



TARGETED MARKET CONDUCT REPORT ON EXAMINATION

OF THE

ALLIANZ LIFE INSURANCE COMPANY OF NEW YORK

AS OF DECEMBER 31, 2020

EXAMINER:

CHONG KIM

DATE OF REPORT:

MAY 27, 2022

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KATHY HOCHUL
Governor



ADRIENNE A. HARRIS
Superintendent

August 11, 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. 32358, dated March 3, 2022, and annexed hereto, an examination has been made into the condition and affairs of Allianz Life Insurance Company of New York, hereinafter referred to as “the Company”. The Company’s home office is located at 1633 Broadway, 42nd Floor, New York, NY 10019. 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

This examination covers the period from January 1, 2019, to December 31, 2020.

The examination comprised a review of the Company's electronic application process and related market conduct activities.

This report on examination is confined to comments on 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 September 21, 1982, under the name Preferred Life Insurance Company of New York. The Company was licensed on April 11, 1984 and commenced business on September 1, 1984. The Company adopted its present name on January 1, 2003.

Initial resources of \$6,000,000, consisting of common capital stock of \$2,000,000 and paid in and contributed surplus of \$4,000,000, were provided through the sale of 200,000 shares of common stock (with a par value of \$10 each) for \$30 per share.

As of December 31, 2020, the Company's capital stock and paid-in and contributed surplus were 2,000,000 and 72,500,000, respectively.

B. 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 six states, namely Connecticut, Illinois, Minnesota, Missouri, New York, and North Dakota, and the District of Columbia. In 2020, 83.5% of life premiums, 81.6% of accident and health premiums, and 96.2% of annuity considerations were received from New York. Policies are written on a non-participating basis.

The principal line of business sold during the examination period was individual variable annuities. In 2020, the Company received premiums of \$425,561,308 from individual variable annuities which accounted for 99.1% of the total direct premiums received by the Company.

The Company distributes its variable products through independent distribution channels made up of licensed registered representatives contracted with broker dealers. Each broker dealer receives commissions directly from the Company and compensates its registered representatives directly.

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

Life Insurance Premiums

New York	83.5%
Florida	5.7
New Jersey	1.7
Oklahoma	1.2
North Carolina	<u>1.1</u>
Subtotal	93.2%
All others	<u>6.8</u>
Total	<u>100.0%</u>

Annuity Considerations

New York	96.2%
New Jersey	1.1
Florida	1.0
Connecticut	0.3
South Carolina	<u>0.2</u>
Subtotal	98.8%
All others	<u>1.2</u>
Total	<u>100.0%</u>

Accident and Health
Insurance Premiums

New York	81.6%
Florida	8.5
North Carolina	1.4
South Carolina	1.1
New Jersey	<u>1.1</u>
Subtotal	93.7%
All others	<u>6.3</u>
Total	<u>100.0%</u>

3. MARKET CONDUCT ACTIVITIES

The examiner reviewed various elements of the Company's electronic application processes for life insurance and annuities to determine compliance with applicable statutes and regulations and the operating rules of the Company.

A. Advertising and Sales

The examiner reviewed a sample of the Company's sales activities of the agency force including trade practices, solicitation and the replacement of insurance policies as part of the Company's electronic application process review.

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

B. Underwriting and Policy Forms

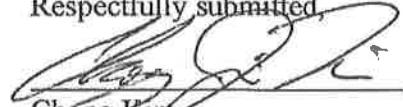
The examiner reviewed a sample of new underwriting files, both issued and declined, and the applicable policy forms as part of the Company's electronic application process review.

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

C. Option to Opt-Out

The examiner verified that the applicants had an opportunity to opt out of the electronic process as required by Section 309 of the New York State Technology Law.

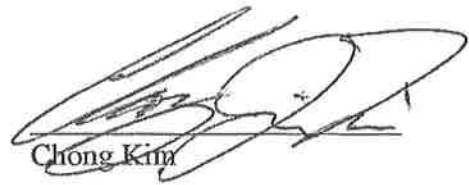
Respectfully submitted,



Chong Kim
Associate Insurance Examiner

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

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



Chong Kim

Subscribed and sworn to before me
this 22nd day of August, 2022
Audrey Hall

AUDREY HALL
Notary Public, State of New York
No. 01HA8274900
Qualified in Kings County
Commission Expires January 28, 2025

Respectfully submitted,

_____/s/
Rory Cummings
Associate Insurance Examiner

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

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

_____/s/
Rory Cummings

Subscribed and sworn to before me
this _____ day of _____

APPOINTMENT NO. 32358

NEW YORK STATE

DEPARTMENT OF FINANCIAL SERVICES

*I, **ADRIENNE A. HARRIS**, 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:*

CHONG KIM

as a proper person to examine the affairs of the
ALLIANZ 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 3rd day of March, 2022

ADRIENNE A. HARRIS
Superintendent of Financial Services

By: *Mark McLeod*

MARK MCLEOD
DEPUTY CHIEF - LIFE BUREAU

