NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES

REPORT ON EXAMINATION

OF THE

STANDARD LIFE INSURANCE COMPANY OF NEW YORK

CONDITION: DECEMBER 31, 2012

DATE OF REPORT: FEBRUARY 28, 2014

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EXAMINER:	JUAN SOTO

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Andrew M. Cuomo
Governor

Anthony J. Albanese
Acting Superintendent

November 12, 2015

Honorable Anthony J. Albanese
Acting Superintendent of Financial Services
New York, New York 10004

Sir:

In accordance with instructions contained in Appointment No. 30986, dated September 16, 2013 and annexed hereto, an examination has been made into the condition and affairs of The Standard Life Insurance Company of New York, hereinafter referred to as "the Company," at its home office located at 360 Hamilton Avenue, White Plains, New York 10601.

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. SCOPE OF EXAMINATION

The examination of the Company was a full scope examination as defined in the *NAIC Financial Condition Examiners Handbook, 2012 Edition* (the "Handbook"). The examination covers the three-year period from January 1, 2010 through December 31, 2012. 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, 2012 but prior to the date of this report (i.e., the completion date of the examination) were also reviewed.

In the course of the examination, a review was also made of the manner in which the Company conducts its business and fulfills its contractual obligations to policyholders and claimants. The results of this review are contained in item 6 of this report.

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 State 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 2010 through 2012, by the accounting firm of Deloitte and Touche. The Company received an unqualified opinion in all of the years of the examination period. Certain audit workpapers of the accounting firm were reviewed and relied upon in conjunction with this examination. The Company and StanCorp Financial Group, Inc. ("SFG") share common controls and management. SFG 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"). Where applicable, SOX 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, 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.

2. DESCRIPTION OF COMPANY

A. History

The Company was incorporated as a stock life insurance company under the laws of New York on April 24, 2000 and was licensed and commenced business on October 25, 2000. Initial resources of $12,450,000, consisting of common capital stock of $2,000,000 and paid in and contributed surplus of $10,450,000, were provided through the sale of 200,000 shares of common stock (with a par value of $10 each) for $62.25 per share. The Company's parent contributed additional paid-in capital of $10 million in 2012, for a total paid-in and contributed surplus of $55,450,000 at December 31, 2012.

B. Holding Company

The Company is a wholly owned subsidiary of SFG, an Oregon holding Company.

SFG was incorporated under the laws of Oregon in 1998 as a holding company resulting from the demutualization of Standard Insurance Company. SFG completed its initial public offering of common stock on April 21, 1999. Through its subsidiaries, it is a provider of selected insurance and retirement plan products. It is the sole shareholder of The Standard Life Insurance Company of New York. Other subsidiaries include Standard Insurance Company ("SIC"), StanCorp Equities, Inc. ("SCE"), StanCorp Mortgage Investors, LLC ("SMI"), Standard Retirement Services, Inc., ("SRS"), StanCorp Real Estate, LLC ("SCRE"), Standard Management, Inc. ("SM") and StanCorp Investment Advisers, Inc. ("SIA").

SFG's largest subsidiary, SIC, was founded in 1906. It is domiciled in Oregon, and is licensed in 49 states, the District of Columbia, and the U.S. territories of Guam, the Virgin Islands and Puerto Rico. SIC offers insurance and investment products.

SMI originates, underwrites, and services small, fixed-rate commercial mortgage loans for the investment portfolios of SFG's subsidiaries. It also originates and services commercial mortgage loans for institutional investors.

SCRE manages and develops real estate properties for SIC, and provides investment advice and other services to SIC and non-affiliated clients.

SIA is an SEC registered investment adviser that provides performance analysis for the Company and performance analysis, fund selection support and model portfolios for SIC and non-affiliated clients.

SCE is a broker dealer that provides brokerage services and distributes group variable annuity and group annuity contracts issued by SIC.

