



FINANCIAL CONDITION REPORT ON EXAMINATION

OF THE

AMERITAS LIFE INSURANCE CORP. OF NEW YORK

AS OF DECEMBER 31, 2021

EXAMINER:

DENISE SAUNDERS

DATE OF REPORT:

JUNE 21, 2023

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KATHY HOCHUL
Governor



ADRIENNE A. HARRIS
Superintendent

June 23, 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. 32491, dated March 6, 2023, and annexed hereto, an examination has been made into the condition and affairs of Ameritas Life Insurance Corp. of New York, hereinafter referred to as "the Company". The Company's home office is located at 1350 Broadway, New York, NY 10018. The Company's administrative office is located at 5900 O Street, Lincoln, Nebraska 68510. 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's") *Financial Condition Examiners Handbook, 2022 Edition* (the "Handbook"). The examination covers the four-year period from January 1, 2018 to December 31, 2021. 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, 2021, 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 was coordinated and conducted in conjunction with the examination of Ameritas Life Insurance Corp. ("ALIC"), a Nebraska domiciled life insurer and the Company's parent. The examination was conducted as part of the Ameritas Mutual Holding Group. Nebraska served as the lead state with participation from the State of New York. Since the lead and participating states are both accredited by the NAIC, both states deemed it appropriate to rely on each other's work. Information about the Company's organizational structure, business approach and control environment were utilized to develop the examination approach. The Company's risks and management activities were evaluated incorporating the NAIC's nine branded risk categories. These categories are as follows:

- Pricing/Underwriting

- Reserving
- Operational
- Strategic
- Credit
- Market
- Liquidity
- Legal
- Reputational

The Company was audited annually, for the years 2018 through 2021, by the accounting firm of Deloitte & Touche, LLP. The Company received an unqualified opinion in all years. Certain audit workpapers of the accounting firm were reviewed and relied upon in conjunction with this examination. ALIC has an internal audit department which was given the task of coordinating control testing and assessing the internal control structure and compliance with the NAIC Model Audit Rule (“MAR”) for the affiliated companies being examined. Where applicable, MAR work papers and reports were reviewed, and portions were relied upon for this examination.

The examiner reviewed the corrective actions taken by the Company with respect to the comment and recommendation contained in the prior report on examination. The results of the examiner’s review are contained in item 5 of this report. This report on examination is confined to financial statements and comments on those matters which involve departure from laws, regulations or rules, or which require explanation or description.

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2. DESCRIPTION OF COMPANY

A. History

The Company was incorporated as a stock life insurance company under the laws of the State of New York on April 1, 1993, under the name Great Ameritas Life Insurance Corp. The Company filed an amended and restatement of its charter on November 9, 1993, to change its name to First Ameritas Life Insurance Corp. of New York (“FALICNY”). The Company was licensed and commenced business on May 17, 1994. Initial resources of \$6,300,000, consisting of common capital stock of \$2,000,000 and paid in and contributed surplus of \$4,300,000, were provided through the sale of 2,000 shares of common stock (with a par value of \$1,000 each) for \$3,150 per share.

On January 7, 1997, Ameritas Bankers Assurance Company, a domestic accident and health insurer, merged into the Company, with the Company being the survivor. As a result of the merger, the Company’s gross paid in and contributed surplus increased to \$6,800,000.

On January 1, 2006, Ameritas Acacia Mutual Insurance Holding Company, the ultimate parent of the Company, merged with Union Central Mutual Holding Company, at the holding company level, to form the UNIFI Mutual Holding Company (“UNIFI”). As a result of this merger, The Union Central Life Insurance Company (“Union Central”), an Ohio stock life insurance company, became an affiliate of the Company. Union Central was licensed to do business in the State of New York.

In March 2010, FALICNY submitted an Amended and Restated Plan of Operations (“ARPO”). Pursuant to the ARPO, Union Central would no longer write direct business in New York within two years after the approval. All new business written in New York would be issued through FALICNY, but Union Central would maintain its current block of business. The ARPO was approved by the Department on June 18, 2010. In connection with the ARPO, ALIC, the immediate parent and sole shareholder of the Company contributed \$30 million to the Company on July 19, 2010.

Effective February 1, 2012, FALICNY’s name was changed to Ameritas Life Insurance Corp. of New York. Effective May 3, 2012, UNIFI’s name was changed to Ameritas Mutual Holding Company (“AMHC”).

