NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES

FINANCIAL CONDITION REPORT ON EXAMINATION

OF THE

RELIASTAR LIFE INSURANCE COMPANY OF NEW YORK

CONDITION: DECEMBER 31, 2016

DATE OF REPORT: JUNE 20, 2018

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EXAMINER: SCOTT R. KALNA, CFE

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May 23, 2018

Honorable Maria T. Vullo
Superintendent of Financial Services
New York, New York 10004

Madam:

In accordance with instructions contained in Appointment No. 31697, dated October 10, 2017, and annexed hereto, an examination has been made into the condition and affairs of ReliaStar Life Insurance Company of New York, hereinafter referred to as "the Company," at its main administrative office located at 5780 Powers Ferry Road NW, Atlanta, GA 30327.

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 recommendation contained in this report is summarized below.

The examiner recommends that the Company continue to compute reserves using the assumptions and methodology as agreed upon with the Department. (See item 7 of this report.)

2. SCOPE OF EXAMINATION

The examination of the Company was a full-scope examination as defined in the NAIC *Financial Condition Examiners Handbook, 2017 Edition* (the "Handbook"). The examination covers the four-year period from January 1, 2013, to December 31, 2016. 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, 2016, 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 National Association of Insurance Commissioners ("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 2013 through 2016, by the accounting firm of Ernst & Young 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. Voya Financial, Inc., the Company's indirect parent, has an internal audit department and a separate internal control department which were given the task of assessing the Company's internal control structure and compliance with the Sarbanes-Oxley Act of 2002 ("SOX"). Although the Company is not subject to SOX, certain business units that provide services to the Company are subject to SOX at the Voya Financial, Inc. level. Where applicable, SOX workpapers and reports were reviewed and portions were utilized for this examination.

The examiner reviewed the prior report on examination which did not contain any violations, recommendations or comments.

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

3. DESCRIPTION OF COMPANY

A. History

The Company was incorporated as a stock life insurance company on June 11, 1917, under the name The Morris Plan Insurance Society, and commenced business on September 18, 1917. The name was changed to Bankers Security Life Insurance Society ("Bankers") in July 1946. In 1962, through an exchange of securities, Bankers merged with Postal Life Insurance Company of New York. In 1971, also by an exchange of securities, the Congressional Life Insurance Company merged into Bankers.

On January 17, 1995, ReliaStar Financial Corporation ("RFC"), the parent of ReliaStar Life Insurance Company ("RLIC"), acquired USLICO Corporation, the then ultimate parent of Bankers, through an exchange of stock. RFC became Bankers ultimate parent. As a condition to the approval of the acquisition by the Department, RLIC agreed to merge another one of its New York subsidiaries, North Atlantic Life Insurance Company of America, with and into Bankers. The merger became effective on December 28, 1995. On August 19, 1996, Bankers changed its name to ReliaStar Bankers Security Life Insurance Company.

On July 1, 1997, through an exchange of securities, Security-Connecticut Corporation ("SCC") merged into RFC. SCC owned Security-Connecticut Life Insurance Company which, in turn, owned Lincoln Security Life Insurance Company ("Lincoln Security"), a domestic stock life insurer. On January 1, 1998, the Company merged into Lincoln Security and changed its name to its present name.

On September 1, 2000, ING AIH acquired RFC. On April 1, 2002, First Golden America Life Insurance Company, an then affiliate of the Company, merged into the Company, and on December 31, 2002, RFC merged into Lion Connecticut Holdings, Inc., a Connecticut holding and management company which then became the parent of RLIC within ING AIH.

Following the global financial crisis in 2008, ING Groep N.V. ("ING"), the parent of ING AIH, requested state aid from the Dutch government in November 2008 and again in March 2009. On October 26, 2009, ING submitted a restructuring plan (the "2009 Restructuring Plan") to the European Commission (the "EC") to receive approval for the state aid granted to it by the Kingdom of the Netherlands (the "Netherlands").

In November 2009, the 2009 Restructuring Plan received formal approval from the EC and the separation of insurance and banking operations and other components of the 2009 Restructuring Plan were approved by ING's shareholders. As a condition to receiving approval for this state aid, ING was required to divest its global insurance and investment management businesses, including the Company. Subsequent challenges to ING by the EC resulted in an amended restructuring plan (the "2012 Amended Restructuring Plan") that was agreed to on November 19, 2012. Pursuant to the 2012 Amended Restructuring Plan, ING was required to divest at least 25% of its U.S. insurance and investment businesses, including the Company, by December 31, 2013; more than 50% of its U.S. insurance and investment businesses, including the Company, by December 31, 2014; and 100% of its U.S. insurance and investment businesses, including the Company, by December 31, 2016.

