NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES

FINANCIAL CONDITION REPORT ON EXAMINATION

OF THE

MONITOR LIFE INSURANCE COMPANY OF NEW YORK

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

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EXAMINER:	FRANK TAYLOR PHILLIPS

TABLE OF CONTENTS

NEW YORK STATE OF OPPORTUNITY.
Department of Financial Services

ANDREW M. CUOMO
Governor

LINDA A. LACEWELL
Superintendent

June 22, 2021

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

Linda A. Lacewell:

In accordance with instructions contained in Appointment No. 32120, dated June 19, 2020 and annexed hereto, an examination has been made into the condition and affairs of Monitor Life Insurance Company of New York, hereinafter referred to as the "Company". The Company's home office was located at 502 Court St, Suite 242, Utica, NY 13502. Subsequent to the January 1, 2021 sale of the Company, the home office was relocated to 199 Water Street, 29th Floor, New York, New York 10038. 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 finding and violation contained in this report is summarized below.

- Effective January 1, 2021, the Company was sold to United States Fire Insurance Company ("U.S. Fire"), a Delaware domiciled stock insurance company wholly owned by Crum & Forster. U.S. Fire acquired the Company by purchasing all of the issued and outstanding capital stock of the Company. (See Item 3A of this report.)
- The full effect of COVID-19 on the U.S. and global insurance and reinsurance industry is still unknown at the time of releasing this report. The Department is expecting the COVID-19 outbreak to impact a wide range of insurance products resulting in coverage disputes, reduced liquidity of insurers, and other areas of operations of insurers. The Department and all insurance regulators, with the assistance of the NAIC, are monitoring the situation through a coordinated effort and will continue to assess the impacts of the pandemic on U.S. insurers. (See item 7 of this report.)
- The Company violated Section 1505(d) of the New York Insurance Law by failing to notify the Department of its intent to enter into an agreement with TPM Life Insurance Company ("TPM Life") to terminate the reinsurance treaty effective January 1, 2019. (See item 4C 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 five-year period from January 1, 2015 through December 31, 2019. The examination was conducted observing the guidelines and procedures in the Handbook and, where deemed appropriate by the examiner, transactions occurring subsequent to December 31, 2019 but prior to the date of this report (i.e., the completion date of the examination) were also reviewed.

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

This examination was a multi-state coordinated examination between Oklahoma, Mississippi and New York. Oklahoma served as the lead state presiding over the examination. 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 firms of Carr, Riggs & Ingram, LLC (2015, 2018, and 2019) and BKD, LLP (2016 and 2017). The Company received an unqualified opinion in all years. Certain audit workpapers of Carr, Riggs & Ingram, LLC were reviewed and relied upon in conjunction with this examination.

The examiner reviewed the corrective actions taken by the Company with respect to the recommendation contained in the prior 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 October 15, 1971, under the name Monitor Insurance Company of New York. The Company was licensed to write accident and health business as specified by paragraph 3 of Section 1113(a) of the New York Insurance Law and commenced business on June 1, 1972. The Company's initial paid-in capital was $500,000, and contributed surplus was $600,000.

On August 15, 1978, the Company amended its charter to include the writing of life insurance and annuities as specified in paragraphs 1 and 2 of Section 1113(a) of the New York Insurance Law.

On April 25, 1979, the Company's name was changed to Monitor Life Insurance Company of New York.

On January 1, 2011, the Company was purchased by AmFirst Insurance Company ("AmFirst"), an Oklahoma domiciled insurance company.

Changes in the capital and surplus of the Company prior to the examination period resulted in capital and paid in and contributed surplus of $1,000,000 and $2,560,000, respectively, as of December 31, 2011.

The Company's charter was amended effective June 15, 2012. The amendment increased the par value of each share of the Company's common stock from $100.00 per share to $110.00 per share, which resulted in an increase in the Company's authorized capital from $1,000,0000 to $1,100,000. The increase in authorized capital was effected by a reclassification of $100,000 of paid in and contributed surplus to common capital stock.

The Company's charter was again amended effective February 19, 2014. The amendment increased the par value of each share of the Company's common stock from $110.00 per share to $250.00 per share, which resulted in an increase in the Company's authorized capital from $1,100,000 to $2,500,000. The increase in authorized capital was effected by a reclassification of $1,400,000 of paid in and contributed surplus of $2,500,000 and $2,560,000, respectively, as of December 31, 2014.

Effective January 1, 2021, the Company was sold to United States Fire Insurance Company ("U.S. Fire"), a Delaware domiciled stock insurance company wholly owned by Crum & Forster. U.S. Fire acquired the Company by purchasing all of the issued and outstanding capital stock of the Company.

