



**TARGETED MARKET CONDUCT REPORT ON EXAMINATION**

**OF THE**

**AMERICAN NATIONAL LIFE INSURANCE COMPANY**

**OF NEW YORK**

**AS OF DECEMBER 31, 2020**

**EXAMINER:**

**TARN KHERA**

**DATE OF REPORT:**

**MAY 27, 2022**

## TABLE OF CONTENTS

<u>ITEM</u>	<u>PAGE NO.</u>
1. Executive summary	2
2. Scope of examination	4
3. Description of Company	5
A. History	5
B. Territory and plan of operation	5
4. Market conduct activities	7
A. Electronic application process	7
B. Annual illustration certifications	9
5. Summary and conclusions	27

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KATHY HOCHUL  
Governor



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ADRIENNE A. HARRIS  
Superintendent

December 21, 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. 32345, dated February 2, 2022, and annexed hereto, an examination has been made into the condition and affairs of American National Life Insurance Company of New York, hereinafter referred to as “the Company”. The Company’s home office is located at 344 Route 9W, Glenmont, NY 12077. 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 findings and violations contained in this report are summarized below.

- The Company violated Section 243.2(b)(1) of 11 NYCRR 243 (Insurance Regulation 152) by failing to maintain a copy of the Buyer's Guide and the preliminary information for each insurance contract or policy for six calendar years after the date the policy is no longer in force or until the filing of the date of the report on examination in which the record was subject to review, whichever is longer. (See item 4A-2 of this report.)
- The Company violated Section 53-3.2(a)(7) of 11 NYCRR 53 (Insurance Regulation 74) by failing to include the dividend option in the basic and in force illustrations of its participating policy forms. (See item 4B-1 of this report.)
- The Company violated Section 53-3.3(c)(1) of 11 NYCRR 53 (Insurance Regulation 74) by failing to provide the planned annual premium outlay in the Numeric Summary of the basic illustration presented to the applicant at the point of sale. (See item 4B-2 of this report.)
- The Company violated Section 53-3.3(g) of 11 NYCRR 53 (Insurance Regulation 74) by failing to include the premium outlay, death benefits and values of the policy for the insured at ages 85 and 90 in the Numeric Summary. (See item 4B-2 of this report.)
- The Company violated Section 53-3.2(a)(12)(ii) of 11 NYCRR 53 (Insurance Regulation 74) by failing to disclose in close proximity to the projected benefits and values that the assumptions on which the illustration of non-guaranteed elements are based are subject to change by the insurer. (See item 4B-2 of this report.)
- The Company violated Section 3209(b)(2)(F) of the New York Insurance Law by failing to disclose the specifics regarding any withdrawal charges applicable to the equity index account in the basic illustration or supplemental disclosure form. (See item 4B-3 of this report.)
- The Company violated Section 3209(b)(1)(A) of the New York Insurance Law and Sections 53-2.1(a)(2), (a)(4), (a)(5), (a)(6), (a)(7), (a)(8), (a)(9), and (a)(10) of 11 NYCRR 53 (Insurance Regulation 74) by issuing universal life policies without providing the required preliminary information to the applicant. (See item 4B-4 of this report.)

- The Company violated Section 3209(b)(1)(B) of the New York Insurance Law and Section 53-2.2(a) of 11 NYCRR 53 (Insurance Regulation 74) by failing to provide the required policy summary information to universal life policyholders. (See item 4B-4 of this report.)
- The Company violated Section 3211(g) of the New York Insurance Law and Section 53-3.6(c) of 11 NYCRR 53 (Insurance Regulation 74) by providing in force illustrations to policyholders that were not based upon current mortality, interest, and expense assumptions. (See item 4B-4 of this report.)
- The Company violated Section 4221(a)(7) of the New York Insurance Law by failing to specify the loan value available to the policyholder under the policy in the annual report. (See item 4B-6 of this report.)

## 2. SCOPE OF EXAMINATION

For the review of the market conduct activities, this examination covers the period from January 1, 2019, to December 31, 2020, for item 4A and covers the period from January 1, 2018, to December 31, 2020, for item 4B.

The examination comprised a review of targeted market conduct activities. The market conduct activities reviewed include the Company's electronic application process and related market conduct activities and the review of the Company's filed annual illustration certifications in relation to compliance with 11 NYCRR 53 (Insurance Regulation 74) and other statutory requirements.

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 was incorporated as Farm Family Life Insurance Company (“FFL”), a stock life insurance company under the laws of the State of New York on September 10, 1953, and was licensed and commenced business on January 20, 1954. Effective January 1, 2018, FFL merged with the former American National Life Insurance Company of New York (“Old ANICONY”), an affiliate, with FFL surviving the merger. Upon the merger, the name of FFL was changed to American National Life Insurance Company of New York. Old ANICONY was incorporated as a stock life insurance company under the laws of New York on October 15, 2009. The Old ANICONY was licensed and commenced business on March 17, 2010.

#### 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 New York and twelve other states. In 2020, the Company’s aggregate direct written premiums and annuity consideration, and deposit-type contracts was \$94.2 million and was made up of 57.1% life insurance premiums, 92.9% annuity consideration, 52.0% accident and health insurance premiums, and 98.5% deposit-type contract deposits. Policies are written on a participating basis.

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

<u>Life Insurance Premiums</u>		<u>Annuity Considerations</u>	
New York	57.1%	New York	92.9%
New Jersey	<u>11.0</u>		
Subtotal	68.1%	Subtotal	92.9%
All others	<u>31.9</u>	All other	<u>7.1</u>
Totals	<u>100.0%</u>	Total	<u>100.0%</u>

Accident and Health  
Insurance Premiums

New York	52.0%
New Jersey	<u>12.3</u>
Subtotal	64.3%
All others	<u>35.7</u>
Total	<u>100.0%</u>

Deposit Type Funds

New York	98.5%
Subtotal	98.5%
All others	<u>1.5</u>
Total	<u>100.0%</u>



#### 4. MARKET CONDUCT ACTIVITIES

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

##### A. Electronic Application Process

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

##### 1. Advertising and Sales Activities

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

Based upon the reviewed, no significant findings were noted.

##### 2. 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.

Section 243.2(b) of 11 NYCRR 243 (Insurance Regulation 152) states, in part:

“Except as otherwise required by law or regulation, an insurer shall maintain:

(1) A policy record for each insurance contract or policy for six calendar years after the date the policy is no longer in force or until after the filing of the report on examination in which the record was subject to review, whichever is longer . . . A policy record shall include. . .