On June 14, 2012, ING AIH was renamed ING U.S., Inc. and was still 100% owned by ING, a global financial services company based in the Netherlands. On May 7, 2013, and May 31, 2013, ING U.S., Inc. completed its initial public offering and the sale of its common stock to ING Insurance International B.V. ("ING International"), an indirect wholly owned subsidiary of ING, and the parent of ING U.S., Inc. On September 30, 2013, ING International transferred all its shares of ING U.S., Inc. common stock to ING. On October 29, 2013, ING completed the sale of common stock of ING U.S., Inc. in a registered public offering, reducing ING's ownership of ING U.S., Inc. to 57%.

On November 6, 2013, ING announced that the EC approved amendments to the 2012 amended restructuring plan (the "2013 Amended Restructuring Plan"). The 2013 Amended Restructuring Plan did not amend any commitment applicable or relevant to ING U.S., Inc. If ING does not divest the U.S. insurance and investment management businesses timely, or if ING failed to substantially comply with the 2012 Restructuring Plan, the Netherlands will re-notify the recapitalization measures to the EC. In such a case, the EC may require additional restructuring measures or take enforcement actions against ING, or at the request of ING and the Netherlands, allow ING more time to complete the divestment.

On March 25, 2014, ING completed another sale of common stock of ING U.S., Inc. in a registered public offering. Simultaneously, and pursuant to the terms of a share repurchase agreement between ING and ING U.S., Inc., ING U.S., Inc. repurchased 7,255,853 shares of ING U.S., Inc.'s common stock from ING (the "Direct Share Buyback"). Upon completion of these transactions—the stock offering and the Direct Share Buyback—ING's ownership of ING U.S., Inc. was reduced to 43%. The divestment of more than 50% of the U.S. insurance and investment management businesses, including the Company, is measured in terms of the divestment of over 50% of the shares of common stock of ING U.S., Inc.; the loss of the majority of ING's members on ING U.S., Inc.'s board of directors; and the accounting deconsolidation of ING U.S., Inc., in line with the International Financial Reporting Standards.

Effective April 7, 2014, ING U.S., Inc. changed its name to Voya Financial, Inc. ("Voya"), and on September 1, 2014, Lion changed its name to Voya Holdings Inc. ("Voya Holdings").

On September 8, 2014, November 18, 2014, and March 9, 2015, ING completed the sale of 22,277,993; 30,030,013, and 32,018,100 shares of Voya's common stock, respectively, in registered public offerings. Upon completion of the March 9, 2015, transaction: (i) ING no longer owned shares of Voya's common stock and was no longer an affiliate of, or the ultimate controlling entity of the Company; and (ii) Voya became the ultimate controlling entity of the Company.