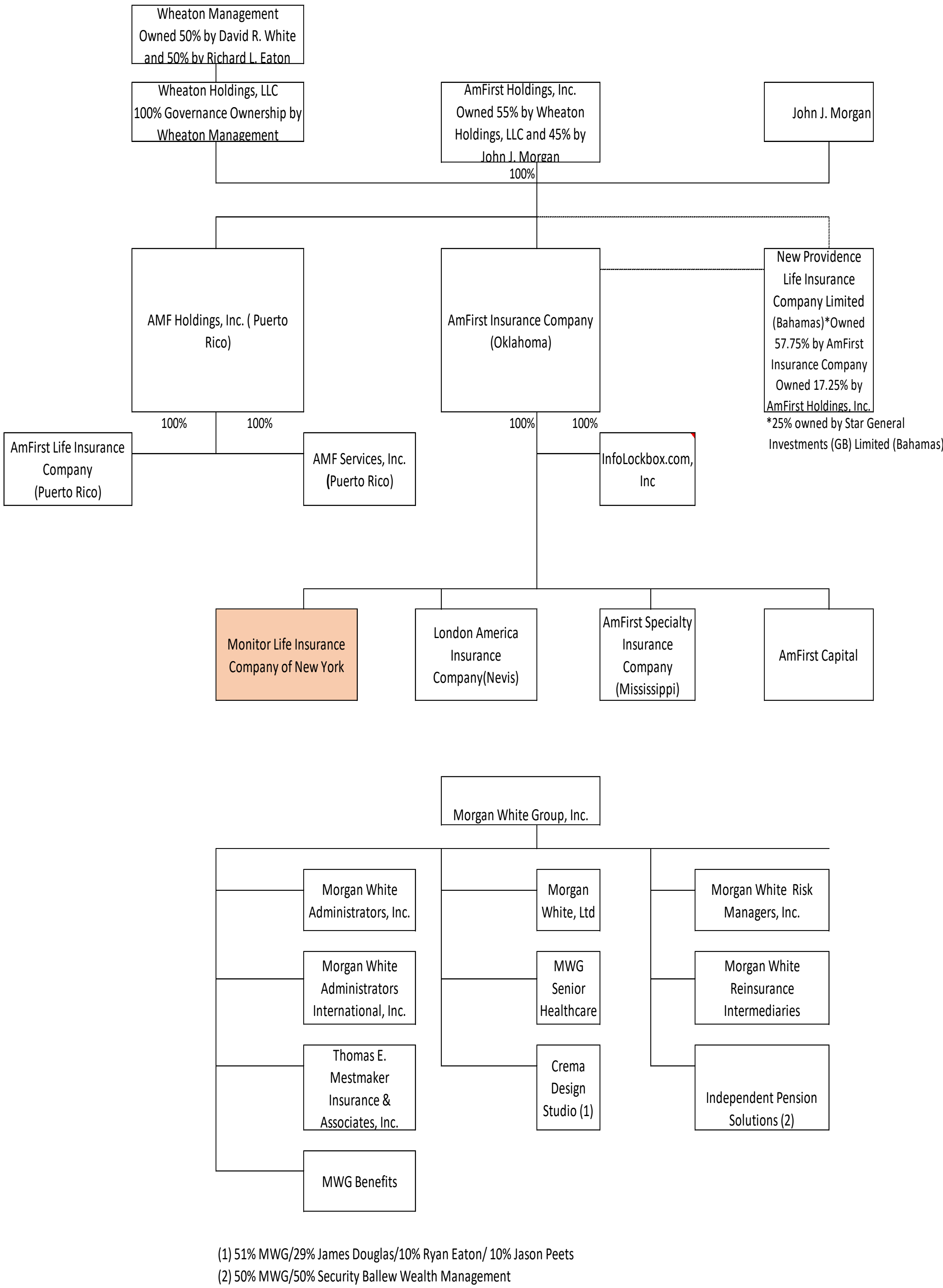
B. Holding Company

Prior to sale of the Company to U.S. Fire, the Company was a wholly owned subsidiary of AmFirst. AmFirst was in turn a wholly owned subsidiary of AmFirst Holdings, Inc. ("AmFirst Holdings"), a privately-owned Mississippi holding company. Until December 30, 2011, the shares of AmFirst Holdings were owned by David R. White (45%), John J. Morgan (45%) and Richard L. Eaton (10%), at which time the shares owned by Mr. White and Mr. Eaton were transferred to Wheaton Holdings, LLC.

