

NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES
FINANCIAL CONDITION REPORT ON EXAMINATION
OF THE
RENAISSANCE LIFE AND HEALTH INSURANCE
COMPANY OF NEW YORK

CONDITION:

DECEMBER 31, 2019

DATE OF REPORT:

JUNE 25, 2021

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OF THE
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AS OF
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EXAMINER:

ERIC C. DERCHER

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Department of Financial Services

KATHY HOCHUL
Governor

ADRIENNE A. HARRIS
Acting Superintendent

December 14, 2021

Honorable Adrienne A. Harris
Acting Superintendent of Financial Services
New York, New York 10004

Dear Adrienne Harris:

In accordance with instructions contained in Appointment No. 32137, dated September 21, 2020, and annexed hereto, an examination has been made into the condition and affairs of Renaissance Life and Health Insurance Company of New York, hereinafter referred to as “the Company,”. The Company’s home office is located at 2 Court Street, Suite 102, Binghamton, NY 13901. The Company’s administrative office is located at 4100 Okemos Road, Okemos, MI 48864. Due to the COVID-19 pandemic, the examination was conducted remotely.

Wherever “Department” appears in this report, it refers to the New York State Department of Financial Services.

The report indicating the results of this examination is respectfully submitted.

1. EXECUTIVE SUMMARY

The material comments contained in this report are summarized below.

- The full effect of COVID-19 on the U.S. and global insurance and reinsurance industry is still unknown at the time of releasing this report. The Department is expecting the COVID-19 outbreak to impact a wide range of insurance products resulting in coverage disputes, reduced liquidity of insurers, and other areas of operations of insurers. The Department and all insurance regulators, with the assistance of the NAIC, are monitoring the situation through a coordinated effort and will continue to assess the impacts of the pandemic on U.S. insurers. (See item 7 of this report.)
- The Company began writing life and disability coverages in New York in 2019. (See item 3A of this report.)

2. SCOPE OF EXAMINATION

The examination of the Company was a full scope examination as defined in the National Association of Insurance Commissioners' *Financial Condition Examiners* ("NAIC's") *Handbook, 2020 Edition* (the "Handbook"). The examination covers the four-year period from December 31, 2016 to December 31, 2019. The examination was conducted observing the guidelines and procedures in the Handbook and, where deemed appropriate by the examiner, transactions occurring subsequent to December 31, 2019 but prior to the date of this report (i.e., the completion date of the examination) were also reviewed.

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

Michigan Department of Insurance and Financial Services (DIFS) served as the lead state, with Arkansas Department of Insurance, Indiana Department of Insurance, New Mexico Office of Superintendent of Insurance, North Carolina Department of Insurance, and the Ohio Insurance Department as participants. Since the lead and participating states are all accredited by the NAIC, all states deemed it appropriate to rely on each other's work.

Information about the Company's organizational structure, business approach and control environment were utilized to develop the examination approach. The Company's risks and management activities were evaluated incorporating the NAIC's nine branded risk categories. These categories are as follows:

- Pricing/Underwriting
- Reserving
- Operational
- Strategic
- Credit
- Market
- Liquidity
- Legal
- Reputational

The Company was audited annually, for the years 2016 through 2019, by the accounting firm of Plante Moran, PC. The Company received an unqualified opinion in all the years under examination. Certain audit workpapers of the accounting firm were reviewed and relied upon in conjunction with this examination. The Company utilizes the Delta Dental Plan of Michigan, Inc.'s (an affiliate of the Company) internal audit function with respect to the operations of the Company.

The examiner reviewed the corrective actions taken by the Company with respect to the recommendations contained in the prior report on examination. The results of the examiner's review are contained in item 8 of this report.

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

3. DESCRIPTION OF COMPANY

A. History

The Company was incorporated on May 21, 1979 as Arista Insurance Company (“Arista”), a property and casualty insurance company licensed under the laws of the state of New York and commenced business on October 11, 1979. On August 19, 2002, Delta Dental Plan of Indiana, Inc. acquired all the issued and outstanding shares of Arista. On September 16, 2003, Arista amended its Articles of Incorporation and by-laws and acted to change its license in the state of New York from a property and casualty insurance company to an accident and health insurer pursuant to Article 42 of the New York Insurance Law. Concurrently, Arista changed its name to Renaissance Life and Health Insurance Company of New York.

The Company is a for-profit corporation authorized to write life insurance, and accident and health insurance as defined in paragraphs 1 and 3 of Section 1113(a) of the New York Insurance Law. The Company offered only indemnity dental insurance until 2017 when the Department granted the Company an expanded certificate of authority, permitting the Company to offer life and disability lines of coverage as well. In 2019, the Company began writing life and disability coverages on a direct basis in New York.

