NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES

REPORT ON FINANCIAL CONDITION EXAMINATION

OF THE

AVIVA LIFE AND ANNUITY COMPANY OF NEW YORK

CONDITION: December 31, 2013

DATE OF REPORT: JUNE 9, 2015

NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES

REPORT ON FINANCIAL CONDITION EXAMINATION

OF THE

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AS OF

DECEMBER 31, 2013

DATE OF REPORT: JUNE 9, 2015

EXAMINER: WILLIAM A. O'CONNELL

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NEW YORK STATE
DEPARTMENT of
FINANCIAL SERVICES

Andrew M. Cuomo
Governor

Benjamin M. Lawsky
Superintendent

June 9, 2015

Honorable Benjamin M. Lawsky
Superintendent of Financial Services
New York, New York 10004

Sir:

In accordance with instructions contained in Appointment No. 31260, dated December 1, 2014, and annexed hereto, an examination has been made into the condition and affairs of Aviva Life and Annuity Company of New York, hereinafter referred to as "the Company," at its administrative office located at 7700 Mills Civic Parkway, West Des Moines, Iowa 50266. The Company's home office is located at 69 Lydecker Street, Nyack, New York 10960.

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 findings, comments, violations and recommendations contained in this report are summarized below.

- On October 2, 2013, Athene Annuity & Life Assurance Company ("AADE"), a Delaware insurance company acquired Aviva Life & Annuity Company ("ALAC"), an Iowa insurance company and the parent of the Company. Immediately following the acquisition, ALAC became the immediate parent of Athene Annuity & Life Assurance Company of New York, a New York domestic insurer. ALAC then sold 100% of the issued and outstanding capital stock of the company to Athene Annuity & Life Assurance Company of New York. Athene Annuity & Life Assurance Company of New York became the immediate parent of the Company. (See item 3A of this report)

- The Company stopped writing new business in 2014.

- Athene Holding Limited has not established and implemented formal ERM processes, including risk management policies, economic capital modeling, and utilization of risk metrics in business decision making. The examiner recommends that formal Enterprise Risk Management processes, including risk management policies, economic capital modeling, and utilization of risk metrics in business decisions, be developed in a timely manner to help ensure that all companies in the holding company system are managed consistently and within their risk appetites. (See item 3E 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, 2014 Edition* (the "Handbook"). The examination covers the two-year period from January 1, 2012, to December 31, 2013. 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, 2013, 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.

The examination of the Company was conducted in conjunction with the examination of Aviva Life & Annuity Company ("ALAC"), an Iowa domestic insurer. The examination was led by the State of Iowa with participation form the Department. The examination was also conducted in conjunction with the examination of Athene Annuity & Life Assurance Company of New York, the immediate parent of the Company, and Athene Annuity & Life Assurance Company ("AADE"), a Delaware domestic company and an upstream parent of the Company. Since all states are accredited by the NAIC, they all 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 2012 through 2013, by the accounting firm of Pricewaterhouse Coopers LLP ("PwC"). The Company received an unqualified opinion in both years. Certain audit workpapers of the accounting firm were reviewed and relied upon in conjunction with this examination. . The Company's indirect parent, AADE, is subject to the requirements of the Model Audit Rule ("MAR"), and, along with the Company's audit committee, was given the task of assessing the internal control structure. Where applicable, internal audit workpapers and reports were reviewed and portions were relied upon for this examination.

The examiner reviewed the corrective actions taken by the Company with respect to the violations and recommendation 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 as a stock life insurance company under the laws of New York on April 17, 1958, and was licensed and commenced business on November 25, 1958, under the name Gotham Life Insurance Company of New York. Initial resources of $650,000, consisting of common capital stock of $300,000 and paid in and contributed surplus of $350,000, were provided through the sale of 3,000 shares of common stock (with a par value of $100 each) for $216.67 per share.