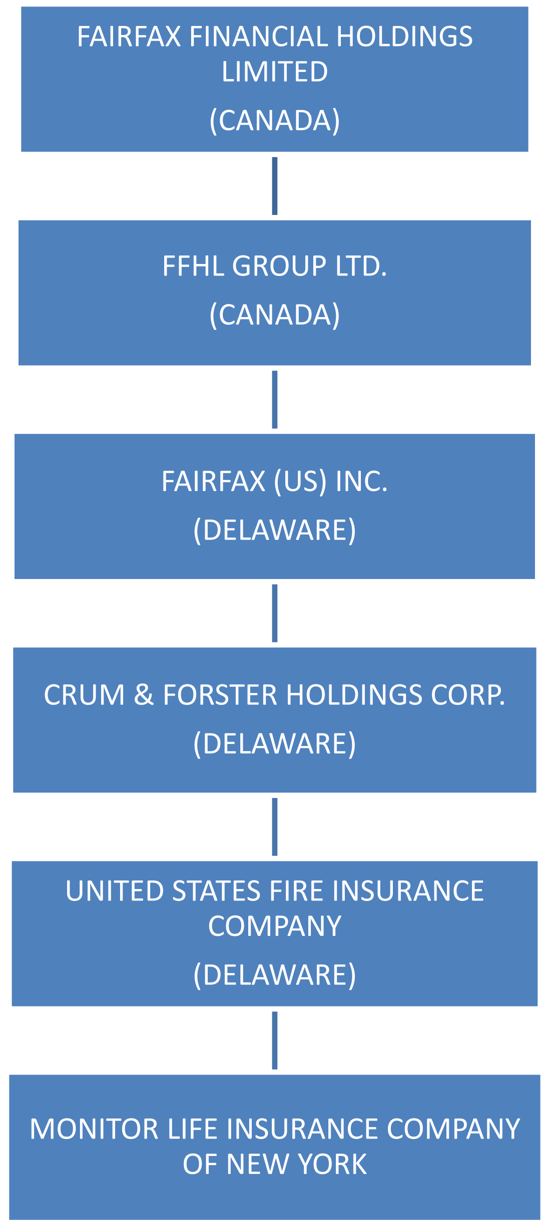
The Morgan-White Group, Inc. ("MWG"), which is 49% owned by John J. Morgan and 51% owned by Wheaton Holdings, LLC, was a significant participant in the Company's operations. MWG performs marketing and administrative services for the Company, AmFirst Holdings and AmFirst.

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:



An organization chart reflecting the relationship between the Company and significant entities in its holding company system effective as of the January 1, 2021 sale of the Company follows:



D. Service Agreements

The Company had four 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	Expense* For Each Year of the Examination
Administrative Services and Cost Allocation Agreement (Department File No. 43802)	01/01/2011	AmFirst Holdings	The Company	Provide management services, facilities, and other amenities.	2015 $(502,750) 2016 $(563,945) 2017 $(609,122) 2018 $(1,013,455) 2019 $(550,301)
Claims and Policy Servicing Agreement (Department File No. 43803)	01/01/2012	Morgan White Administrators, Inc. ("MWA")	The Company	Administration of domestic business - billing, collection, claims adjudication and policyholder service on all Premium Saver business.	2015 $(478,325) 2016 $(412,510) 2017 $(421,814) 2018 $(419,645) 2019 $(389,027)
Administrative Agreement (Department File No. 43804) General Agent Agreement	01/01/2011	Morgan White Ltd. ("MWL")	The Company	Marketing of domestic business - recruits brokers and agents to sell policies, mainly the Premium Saver Plan.	2015 $(233,704) 2016 $(205,810) 2017 $(211,781) 2018 $(213,024) 2019 $(192,470)
Claims and Policy Servicing Agreement (Department File No. 45513)	01/01/2013	Morgan White Administrators International, Inc. ("MWAII")	The Company	Administration of international business - billing, collection, claims adjudication on business written through the Worldwide Medical Trust.	2015 $(1,096,198) 2016 $(991,994) 2017 $(861,042) 2018 $(157,189) 2019 $ 0

*Amount of Expense Incurred by the Company

The significant increase in expenses allocated to the Company in 2018 as compared to 2017 under the AmFirst Holdings Administrative Services and Cost Allocation agreement was primarily attributable to AmFirst Holdings charitable contributions. AmFirst Holdings made approximately $1.9 million in charitable contributions in 2018, which increased the total amount of expenses allocated when calculating the management fee.

The significant decrease in expenses allocated to the Company in 2018 as compared to 2017, and the zero amount of expenses allocated to the Company in 2019 under the MWAII Claims and Policy Servicing Agreement was due to the Company deciding to discontinue writing international medical and disability products in 2018.

E. Management

The Company's by-laws provide that the board of directors ("the board") shall be comprised of not less than 7 and not more than 13 directors. Directors are elected for a period of one year at the annual meeting of the stockholders held in April of each year. As of December 31, 2019, the board consisted of 9 members. Meetings of the board are held at least three times during the year.

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

Name and Residence	Principal Business Affiliation	Year First Elected
Richard W. Aiken Jr.* Jackson, Mississippi	President Aiken Insurance Agency	2012
James K. Douglas Madison, Mississippi	President Crema Design Studio	2012
Richard L. Eaton Ridgeland, Mississippi	Treasurer and Secretary Monitor Life Insurance Company of New York	2011
Ryan L. Eaton Madison, Mississippi	Vice President Monitor Life Insurance Company of New York	2011
John J. Morgan Oxford, Mississippi	Vice President Monitor Life Insurance Company of New York	2011
Jason A. Peets Madison, Mississippi	Vice President Monitor Life Insurance Company of New York	2011
Paul H. Trevvett* Cold Brook, New York	Retired former President and Chief Executive Officer of Commercial Travelers Mutual Insurance Company	2011
David R. White Madison, Mississippi	President and Chief Executive Officer Monitor Life Insurance Company of New York	2011
D. Edward Young* Lititz, Pennsylvania	Retired former President of TPM Life	2017