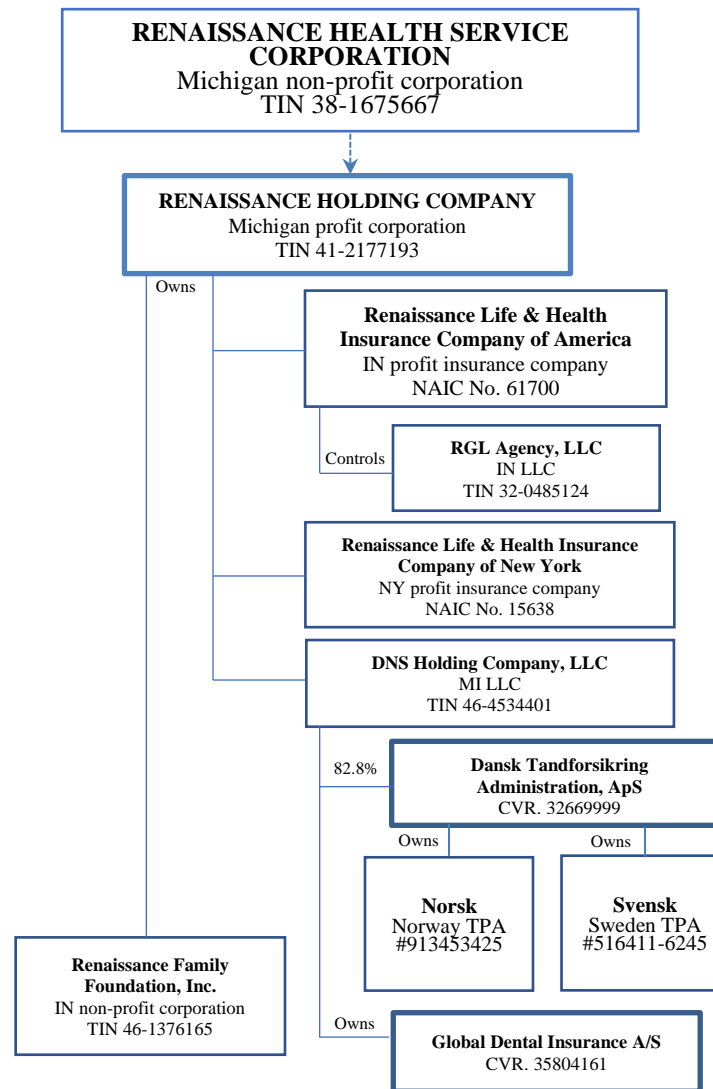
In March of 2006, the Company’s ultimate parent, Renaissance Health Service Corporation (“RHSC”), reorganized its corporate structure. Several transactions among affiliates occurred as a result, including the transfer of the Company to Renaissance Holding Company (“RHC”). Delta Dental Plan of Indiana, Inc. contributed its full ownership in the Company to RHC in exchange for RHC’s stock. As a result of this transaction, RHC became the immediate parent of the Company.