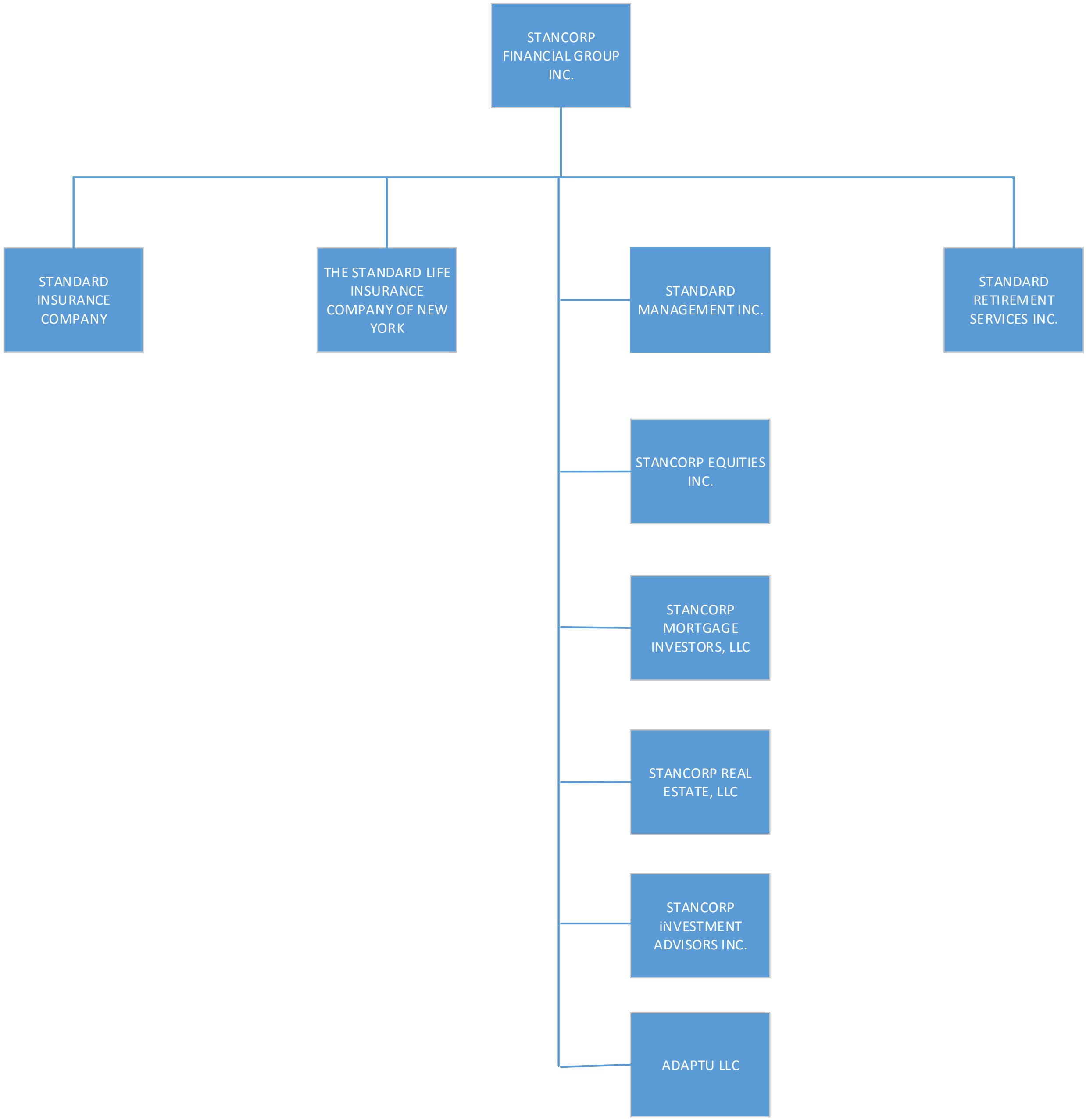
SRS administers and services retirement plans, group annuity contracts and trust products.

SM is a downstream holding Company which is currently inactive.

Adaptu, LLC, is an Oregon limited liability corporation formed on June 16, 2010. It launched a mobile wallet service, a personal financial management tool, used to track checking, savings, credit cards, investments loans and mortages, all by smart phone. It ceased operations on February 20, 2013.