On February 28, 2013, the Company's board of directors approved a Plan of Operation which designated the Company as the sole insurer operating in New York within the AMHC group. The Plan of Operation also outlines a plan to enter into a series of reinsurance transactions with its affiliate, Union Central, and Union Central was merged into ALIC in July of 2014.

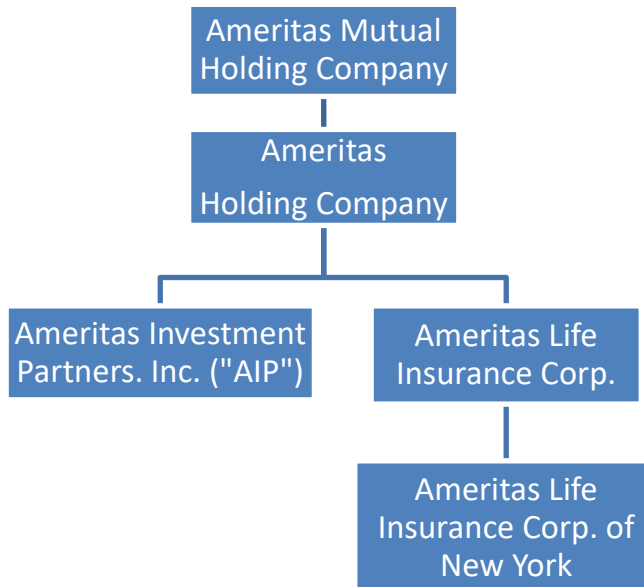
As of December 31, 2021, the Company had total capital and surplus of \$117,435,785.

B. Holding Company

The Company is a wholly owned subsidiary of ALIC, a Nebraska domiciled life insurer. ALIC in turn is a wholly owned subsidiary of Ameritas Holding Company ("AHC"), a Nebraska holding company. The ultimate parent of the Company is AMHC, a Nebraska Mutual Insurance Holding Company.

C. Organizational Chart

An organization chart reflecting the relationship between the Company and significant entities in its holding company system as of December 31, 2021 follows:



D. Service Agreements

The Company had three 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 of Services	Specific Service(s) Covered	Expense* For Each Year of the Examination
Administrative Services Agreement File No. 42817	01/01/2011	ALIC and AHC	The Company	AHC: Services and expenses attributable to AMHC, including annual independent audits, and annual proxy mailings to AMHC members ALIC: Policy Administration, Accounting and Actuarial Services, Information Technology, Legal, Human Resources, Marketing and Distribution, Risk Management	2018 \$(17,756,842) 2019 \$(19,777,962) 2020 \$(18,794,880) 2021 \$(21,960,360)
Investment Advisory Agreement File No. 50625	07/21/2015	AIP	The Company	Investment of Assets	2018 \$(1,159,194) 2019 \$(1,231,498) 2020 \$(1,285,044) 2021 \$(1,330,649)
Administrative Services Agreement File No. 57644	07/01/2019	AIC	The Company	Supervision of sales practices and suitability reviews required under Insurance Regulation 187.	2019 \$ (47,629) 2020 \$(368,364) 2021 \$(230,640)

* Amount of Expense Incurred by the Company

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

E. Management

The Company's by-laws provide that the board of directors shall be comprised of not less than 7 and not more than 11 directors. Directors are elected for a period of one year at the annual meeting of the stockholders held in March of each year. As of December 31, 2021, the board of directors consisted of seven members. Meetings of the board are held immediately following the annual meeting of shareholders and as frequently as the dispatch of business requires, but at least four times in each calendar year.

The seven board members and their principal business affiliation, as of December 31, 2021, were as follows:

<u>Name and Residence</u>	<u>Principal Business Affiliation</u>	<u>Year First Elected</u>
Ryan C. Beasley Lincoln, NE	Executive Vice President, Individual Insurance Ameritas Life Insurance Corp. of New York	2019
Robert K. Crandall* Albany, NY	Vice President, Operations Arthur J. Gallagher & Co.	2008
Ann M. Frohman** Lincoln, NE	Attorney Frohman Law Office	2019
Karen M. Gustin Lincoln, NE	Executive Vice President, Group Ameritas Life Insurance Corp. of New York	2009
Brian W. Kaiser* Lincoln, NE	Chief Technology Officer HUDL, Inc.	2016
William W. Lester Lincoln, NE	President and Chief Executive Officer Ameritas Life Insurance Corp. of New York	2009
Susan K. Wilkinson Lincoln, NE	Executive Vice President, Chief Financial Officer and Treasurer Ameritas Life Insurance Corp. of New York	2017

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

**A board member of Ameritas Mutual Holding Company, Ameritas Holding Company, Ameritas Life Insurance Corp., and Ameritas Life Insurance Corp. of New York.

