



FINANCIAL CONDITION REPORT ON EXAMINATION

OF THE

UNIMERICA LIFE INSURANCE COMPANY OF NEW YORK

AS OF DECEMBER 31, 2022

EXAMINER:

DENISE SAUNDERS

DATE OF REPORT:

MAY 6, 2024

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KATHY HOCHUL
Governor



ADRIENNE A. HARRIS
Superintendent

June 10, 2024

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. 32550, dated June 26, 2023, and annexed hereto, an examination has been made into the condition and affairs of Unimerica Life Insurance Company of New York, hereinafter referred to as "the Company." The Company's home office and administrative office is located at One Penn Plaza, 8th Floor, New York, NY 10119.

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, 2023 Edition* (the "Handbook"). The examination covers the five-year period from January 1, 2018, to December 31, 2022. 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, 2022, 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 called by the Connecticut Insurance Department ("Conecticut") in accordance with the NAIC Handbook guidelines, through the NAIC's Financial Examination Electronic Tracking System. The examination was conducted as part of the UnitedHealth Group. Connecticut served as the lead state with participation from the states of Alabama, California, Colorado, Florida, Indiana, Kentucky, Minnesota, Nebraska, New Hampshire, New Mexico, New York, Ohio, Oklahoma, Pennsylvania, Texas, and Wisconsin. Since the lead and participating states are all 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 2018 through 2022, by the accounting firm of Baker Tilly Virchow Krause, 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. The Company's ultimate parent, UnitedHealth Group Incorporated ("UHG"), has an internal audit and internal control department that is responsible for assessing the internal control structure and the compliance with the Sarbanes-Oxley Act of 2002 ("SOX") and the Model Audit Rule ("MAR"). Where applicable, SOX and MAR workpapers and reports were reviewed, and portions were relied upon for this examination.

The examiner reviewed the prior report on examination which did not contain any violations, recommendations, or comments.

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.

2. DESCRIPTION OF COMPANY

A. History

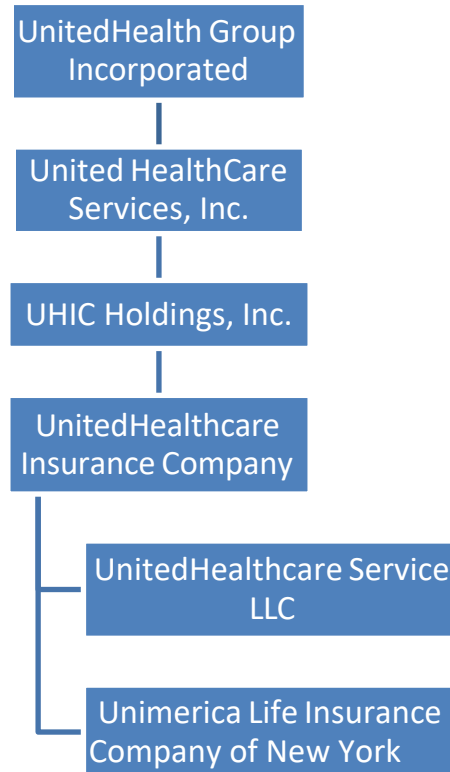
The Company was incorporated as a stock life insurance company under the laws of the State of New York on July 14, 1999, was licensed and commenced business on April 8, 2003. The Company adopted its present name on August 8, 2003. Initial resources of \$6,500,000, consisting of common capital stock of \$2,000,000 and paid in and contributed surplus of \$4,500,000, were provided through the sale of 2,000 shares of common stock (with a par value of \$1,000 each) for \$3,250 per share.

B. Holding Company

The Company is a wholly owned subsidiary of UnitedHealthcare Insurance Company (“UHIC”), a Connecticut health insurer. UHIC is in turn a wholly owned subsidiary of UHIC Holdings, Inc., a Delaware holding company, which, in turn, is a wholly owned subsidiary of United HealthCare Services, Inc. (“UHS”), a Minnesota health services corporation. The ultimate parent of the Company is UHG, a Delaware publicly traded managed health care 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, 2022 follows:



D. Service Agreements

The Company has an administrative service agreement effective August 3, 2003 with its affiliates UHS and United HealthCare Service LLC (“UHS, LLC”). Under this agreement UHS and UHS, LLC provide the following services to the Company, accounting, financial services, treasury, underwriting, claims, marketing, personnel, and information systems. In 2022, the Company incurred expenses of \$1,446,604, which represents 26.5% of total expenses incurred under the agreement during the examination period.

E. Management

The Company’s by-laws provide that the board of directors shall be comprised of not less than 9 and not more than 13 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, 2022, the board of directors consisted of nine members. Meetings of the board are held quarterly.