In 1979, the Company changed its name to Bankers Life and Casualty Company of New York. In March 1994, the Company changed its name to Bankers Life Insurance Company of New York. In July 1995, Indianapolis Life Insurance Company ("ILICO") purchased the Company from Southwestern Life Insurance Company. In 1998, the Company became a subsidiary of the Indianapolis Life Group of Companies ("IL Group"), which was the downstream holding company of ILICO. On May 18, 2001, ILICO became a wholly owned subsidiary of AmerUs Group Co. ("AGC"). On March 5, 2002, the IL Group was dissolved and all of the Company's shares reverted to ILICO which became the Company's immediate parent and AGC became the Company's ultimate parent. On November 15, 2006, AGC merged with Libra Acquisition Corporation, an Iowa corporation and an indirect wholly owned subsidiary of Aviva plc, a public limited company incorporated under the laws of England and Wales. AGC continued after the merger as the surviving corporation and an indirect wholly owned subsidiary of Aviva plc.

On December 31, 2007, ILICO acquired Aviva Life Insurance Company of New York ("ALICNY"), a New York domestic life insurance company. Immediately following that acquisition ALICNY was merged with and into the Company with Bankers Life Insurance Company of New York ("BLNY") being the surviving entity. Simultaneously with the merger, BLNY was renamed Aviva Life and Annuity Company of New York.

Effective January 1, 2008, AGC merged with Aviva USA Corporation, a non-life insurance company incorporated in the State of Delaware. AGC, incorporated in the State of Iowa, continued as the surviving company and simultaneously changed its name to Aviva USA. Effective September 30, 2008, Aviva Life Insurance Company ("ALIC"), a Delaware domiciled insurance company in the Aviva holding company system, and ILICO, the Company's immediate parent, were merged with and into Aviva Life & Annuity Company ("ALAC"), an Iowa domiciled insurer. ALAC became the Company's immediate parent. The Company received $15,000,000 and $25,000,000 in capital contributions from its parent during 2009 and 2008, respectively.

On October 2, 2013, the Company sold, through a series of reinsurance agreements, its life insurance business, excluding the block of business written by John Alden of New York, to First Allmerica Financial Life Insurance Company ("FAFLIC"). The Company also entered into transition services and administrative agreements with FAFLIC in connection with these reinsurance agreements.

On October 2, 2013, the Department approved the acquisition of control of the Company by Apollo Global Management, LLC ("AGM"). Simultaneous with the acquisition, ALAC, the Company's immediate parent became the parent of Athene Life & Annuity Assurance Company of New York ("AANY"), an indirect subsidiary of AGM. ALAC then sold 100% of the Company's issued and outstanding capital stock to AANY in exchange for cash in the amount of $48.2 million. Immediately following AANY's acquisition of the Company, $103.4 million of the Company's surplus was reset under SSAP No. 72, as a reclassification of unassigned deficit to paid-in surplus. As a result of the transactions, all outstanding shares of the Company are owned by AANY which in turn is wholly owned by ALAC. On March 3, 2014, the Company changed its name to Athene Life Insurance Company of New York.