On January 1, 2023, Kelly John Wieseler replaced Karen M. Gustin as director.

The following is a listing of the principal officers of the Company as of December 31, 2021:

<u>Name</u>	<u>Title</u>
William W. Lester	President, Chief Executive Officer
Ryan C. Beasley	Executive Vice President, Individual Insurance
Karen M. Gustin	Executive Vice President, Group Insurance
Robert M. Jurgensmeier	Executive Vice President, Independent Distribution and Investments
James M. Kais	Executive Vice President, Retirement Plans
Christine M. Neighbors	Senior Vice President, General Counsel and Corporate Secretary
Linda A. Whitmire	Senior Vice President, Chief Actuary, Corporate
Susan K. Wilkinson	Executive Vice President, Chief Financial Officer and Treasurer

Scott R. Farmer, the Company's Chief Compliance Officer, is the designated consumer services officer per Section 216.4(c) of 11 NYCRR 216 (Insurance Regulation 64).

Karen M. Gustin, the Company's Executive Vice President, Group Insurance, resigned from the board of directors and was replaced by Kelly John Weiseler effective December 31, 2022.

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 a majority of meetings.

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 only in 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 2021:

<u>Life Insurance Premiums</u>		<u>Annuity Considerations</u>	
New York	79.8%	New York	79.9%
Connecticut	3.8	Connecticut	5.3
New Jersey	2.6	New Jersey	3.3
Florida	2.6	California	2.4
Georgia	<u>1.7</u>	Florida	<u>2.3</u>
Subtotal	90.5%	Subtotal	93.2%
All others	<u>9.5</u>	All others	<u>6.8</u>
Total	<u>100.0%</u>	Total	<u>100.0%</u>
<u>Accident and Health Insurance Premiums</u>		<u>Deposit Type Funds</u>	
New York	83.5%	New York	83.8%
New Jersey	2.4	New Jersey	8.5
Florida	1.6	Pennsylvania	2.5
California	1.2	Oregon	2.2
Massachusetts	<u>1.0</u>	Texas	<u>1.3</u>
Subtotal	89.7%	Subtotal	98.3%
All others	<u>10.3</u>	All others	<u>1.7</u>
Total	<u>100.0%</u>	Total	<u>100.0%</u>

A. Statutory and Special Deposits

As of December 31, 2021, the Company had \$500,000 (par value) of United States Treasury Notes on deposit with the State of New York, its domiciliary state, for the benefit of all policyholders, claimants and creditors of the Company.

B. Direct Operations

The Company offers a broad array of insurance and financial products and services to individuals, families and businesses. The Company's business segments are: Individual, Group, Retirement Plans and a Corporate Line.

The Company's individual division includes the individual life, annuity, and disability income product lines. Individual products are marketed in the State of New York using a multi-channel platform which includes core general agencies, disability income centers, fee-based advisors and independent distributors.

The Company's group division consists of sales associates operating within regional sales offices in the State of New York, third party administrators and brokerage general agency channels. In addition to dental and vision, the Company offers a hearing product to complement its current group product portfolio.

The retirement plans division markets group annuities to the small and mid-sized 401(k) employers (under 250 employees) and offers products on both a bundled and unbundled basis.

C. Reinsurance

As of December 31, 2021, the Company had reinsurance treaties in effect with 16 companies, of which 14 were authorized or accredited. The Company's life and accident and health business are reinsured on a coinsurance and yearly renewable term basis. Reinsurance is provided on an automatic and/or facultative basis.

The maximum retention limit for individual life contracts is \$2,000,000. The total face amount of life insurance ceded as of December 31, 2021, was \$6,409,805,555, which represents 50% of the total face amount of life insurance in force. Reserve credit taken for life reinsurance ceded to unauthorized companies totaling \$2,138,184 was supported by letters of credit and miscellaneous balances withheld in the amount of \$1,296,717. Reserve credit taken for unearned accident and health insurance premiums was \$15,449,452.

The total face amount of life insurance assumed as of December 31, 2021, was \$282,057,556.

4. FINANCIAL STATEMENTS

The following statements show the assets, liabilities, capital and surplus as of December 31, 2021, as contained in the Company's 2021 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, 2021, filed annual statement.