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, 2012 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 Amendment 1 Department File No. 29166 Amendment 2 Department File No. 29875 Amendment 3 Department File No. 34682 Amendment 4 Department File No. 41433 Amendment 5 Department File No. 44633	08/24/00 10/25/00 01/01/02 12/01/05 03/01/09 08/01/11	SIC	The Company	Distribution/Producer Management; Marketing Support/Product Development and Administration; Reinsurance; Underwriting; Policyholder And Absence Management Services; Claims Processing and Payment And Absence Management Services; Actuarial/Financial Services; Information Technology; Legal Services and Government Relations; General Services; Human Resources; Administrative Services Only, Management Services	2010 $(3,770,750) 2011 $(2,663,363) 2012 $(2,936,168)
Administrative Services Agreement Amendment 1 Department File No. 29180 Amendment 2 Department File No. 29874 Amendment 3 Department File No. 30897 Amendment 4 Department File No. 41432 Amendment 5 Department File No. 44634 Amendment 6 Department File No. 45506	08/24/00 11/01/00 01/01/02 03/01/03 03/01/09 8/01/11 03/01/12	The Company	SIC	Claims process and payment services	2010 $7,093,478 2011 $6,836,715 2012 $7,217,005

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
Investment Services Agreement	08/24/00	SIC	The Company	Investment services	2010 $(111,530) 2011 $(127,920) 2012 $(143,952)
Non-Recourse Master Participation and Servicing Agreement Non-Recourse Master Participation and Servicing Agreement amendment Department File No. 31874	05/31/01 12/01/04	StanCorp Mortgage Investors, LLC	The Company	Mortgage loan services	2010 $(227,225) 2011 $(242,319) 2012 $(262,245)

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

The Company also participates in a consolidated federal income tax return 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 9 and not more than 15 directors. Directors are elected for a period of one year at the annual meeting of the stockholders held on the first Monday, in May of each year. As of December 31, 2012, the board of directors consisted of 10 members. Meetings of the board are held on a quarterly basis. The authorized number of directors shall be increased to no less than 13, within one year following the end of the calendar year in which the Company exceeds US $1.5 billion in admitted assets.

The 10 board members and their principal business affiliation, as of December 31, 2012, were as follows:

Name and Residence	Principal Business Affiliation	Year First Elected
Marian J .Barbarino College Point, NY	Director, Disability Benefits The Standard Life Insurance Company of New York	2007
Frederick W. Buckman* Portland, OR	President Frederick Buckman, Inc.	2000
Stanley R. Fallis* Scottsdale, AR	Retired Chairman and Chief Executive Officer Everen Clearing Corporation	2006
Stanley J. Kulesa Mohegan Lake, NY	Assistant Vice President, Benefits The Standard Life Insurance Company of New York	2000
Duane C. McDougall* Lake Oswego, OR	Retired President and Chief Executive Officer Willamette Industries, Inc.	2009
J. Gregory Ness Lake Oswego, OR	President and Chief Executive Officer The Standard Life Insurance Company of New York	2004
George J. Puentes* Salem, OR	Advisor to the President Don Pancho Authentic Mexican Foods	2011
John S. Rivello Hawthorne, NY	Supervisor, Disability Benefits The Standard Life Insurance Company of New York	2006
Mary F. Sammons* Camp Hill, PA	Retired Chairman Rite Aid Corporation	2009
E. Kay Stepp* Portland, OR	Retired Principal and Owner Executive Solutions	2010

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

In May 2013, George J. Puentes chose not to be re-elected to the board and was replaced by Debora D. Horvath. In June 2013, John S. Rivello resigned from the board and was replaced by Jeffery D. Smith in August of 2013.

