



FINANCIAL CONDITION REPORT ON EXAMINATION

OF THE

NEW YORK LIFE GROUP INSURANCE COMPANY OF NY

AS OF DECEMBER 31, 2021

EXAMINER:

MESKEREM BELAY

DATE OF REPORT:

MAY 5, 2023

TABLE OF CONTENTS

<u>ITEM</u>		<u>PAGE NO.</u>
1.	Executive summary	2
2.	Scope of examination	3
3.	Description of Company	5
	A. History	5
	B. Holding company	5
	C. Organizational chart	6
	D. Service agreements	7
	E. Management	8
4.	Territory and plan of operations	11
	A. Statutory and special deposits	11
	B. Direct operations	11
	C. Reinsurance	12
5.	Financial statements	13
	A. Independent accountants	13
	B. Net admitted assets	14
	C. Liabilities, capital and surplus	15
	D. Condensed summary of operations	16
	E. Capital and surplus account	17
6.	Prior report summary and conclusions	18
7.	Summary and conclusions	19

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. 32398, dated March 30, 2022, and annexed hereto, an examination has been made into the condition and affairs of New York Life Group Insurance Company of NY, hereinafter referred to as “the Company”. The Company’s home office is located at 51 Madison Avenue, New York, NY 10010. 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. EXECUTIVE SUMMARY

The material comments contained in this report are summarized below.

- On December 31, 2020, New York Life Insurance Company acquired Cigna Corporation's group life and group disability insurance business which included the Company and Life Insurance Company of North America. (See item 3 of this report.)
- Effective March 10, 2021, the Company was renamed from Cigna Life Insurance Company of New York to New York Life Group Insurance Company of NY. (See item 3 of this report.)

2. 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* (the "Handbook"). The examination covers the five-year period from January 1, 2017, 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.

New York Life Insurance Company ("New York Life") is the lead insurer in the New York Life group of companies ("Group"). On December 31, 2020, New York Life acquired Cigna Corporation's group life and group disability insurance business, which included the Company, and Life Insurance Company of North America ("LINA"), a Pennsylvania domestic life insurance company. The last full-scope coordinated financial condition examination of the New York Life Group was performed as of December 31, 2019. Given that LINA and the Company were acquired by New York Life in December 2020, they were not part of the 2019 coordinated examination, and as a result were examined as of December 31, 2021, as a sub-group to fulfil the respective state's statutory requirement and to come in line with the Group examination cycle in order to participate in the next Group examination as of December 31, 2024. Pennsylvania served as the lead state with participation from the State of New York. Since the facilitating and participating

states are both accredited by the NAIC, all 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 2017 through 2021, by the accounting firm of PricewaterhouseCoopers LLP ("PwC"). The Company received an unqualified opinion in each year under examination. Certain audit workpapers of the accounting firm were reviewed and relied upon in conjunction with this examination. The Company shares an internal audit department with its parent and a separate internal control department which was given the task of assessing the internal control structure and compliance with the Model Audit Rule ("MAR"). Where applicable, MAR workpapers and reports were reviewed and relied upon for this examination.

The examiner reviewed the corrective actions taken by the Company with respect to the violation contained in the prior financial condition report on examination. The results of the examiner's review are contained in item 6 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.

3. 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 June 29, 1965, under the name of INA Life Insurance Company of New York. The Company was licensed and commenced business on December 28, 1965. Initial resources of \$2,000,000, consisting of common capital stock of \$1,000,000 and paid in and contributed surplus of \$1,000,000, were provided through the sale of 40,000 shares of common stock (with a par value of \$25 each) for \$50 per share to LINA. In 1972, the par value of the capital stock was increased to \$27.50 per share, thereby increasing capital to \$1,100,000. In 1973, the ownership of the Company was transferred from LINA to Insurance Company of North America (“INA”). In March of 1977, INA Financial Corporation, a wholly owned subsidiary of INA Corporation purchased the Company from INA for cash and marketable securities valued at \$12,369,849.

On April 1, 1982, INA Corporation merged with Connecticut General Corporation. At that time, the resulting merged organization ranked as the second largest publicly held insurance group in the United States. The new holding company was named Cigna Corporation (“Cigna”). On July 19, 1999, the Company changed its name from INA Life Insurance Company of New York to Cigna Life Insurance Company of New York.

