

NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES
REPORT ON EXAMINATION
OF THE
FIRST SYMETRA NATIONAL LIFE INSURANCE COMPANY
OF NEW YORK

CONDITION:

DECEMBER 31, 2015

DATE OF REPORT:

MAY 15, 2017

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EXAMINER:

JAN M. MOENCK, CFE

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NEW YORK STATE
DEPARTMENT *of*
FINANCIAL SERVICES

Andrew M. Cuomo
Governor

Maria T. Vullo
Superintendent

November 16, 2017

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

Madam:

In accordance with instructions contained in Appointment No. 31506, dated July 7, 2016, and annexed hereto, an examination has been made into the condition and affairs of First Symetra National Life Insurance Company of New York, hereinafter referred to as “the Company,” at its administrative office located at 777 108th Avenue NE, Bellevue, WA 98004.

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 comment and violation contained in this report are summarized below.

- Sumitomo Life Insurance Company (“SL”), a Japanese mutual life insurer, acquired Symetra Financial Corporation (“SFC”), a Delaware corporation, in accordance with a merger agreement dated August 11, 2015. Effective February 1, 2016, the acquisition was completed and SFC became a wholly owned subsidiary of SL. The Company is a wholly owned subsidiary of Symetra Life Insurance Company (“SLIC”), which is wholly owned by SFC. (See item 7 of this report)
- The Company violated Section 4228(h) of the New York Insurance Law by failing to demonstrate that pricing was performed prior to the date the statement of self-support was signed. (See item 6F 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, 2016 Edition* (the “Handbook”). The examination covers the five-year period from January 1, 2011, through December 31, 2015. 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, 2015, 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 was called by the Iowa Department of Insurance (“Iowa”) in accordance with the Handbook guidelines, through the NAIC’s Financial Examination Electronic Tracking System. Iowa served as the lead state with New York participating. Since the lead and participating state are accredited by the NAIC, the 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 2011 through 2015, by the accounting firm of Ernst & Young LLP (“EY”). The Company received an unqualified opinion in all years. Certain audit workpapers of the accounting firm were reviewed and relied upon in conjunction with this examination. The Company has an internal audit department which was given the task of assessing the internal control structure and compliance with the Sarbanes-Oxley Act of 2002 (“SOX”) and the Model Audit Rule (“MAR”). Where applicable, SOX/MAR workpapers and reports were reviewed and portions were relied upon for this examination.

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

3. DESCRIPTION OF COMPANY

A. History

The Company was incorporated as a stock life insurance company under the laws of New York on April 23, 1987, and was licensed and commenced business on January 2, 1990. Initial resources of \$8,500,000, consisting of common (preferred) capital stock of \$2,000,000 and paid in and contributed surplus of \$6,500,000, were provided through the sale of 20,000 shares of common stock (with a par value of \$100 each) for \$425 per share.

There were no capital contributions made during the examination period. As of December 31, 2015, the Company's capital and paid in and contributed surplus were \$2,000,000 and \$60,000,000, respectively.