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

Effective with the sale of the Company to U.S. Fire, all nine members of the board of directors resigned. Following are the seven individuals that now make up the new board of directors:

Name and Residence	Principal Business Affiliation	Year First Elected
Marc J. Adee Morristown, New Jersey	Chairman of the Board and Chief Executive Officer Monitor Life Insurance Company of New York	2021
Christopher J. Branch* Paradise Valley, Arizona	Director Avoca Risk Underwriting Solutions	2021
Maryellen C. Jankunis* Staten Island, New York	Retired Swiss Re Life and Health	2021
Gary J. McGeddy Jr. Eatontown, New Jersey	President Monitor Life Insurance Company of New York	2021
Arleen A. Paladino Morristown, New Jersey	Chief Financial Officer and Senior Vice President Monitor Life Insurance Company of New York	2021
Steven H. Schouweiler* Belton, Texas	Self-Employed Reinsurance Consultant Company	2021
Alejandro Morales Morristown, New Jersey	Senior Vice President United States Fire Insurance Company	2021

*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
David R. White	President and Chief Executive Officer
Richard L. Eaton*	Treasurer and Secretary
Jason A. Peets	Vice President
Ryan L. Eaton	Vice President
John J. Morgan	Vice President

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

Effective with the sale of the Company to U. S. Fire, all of the principal officers of the Company were replaced. The following is a listing of the principal officers of the Company as of March 31, 2021:

Name	Title
Marc J. Adee	Chairman of the Board and Chief Executive Officer
Gary J. McGeddy Jr.	President
George R. French*	Vice President and Treasurer
Michael P. McTigue	Senior Vice President, General Counsel and Secretary
Arleen A. Paladino	Chief Financial Officer and Senior Vice President
Carmine Scaglione	Senior Vice President and Controller

*Designated consumer services officer per Section 216.4 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 27 states and the District of Columbia. In 2019, 79.5% of life premiums were received from New York (70.4%) and New Jersey (9.1%), and 91.9% of accident and health premiums were received from Missouri (43.1%), Florida (27.1%), Texas (11.3%), and Iowa (10.4%). Policies were written on a non-participating basis.

A. Statutory and Special Deposits

As of December 31, 2019, the Company had $2,170,000 (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. As per Schedule E of the filed 2019 annual statement, an additional $732,000 was held by the states of Arkansas, Florida, Massachusetts and Virginia.

B. Direct Operations

Prior to its acquisition by AmFirst in January 2011, the Company had previously marketed a combination of ordinary life, group term life and annuity business. After the change in ownership, the Company sold group term life and supplemental medical products, both on a direct and assumed basis. The Company's supplemental medical product, the "Premium Saver" plan, which is an employer sponsored group supplemental accident and health insurance plan designed to help reduce the cost of group medical coverage, was the primary product of the Company's supplemental medical portfolio. Beginning in 2012, the Company also began to write international medical, and, in 2013, a lump sum disability product in the international market, predominately in Latin America and the Caribbean.

In 2015, the Company made the decision to exit the group term life market by non-renewing its existing policies as they came up for renewal. As a result, the Company focused primarily on its health and disability business.

In January 2016, the Company made the decision to deemphasize the sale of its Premium Saver product, resulting in a significant decrease in accident and health group insurance premiums.

During 2018, the Company discontinued writing international medical and disability products which at the time represented approximately 15% of the Company's business.

Effective January 1, 2018 the Company discontinued its assumption of Standard Life and Accident Insurance Company's ("Standard Life") supplemental medical product. The Company also discontinued its assumption of ordinary life business from affiliate, TPM Life, effective January 1, 2019. These changes were made in order to facilitate the impending sale of the Company.

The Company's current agency operations were conducted through its affiliate general agency, Morgan White Ltd., or through independent agents.

C. Reinsurance

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

The maximum retention limit for individual life contracts is $50,000. The total face amount of life insurance ceded as of December 31, 2019, was $176,172,000, which represents 99% of the total face amount of life insurance in force. Reserve credit taken for reinsurance ceded to unauthorized companies, totaling $7,522,093, was supported by letters of credit, trust agreements and/or funds withheld.

Effective October 31, 2003, the Company entered into an agreement with Standard Security Life Insurance Company of New York ("SSLONY") to cede 100% of its individual life insurance business. The business included a closed block of individual life insurance and annuities that resulted from acquisitions and a senior life policy that was formerly marketed in conjunction with Guarantee Reserve Life Insurance Company.

During 2018, the Company entered into an agreement with Lloyds of London. Under the Agreement, the Company will cede 100% of its contractual obligations and risks under a group term life insurance policy to be issued to the United Nations Federal Credit Union and the D.C. Credit Unions (together, "UNFCU") on a quota share basis up to a maximum of $1,000,000 on any one life. The Company will issue certificates to UNFCU members who are currently insured group members under a group term life policy issued by the Reinsurers, which was canceled and replaced by the Company's policy.