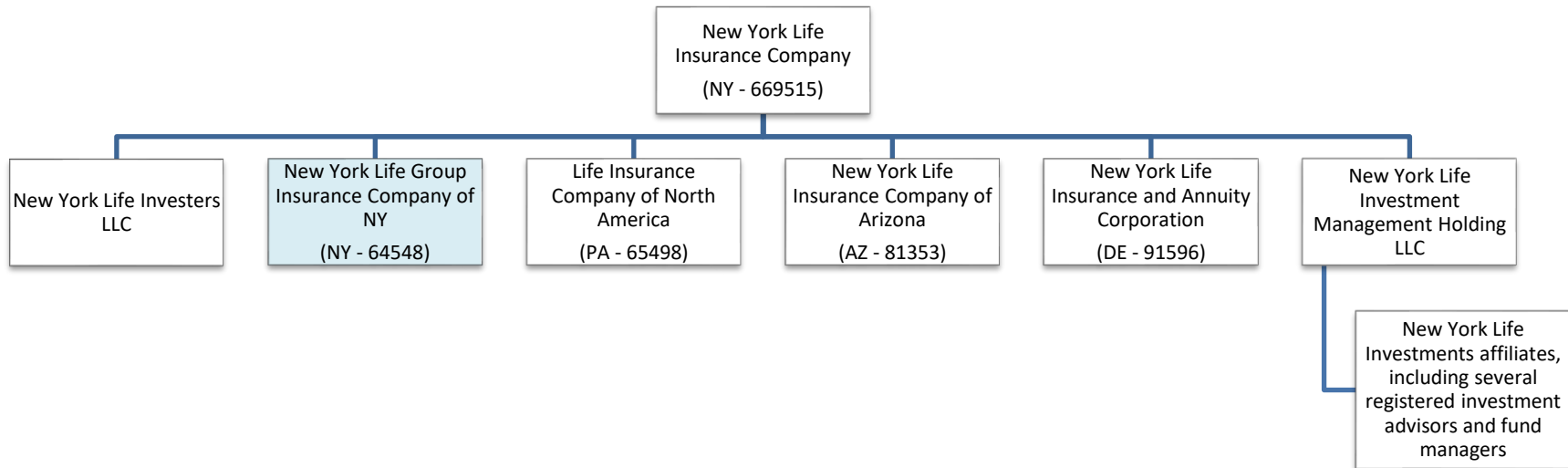
On December 31, 2020, New York Life acquired Cigna Corporation’s group life and group disability insurance business which included LINA. Effective March 10, 2021, the Company was renamed from Cigna Life Insurance Company of New York to New York Life Group Insurance Company of NY. As of the acquisition date, both the Company and LINA became wholly-owned subsidiaries of New York Life.

B. Holding Company

The Company is a direct wholly owned subsidiary of New York Life, a New York domiciled mutual life insurance 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 11 service agreements in effect with affiliates during the examination period.

Type of Agreement and Department File Number	Effective Date	Provider(s) of Service(s)	Recipient(s) of Service(s)	Specific Service(s) Covered	Income/ (Expense)* for as of Year of the Examination
Investment Management Agreement File No. 59505	12/31/2020	New York Life Investors LLC	The Company	Investment Management Services	2021 \$(473,033)
Investment Management Agreement File No. 59506	12/31/2020	MacKay Shields LLC	The Company	Investment Management Services	2021 \$(12,782)
Service Agreement File No. 59391	12/31/2020	New York Life	The Company	Business Infrastructure Services	2021 \$(74,611)
Claims Administration Service Agreement File No. 59396	12/31/2020	New York Life and the Company	LINA	Claims Administration Services	2021 \$83,755
Service Agreement File No. 38299	12/20/2007	LINA	The Company	Claims-related Services	2017 \$(7,901,438) 2018 \$(8,054,548) 2019 \$(6,914,003) 2020 \$(4,900,000) 2021 \$(6,212,819)
Claims Administration Agreement File No. 32149	01/01/2006	LINA	The Company	Claims Administration Services	2017 \$(4,811,613) 2018 \$(5,633,720) 2019 \$(5,828,252) 2020 \$(5,800,000) 2021 \$(11,164,839)
Investment Advisory Agreement File No. 43638**	02/07/2011	Cigna Investments, Inc.	The Company	Investment Advisory Services	2017 \$385,750 2018 \$410,527 2019 \$449,515 2020 \$ 0 2021 \$ 0