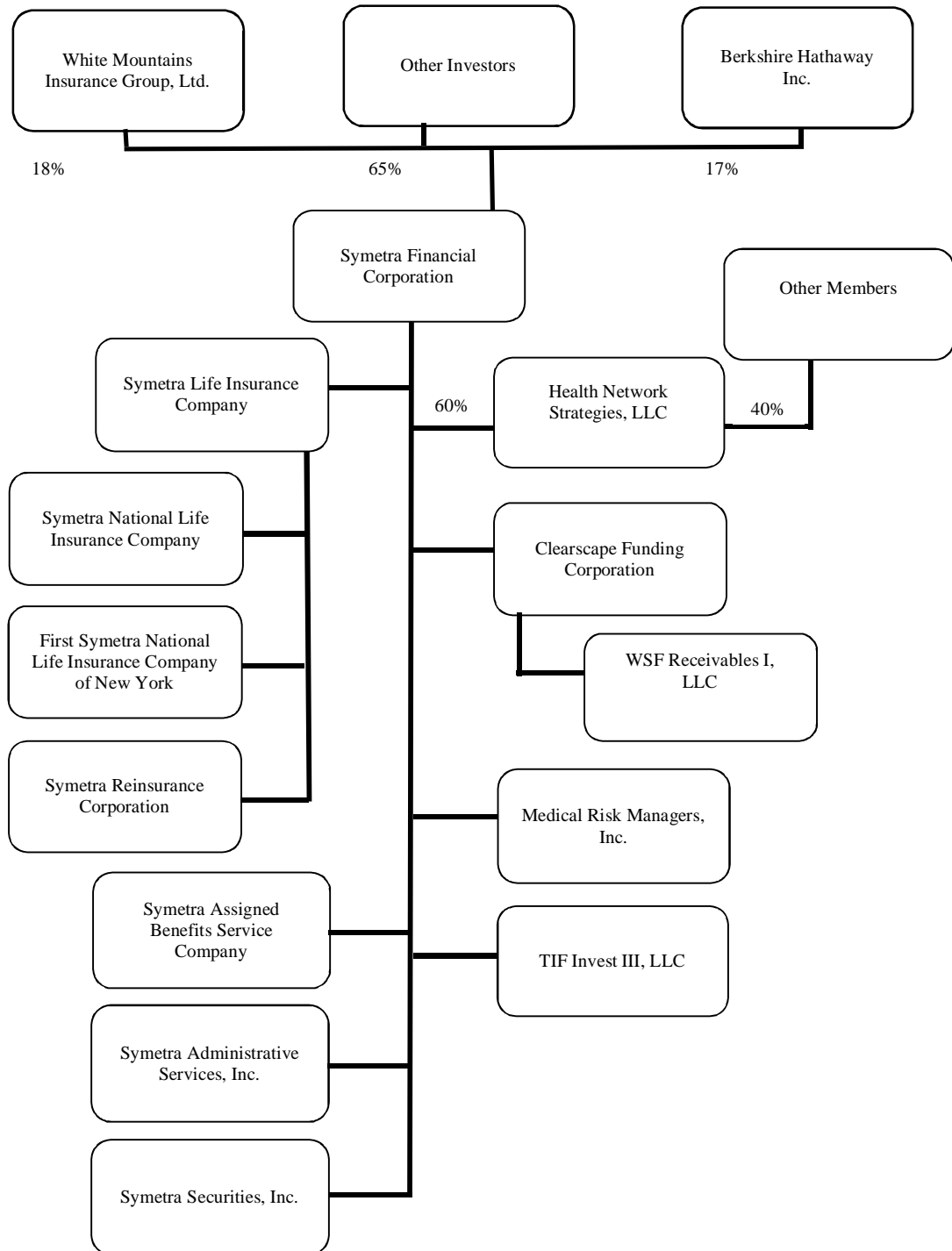
B. Holding Company

The Company is a wholly owned subsidiary of Symetra Life Insurance Company ("SLIC"), an Iowa domiciled life insurer. SLIC is in turn a wholly owned subsidiary of Symetra Financial Corporation ("SFC"), a Delaware corporation. On January 27, 2010, SFC completed an initial public offering ("IPO") of its common stock. Prior to the IPO, SFC was privately owned. White Mountains Insurance Group, Ltd. ("White Mountains") and Berkshire Hathaway Inc., ("Berkshire") owned 18% and 17%, respectively, with the remainder 65% owned by various investors.

Sumitomo Life Insurance Company ("SL"), a Japanese mutual life insurer, acquired SFC in accordance with a merger agreement dated August 11, 2015. Effective February 1, 2016, the acquisition was completed and SFC became a wholly owned subsidiary of SL.