A. Independent Accountants

The firm of Deloitte & Touche, LLP 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.

Deloitte & Touche, LLP 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	\$ 978,282,800
Stocks:	
Common stocks	1,713,200
Mortgage loans on real estate:	
First liens	235,357,143
Cash, cash equivalents and short-term investments	17,388,468
Contract loans	30,318,395
Derivatives	9,717,681
Other invested assets	11,244,942
Investment income due and accrued	9,544,459
Premiums and considerations:	
Uncollected premiums and agents' balances in the course of collection	3,689,252
Deferred premiums, agents' balances and installments booked but deferred and not yet due	4,715,893
Reinsurance:	
Amounts recoverable from reinsurers	3,953,985
Other amounts receivable under reinsurance contracts	6,283,050
Amounts receivable relating to uninsured plans	1,282,948
Current federal and foreign income tax recoverable and interest thereon	1,357,802
Net deferred tax asset	6,592,407
Guaranty funds receivable or on deposit	4,800
Health care and other amounts receivable	1,035,593
NY Reg 172 reinsurance premium refund	3,338,651
Miscellaneous receivables	307,616
From separate accounts, segregated accounts and protected cell accounts	<u>492,219,356</u>
Total admitted assets	<u>\$1,818,348,441</u>

C. Liabilities, Capital and Surplus

Aggregate reserve for life policies and contracts	\$1,058,778,524
Aggregate reserve for accident and health contracts	23,731,135
Liability for deposit-type contracts	34,892,097
Contract claims:	
Life	4,430,547
Accident and health	2,150,635
Provision for policyholders' dividends and coupons payable in following calendar year – estimated amounts:	
Dividends apportioned for payment	634,000
Premiums and annuity considerations for life and accident and health contracts received in advance	335,406
Contract liabilities not included elsewhere:	
Other amounts payable on reinsurance	8,868,299
Interest maintenance reserve	5,643,745
Commissions to agents due or accrued	717,553
Commissions and expense allowances payable on reinsurance assumed	346,687
General expenses due or accrued	870,004
Transfers to separate accounts due or accrued	345,569
Taxes, licenses and fees due or accrued, excluding federal income taxes	224,995
Unearned investment income	65,526
Amounts withheld or retained by company as agent or trustee	2,163
Amounts held for agents' account	172,746
Remittances and items not allocated	2,221,567
Miscellaneous liabilities:	
Asset valuation reserve	9,972,194
Reinsurance in unauthorized companies	841,467
Payable to parent, subsidiaries and affiliates	1,978,288
Liability for amounts held under uninsured accident and health plans	135,601
Funds held under coinsurance	38,774,880
Derivatives	5,751,725
Loss contingency allowance	3,577,078
Unclaimed checks	1,186,969
Accrued interest on contract claims	43,900
From Separate Accounts statement	<u>492,219,356</u>
 Total liabilities	 <u>\$1,698,912,656</u>
 Common capital stock	 \$ 2,000,000
Gross paid in and contributed surplus	186,202,109
Unassigned funds (surplus)	<u>(68,766,324)</u>
Surplus	<u>\$ 117,435,785</u>
Total capital and surplus	<u>\$ 119,435,785</u>
 Total liabilities, capital and surplus	 <u>\$1,818,348,441</u>