Effective January 1, 2018 the Company discontinued its assumption of Standard Life's supplemental medical product.

Section 1505(d) of the New York Insurance Law state in part, the following:

> "(d) The following transaction between a domestic controlled insurer and any person in its holding company system may not be entered into unless the insurer has notified the superintendent in writing of its intention to enter into any such transaction at least thirty days prior thereto, or with regard to reinsurance treaties or agreements at least forty-five days prior thereto, or such shorter period as the superintendent may permit, and the superintendent has not disapproved it within such period:…
> (2) reinsurance treaties or agreements; …"

Effective October 1, 2014, the Company entered into a 100% coinsurance agreement with TPM Life to assume 100% of the liabilities and obligations for a block of ordinary life insurance.

In February 2016, the Company advised the Department that TPM Life became part of the holding company group effective December 31, 2015. Included with the notification was a copy of the executed coinsurance agreement between the Company and TPM Life.

On February 26, 2016 the Department advised the Company that the reinsurance agreement will be placed on file, as the Agreement was executed effective October 1, 2014, when TPM Life was a third-party reinsurer to the Company. However, the Company was advised that going forward, all amendments and changes to the Coinsurance Agreement were subject to Section 1505 of the New York Insurance Law.

Effective January 1, 2019 the Company discontinued its assumption of ordinary life business from affiliate TPM Life by allowing TPM Life to recapture the statutory reserves on this block of business. However, such treaty was not submitted to the Department for prior approval.

The Company violated Section 1505(d) of the New York Insurance Law by failing to notify the Department of its intent to enter into an agreement with TPM Life to terminate the reinsurance treaty effective January 1, 2019.

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	$23,802,134	$16,194,233	$(7,607,901)
Liabilities	$13,486,400	$ 4,074,216	$(9,412,184)
Common capital stock	$ 2,500,000	$ 2,500,000	$ 0
Gross paid in and contributed surplus	$ 2,560,000	$ 2,560,000	$ 0
Unassigned funds (surplus)	$ 5,255,734	$ 7,060,017	$ 1,804,283
Total capital and surplus	$10,315,734	$12,120,017	$ 1,804,283
Total liabilities, capital and surplus	$23,802,134	$16,194,233	$(7,607,901)

The Company's invested assets as of December 31, 2019 were mainly comprised of cash and short-term investments (75.9%) and bonds (22%).

The Company sold the majority of its investments in 2019 with the exception of its statutory deposits, due to the impending sale of the Company to United States Fire Insurance Company who requested that the Company be as close to fully in cash as possible.

The decrease in admitted assets and liabilities was primarily a result of the Company ceasing the issuance of its international major medical and disability business in 2018 and ceased assuming supplemental medical business from Standard Life in 2019.

The increase in unassigned funds (surplus) was primarily the result of the profits realized from its international major medical and disability and its supplemental medical blocks of business.

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):

	Group Life	
Year	Issued & Increases	In Force
2015	$ 0	$ 664
2016	$ 0	$ 664
2017	$ 0	$ 544
2018	$159,350	$159,849
2019	$ 32,250	$167,483

In 2018, the Company became the direct writer on a block of group term life business written to one group, the United Nations Federal Credit Union ("UNFCU"). The Company cedes this block of business 100% to Lloyds of London. Group Life issued in 2019 decreased in comparison to 2018 because the block of business is a closed group. The Company is not actively writing any life 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:

	Group				
	2015	2016	2017	2018	2019
Outstanding, end of previous year	46,941	19,552	17,770	18,886	6,417
Issued during the year	5,140	4,107	4,026	1,738	1,213
Other net changes during the year	(32,529)	(5,889)	(2,910)	(14,207)	(1,474)
Outstanding, end of current year	19,552	17,770	18,886	6,417	6,156

The decrease in "Accident and Health- Group" issued in 2016 as compared to 2015 was primarily due to the Company's decision to stop marketing its Premium Saver product in January of 2016.

The decrease in "Accident and Health-Group" issued in 2018 and 2019 as compared to 2017 was primarily due to the Company making the decision to stop assuming Premium Saver business written by Standard Life on January 1, 2018.

The significant decrease in the number of "Accident and Health-Other net Changes-Group" that occurred in 2015 was primarily due to the change in assumption of supplemental medical business from Standard Life. In 2014, the Company was assuming 100% of a block of supplemental medical business from Standard Life. In 2015, the percentage changed to 30%. This shift resulted in a large decrease in the number of policies on the Company's books.

The significant decrease in the number of "Accident and Health- Other net Changes-Group" that occurred in 2018 was primarily due to a change in assumption of supplemental medical business from Standard Life. In 2017, the Company was assuming 30% of a block of supplemental medical business. In 2018, the percentage was reduced to 0%. This change resulted in a large decrease in the number of policies on the Company's books.