The examiner's review of the minutes of the meetings of the board of directors and its committees, revealed that these 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, 2012:

Name	Title
J. Gregory Ness	President and Chief Executive Officer
Floyd F. Chadee	Chief Financial Officer
Sally A. Manafi	Appointed Actuary
Robert M. Erickson	Controller
Allison T. Stumbo	Secretary
Stanley J. Kulesa*	Assistant Vice President, Benefits

* Designated consumer services officer per Section 216.4(c) of Department Regulation No. 64

3. 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**.** In 2012, 99.92% of direct premiums were primarily derived from New York, of which 45.21% consisted of direct life premiums, and 54.71% of accident and health insurance premiums. Policies are written on a non-participating basis. During the examination period, the Company sold primarily group life, group long and short term disability, and statutory DBL insurance. The Company has never engaged in writing annuities. The Company offers its products to the employee benefit marketplace, with the largest amount of its premiums from employees of institutions of higher education.

A. Statutory and Special Deposits

As of December 31, 2012, the Company had $450,000 (par value) of US Treasury Notes on deposit with the State of New York, its domiciliary state, for the benefit of all policyholders, claimants and creditors of the Company. The Company had no other deposits, with any other state, as it is only licensed to do business in New York.

B. Direct Operations

The Company's agency operations are conducted by sales representatives, who are employees of the Company.

The Company offers its group term insurance products primarily to the employee benefits marketplace. The Company's group insurance products are currently sold by Company employee benefits sales representatives and managers through independent employee benefits brokers and consultants. The sales representatives are employees of the Company. Offices are located in Manhattan and Rochester, New York. The Manhattan office is comprised of 15 employees (seven sales representatives, and eight support staff). The Company's Rochester sales office closed in February 2013.

C. Reinsurance

As of December 31, 2012, the Company had reinsurance treaties in effect with 7 companies, of which five were authorized or accredited. The Company's group life and accident and health business is reinsured on a modified-coinsurance, yearly renewable term (YRT) and YRT quota share basis. Reinsurance is provided on an automatic and facultative basis.

The maximum retention limit for individual life contracts is $750,000. The total face amount of group life insurance ceded as of December 31, 2012, was $305,444,000, which represents 1.67% of the total face amount of life insurance in force.

There was no reserve credit for reinsurance ceded to unauthorized companies.

There was no insurance assumed as of December 31, 2012.

4. 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, 2009	December 31, 2012	Increase (Decrease)
Admitted assets	$196,167,634	$251,141,892	$54,974,258
Liabilities	$146,714,160	$181,850,546	$35,136,386
Common capital stock	$ 2,000,000	$ 2,000,000	$ 0
Gross paid in and contributed surplus	45,450,000	55,450,000	10,000,000
Special surplus associated with SSAP 10R	1,116,346	0	(1,116,346)
Unassigned funds (surplus)	887,128	11,841,346	10,954,218
Total capital and surplus	$ 49,453,474	$ 69,291,346	$19,837,872
Total liabilities, capital and surplus	$196,167,634	$251,141,892	$54,974,258

The Company's invested assets as of December 31, 2012, were mainly comprised of bonds (50.1%), mortgage loans (45.5%), and cash and short-term investments (4.4%).

The majority (97.4%) of the Company's bond portfolio, as of December 31, 2012, was comprised of investment grade obligations.

The increase in surplus between 2010 and 2012 was primarily attributable to a capital contribution of $10 million from the Company's parent, SFG, in December 2012.

The Special Surplus associated with SSAP 10R, $1,116,346, represents the federal income taxes paid in prior years that can be recovered through loss carry-backs for existing temporary differences that reverse by the end of the second or third calendar year. With the adoption of SSAP No. 101, a replacement of SSAP No. 10R and SSAP No. 10, in January 2012, the admitted additional deferred tax assets no longer needed to be recorded on the Aggregate write-ins for special surplus funds line and was included on Page 2, line 18.2, Net deferred tax asset. 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
2010	$1,101	$4,728	$4,663	$4,493	$3,577,336	$18,155,926
2011	$1,686	$5,862	$2,095	$3,408	$2,023,919	$19,142,813
2012	$ 598	$5,453	$1,576	$2,307	$1,055,522	$18,244,253

The Company's individual life business consists only of group life conversions to individual life policies. There is no active sales process directly resulting in individual life new issues, and policyholder motivation for maintaining a converted policy varies. As a result, the amount of new issues and inforce volume can be volatile for this small block. The decreases in the whole life issues and inforce during the examination period is due to decreases in conversions and a decrease in the per-policy average face value for new issues respectively.