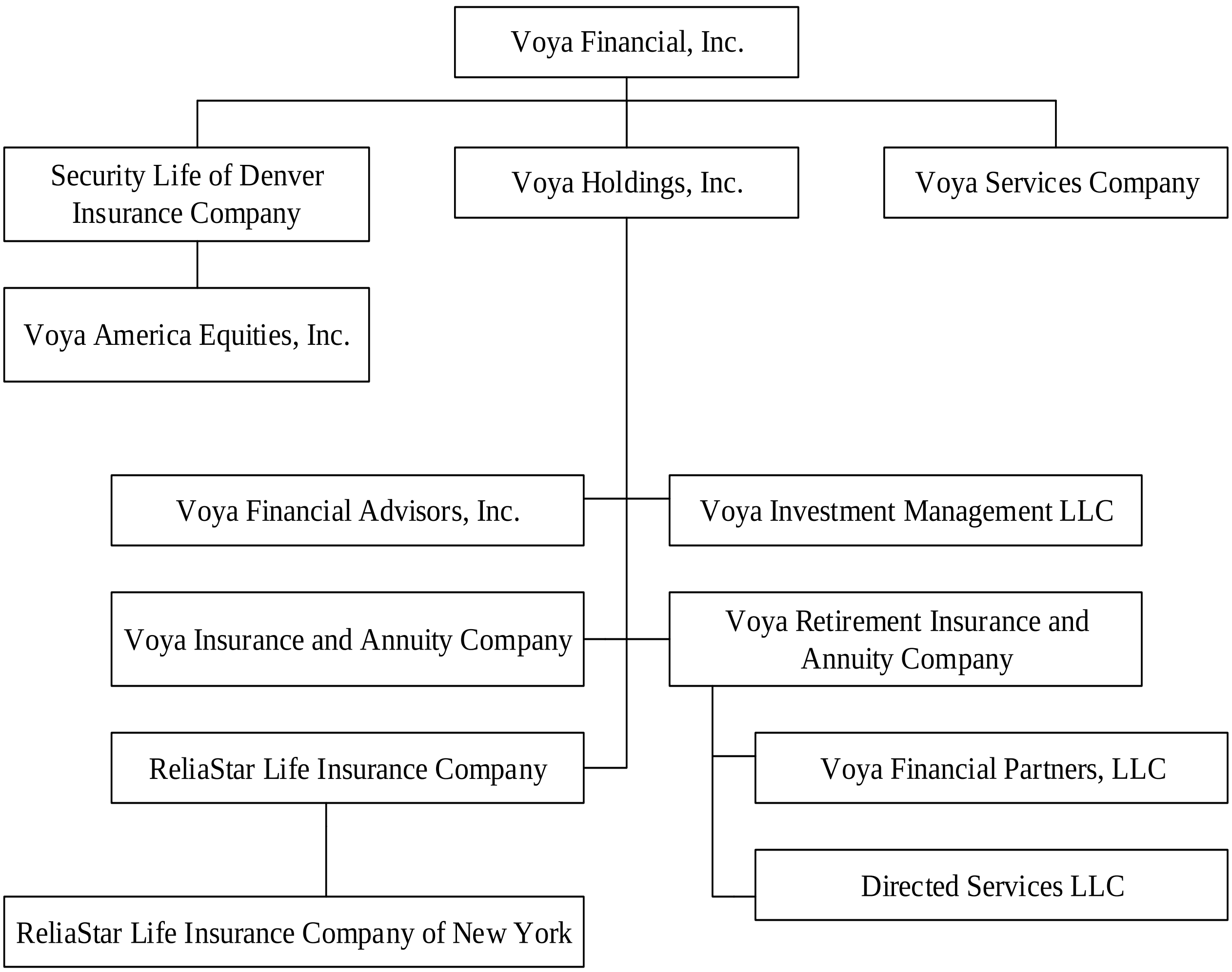
On December 20, 2017, Voya entered into a master transaction agreement (the "MTA") with VA Capital Company LLC ("VA Capital"), a newly formed Delaware limited liability company, and Athene Holding Ltd., a Bermuda limited company, pursuant to which Venerable Holdings, Inc., a wholly owned subsidiary of VA Capital, will acquire all shares of capital stock of Voya Insurance and Annuity Company ("VIAC"), an Iowa domiciled life insurer and an affiliate of the Company; and Directed Services LLC, a broker-dealer affiliate of the Company. In connection with the MTA, Venerable Holdings, Inc. and the other applicants have filed Form A with the Iowa Division of Insurance and is currently under review.

B. Holding Company

The Company is a wholly owned subsidiary of RLIC, a Minnesota domiciled insurance company. RLI is a wholly owned subsidiary of Voya Holdings, a Connecticut holding and management company. Voya Holdings is a wholly owned subsidiary of Voya, a publicly traded corporation.

C. <u>Organizational Chart</u>

An organization chart reflecting the relationship between the Company and significant entities in its holding company system as of December 31, 2016, follows:



D. Service Agreements

The Company had seven 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
Master Participation and Mortgage Loan Servicing Agreement File No. 029218	07/27/1993 Amended 02/08/1994 Amended 10/01/2001	Voya Investment Management LLC	The Company, and other participants named therein	Mortgage loan servicing	Fees paid through the investment advisory agreement
Services Agreement	11/08/1996	The Company	Directed Services LLC	Recordkeeping; disaster recovery program, use of facilities reasonably necessary to conduct insurance operations, including data processing equipment, business property (whether owned or leased), and communications equipment	2013 $3,372,700 2014 $3,302,799 2015 $2,902,472 2016 $2,486,132
Investment Advisory Agreement File No. 29217 Amendment File No. 29217G	01/01/2001 Amended 09/01/2003	Voya Investment Management LLC	The Company	Investment advisory services and reinvestment management and servicing of assets, including asset liability management, and administrative, consulting, and accounting services	2013 $(2,331,636) 2014 $(2,283,559) 2015 $(2,283,956) 2016 $(2,556,633)

