



FINANCIAL CONDITION REPORT ON EXAMINATION

OF THE

SECURITY MUTUAL LIFE INSURANCE COMPANY

OF

NEW YORK

AS OF DECEMBER 31, 2020

EXAMINER:

MARC MOYER, CFE

DATE OF REPORT:

JUNE 10, 2022

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KATHY HOCHUL
Governor



ADRIENNE A. HARRIS
Superintendent

June 14, 2022

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

Dear Adrienne A. Harris:

In accordance with instructions contained in Appointment No. 32253, dated May 13, 2021, and annexed hereto, an examination has been made into the condition and affairs of Security Mutual Life Insurance Company of New York, hereinafter referred to as “the Company”. The Company’s home office is located at 100 Court Street, Binghamton, NY 13901. 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. SCOPE OF EXAMINATION

The examination of the Company was a full-scope examination as defined in the National Association of Insurance Commissioners' ("NAIC") *Financial Condition Examiners Handbook, 2021 Edition* (the "Handbook"). The examination covers the five-year period from January 1, 2016, through December 31, 2020. 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, 2020, 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.

The examination of the Company was called by the Department in accordance with the Handbook guidelines, through the NAIC's Financial Examination Electronic Tracking System. No other state participated in the examination.

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 2020, by the accounting firm of RSM US, LLP (“RSM”). The Company received an unqualified opinion in all years. Certain audit workpapers of RSM were reviewed and relied upon in conjunction with this examination. The Company has outsourced its internal audit function to Baker Tilly US, LLP (“Baker Tilly”) which was given the task of assessing the internal control structure and compliance with the Model Audit Rule (“MAR”). Where applicable, MAR workpapers and reports were reviewed, and portions were relied upon for this examination.

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

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

2. DESCRIPTION OF COMPANY

A. History

The Company was originally incorporated as a mutual assessment association under the name Security Mutual Life Association on November 6, 1886 and commenced business on January 3, 1887. The Company re-incorporated as Security Mutual Life Insurance Company, a stipulated premium company, on May 31, 1898. The Company reorganized on December 28, 1899, as a legal reserve mutual company. The Company changed its name to Security Mutual Life Insurance Company of New York in 1960. The Company is a mutual life insurance company owned by its policyholders and operates primarily in the Northeast.

In February 2004, the Company announced the signing of a Stock Purchase Agreement (“Agreement”) dated February 9, 2004, with the Ohio National Life Insurance Company (“Ohio National”). Such Agreement called for Ohio National to acquire the Company through a sponsored demutualization. Under the terms of the Agreement, the Company was to convert to a stock company and then sell all its stock to Ohio National. The Department officially disapproved the Agreement on December 30, 2004.

Total costs incurred for the attempted demutualization was \$10,176,000 during 2004. Upon the withdrawal from the transaction the Company expensed \$9,295,000 and capitalized \$881,000. The capitalized portion of the transaction costs represents the costs incurred related to the implementation of a new software system.

The Company issued a \$15 million surplus note at 9.375% to Chase Securities on December 27, 1996, scheduled to mature on December 15, 2016. The surplus note is not redeemable and there is no provision for a sinking fund. The \$15 million surplus note has no call option. On January 5, 2016, the Company paid off the remaining balance of this surplus note.

On December 30, 2004, the Company issued a \$10 million surplus note, scheduled to mature on December 30, 2034, to Credit Suisse First Boston for \$9,694,000 in cash, through a private placement transaction. Interest accrued on the surplus note at 6.96% per annum from December 30, 2004, to December 30, 2009. Beginning December 31, 2009, the rate of interest on the surplus note changed to the sum of LIBOR plus 2.90%.

On November 21, 2016, the Company issued a \$20 million surplus note, scheduled to mature on November 21, 2036, to Federated Mutual Insurance Company. The interest rate at submission was at a fixed rate of 7.50%. Subsequent to submission, the interest rate on the note was revised to 7.25%.