Type of Agreement and Department File Number	Effective Date	Provider(s) of Service(s)	Recipient(s) of Service(s)	Specific Service(s) Covered	Income/ (Expense)* for as of Year of the Examination
Sales Service Agreement File No. 34834**	01/01/2004	LINA	The Company	Sales-related Services	2017 \$ (962,740) 2018 \$ (695,243) 2019 \$(1,408,548) 2020 \$ (900,000) 2021 \$ 0
Sales Service Agreement File No. 34140**	01/01/2004	The Company	LINA	Sales-related Services	2017 \$1,022,256 2018 \$ 698,684 2019 \$1,649,443 2020 \$1,800,000 2021 \$ 0
Service and Expense Allocation Agreement File No. 18752**	01/01/1994	LINA	The Company	Staffing costs related to the underwriting of group business	2017 \$(1,329,769) 2018 \$ (846,372) 2019 \$ (905,995) 2020 \$ (700,000) 2021 \$ 0
Service and Expense Allocation Agreement File No. 18752**	01/01/1994	The Company	LINA	Staffing costs related to the underwriting of group business	2017 \$1,514,239 2018 \$1,018,288 2019 \$ 107,810 2020 \$ 900,000 2021 \$ 0

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

** Terminated contracts as of 12/31/2020.

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 seven. Directors are elected for a period of one year at the annual meeting of the Shareholders held on the first day of June of each year. The by-laws further indicate that the Board of Directors of New York Life or a committee thereof will fulfill the requirements of independent Directors on the Company's board of directors. As of December 31, 2021, the board of directors consisted of

eight members. Meetings of the board were held quarterly for the years 2017 through 2020 and were held bi-annually in 2021.

The eight 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>
Scott L. Berlin Westbury, NY	President New York Life Group Insurance Company of NY	2021
Elizabeth K. Brill Manhasset, NY	Senior Vice President and Chief Actuary New York Life Insurance Company	2020
Alain M. Karaoglan New York, NY	Senior Vice President New York Life Insurance Company	2020
Anthony R. Malloy Ridgewood, NJ	Executive Vice President & Chief Investment Officer New York Life Group Insurance Company of NY	2020
Michael K. McDonnell Scarsdale, NY	Vice President and Chief Legal Officer New York Life Group Insurance Company of NY	2020
Joanne H. Rodgers New York, NY	Senior Vice President New York Life Group Insurance Company of NY	2020
Benjamin L. Rosenthal Teaneck, NJ	Senior Vice President and Chief Risk Officer New York Life Group Insurance Company of NY	2020
Matthew D. Wion North Haledon, NJ	Senior Vice President and Interim Chief Financial Officer New York Life Group Insurance Company of NY	2020

* The board of directors of the Company's parent fulfils, pursuant to Section 1202(b)(3) of the New York Insurance Law, the requirements prescribed by Section 1202(b)(1) relating to independent directors.

In January 2022, Justin Somers joined the Company's board of directors.

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.

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

<u>Name</u>	<u>Title</u>
Scott L. Berlin	President
Robert M. Gardner	Senior Vice President and Controller
Thomas A. Hendry	Senior Vice President and Treasurer
Matthew D. Wion	Senior Vice President and Interim Chief Financial Officer
Kevin C. McGoldrick	Corporate Vice President and Actuary
Colleen A. Meade	Associate General Counsel and Secretary

Peter T. Sailor, Vice President, is the designated consumer services officer per Section 216.4(c) of 11 NYCRR 216 (Insurance Regulation 64).

In January 2022, Justin Somers was elected Vice President and Chief Financial Officer.

4. TERRITORY AND PLAN OF OPERATIONS

The Company is authorized to write life insurance, annuities and accident and health insurance as defined in paragraphs 1, 2 and 3 of Section 1113(a) of the New York Insurance Law.

The Company is licensed to transact business in five states, namely Alabama, Missouri, New York, Pennsylvania, and Tennessee, and the District of Columbia. In 2021, 98% of life premiums and 96% of accident and health premiums were received from the State of New York. Policies are written on a non-participating basis. The Company did not write annuities during the period under review.

A. Statutory and Special Deposits

As of December 31, 2021, the Company had \$705,000 (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 writes non-participating policies only. The Company's primary business operation includes group disability and group life insurance. The group disability business includes commercial long and short-term disability products. These products provide a fixed level of income to replace a portion of wages lost due to disability, including providing resources to individuals returning to work to manage the cost of the disability and providing solutions related to workforce absences and providing coverage for paid leave. The group disability business represents 75% of total written premiums in 2021.

The group life business includes term life group insurance products. These products may be employer-paid basic life insurance, employee-paid supplemental life insurance or a combination thereof. The group life business represents 22% of total written premiums in 2021.