The nine board members and their principal business affiliation, as of December 31, 2022, were as follows:

<u>Name and Residence</u>	<u>Principal Business Affiliation</u>	<u>Year First Elected</u>
Andrew W. Attivissimo* Westbury, New York	Former President and Chief Executive Officer Empire Insurance Group	2002
David I. Bailey Jr. Belmont, Massachusetts	Growth Officer, Special Benefits UnitedHealth Group Incorporated	2019
Karen M. Bogdan Orchard Park New York	Vice President, Special Operations UnitedHealth Group Incorporated	2022
Robert L. Brommer Rosemount, Minnesota	Director, Finance, Employee & Individual UnitedHealth Group Incorporated	2014
Andrew J. Fabula Baldwin, Maryland	Chief Financial Officer Unimerica Life Insurance Company of New York Senior Finance Director, Controller Specialty Benefits - UnitedHealth Group Inc.	2011
Richard J. Fleder* New York, New York	President ELMC LLC and ELMC Rx Solutions	2008
Junior R. Harewood Long Island, New York	President Unimerica Life Insurance Company of New York Chief Executive Officer Health Plan Northeast Region	2022
Richard A. Perrine* Edina, Minnesota	Senior Vice President Hays Company	2005
Robert T. Secovnie* Kinderhook, New York	Director Insurance Training Institute, Inc.	1999

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

In September, 2023, Robert Lee Brommer replaced Daniel Louis Rogoff as a member of the board.

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, 2022:

<u>Name</u>	<u>Title</u>
Junior R. Harewood	President
Judianne M. Demers	Secretary, General Counsel
Peter M. Gill	Treasurer
Andrew J. Fabula	Chief Financial Officer

As of December 31, 2022, Janelle Lea Zeinelabdin, Director, Claim Solutions & Implementations, was the designated consumer services officer per Section 216.4(c) of 11 NYCRR 216 (Insurance Regulation 64).

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 in New York and the District of Columbia. In 2022, all (100%) of life and accident and health premiums were received from New York. Policies are written on a non-participating basis.

A. Statutory and Special Deposits

As of December 31, 2022, the Company had \$410,000 (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 group term life insurance, group short and long-term disability insurance, and group accidental death and dismemberment coverage. The Company offers its insurance products to all segments of the New York group life and group disability insurance markets, which primarily consists of employee groups. The Company's target market is employee groups in the 2 to 10,000 employee range.

The Company's agency operations are conducted on a general agency and branch office basis. The Company obtains business through national and regional insurance brokers as well as employee benefits consultants who represent large employers. The Company also markets to one large association, on a direct response basis.

C. Reinsurance

As of December 31, 2022, the Company had reinsurance treaties in effect with three companies, all of which were authorized, accredited, or certified. The Company's life and accident and health business is reinsured on a coinsurance basis. Reinsurance is provided on an automatic and facultative basis.

The maximum retention limit for individual life contracts is \$1,500,000. The total face amount of life insurance ceded as of December 31, 2022, was \$1,232,000 which represents 0.1% of the \$1,741,844,000 total face amount of life insurance in force.

4. FINANCIAL STATEMENTS

The following statements show the assets, liabilities, capital and surplus as of December 31, 2022, as contained in the Company's 2022 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, 2022 filed annual statement.

A. Independent Accountants

The firm of Baker Tilly US, LLP ("Baker Tilly") 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.

Baker Tilly 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	\$32,561,423
Cash, cash equivalents and short-term investments	2,147,549
Investment income due and accrued	196,223
Premiums and considerations:	
Uncollected premiums and agents' balances in the course of collection	344,132
Deferred premiums, agents' balances and installments booked but	
Reinsurance:	
Amounts recoverable from reinsurers	43,733
Other amounts receivable under reinsurance contracts	13,497
Net deferred tax asset	113,206
Receivables from parent, subsidiaries and affiliates	195,284
Prepaid premium taxes	<u>20,123</u>
Total admitted assets	<u>\$35,635,170</u>

C. Liabilities, Capital and Surplus

Aggregate reserve for life policies and contracts	\$ 568,439
Aggregate reserve for accident and health contracts	5,574,444
Liability for deposit-type contracts	389,279
Contract claims:	
Life	879,221
Accident and health	431,456
Premiums and annuity considerations for life and accident and health contracts received in advance	73,415
Contract liabilities not included elsewhere:	
Other amounts payable on reinsurance	109,785
Commissions to agents due or accrued	231,829
General expenses due or accrued	219,812
Taxes, licenses and fees due or accrued, excluding federal income taxes	15,249
Current federal and foreign income taxes	124,019
Miscellaneous liabilities:	
Asset valuation reserve	114,021
Unclaimed property	<u>52,722</u>
 Total liabilities	 \$ <u>8,783,691</u>
 Common capital stock	 \$ 2,000,000
Gross paid in and contributed surplus	14,500,000
Unassigned funds (surplus)	<u>10,351,479</u>
Surplus	<u>\$24,851,479</u>
Total capital and surplus	<u>\$26,851,479</u>
 Total liabilities, capital and surplus	 <u>\$35,635,170</u>