C. Organizational Chart

An organization chart reflecting the relationship between the Company and significant entities in its holding company system as of December 31, 2015, 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 of Services	Recipient of Services	Specific Services Covered	Income/ (Expense)* For Each Year of the Examination
Administrative Services Agreement File Nos.: 25868, 30305, 33400	11/01/1998 Amended 07/01/2002 Amended and Restated 01/01/2005	SLIC	The Company	Services including: accounting, data processing, tax, auditing, underwriting, claims processing and procedures, advertising and sales promotional services, functional support (including actuarial services, telecommunication services, legal services, purchasing, and employee relations services), and customer support services as well as providing the Company with the use of certain property, equipment and facilities of SFC	2011 \$(2,446,249) 2012 \$(2,541,087) 2013 \$(3,008,810) 2014 \$(3,475,413) 2015 \$(3,895,301)
Investment Management Agreement File Nos.: 43894 45927 45927A 49696	08/02/2004 Amended 09/30/2004 08/01/2005 10/01/2005 03/09/2007 09/19/2009, superseded with new agreement on 06/01/2011, amended 04/01/2012 09/30/2013, superseded with new agreement 12/31/2014, effective 1/1/2015	White Mountains Advisors, LLC	The Company	Advice and services regarding the purchase, sale or other disposition of securities.	2011 \$(326,188) 2012 \$(354,845) 2013 \$(369,122) 2014 \$(403,988) 2015 \$(320,397)

Type of Agreement and Department File Number	Effective Date	Provider of Services	Recipient of Services	Specific Service(s) Covered	Income/ (Expense)* For Each Year of the Examination
Principal Underwriting Agreement File No. 40640	02/01/1997 Amended 09/30/2005	Symetra Securities Inc.	The Company	Underwriting for distribution of variable insurance products of the Company	2011 \$ (695) 2012 \$ (796) 2013 \$(1,122) 2014 \$(1,176) 2015 \$(1,100)
Master Services Agreement File No. 44678 Amendment File No. 46396	11/04/2011 09/28/2012 Terminated 01/01/2013	The Company	BHG Structured Settlements, Inc.**	Certain marketing services related to selling in the structured settlement market place	2011 \$ 24,456 2012 \$280,001 2013 \$ 0 2014 \$ 0 2015 \$ 0
Suitability Review Service Agreement File No. 47054	5/31/2013 Terminated 10/01/2014	Symetra Securities Inc.	The Company	Suitability oversight of non-registered annuity contract applications submitted to the Company by insurance-licensed entities contracted with the Company that have declined, or are unable to perform, such oversight.	2013 \$ (4,067.52) 2014 \$(10,401.30) 2015 \$ 0

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

** BHG Structured Settlements, Inc. is a subsidiary of Berkshire

The Company participates in a federal 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 7 and not more than 21 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, 2015, the board of directors consisted of nine members. Meetings of the board are held in March, May and November; however, numerous written actions in lieu of in-person meetings are circulated throughout the remainder of the year.

The nine board members and their principal business affiliation, as of December 31, 2015, were as follows:

<u>Name and Residence</u>	<u>Principal Business Affiliation</u>	<u>Year First Elected</u>
Peter S. Burgess* Bonita Springs, FL	Independent Advisor Former Audit Partner, Arthur Andersen LLP	2010
Michael W. Fry Bellevue, WA	Executive Vice President First Symetra National Life Insurance Company of New York	2009
David S. Goldstein Bellevue, WA	Senior Vice President, General Counsel and Secretary First Symetra National Life Insurance Company of New York	2011
Lois W. Grady* Burlington, CT	Former Executive Vice President and Director of Investment Products and Services Hartford Life, Inc.	2004
Daniel R. Guilbert Bellevue, WA	Executive Vice President First Symetra National Life Insurance Company of New York	2010
Sander M. Levy* New York, New York	Co-Founder and Managing Principal Bridge Growth Partners, LLC	2004
Thomas M. Marra Bellevue, WA	President First Symetra National Life Insurance Company of New York	2010
Margaret A. Meister Bellevue, WA	Executive Vice President and Chief Financial Officer First Symetra National Life Insurance Company of New York	2004
Lowndes A. Smith* Westbrook, CT	Managing Partner Whittington Gray Associates	2007

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

As a result of the acquisition of SFC by SL, the composition of the board changed. On February 1, 2016, Peter S. Burgess, Lois W. Grady, and Lowndes A. Smith resigned from the board and were replaced by Robert R. Lusardi, Former Chief Executive Officer of PremieRe Holdings LLC; Hirofumi Miyahara, General Manager of International Business Development at SL; and Robert G. Wolfe, Principal of Windy Point LLC. Mr. Sander M. Levy also resigned from the prior board and was re-appointed to the current board on the same date.