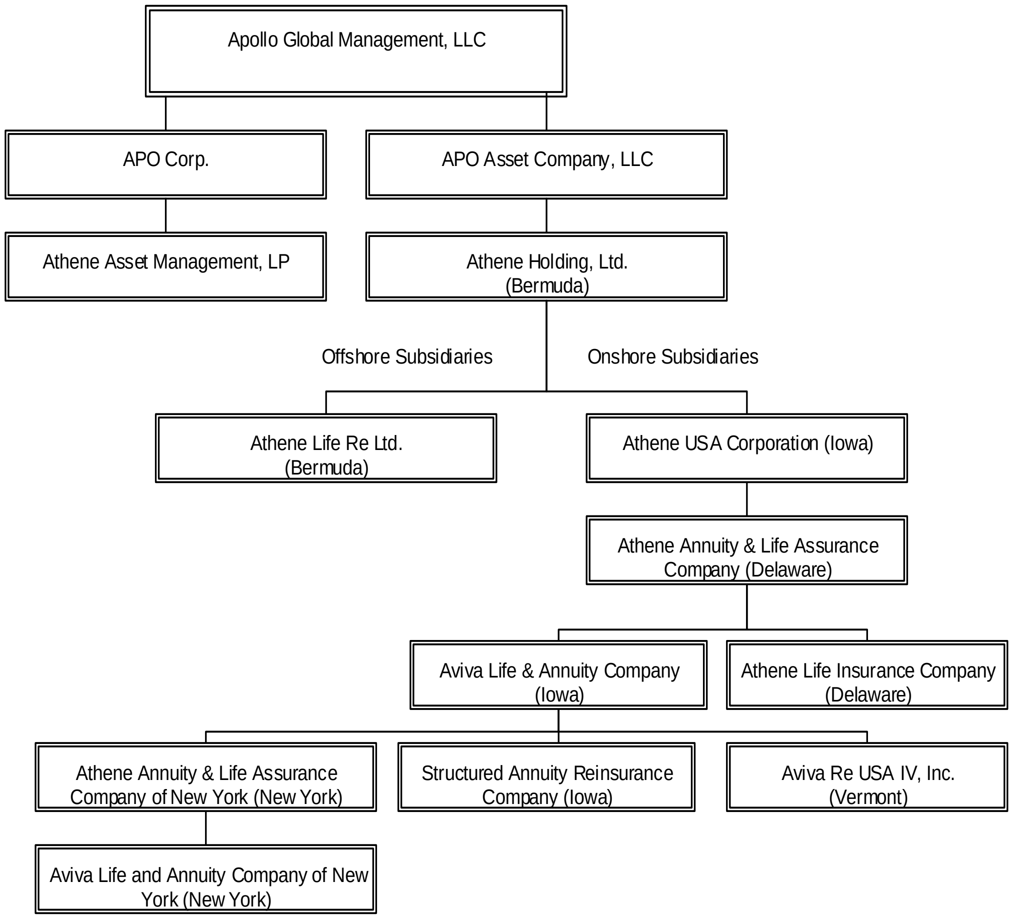
As of December 31, 2013, the Company had capital and paid in and contributed surplus were $2,002,306 and $89,078,588, respectively.

B. Holding Company

The Company is a wholly owned subsidiary of AANY, a New York life insurance company, which in turn is wholly owned by ALAC, an Iowa life insurance company. The ultimate controlling entity of the Company is Apollo Global Management, LLC.

C. Organizational Chart

An organization chart reflecting the relationship between the Company and significant entities in its holding company system as of December 31, 2013 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	Income/ (Expense)* For Each Year of the Examination
Administrative Services Agreement (File No: 37468) (No longer in effect)	1/1/2008	Athene USA Corporation ("AUSA")	The Company	Shared employee services, with the exception of: accounts payable and treasury, mergers, acquisitions and divestitures, risk management and shareholder activities	2012 $(14,554,631) 2013 $(10,016,874)
Investment Management Agreement (File No: 43135) (No longer in effect)	9/1/2010	Aviva Investors North America ("AINA")	The Company	Appointed AINA as investment advisor for the Company's portfolio and to supervise and direct the investments of the Portfolio.	2012 $(2,382,044) 2013 $(1,791,623)
Shared Services and Cost Sharing Agreement; (Amendment One) (File No: 48035 and 48036)	10/2/2013	Parent company and affiliates	The Company	To make available certain personnel and services between the parent and affiliated companies including the following: producer management reinsurance and underwriting legal tax audit services executive/financial actuarial and corporate valuations	2013 $(611,341)
Investment Management Agreement*	10/2/2013	Athene Asset management ("AAM")	The Company	Appointed to supervise and direct the investment and reinvestment of the Company's assets	2013: $(446,945)

*This agreement was included with the documentation approved by the Department as part of the AGM acquisition of Aviva on October 1, 2013.