(iv) Other information necessary for reconstructing the solicitation, rating, and underwriting of the contract or policy. . .

(8) Any other record for six calendar years from its creation or until after the filing of a report on examination or the conclusion of an investigation in which the record was subject to review.”

The examiner's review of a sample of 40 individual life insurance policies revealed that:

- in four instances (10.0%), the policy files did not contain a Buyer's Guide;
- in four instances (10.0%), the policy files did not contain the policy preliminary information; and
- in one instance (2.5%), the policy file did not contain a Buyer's Guide and preliminary information.

The examiner's review of another sample of 20 life insurance policies issued revealed that in two cases (10%), the policy files did not contain copies of the policy preliminary information.

The Company violated Section 243.2(b)(1) of 11 NYCRR 243 (Insurance Regulation 152) by failing to maintain a copy of the Buyer's Guide and the preliminary information for each insurance contract or policy for six calendar years after the date the policy is no longer in force or until the filing of the date of the report on examination in which the record was subject to review, whichever is longer.

The examiner's review of a sample of 50 deferred annuity contracts issued revealed that in 39 instances (78%), the files did not contain copies of the sales material used in the sale. The examiner's review of a sample of 30 immediate annuity contracts issued revealed that in 14 instances (46.7%), the files did not contain copies of the sales material used in the sale.

The Company violated Section 243.2(b)(1)(iv) of 11 NYCRR 243 (Insurance Regulation 152) by failing to maintain other information necessary for reconstructing the solicitation, rating, and underwriting of the contract or policy.

The Company violated Section 243.2(b)(8) of 11 NYCRR 243 (Insurance Regulation 152) by failing to maintain copies of the sales material used in the sale of its deferred and immediate annuity contracts for six calendar years from its creation or until after the filing of a report on examination.

### 3. 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.

### B. Annual Illustration Certifications

The examiner conducted a review of the marketing, illustration and annual reporting of the Company's universal life policy forms. The review identified a number of departures and violations from Insurance Regulation 74, Section 3211(g) of the New York Insurance Law and Section 4221(a)(7) of the New York Insurance Law. The review encompassed products included on open annual certifications filed with the Department between 2018 and 2020 by the Company. For some policy forms, the violations occurred prior to 2018, dating back to when the policy form was initially opened to sales. The violations and the corrective action as proposed by the Company, when applicable, are summarized herein.

#### 1.) Illustrations of Participating Policy Forms

Section 53-3.2(a)(7) of 11 NYCRR 53 (Insurance Regulation) 74, 11 NYCRR states:

“An illustration used in the sale of a life insurance policy and subject to this Subpart shall satisfy the applicable requirements of this Subpart, be clearly labeled ‘life insurance illustration’ and contain the following basic information . . .

(7) Dividend option election or application of non-guaranteed elements, if applicable.”

The examiner reviewed a basic illustration provided on December 28, 2018 for policy form FUL4 NY 0806 (Rev.10/12), which is a participating life insurance policy.

The Company confirmed that the basic illustration did not contain the dividend option elected by the applicant. In its July 20, 2021 response, the Company explained that the basic and in force illustrations are not designed to pay dividends, so in the Company's opinion, the dividend election option was not applicable and therefore omitted this information in the illustrations of policy form FUL4 NY 0806 (Rev.10/12) and like policy forms. As the possibility of dividend payments were remote, the Company did not include an election for a dividend option until shortly before the Company stopped selling the product.

The examiner reviewed the policy provisions of the approved policy form on file for policy form FUL4 NY 0806. While Section 5 (Dividends) of the policy may indicate that the Company

does not expect to pay dividends, the policy contains provisions for dividends, including language describing how the owner may choose the dividend option. Policy forms FUL4 NY 0806 (Rev. 11/07) and FUL4 NY 0806 (Rev. 10/08) contain similar language concerning dividends.

The Company violated Section 53-3.2(a)(7) of 11 NYCRR 53 (Insurance Regulation 74) by failing to include the dividend option in the basic and in force illustrations of its participating policy forms.

The disclosure regarding dividends is not contingent upon the actual payment of a dividend. If a policy form is participating, the dividend option elected by the policyholder must be shown in the illustration regardless of whether the Company anticipates that dividends will be credited.

The examiner recommends that the Company modify its illustration software for participating policy forms so that basic and in force illustrations of all participating policy forms contain the dividend option elected by the policyholder, as required.

On July 20, 2021, the Company clarified that its illustration software is currently programmed to include the dividend option for traditional participating products, but not for policy forms with the prefix “FUL”.

As of December 31, 2020, the Company had 524 New York policies for affected policy forms in which the in force illustration did not include the dividend option elected.

The Company agreed to take corrective action to include the dividend option elected by the policyholder in the in force illustrations for the affected participating policy forms by April 15, 2022.

## 2.) Basic Illustrations

Section 53-3.3 of 11 NYCRR 53 (Insurance Regulation 74) states, in part:

“ . . . (c) Numeric summary.

(1) Following the narrative summary, a basic illustration shall include a numeric summary of the death benefits and values and the premium outlay and contract premium, as applicable. For a policy that provides for a contract premium, the guaranteed death benefits and values shall be based on the contract premium. Except as provided in subdivision (g) of this Section, this summary shall be shown for at least policy years 5, 10 and 20 and at age 70, if applicable, on the three bases shown below. For multiple life policies the summary shall show policy years 5, 10, 20 and 30. The three bases are as follows:

(i) Policy guarantees;

- (ii) Insurer's illustrated scale;
- (iii) Insurer's illustrated scale used but with the non-guaranteed elements reduced as follows . . .
- (g) The numeric summary for a policy subject to Section 4232(b) of the Insurance Law and a cash value policy providing three basic components consisting of a base policy, a paid-up additions element and a term insurance element shall show, in addition to the policy durations set forth in subdivision (c) of this section, policy duration at age 85 and age 90 of the insured."

The examiner reviewed the basic illustrations for policy forms FUL4 NY 10/12, IUL 14(NY), IUL14R (NY), Exec-UL(NY), SGUL15(NY), and SGUL15S(NY). The Numeric Summary in the basic (point of sale) illustrations provided for these policy forms did not include the planned annual premium outlay. Instead, the Numeric Summary showed the cumulative or total premiums paid into the policy for the durations and attained ages. The Numeric Summary also did not include the death benefits and values and the planned premium outlay for policy years 5, 10, 20 and policy duration at insured ages 70, 85 and 90. With respect to policy forms FUL4 NY 10/12, IUL 14(NY), IUL14R (NY), and Exec-UL(NY), the Numeric Summary did not contain the required information for the insured at ages 85 and 90. For the SGUL products, the Numeric Summary included policy years 15, 20, and 25 and policy durations for insured age 100 or over.