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	$ (181,244)	$ 11,456	$ 18,990	$273,916	$ 87,768
Individual annuities	(36,936)	26,916	9,631	101,329	35,428
Supplementary contracts	(13,175)	1,847	12,039	105,548	0
Total ordinary	$ (231,355)	$ 40,219	$ 40,660	$480,793	$123,196
Group life	$ 88,339	$ 6,868	$ 8,782	$ 57,535	$ 88,414
Accident and health:					
Group	$2,078,573	$2,125,107	$1,219,259	$418,851	$ 0
Other	3,766	9,467	13,441	13,139	168,653
Total accident and health	$2,082,339	$2,134,574	$1,232,700	$431,990	$168,653
Total	$1,939,323	$2,181,661	$1,282,143	$970,318	$380,263

The reason for the "net loss from operations-ordinary life insurance" in 2015 was due to higher than usual claims and minimal premium income as the Company's ordinary life business was in runoff.

The significant increase in "net gain from operations-ordinary life insurance" in 2016 as compared to 2015 is primarily a result of a decrease in claim payments in 2016.

The significant increase in "net gain from operations-ordinary life insurance" in 2018 as compared to 2017 was due to lower than expected claims, causing the reserve decrease to exceed paid losses. In addition, the Company's 2015 assumption of TPM Life's ordinary life block of business finally became profitable in 2018 after realizing losses in the prior 3 years.

The significant decrease in "net gain from operations- ordinary life insurance" in 2019 as compared to 2018 was primarily a result of the Company deciding to cease assuming ordinary life business from TPM Life in 2019.

The reason for the fluctuations in "net gain (loss) from operations- ordinary individual annuities" during the examination period under review was primarily due to the Company's annuity business is in runoff status, and since this business has no premiums, the year to year fluctuations in claims experience has a larger than normal impact on the reported net gain and loss.

The significant decrease and zero-amount reported in "net gain (loss) from operations- ordinary supplemental contracts" in 2019 as compared to 2018 was the result of changes made to the annual statement blank in 2019 that no longer requires separating supplemental contracts out as a separate line of business.

The significant decrease in "net gain from operations- group life" in 2016 and 2017 as compared to 2015 was primarily a result of the Company exiting the group term life market in 2015, with the exception of a small block of policies on waiver of premium.

The increase in "net gain from operations-group life" in 2018 and 2019 as compared to 2016 and 2017 was primarily a result of income related to the 2018 Lloyds of London Agreement in which the Company cedes 100% of its contractual obligations and risks under a group term life insurance policy issued to UNFCU, and a 2019 decrease in waiver of premium reserves.

The significant decrease in "net gain from operations- accident and health group" in 2017 as compared to 2016 and 2015 was primarily a result of the Company's decision to deemphasize the sale of its Premium Saver product starting in 2016, resulting in a significant decrease in accident and health group insurance premiums.

The significant decrease in "net gain from operations- accident and health group" in 2018 as compared to 2017 was primarily a result of the Company reducing its assumption of Standard Life's Premium Saver business from 30% in 2017 to 0% in 2018 resulting in a steep decline in accident and health group insurance profits.

The zero-amount reported for "net gain (loss) from operations-accident and health- group" in 2019 was a result of changes made to the 2019 Annual Statement blank. Prior to 2019, the Company's Premium Saver product was reported in the accident and health- group column in the analysis by line of business page. In 2019, the Annual Statement blank changed to give accident and health business more specific columns. As a result, the Company's Premium Saver product was reported in the accident and health- other column instead of the accident and health-group column that no longer existed.

The previously mentioned change to the annual statement blank is also the reason for the significant increase in “net gain from operations- accident and health- other” in 2019 as compared to all other years under examination.

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	39.7%	37.2%	43.0%	37.7%	44.2%
Commissions	31.2%	35.6%	32.7%	18.7%	18.1%
Expenses	14.5%	16.4%	17.1%	37.0%	36.0%
Underwriting results	14.6%	10.8%	7.2%	6.6%	1.6%

The increase in incurred losses ratios in both 2017 and 2019 as compared to 2016 and 2018, respectively, were primarily a result of increased claim activity during those years.

The significant decrease in commissions ratios in 2018 and 2019 as compared to 2017 and prior years was primarily because the Company stopped assuming Premium Saver business from Standard Life in 2018.

The significant increase in expenses ratios in 2018 and 2019 as compared to 2017 and prior years was primarily a result of the Company’s expenses remaining relatively even in relation to reduced A&H premium during these years.

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 firms of Carr, Riggs and Ingram, LLC and BKD, LLP were 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. Carr, Riggs and Ingram LLC completed the audit for the years 2015, 2018, and 2019. BKD, LLP completed the 2016 and 2017 audits.

