



**FINANCIAL CONDITION REPORT ON EXAMINATION**

**OF THE**

**AMALGAMATED LIFE INSURANCE COMPANY**

**AS OF DECEMBER 31, 2022**

**EXAMINER:**

**THOMAS J. ALLEN, CFE**

**DATE OF REPORT:**

**JUNE 25, 2024**

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KATHY HOCHUL  
Governor



ADRIENNE A. HARRIS  
Superintendent

June 25, 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. 32542, dated May 25, 2023, and annexed hereto, an examination has been made into the condition and affairs of Amalgamated Life Insurance Company, hereinafter referred to as “the Company.” The Company’s home office is located at 333 Westchester Avenue, White Plains, NY 10604.

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, through 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 Department in accordance with the NAIC Handbook guidelines, through the NAIC's Financial Examination Electronic Tracking System. No other states participated in the examination.

Information about the Company's organizational structure, business approach and control environment was 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 BDO USA, 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 internal audit function is outsourced to Grant Thornton, LLP, an independent third party that specializes in assurance, tax and advisory services. Where applicable, internal audit 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 September 29, 1943, was licensed on January 10, 1944, and commenced business on February 1, 1944. Initial resources of \$450,000, consisting of common stock of \$300,000 and paid in and contributed surplus of \$150,000, were provided through the sale of 3,000 shares of common stock (with a par value of \$100) for \$150 per share.

The Company was organized by the Amalgamated Insurance Fund (“the Fund”), a welfare fund established by the Union of Needletrades, Industrial and Textile Employees (“UNITE”) (formerly known as Amalgamated Clothing Workers of America) and employers in the clothing industry. The Company was formed as a non-profit insurer to provide life and accident and health insurance for participants in the Fund and six other related funds (“the Patron Funds”) on a non-profit basis. Prior to 1992, operations were restricted to selling insurance products to the seven Patron Funds, which are all multiple-employer Taft-Hartley plans sponsored by UNITE. Taft-Hartley plans afford a vehicle by which private sector unionized employees can get health, retirement, and other benefits. In January 1992, the Department approved the Company’s amended charter authorizing it to sell life, health, and disability insurance outside of its traditional non-profit market.

On March 26, 2001, the Department granted approval to transfer ownership of the Company’s parent, ALICO Services Corporation (“ASC”), from the Fund to the Amalgamated Cotton Garment & Allied Industries Pension Fund (“the Cotton Fund”). This reorganization did not change the direct ownership of the Company, which remained a wholly owned subsidiary of ASC.

In November 2003, the Cotton Fund merged with the International Ladies Garment Workers Union National Retirement Fund, both of which were multiple-employer Taft-Hartley retirement plans, to form UNITE National Retirement Fund (“UNITE Retirement”).

On September 24, 2010, the name UNITE Retirement was changed to the National Retirement Fund.

As a result of the aforementioned mergers of the various funds, changes in the capital and surplus of the Company since its incorporation resulted in capital and paid in and contributed surplus of \$2,500,000 and \$3,650,000, respectively, as of December 31, 2008. In December 2009, a capital contribution in the amount of \$3,900,000 was made to the Company by ASC. This