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, 2015:

<u>Name</u>	<u>Title</u>
Thomas M. Marra	President
Margaret A. Meister	Executive Vice President and Chief Financial Officer
Michael W. Fry	Executive Vice President, Benefits Division
Daniel R. Guilbert	Executive Vice President, Retirement Division
Mark E. Hunt	Executive Vice President and Chief Investment Officer
Colleen M. Murphy	Senior Vice President, Controller and Treasurer
David S. Goldstein	Senior Vice President, General Counsel and Secretary
Tommie D. Brooks	Senior Vice President and Chief Actuary
Christine A. Katzmar Holmes	Senior Vice President, Human Resources & Administration
Suzanne Webb Sainato*	Vice President and Chief Compliance Officer

* Designated consumer services officer per Insurance Regulation No. 64, 11 NYCRR Section 216.4(c)

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 New York only. The Company's main product line is individual single premium fixed deferred annuities. The Company began issuing term life insurance in 2005 and medical stop loss insurance in 2006. The Company discontinued issuing variable annuities in March 2007 due to a lack of sales. Although the Company submitted and received approval for a new variable annuity contract in 2007, no new variable products were issued during the examination period.

Beginning in June 2011 and throughout 2012, the Company offered structured settlement annuities to fund third-party personal injury settlements. In the fourth quarter of 2012, the Company discontinued the sales of structured settlement annuities, but continues to service the existing in force block of business. The Company also de-emphasized offering a single premium universal life product in 2012, but continues to service the in-force block.

A. Statutory and Special Deposits

As of December 31, 2015, the Company had \$450,000 (par value) of United States Treasury Bonds on deposit with the State of New York, its domiciliary state, for the benefit of all policyholders, claimants and creditors of the Company.

B. Direct Operations

The Company's principal lines of business are individual annuities and individual life insurance. The Company also offers group life, group disability income, and medical stop loss insurance. The Company markets its products through financial institutions, which includes banks and wirehouses, brokerage general agencies, independent marketing organizations, employee benefit brokers and consultants, third-party administrators, worksite specialists and independent insurance agents. The Company uses financial institutions and brokerage general agents to distribute a significant portion of its annuity products, as well as a small portion of its life insurance policies. The Company also uses independent insurance agents to distribute its life and annuity

products. Employee benefit brokers and consultants as well as third-party administrators distribute most of the Company's medical stop loss products.

C. Reinsurance

As of December 31, 2015, the Company had reinsurance treaties in effect with seven companies, one of which was a certified reinsurer. The Company's individual life and group short-term and long-term disability business are reinsured on an automatic first-dollar quota share coinsurance basis. The group life and medical stop loss business are reinsured on an automatic yearly renewable term ("YRT") excess of retention basis. For certain variable annuity contracts, automatic YRT reinsurance is provided on a first-dollar quota share basis for the guaranteed death benefit.

The maximum retention limit for individual life contracts is \$3,000,000. The total face amount of life insurance ceded as of December 31, 2015, was \$41,635,789, which represents 8.32% of the total face amount of life insurance in force. Reserve credit taken for reinsurance ceded to certified reinsurers companies, totaling \$23,516, was supported by a \$5,000,000 letter of credit. The Company did not assume any reinsurance during the period under examination.

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, <u>2010</u>	December 31, <u>2015</u>	Increase <u>(Decrease)</u>
Admitted assets	<u>\$639,347,304</u>	<u>\$1,260,995,925</u>	<u>\$621,648,621</u>
Liabilities	<u>\$570,767,035</u>	<u>\$1,147,308,900</u>	<u>\$576,541,865</u>
Common capital stock	\$ 2,000,000	\$ 2,000,000	\$ 0
Gross paid in and contributed surplus	60,000,000	60,000,000	0
Deferred tax asset adjustment related to SSAP#10R	786,327	0	(786,327)
Unassigned funds (surplus)	<u>5,793,942</u>	<u>51,687,025</u>	<u>45,893,083</u>
Total capital and surplus	<u>\$ 68,580,269</u>	<u>\$ 113,687,025</u>	<u>\$ 45,106,756</u>
Total liabilities, capital and surplus	<u>\$639,347,304</u>	<u>\$1,260,995,925</u>	<u>\$621,648,621</u>

The Company's invested assets as of December 31, 2015, exclusive of separate accounts, were mainly comprised of bonds (88.5%) and mortgage loans (10.5%).