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 seven and not more than thirteen directors. Directors are elected for a period of one year at the annual meeting of the stockholders held in May of each year. As of December 31, 2013, the board of directors consisted of nine members. Meetings of the board are required to be held at least once a year (i.e. annual meeting) with other "special" meetings being called and held from time to time.

The nine board members and their principal business affiliation, as of December 31, 2013, were as follows:

Name and Residence	Principal Business Affiliation	Year First Elected
James Belardi Manhattan Beach, CA	Chief Executive Officer Aviva Life & Annuity Company of New York Athene Asset Management, L.P.	2013
James Betts* Raleigh, NC	Self-employed Consultant Retired E&Y Audit Partner	2013
Joshua Black New York, NY	Associate, Financial Services Group Apollo Global Management	2013
Grant Kvalheim Princeton, NJ	President Athene Holding Ltd.	2013
Matthew Michelini New York, NY	Principal Apollo Management Holdings, L.P.	2013
Francis Sabatini* Grandy, CT	President Sabatini Advisory Services, LLC	2013
Imran Siddiqui New York, NY	Senior Partner Apollo Global Management	2013
Guy Smith, III Simpsonville, SC	President Aviva Life & Annuity Company of New York	2013
Hope Taitz* Armonk, NY	Self-employed Consultant	2013

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

The examiner's review of the minutes of the meetings of the board of directors and its committees indicated that 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, 2013:

Name	Title
James Belardi	Chief Executive Officer
Guy Smith III	President
Brenda Cushing	Treasurer
Richard Cohan	Secretary
Jeffrey Boland	Executive Vice President
Steve Cernich	Executive Vice President
Matthew Easley	Executive Vice President
Christopher Grady	Executive Vice President
Gerhard Recker	Executive Vice President
Christopher Welp	Executive Vice President
David Attaway	Senior Vice President

* The designated consumer services officer per Section 216.4(c) of Department Regulation No. 64 is Megan Claypool, Chief Compliance Officer and Senior Vice President.

On December 10, 2014, Matthew Easley separated from the Company; Steve Cernich is serving as Chief Actuary in the interim.

Athene Holding Limited has not established and implemented formal ERM processes including risk management policies, economic capital modeling, and utilization of risk metrics in business decision making. The examiner was subsequently informed that a new Chief Risk Officer was hired in October 2014, who has overseen significant development and build-up of these processes, including the retention of significant additional staff.

The examiner recommends that formal Enterprise Risk Management processes, including risk management policies, economic capital modeling, and utilization of risk metrics in business decisions, be developed in a timely manner to help ensure that all Companies in the holding company system are managed consistently and within their risk appetites.

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. On October 2, 2013, the Company sold, through a series of reinsurance agreements, its life insurance business to FAFLIC.

The Company is licensed to transact business in 17 states. In 2013, 86% of life premiums and 97% of annuity premiums were received from New York. Policies are written on a non-participating basis.

A. Statutory and Special Deposits

As of December 31, 2013, the Company had $5,100,000 (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 reported in Schedule E of the 2013 filed annual statement, an additional $530,335 was being held by the states of Massachusetts and North Carolina.

B. Direct Operations

The Company stopped writing new business in 2014. In recent years the Company concentrated on the sale of non-participating life insurance, primarily in the State of New York, where the majority of direct premiums are collected. The Company reinsured 100% of its life business to FAFLIC in October 2013.

C. Reinsurance

As of December 31, 2013, the Company had eighteen reinsurance treaties in effect, of which sixteen were authorized or accredited. The Company's life and accident and health business is reinsured through a series of yearly renewable term, coinsurance, and funds withheld coinsurance arrangements. Accident and health business also incorporates coinsurance arrangements as well. In addition, reinsurance is also provided on a facultative basis.

The maximum retention limit for individual life contracts is $10,000. The total face amount of life insurance ceded as of December 31, 2013, was $23,303,012,000, which represents 99.7% of the total face amount of life insurance in force. Reserve credit taken for reinsurance ceded to unauthorized companies, totaling $17,854,777, was supported by letters of credit and trust agreements.