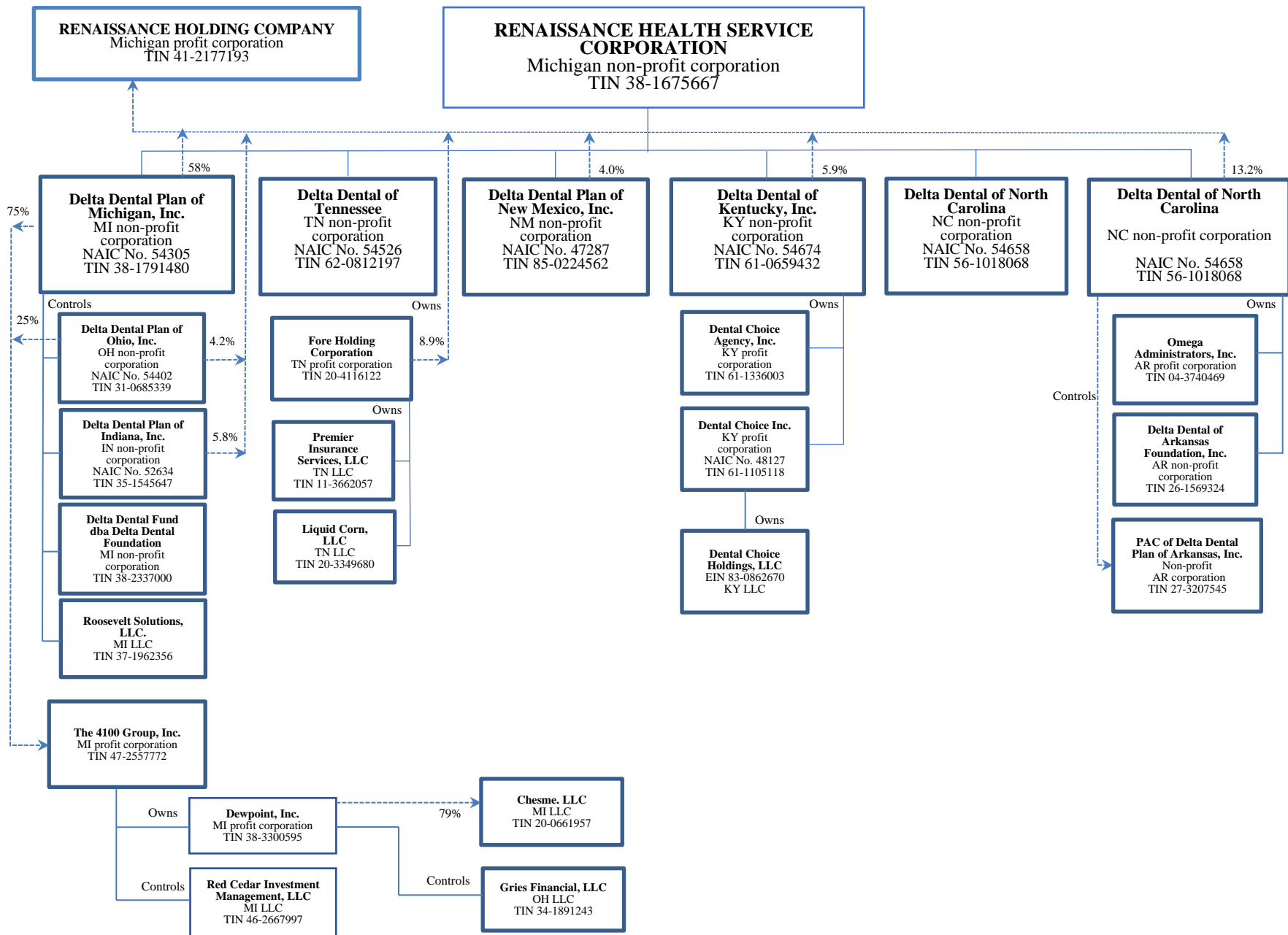
B. Holding Company

The Company is a wholly owned subsidiary of RHC, a Michigan holding company. RHC is in turn a subsidiary of RHSC, a Michigan nonprofit company. RHSC serves as the sole corporate member of each of RHC’s shareholders and as the lead entity in the insurance holding company system. Delta Dental of Michigan (the majority shareholder of RHC) controls the RHSC board of directors; thus, Delta Dental of Michigan is the ultimate controlling party of RHC and its subsidiaries.

C. Organizational Chart

An organization chart reflecting the relationship between the Company and significant entities in its holding company system as of December 31, 2019 follows:





D. Service Agreements

The Company had seven service agreements in effect with affiliates during the examination period.

Type of Agreement and Department File Number	Effective Date	Provider(s) of Service(s)	Recipient(s) of Service(s)	Specific Service(s) Covered	Income/ (Expense)* For Each Year of the Examination
Administrative Services Agreement ¹	8/15/03 Amended and Restated on 12/31/07	# 1 Delta Dental Plan of Michigan, Inc.	Renaissance Life & Health Insurance Company of New York	Accounting, Claims, Billing, Claims, Customer Service, Managerial	2016 (\$70,453)
Administrative Services Agreement ²	8/2/07 Amended and Restated on 1/1/10	# 2 Renaissance Life & Health Insurance Company of America	Renaissance Life & Health Insurance Company of New York	Accounting, Claims, Billing, Claims, Customer Service, Managerial	2016 (\$422,532)
Administrative Services Agreement ³	7/1/17	# 3 Delta Dental Plan of Michigan, Inc.	Renaissance Life & Health Insurance Company of New York	Accounting, Claims, Billing, Claims, Customer Service, Managerial	2017 (\$69,160)
Administrative Services Agreement ⁴	7/1/17	# 4 Renaissance Life & Health Insurance Company of America	Renaissance Life & Health Insurance Company of New York	Accounting, Claims, Billing, Claims, Customer Service, Managerial	2017 (\$291,356)
Administrative Services Agreement ⁵ (Department File No. 55127)	12/18/17	# 5 Delta Dental Plan of Michigan, Inc.	Renaissance Life & Health Insurance Company of New York	Accounting, Claims, Billing, Claims, Customer Service, Managerial	2018 (\$119,347) 2019 (\$75,245)
Administrative Services Agreement ⁶ (Department File No. 55127)	12/18/17	# 6 Renaissance Life & Health Insurance Company of America	Renaissance Life & Health Insurance Company of New York	Accounting, Claims, Billing, Claims, Customer Service, Managerial	2018 (\$1,060,71) 2019 (\$2,694,234)