Pursuant to the provisions of Section 1307 of the New York Insurance Law, all surplus notes were filed with and approved by the Department prior to issuance.

B. Subsidiaries

Non-insurance entities within the Company's holding company group include the Company's 100% ownership in SML Agency Services, Inc. ("SAS"), Security Administrators, Inc. ("SAI"), Archway Technology Services, Inc. ("ATS"), and SML MA Holdings, LLC ("MHL").

SAS was created in 1994 to function as a corporate general agency to permit the Company's agents to offer insurance products not issued by the Company. SAS primarily sells disability income insurance. During 2004 and 2005, the Company contributed \$250,000 of additional capital to SAS for a marketing services agreement between the Company, SAS and Schmitt Sussman Enterprises, Inc., a Delaware Corporation. The agreement permits the agents to market and write life insurance products through employers, employer-sponsored credit unions, and selected financial services providers. On December 15, 2005, the board of directors approved a resolution authorizing an additional capital contribution to SAS, to be paid on or before December 31, 2006, in an aggregate amount not to exceed \$600,000. Currently, SAS offers clients both individual disability insurance and long-term care insurance products. In the years ending December 31, 2020, and December 31, 2019, the Company received a cash dividend of \$200,000 for each year from SAS.

SAI provides certain actuarial and pension services to the Company and other non-affiliates. In May 1998, SAI issued 3,019 common shares to American Annuity Group, Inc., a Delaware corporation, for \$500,000. The Company retained a 51% majority ownership in SAI during this reporting period. Through the diversification of ownership, SAI acquired needed capital to expand its pension and actuarial administrative services. In March 2004, SAI purchased all of the shares of the minority interest and is now a wholly owned subsidiary of the Company.

On December 31, 2005, the Company received a cash dividend of \$400,000 from SAI. In the year ending December 31, 2019, the Company received a cash dividend of \$50,000 from SAI.

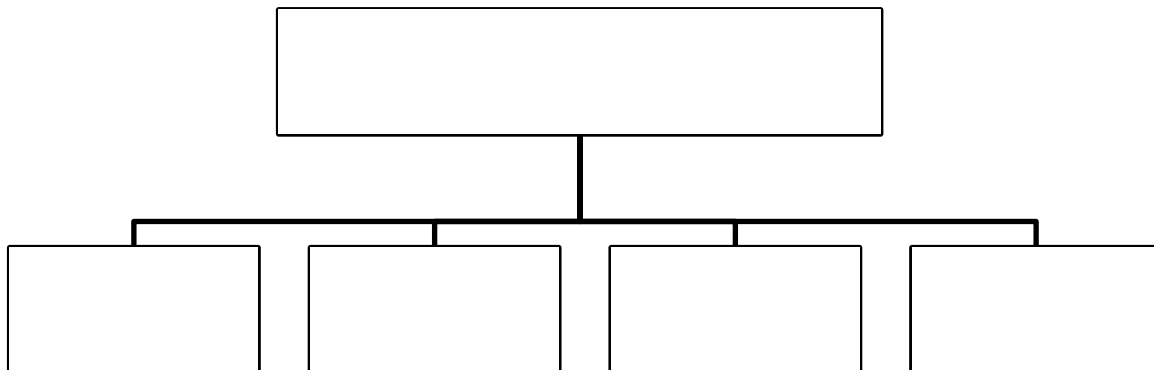
During 2003, ATS was established and is primarily responsible for the development and maintenance of computer systems used by the Company to sell its worksite insurance product.

The Company entered into a service agreement on January 4, 2018, with SML FL Holdings, LLC (“FHL”) a wholly owned subsidiary for the sole purpose of holding title to and managing the Marion Crossing Shopping Center property located at 2101-2147 SW Highway 484, Ocala, Florida 34473. Following the sale of the Marion Crossing Shopping Center property on September 12, 2019, the Company voluntarily dissolved FHL on November 19, 2019.

