



TARGETED MARKET CONDUCT REPORT ON EXAMINATION

OF THE

WILTON REASSURANCE LIFE COMPANY OF NEW YORK

AS OF DECEMBER 31, 2020

EXAMINER:

CHONG KIM

DATE OF REPORT:

FEBRUARY 18, 2022

TABLE OF CONTENTS

<u>ITEM</u>	<u>PAGE NO.</u>
1. Executive summary	2
2. Scope of examination	3
3. Description of Company	3
4. Market conduct activities	5
A. Death claims	5
B. Complaints	5
C. Unclaimed benefits	5
5. Summary and conclusions	7

KATHY HOCHUL
Governor



ADRIENNE A. HARRIS
Superintendent

January 19, 2023

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. 32287, dated August 4, 2021, and annexed hereto, an examination has been made into the condition and affairs of Wilton Reassurance Life Company of New York, hereinafter referred to as “the Company”. The Company’s home office is located at 20 Glover Avenue, Norwalk, CT 06850. The examination was conducted remotely because of the COVID-19 pandemic.

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 violation and recommendation contained in this report are summarized below.

- The Company violated Section 3240(f)(1) of the New York Insurance Law and Section 226.4(e) of 11 NYCRR 226 (Insurance Regulation 200) by failing to perform additional investigation of the potentially deceased policyholders to account for common variations identified in the PBI Research Services' ("PBI") potential death match inventory. (See item 4 of this report.)
- The examiner recommends that the Company implement procedures to internally investigate and account for common variations in data when PBI submits a potential death match inventory to the Company. (See item 4 of this report.)

2. SCOPE OF EXAMINATION

This examination covers the period from January 1, 2016, to December 31, 2020. As necessary, the examiner reviewed matters occurring subsequent to December 31, 2020, but prior to the date of this report.

The examination comprised a review of market conduct activities and utilized the National Association of Insurance Commissioners' *Market Regulations Handbook* or such other examination procedures, as deemed appropriate, in such review. The market conduct activities reviewed include death claims, complaints, and unclaimed benefits requirements set forth in 11 NYCRR 226 (Insurance Regulation 200).

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

3. DESCRIPTION OF COMPANY

A. History

The Company, under the name of American Life Insurance Company of New York ("ALNY"), was incorporated as a stock life insurance company under the laws of New York on March 23, 1955, was licensed on November 9, 1956, and commenced business on April 1, 1957. Initial resources of \$2,000,000, consisting of common capital stock of \$500,000 and paid in and contributed surplus of \$1,500,000, were provided through the sale of 50,000 shares of common stock (with a par value of \$10 each) for \$40 per share.

On September 27, 2006, Wilton Re U.S. Holdings, Inc. ("Wilton Re Holdings") acquired all the issued and outstanding shares of ALNY, Utica National Life Insurance Company ("Utica"), and the North American Company for Life and Health Insurance of New York ("NANY") for an aggregate purchase price of \$156.7 million. Wilton Re Holdings contributed all of the issued and outstanding capital stock of ALNY, Utica, and NANY to its wholly-owned subsidiary, Wilton Reassurance Company. On September 29, 2006, Utica and NANY were merged with and into ALNY with ALNY surviving. ALNY was renamed Wilton Reassurance Life Company of New York.

Changes in the capital and surplus of the Company since incorporation resulted in common capital stock and paid in and contributed surplus of \$2,502,4500 and \$71,546,348, respectively, as of December 31, 2020.

B. Territory and Plan of Operation

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 U.S. Virgin Islands. In 2020, 66.8% of life premiums, 87.4% of annuity considerations, and 84.0% of accident and health premiums were received from New York. Policies are written on a participating and non-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>		<u>Annuity Considerations</u>	
New York	66.8%	New York	87.4%
Florida	8.8	Connecticut	8.1
Pennsylvania	4.6	Florida	1.4
New Jersey	3.2	New Jersey	1.3
North Carolina	<u>2.0</u>	Rhode Island	<u>0.6</u>
Subtotal	85.4%	Subtotal	98.8%
All others	<u>14.6</u>	All others	<u>1.2</u>
Total	<u>100.0%</u>	Total	<u>100.0%</u>

<u>Accident and Health Insurance Premiums</u>	
New York	84.0%
California	6.1
Florida	2.1
Ohio	1.7
Texas	<u>0.6</u>
Subtotal	94.5%
All others	<u>5.5</u>
Total	<u>100.0%</u>

4. MARKET CONDUCT ACTIVITIES

The examiner reviewed various elements of the Company's market conduct activities including death claims, complaints, and unclaimed benefits to determine compliance with applicable statutes and regulations and the operating rules of the Company.