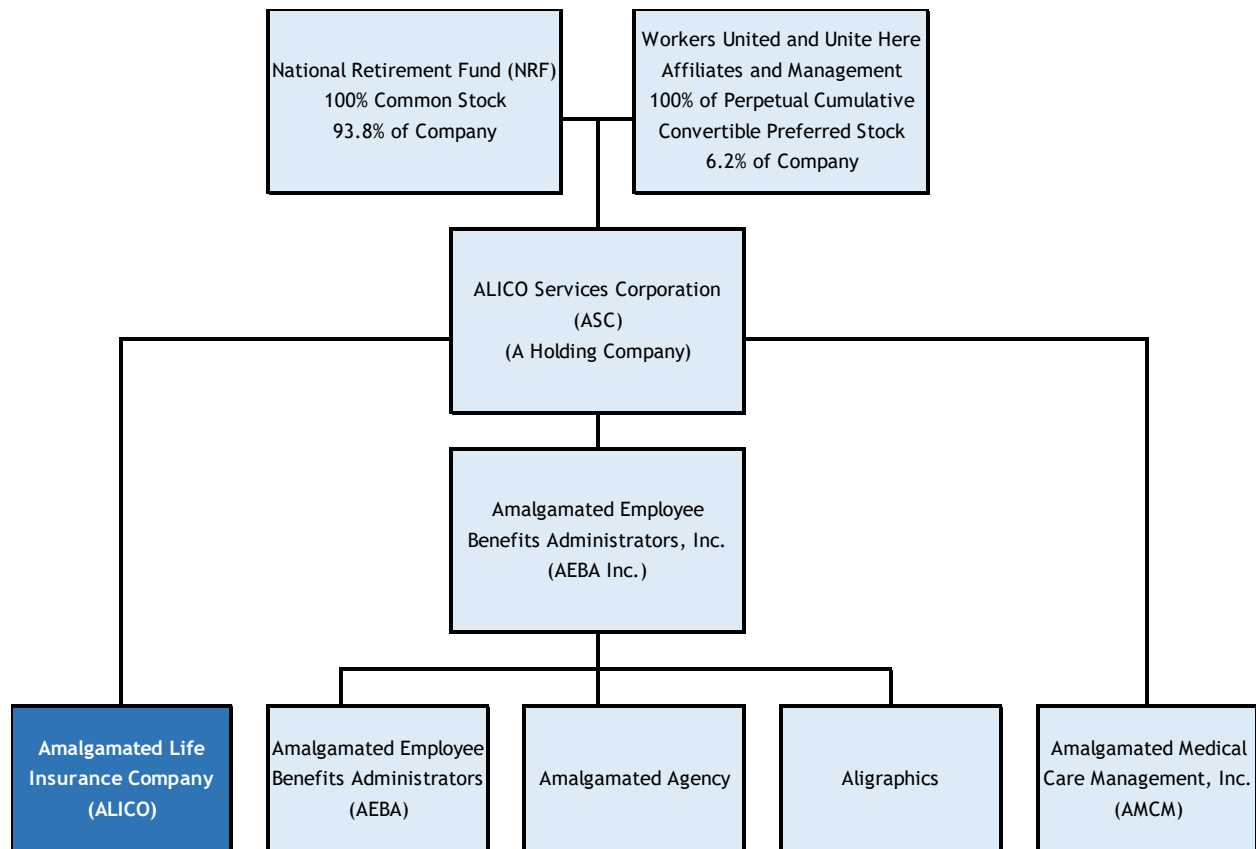
contribution resulted in the Company having \$2,500,000 of common capital stock and \$7,550,000 of gross paid in and contributed surplus as of December 31, 2009. No additional changes in common stock or gross paid in and contributed surplus have occurred.

### B. Holding Company

The Company is a wholly owned subsidiary of ASC, a New York financial services corporation. ASC is in turn a wholly owned subsidiary of the National Retirement Fund, the ultimate parent of the 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

### 1. Services and Cost Sharing Agreement

The Company has a service and cost sharing agreement, effective June 9, 2005, with its affiliates ASC, Amalgamated Employee Benefits Administrators, Inc. (“AEBA”) and Amalgamated Medical Care Management, Inc. (“AMCM”), under which the Company provides various administrative services and processes payments of retirement, sickness, accident, and other benefits for eligible members of retirement and health and welfare funds.

In accordance with the Department’s approval of the agreement, substantially all employees providing services to these clients continue to be employed by the Company. Under cost sharing agreements with each of its affiliates, the Company is reimbursed at cost for all services provided to these affiliates. In 2022, the Company received gross income of \$65,372,338 as reimbursement for these services.

A percentage of the profits earned by AEBA and AMCM that use these services to earn profits is transferred to the Company in accordance with the Department’s instructions. The calculation of such profits is based on the allocated expenses of each applicable affiliate in relation to its total expenses. In 2022, the gross profit received by the Company was \$6,608,000, and is recorded as part of management services fee income.

Expenses incurred by the Company are allocated between and among the Company’s lines of business and affiliate operations based on an allocation methodology intended to allocate costs in proportion to the resources utilized.

### 2. Tax Allocation Agreement

The Company maintains a tax allocation agreement with ASC, AEBA, and AMCM, under which the Company’s federal income tax return is consolidated with ASC, AEBA, and AMCM. The Company, AEBA, and AMCM agree to pay to ASC the amount (if any) of the consolidated federal income tax liability attributable to each of them under the methods prescribed in New York Regulations 1.1552-1(a)(2) and 1.1502-33(d)(3). The Company had no federal income tax liability in 2022.