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
Administrative Services Agreement File No. 29998; Amendment File No. 29998G	01/01/2003 Amended 08/01/2004	RLIC, Voya Insurance and Annuity Company (formerly ING USA Annuity and Life Insurance Company), Voya Retirement Insurance and Annuity Company (formerly ING Life Insurance and Annuity Company), Security Life of Denver Insurance Company, Voya Financial Partners, LLC (formerly ING Financial Advisors, LLC), and Voya Services Company (formerly ING North America Insurance Corporation)	The Company	Underwriting and new business processing; producer licensing, contracting and compensation; policyowner and claims processing; actuarial and financial management; information technology services; legal, risk management and compliance; human resource; marketing and sales promotion; tax; reinsurance management and administration; management; procurement, supply, printing, recordkeeping, filing and mailing, real estate management; corporate accounting, finance and treasury; pricing, trading, performance reporting, and accounting services for variable products	2013 $(34,296,635) 2014 $(32,491,827) 2015 $(38,725,039) 2016 $(37,915,643)

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
Paymaster Agreement	01/01/2004	The Company	Voya Financial Advisors, Inc. (formerly ING Financial Partners, Inc.)	The Company acts as a paymaster for the payment of compensation payable for sales of variable products	2013 $8,053 2014 $7,110 2015 $7,401 2016 $7,049
Paymaster Agreement	07/01/2004	The Company	Voya Financial Partners, LLC (formerly ING Financial Advisors, Inc.)	The Company acts as a paymaster for the payment of compensation payable for sales of variable products and maintains related books and record	2013 $0 2014 $0 2015 $0 2016 $0
Paymaster Agreement File No. 35055 Amendment File No. 38285	01/01/2006 Amended 12/31/2007	RLIC, Voya America Equities, Inc. (formerly ING America Equities, Inc.), and Voya Financial Advisors, Inc. (formerly ING Financial Partners, Inc.)	The Company	RLIC acts as a paymaster for the payment of compensation payable for sales of variable products	2013 $(1,310) 2014 $(2,416) 2015 $(537) 2016 $(778)

* 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 not less than 13 and not more than 22 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, 2016, the board of directors consisted of 13 members. Meetings of the board are held quarterly.

The 13 board members and their principal business affiliation, as of December 31, 2016, were as follows:

Name and Residence	Principal Business Affiliation	Year First Elected
Carolyn M. Johnson West Simsbury, CT.	Chairman, President and Chief Executive Officer ReliaStar Life Insurance Company of New York	2016
C. Landon Cobb, Jr. Greensboro, NC	Senior Vice President and Chief Accounting Officer ReliaStar Life Insurance Company of New York	2015
Carol V. Coleman* New York, NY	Partner Coleman & Coleman, LLC	2005
Richard M. Conley* Plymouth, MN	Retired Senior Vice President ReliaStar Life Insurance Company of New York	1998
James R. Gelder* Austin, TX	Retired Executive Vice President ING U.S. Financial Services, Inc.	1999
Robert L. Grubka Glastonbury, CT	President, Employee Benefits ReliaStar Life Insurance Company of New York	2016
Michael R. Katz Paoli, PA	Senior Vice President and Chief Financial Officer ReliaStar Life Insurance Company of New York	2016
James F. Lille Gansevoort, NY	Retired Managing Director Aetna Financial Services, Inc.	2003
Gilbert E. Mathis Atlanta, GA	Head of Insurance Investments Voya Financial, Inc.	2012
Chetlur S. Ragavan West Windsor, NJ	Chief Risk Officer Voya Financial, Inc.	2014
Chad J. Tope Urbandale, IA	President, Annuities and Individual Life Distribution ReliaStar Life Insurance Company of New York	2016

Name and Residence	Principal Business Affiliation	Year First Elected
Charles B. Updike* Westport, NY	Partner Schoeman, Updike & Kaufman LLP	1990
Ross M. Weale* South Salem, NY	President Waccabuc Enterprises, Inc.	1984

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

On January 17, 2017, Michael J. Pagano replaced Gilbert E. Mathis.