There was no assumed life insurance as of December 31, 2013.

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, 2011	December 31, 2013	Increase (Decrease)
Admitted assets	$1,588,452,757	$1,727,769,722	$139,316,965
Liabilities	$1,471,520,037	$1,663,744,460	$192,224,423
Common capital stock	$ 2,002,306	$ 2,002,306	$ 0
Gross paid in and contributed surplus	133,975,196	89,078,588	(44,896,608)
Group life contingency reserve	31,436	0	(31,436)
Deferred tax asset benefit	5,000,000	0	(5,000,000)
Unassigned funds (surplus)	(24,076,219)	(27,055,632)	(2,979,413)
Total capital and surplus	$ 116,932,720	$ 64,025,262	$ (52,907,458)
Total liabilities, capital and surplus	$1,588,452,757	$1,727,769,722	$139,316,965

The Company's invested assets as of 2013 are mainly comprised of bonds (85.1%) and mortgage loans (8.5%).

The majority (99.3%) of the Company's bond portfolio, as of December 31, 2013, was comprised of investment grade obligations.

Gross paid in and contributed surplus decreased by $44.9 million during 2013 as a result of a $103.4 million reclassification between unassigned funds and gross paid in and contributed surplus (as a result of a surplus reset pursuant to SSAP 72) offset by a $58.5 million capital contribution during July 2013 from the Company's former parent, Aviva Life Insurance and Annuity Company of Iowa.

The following indicates, for each of the years listed below, the amount of life insurance issued and in force by type (in thousands of dollars):

	Individual Whole Life		Individual Term		Group Life	
Year	Issued	In Force	Issued	In Force	Issued & Increases	In Force
2012	$1,049,505	$8,643,240	$253,527	$14,946,438	$ 0	$676,360
2013	$ 154,577	$8,459,473	$ 96,722	$14,256,862	$35	$656,046

The Company experienced lower sales in all life insurance product lines during 2013 due to the market place disruption caused by the pending sale of the company.

The following is the net (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:

	2012	2013
Ordinary:		
Life insurance	$(40,125,529)	$ (81,288,338)
Individual annuities	(35,192,986)	(19,368,887)
Supplementary contracts	(766,724)	(352,241)
Total ordinary	$(76,085,239)	$(101,009,466)
Group:		
Life	$ (7,514,563)	$ (3,689,316)
Annuities	(185,029)	(18,249)
Total group	$ (7,699,592)	$ (3,707,565)
Accident and health:		
Other	(1,297,477)	(865,816)
Total accident and health	$ (1,297,477)	$ (865,816)
Total	$(85,082,308)	$(105,582,847)

The 2012 loss on ordinary and group life insurance was primarily due to the recapture of business under a reinsurance agreement with Aviva Re USA, Inc., and partially offset with the inception of the reinsurance agreement with The United States Business of The Canada Life Assurance Company. The 2013 loss on ordinary and group life insurance was primarily due to the recapture of business under the reinsurance agreements with The United States Business of The Canada Life Assurance Company, Athene Annuity and Life Company (formerly Aviva Life and Annuity Company) and Aviva Re USA II, Inc. This was partially offset with the sale of the life business to FAFLIC and the federal tax benefits of the Company's overall tax operating losses.

The 2012 and 2013 losses on ordinary annuities were primarily due to a $40 million and $38.3 million, respectively, increase in reserves, due to asset adequacy testing. The 2013 loss on ordinary annuities improved $15.8 million compared to 2012 primarily from the federal tax benefits of the Company's overall tax operating losses. The annuity business has had few sales during the exam period due to discontinuation of the structured settlement business in 2009. This business is now in run-off and the Company is no longer actively selling annuity business.

The Company has a small block of accident and health policies in-force which consists of disability and long term nursing care policies which were not actively written during the exam period.

6. FINANCIAL STATEMENTS

The following statements show the assets, liabilities, capital and surplus as of December 31, 2013, as contained in the Company's 2013 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, 2013 filed annual statement.