The Company organized MHL, a wholly owned subsidiary, for the sole purpose of holding legal title to the note, mortgage, and related collateral of a non-performing asset from the Company’s commercial mortgage portfolio in advance of exercising potential remedies. MHL was incorporated on March 16, 2020, with a date of investment as of May 14, 2020.

C. Organizational Chart

An organization chart reflecting the relationship between the Company and significant entities in its holding company system as of December 31, 2020, follows:



D. Service Agreements

The Company had 10 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
General Agents' Contract (1998 Form IR)	02/15/1997	SAS	The Company	General agency/marketing services	2016 \$(73,187)
Corporate Career Agent Contract (1998 Form IR)	11/15/1997				2017 \$(59,684)
Agent Contract (2000 Form IR)	01/01/2001				2018 \$(62,154)
					2019 \$(96,161)
					2020 \$(81,842)
Agent Contract (2000 Form IR)	03/01/2000	SAI	The Company	General agency/marketing services	2016 \$0**
District Agent Contract (2000 Form IR)	01/01/2001				2017 \$0
					2018 \$0
					2019 \$0
					2020 \$0
Administrative Services Agreement	02/14/2003	The Company	ATS	Corporate management, technical personnel support staff, accounting and audit functions, investment management, general operations support and administration, and computer software and hardware	2016 \$179,640
Amended and Restated (2007 Form IR)	12/31/2007				2017 \$126,885
					2018 \$133,502
					2019 \$140,580
					2020 \$149,487

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
Amended and Restated Agreement (2007 Form IR) Letter Agreement (2012 Form IR) Letter Agreement (2013 Form IR)	12/31/2007	The Company	SAS	Administrative services and lease employees	2016 \$98,418 2017 \$91,658 2018 \$73,212 2019 \$78,009 2020 \$78,188
Amended and Restated Administrative Services Agreement (2007 Form IR)	12/31/2007	The Company/ SAI	The Company/ SAI	The Company performs administrative and other services for SAI and SAI performs actuarial and benefit consulting services for the Company	2016 \$55,653 2017 \$48,215 2018 \$64,107 2019 \$82,054 2020 \$84,115
Assignment and Assumption for Lease Dated 01/01/2004 (2015 Form IR) First Amendment (2019 Form IR) Second Amendment (2020 Form IR)	05/01/2014 09/01/2019 09/01/2020	The Company	SAI	Leased space	2016 \$ 95,602 2017 \$ 98,470 2018 \$101,424 2019 \$ 94,928 2020 \$ 75,850

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
Lease Agreement (2016 Form IR)	10/01/2016	The Company	SAS	Leased space	2016 \$4,808
Lease Agreement (2017 Form IR)	10/07/2017				2017 \$4,808
Lease Agreement (2018 Form IR)	10/01/2018				2018 \$4,808
Lease Agreement (2019 Form IR)	10/01/2019				2019 \$4,371
First Amendment to Lease Agreement (2020 Form IR)	10/01/2020				2020 \$3,053
Amended and Restated Administrative Services Agreement (2019 Form IR)	01/01/2019	The Company	SAI	Fees and specific technology and equipment support	2016 \$15,500
					2017 \$13,500
					2018 \$13,200
					2019 \$31,800
					2020 \$31,200
Administrative Services Agreement (2018 Form IR)	01/04/2018	The Company	FHL	Administrative services and support. Dissolved 11/20/2019.	2018 \$25,673
					2019 \$18,602
Administrative Services Agreement (06/15/2020 Form PIR 2020 Form IR)	05/14/2020	The Company	MHL	Administrative services and support	2020 \$42,005

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

**The Company did not receive general agency or marketing services

The Company participates in a federal income tax allocation agreement as the parent with its affiliates.

E. Management

The Company's by-laws provide that the board of directors shall be comprised of not less than seven and not more than 23 directors. Directors are elected for a period of three years at the annual meeting of the policyholders held in February of each year. As of December 31, 2020, the board of directors consisted of 12 members. Meetings of the board are held quarterly.