For policy form IUL14R(NY), the Numeric Summary did not immediately follow the Narrative Summary. The Numeric Summary appears on the last page of the illustration.

The Company agreed to change the order of the basic illustration so that, going forward, the Numeric Summary is placed immediately after the Narrative Summary section.

The Company violated Section 53-3.3(c)(1) of 11 NYCRR 53 (Insurance Regulation 74) by failing to provide the planned annual premium outlay in the Numeric Summary of the basic illustration presented to the applicant at the point of sale.

The Company agreed to add the planned annual premium outlay to the Numeric Summary for basic illustrations of policy form IUL14R(NY), the only illustrated universal life policy form that the Company is currently marketing, by December 1, 2021. Policy form SGUL15 (NY) was closed to new sales effective March 23, 2018. Policy forms SGUL15S(NY), SGUL15R(NY), EXEC-ULR(NY), and EXEC-ULUR(NY) were closed to new sales during 2019.

The Company violated Section 53-3.3(g) of 11 NYCRR 53 (Insurance Regulation 74) by failing to include the premium outlay, death benefits and values of the policy for the insured at ages 85 and 90 in the Numeric Summary.

The Company assured the examiner that for all policy forms that were marketed with an illustration, the illustration software was updated to provide the policy values and benefits for the insured at ages 85 and 90. The project was completed for sold products effective September 1, 2019.

As of January 2021, the Company received 3,640 applications for policy forms FUL4 NY 10/12, IUL 14(NY), IUL14R (NY), and Exec-UL(NY).

The Company identified 16 additional affected policy forms with 4,318 policies in force in which the applicant was provided with a non-compliant basic illustration. Many of the policy forms identified by the Company were closed to new sales prior to 2018.

The Company's January 5, 2021 response included a hypothetical or test basic illustration for policy form IUL14R(NY). The test illustration provided the accumulation value on a mid-point and non-guaranteed, current basis, but not on a guaranteed basis.

The examiner addressed this issue in prior correspondence and the Company acknowledged that the accumulation value on a guaranteed basis was not included and would be corrected within three months from April 19, 2019. In its July 20, 2021 response, the Company admitted that this action item was inadvertently overlooked and was still outstanding, but the Company indicated that the illustration software will be corrected by December 1, 2021 for new business and in force illustrations. Policy form IUL14R(NY) is still actively marketed with an illustration.

The Company received 877 applications for policy form IUL14R(NY) as of December 31, 2020.

Section 53-3.3(a)(12) of 11 NYCRR 53 (Insurance Regulation 74) states:

“(12) Any illustration of non-guaranteed elements shall be accompanied by a statement indicating that: (i) the benefits and values are not guaranteed; (ii) the assumptions on which they are based are subject to change by the insurer; and (iii) actual results may be more or less favorable.”

The examiner did not perform a comprehensive review of the prototype or test basic illustration of policy form IUL14R(NY), but instead focused on the deficiencies that were brought to the Company's attention in prior correspondence to determine whether these errors had been corrected. The Tabular Detail in pages 11 through 14 include some of the disclosures concerning

non-guaranteed elements, although not verbatim. The Tabular Detail pages did not, however, include the statement required in Section 53-3.3(a)(12)(ii) of 11 NYCRR 53 (Insurance Regulation 74) that the assumptions on which they are based are subject to change by the insurer. A review of the basic illustrations provided for policy forms FUL4 NY 10/12 and Exec-UL(NY) revealed the same issue.

The examiner comments that the disclosures concerning non-guaranteed elements are required for basic and in force illustrations.

The Company violated Section 53-3.2(a)(12)(ii) of 11 NYCRR 53 (Insurance Regulation 74) by failing to disclose in close proximity to the projected benefits and values that the assumptions on which the illustration of non-guaranteed elements are based are subject to change by the insurer.

As of December 31, 2020, the Company received 238 and 877 applications for policy forms IUL14NY and IUL14R(NY), respectively. Policy Form FUL4 NY 10/12 was closed to new sales in February 2017. Policy forms EXEC-UL (NY) and EXEC-ULR (NY) were closed to new sales in March 2018 and December 2019, respectively. The Company received 2,480 applications for policy form EXEC-UL(NY).

The Company agreed to add the disclosures concerning non-guaranteed elements required by Section 53-3.3(a)(12) of 11 NYCRR 53 (Insurance Regulation 74) to the bottom portion of the first page of the Tabular Detail section verbatim and in capital letters for added emphasis to new business illustrations of policy form IUL14R(NY) by December 1, 2021.

The examiner requested that the Company perform a review of its illustration software for policy forms subject to Section 4232(b) of the New York Insurance Law to identify all policy forms with policies in force at December 31, 2020, in which the placement of the disclosures required by Section 53-3.3(a)(12) of 11 NYCRR 53 (Insurance Regulation 74) are not proximate to the depiction of values and benefits on a non-guaranteed basis (i.e., the Tabular Detail) and the phrase that the assumptions on which non-guaranteed elements are based are subject to change by the insurer was not included in the in force illustration.

The Company stated effective July 20, 2021, in force illustrations for current assumption products sold in New York contain the disclosures required by Section 53-3.3(a)(12) of 11 NYCRR 53 (Insurance Regulation 74), in its entirety and further that the placement of the disclosures is proximate to the depiction of non-guaranteed elements in the Tabular Detail pages.

3.) Indexed Universal Life – Policy Forms IUL14(NY) and IUL14R(NY)

Section 3209(b)(2) of the New York Insurance Law states, in part:

“no annuity contract or life insurance policy or certificate with an equity index account shall be delivered or issued for delivery in this state unless, no later than at the time of application, the prospective purchaser has been provided with a disclosure statement containing the following: . . .

(B) a statement identifying the equity index used in the equity index formula, together with a description of any alternate index should the initial index no longer be publicly available . . .

(F) a statement identifying the initial minimum guaranteed interest rate for the minimum accumulation value of an equity index account and any withdrawal charge . . .”