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, 2016:

Name	Title
Carolyn M. Johnson	Chairman, President and Chief Executive Officer
David S. Pendergrass	Senior Vice President and Treasurer
Michael R. Katz	Senior Vice President and Chief Financial Officer
David P. Wiland	Senior Vice President and Appointed Actuary
Chad Eslinger,*	Vice President and Chief Compliance Officer.
Jennifer M. Ogren	Secretary

* 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 all states and the District of Columbia. In 2016, 69.8% of life premiums, 88.8% of annuity considerations, and 48.4% of accident and health premiums were received from New York.

A. Statutory and Special Deposits

As of December 31, 2016, the Company had $1,506,055 (par value) on deposit with the State of New York, its domiciliary state, for the benefit of all policyholders, claimants and creditors of the Company. Schedule E of the 2016 filed annual statement reported $1,795,957 as being held by the states of Arkansas, Georgia, Massachusetts, New Mexico, North Carolina. An additional special deposit of $2,087,384 was also being held by the Cayman Islands.

B. Direct Operations

The Company principally provides life insurance and related financial services products, including individual life, fixed annuities, group life, and group accident and health products. The Company's individual life insurance products include term, universal life and second-to-die universal life; fixed annuities include a deferred fixed annuity; group life insurance products include term life, whole life, and universal life products; and group accident and health insurance include medical stop loss, short-term disability income coverage, and specific disease insurance products. Effective December 31, 2016, the Company stopped offering individual term life insurance.

The Company's individual life insurance products are distributed through independent general agents and independent managing directors; fixed annuities are distributed through banks, broker-dealers, and independent producers, including national marketing organizations; and group life and accident and health insurance products are distributed through general agents, national and regional brokers, and benefit consultants, primarily to employers and their employees through payroll deduction.

C. Reinsurance

As of December 31, 2016, the Company had reinsurance treaties in effect with 44 companies, of which 34 were authorized or accredited. The Company's life and accident and health business is reinsured on a coinsurance, modified-coinsurance, and 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, 2016, was $50,742,632, which represents 80.4% of the total face amount of life insurance in force. Reserve credit taken for reinsurance ceded to and reinsurance recoverables from unauthorized companies, totaling $8,735,183, was supported by letters of credit and miscellaneous credit balances.

The Company did not assume any life insurance as of December 31, 2016.

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, 2012	December 31, 2016	(Decrease)
Admitted assets	$3,232,374,805	$2,978,004,215	$(254,370,590)
Liabilities	$2,891,756,805	$2,664,750,892	$(227,005,913)
Common capital stock	$ 2,755,726	$ 2,755,726	$ 0
Gross paid in and contributed surplus	228,881,164	228,881,164	0
Deferral of gain on reinsurance of existing business	73,341,861	61,801,836	(11,540,025)
Unassigned funds (surplus)	35,639,249	19,814,597	(15,824,652)
Total capital and surplus	$ 340,618,000	$ 313,253,323	$ (27,364,677)
Total liabilities, capital and surplus	$3,232,374,805	$2,978,004,215	$(254,370,590)

The Company's invested assets as of December 31, 2016, exclusive of separate accounts, were mainly comprised of bonds (78.1%), mortgage loans (8.1%), and policy loans (4.8%).

The majority (95.9%) of the Company's bond portfolio, as of December 31, 2016, was comprised of investment grade obligations.

The decrease in assets, liabilities, and capital and surplus during the examination period is primarily due to the divestment of the Closed Block Variable Annuity ("CBVA") segment of separate accounts, which was driven by customer's redemption of the variable annuity products. Separate account annuities are no longer marketed by the Company.

The following indicates, for each year 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
2013	$117,734	$12,182,914	$2,348,676	$55,425,443	$ 156,196	$3,350,679
2014	$117,952	$11,663,463	$1,687,028	$54,961,723	$2,715,202	$6,030,590
2015	$ 83,949	$11,161,077	$1,029,473	$53,894,220	$ 239,908	$6,280,601
2016	$ 76,429	$10,676,379	$ 547,381	$52,429,017	$1,357,835	$7,615,610

In 2013, the Company began reducing sales of its individual term life insurance to control statutory capital usage. Effective December 31, 2016, the Company suspended sales of individual term life insurance products.

The fluctuations in group life issues is directly related to the number and size of the product sales during each year.