A. Death Claims

The examiner reviewed a sample of various types of life insurance claims. 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.

B. Complaints

The examiner reviewed a sample of various types of complaints. The examiner also reviewed the Company's complaint log to ensure that the Company maintains an ongoing central log to register and monitor all complaint activities.

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

C. Unclaimed Benefits

The examiner reviewed the Company's practices and procedures regarding identification of unclaimed death benefits, locating beneficiaries, and making prompt payments, as well as the use of death information, including information available from the Social Security Administration Master File.

Section 3240 of the New York Insurance Law states, in part:

“(b)(2)(A) with respect to a policy delivered or issued for delivery outside this state, a domestic insurer may, in lieu of the requirements of this section, implement procedures that meet the minimum requirements of the state in which the insurer delivered or issued the policy, provided that the superintendent determines that such other requirements are no less favorable to the policy owner and beneficiary than those required by this section . . .

(f) Standards for locating claimants. (1) An insurer shall establish procedures to reasonably confirm the death of an insured or account holder and begin to locate beneficiaries within ninety days after the identification of a potential match made

by a death index cross-check or by a search conducted by the insurer pursuant to subsection (e) of this section. If the insurer cannot locate beneficiaries within ninety days after the identification of a potential match, then the insurer shall continue to search for beneficiaries until the benefits escheat in accordance with applicable state law. . .”

Section 226.4(e) of 11 NYCRR 226 (Insurance Regulation 200) states:

“Every insurer shall implement reasonable procedures to account for common variations in data that would otherwise preclude an exact match with a death index, including:

- (1) nicknames, initials used in lieu of a first or middle name, use of a middle name, compound first and middle names, and interchanged first and middle names;
- (2) compound last names, and blank spaces or apostrophes in last name;
- (3) incomplete date of birth data, and transposition of the "month" and "date" portions of the date of birth;
- (4) incomplete social security number; and
- (5) common data entry errors in name, date of birth and social security data.”

The examiner selected and compared a sample of policyholders from the in-force to the termination listings for any potential death matches. The examiner verified the death status of all 168 policyholders who are aged 95 or older and identified 15 policyholders who are deceased. In 11 out of 15 (73.3%) deceased policyholders, the Company did not have a procedure to perform additional investigation of the policyholders to account for common variations during the cross-checks when PBI, a firm which the Company retained to perform identification and verification of the deaths of policyholders, submitted the potential death match inventory to the Company.

The Company violated Section 3240(f)(1) of the New York Insurance Law and Section 226.4(e) of 11 NYCRR 226 (Insurance Regulation 200) by failing to perform additional investigation of the potentially deceased policyholders to account for common variations identified in the PBI’s potential death match inventory.

The examiner recommends that the Company implement procedures to internally investigate and account for common variations in data when PBI submits a potential death match inventory to the Company.

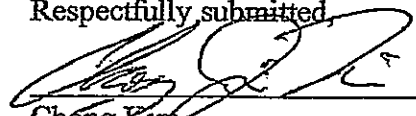
The Company validated the deaths of four policyholders and paid the death benefit claims to the beneficiaries. For the remaining 11 deceased policyholders, the Company is in process of validating the death and locating the beneficiaries. When the deaths are confirmed, the Company will pay claims when beneficiaries are found.

5. SUMMARY AND CONCLUSIONS

Following are the violation and recommendation contained in this report:

<u>Item</u>	<u>Description</u>	<u>Page No(s).</u>
A	The Company violated Section 3240(f)(1) of the New York Insurance Law and Section 226.4(e) of 11 NYCRR 226 (Insurance Regulation 200) by failing to perform additional investigation of the potentially deceased policyholders to account for common variations identified in the PBI's potential death match inventory.	6
B	The examiner recommends that the Company implement procedures to internally investigate and account for common variations in data when PBI submits a potential death match inventory to the Company.	6

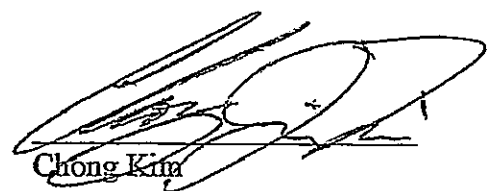
Respectfully submitted,



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 19th day of January, 2023
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 _____

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:

CHONG KIM

as a proper person to examine the affairs of the
WILTON REASSURANCE LIFE 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 4th day of August, 2021

LINDA A. LACEWELL
Superintendent of Financial Services

By:

Mark McLeod

MARK MCLEOD
DEPUTY CHIEF - LIFE BUREAU