The 12 board members and their principal business affiliation as of December 31, 2020, were as follows:

<u>Name and Residence</u>	<u>Principal Business Affiliation</u>	<u>Year First Elected</u>
Willard N. Archie* Gainesville, Virginia	Former Chief Executive Officer Mitchell & Titus, LLP	1996
Ray F. Barnard* Bonita Springs, Florida	Former Executive Vice President and Chief Information Officer Fluor Corporation	2008
Carson E. Beadle* Naples, Florida	Former President and Chief Executive Officer Carson E. Beadle, Inc.	1996
Bruce W. Boyea Binghamton, New York	Chairman and Chief Executive Officer Security Mutual Life Insurance Company of New York	1996
Daryl R. Forsythe* Norwich, New York	Former Chairman NBT Bancorp, Inc.	1995
Hugh A. Johnson, Jr.* Albany, New York	Chairman Hugh Johnson Advisors LLC	2001
Robert H. Linn* Manlius, New York	Former Managing Partner Ernst & Young, LLP	2010
Alan C. Marcus* Saddle River, New Jersey	Former President The Marcus Group, Inc.	2008
Carol A. B. Moody* Philadelphia, Pennsylvania	Founder and Principal CAB Moody, LLC	2016
James W. Orband* Endicott, New York	Managing Partner Hinman, Howard & Kattell, LLP	2006
Thomas A. Pearson* Gainesville, Florida	Term Professor of Epidemiology and Medicine University of Florida	2002

<u>Name and Residence</u>	<u>Principal Business Affiliation</u>	<u>Year First Elected</u>
Maria Ramirez* Far Hills, New Jersey	President Maria Fiorini Ramirez, Inc.	2006

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

Kirk R. Gravely, President and Chief Executive Officer, was appointed as a director effective July 11, 2021.

In September 2021, Carson E. Beadle resigned from the Board and was replaced by Robin F. Lenna.

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 the majority of meetings.

The following is a listing of the principal officers of the Company as of December 31, 2020:

<u>Name</u>	<u>Title</u>
Bruce W. Boyea	Chairman and Chief Executive Officer
Kirk R. Gravely	President and Chief Operating Officer
Frederick L. Wortman	Senior Executive Vice President, Chief Marketing Officer, and Chief Administrative Officer
Scott A. Sylvester	Senior Executive Vice President, Chief Technology Officer, and Chief Information Officer
Marc D. Novotney	Executive Vice President, Special Projects
James P. Conlon	Senior Vice President, Agency
Daniel P. Foley	Senior Vice President, Marketing
Charlie V. Ford	Senior Vice President, Asset Liability Management and Treasury
Susan A. Inneo	Senior Vice President, General Counsel and Secretary
John W. Jonassen	Senior Vice President, Chief Underwriter
Vincent J. Montelione	Senior Vice President, Customer Experience, Reinsurance and Claims
Laura Hunsinger*	Second Vice President, Product Development and Customer Relations

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

On July 11, 2021, Bruce W. Boyea retired as Chief Executive Officer and was replaced by Kirk R. Gravely effective the same date.

On March 1, 2021, Vincent J. Montelione retired from the Company and was not replaced.

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 all 50 states, the District of Columbia, and the Virgin Islands.

In 2020, 69.7% of premiums (life, accident and health premiums, annuity considerations, deposit type funds) were received from New York (56.1%), New Jersey (8.6%), and Florida (5.0%). Policies are written on a participating basis.

The following tables show the percentage of direct premiums received, by state, and by major lines of business for the year 2020:

<u>Life Insurance Premiums</u>	
New York	55.8%
New Jersey	8.5
Florida	5.0
Maryland	4.8
Pennsylvania	<u>2.4</u>
Subtotal	76.6%
All others	<u>23.4</u>
Total	<u>100.0%</u>

A. Statutory and Special Deposits

As of December 31, 2020, the Company had \$1,750,000 (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. Per confirmations received, and as reported on Schedule E of the 2020 filed annual statement, an additional, \$2,414,128 was being held by the states of Arkansas, Florida, Georgia, New Mexico, North Carolina and the U.S. Virgin Islands.