The decreases in term insurance issues and inforce are primarily due to a smaller number of policyholders who allowed their yearly renewable term policies to expire.

The decrease in group life insurance issued during the examination period was driven by decreases in the size of new groups issued. The number of new group life insurance cases remained steady over the examination period, but the average size of new groups issued decreased.

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

	Group		
	2010	2011	2012
Outstanding, end of previous year	2,832	5,224	7,810
Issued during the year	4,730	4,652	5,727
Other net changes during the year	(2,338)	(2,066)	(3,183)
Outstanding, end of current year	5,224	7,810	10,354

The fluctuation in the group accident and health issues during the examination period is primarily due to group policy terminations, fluctuations in group disability policies which provide mandatory statutory short-term disability coverage. These groups are typically high-volume small groups and are subject to volatility year-by-year.

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:

	2010	2011	2012
Ordinary:			
Life insurance	$ (40,052)	$ 72,681	$ (143,075)
Total ordinary	$ (40,052)	$ 72,681	$ (143,075)
Group:			
Life	$ (397,185)	$(776,633)	$3,145,435
Total group	$ (397,185)	$(776,633)	$3,145,435
Accident and health:			
Group	$5,982,696	$(194,537)	$3,118,330
Total accident and health	$5,982,696	$(194,537)	$3,118,330
All other lines	$ (5,796)	$ (3,084)	$ 144
Total	$5,539,663	$(901,573)	$6,120,835

The fluctuations in the pre-tax net gain for ordinary life insurance mainly arose from a combination of increase in the number of policies in-force at the respective year ends and the number of death benefits paid during 2010 and 2011. In addition, reserve adjustments as well as the changes in aggregate reserves also had an effect on the fluctuations in the pre-tax net gain. Also the termination of the MODCO treaty between SIC and the Company had a substantial effect on premiums and annuity considerations for life and accident and health contracts, reserve adjustments on reinsurance ceded and death benefits which in turn caused the fluctuations in the pre-tax net gain for ordinary life insurance. The fluctuation in the group life gains during the examination period is attributed to the increases in the life waiver reserves. The significant fluctuation in the amount of net gains in group accident and health lines of business during the examination period, was driven primarily by adverse claims experience in the group LTD line, due to elevated LTD claim incidence rates and new claims, a decrease in the interest rate environment, a decline in LTD recovery rates, and subsequently more favorable LTD claim incidence rates and more favorable claim recovery rates.

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:

	2010	2011	2012
Premiums earned	100.0%	100.0%	100.0%
Incurred losses	58.6%	96.7%	87.9%
Commissions	9.2	10.5	6.9
Expenses	24.8	23.0	14.3
	92.6%	130.2%	109.1%
Underwriting results	(7.4)%	(30.2)%	(9.1)%

The fluctuations of the underwriting results during the examination period are driven by changes in claim experience primarily in the group long term disability ("LTD") line of business. The 2011 LTD claim experience was unfavorable compared to 2010, due to higher claim incidence and lower claim recovery rates. The 2012 LTD claim experience was relatively more favorable than 2011, due to a reduction in LTD claim incidence rates and more favorable claim recovery rates.

5. FINANCIAL STATEMENTS

The following statements show the assets, liabilities, capital and surplus as of December 31, 2012, as contained in the Company's 2012 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, 2012 filed annual statement.