The examiner was unable to locate disclosures for equity indexed products required by Section 3209(b)(2) of the New York Insurance Law in the basic illustration of policy form IUL14R(NY). Some of the disclosure information is included in the Equity Index Disclosure for Indexed Universal Life policy form ANY-72 (rv 03-17). This is a non-filed administrative form that is provided to the applicant when the application is taken. The Company stated that this form is updated annually to reflect the most recent 10-year average. The Company provided a copy of this form, the signed application, and the supplemental application (ANY-10681-2), for the selected sales of policy forms IUL14(NY) and IUL14R(NY) on January 5, 2021 to demonstrate compliance with the disclosures required for life insurance with an equity indexed account.

The examiner reviewed policy form ANY-72 (RV 03-17) and agreed that it included a statement that the calculation of the index’s rate of return excludes dividends paid on the underlying securities in the index. The form also indicated that over a 10-year period ending XX/XX/XXXX, the returns on the index were lower, compared to the same index including dividends by an average of X.X%, as required under Section 3209(b)(2)(C) of the New York Insurance Law.

The Company admitted that it charges a \$25 administrative fee for partial withdrawals and that this information is not disclosed in the basic illustration, application, supplemental life application (ANY-10681-2), or in policy form ANY-72.



The Company violated Section 3209(b)(2)(F) of the New York Insurance Law by failing to disclose the specifics regarding any withdrawal charges applicable to the equity index account in the basic illustration or supplemental disclosure form.

The Company agreed to modify the policy form IUL14R(NY) illustrations to disclose the \$25 fee for partial withdrawals by April 2021.

Policy form ANY-10767, the application, and policy form ANY-10681-2, the supplemental application, include a statement that should the S&P 500 Index no longer be publicly available, the Company may use an alternate index that will be determined at the time of discontinuance subject to the approval of the Superintendent of Insurance.

This statement does not comply with Section 3209(b)(2)(B) of the New York Insurance Law. The law requires a “description” of any alternate index should the initial index no longer be publicly available. The index does not need to be specified by name. There is no need to hold in reserve an alternate index. However, a description of any alternate index is required.

The Company violated Section 3209(b)(2)(B) of the New York Insurance Law by failing to describe any alternate index or indices that may be used should the initial index, the S&P 500, no longer be publicly available.

The Company disagreed with the examiner’s interpretation of Section 3209(b)(2)(B) of the New York Insurance Law and maintains that its current disclosure regarding alternate indices is in full compliance with the requirements in the law. The Company stated that in the event that the S&P 500 is no longer available, any alternate index that would be used would be based on a similarly constituted collection of U.S. based companies with large capitalization. The submission of any such alternate index would be subject to the review and approval of the Department.

The Company agreed, however, to modify its product disclosures to include the statement that in the event that the S&P 500 is no longer available, any alternate index that would be used will be based on a similarly constituted collection of U.S. based companies with large capitalization. This is acceptable to the Department.

As of December 31, 2020, the Company received 238 and 877 applications for policy forms IUL14(NY) and IUL14R(NY), respectively. Policy form IUL14(NY) was sold between June 27, 2016, through March 22, 2018. IUL14R(NY) is still actively marketed.

4.) Non-illustrated universal life policy forms SGUL 15(NY), SGUL15S(NY), SGUL15R(NY), and 40- 80 S NY

Section 3209 of the New York Insurance Law states, in part:

“(b)(1) No policy of life insurance shall be delivered or issued for delivery in this state . . . unless the prospective purchaser has been provided with the following:

(A) . . . the preliminary information required by subsection (d) of this section, at or prior to the time an application is taken . . .

(d) The preliminary information shall be in writing and include, to the extent applicable, the following. . .

(4) the total guaranteed cash surrender values for the basic policy, at the end of the tenth and twentieth policy years or at the end of the premium-paying period if earlier. These values may be shown on a per thousand or per unit basis . . .

(7) in addition, the applicant shall be advised that, when the policy is issued, a complete policy summary, including cost data, based on the benefits, premiums and dividends of the policy as issued, will be furnished . . .”

Section 53-2.1 of 11 NYCRR 53 (Insurance Regulation 74) states, in part:

“(a) The preliminary information shall be in writing and include, to the extent applicable, the following: . . .

(2) the full name and home office, administrative office or branch or agency office address of the insurer in whose name the life insurance policy is to be written. . .

(4) a table of values and benefits based upon current, median and guaranteed policy cost factors for the base policy and any rider at the end of each of the first five policy years, the tenth policy year and at the end of the policy years in which the proposed insured attains age 65, 75, 85 and 95. These values may be shown on a per thousand or per unit basis;

(5) the year coverage will terminate based upon current, median and guaranteed policy cost factors. These values may be shown on a per thousand or per unit basis;

(6) the interest rate basis for each table of values based upon current, median and guaranteed policy cost factors;

(7) the effective policy loan annual percentage interest rate and whether this rate is applied in advance or in arrears, adjustable or fixed;

(8) acknowledgment that the potential purchaser understands that policy values, cash surrender values and death benefits based on current and median policy cost factors are not guaranteed and that any changes in the company’s interest earnings, expenses or claim experience may result in lower or higher premium payments or lower or higher policy benefits;

(9) a statement advising the applicant that when the policy is issued, a complete policy summary including cost data, based on the benefits, premiums and dividends of the policy as issued will be furnished, and that, following the receipt of the policy and policy summary, there will be a period of not less than ten days within which the applicant may return the policy for an unconditional refund of the premium paid or the adjusted amount if such policy provides for a market-value adjustment pursuant to Section 3203(a)(11) of the Insurance Law; and

(10) life insurance cost indexes and the equivalent annual dividend for the basic policy for 10 and 20 years, but in no case beyond the premium paying period.  
(b) The table of values and benefits based on guaranteed policy cost factors shall be labeled in a prominent manner ‘guaranteed’ and the table of values and benefits based on current and median policy cost factors shall be labeled in a prominent manner ‘not guaranteed . . .’”

The examiner reviewed the preliminary information examples submitted by the Company for policy forms SGUL 15(NY), SGUL15S(NY), SGUL15R(NY), and 40-80 S NY. Universal life policies are subject to Section 4232(b) of the New York Insurance Law, and as such, if an illustration is not being used to market the policy, the preliminary information must conform to Section 53-2.1 of 11 NYCRR 53 (Insurance Regulation 74), which requires, among other things, the current and median values be shown in addition to the guaranteed values. The preliminary information example for policy form SGUL15R(NY) showed the full name of the insurer and the city and state where the Company home office is located, but it did not show the full address of the home office or administrative office of the insurer, as required.