A. Independent Accountants

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

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

B. Net Admitted Assets

Bonds	$1,410,704,253
Stocks:	
Common stocks	3,939,838
Mortgage loans on real estate:	
First liens	140,294,213
Cash, cash equivalents and short term investments	47,647,969
Contract loans	33,119,640
Derivatives	21,538,424
Other invested assets	
Investment income due and accrued	20,593,450
Premiums and considerations:	
Uncollected premiums and agents' balances in the course of collection	122,917
Deferred premiums, agents' balances and installments booked but deferred and not yet due	1,195,936
Reinsurance:	
Amounts recoverable from reinsurers	1,536,906
Other amounts receivable under reinsurance contracts	5,947,585
Current federal and foreign income tax recoverable and interest thereon	32,062,673
Net deferred tax asset	8,300,000
Guaranty funds receivable or on deposit	12,622
Receivables from parent, subsidiaries and affiliates	12,914
Miscellaneous assets	740,382
Total admitted assets	$1,727,769,722

C. Liabilities, Capital and Surplus

Aggregate reserve for life policies and contracts	$ 541,978,690
Aggregate reserve for accident and health contracts	6,007,359
Liability for deposit-type contracts	126,485,340
Contract claims:	
Life	2,352,982
Accident and health	56,233
Provision for policyholders' dividends and coupons payable in following calendar year – estimated amounts	
Dividends apportioned for payment	57,295
Premiums and annuity considerations for life and accident and health contracts received in advance	(42,391)
Contract liabilities not included elsewhere:	
Other amounts payable on reinsurance	24,303,050
Interest maintenance reserve	12,427,431
Commissions to agents due or accrued	5,231
General expenses due or accrued	5,000
Taxes, licenses and fees due or accrued, excluding federal income taxes	132,278
Unearned investment income	836,937
Amounts withheld or retained by company as agent or trustee	40,243
Amounts held for agents' account, including agents credit balances	88,555
Remittances and items not allocated	1,354,671
Liability for benefits for employees and agents if not included above	3,941,010
Miscellaneous liabilities:	
Asset valuation reserve	11,788,064
Payable to parent, subsidiaries and affiliates	8,809,325
Funds held under coinsurance	908,906,980
Derivative collateral	12,662,000
Unclaimed funds	1,516,903
Miscellaneous liabilities	31,273
Total liabilities	$1,663,744,460
Common capital stock	$ 2,002,306
Gross paid in and contributed surplus	89,078,588
Unassigned funds (surplus)	$ (27,055,632)
Surplus	$ 62,022,956
Total capital and surplus	$ 64,025,262
Total liabilities, capital and surplus	$1,727,769,722

D. Condensed Summary of Operations

	2012	2013
Premiums and considerations	$ 52,052,659	$(661,739,076)
Investment income	89,440,380	106,289,240
Commissions and reserve adjustments on reinsurance ceded	(70,061,557)	(200,688,227)
Miscellaneous income	(27,369)	378,733
Total income	$ 71,404,112	$(755,759,330)
Benefit payments	$101,759,145	$ 80,672,593
Increase in reserves	4,638,967	(733,234,589)
Commissions	15,113,842	6,785,687
General expenses and taxes	28,907,239	18,220,841
Increase in loading on deferred and uncollected premium	693,187	6,632,471
Funds withheld adjustment ceded	0	71,945,430
Transfer to IMR – ceded	0	(37,385,744)
Miscellaneous deductions	146,112	30,234
Total deductions	$151,258,492	$(586,333,079)
Net gain (loss)	$ (79,854,380)	$(169,426,251)
Dividends	493,076	(237,920)
Federal and foreign income taxes incurred	4,734,852	(63,605,485)
Net gain (loss) from operations before net realized capital gains	$ (85,082,308)	$(105,582,846)
Net realized capital gains (losses)	(299,125)	(9,303,060)
Net income	$ (85,381,434)	$(114,885,906)

Between 2012 and 2013, the Condensed Summary of Operations reflects significant movements between individual line items as a result of the recapture transactions discussed previously that occurred on October 1, 2013, between the Company and its then-wholly owned subsidiaries. Further impacting the geography on individual line items is the cession of the life business to FAFLIC. The net impact of these recaptures and cessions, although material to individual line items, did not materially impact net income. The $29 million decrease in net income is driven by the higher level of asset adequacy testing reserves recorded by the Company in 2013 as compared to 2012.