¹ Replaced by agreement # 3 in 2017; no expenses reported after 2016.

² Replaced by agreement # 4 in 2017; no expenses reported after 2016.

³ Replaced agreement # 1 in 2017; 2016 expenses reported under agreement # 2. Replaced by agreement # 5 at the end of 2017; 2018 and 2019 expenses reported under # 5

⁴ Replaced agreement # 2 in late 2017; 2016 expenses reported under # 2. Replaced by agreement # 6 at the end of 2017; 2018 and 2019 expenses reported under agreement # 6.

⁵ Replaced agreement # 3 in late 2017; 2016 and 2017 expenses were reported under the applicable agreement (# 1 and # 3).

⁶ Replaced agreement # 4 in late 2017; 2016 and 2017 expenses were reported under the applicable agreement (# 2 and # 4)

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 Advisory Agreement (Department File No. 55127)	12/18/17	# 7 Red Cedar Investment Management, LLC	Renaissance Life & Health Insurance Company of New York	Investment Management Services	2018 (\$7,541) 2019 (\$7,937)

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

E. Management

The Company's by-laws provide that the board of directors shall be comprised of not less than seven (7) and not more than thirteen (13) 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, 2019, the board of directors consisted of seven (7) members. Meetings of the board are held quarterly.

The seven (7) board members and their principal business affiliation, as of December 31, 2019, were as follows:

<u>Name and Residence</u>	<u>Principal Business Affiliation</u>	<u>Year First Elected</u>
Amy Lyn Basel East Lansing, Michigan	Chief Financial Officer, Chief Risk Officer & Treasurer Renaissance Life & Health Insurance Company of New York	2018
Jay Gates* Scarsdale, New York	Managing Member Townhill Capital Partners, LLC	2018
Sue Ellen Jenkins Haslett, Michigan	Vice President, General Counsel & Secretary Renaissance Life & Health Insurance Company of New York	2018
Jeffery Walter Johnston,* DDS, MS Bloomfield Township, Michigan	Board of Director Michigan Periodontal Alumni Association	2017

<u>Name and Residence</u>	<u>Principal Business Affiliation</u>	<u>Year First Elected</u>
Goran Mike Jurkovic Lansing, Michigan	Executive VP Renaissance Life & Health Insurance Company of New York	2012
Jeffrey Michael Kolesar Fishers, Indiana	Chief Operating Officer Renaissance Life & Health Insurance Company of New York	2018
Robert Patrick Mulligan Carmel, Indiana	President and CEO Renaissance Life & Health Insurance Company of New York	2018

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

The review of the minutes of the meetings of the board of directors indicated that meetings were well attended, and that each director attended a majority of meetings.

The following is a listing of the principal officers of the Company as of December 31, 2019:

<u>Name</u>	<u>Title</u>
Robert Patrick Mulligan	President & Chief Executive Officer
Goran Mike Jurkovic	Chairperson & Executive Vice President
Jeffrey Michael Kolesar	Chief Operating Officer
Amy Lyn Basel	Chief Financial Officer, Chief Risk Officer, & Treasurer
Sue Ellen Jenkins*	Secretary, Vice President General Counsel

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

Enterprise Risk Management

It was noted that the Company's Chief Financial Officer (CFO) also holds the titles of Chief Risk Officer (CRO) and Treasurer. The independent risk management function is responsible for overseeing risk-taking activities across the enterprise. The Chief Risk Officer overseeing the function should have sufficient stature within the organization, independence, direct access to the board and be a senior executive with distinct responsibility for the risk management

function separate from other executive functions and business lines. As such, the Company's CFO should not also be the CRO, which compromises the independence of the CRO's role in the risk management function.

As a best practice, the examiner recommends that the role of the Chief Risk Officer be made independent and not be held by the same individual with other executive functions.

A similar recommendation was included in the prior report on examination.