The Company violated Section 3209(b)(1)(A) of the New York Insurance Law and Sections 53-2.1(a)(2), (a)(4), (a)(5), (a)(6), (a)(7), (a)(8), (a)(9), and (a)(10) of 11 NYCRR 53 (Insurance Regulation 74) by issuing universal life policies without providing the required preliminary information to the applicant.

In addition, the correct policy form number is not shown in the preliminary information document. The preliminary information omits the “R” in the policy form number. The policy form submitted for approval that is on file with the Department is SGUL15R(NY), not SGUL15NY.

The examiner recommends that the Company correct its software programming to show the correct policy form number in the preliminary information of this form.

The Company agreed to correct the illustration software programming for policy forms SGUL15R(NY) and SGUL15S(NY) to include the required information pursuant to Section 53-2.1 of 11 NYCRR 53 (Insurance Regulation 74). The corrected preliminary information for policy forms SGUL15R(NY) and SGUL15S(NY) was moved into production effective September 1, 2019.

Section 3209(b)(1)(B) of the New York State Insurance Law states, in part:

“No policy of life insurance shall be delivered or issued for delivery in this state . . . unless the prospective purchaser has been provided with the following:  
(B) a policy summary upon delivery of the policy . . .”

Section 3209(f) of the New York Insurance Law states, in part:

“The policy summary must be a separate document . . .”

Section 53-2.2(a)(1) of 11 NYCRR 53 (Insurance Regulation 74) states, in part:

“. . . A policy summary shall include the following . . .  
(1) a prominently placed title as follows:  
'STATEMENT OF POLICY COST AND BENEFIT INFORMATION' . . .  
(e) The policy summary shall be a separate document.”

The Company did not furnish the policy summary or statement of policy cost and benefit information to policyholders with delivery of the policy, as required, for policy forms SGUL 15(NY), SGUL15S(NY), SGUL15R(NY), and 40-80 S NY. Universal life policies are subject to Section 4232(b) of the New York Insurance Law, and as such, if an illustration is not being used to market the policy, the Company must furnish the policyholder with a policy summary conforming to Section 53-2.2 of 11 NYCRR 53 (Insurance Regulation 74).

The Company violated Section 3209(b)(1)(B) of the New York Insurance Law and Section 53-2.2(a) of 11 NYCRR 53 (Insurance Regulation 74) by failing to provide the required policy summary information to universal life policyholders.

There were 1,751 affected consumers that: 1) applied for insurance and received non-compliant preliminary information and 2) were issued a policy of insurance without receiving a policy summary.

Effective September 26, 2019, the Company modified its processes to ensure that compliant policy summaries are provided to insureds for policy forms SGUL15R(NY) and SGUL15S(NY) at the time of policy issuance.

Policy form SGUL 15(NY) was closed to new sales effective March 22, 2018. Policy forms SGUL15R(NY) and SGUL15S(NY) were closed to new sales during 2020.

Section 3211(g) of the New York Insurance Law states, in part:

“In the case of life insurance policies to which this section is applicable and which contain a cash surrender value, the insurer must provide an annual notification that the policy contains a cash surrender value and that further information, including the amount thereof, is available from the insurer upon written request from the policyowner. Such notification shall include a statement that the insured has the right to request an updated policy illustration based . . . in respect to a policy subject to subsection (a) of section four thousand two hundred thirty-two of this chapter, on the then current mortality, interest and expense assumptions . . .”

Section 53-3.6(c) of 11 NYCRR 53 (Insurance Regulation 74) states:

“Upon the request of the policyowner, the insurer shall furnish an in force illustration of current and future benefits and values based on the insurer’s present illustrated scale. This illustration shall comply with the requirements of Sections 53-3.2(a), 53-3.3(a), and 53-3.3(e) of this Subpart. No signature or other acknowledgement of receipt of this illustration shall be required.”

The in force illustrations provided to policyholders displayed guaranteed elements only for policy forms 40-80 S NY, SGUL15(NY), SGUL15S(NY), and SGUL15R(NY).

The Company violated Section 3211(g) of the New York Insurance Law and Section 53-3.6(c) of 11 NYCRR 53 (Insurance Regulation 74) by providing in force illustrations to policyholders that were not based upon current mortality, interest, and expense assumptions.

As of April 1, 2019, there were 1,191 policies in force for these policy forms.

Effective September 26, 2019, the Company corrected the in force illustrations of policy forms SGUL15(NY), SGUL15S(NY), and SGUL15R(NY) so that they are based upon current mortality charges.

##### 5.) In force Illustrations

Section 53-3.6(c) of 11 NYCRR 53 (Insurance Regulation 74) states:

“(c) Upon the request of the policyowner, the insurer shall furnish an in force illustration of current and future benefits and values based on the insurer’s present illustrated scale. This illustration shall comply with the requirements of Sections 53-3.2(a), 53-3.3(a), and 53-3.3(e) of this Subpart. No signature or other acknowledgement of receipt of this illustration shall be required.”

Section 53-3.2 of 11 NYCRR 53 (Insurance Regulation 74) states, in part:

- (a) An illustration used in the sale of a life insurance policy and subject to this Subpart shall satisfy the applicable requirements of this Subpart, be clearly labeled 'life insurance illustration' and contain the following basic information . . .
- (2) Name and business address of producer or insurer's authorized representative, if any . . .
- (5) Generic name of policy, the company product name, if different, and form number . . .”

Section 53-3.3(a) of 11 NYCRR 53 (Insurance Regulation 74) states, in part:

- “. . . (2) Each page, including any explanatory notes or pages, shall be numbered and show its relationship to the total number of pages in the illustration (e.g., the fourth page of a seven-page illustration shall be labeled 'page 4 of 7 pages') . . .
- (5) The assumed payments on which the illustrated benefits and values are based shall be identified as premium outlay or contract premium, as applicable. For policies that do not require a specific contract premium, the illustrated payments shall be identified as premium outlay . . .
- (12) Any illustration of non-guaranteed elements shall be accompanied by a statement indicating that:
  - (i) the benefits and values are not guaranteed;
  - (ii) the assumptions on which they are based are subject to change by the insurer; and
  - (iii) actual results may be more or less favorable . . .”