The following has been extracted from the Exhibits of Annuities in the filed annual statements for each year under review:

	Ordinary Annuities			
	2013	2014	2015	2016
Outstanding, end of previous year	16,542	15,183	13,946	12,685
Issued during the year	83	72	75	65
Other net changes during the year	(1,442)	(1,309)	(1,336)	(1,173)
Outstanding, end of current year	15,183	13,946	12,685	11,577

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

	Ordinary			
	2013	2014	2015	2016
Outstanding, end of previous year	8,786	8,104	7,284	6,956
Issued during the year	373	375	723	327
Other net changes during the year	(1,055)	(1,195)	(1,051)	(1,044)
Outstanding, end of current year	8,104	7,284	6,956	6,239

	Group			
	2013	2014	2015	2016
Outstanding, end of previous year	79,097	100,353	105,744	124,206
Issued during the year	44,473	18,703	37,935	31,378
Other net changes during the year	(23,217)	(13,312)	(19,473)	(28,221)
Outstanding, end of current year	100,353	105,744	124,206	127,363

The following has been extracted from the Exhibit of Dividend Accumulations in the filed annual statements for each year under review:

	Dividend Accumulations			
	2013	2014	2015	2016
Outstanding, end of previous year	1,278	1,220	1,178	1,104
Issued during the year	0	1	0	1
Other net changes during the year	(58)	(43)	(74)	(80)
Outstanding, end of current year	1,220	1,178	1,104	1,025

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 year under examination in the Company's filed annual statements:

	2013	2014	2015	2016
Ordinary:				
Life insurance	$ 6,879,663	$ 14,279,557	$ 2,861,481	$ (5,931,556)
Individual annuities	24,202,660	(39,839,724)	11,450,287	15,514,188
Supplementary contracts	958,300	1,327,110	605,413	(1,674,655)
Total ordinary	$32,040,623	$(24,233,057)	$14,917,181	$ 7,907,977
Group:				
Life	$10,687,886	$ (8,703,534)	$ (3,749,199)	$14,646,908
Annuities	(303,496)	(489,333)	(340,964)	(253,671)
Total group	$10,384,390	$ (9,192,867)	$ (4,090,163)	$14,393,237
Accident and health:				
Group	$ 8,664,430	$ 4,106,705	$ 6,605,701	$ (1,003,219)
Other	(1,805,392)	(4,450,518)	152,075	(646,863)
Total accident and health	$ 6,859,038	$ (343,813)	$ 6,757,776	$ (1,650,082)
All other lines	$ 4,950,539	$ 9,419,785	$ 5,260,852	$ 4,611,922
Total	$54,234,590	$(24,349,952)	$22,845,646	$25,263,054

The increase in ordinary life insurance in 2014, compared with 2013, was due to the favorable change in 11 NYCRR 98 (Insurance Regulation 147) reserves for individual term life insurance whole life insurance experience. The decrease in ordinary life insurance in 2015, compared with 2014, was due to an increase of $8 million in death benefits attributed to unfavorable mortality during the year; and the decrease in 2016 was primarily due to an increase of $39 million in cash flow testing reserves, offset by Insurance Regulation 147 reserves decrease in the amount of $35 million.

The decrease in individual annuities in 2014, compared with 2013, was primarily due to an increase of $35 million in cash flow testing reserves, an increase of $24 million guaranteed benefits reserves, and an increase of $10 in annuity reserves driven by a decrease in surrender benefits and partially offset by a decrease of $2 million in payout reserves.

The decrease in group life in 2014, compared with 2013, was due to the unfavorable change in Insurance Regulation 147 reserves for group term life insurance, the additional reserves required due to sales volume, and the unfavorable medical stop loss experience during the year. The increase in group life in 2015, compared with 2014, was primarily due to the growth in the medical stop loss business driven by increased sales and favorable experience during the year. The increase in 2016 was due to Insurance Regulation 147 reserves in the amount of $35 million, partially offset by an increase of $10 million in cash flow testing reserves and an unfavorable medical stop loss insurance experience during the year in the amount of $8 million.

The decrease in group accident and health in 2014, compared with 2013, was due a favorable medical stop loss insurance experience in 2013 that did not materialize in 2014. The decrease in 2016 was due to the reclassification of the medical stop loss's claims reserve balances and the increased medical stop loss and disability income benefits driven by the favorable experience in prior years that did not reoccur in 2016.