A. Independent Accountants

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

Deloitte and Touche 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	$119,454,132
Mortgage loans on real estate:	
First liens	108,507,563
Cash, cash equivalents and short term investments	10,553,767
Contract loans	1,921
Investment income due and accrued	1,762,248
Premiums and considerations:	
Uncollected premiums and agents' balances in the course of collection	7,967,768
Reinsurance:	
Amounts recoverable from reinsurers	69,476
Amounts receivable relating to uninsured plans	22,321
Current federal and foreign income tax recoverable and interest thereon	1,166,955
Net deferred tax asset	1,424,290
Receivables from parent, subsidiaries and affiliates	211,451
Total admitted assets	$251,141,892

C. Liabilities, Capital and Surplus

Aggregate reserve for life policies and contracts	$ 29,554,773
Aggregate reserve for accident and health contracts	124,241,787
Liability for deposit-type contracts	4,632,837
Contract claims:	
Life	6,731,458
Accident and health	2,200,916
Premiums and annuity considerations for life and accident and health contracts received in advance	814,029
Provision for experience rating refunds	552,205
Other amounts payable on reinsurance	115,939
Commissions to agents due or accrued	1,174,009
General expenses due or accrued	7,075,145
Taxes, licenses and fees due or accrued, excluding federal income taxes	377,432
Current federal and foreign income taxes	56,004
Amounts withheld or retained by company as agent or trustee	304,841
Remittances and items not allocated	1,392,692
Miscellaneous liabilities:	
Asset valuation reserve	1,590,956
Liability for amounts held under uninsured accident and health plans	5,034
Other liabilities	1,030,489
Total liabilities	$181,850,546
Common capital stock	$ 2,000,000
Gross paid in and contributed surplus	55,450,000
Unassigned funds (surplus)	11,841,346
Surplus	$ 67,291,346
Total liabilities, capital and surplus	$251,141,892

D. Condensed Summary of Operations

	2010	2011	2012
Premiums and considerations	$64,998,017	$65,904,622	$100,097,145
Investment income	10,314,995	11,119,233	11,687,265
Commissions and reserve adjustments on reinsurance ceded	1,091,125	4,066,107	0
Miscellaneous income	$ 27,875	$ 60,022	$ 51,044
Total income	$76,432,012	$81,149,984	$111,835,454
Benefit payments	$38,145,194	$42,219,352	$ 67,273,339
Increase in reserves	7,982,053	18,095,654	15,835,058
Commissions	7,420,090	8,324,591	8,679,954
General expenses and taxes	13,154,542	11,839,636	10,964,181
Increase in loading on deferred and uncollected premium	(32,884)	17,345	8,004
Miscellaneous expenses	$ 6,998	$ 3,652	$ 3,730
Total deductions	$66,675,992	$80,500,230	$102,764,266
Net gain (loss) from operations	$ 9,756,020	$ 649,754	$ 9,071,188
Federal and foreign income taxes incurred	$ 4,216,355	$ 1,551,329	2,950,354
Net gain (loss) from operations before net realized capital gains	$ 5,539,665	$ (901,575)	$ 6,120,834
Net realized capital gains (losses)	$ (173,038)	$ (441,126)	$ (16,296)
Net income	$ 5,366,627	$ (1,342,701)	$ 6,104,538

There was a modified coinsurance (“MODCO”) agreement between the Company and an affiliate, SIC, in 2010 and 2011. This agreement ceded 40% of the Company’s premiums to SIC. In January 2012, the MODCO agreement was terminated resulting in the Company keeping all its premiums.

The increase in commissions and reserve adjustments is fully reflected as the reserve adjustment on reinsurance ceded. The increase is driven by adverse claims experience on the group LTD line, due to increased LTD claim incidence and lower claim recovery rates. The significant decrease in “Commissions and reserve adjustment on reinsurance ceded” is due to the termination of the MODCO agreement between the Company and an affiliate, SIC, in January

2012. The increased amounts in benefit payments in 2011 were driven by growth in certain business lines, such as disability benefits, as well as normal claims experience volatility. The increased amounts in benefit payments in 2012 were driven by these elements, but the primary driver was the termination of the MODCO agreement in January 2012. The increase in “Increase in reserves” is driven by an increase in the group LTD reserves, which is due to both adverse claims experience in 2011 from an increase in LTD claim incidence, as well as overall natural growth in the LTD line of business. The decrease in 2012 is due to an improvement in claims experience in the life waiver reserves, as well as a moderate improvement in the claim experience on the LTD line. The fluctuation in the net gain during the examination period is primarily attributable to increases in reserves, thereby reducing the net gain and increases in premium and annuity considerations and the elimination of the MODCO agreement which caused an increase in benefit payment. The fluctuation in the federal and foreign income taxes incurred is due to adjustments required under the internal revenue code.