The in force illustration for policy forms 40-11 (Rev. 1/92), FUL4 NY 0806, 40-90 NY (Rev. 9/99), and 40-90 NY did not contain the name and business address of the producer or insurer's authorized representative.

The Company violated Section 53-3.2(a)(2) of 11 NYCRR 53 (Insurance Regulation 74) by failing to show the name and business address of the agent or producer on its in force illustrations.

There were 541 affected policies in force as of March 31, 2019 in which the illustration failed to show the name and business address of the agent or producer.

As of April 2019, the Company anticipated that it may take 2-3 months to add the name and address of the agent or producer to in force illustrations.

The in force illustration for policy form 40-11 (Rev. 1/92) did not contain the generic name of the policy. The in force illustration for policy forms FUL4 NY 0806, 40-90 NY (Rev. 9/99), and 40-90 NY did not contain the generic name of the policy or the policy form number. The in force illustration for policy forms FUL4 NY 0806 (Rev. 10/12), 4090 NY (Rev. 11/08), EXEC-

UL(NY), EXEC-ULU(NY), IUL14(NY), SPL5 B1 NY 0506, IUL14R(NY), and SPL6 B1 NY 011 contains the policy form number, but it is incorrect.

The Company violated Section 53-3.2(a)(5) of 11 NYCRR 53 (Insurance Regulation 74) by failing to include the generic name of the policy or the correct policy form number in its in force illustrations.

There were 2,185 affected policies in which the in force illustrations failed to include the generic name of the policy or the correct policy form number.

The pages in the in force illustration for policy forms 40-90 NY (Rev. 9/99) and 40-90 NY did not show its relationship to the total number of pages in the illustration. For example, the fourth page of a seven-page illustration should be labeled “page 4 of 7 pages”.

The Company violated Section 53-3.3(a)(2) of 11 NYCRR 53 (Insurance Regulation 74) by failing to number each page and show its relationship to the total number of pages in the illustration.

There were 60 affected policies in which the in force illustrations failed to number each page and show its relationship to the total number of pages in the illustration.

Policy form 40-90 NY (Rev. 9/99) is a non-participating, flexible premium joint life survivorship universal life insurance policy approved by the Department on September 26, 2000. Policy form 40-90 NY was approved on March 15, 1991, and the Company issued policies through March 2001 using this policy form. Flexible premiums are payable during the lifetime of the insureds or until maturity date. The in force illustration for these policy forms shows the policy year, attained age of one of the insureds, the death benefit, fund basis, fund balance, and the surrender value. The death benefit and surrender values appear to be based on the current interest rate and cost assumptions, but the current interest rate credited to the policy is not indicated. The annual premium outlay is not shown for any duration. The in force illustration did not contain the disclosure required in Section 53-3.3(a)(12)(ii) of 11 NYCRR 53 (Insurance Regulation 74) that the assumptions on which the illustration of non-guaranteed elements are based are subject to change by the insurer.

The Company violated Section 53-3.3(a)(5) of 11 NYCRR 53 (Insurance Regulation 74) by failing to show on its illustrations the assumed payments on which the illustrated benefits and values are based as premium outlay or contract premium.

There were 60 affected policies in which the in force illustrations failed to show the assumed payments on which the illustrated benefits and values are based as premium outlay or contract premium.

The Company violated Section 53-3.2(a)(12)(ii) of 11 NYCRR 53 (Insurance Regulation 74) by failing to state that the assumptions on which the illustration is based are subject to change by the insurer.

There were 60 affected policies in which the in force illustrations failed to state that the assumptions on which the illustration is based are subject to change by the insurer.

The Company agreed that the illustration software will be modified for all affected policy forms to include:

- The generic name of the policy;
- The correct policy form number; and
- To show each page number in its relationship to the total number of pages in the illustration.

The Company agreed to modify in force illustrations of policy forms 40-90 NY and 40-NY (Rev 9/99) to include the statement of the current interest rate, the annual premium outlay for each duration shown and that non-guaranteed elements shown in the illustration are subject to change by the insurer. The Company completed this project on September 26, 2019.

## 6.) Annual Reports

Section 4221(a)(7) of the New York Insurance Law states, in part:

“That the company shall deliver . . . and shall mail to each such holder at least once each policy year or within sixty days after the end of a policy year a statement as of a date during such year as to the death benefit, cash surrender value and loan value under the policy. . .”

The annual reports do not comply with Section 4221(a)(7) of the New York Insurance Law. The annual reports provide the amount of any outstanding loans against the policy, if applicable, but they do not provide the maximum loan value available to the policyholder under the policy.

The Company violated Section 4221(a)(7) of the New York Insurance Law by failing to specify the loan value available to the policyholder under the policy in the annual report.

As of December 31, 2020, there were 5,925 New York policyholders that did not receive the required loan value in their annual report.



The Company agreed to add the maximum loan value available to the consumer in the annual report for the affected policy forms by April 15, 2022.

Section III.F.1 of the Individual Universal Life Product Outline published on the Department's website states, in part:

“. . . (g) The policy and annual report must describe in a prominent place any policyholder action (e.g., partial withdrawal or loan) that will nullify the secondary guarantee. Based on Section 3201(c)(2).

(h) The annual report must state whether or not the guarantee is in effect on the date of the report. If a lump sum is projected to be required to be paid at the end of the no-lapse period to maintain the policy in force, it is recommended that the annual report include an early warning notice to that effect.”

The examiner reviewed the annual reports furnished to policyholders of policy forms SGUL15(NY), IUL14(NY), EXECUL(NY), and EXECUL (NY) issued with CCVR10(NY). Each policy form contains a 10-year secondary guarantee (i.e., no lapse guarantee) benefit. Form CCVR10(NY) is a rider that continues the no lapse guarantee coverage of the policy after the 10-year safety net guarantee period of the base policy expires. The Company discontinued the sale of the coverage protection rider CCVR10(NY) effective March 2017.

Policy form SGUL15(NY) is a non-participating policy form with two no lapse guarantees referred to in the policy provisions as the 10-Year Minimum Premium Guarantee and No-lapse Guarantee. The No-lapse Guarantee begins in policy year 11 and guarantees that as long as the value of the No-lapse Guarantee Account is greater than or equal to zero, the policy will not lapse. This feature, however, does not prevent lapse if there is policy debt. If the policyowner takes a loan, they may be required to pay more premium than the 10-Year Minimum Premium Requirement to keep this policy in force. The no lapse guarantee account (reference or shadow account) that begins to accumulate in the 11th year may not keep the policy in force if there is an outstanding loan. Partial surrenders and withdrawals also may negatively impact the no lapse guarantee account.