The Company's other products and services include accident and voluntary and specialty insurance products. The accident and voluntary and specialty insurance products represent 3% of total written premiums in 2021.

The Company's agency operations are conducted through independent agents, brokers, and consultants, and through a limited number of general agents without underwriting authority.

C. Reinsurance

As of December 31, 2021, the Company had reinsurance treaties in effect with 32 companies, of which 29 were authorized, accredited, or certified. The Company's life, accident and health business is reinsured on a coinsurance, group catastrophe and other group reinsurance basis. Reinsurance is provided on an automatic basis.

The total face amount of life insurance ceded as of December 31, 2021, was \$620,203,000, which represents 2% of the total face amount of life insurance in force. The Company reinsured 100% of its individual life contracts, with a total face amount of \$331,000, with Monitor Life Insurance Company, an authorized insurer. Reserve credit taken for reinsurance ceded to unauthorized companies, totaling \$36,395, was supported by letters of credit.

The Company did not assume any insurance business during the period under examination.

5. 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

PwC was retained by the Company to audit the Company's combined statutory-basis statements of financial position of the Company as of December 31 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.

PwC 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	\$436,963,998
Mortgage loans on real estate:	
First liens	20,188,074
Other than first liens	656,135
Cash, cash equivalents and short-term investments	1,412,926
Receivable for securities	76,949
Investment income due and accrued	3,518,439
Premiums and considerations:	
Uncollected premiums and agents' balances in the course of collection	18,570,903
Reinsurance:	
Amounts recoverable from reinsurers	2,330,337
Amounts receivable relating to uninsured plans	55,683
Current federal and foreign income tax recoverable and interest thereon	1,327,188
Net deferred tax asset	13,309,180
Guaranty funds receivable or on deposit	1,000
Receivables from parent, subsidiaries and affiliates	83,755
PFL risk adjustment receivable	4,925,079
Miscellaneous assets	<u>1,000</u>
Total admitted assets	<u>\$503,420,646</u>

C. Liabilities, Capital and Surplus

Aggregate reserve for life policies and contracts	\$ 18,809,980
Aggregate reserve for accident and health contracts	268,253,506
Liability for deposit-type contracts	17,566,956
Contract claims:	
Life	17,478,251
Accident and health	20,879,359
Contract liabilities not included elsewhere:	
Provision for experience rating refunds	4,565,548
Other amounts payable on reinsurance	1,767,681
Interest maintenance reserve	2,852,629
Commissions to agents due or accrued	4,083,552
General expenses due or accrued	453,380
Taxes, licenses and fees due or accrued, excluding federal income taxes	(1,792,212)
Unearned investment income	2,121
Amounts withheld or retained by company as agent or trustee	6,004
Remittances and items not allocated	19,250,830
Miscellaneous liabilities:	
Asset valuation reserve	4,080,059
Payable to parent, subsidiaries and affiliates	13,290,801
Other liabilities	<u>(194)</u>
 Total liabilities	 <u>\$391,548,251</u>
 Common capital stock	 \$ 1,100,000
Gross paid in and contributed surplus	5,250,165
Unassigned funds (surplus)	<u>105,522,230</u>
Surplus	<u>\$110,772,395</u>
Total capital and surplus	<u>\$111,872,395</u>
 Total liabilities, capital and surplus	 <u>\$503,420,646</u>

D. Condensed Summary of Operations

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Premiums and considerations	\$178,695,315	\$202,023,125	\$217,092,087	\$233,338,872	\$257,307,726
Investment income	17,585,471	17,434,306	17,148,212	15,214,576	16,497,738
Commissions and reserve adjustments on reinsurance ceded	0	0	0	52,004	217,638
Miscellaneous income	<u>1,366</u>	<u>486</u>	<u>262</u>	<u>289</u>	<u>(26,386)</u>
Total income	<u>\$196,282,152</u>	<u>\$219,457,917</u>	<u>\$234,240,561</u>	<u>\$248,605,741</u>	<u>\$273,996,716</u>
Benefit payments	\$122,937,936	\$151,044,013	\$169,238,680	\$201,805,768	\$208,896,624
Increase in reserves	4,190,706	3,662,791	10,870,203	23,726,032	12,321,373
Commissions	9,358,498	11,533,207	11,452,247	12,303,869	12,694,143
General expenses and taxes	25,749,548	28,410,032	27,129,334	24,968,950	25,851,101
Miscellaneous deductions	<u>0</u>	<u>0</u>	<u>(2,993,044)</u>	<u>(8,362,782)</u>	<u>(4,336,731)</u>
Total deductions	<u>\$162,236,688</u>	<u>\$194,650,043</u>	<u>\$215,697,420</u>	<u>\$254,441,837</u>	<u>\$255,426,510</u>
Net gain (loss)	\$ 34,045,464	\$ 24,807,874	\$ 18,543,141	\$ (5,836,096)	\$ 18,570,206
Federal and foreign income taxes incurred	<u>11,039,952</u>	<u>6,857,030</u>	<u>4,198,362</u>	<u>1,027,349</u>	<u>1,936,812</u>
Net gain (loss) from operations before net realized capital gains	\$ 23,005,512	\$ 17,950,844	\$ 14,344,779	\$ (6,863,445)	\$ 16,633,394
Net realized capital gains (losses)	<u>(63,081)</u>	<u>(101,202)</u>	<u>760,634</u>	<u>(522,498)</u>	<u>432,418</u>
Net income	<u>\$ 22,942,431</u>	<u>\$ 17,849,642</u>	<u>\$ 15,105,413</u>	<u>\$ (7,385,943)</u>	<u>\$ 17,065,812</u>