D. Condensed Summary of Operations

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Premiums and considerations	\$129,198,368	\$185,774,611	\$192,086,895	\$168,296,208
Investment income	47,818,950	51,233,346	52,907,764	54,763,078
Commissions and reserve adjustments on reinsurance ceded	3,581,507	3,471,753	3,077,295	2,893,344
Miscellaneous income	<u>23,346,376</u>	<u>14,107,790</u>	<u>21,320,313</u>	<u>23,922,163</u>
Total income	<u>\$203,945,201</u>	<u>\$254,587,500</u>	<u>\$269,392,267</u>	<u>\$249,874,793</u>
Benefit payments	\$138,815,878	\$210,970,576	\$219,855,595	\$225,009,038
Increase in reserves	55,480,371	19,071,403	49,653,274	(13,233,351)
Commissions	9,588,053	11,559,777	11,429,312	12,504,239
General expenses and taxes	26,272,463	28,315,178	28,896,276	31,791,317
Increase in loading on deferred and uncollected premiums	(143,014)	2,916	(733,504)	126,397
Net transfers to (from) Separate Accounts	10,042,379	(20,381,888)	(26,291,316)	(43,227,596)
Miscellaneous deductions	<u>(25,437,420)</u>	<u>17,661,563</u>	<u>7,293,797</u>	<u>2,612,849</u>
Total deductions	<u>\$214,618,710</u>	<u>\$267,199,525</u>	<u>\$290,103,434</u>	<u>\$215,582,893</u>
Net gain (loss)	\$(10,673,509)	\$(12,612,025)	\$(20,711,167)	\$ 34,291,900
Dividends	910,452	904,330	829,820	642,555
Federal and foreign income taxes incurred	<u>(222,968)</u>	<u>1,840,632</u>	<u>624,736</u>	<u>671,743</u>
Net gain (loss) from operations				
before net realized capital gains	\$(11,360,993)	\$(15,356,987)	\$(22,165,723)	\$ 32,977,602
Net realized capital gains (losses)	<u>(401,448)</u>	<u>(485,872)</u>	<u>(384,621)</u>	<u>(24,984)</u>
Net income	<u><u>\$(11,762,441)</u></u>	<u><u>\$(15,842,859)</u></u>	<u><u>\$(22,550,344)</u></u>	<u><u>\$ 32,952,618</u></u>

E. Capital and Surplus Account

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Capital and surplus, December 31, prior year	\$ <u>106,402,396</u>	\$ <u>92,474,608</u>	\$ <u>108,224,266</u>	\$ <u>87,754,501</u>
Net income	\$ (11,762,441)	\$ (15,842,859)	\$(22,550,344)	\$ 32,952,618
Change in net unrealized capital gains (losses)	(1,543,791)	1,620,301	240,996	160,041
Change in net deferred income tax	3,086,326	5,569,320	5,175,433	(5,777,738)
Change in non-admitted assets and related items	(3,152,086)	(5,033,652)	(4,888,184)	5,399,232
Change in liability for reinsurance in unauthorized companies	379,752	194,887	(81,824)	(182,445)
Change in reserve valuation basis	0	0	980,780	0
Change in asset valuation reserve	(935,548)	(758,339)	(891,585)	(870,424)
Surplus adjustments:				
Paid in	0	30,000,000	0	0
Correction of prior year error	<u>0</u>	<u>0</u>	<u>1,544,963</u>	<u>0</u>
Net change in capital and surplus for the year	\$ <u>(13,927,788)</u>	\$ <u>15,749,658</u>	\$ <u>(20,469,765)</u>	\$ <u>31,681,284</u>
Capital and surplus, December 31, current year	\$ <u>92,474,608</u>	\$ <u>108,224,266</u>	\$ <u>87,754,501</u>	\$ <u>119,435,785</u>

5. PRIOR REPORT SUMMARY AND CONCLUSIONS

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

<u>Item</u>	<u>Description</u>
A	<p>The Department conducted a review of the Company's reserves as of December 31, 2017. During the review, concerns were raised regarding the lack of conservatism in certain assumptions with respect to the company's asset adequacy testing pursuant to Insurance Regulation 126 and the robustness of the company's mortality study. In response, the Company incorporated various refinements within the testing in a manner acceptable to the Department and established additional reserves of \$12.5 million as a result of such refinements. The Company also agreed to perform more robust mortality studies in the future.</p> <p>The Department conducted a review of the reserves as of December 31, 2021. The Company made the necessary refinements to its asset adequacy testing as noted in the prior examination in a manner acceptable to the Department.</p>
B	<p>The examiner recommends that the Company continues to incorporate such refinements within the asset adequacy testing and future mortality studies as agreed upon with the Department.</p> <p>The Department conducted a review of the reserves as of December 31, 2021. The Company made the necessary refinements to its asset adequacy testing as noted in the prior examination in a manner acceptable to the Department.</p>

Respectfully submitted,



Denise Saunders
Senior Insurance Examiner

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

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



Denise Saunders

Subscribed and sworn to before me

this 20th day of June, 2023

Audrey Hall

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

APPOINTMENT NO. 32491

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:

DENISE SAUNDERS

as a proper person to examine the affairs of the

AMERITAS LIFE INSURANCE CORP. OF NEW YORK

and to make a report to me in writing of the condition of said

COMPANY

with such other information as she 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 6th day of March, 2023

*ADRIENNE A. HARRIS
Superintendent of Financial Services*

By:

Mark McLeod

*MARK MCLEOD
DEPUTY CHIEF - LIFE BUREAU*