Carr, Riggs and Ingram, LLC and BKD, 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	$ 3,594,118
Stocks:	
Common stocks	187,749
Cash, cash equivalents and short term investments	10,763,970
Contract loans	58,331
Other invested assets	1,089,913
Investment income due and accrued	12,920
Premiums and considerations:	
Uncollected premiums and agents' balances in the course of collection	(818)
Deferred premiums, agents' balances and installments booked but deferred and not yet due	45,512
Current federal and foreign income tax recoverable and interest thereon	49,215
Net deferred tax asset	78,395
Receivables from parent, subsidiaries and affiliates	314,928
Total admitted assets	$16,194,233

C. Liabilities, Capital and Surplus

Aggregate reserve for life policies and contracts	$ 2,723,131
Aggregate reserve for accident and health contracts	6,684
Contract claims:	
Life	19,943
Accident and health	461,488
Premiums and annuity considerations for life and accident and health contracts received in advance	34,111
Contract liabilities not included elsewhere:	
Interest maintenance reserve	275,782
Commissions and expense allowances payable on reinsurance assumed	171,928
Taxes, licenses and fees due or accrued, excluding federal income taxes	91,936
Remittances and items not allocated	29
Miscellaneous liabilities:	
Asset valuation reserve	259,494
Payable to parent, subsidiaries and affiliates	1,492
Checks pending escheatment to states	28,197
Total liabilities	$ 4,074,216
Common capital stock	2,500,000
Gross paid in and contributed surplus	2,560,000
Unassigned funds (surplus)	7,060,017
Surplus	$ 9,620,017
Total capital and surplus	$12,120,017
Total liabilities, capital and surplus	$16,194,233

D. Condensed Summary of Operations

	2015	2016	2017	2018	2019
Premiums and considerations	$18,387,974	$16,650,828	$14,581,469	$5,648,811	$ 1,007,588
Investment income	220,060	443,457	547,424	785,509	474,110
Commissions and reserve adjustments on reinsurance ceded	62,238	31,557	14,511	33,087	82,759
Miscellaneous income	5,317	5,223	32,779	18,846	26,848
Total income	$18,675,589	$17,131,065	$15,176,183	$6,486,253	$ 1,591,305
Benefit payments	$ 8,447,717	$ 6,387,470	$ 6,771,796	$2,504,300	$ 1,691,130
Increase in reserves	(1,119,846)	(286,535)	(259,189)	(613,352)	(2,829,982)
Commissions	5,870,337	5,665,578	4,757,741	1,097,046	778,509
General expenses and taxes	2,807,450	2,700,232	2,622,730	2,174,600	1,467,404
Increase in loading on deferred and uncollected premiums	(11,592)	(4,837)	(6,442)	(3,567)	(15,543)
Total deductions	$15,994,066	$14,461,908	$13,886,636	$5,159,027	$ 1,091,518
Net gain (loss) from operations	$ 2,681,523	$ 2,669,157	$ 1,289,547	$1,327,226	$ 499,787
Dividends	29,141	24,119	24,444	21,167	0
Federal and foreign income taxes Incurred	713,059	463,376	(17,040)	335,741	119,526
Net gain (loss) from operations before net realized capital gains	$ 1,939,323	$ 2,181,662	$ 1,282,143	$ 970,318	$ 380,261
Net realized capital gains (losses)	(32,539)	0	35,359	1,667	(102,988)
Net income	$ 1,906,784	$ 2,181,661	$ 1,317,502	$ 971,985	$ 277,275

The significant decrease in “Premiums and considerations” in 2018 as compared to 2015-2017 was the result of the Company ceasing to assume Premium Saver business from Standard Life in 2018. In 2017 and prior years, the Company had been assuming anywhere from 100% to 30% of Standard Life’s business.

The significant decrease in “Premiums and considerations” in 2019 as compared to 2018 is primarily a result of the Company discontinuing its assumption of ordinary life business from TPM Life effective January 1, 2019.

The changes in “Investment income” during the period were primarily the result of changes in the Company’s percentage of invested assets that were allocated to cash and cash equivalents. In 2015, the Company had 62% of its assets invested in cash and cash equivalents because of severe market uncertainty. In 2016, that percentage dropped to 36%. In 2017, that percentage was further reduced to 26%, and in 2018 that same percentage decreased to 5%. The shift in portfolio allocation resulted in higher investment income during each of those years. However, in 2019 the Company sold the majority of its investments with the exception of its statutory deposits. The sale of the majority of investments in 2019 was done in preparation for the sale of the Company. That shift in the Company’s portfolio resulted in significantly lower investment income as approximately 69% of its portfolio consisted of cash and cash equivalents.

The decreases in “Commissions and reserve adjustments on reinsurance ceded” from 2015 through 2017 was the result of changes in the MODCO reserves from the reinsurance agreement with National Guardian Life Insurance Company. The MODCO reserves for this business went down due to a combination of factors such as changes in policyholder ages, lapses and terminations.

The increase in “Commissions and reserve adjustments on reinsurance ceded” in 2018 and 2019 was primarily due to the UNFCU block of group term life business that was taken over in mid-2018 by the Company. The significant 2019 increase as compared to 2018 was a result of an entire year of ceding commissions, whereas 2018 would have only had a partial year of ceding commissions.

The significant fluctuation in “Benefit payments” in 2016 as compared to 2015 was primarily a result of the Company’s decision in 2014 to reduce its assumption of Standard Life’s Premium Saver business from 100% in 2014 to 30% in 2015. This reduction resulted in a substantial decrease in benefit payments in 2015 that continued to be reflected in 2016 and leveled off in 2017.