6. FINANCIAL STATEMENTS

The following statements show the assets, liabilities, capital and surplus as of December 31, 2016, as contained in the Company's 2016 filed annual statement, a condensed summary of operations and a reconciliation of the capital and surplus account for each year 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, 2016, filed annual statement.

A. Independent Accountants

The firm of Ernst & Young LLP 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.

Ernst & Young 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	$1,723,763,222
Stocks:	
Preferred stocks	3,050,000
Common stocks	606,762
Mortgage loans on real estate:	
First liens	178,613,353
Cash, cash equivalents and short term investments	53,445,678
Contract loans	106,666,100
Derivatives	25,584,392
Other invested assets	4,963,839
Receivable for securities	28,680
Securities lending reinvested collateral assets	8,194,760
Derivative receivables	456,967
Investment income due and accrued	20,706,070
Premiums and considerations:	
Uncollected premiums and agents' balances in the course of collection	(10,291,679)
Deferred premiums, agents' balances and installments booked but deferred and not yet due	7,985,110
Reinsurance:	
Amounts recoverable from reinsurers	24,403,692
Other amounts receivable under reinsurance contracts	2,634,372
Net deferred tax asset	41,208,578
Guaranty funds receivable or on deposit	376,075
Receivables from parent, subsidiaries and affiliates	503,216
Margin call collateral	11,685,086
Miscellaneous assets	1,934,805
Non-qualified pension trust asset	6,960
From separate accounts, segregated accounts and protected cell accounts	$ 771,478,178
Total admitted assets	$2,978,004,215

C. Liabilities, Capital and Surplus

Aggregate reserve for life policies and contracts	$1,665,485,410
Aggregate reserve for accident and health contracts	18,222,795
Liability for deposit-type contracts	80,158,176
Contract claims:	
Life	20,363,441
Accident and health	22,534,223
Policyholders' dividends and coupons due and unpaid	21,008
Provision for policyholders' dividends and coupons payable in following calendar year – estimated amounts	
Dividends apportioned for payment	1,206,115
Premiums and annuity considerations for life and accident and health contracts received in advance	325,472
Contract liabilities not included elsewhere:	
Provision for experience rating refunds	842,606
Other amounts payable on reinsurance	513,001
Commissions to agents due or accrued	508,175
General expenses due or accrued	79,592
Transfers to separate accounts due or accrued	(3,330,384)
Taxes, licenses and fees due or accrued, excluding federal income taxes	3,386,022
Current federal and foreign income taxes	2,680,932
Unearned investment income	3,735,382
Amounts withheld or retained by company as agent or trustee	464,642
Amounts held for agents' account	393,338
Remittances and items not allocated	7,260,984
Miscellaneous liabilities:	
Asset valuation reserve	755,351
Reinsurance in unauthorized companies	4,326,043
Payable to parent, subsidiaries and affiliates	14,988,411
Derivatives	12,607,447
Payable for securities	2,016,313
Payable for securities lending	8,194,760
Margin call collateral	21,549,429
Unclaimed property	2,039,586
Derivative payable	1,447,115
Miscellaneous liabilities	277,577
Other contingency reserves	220,000
Suspense and clearing account	(248)
From Separate Accounts Statement	771,478,178
Total liabilities	$2,664,750,892

Common capital stock	2,755,726
Deferral of gain on reinsurance of existing business	61,801,836
Gross paid in and contributed surplus	228,881,164
Unassigned funds (surplus)	19,814,597
Surplus	$ 310,497,597
Total capital and surplus	$ 313,253,323
Total liabilities, capital and surplus	$2,978,004,215