### 3. Sublease Agreement

The Company occupies its main office under a sublease agreement with ASC, effective August 29, 2008. The agreement expires on August 31, 2034. In 2022, the Company’s rent expense under the agreement was \$3,274,955.



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 21 directors. Directors are elected for a period of one year at the annual meeting of the stockholders held in July. As of December 31, 2022, the board of directors consisted of 17 members. Meetings of the board are held three times per year.

The 17 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>
Carl Christopher Baumann Tyrone, Georgia	Vice President Workers United Southern Regional Joint Board	2020
Gary J. Bonadonna, Jr.* Fairport, New York	Vice President Workers United Rochester Regional Joint Board	2020
John M. Fowler* Simpsonville, South Carolina	Former Vice President Lear Corporation	2008
Lynne P. Fox Dresher, Pennsylvania	President Workers United Philadelphia Joint Board	2000
Naomi Katherine Hanshew Berwyn, Illinois	Vice President Workers United Chicago and Midwest Regional Joint Board	2018
Billy Jean Hervey Plumerville, Arkansas	Executive Vice President Workers United Southwest Regional Joint Board	2011
Patrick N. Jones, Sr. Skippers, Virginia	Vice President Mid-Atlantic Regional Joint Board	2019
Julie F. Kelly New York, New York	Vice President Workers United New York New Jersey Regional Joint Board	2010
Paul E. Mallen Pine Brook, New Jersey	President and Chief Executive Officer Amalgamated Life Insurance Company	2015
David Melman Hopewell, New Jersey	Executive Vice President Workers United Pennsylvania Joint Board	2002
Homi B. Patel* Hobe Sound, Florida	Retired Chairman and Chief Executive Officer Hartmarx Corporation	1997

<u>Name and Residence</u>	<u>Principal Business Affiliation</u>	<u>Year First Elected</u>
Warren J. Pepicelli Marshfield, Massachusetts	Manager/Executive Vice President UNITE HERE New England Joint Board	2007
Maria T. Rivera Fresno, California	Vice President Workers United Western States Regional Joint Board	2020
Edgar Romney, Sr. Bayside, New York	Secretary-Treasurer Workers United	2000
Richard J. Rumelt* Naples, Florida	Retired Vice President UNITE HERE	2002
Steven E. Thomas* Moriches, New York	President National Association of Blouse Manufacturers	2003
Steven J. Weiner* Boynton Beach, Florida	Retired Group President Hartmarx Corporation	2002

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

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>
Paul E. Mallen	President and Chief Executive Officer
John A. Thornton	Executive Vice President, Sales and Marketing
Timothy J. Krisof	Senior Vice President and Chief Financial Officer
Victoria R. Sartor	Senior Vice President, Finance
Ellen R. Dunkin*	Senior Vice President, General Counsel, Secretary, and Chief Risk Officer
Jonathan Pollio	Senior Vice President and Chief Actuary
Sanjay Chojar	Senior Vice President and Chief Information Officer

\*Designated consumer services officer per Section 216.4(c) of 11 NYCRR 216 (Insurance Regulation 64)

In February 2023, Timothy J. Kristof resigned as Senior Vice President and Chief Financial Officer, and Victoria R. Sartor was promoted to Executive Vice President, Finance.

In March 2023, Ellen R. Dunkin retired from the Company and was replaced by Terry L. Burston, previously Vice President, Assistant General Counsel, and Chief Compliance Officer of an international insurance broker.

In March 2024, Jonathan Pollio, Senior Vice President and Chief Actuary, left the Company. The Company is actively recruiting a replacement.

### 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 and 3 of Section 1113(a) of the New York Insurance Law.

The Company is licensed to transact business in all 50 states and the District of Columbia. In 2022, 57.1% of life premiums and 27.8% of accident and health premiums were received from New York. Policies are written on a participating and non-participating bases.