B. Direct Operations

The Company primarily markets individual life (participating whole, individual and joint universal life, and level premium term products) and individual annuities (non-qualified and qualified fixed deferred and single premium immediate annuities) with emphasis on the personal, business continuity, retirement, and estate planning needs of individuals and business owners.

The Company administers some closed blocks of group disability coverage policies and is in the process of unwinding its Group operations. In 2017, the Company entered into two coinsurance agreements with Renaissance Life and Health Insurance Company of America (“RLHICA”) and Renaissance Life and Health Insurance Company of New York (“RLHICNY”) to exit the Company’s group life and group accident and health lines of business. At year-end 2020, there was only a small amount of group life insurance on the Company’s paper which is in the process of being converted.

The Company is making strides to expand its geographic profile through recruiting efforts and the introduction of national marketing organizations to its distribution system.

The Company’s products and services are distributed through a system of independent agents and brokers.

The Company is organized into two market-focused business units, 1) Traditional Market, and 2) Middle Market. Within the Traditional Market business unit, the Company provides the independent agents with sophisticated insurance products and planning tools needed to address both the traditional and more complex individual and business owner insurance needs in all market segments served by Company distributors. Special emphasis is placed on the products that feature an array of living benefits and marketing concepts that position life insurance as an asset-based solution, in addition to valuable death benefit protection.

In the Middle Market business unit, the Company provides specialized life insurance products, marketing support, customer service, and technology solutions to independent agents who serve financial institutions including credit unions, employers affiliated with credit unions, banks, select association and affinity groups, and employer sponsored voluntary benefit programs. Employing both platform selling and agent-assisted direct response marketing techniques, highly effective and accessible solutions are offered to help underserved middle-market consumers meet their insurance and financial protection needs. Proprietary technology is leveraged to facilitate ease of purchase and provide a positive customer experience. This space includes carrier to carrier

relationships, where the health insurance products of another carrier are sold by the Company's field force.

C. Reinsurance

As of December 31, 2020, the Company had reinsurance treaties in effect with 22 companies, of which 20 were authorized or accredited. The Company's life, accident and health business is reinsured on a coinsurance and yearly renewable term basis. Reinsurance is provided on an automatic and facultative basis.

The maximum retention limit for individual life contracts is \$500,000. The total face amount of life insurance ceded as of December 31, 2020, was \$16,598,109,417 which represents 56.9% of the total face amount of life insurance in force. Reserve credit taken for reinsurance ceded to unauthorized companies, totaling \$3,907,801, was supported by letters of credit and trust agreements.

The total face amount of life insurance assumed as of December 31, 2020, was \$15,620,868.

4. FINANCIAL STATEMENTS

The following statements show the assets, liabilities, capital and surplus as of December 31, 2020, as contained in the Company's 2020 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, 2020, filed annual statement.

A. Independent Accountants

The firm of RSM 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.

RSM 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	\$1,884,004,301
Stocks:	
Common stocks	2,399,680
Mortgage loans on real estate:	
First liens	220,931,238
Real estate:	
Properties occupied by the company	9,482,372
Properties held for the production of income	817,973
Cash, cash equivalents and short-term investments	74,280,674
Contract loans	489,873,624
Other invested assets	42,100,134
Investment income due and accrued	38,034,629
Premiums and considerations:	
Uncollected premiums and agents' balances in the course of collection	(7,931,366)
Deferred premiums, agents' balances and installments booked but deferred and not yet due	25,305,060

Reinsurance:

Amounts recoverable from reinsurers	7,265,406
Other amounts receivable under reinsurance contracts	4,283,482
Current federal and foreign income tax recoverable and interest thereon	2,349,970
Net deferred tax asset	23,482,298
Guaranty funds receivable or on deposit	633,494
Electronic data processing equipment and software	873,110
Receivables from parent, subsidiaries and affiliates	8,331
Health care and other amounts receivable	1,464,698
General Agents supplemental retirement plan investments	3,951,360
Pension plan auxiliary fund deposits	12,038,642
Voluntary deferred compensation trust	494,000
Deferred reinsurance premiums- DPA NYS PP	3,820,598
Cash value of company owned policies	894,314
Prepaid reinsurance premium asset- Sect 1308 UL Res	8,351,448
Recoverable from reinsurers	7,430
From separate accounts, segregated accounts and protected cell accounts	<u>\$ 54,344,235</u>
 Total admitted assets	 <u>\$2,903,561,135</u>

C. Liabilities and Surplus

Aggregate reserve for life policies and contracts	\$2,434,640,010
Aggregate reserve for accident and health contracts	854,241
Liability for deposit-type contracts	98,953,981
Contract claims:	
Life	18,348,346
Accident and health	17,294
Policyholders' dividends and coupons due and unpaid	(53,808)
Provision for policyholders' dividends and coupons payable in following calendar year – estimated amounts	
Dividends apportioned for payment	19,617,186
Premiums and annuity considerations for life and accident and health contracts received in advance	485,386
Contract liabilities not included elsewhere:	
Interest maintenance reserve	12,792,781
Commissions to agents due or accrued	958,320
General expenses due or accrued	11,648,763
Taxes, licenses and fees due or accrued, excluding federal income taxes	1,611,616
Amounts withheld or retained by company as agent or trustee	92,904
Remittances and items not allocated	8,056,168
Liability for benefits for employees and agents if not included above	22,987,361
Miscellaneous liabilities:	
Asset valuation reserve	17,370,778
Payable to parent, subsidiaries and affiliates	50,963
Funds held under coinsurance	15,297,792

Interest on policy and contract funds	194,880
Liability for voluntary deferred comp	494,000
Uncashed drafts and checks that are pending	3,126,039
Liability for future Guaranty Fund payments	601,111
Liability for interest due on reinsurance ceded	177,260
Liability for deferred rent	222,921
From Separate Accounts statement	<u>54,344,235</u>
 Total liabilities	 <u>\$2,722,890,528</u>
 Surplus notes	 30,000,000
Separate account contingency reserve	750,000
Unassigned funds (surplus)	<u>149,920,607</u>
Total surplus	<u>\$ 180,670,607</u>
 Total liabilities and surplus	 <u>\$2,903,561,135</u>

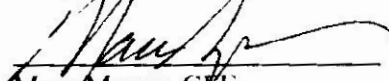
D. Condensed Summary of Operations

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Premiums and considerations	\$188,344,357	\$207,390,277	\$205,978,445	\$216,696,373	\$225,757,856
Investment income	125,980,156	126,244,208	128,864,659	130,916,429	152,336,114
Commissions and reserve adjustments on reinsurance ceded	19,458,102	43,338,744	41,222,558	36,257,926	37,181,578
Miscellaneous income	<u>(75,486)</u>	<u>77,047</u>	<u>(193,568)</u>	<u>(196,361)</u>	<u>(202,994)</u>
Total income	<u>\$333,707,129</u>	<u>\$377,050,276</u>	<u>\$375,872,094</u>	<u>\$383,674,367</u>	<u>\$415,072,554</u>
Benefit payments	\$169,364,437	\$212,722,817	\$204,612,487	\$187,534,419	\$210,483,212
Increase in reserves	34,143,081	85,103,963	27,968,516	51,535,487	59,417,327
Commissions	41,035,381	41,787,096	42,748,257	42,060,178	43,131,413
General expenses and taxes	66,614,569	66,955,863	68,272,488	72,568,560	71,818,095
Increase in loading on deferred and uncollected premiums	471,053	2,379,039	1,828,204	1,393,748	660,487
Net transfers to (from) Separate Accounts	(3,826,563)	(2,442,087)	(4,816,320)	(2,606,835)	(2,672,213)
Miscellaneous deductions	<u>3,712,510</u>	<u>(56,833,078)</u>	<u>1,535,296</u>	<u>(1,905,632)</u>	<u>(121,780)</u>
Total deductions	<u>\$311,514,468</u>	<u>\$349,673,613</u>	<u>\$342,148,928</u>	<u>\$350,579,925</u>	<u>\$382,716,541</u>
Net gain	\$ 22,192,661	\$ 27,376,663	\$ 33,723,166	\$ 33,094,442	\$ 32,356,013
Dividends	11,176,600	21,431,091	21,765,423	19,899,651	20,243,489
Federal and foreign income taxes incurred	<u>3,022,401</u>	<u>500,733</u>	<u>3,777,755</u>	<u>4,248,056</u>	<u>1,641,877</u>
Net gain from operations before net realized capital gains	\$ 7,993,660	\$ 5,444,839	\$ 8,179,988	\$ 8,946,735	\$ 10,470,647
Net realized capital gains (losses)	<u>(357,565)</u>	<u>(1,005,920)</u>	<u>(1,106,587)</u>	<u>470,512</u>	<u>(209,804)</u>
Net income	<u>\$ 7,636,095</u>	<u>\$ 4,438,919</u>	<u>\$ 7,073,401</u>	<u>\$ 9,417,247</u>	<u>\$ 10,260,843</u>