The majority (99%) of the Company's bond portfolio, as of December 31, 2015, was comprised of investment grade obligations.

The Company is mitigating its investment yield challenges caused by the interest rate environment by investing in commercial mortgage loans that the Company originates.

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):

<u>Year</u>	<u>Individual Whole Life</u>		<u>Individual Term</u>		<u>Group Life Issued & Increases</u>	
	<u>Issued</u>	<u>In Force</u>	<u>Issued</u>	<u>In Force</u>	<u>In Force</u>	
2011	\$15,803	\$30,974	\$2,960	\$51,961	\$ 0	\$ 0
2012	\$ 5,631	\$35,186	\$1,740	\$50,094	\$ 0	\$ 0
2013	\$ 1,110	\$34,836	\$4,130	\$48,988	\$193,099	\$192,194
2014	\$ 4,018	\$36,775	\$7,100	\$52,326	\$135,127	\$333,303
2015	\$ 3,186	\$37,872	\$9,950	\$55,939	\$ 46,318	\$406,580

The significant decrease in individual whole life insurance issued from 2011 to 2013 was due to the Company de-emphasizing sales of a single premium universal life product in 2012. The Company began expanding its group life insurance sales in 2013; however, the Company's sales of group life insurance decreased in subsequent years.

The decrease in individual term life insurance issued in 2011 and 2012 was due to other carriers offering a more competitive term products. The Company addressed the decreased sales of its term products by increasing its brokerage general agent distribution channels during 2013 that led to increased sales of the products.

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

	<u>Ordinary Annuities</u>				
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Outstanding, end of previous year	6,771	7,687	7,987	8,372	9,354
Issued during the year	1,594	1,228	1,187	2,019	3,063
Other net changes during the year	<u>(678)</u>	<u>(928)</u>	<u>(802)</u>	<u>(1,037)</u>	<u>(949)</u>
Outstanding, end of current year	<u>7,687</u>	<u>7,987</u>	<u>8,372</u>	<u>9,354</u>	<u>11,468</u>

The increase in ordinary annuities issued in 2014 and 2015 was due to the increased sales of annuities through banks.

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:

	<u>Group</u>				
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Outstanding, end of previous year	40,267	53,032	43,119	28,311	29,571
Issued during the year	5,389	2,436	5,494	10,727	10,881
Other net changes during the year	<u>7,376</u>	<u>(12,349)</u>	<u>(20,302)</u>	<u>(9,467)</u>	<u>(4,036)</u>
Outstanding, end of current year	<u>53,032</u>	<u>43,119</u>	<u>28,311</u>	<u>29,571</u>	<u>36,416</u>

The increase in contracts outstanding from 2011 to 2012 was due to the increase in members within the groups. The decrease in contracts outstanding in 2013 was a result of the termination of several group contracts.

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:

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Ordinary:					
Life insurance	\$ (322,561)	\$ 52,745	\$ 117,620	\$(1,719,499)	\$ (598,122)
Individual annuities	<u>5,544,480</u>	<u>9,344,550</u>	<u>10,689,441</u>	<u>9,691,415</u>	<u>7,701,395</u>
Total ordinary	<u>\$5,221,919</u>	<u>\$ 9,397,295</u>	<u>\$10,807,061</u>	<u>\$ 7,971,916</u>	<u>\$7,103,273</u>
Group:					
Life	\$ 0	\$ 0	\$ 61,601	\$ (96,393)	\$ (356,808)
Annuities	<u>21,711</u>	<u>24,338</u>	<u>13,938</u>	<u>2,238</u>	<u>(15,983)</u>
Total group	<u>\$ 21,711</u>	<u>\$ 24,338</u>	<u>\$ 75,539</u>	<u>\$ (94,155)</u>	<u>\$ (372,791)</u>
Group Accident and health	<u>\$ 162,819</u>	<u>\$ 3,233,379</u>	<u>\$ 1,201,811</u>	<u>\$ 1,500,503</u>	<u>\$2,206,808</u>
Total	<u>\$5,406,449</u>	<u>\$12,655,012</u>	<u>\$12,084,411</u>	<u>\$ 9,378,264</u>	<u>\$8,937,290</u>