The annual report for policy form SGUL15(NY) contained a disclosure in bold type “OUTSTANDING LOANS WILL REDUCE YOUR DEATH BENEFIT AND WILL JEOPARDIZE YOUR NO-LAPSE GUARANTEE” in Section 4 (Loan Activity). There was no other reference in the annual report to other policyholder actions that may have a negative impact

on the no lapse guarantee benefit, such as withdrawals, changes to the policy, and the timely payment of premium payments, as examples. The annual report also did not explicitly state whether or not the no lapse guarantee is in effect on the date of the report. Section 7 of the annual report for SGUL15(NY) implies that the no lapse guarantee is in effect by providing the value of the no lapse guarantee account and stating that as long as the policy has a positive no lapse guarantee account value and no policy debt, the policy will not lapse.

The policy provisions of SGUL15(NY) provide that if the planned premium is based on a duration other than the insured's age 121, at the end of that duration, the policy premiums required to keep the policy in force will be significantly higher than the planned periodic premium. There was no early warning effect to this provision in the annual report.

In its response, the Company stated that it indicates the information provided in Section 4 adequately describes any policyholder action that could negatively impact the secondary guarantee. The Company also indicates that the information in Section 7 of the annual report satisfies the product outline guidance requiring the insurer to state whether or not the guarantee is in effect on the date of the report. However, the Company agreed to add the following language to the annual report of policy form SGUL15(NY) with respect to the 10-Year Minimum Premium Guarantee:

“The 10-Year Minimum Premium Guarantee will expire on MM/DD/YYYY. The minimum annual premium to maintain the 10-Year Minimum Premium Guarantee is \$XXX.XX. Policy debt and prior withdrawals on the policy will increase the amount of premium needed to satisfy the 10-Year Minimum Premium Guarantee.”

The annual report for policy form IUL14(NY) provides the date that the safety net guarantee period (i.e., the 10 year no lapse guarantee period) expires assuming the future payment of planned premium. However, the other important consumer disclosures are not contained in the annual report.

The Company agreed to add the following language to the Policy and Coverage Information section of the IUL14(NY) and IUL14R(NY) annual reports:

“Policy debt and prior withdrawals on the policy will increase the amount of premium needed to satisfy the No Lapse Guarantee.”

The examiner recommends that the Company enhance the proposed disclosures to be more consistent with the language in Form IUL14R-DP(NY) by clearly stating that based on the payment of the no lapse guarantee premium, an additional lump sum payment may be needed to keep this policy in force at the end of the no lapse guarantee period. The Company should also make clear that taking a loan, withdrawal or partial surrender may have a negative impact on the no lapse guarantee benefit and the guarantee may not prevent the policy from lapsing.

Section 4 of the annual report for policy form EXEC-UL issued with the Coverage Continuation Rider states that the safety net guarantee period expires on 11/13/2076 (when the insured reaches age 121). Section 6 of the annual report includes a notice that the 10-Year safety net guarantee period in the base policy will expire on 11/13/2025. Section 6 also includes the minimum annual premium necessary to maintain the 10-Year no lapse guarantee (Safety Net Guarantee). The examiner was unable to locate where the annual report prominently described any policyholder action (or inaction) that could negatively impact the secondary guarantee (i.e., no lapse guarantee benefit), such as: policy loans, withdrawals or a partial surrender, the timely payment of premium or changes in the benefits as examples.

Since the applicant elected the coverage continuation rider coverage, continuing coverage to age 121 after the expiration of the 10-Year Safety Net Guarantee Period in the base policy, the early warning notice concerning the payment of a lump sum at the end of the no lapse guarantee benefit is not applicable. However, for a policy in which the applicant did not elect the coverage continuation rider at issue, the Company should include a disclosure that a lump sum may be required at the end of the 10-Year Safety Net Guarantee Period afforded in the base policy, if this is a possibility (projected).

In its response, the Company stated that the disclosures in Section 6 of the annual report comply with the product outline requirements. However, in the interest of cooperation, the Company agreed to add the following language to section 6 of its annual report for policy form EXEC-UL with respect to the 10-Year Safety Net Guarantee in the base policy:

“Policy debt and prior withdrawals on the policy will increase the amount of premium needed to satisfy the Safety Net Guarantee.”

The Company failed to comply with Section III.F.1.(g) of the Individual Universal Life Product Outline by failing to prominently describe any policyholder actions that may have a negative impact on the secondary guarantee benefit.

The Company failed to comply with Section III.F.1.(h) of the Individual Universal Life Product Outline by failing to explicitly state that the no lapse guarantee is in effect as of the date of the report and by failing to include, when applicable, a notice that a lump sum may be required to be paid at the end of the no lapse period to maintain the policy in force.

Form CCVR10(NY), Coverage Continuation Rider, was an elected rider benefit offered with policy forms EXEC-UL(NY), EXEC-ULU(NY), EXEC-ULR(NY), and EXEC-ULUR(NY). Effective December 6, 2019, the Company is no longer offering the rider in New York. The Company has no like secondary no lapse guarantee riders that are currently sold with other products.

The Company advised that it is taking measures to include language in the annual report for all affected policy forms regarding the need for an additional lump sum payment and the potential negative impact of taking a loan, withdrawal or partial surrender on the no lapse guarantee benefit. The Company anticipates that it will be implementing the required system programming changes by the end of 2021.

As of December 31, 2020, the Company identified 3,353 New York policyholders that did not receive the important consumer disclosures concerning their secondary guarantee benefit in the annual report.

The examiner recommends that the Company take measures to ensure that the annual report for policy form SGUL18 (NY) contains the important consumer disclosures concerning the no lapse guarantee benefit as required in Sections III.F.1.(g) and (h) of the Individual Universal Life Product Outline.

The Company agreed to add the important consumer disclosures to the annual report for policy form SGUL18(NY) by the end of 2021. As of December 31, 2020, the Company had 333 policies in force for this policy form.

