,120)	$(880,069)	$ (272,629)
Other	57,210	81,168	170,107	49,690
Total accident and health	$324,365	$ 13,048	$(709,962)	$ (222,939)
All other lines	$ 24,779	$(177,858)	$ (252)	$1,581,119
Total	$349,144	$(164,810)	$(710,214)	$1,080,828

The loss in supplementary contracts from operations in 2017 resulted from business assumed from NGLIC. The Company reported considerations for supplementary contracts with life contingencies of $3,328,268 and increase in reserves of $3,760,418. Offsetting the loss was a $325,000 in commissions and expense allowances on reinsurance assumed, which is to, in part, reimburse the Company for additional reserves that would be required for this business based on current available investment yield rates.

The loss in group accident and health from operations in 2015 when compared with 2014 was driven primarily by a decrease in premiums of $1.9 million (43%) and a decrease in commissions and expense allowances on reinsurance ceded of $0.29 million, offset by a decrease in group disability benefits of $1.7 million (58%). These changes reflected the transitions of student accident and health insurance renewals to NGLIC, and the decision by the Company to discontinue the sales of group disability products. The increase in loss in 2016 compared with 2015 was driven primarily by an increase in disability benefits of $0.26 million (21%) and an increase in general expenses of $0.76 million (18%). The decrease in loss in 2017 compared with 2016 resulted mainly from an increase in premiums of $0.48 million (16%), offset by a decrease of $0.28 million (11%) in commissions and expense allowance on reinsurance ceded and a $0.72 million (15%) increase in general expenses.

The year-over-year changes in other accident and health net gain from operations resulted from fluctuations in individual disability benefit payments and general expenses.

"All other lines" is comprised of income and expenses, reported as write-in items, that are not allocated to a specific line of business, such as marketing and administration reimbursements for business written by NGLIC and expenses such as regulatory fees and penalties. The year to year fluctuations in these amounts drives the gains and losses reported. In 2017, write-ins for miscellaneous income also included a gain associated with the settlement of the $5.0 million surplus note between the Company and NGLIC. The surplus note was settled at its fair value of $3.8 million, resulting in a gain of $1.2 million.

6. FINANCIAL STATEMENTS

The following statements show the assets, liabilities, and capital and surplus as of December 31, 2017, as contained in the Company's 2017 filed annual statement, a condensed summary of operations and a reconciliation of the capital and surplus account for each of the years under review. The examiner's review of a sample of transactions did not reveal any differences which materially affected the Company's financial condition as presented in its financial statements contained in the December 31, 2017, filed annual statement.

A. Independent Accountants

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

E&Y 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	$16,873,970
Common stocks	373,325
Properties occupied by the company	260,227
Cash, cash equivalents and short-term investments	7,222,780
Receivable for securities	3,925
Investment income due and accrued	77,476
Uncollected premiums and agents' balances in the course of collection	45,000
Reinsurance:	
Amounts recoverable from reinsurers	70,485
Other amounts receivable under reinsurance contracts	3,570,832
Net deferred tax asset	743,138
Guaranty funds receivable or on deposit	59,798
Electronic data processing equipment and software	66,742
Miscellaneous receivables	938
Total admitted assets	$29,368,636

C. Liabilities, Capital and Surplus

Aggregate reserve for life policies and contracts	$ 3,760,419
Aggregate reserve for accident and health contracts	2,065,635
Contract claims:	
Accident and health	386,106
Premiums and annuity considerations for life and accident and health contracts received in advance	4,550
Commissions to agents due or accrued	42,336
General expenses due or accrued	518,036
Taxes, licenses and fees due or accrued, excluding federal income taxes	51,686
Current federal and foreign income taxes	21,532
Amounts withheld or retained by company as agent or trustee	2,187
Remittances and items not allocated	93,595
Miscellaneous liabilities:	
Asset valuation reserve	101,719
Funds held under reinsurance treaties with unauthorized reinsurers	797,992
Payable to parent, subsidiaries and affiliates	5,044,528
Liability for pension benefits	2,483,841
Unclaimed funds	36,928
Total liabilities	$15,411,090
Common capital stock	11,000,000
Gross paid in and contributed surplus	3,000,000
Health insurer fee payable	18,000
Unassigned funds (surplus)	(60,454)
Surplus	$ 2,957,546
Total capital and surplus	$13,957,546
Total liabilities, capital and surplus	$29,368,636