The increase in income from ordinary life insurance in 2011 to 2013 was due to a decrease in commission expense and lower sales of single premium universal life, partially offset by an increase in death benefits incurred.

The decrease in income from ordinary life insurance in 2014 and 2015 was due to an increase in the 2013 and 2014 cash flow testing reserves, decrease in investment income and an increase in commissions due to an increase in single premium universal life sales.

The increase in income from individual annuities in 2011 to 2013 was due to higher spread income on a larger block of business and lower taxes, licenses, and fees. In 2012, the Company decreased its guaranty fund reserve and adjusted related tax offset asset resulting in a decrease in expenses, and in turn an increase in income. The majority of the individual annuity business the Company has been selling in New York generates a statutory loss in the first year. As a result, fluctuations in sales will drive fluctuations in earnings. From 2011 to 2012, there was a small decrease in deposits allowing the in-force profits to have more of an impact. In 2014 and 2015, significant increases in sales negatively impacted profits.

The decrease in income from individual annuities in 2014 and 2015 was primarily due to an increase in commissions as a result of increasing sales in both years.

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:

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Premiums earned	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
Incurred losses	88.5%	36.5%	69.5%	49.7%	58.3%
Commissions	7.1%	7.9%	7.6%	7.9%	9.4%
Expenses	<u>9.5%</u>	<u>10.1%</u>	<u>10.2%</u>	<u>19.9%</u>	<u>10.2%</u>
Underwriting results	<u>(5.2)%</u>	<u>45.6%</u>	<u>12.7%</u>	<u>22.4%</u>	<u>22.1%</u>

The significant fluctuations in expenses and in the loss ratio are due to the volatility in claims volume in this small block of business.

6. FINANCIAL STATEMENTS

The following statements show the assets, liabilities, capital and surplus as of December 31, 2015, as contained in the Company's 2015 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, 2015 filed annual statement.

A. Independent Accountants

The firm of EY was retained by the Company to audit the Company's combined statutory basis statements of financial position 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.

EY 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	\$1,102,166,795
Mortgage loans on real estate:	
First liens	131,167,006
Cash, cash equivalents and short term investments	11,166,881
Contract loans	178,561
Other invested assets	81,843
Receivable for securities	60,773
Investment income due and accrued	10,652,347
Premiums and considerations:	
Uncollected premiums and agents' balances in the course of collection	673,058
Deferred premiums, agents' balances and installments booked but deferred and not yet due	22,484
Reinsurance:	
Amounts recoverable from reinsurers	9,472

Other amounts receivable under reinsurance contracts	62,214
Amounts receivable relating to uninsured plans	2,380
Net deferred tax asset	3,107,062
Guaranty funds receivable or on deposit	1,413,470
From separate accounts, segregated accounts and protected cell accounts	<u>231,579</u>
Total admitted assets	<u>\$1,260,995,925</u>