The following tables show the percentage of direct premiums received, by state, and by major lines of business for the year 2022:

<u>Life Insurance Premiums</u>		<u>Accident and Health Insurance Premiums</u>	
New York	57.1%	New York	27.8%
Pennsylvania	16.8	California	18.3
Missouri	8.0	New Jersey	9.8
New Jersey	5.8	Illinois	7.3
Texas	<u>4.9</u>	Indiana	<u>4.1</u>
Subtotal	92.7%	Subtotal	67.3%
All others	<u>7.3</u>	All others	<u>32.7</u>
Total	<u>100.0%</u>	Total	<u>100.0%</u>

#### A. Statutory and Special Deposits

As of December 31, 2022, the Company had \$2,455,000 (par value) of United States Treasury Bonds on deposit with the State of New York, its domiciliary state, for the benefit of all policyholders, claimants, and creditors of the Company. As per confirmations received for the following states which were reported in Schedule E of the 2022 filed annual statement, an additional \$2,014,038 was being held by the states of Arkansas, Georgia, Massachusetts, Nevada, New Hampshire, North Carolina, and Virginia.

#### B. Direct Operations

The Company's primary products being sold on a "for-profit basis" are group short-term disability insurance, group term life insurance, group medical stop loss insurance, and individual disability insurance sold at the worksite.

Most sales in the Company's target labor market are accomplished through direct contact with trade union groups, brokers, and consultants. The Company maintains a salaried sales force of experienced insurance professionals and consultants who were former trade union officials who create these contracts.

The sales force also benefits from referrals from a network of benefit consultants; law, actuarial, and accounting firms; Blue Cross plans and Health Maintenance Organizations which also serve the Taft-Hartley market.

The Company intends to develop new markets within labor and outside of labor to further diversify revenue streams. The Company's customers are primarily trade union members covered under Taft-Hartley health and welfare plans and pension plans, or under endorsed voluntary arrangements through their unions. In addition to clothing and textile workers, clients include bricklayers, carpenters, firefighters, hospital workers, hotel workers, janitors, police officers, social service employees, steelworkers, theatrical stagehands, and delivery drivers.

### C. Reinsurance

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

The maximum retention limit for individual life contracts is \$100,000. The total face amount of life insurance ceded as of December 31, 2022, was \$11,000,456,377, which represents 33.6% of the total face amount of life insurance in force.

As of December 31, 2022, the total face amount of life insurance assumed was \$6,526,627,553.

#### 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 BDO USA, LLP was retained by the Company to audit the Company's combined statutory basis statements of financial position 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.

BDO USA, 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

	\$119,408,913
Bonds	
Cash, cash equivalents, and short-term investments	6,135,612
Contract loans	56,089
Investment income due and accrued	866,464
Premiums and considerations:	
Uncollected premiums and agents' balances in the course of collection	4,624,045
Deferred premiums, agents' balances and installments booked but deferred and not yet due	50,947
Accrued retrospective premiums	316,472
Reinsurance:	
Amounts recoverable from reinsurers	6,596,704
Other amounts receivable under reinsurance contracts	254,911
Net deferred tax asset	3,032,626
Receivables from parent, subsidiaries, and affiliates	7,151,634
Other receivables	<u>55,618</u>
Total admitted assets	<u>\$148,550,035</u>

C. Liabilities, Capital and Surplus

Aggregate reserve for life policies and contracts	\$ 6,839,978
Aggregate reserve for accident and health contracts	10,679,065
Contract claims:	
Life	18,000,746
Accident and health	20,582,070
Premiums and annuity considerations for life and accident and health contracts received in advance	372,743
Contract liabilities not included elsewhere:	
Provision for experience rating refunds	4,859,838
Other amounts payable on reinsurance	3,636,978
Interest maintenance reserve	209,595
Commissions to agents due or accrued	283,540
General expenses due or accrued	5,331,169
Current federal and foreign income taxes	916,726
Amounts withheld or retained by company as agent or trustee	1,368,241
Asset valuation reserve	681,457
Contingency reserves for claims experience fluctuation	<u>7,467,565</u>
 Total liabilities	 \$ <u>81,229,711</u>
 Common capital stock	 \$ 2,500,000
Gross paid in and contributed surplus	7,550,000
Unassigned funds (surplus)	<u>57,270,324</u>
Surplus	\$ <u>64,820,324</u>
Total capital and surplus	\$ <u>67,320,324</u>
 Total liabilities, capital and surplus	 \$ <u>148,550,035</u>