D. Condensed Summary of Operations

	2013	2014	2015	2016
Premiums and considerations	$143,346,581	$142,000,073	$153,958,343	$166,567,229
Investment income	107,048,607	101,615,717	101,147,589	99,720,513
Commissions and reserve adjustments on reinsurance ceded	23,513,931	19,635,700	17,832,897	15,712,958
Miscellaneous income	28,511,861	28,151,445	25,603,403	22,043,079
Total income	$302,420,980	$291,402,935	$298,542,232	$304,043,779
Benefit payments	$304,813,881	$288,857,579	$331,947,355	$330,774,085
Increase in reserves	(49,322,619)	54,129,515	(7,504,387)	(22,117,940)
Commissions	20,651,580	17,724,109	15,675,793	13,892,144
General expenses and taxes	52,625,127	43,249,336	46,427,173	49,673,778
Increase in loading on deferred and uncollected premiums	(304,397)	(419,842)	(165,940)	(65,179)
Net transfers to (from) Separate Accounts	(95,494,146)	(95,315,691)	(119,871,329)	(101,869,191)
Miscellaneous deductions	(67,011)	370,487	40,477	(1,416,076)
Total deductions	$232,902,415	$308,595,493	$266,549,142	$268,871,621
Net gain (loss)	$ 69,518,565	$ (17,192,558)	$ 31,993,090	$ 35,172,158
Dividends	1,032,937	1,122,891	1,161,088	1,125,966
Federal and foreign income taxes incurred	14,251,038	6,034,503	7,986,356	8,783,138
Net gain (loss) from operations before net realized capital gains before net realized capital gains	$ 54,234,590	$ (24,349,952)	$ 22,845,646	$ 25,263,054
Net realized capital gains (losses)	(33,696,661)	(16,328,701)	(6,213,730)	(19,685,285)
Net income	$ 20,537,929	$ (40,678,653)	$ 16,631,916	$ 5,577,769

The fluctuation in reserves in 2014 was primarily due to additional cashflow testing reserves for CBVA and group life reserves, offset by a decrease in life and annuity reserves.

E. Capital and Surplus Account

	2013	2014	2015	2016
Capital and surplus, December 31, prior year	$340,618,000	$329,459,729	$298,750,908	$314,869,828
Net income	$ 20,537,929	$ (40,678,653)	$ 16,631,916	$ 5,577,769
Change in net unrealized capital gains (losses)	(17,534,723)	6,389,595	3,205,095	(240,797)
Change in net unrealized foreign exchange capital gain (loss)	(13,674)	18,663	10,610	48,178
Change in net deferred income tax	2,914,964	18,637,457	80,588	3,549,333
Change in non-admitted assets and related items	(8,645,590)	(12,281,583)	2,026,341	(6,268,036)
Change in liability for reinsurance in unauthorized companies	(8,902)	(10,851)	(1,463,636)	(2,678,323)
Change in asset valuation reserve	518,220	101,558	(1,560,748)	1,375,773
Change in surplus as a result of reinsurance	(2,885,006)	(2,885,006)	(2,885,006)	(2,885,006)
Prior period adjustment	(6,041,489)	0	73,760	(95,396)
Net change in capital and surplus for the year	(11,158,271)	(30,708,820)	16,118,920	(1,616,505)
Capital and surplus, December 31, current year	$329,459,729	$298,750,908	$314,869,828	$313,253,323

7. RESERVES

The Department reviewed the Company's reserves as of December 31, 2016. During the review, concerns were raised regarding the lack of conservatism in certain assumptions with respect to the Company's asset adequacy testing pursuant to 11 NYCRR 95 (Insurance Regulation 126). In addition, the Department noted that the Company's actuarial memorandum was not in an acceptable format pursuant to Regulation 126. In response, the Company incorporated various refinements within the testing and the format of the actuarial memorandum in a manner acceptable to the Department as of December 31, 2017. These refinements produced additional asset adequacy reserves in the amount of $93 million. However, due to favorable economic conditions, there were offsetting positive changes, such that the total additional reserves needed was $40 million. The Department also recommended various refinements with respect to the Company's experience studies used to develop the assumptions in the testing.

The examiner recommends that the Company continue to compute reserves using the assumptions and methodology as agreed upon with the Department.

8. SUMMARY AND CONCLUSIONS

Following is the recommendation contained in this report:

Item	Description	Page No(s).
A	The examiner recommends that the Company continue to compute reserves using the assumptions and methodology as agreed upon with the Department.	27

Respectfully submitted,

Scott R. Kalna, CFE
Examination Resources, LLC

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

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

Scott R. Kalna

Subscribed and sworn to before me

this 20th day of JUNE, 2018

Charles T. Lovejoy

CHARLES T LOVEJOY
NOTARY PUBLIC, STATE OF NEW YORK
Registration No. 01LO4798952
Qualified in New York County
Commission Expires January 26, 2022

APPOINTMENT NO. 31697

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:

SCOTT R. KALNA
(EXAMINATION RESOURCES, LLC)

as a proper person to examine the affairs of the

RELIASTAR 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 10th day of October, 2017

MARIA T. VULLO
Superintendent of Financial Services

By:

MARK MCLEOD
DEPUTY CHIEF - LIFE BUREAU