C. Liabilities, Capital and Surplus

Aggregate reserve for life policies and contracts	\$1,099,644,879
Aggregate reserve for accident and health contracts	392,700
Liability for deposit-type contracts	28,922,777
Contract claims:	
Life	603,663
Accident and health	3,314,768
Premiums and annuity considerations for life and accident and health contracts received in advance	67,859
Contract liabilities not included elsewhere:	
Provision for experience rating refunds	35,936
Commissions to agents due or accrued	287,031
General expenses due or accrued	48,885
Taxes, licenses and fees due or accrued, excluding federal income taxes	1,184,430
Current federal and foreign income taxes	397,448
Unearned investment income	177
Amounts withheld or retained by company as agent or trustee	946,149
Remittances and items not allocated	4,401,611
Miscellaneous liabilities:	
Asset valuation reserve	6,372,582
Payable to parent, subsidiaries and affiliates	440,401
Liability for limited partnership investments	12,716
Accrued interest on policy claims	3,309
From Separate Accounts statement	<u>231,579</u>
 Total liabilities	 <u>\$1,147,308,900</u>
 Common capital stock	 \$ 2,000,000
Gross paid in and contributed surplus	60,000,000
Unassigned funds (surplus)	51,687,025
Surplus	<u>111,687,025</u>
Total capital and surplus	<u>\$ 113,687,025</u>
 Total liabilities, capital and surplus	 <u>\$1,260,995,925</u>

D. Condensed Summary of Operations

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Premiums and considerations	\$121,949,272	\$110,809,227	\$154,550,528	\$217,958,389	\$386,515,823
Investment income	34,262,642	35,467,424	37,157,807	38,128,114	42,215,300
Commissions and reserve adjustments on reinsurance ceded	20,031	16,277	26,277	72,694	86,168
Miscellaneous income	<u>382,244</u>	<u>752,074</u>	<u>609,971</u>	<u>384,653</u>	<u>635,692</u>
 Total income	 <u>\$156,614,189</u>	 <u>\$147,045,002</u>	 <u>\$192,344,583</u>	 <u>\$256,543,850</u>	 <u>\$429,452,983</u>
 Benefit payments	 \$ 87,920,384	 \$112,542,797	 \$ 86,373,013	 \$104,198,343	 \$101,352,815
Increase in reserves	50,038,144	7,876,017	77,653,685	122,506,018	290,929,384
Commissions	5,377,786	4,709,123	5,655,756	8,259,814	12,818,221
General expenses and taxes	5,857,506	3,655,288	4,774,032	6,249,043	7,552,252
Increase in loading on deferred and uncollected premiums	(2,792)	861	786	1,514	(421)
Net transfers to (from) Separate Accounts	<u>6,347</u>	<u>3,585</u>	<u>11,158</u>	<u>13,393</u>	<u>(24,072)</u>
 Total deductions	 <u>\$149,197,375</u>	 <u>\$128,787,671</u>	 <u>\$174,468,430</u>	 <u>\$241,228,125</u>	 <u>\$412,628,179</u>
 Net gain (loss)	 \$ 7,416,814	 \$ 18,257,331	 \$ 17,876,153	 \$ 15,315,725	 \$ 16,824,804
Federal and foreign income taxes incurred	<u>2,010,365</u>	<u>5,602,319</u>	<u>5,791,743</u>	<u>5,937,461</u>	<u>7,887,514</u>
 Net gain (loss) from operations before net realized capital gains	 \$ 5,406,449	 \$ 12,655,012	 \$ 12,084,410	 \$ 9,378,264	 \$ 8,937,290
Net realized capital gains (losses)	<u>(252,970)</u>	<u>(113,955)</u>	<u>(206,316)</u>	<u>(308,984)</u>	<u>(725,192)</u>
 Net income	 <u>\$ 5,153,479</u>	 <u>\$ 12,541,058</u>	 <u>\$ 11,878,094</u>	 <u>\$ 9,069,280</u>	 <u>\$ 8,212,098</u>

E. Capital and Surplus Account

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Capital and surplus, December 31, prior year	\$ <u>68,580,269</u>	\$ <u>74,567,605</u>	\$ <u>85,924,373</u>	\$ <u>96,709,550</u>	\$ <u>106,054,655</u>
Net income	\$ 5,153,479	\$12,541,058	\$11,878,094	\$ 9,069,280	\$ 8,212,098
Change in net deferred income tax	(205,759)	(566,846)	(131,573)	946,084	1,444,618
Change in non-admitted assets and related items	667,342	(99,438)	(56,554)	40,803	(682,593)
Change in asset valuation reserve	(800,716)	(518,006)	(904,790)	(711,062)	(1,341,752)
Deferred tax asset adjustment related to SSAP#10R	45,453	0	0	0	0
Commission liability correction, net of tax	<u>1,127,537</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net change in capital and surplus for the year	<u>5,987,336</u>	<u>11,356,768</u>	<u>10,785,177</u>	<u>9,345,105</u>	<u>7,632,371</u>
Capital and surplus, December 31, current year	\$ <u>74,567,605</u>	\$ <u>85,924,373</u>	\$ <u>96,709,550</u>	\$ <u>106,054,655</u>	\$ <u>113,687,025</u>