4. TERRITORY AND PLAN OF OPERATIONS

The Company is authorized to write life insurance, and accident and health insurance as defined in paragraphs 1 and 3 of Section 1113(a) of the New York Insurance Law.

The Company is licensed to transact business in the state of New York only. In 2019, 100% of life and accident and health premiums were received from New York. Policies are written on a non-participating basis.

A. Statutory and Special Deposits

As of December 31, 2019, the Company had \$485,000 (par value) of United States 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.

B. Direct Operations

The Company's sales distribution for its individual business is primarily through marketing agreements with various online distribution partners. Individual business for the Company has focused on dental and vision coverage only. As for its group business, the Company had a marketing agreement with Security Mutual Life Insurance Company of New York ("Security Mutual"), which allowed the Company to utilize their appointed New York licensed agents to market its products at a competitive price to their members. In December 2017, the Department granted the Company an expanded certificate of authority, permitting the Company to offer life and disability lines of coverage as well. The Company began writing life and disability coverages on a direct basis in New York in 2019.

C. Reinsurance

As of December 31, 2019, the Company had reinsurance treaties in effect with one company which was authorized, accredited, or certified. The Company's life, accident and health business is reinsured on a yearly renewable term basis, on an excess of retention basis. Reinsurance is provided on an automatic and facultative basis.

The maximum retention limit for individual life contracts is \$125,000 with separate retention applying to Life and Accidental Death and Dismemberment. The total face amount of life insurance ceded as of December 31, 2019, was \$228,601,259 which represents 20% of the total face amount of life insurance in force.

The total face amount of life insurance assumed as of December 31, 2019, was \$75,721,730.

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 during the period under review:

	December 31, <u>2015</u>	December 31, <u>2019</u>	Increase
Admitted assets	<u>\$2,912,558</u>	<u>\$11,817,716</u>	<u>\$8,905,158</u>
Liabilities	<u>\$ 584,057</u>	<u>\$ 3,434,818</u>	<u>\$2,850,761</u>
Common capital stock	\$ 200,000	\$ 2,000,000	\$1,800,000
Gross paid in and contributed surplus	889,806	4,189,806	3,300,000
Estimated ACA health insurer fee	50,561	60,065	9,504
Unassigned funds (surplus)	<u>1,188,134</u>	<u>2,133,027</u>	<u>944,893</u>
Total capital and surplus	<u>\$2,328,501</u>	<u>\$ 8,382,898</u>	<u>\$6,054,397</u>
Total liabilities, capital and surplus	<u>\$2,912,558</u>	<u>\$11,817,716</u>	<u>\$8,905,158</u>

The Company's invested assets as of December 31, 2019, were mainly comprised of bonds (91.8%), stocks (5.2%), and cash and short-term investments (3%)

The Company's entire bond portfolio, as of December 31, 2019, was comprised of investment grade obligations.

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</u>	
	<u>Issued</u>	<u>In Force</u>	<u>Issued</u>	<u>In Force</u>	<u>Issued & Increases</u>	<u>In Force</u>
2016	NA	NA	NA	NA	NA	NA
2017	NA	NA	NA	NA	NA	NA
2018	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$1,709,027
2019	\$ 0	\$ 0	\$ 0	\$ 0	\$1,188,736	\$1,154,643

Prior to 2018, the Company filed a Health annual statement, as opposed to a Life annual statement. The Health annual statements filed prior to 2018 did not have the “Exhibit of Life Insurance,” therefore the above data was not presented prior to 2018 in the annual statement.

Prior to 2019, the Company’s life insurance business was assumed from Security Mutual; therefore, the Company did not have any direct business resulting in issued policies. In 2019, the assumed business from Security Mutual became issued policies for the Company as the policies renewed, moving from assumed business to direct business (and being classified as issued by the Company). When policies came up for renewal, the policyholders had the option to either renew with the Company or seek coverage from another insurer; policyholders were not able to renew with Security Mutual. This led to a decrease in overall in force from 2018 to 2019.

The following has been extracted from the Exhibit of Accident and Health Insurance (“A&H”) in the filed annual statements for each of the years under review:

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Outstanding, end of previous year	0	0	76,495	80,248
Issued during the year	0	0	11,245	4,691
Other net changes during the year	<u>(0)</u>	<u>(0)</u>	<u>(7,492)</u>	<u>(16,224)</u>
Outstanding, end of current year	<u>0</u>	<u>0</u>	<u>80,248</u>	<u>68,715</u>

Prior to 2018, the Company filed a Health annual statement, as opposed to a Life annual statement. The Health statements filed prior to 2018 did not have the “Exhibit of Accident and Health Insurance,” therefore the above data was not presented prior to 2018 in the annual statement. The in force business decreased in 2019 as the assumed business decreased significantly, as well as the rate of renewals once the business moved from Security Mutual to the Company.