## 5. SUMMARY AND CONCLUSIONS

Following are the violations, recommendations and comments contained in this report:

<u>Item</u>	<u>Description</u>	<u>Page No(s).</u>
A	The Company violated Section 243.2(b)(1) of 11 NYCRR 243 (Insurance Regulation 152) by failing to maintain a copy of the Buyer's Guide and the preliminary information for each insurance contract or policy for six calendar years after the date the policy is no longer in force or until the filing of the date of the report on examination in which the record was subject to review, whichever is longer.	8
B	The Company violated Section 243.2(b)(1)(iv) of 11 NYCRR 243 (Insurance Regulation 152) by failing to maintain other information necessary for reconstructing the solicitation, rating, and underwriting of the contract or policy.	8
C	The Company violated Section 243.2(b)(8) of 11 NYCRR 243 (Insurance Regulation 152) by failing to maintain copies of the sales material used in the sale of its deferred and immediate annuity contracts for six calendar years from its creation or until after the filing of a report on examination.	8
D	The Company violated Section 53-3.2(a)(7) of 11 NYCRR 53 (Insurance Regulation 74) by failing to include the dividend option in the basic and in force illustrations of its participating policy forms.	10
E	The examiner recommends that the Company modify its illustration software for participating policy forms so that basic and in force illustrations of all participating policy forms contain the dividend option elected by the policyholder, as required.	10
F	The Company violated Section 53-3.3(c)(1) of 11 NYCRR 53 (Insurance Regulation 74) by failing to provide the planned annual premium outlay in the Numeric Summary of the basic illustration presented to the applicant at the point of sale.	11
G	The Company violated Section 53-3.3(g) of 11 NYCRR 53 (Insurance Regulation 74) by failing to include the premium outlay, death benefits and values of the policy for the insured at ages 85 and 90 in the Numeric Summary.	11

<u>Item</u>	<u>Description</u>	<u>Page No(s).</u>
H	The Company violated Section 53-3.2(a)(12)(ii) of 11 NYCRR 53 (Insurance Regulation 74) by failing to disclose in close proximity to the projected benefits and values that the assumptions on which the illustration of non-guaranteed elements are based are subject to change by the insurer.	13
I	The Company violated Section 3209(b)(2)(F) of the New York Insurance Law by failing to disclose the specifics regarding any withdrawal charges applicable to the equity index account in the basic illustration or supplemental disclosure form.	15
J	The Company violated Section 3209(b)(2)(B) of the New York Insurance Law by failing to describe any alternate index or indices that may be used should the initial index, the S&P 500, no longer be publicly available.	15
K	The Company violated Section 3209(b)(1)(A) of the New York Insurance Law and Sections 53-2.1(a)(2), (a)(4), (a)(5), (a)(6), (a)(7), (a)(8), (a)(9), and (a)(10) of 11 NYCRR 53 (Insurance Regulation 74) by issuing universal life policies without providing the required preliminary information to the applicant.	17
L	The examiner recommends that the Company correct its software programming to show the correct policy form number in the preliminary information of this form.	17
M	The Company violated Section 3209(b)(1)(B) of the New York Insurance Law and Section 53-2.2(a) of 11 NYCRR 53 (Insurance Regulation 74) by failing to provide the required policy summary information to universal life policyholders.	18
N	The Company violated Section 3211(g) of the New York Insurance Law and Section 53-3.6(c) of 11 NYCRR 53 (Insurance Regulation 74) by providing in force illustrations to policyholders that were not based upon current mortality, interest, and expense assumptions.	19
O	The Company violated Section 53-3.2(a)(2) of 11 NYCRR 53 (Insurance Regulation 74) by failing to show the name and business address of the agent or producer on its in force illustrations.	20
P	The Company violated Section 53-3.2(a)(5) of 11 NYCRR 53 (Insurance Regulation 74) by failing to include the generic name of the policy or the correct policy form number in its in force illustrations.	21

<u>Item</u>	<u>Description</u>	<u>Page No(s).</u>
Q	The Company violated Section 53-3.3(a)(2) of 11 NYCRR 53 (Insurance Regulation 74) by failing to number each page and show its relationship to the total number of pages in the illustration.	21
R	The Company violated Section 53-3.3(a)(5) of 11 NYCRR 53 (Insurance Regulation 74) by failing to show on its illustrations the assumed payments on which the illustrated benefits and values are based as premium outlay or contract premium.	21
S	The Company violated Section 53-3.2(a)(12)(ii) of 11 NYCRR 53 (Insurance Regulation 74) by failing to state that the assumptions on which the illustration is based are subject to change by the insurer.	22
T	The Company violated Section 4221(a)(7) of the New York Insurance Law by failing to specify the loan value available to the policyholder under the policy in the annual report.	22
U	The examiner recommends that the Company enhance the proposed disclosures to be more consistent with the language in Form IUL14R-DP(NY) by clearly stating that based on the payment of the no lapse guarantee premium, an additional lump sum payment may be needed to keep this policy in force at the end of the no lapse guarantee period. The Company should also make clear that taking a loan, withdrawal or partial surrender may have a negative impact on the no lapse guarantee benefit and the guarantee may not prevent the policy from lapsing.	25
V	The Company failed to comply with Section III.F.1.(g) of the Individual Universal Life Product Outline by failing to prominently describe any policyholder actions that may have a negative impact on the secondary guarantee benefit.	26
W	The Company failed to comply with Section III.F.1.(h) of the Individual Universal Life Product Outline by failing to explicitly state that the no lapse guarantee is in effect as of the date of the report and by failing to include, when applicable, a notice that a lump sum may be required to be paid at the end of the no lapse period to maintain the policy in force.	26
X	The examiner recommends that the Company take measures to ensure that the annual report for policy form SGUL18 (NY) contains the important consumer disclosures concerning the no lapse guarantee benefit as required in Sections III.F.1.(g) and (h) of the Individual Universal Life Product Outline.	26

Respectfully submitted,

Tarn Khera

Tarn Khera  
Senior Insurance Examiner

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

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

Tarn Khera

Tarn Khera

Subscribed and sworn to before me

this 21<sup>st</sup> day of December, 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/

Christine Mavour  
Associate Insurance Examiner

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

Christine Mavour, being duly sworn, deposes and says that the foregoing report, subscribed by her, is true to the best of her knowledge and belief.

\_\_\_\_\_  
/s/

Christine Mavour

Subscribed and sworn to before me

this \_\_\_\_\_ day of \_\_\_\_\_

APPOINTMENT NO. 32345

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:

**TARN KHERA**

as a proper person to examine the affairs of the

**AMERICAN NATIONAL 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 2nd day of February, 2022

ADRIENNE A. HARRIS  
Superintendent of Financial Services

By:

*Mark McLeod*

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MARK MCLEOD  
DEPUTY CHIEF - LIFE BUREAU