F. Actuarial Statement of Self-Support

Section 4228(h) of the New York Insurance Law states, in part:

“No Company shall offer for sale any life insurance policy form or annuity contract form covered by this section or any debit life insurance policy form which shall not appear to be self-supporting on reasonable assumptions as to interest, mortality, persistency, taxes, agents’ and brokers’ survival and expenses resulting from the sale of the policy or contract form. For all such forms offered for sale in this state, and for all forms filed for use outside this state by domestic life insurance companies, a statement that the requirements of this subsection have been met, signed by an actuary who is a member in good standing of the American Academy of Actuaries and meets the requirements prescribed by the superintendent by regulation shall be submitted with each such life insurance policy or annuity contract form filed pursuant to paragraph one or six of subsection (b) of section three thousand two hundred one of this chapter. A demonstration supporting each such statement, signed by an actuary meeting such qualifications, shall be retained in the company’s home office, while such form is being offered in this state and for a period of six years thereafter and be available for inspection. . . .”

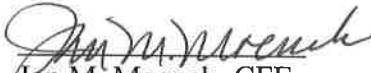
The examiner conducted a review of the pricing adequacy for various products subject to Section 4228(h) of the New York Insurance Law. This review included an examination of the required actuarial statements of self-support and the supporting demonstrations. The examiner requested statements and corresponding demonstrations for the Company’s policy forms subject to Section 4228(h) of the New York Insurance Law. For one policy form, with 662 policies issued, no signed and dated demonstration of self-support could be located. During the course of the examination, the Company was able to demonstrate that the product was self-supporting at the time it was first offered for sale in New York.

The Company violated Section 4228(h) of the New York Insurance Law by failing to demonstrate that pricing was performed prior to the date the statement of self-support was signed. In response to the Department’s concerns, the Company agreed that all future demonstrations will be signed, dated and finalized prior to the date of the statement of self-support. The Company also agreed that such demonstrations will be well organized, containing detailed narrative descriptions of the methodologies and material assumptions used such that another actuary can make a reasonable assessment of the analyses performed.

7. SUBSEQUENT EVENTS

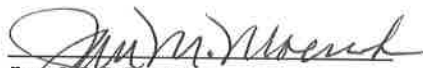
SL acquired SFC in accordance with a merger agreement dated August 11, 2015. Effective February 1, 2016, the acquisition was completed and SFC became a wholly owned subsidiary of SL. The Company is a wholly owned subsidiary of SLIC, which is wholly owned by SFC.

Respectfully submitted,

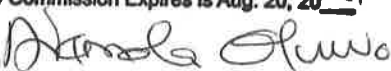

Jan M. Moenck, CFE
Examiner-In-Charge
Risk & Regulatory Consulting, LLC

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

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


Jan M. Moenck

Subscribed and sworn to before me
this 5th day of January, 2018

ADEMOLA OLUWO
Notary Public State Of New York
No. 01OL6062914
Qualified In Kings County
My Commission Expires is Aug. 20, 2021


APPOINTMENT NO. 31506

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:

JAN M. MOENCK
(RISK & REGULATORY CONSULTING, LLC)

as a proper person to examine the affairs of the

FIRST SYMETRA NATIONAL LIFE INSURANCE COMPANY OF NEW YORK

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

COMPANY

with such other information as she shall deem requisite.

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

this 7th day of July, 2016

MARIA T. VULLO
Superintendent of Financial Services

By:

mal mLeod

MARK MCLEOD
DEPUTY CHIEF - LIFE BUREAU