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>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Group:				
Life	\$0	\$0	\$141,420	\$ 3,770
Total group	<u>\$0</u>	<u>\$0</u>	\$141,420	\$ 3,770
Accident and health:				
Group	\$0	\$0	\$107,965	\$ 0
Other	<u>0</u>	<u>0</u>	<u>77,453</u>	<u>160,446</u>
Total accident and health	<u>\$0</u>	<u>\$0</u>	<u>\$185,418</u>	<u>\$160,446</u>
Total	<u>\$0</u>	<u>\$0</u>	<u>\$326,837</u>	<u>\$164,216</u>

During 2018, the Company's life insurance business was comprised entirely of business assumed from Security Mutual and had no direct life business. As a result of this, the Company had very little direct overhead costs associated with its life insurance business. In 2019, the Company incurred greater direct overhead costs as the business moved from assumed business to direct business upon policy renewal. Due to the size of the life business, the impact of the 2019 direct overhead costs negatively affected the net gains from operations.

The zero-amount reported in net gains from group accident and health operation in 2019 was the result of changes made to the 2019 Annual Statement blank. In 2018, group health was reported on column 9 of page 6 (Accident and health – Group). This column was removed by the NAIC in 2019 and going forward all health business is combined and reported in column 6 of page 6 (Accident and health).

The increase in net gains from other accident health operations from 2018 to 2019 resulted primarily from a decrease in reserves as the in force policies changed from assumed to direct business. As a result of this, the Company incurred greater direct overhead costs since the Company was directly managing the business. This drove the decrease in the overall net gains from accident and health operations.

6. FINANCIAL STATEMENTS

The following statements show the assets, liabilities, capital and surplus as of December 31, 2019, as contained in the Company's 2019 filed annual statement, a condensed summary of operations and a reconciliation of the capital and surplus account for each of the years under review. The review of a sample of transactions did not reveal any differences which materially affected the Company's financial condition as presented in its financial statements contained in the December 31, 2019 filed annual statement.

A. Independent Accountants

The firm of Plante Moran, PC 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.

Plante Moran, PC 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	\$ 6,868,958
Stocks:	
Common stocks	386,847
Cash, cash equivalents and short-term investments	225,127
Investment income due and accrued	18,474
Premiums and considerations:	
Uncollected premiums and agents' balances in the course of collection	658,696
Deferred and not yet due (earned but unbilled premiums)	1,203,801
Reinsurance:	
Amounts recoverable from reinsurers	14,840
Funds held by or deposited with reinsured companies	539,964
Net deferred tax asset	28,180
Receivables from parent, subsidiaries and affiliates	1,170,599
Health care and other amounts receivable	401,776
Other assets nonadmitted	
PFL risk adjustment receivable	300,454
Total admitted assets	<u>\$11,817,716</u>

C. Liabilities, Capital and Surplus

Aggregate reserve for life policies and contracts	\$ 220,632
Aggregate reserve for accident and health contracts	636,234
Contract claims:	
Life	750,197
Accident and health	1,288,303
Premiums and annuity considerations for life and accident and health contracts received in advance	115,398
Commissions to agents due or accrued	8,560
General expenses due or accrued	6,444
Taxes, licenses and fees due or accrued, excluding federal income taxes	113,752
Current federal and foreign income taxes	44,433
Amounts withheld or retained by company as agent or trustee	131,781
Miscellaneous liabilities:	
Asset valuation reserve	61,122
Payable to parent, subsidiaries and affiliates	21,818
Miscellaneous liability	36,144
 Total liabilities	 \$ <u>3,434,818</u>
 Common capital stock	 2,000,000
Gross paid in and contributed surplus	4,189,806
Estimated ACA health insurer fee	60,065
Unassigned funds (surplus)	2,133,027
Surplus	\$ <u>6,382,898</u>
Total capital and surplus	\$ <u>8,382,898</u>
 Total liabilities, capital and surplus	 \$ <u>11,817,716</u>