The significant decrease in “Benefit payments” in 2018 and 2019 as compared to 2017 was the result of the Company ceasing to assume Premium Saver business from Standard Life in 2018. In 2017 and prior years, the Company had been assuming anywhere from 100% to 30% of Standard Life’s business.

The significant fluctuation in “Increase in reserves” in 2016 as compared to 2015 was primarily a result of the Company’s decision in 2014 to reduce its assumption of Standard Life’s Premium Saver business from 100% in 2014 to 30% in 2015. This reduction resulted in a negative balance in 2015 that continued to be reflected in 2016 and 2017.

The fluctuation in “Increases in reserves” in 2018 as compared to 2017 was primarily due to a sizeable reduction in the reserves on waiver of premium policies. This reduction was due to policyholders coming of an age where benefits were no longer payable.

The significant fluctuation in “Increase in reserves” in 2019 as compared to 2018 was primarily due to the Company discontinuing its assumption of ordinary life business from affiliate, TPM Life resulting in approximately $3.5 million of reserves being transferred back to TPM Life.” Effective January 1, 2019 the Company discontinued its assumption of ordinary life business from affiliate TPM by allowing TPM to recapture the statutory reserves on this block of business.

The significant decrease in “Commissions” in 2018 and 2019 compared to 2015 through 2017 was primarily the result of the Company ceasing to assume Premium Saver business from Standard Life in 2018.

The decrease in “General expenses and taxes” in 2018 as compared to 2015 through 2017 was primarily due to lower administration fees that were collected by the Company as a result of its decision to discontinue writing international medical and disability products during 2018.

The decrease in “General expenses and taxes” in 2019 as compared to 2018 was primarily a result of a reduction of approximately $500,000 in management fees allocated to and paid by the Company related to its administrative and service and cost allocation agreements with AmFirst Holdings.

The significant decrease in “Federal and foreign income taxes incurred” in 2017 as compared to 2016 was primarily a result of a $200,806 true up of the Company’s 2016 tax return that was performed in 2017 when the Company’s extended return was filed.

E. Capital and Surplus Account

	2015	2016	2017	2018	2019
Capital and surplus, December 31, prior year	$10,315,734	$10,448,017	$11,655,542	$11,713,872	$11,830,072
Net income	$ 1,906,784	$ 2,181,661	$ 1,317,502	$971,985	$ 277,275
Change in net unrealized capital gains (losses)	10,551	(34,803)	10,863	(86,960)	40,586
Change in net deferred income tax	162,777	(25,562)	37,264	(347,066)	178,537
Change in nonadmitted assets	0	0	(178,245)	175,765	(137,437)
Change in reserve valuation basis	(80,194)	0	0	0	0
Change in asset valuation reserve	12,936	(36,946)	(125,504)	(33,692)	(12,697)
Dividends to stockholders	(1,785,331)	(794,802)	(915,554)	(500,000)	0
Aggregate write ins for gains and losses in surplus	(95,240)	(82,023)	(87,997)	(63,831)	(56,319)
Net change in capital and surplus for the year	132,283	1,207,525	58,330	116,200	289,945
Capital and surplus, December 31, current year	$10,448,017	$11,655,542	$11,713,872	$11,830,072	$12,120,017

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.

As previously mentioned in item 3A of this report, effective January 1, 2021, the Company was sold to United States Fire Insurance Company ("U.S. Fire"), a Delaware domiciled stock insurance company wholly owned by Crum & Forster. U.S. Fire acquired the Company by purchasing all of the issued and outstanding capital stock of the Company.

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 in response to the citation:

Item	Description
A	The examiner recommended that the Company continue to use the reserving methodology as agreed upon with the Department. The Company used the reserving methodology as agreed upon with the Department.

9. SUMMARY AND CONCLUSIONS

Following is the violation and comment contained in this report:

Item	Description	Page No(s).
A	The Company violated Section 1505(d) of the New York Insurance Law by failing to notify the Department of its intent to enter into an agreement with TPM Life to terminate the reinsurance treaty effective January 1, 2019.	15
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.	27

Respectfully submitted,

Frank Taylor Phillips

Frank Taylor Phillips, CFE
Risk & Regulatory Consulting, LLC

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

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

Frank Taylor Phillips

Frank Taylor Phillips

Subscribed and sworn to before me
this 15th day of June, 2021

Audrey Hall

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

Respectfully submitted,

/s/

Vincent Targia
Principal Insurance Examiner

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

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

/s/

Vincent Targia

Subscribed and sworn to before me

this__________ day of ___________________

APPOINTMENT NO. 32120

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:*

TAYLOR PHILLIPS
(RISK & REGULATORY CONSULTING, LLC)

as a proper person to examine the affairs of the

MONITOR 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 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 19th day of June, 2020

LINDA A. LACEWELL
Superintendent of Financial Services

By:

MARK MCLEOD
DEPUTY CHIEF - LIFE BUREAU