E. Capital and Surplus Account

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Capital and surplus, December 31, prior year	\$ <u>92,022,911</u>	\$ <u>108,987,063</u>	\$ <u>108,784,863</u>	\$ <u>104,879,767</u>	\$ <u>98,740,453</u>
Net income	\$ 22,942,431	\$ 17,849,642	\$ 15,105,413	\$ (7,385,943)	\$ 17,065,812
Change in net deferred income tax	(1,656,249)	1,730,756	740,088	27,902,604	(1,459,039)
Change in non-admitted assets and related items	1,164,364	(6,098,749)	(2,851,761)	(26,221,104)	1,133,687
Change in reserve valuation basis	0	6,350,754	0	0	0
Change in asset valuation reserve	(486,394)	(34,603)	1,001,164	129,964	(747,616)
Surplus adjustments:					
Paid in	0	0	0	(564,835)	0
Dividends to stockholders	(5,000,000)	(20,000,000)	(17,900,000)	0	0
Prior period correction	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(2,860,902)</u>
Net change in capital and surplus for the year	\$ <u>16,964,152</u>	\$ <u>(202,200)</u>	\$ <u>(3,905,096)</u>	\$ <u>(6,139,314)</u>	\$ <u>13,131,942</u>
Capital and surplus, December 31, current year	\$ <u>108,987,063</u>	\$ <u>108,784,863</u>	\$ <u>104,879,767</u>	\$ <u>98,740,453</u>	\$ <u>111,872,395</u>

6. PRIOR REPORT SUMMARY AND CONCLUSIONS

Following is the violation contained in the prior financial condition report on examination and the subsequent actions taken by the Company in response to the citation:

<u>Item</u>	<u>Description</u>
A	The Company violated Section 325(a) of the New York Insurance Law by failing to maintain several statutory required records at its home office.

The examiner did not conduct an onsite inspection of the Company's books and records due to COVID-19 restrictions; however, the Company demonstrated, via a remote walkthrough, that its trial balance and general ledger are stored on information systems in the cloud and are easily accessible from the Company's New York State principal office pursuant to Insurance Circular Letter No. 9 (2022). Additionally, corporate records were accessed electronically by the examiner for the purpose of the examination.

7. SUMMARY AND CONCLUSIONS

Following are the comments contained in this report:

<u>Item</u>	<u>Description</u>	<u>Page No(s).</u>
A	On December 31, 2020, New York Life Insurance Company acquired Cigna Corporation's group life and group disability insurance business which included the Company and Life Insurance Company of North America.	3
B	Effective March 10, 2021, the Company was renamed from Cigna Life Insurance Company of New York to New York Life Group Insurance Company of NY.	5

Respectfully submitted,

Meskerem Belay

Meskerem Belay
Senior Insurance Examiner

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

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

Meskerem Belay
Meskerem Belay

Subscribed and sworn to before me
this 23rd day of June, 2023
Audrey Hall

AUDREY HALL
Notary Public, State of New York
No. 01HA6274800
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 _____

APPOINTMENT NO. 32398

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:*

MESKEREM BELAY

as a proper person to examine the affairs of the
NEW YORK LIFE GROUP INSURANCE COMPANY OF NY
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 30th day of March, 2022

ADRIENNE A. HARRIS
Superintendent of Financial Services

By:

Mark McLeod

MARK MCLEOD
DEPUTY CHIEF - LIFE BUREAU