D. Condensed Summary of Operations

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Premiums and considerations	\$0	\$0	\$15,813,382	\$16,257,461
Investment income	\$0	\$0	137,687	160,938
Miscellaneous income	\$0	\$0	<u>89,315</u>	<u>73,081</u>
Total income	\$0	\$0	<u>\$16,040,384</u>	<u>\$16,491,480</u>
Benefit payments	\$0	\$0	\$11,203,209	\$12,436,801
Increase in reserves	\$0	\$0	188,265	(252,863)
Commissions	\$0	\$0	2,641,806	1,505,699
General expenses and taxes	\$0	\$0	1,566,225	3,238,868
Miscellaneous deductions	\$0	\$0	<u>0</u>	<u>(644,169)</u>
Total deductions	\$0	\$0	<u>\$15,599,505</u>	<u>\$16,284,336</u>
Net gain (loss)	\$0	\$0	\$ 440,878	\$ 207,144
Federal and foreign income taxes incurred	<u>140,209</u>	<u>196,676</u>	<u>114,042</u>	<u>42,934</u>
Net gain (loss) from operations before net realized capital gains	\$0	\$0	\$ 326,837	\$ 164,210
Net realized capital gains (losses)	<u>0</u>	<u>1,124</u>	<u>0</u>	<u>0</u>
Net income	<u>\$223,512</u>	<u>\$236,924</u>	<u>\$ 326,837</u>	<u>\$ 164,210</u>

As indicated in the Significant Operating Results section of the report, during 2018, the Company life insurance and group accident and health (disability) businesses were comprised entirely of business assumed from Security Mutual. This business changed from assumed to direct in 2019. This was primary driver of the following in 2019: a decrease in reserves, as the in force business decreased with the reduction of policies being assumed, as well as the rate of renewals once the business moved from Security Mutual to the Company; a decrease in commissions and expense allowance on reinsurance assumed; and an increase in general expenses, as the Company incurred greater direct overhead costs with the business moving from assumed to direct upon policy renewal.

E. Capital and Surplus Account

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Capital and surplus, December 31, prior year	\$ <u>2,328,501</u>	\$ <u>2,550,246</u>	\$ <u>7,940,703</u>	\$ <u>8,218,477</u>
Net income	\$ 223,512	\$ 236,924	\$ 326,837	\$ 164,210
Change in net unrealized capital gains (losses)	8,711	42,211	(22,986)	60,627
Change in net deferred income tax	(10,478)	25,054	17	11,503
Change in non-admitted assets and related items	0	(13,732)	(26,094)	(10,797)
Change in asset valuation reserve	0	0	0	(61,122)
Capital changes:				
Paid in	0	1,800,000	0	0
Surplus adjustments:				
Paid in	0	3,300,000	0	0
Net change in capital and surplus for the year	<u>221,745</u>	<u>5,390,457</u>	<u>277,774</u>	<u>164,421</u>
Capital and surplus, December 31, current year	\$ <u>2,550,246</u>	\$ <u>7,940,703</u>	\$ <u>8,218,477</u>	\$ <u>8,382,898</u>

7. SUBSEQUENT EVENTS

In December 2019, a novel strain of coronavirus—COVID-19—was reported in Wuhan, China. The virus has subsequently spread to other parts of the world, including the United States. On March 11, 2020, the World Health Organization declared the COVID-19 outbreak a pandemic, and on March 13, 2020, President Donald J. Trump declared the pandemic a national emergency. The COVID-19 pandemic has disrupted the United States' economy and caused extreme volatility in the financial markets globally in an unprecedented manner.

The extent to which COVID-19 may affect the Company's financial condition or results of operations will depend on future developments, including the duration, spread, and intensity of the pandemic. The extent of these future developments is uncertain and not readily determinable as of the date of this report, considering the rapidly evolving landscape. As a result, it is not currently possible to ascertain the overall effect of COVID-19 on the Company's business.

The Department, along with all insurance regulators and the NAIC, is closely monitoring the evolving situation and the insurance industry through a coordinated effort to assess the effect of the pandemic on various types of insurance, individual insurers, and the insurance industry as a whole.

8. PRIOR REPORT SUMMARY AND CONCLUSIONS

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

<u>Item</u>	<u>Description</u>
A	<p>Corporate Governance</p> <p>The examiner recommended that the Company's board of directors meet at least quarterly during the calendar year and that the Company amend its by-laws to reflect such requirement.</p> <p>The examiner review of the board of directors' minutes indicated that the Company complied with this recommendation. Additionally, the Company's by-laws were amended to reflect the quarterly meeting schedule.</p>
B	<p>Enterprise Risk Management</p> <p>As a best practice, it was recommended that the role of the Chief Risk Officer be made independent and not be held by the same individual with other executive functions.</p> <p>The Company has not complied with this recommendation. A similar finding appears in this report. See Section 9. Summary and Conclusions, item A of this report.</p>
C	<p>Internal Audit</p> <p style="padding-left: 20px;">i. The examiner recommended that the Company adhere to the guidance promulgated under the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing by ensuring that its internal audit director is aligned under the direct supervision of the Audit Committee, with administrative reporting to senior management.</p> <p>The examiner's review indicated that the internal audit director is currently aligned under the direct supervision of the Audit Committee and provides administrative reporting to senior management. In addition, a standing agenda item for the reporting of the internal audit director to the board has been added to the quarterly meetings.</p> <p style="padding-left: 20px;">ii. The examiner recommended that the Company amend the charter of the Audit Committee to clarify that the</p>