D. Condensed Summary of Operations

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Premiums and considerations	\$3,595,078	\$5,945,409	\$7,058,461	\$7,626,151	\$8,540,207
Investment income	911,485	928,318	895,150	829,485	789,077
Commissions and reserve adjustments on reinsurance ceded	100,331	82,931	156,548	155,027	188,872
Other income	<u>0</u>	<u>87</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total income	<u>\$4,606,894</u>	<u>\$6,956,745</u>	<u>\$8,110,159</u>	<u>\$8,610,663</u>	<u>\$9,518,156</u>
Benefit payments	\$2,902,337	\$2,635,360	\$4,362,555	\$4,995,922	\$3,992,672
Increase in reserves	(3,112,477)	(2,106,454)	461,582	(381,067)	(1,258,602)
Commissions	666,586	764,044	1,011,999	972,415	990,351
General expenses and taxes	1,382,582	1,401,642	1,512,830	1,629,433	2,112,684
Miscellaneous deductions	<u>815,490</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>78</u>
Total deductions	<u>\$2,654,518</u>	<u>\$2,694,592</u>	<u>\$7,348,966</u>	<u>\$7,216,703</u>	<u>\$5,837,183</u>
Net gain (loss)	\$1,952,376	\$4,262,153	\$ 761,193	\$1,393,960	\$3,680,973
Federal and foreign income taxes incurred	<u>524,307</u>	<u>737,749</u>	<u>150,055</u>	<u>245,865</u>	<u>874,781</u>
Net gain (loss) from operations before net realized capital gains	\$1,428,069	\$3,524,404	\$ 611,138	\$1,148,095	\$2,806,192
Net realized capital gains (losses)	<u>(37)</u>	<u>(5,318)</u>	<u>(30,860)</u>	<u>0</u>	<u>0</u>
Net income	<u>\$1,428,032</u>	<u>\$3,519,086</u>	<u>\$ 580,278</u>	<u>\$1,148,095</u>	<u>\$2,806,192</u>

E. Capital and Surplus Account

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Capital and surplus, December 31, prior year	<u>\$21,264,791</u>	<u>\$22,561,030</u>	<u>\$26,103,095</u>	<u>\$23,958,492</u>	<u>\$24,794,665</u>
Net income	\$ 1,428,032	\$ 3,519,086	\$ 580,278	\$ 1,148,095	\$ 2,806,192
Change in net deferred income tax	28,989	(196,497)	53,862	35,745	15,295
Change in non-admitted assets and related items	(150,653)	225,272	(271,315)	(342,169)	343,797
Change in asset valuation reserve	(10,129)	(5,795)	(7,429)	(5,498)	(8,470)
Dividends to stockholders	<u>0</u>	<u>0</u>	<u>(2,500,000)</u>	<u>0</u>	<u>(1,100,000)</u>
Net change in capital and surplus for the year	<u>\$ 1,296,239</u>	<u>\$ 3,542,066</u>	<u>\$(2,144,604)</u>	<u>\$ 836,173</u>	<u>\$ 2,056,814</u>
Capital and surplus, December 31, current year	<u>\$22,561,030</u>	<u>\$26,103,095</u>	<u>\$23,958,492</u>	<u>\$24,794,665</u>	<u>\$26,851,479</u>

5. SUBSEQUENT EVENTS

On February 21, 2024, UHG identified a cyber security threat actor had gained access to the Change Healthcare (“Change”) information technology systems. Change is a clearinghouse used by providers and health insurers to facilitate claim submissions and payment processes. Change is owned by UHG. UHG reported that it isolated the impacted systems from other connecting systems in the interest of protecting its partners and patients, to contain, assess and remediate the incident. The Company indicated that it is not aware of any impact to its policyholders and their information.

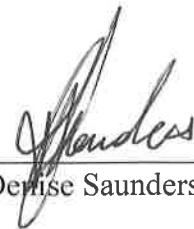
Respectfully submitted,



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 10th day of June, 2024
Audrey Hall

Audrey Hall
Notary Public, State of New York
Reg. No. 01HA0010698
Qualified in Kings County
Commission Expires 07/07/2027

APPOINTMENT NO. 32550

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

UNIMERICA 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 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 26th day of June, 2023

*ADRIENNE A. HARRIS
Superintendent of Financial Services*

By:

Mark McLeod

*MARK MCLEOD
DEPUTY CHIEF - LIFE BUREAU*