E. Capital and Surplus Account

	2012	2013
Capital and surplus, December 31, prior year	$116,932,720	$ 76,143,088
Net income	$ (85,381,434)	$(114,885,906)
Change in net unrealized capital gains (losses)	2,909,219	5,883,446
Change in net deferred income tax	15,822,576	(25,156,808)
Change in non-admitted assets	(23,820,266)	30,089,929
Change in liability for reinsurance in unauthorized companies	(727,306)	6,345,438
Change in asset valuation reserve	(4,130,132)	(2,553,822)
Cumulative effect of changes in accounting Principles	200,000	0
Surplus adjustments:		
Paid in	0	(44,896,608)
Change in surplus as a result of reinsurance	54,337,711	29,659,897
SSAP 72 Surplus Reset	0	103,396,608
Net change in capital and surplus for the year	$ (40,789,631)	$ (12,117,826)
Capital and surplus, December 31, current year	$ 76,143,088	$ 64,025,262

7. PRIOR REPORT SUMMARY AND CONCLUSIONS

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

Item	Description
A	The Company violated Section 1505(d)(3) of the New York Insurance Law by failing to maintain a computer terminal, in accordance with the service agreement approved by the Department, which is linked to the electronic system that generates the electronic records that constitute the Company's books of account, at its principal office in New York. The Company was sold during the examination period. During the current examination period, the examiner did not find and any violations of the aforesaid section of the New York Insurance Laws.
B	The Company violated Section 127.3(a) of Department Regulation No. 102 by taking reserve credits under treaties that were not duly executed by both parties by the 'as of date' of the financial statement in which credit(s) was taken. This violation appeared in the prior report on examination. The Company was sold during the examination period. During the current examination period, the examiner did not find and any violations of Department Regulation No. 102.
C	The examiner recommended that, for future years, the Company compute reserves based upon appropriate assumptions and methodology in a manner acceptable to the Department. The Company continued to compute reserves based upon appropriate assumptions and methodology in a manner acceptable to the Department.

8. SUMMARY AND CONCLUSIONS

Following are the recommendations contained in this report:

Item	Description	Page No(s).
A	The examiner recommends that formal Enterprise Risk Management processes, including risk management policies, economic capital modeling, and utilization of risk metrics in business decisions, be developed in a timely manner to help ensure that all Companies in the holding company system are managed consistently and within their risk appetites.	10

Respectfully submitted,

_____________/s/_____________
William A. O'Connell
Noble Consulting Services, Inc.
Examiner-in-Charge

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

William A. O'Connell, being duly sworn, deposes and says that the foregoing report, subscribed by him, is true to the best of his knowledge and belief.

_____________/s/_____________
William A. O'Connell
Noble Consulting Services, Inc.

Subscribed and sworn to before me

this__________ day of ____________________

APPOINTMENT NO. 31260

NEW YORK STATE

DEPARTMENT OF FINANCIAL SERVICES

*I, **BENJAMIN M. LAWSKY**, 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:*

WILLIAM A. O'CONNELL
(NOBLE CONSULTING SERVICES, INC.)

as a proper person to examine the affairs of the

AVIVA LIFE AND ANNUITY 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 1st day of December, 2014

BENJAMIN M. LAWSKY
Superintendent of Financial Services

By:

MICHAEL MAFFEI
ASSISTANT DEPUTY SUPERINTENDENT
AND CHIEF OF THE LIFE BUREAU