E. Capital and Surplus Account

	2010	2011	2012
Capital and surplus, December 31, prior year	$49,453,474	$55,309,798	$53,824,002
Net income	$ 5,366,627	$ (1,342,701)	$ 6,104,538
Change in net unrealized capital gains (losses)	(83,052)	78,883	(23,896)
Change in net deferred income tax	737,638	1,395,511	(187,199)
Change in non-admitted assets and related items	348,975	(1,570,588)	(98,232)
Change in asset valuation reserve	(60,478)	(332,759)	(327,868)
Surplus adjustments:			
Paid in	0	0	10,000,000
Special surplus associated with SSAP 10R	$ (453,386)	$ 285,858	$ 0
Net change in capital and surplus for the year	$ 5,856,324	$ (1,485,796)	$15,467,344
Capital and surplus, December 31, current year	$55,309,798	$53,824,002	$69,291,346

The fluctuation in change in net unrealized capital gains (losses) was attributable to the change in the mortgage loan loss reserve, net of taxes.

The fluctuation in the change in net deferred income taxes was primarily attributed to an increase in life and accident and health reserves, deferred rent liability, and an increase in deferred acquisition cost offset by a reduction in the experienced rating refunds provision.

The fluctuation in the change in non-admitted assets was primarily attributable to the change in IMR and the change in net deferred tax assets. There was also a negative change in other non-admitted assets, such as uncollected premiums, accrued retrospective premiums and furniture and equipment.

The fluctuation in the change in asset valuation reserve is attributable to an increase in bonds and mortgage loans held at year-end, offset by realized capital losses primarily attributable to mortgage loans.

In 2010 and 2011, the change in surplus for the additional Deferred Tax Assets allowed under SSAP No. 10R, Income Taxes, a temporary replacement of SSAP No. 10 was recorded on the “surplus adjustments, paid in” line. In January 2012, SSAP No. 101, a replacement of SSAP No. 10R and SSAP No. 10, was adopted. As a result, the change in surplus for the additional deferred tax assets no longer needed to be recorded separately and therefore there was nothing included on the “surplus adjustments, paid in” line.

6. MARKET CONDUCT ACTIVITIES

The examiner reviewed various elements of the Company's market conduct activities affecting policyholders, claimants, and beneficiaries to determine compliance with applicable statutes and regulations and the operating rules of the Company.

A. Advertising and Sales Activities

The examiner reviewed a sample of the Company's advertising files and the sales activities of the agency force including trade practices, solicitation and the replacement of insurance policies.

Based upon the sample reviewed, no significant findings were noted.

B. Underwriting and Policy Forms

The examiner reviewed a sample of new underwriting files, both issued and declined, and the applicable policy forms.

Based upon the sample reviewed, no significant findings were noted.

C. Treatment of Policyholders

The examiner reviewed a sample of various types of claims, surrenders, changes and lapses. The examiner also reviewed the various controls involved, checked the accuracy of the computations and traced the accounting data to the books of account.

Based upon the sample reviewed, no significant findings were noted.

7. PRIOR REPORT SUMMARY AND CONCLUSIONS

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

Item	Description
A	The Company violated Section 403(d) of the New York Insurance Law by failing to include the fraud warning on its group life claim forms. The Company has included the fraud warning statement on its group life claim form.

Respectfully submitted,

____
Juan Soto
Senior Examiner

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

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

____
Juan Soto

Subscribed and sworn to before me

this__________ day of ___________________

APPOINTMENT NO. 30986

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:

JUAN SOTO

as a proper person to examine the affairs of the

STANDARD 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 16th day of September, 2013

BENJAMIN M. LAWSKY
Superintendent of Financial Services

By:

MICHAEL MAFFEI
ASSISTANT DEPUTY SUPERINTENDENT AND CHIEF OF THE LIFE BUREAU