D. Condensed Summary of Operations

	2014	2015	2016	2017
Premiums and considerations	$ 4,666,516	$3,169,284	$3,264,078	$ 7,041,339
Investment income	185,014	200,646	206,344	697,333
Commissions and expense allowances on reinsurance ceded	618,273	331,116	242,469	214,922
Miscellaneous income	2,147,306	2,560,061	3,077,038	4,616,343
Total income	$ 7,617,109	$6,261,107	$6,789,929	$12,569,937
Benefit payments	$ 3,052,079	$1,318,610	$1,588,223	$ 1,687,750
Increase in reserves	(1,957,523)	(396,855)	61,488	3,609,150
Commissions	970,626	651,677	613,937	241,320
General expenses and taxes	5,190,819	4,648,939	5,232,606	5,990,716
Miscellaneous deductions	11,964	203,546	3,889	5,925
Total deductions	$ 7,267,965	$6,425,917	$7,500,143	$11,534,861
Net gain (loss)	$ 349,144	$ (164,810)	$ (710,214)	$ 1,035,076
Federal and foreign income taxes incurred	0	0	0	(45,752)
Net gain (loss) from operations before net realized capital gains	$ 349,144	$ (164,810)	$ (710,214)	$ 1,080,828
Net realized capital gains (losses)	0	0	(556)	(159,097)
Net income	$ 349,144	$ (164,810)	$ (710,770)	$ 921,731

The decline in premiums and considerations and benefit payments in 2015 compared with 2014 resulted from the transfer of renewals of the Company's group student accident and health insurance business to NGLIC, and the decision to discontinue the sales of the Company's group disability products. The transfer also resulted in the continued decrease in commissions and expense allowances on reinsurance ceded and commissions on premiums during the examination period.

The year-over-year increase in net investment income was driven by the increase in the Company's capitalization by NGLIC in conjunction with the demutualization and acquisition, which increased invested assets and correspondingly increased net investment income. The large increase in 2017 resulted from net investment income benefitting from significant bond call proceeds received in excess of par value.

The year-over-year increase in miscellaneous income, particularly from 2015 to 2017, was driven primarily by administrative fees that represent fees received from NGLIC under the reinsurance agreement and the marketing and administration reimbursements for the business written directly by NGLIC. The increases resulted from the continued growth of the business written and the corresponding increase in the reimbursements.

From 2014 to 2016, the Company's reserves were largely composed of the unearned premium reserves and claims liabilities associated with its group accident and health insurance business. There was a significant decrease in unearned premium reserves and claim liabilities from 2013 to 2014, resulting from the decline of the business. The decrease from 2014 to 2016 was much less even though the business continued to decline. The significant increase in reserves in 2017 primarily resulted from the in force block of supplementary contracts with life contingencies assumed from NGLIC.

The decrease in general expenses and taxes in 2015 resulted predominantly from expense categories that declined because of the shift of business to NGLIC, most notably PPO fees, third party administrator's fees and fronting fees. In addition, the funded status of the Company's defined benefit pension plan at the end of 2014 produced a negative periodic benefit cost in 2015. The increase in 2017 was due primarily to an increase in the net periodic benefit cost associated with defined benefit pension plan.

E. Capital and Surplus Account

	2014	2015	2016	2017
Capital and surplus, December 31, prior year	$ 7,496,913	$5,941,920	$ 6,452,307	$ 4,914,127
Net income	$ 349,144	$ (164,810)	$ (710,770)	$ 921,731
Change in net unrealized capital gains (losses)	24,345	24,868	(9,354)	52,253
Change in net deferred income tax	7,401	(537,701)	0	704,320
Change in non-admitted assets	374,957	29,733	(191,406)	(831,522)
Change in asset valuation reserve	(4,648)	13,098	(10,876)	(24,424)
Change in surplus notes	0	0	0	(5,000,000)
Capital changes:				
Paid in	0	0	0	11,000,000
Surplus adjustments:				
Paid in	0	0	0	3,000,000
Change in liability for pension benefits	$(2,306,192)	$1,145,199	$ (615,774)	$ (778,939)
Net change in capital and surplus for the year	$(1,554,993)	$ 510,387	$(1,538,180)	$ 9,043,419
Capital and surplus, December 31, current year	$ 5,941,920	$6,452,307	$ 4,914,127	$13,957,546

The significant decrease in the change in net deferred income tax in 2015 compared with 2014 resulted from the elimination of a deferred tax asset related to the Company's defined benefit pension plan recorded at the end of 2014.