ItemDescription

internal audit director maintain a direct reporting line to the Audit Committee and an administrative reporting line to management.

The Company now maintains documentation that shows that the internal audit director maintains a direct reporting line to the Audit Committee and an administrative reporting line to management. Additional language was added to the Audit Committee's charter, which was adopted at the May 10, 2018 annual meeting via board resolution.

- iii. The examiner recommended that the Audit Committee maintain documentation supporting the review of the internal audit director's performance.

The Company now maintains documentation supporting the review of the internal audit director's performance. The review of the internal auditor's performance is now conducted during the executive session of the board of directors and has been added as a standing agenda item.

- iv. The examiner recommended that the Company prepare an annual report on the results of its audit work for the Audit Committee's review.

The examiner's review indicated that an annual report on the Company's audit results was prepared for Audit Committee's review starting in 2018 and has been added as a standing agenda item for the annual meetings.

- v. It was recommended that the Company amend the charter of its Audit Committee, in accordance with the guidance promulgated under Standard 1000 of The Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing, by clarifying that the Audit Committee is also responsible for the oversight of the internal audit function.

The charter was amended to clarify that the Audit Committee is also responsible for the oversight of the internal audit function. The amendment was adopted at the May 10, 2018 annual meeting via board resolution

<u>Item</u>	<u>Description</u>
D	<p>Insurance Circular Letter No. 9 (1999)</p> <p>i. The examiner recommended that the Company fully comply with Insurance Circular Letter No. 9 (1999) by obtaining annual certifications from either the director of internal audit or an independent CPA that the responsible officers have implemented procedures adopted by the board, and from the Company's general counsel, a statement that the Company's current claims adjudication procedures, including those set forth in its current claims manual, are in accordance with applicable New York State statutes, rules and regulations.</p> <p>The examiner's review determined that the Company obtained certifications starting in 2016 and continued annually.</p> <p>ii. The examiner recommended that the Company indicate in its annual certification the year for which the certification applies.</p> <p>The examiner's review indicated that the annual certification now include the year in the which the certification applies.</p>

9. SUMMARY AND CONCLUSIONS

Following are the recommendations contained in this report:

<u>Item</u>	<u>Description</u>	<u>Page No(s).</u>
A	As a best practice, the examiner recommends that the role of the Chief Risk Officer be made independent and not be held by the same individual with other executive functions.	11
B	The full effect of COVID-19 on the U.S. and global insurance and reinsurance industry is still unknown at the time of releasing this report. The Department is expecting the COVID-19 outbreak to impact a wide range of insurance products resulting in coverage disputes, reduced liquidity of insurers, and other areas of operations of insurers. The Department and all insurance regulators, with the assistance of the NAIC, are monitoring the situation through a coordinated effort and will continue to assess the impacts of the pandemic on U.S. insurers.	24

Respectfully submitted,

Eric C. Dercher

Eric C. Dercher, CFE
Noble Consulting Services, Inc.

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

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

Eric C. Dercher
Eric C. Dercher

Subscribed and sworn to before me
this 18th day of January, 2022
Audrey Hall

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

Respectfully submitted,

_____/s/
Courtney Williams
Principal Insurance Examiner

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

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

_____/s/
Courtney Williams

Subscribed and sworn to before me
this _____ day of _____

APPOINTMENT NO. 32137

NEW YORK STATE

DEPARTMENT OF FINANCIAL SERVICES

I, LINDA A. LACEWELL, Superintendent of Financial Services of the State of New York, pursuant to the provisions of the Financial Services Law and the Insurance Law, do hereby appoint:

ERIC C. DERCHER
(NOBLE CONSULTING SERVICES, INC.)

as a proper person to examine the affairs of the

RENAISSANCE LIFE & HEALTH 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 21st day of September, 2020

LINDA A. LACEWELL
Superintendent of Financial Services

By: *Mark McLeod*

MARK MCLEOD
DEPUTY CHIEF - LIFE BUREAU