E. Surplus Account

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Surplus, December 31, prior year	\$ <u>136,504,808</u>	\$ <u>162,737,017</u>	\$ <u>155,879,122</u>	\$ <u>164,926,312</u>	\$ <u>173,243,178</u>
Net income	\$ 7,636,095	\$ 4,438,919	\$ 7,073,401	\$ 9,417,247	\$ 10,260,843
Change in net unrealized capital gains (losses)	217,164	883,836	358,918	202,709	17,668
Change in net deferred income tax	1,475,103	(20,292,185)	2,343,204	2,900,760	5,917,714
Change in non-admitted assets and related items	1,822,036	12,413,786	(1,069,975)	(2,371,914)	(8,032,118)
Change in asset valuation reserve	(900,848)	(621,322)	883,741	(2,229,212)	(1,679,543)
Change in surplus notes	14,000,000	0	0	0	0
Cumulative effect of changes in accounting principles	222,984	0	0	0	0
Change in minimum pension liabilities	2,275,288	356,131	(125,520)	751,787	942,865
Net deferred reinsurance premium adjustment - DPA	(515,613)	(500,989)	(416,579)	(354,511)	0
Individual annuity reserve adjustment	0	0	0	0	0
Deferred annuity reserve correction	0	(3,042,333)	0	0	0
Summary of remaining write-ins	<u>0</u>	<u>(493,738)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net change in surplus for the year	\$ <u>26,232,209</u>	\$ <u>(6,857,895)</u>	\$ <u>9,047,190</u>	\$ <u>8,316,866</u>	\$ <u>7,427,429</u>
Surplus, December 31, current year	\$ <u>162,737,017</u>	\$ <u>155,879,122</u>	\$ <u>164,926,312</u>	\$ <u>173,243,181</u>	\$ <u>180,670,607</u>


Respectfully submitted,



Marc Moyer, CFE
Examination Resources, LLC

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

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



Marc Moyer

Subscribed and sworn to before me
this 14th day of June, 2022
Audrey Hall

AUDREY HALL
Notary Public, State of New York
No. 01HAB274900
Qualified in Kings County
Commission Expires January 28, 2025

Respectfully submitted,

_____/s/
Vincent Targia
Principal Insurance Examiner

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

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

_____/s/
Vincent Targia

Subscribed and sworn to before me
this _____ day of _____

APPOINTMENT NO. 32253

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:

MARC MOYER
(EXAMINATION RESOURCES, LLC) ("ER")

as a proper person to examine the affairs of the

SECURITY MUTUAL 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 13th day of May, 2021

LINDA A. LACEWELL
Superintendent of Financial Services

By:

Mark McLeod

MARK MCLEOD
DEPUTY CHIEF - LIFE BUREAU