The decreases in the change in non-admitted assets during the examination period were driven primarily by the decreases in the amounts non-admitted for overfunded pension plans.

The fluctuations in the change in liability for pension benefits during the examination period were driven by year-over-year status of the funding of the Company's defined benefit pension plan. In 2015, the funding status improved significantly. Also, an increase in the discount rate and mortality table revisions decreased the year-end pension obligations, reducing the unfunded liability. The net result was of $1.1 million addition to surplus.

The funding status worsened in 2016 and a decrease in the discount rate along with modest investment returns on plan assets during the year increased the unfunded liability. The net result was a $0.6 million reduction to surplus. The funding status also worsened in 2017 and the discount rate continued to decrease increasing the unfunded liability. The Company's pension plan is currently frozen, and NGLIC has provided a commitment to cover all unfunded obligations of the plan.

7. PRIOR REPORT SUMMARY AND CONCLUSIONS

Following are the recommendations contained in the prior report on examination and the subsequent actions taken by the Company in response to each citation:

Item	Description
A	The examiner recommended that the Company comply with the provisions of Sections 1206(a) and (6) and 1209(d) of the New York Insurance Law by obtaining the Superintendent's approval prior to implementing changes to its charter and/or by-laws and subsequently file such changes with the County Clerk.
	The Company's amendments to its charter and by-laws were submitted to and approved by the Superintendent on March 25, 2014 and were placed on file with the county's clerk office on April 14, 2014. The examination also revealed that the Company subsequently filed and obtained approval for changes to its charter and by-laws during both the Company's demutualization and conversion to life company.
B	The examiner recommended that the Company and its board comply with the provisions of Section 1411(a) of the New York Insurance Law by authorizing and approving investments on at least a quarterly basis, and by recording such approvals in the minutes of the board of directors.
	In 2014, the Company instituted procedures to ensure investments were authorized and approved quarterly and were recorded in the minutes of the board of directors. The examination revealed that the Company properly approves investments and records such approvals in the minutes of the board of directors.
C	The examiner recommended that the Company comply with Insurance Regulation No. 172 (11 NYCRR 83) by including the required clauses in its custodial agreements as contained in the NAIC Handbook.
	In 2014, the Company restated its custodial agreement with U.S. Bank N.A. to comply with Insurance Regulation 172 and to include all required clauses contained in the NAIC Handbook.
D	The examiner recommended that the Company comply with the provisions of Section 409(a) of the New York Insurance Law by filing the required fraud prevention plan
	In 2015, the Company updated and filed its fraud prevention plan with the Superintendent. The examination also revealed that the Company filed annual experience updates annually pursuant to Section 409 of the New York Insurance Law.

Item	Description
E	The examiner recommended that the Company's board of directors comply with the provisions of Section 325 of the New York Insurance Law by adopting a plan to maintain suitable records at its principal office in New York and to submit such plan to the Superintendent for approval. The Company's plan was submitted to and approved by the Department on December 2, 2013.

Respectfully submitted,

Andrew Jennings, CFE
Risk & Regulatory Consulting, LLC

Texas
STATE OF ~~NEW YORK~~)
Parker County)SS:
COUNTY OF ~~NEW YORK~~)

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

Andrew Jennings

Subscribed and sworn to before me

this 3rd day of June 2019

NOTARY PUBLIC STATE OF TEXAS
ANDY WILKS
My Notary ID # 131777914
Expires October 30, 2022

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. 31858

NEW YORK STATE

DEPARTMENT OF FINANCIAL SERVICES

I, MARIA T. VULLO, Superintendent of Financial Services of the State of New York, pursuant to the provisions of the Financial Services Law and the Insurance Law, do hereby appoint:

ANDREW JENNINGS
(RISK & REGULATORY CONSULTING, LLC)

as a proper person to examine the affairs of the

COMMERCIAL TRAVELERS LIFE INSURANCE COMPANY

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

COMPANY

with such other information as he shall deem requisite.

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

this 2nd day of January, 2019

MARIA T. VULLO
Superintendent of Financial Services

By:

MARK MCLEOD
DEPUTY CHIEF - LIFE BUREAU