D. Condensed Summary of Operations

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Premiums and considerations	\$ 96,514,830	\$ 99,723,332	\$116,290,825	\$137,111,251	\$133,187,599
Investment income	3,026,422	3,449,874	3,350,870	3,206,352	3,206,773
Commissions and reserve adjustments on reinsurance ceded	0	0	0	(266,423)	(343,755)
Management services contract income	67,091,348	66,080,229	65,634,285	65,163,927	65,372,338
Miscellaneous income	<u>64,067</u>	<u>48,938</u>	<u>0</u>	<u>751,948</u>	<u>775,621</u>
Total income	<u>\$166,696,667</u>	<u>\$169,302,373</u>	<u>\$185,275,980</u>	<u>\$205,967,055</u>	<u>\$202,198,576</u>
Benefit payments	\$ 78,956,478	\$ 79,083,959	\$ 97,050,506	\$117,542,846	\$123,846,749
Increase in reserves	454,922	759,715	2,169,329	7,040,733	(669,390)
Commissions	5,055,170	5,058,106	7,005,473	18,113,657	8,300,010
General expenses and taxes	13,558,907	14,065,593	14,949,526	15,381,571	16,474,455
Increase in loading on deferred and uncollected premiums	(44)	4,242	(1,396)	9,609	4,791
Management services contract expense	61,000,348	58,086,228	57,235,285	56,763,927	58,764,338
Miscellaneous deductions	<u>1,093,869</u>	<u>940,466</u>	<u>540,440</u>	<u>113,592</u>	<u>127,388</u>
Total deductions	<u>\$160,119,650</u>	<u>\$157,998,309</u>	<u>\$178,949,163</u>	<u>\$214,965,935</u>	<u>\$206,848,341</u>
Net gain (loss) before federal income taxes	\$ 6,577,017	\$ 11,304,064	\$ 6,326,817	\$ (8,998,880)	\$ (4,649,765)
Federal and foreign income taxes incurred	<u>1,643,451</u>	<u>2,143,842</u>	<u>1,458,459</u>	<u>102,295</u>	<u>0</u>
Net income	<u>\$ 4,933,566</u>	<u>\$ 9,160,222</u>	<u>\$ 4,868,358</u>	<u>\$ (9,101,175)</u>	<u>\$ (4,649,765)</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>\$61,712,478</u>	<u>\$66,765,219</u>	<u>\$75,550,760</u>	<u>\$80,263,726</u>	<u>\$72,552,390</u>
Net income	\$ 4,933,566	\$ 9,160,222	\$ 4,868,358	\$(9,101,175)	\$(4,649,765)
Change in net deferred income tax	265,199	(56,337)	160,877	2,049,949	915,064
Change in non-admitted assets and related items	(60,727)	(529,359)	(245,189)	(593,339)	(1,419,360)
Change in asset valuation reserve	(42,101)	(48,161)	(71,080)	(66,771)	(78,005)
Change in post-retirement transition	<u>(43,196)</u>	<u>259,176</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net change in capital and surplus for the year	<u>\$ 5,052,741</u>	<u>\$ 8,785,541</u>	<u>\$ 4,712,966</u>	<u>\$(7,711,336)</u>	<u>\$(5,232,066)</u>
Capital and surplus, December 31, current year	<u>\$66,765,219</u>	<u>\$75,550,760</u>	<u>\$80,263,726</u>	<u>\$72,552,390</u>	<u>\$67,320,324</u>

Respectfully submitted,



Thomas J. Allen, CFE  
Examination Resources, LLC

STATE OF IOWA     )  
                                  ) SS:  
COUNTY OF POLK    )

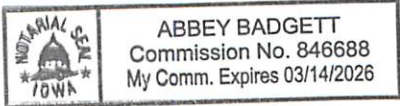
Thomas J. Allen, being duly sworn, deposes and says that the foregoing report, subscribed by him, is true to the best of his knowledge and belief.



Thomas J. Allen

Subscribed and sworn to before me

this 25 day of June 2024



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. 32542*

*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:*

***THOMAS J. ALLEN**  
(EXAMINATION RESOURCES, LLC)*

*as a proper person to examine the affairs of the*

***AMALGAMATED LIFE INSURANCE COMPANY***

*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 25th day of May, 2023*

*ADRIENNE A. HARRIS  
Superintendent of Financial Services*

*By:*

*Mark McLeod*

\_\_\_\_\_  
*MARK MCLEOD  
DEPUTY CHIEF - LIFE BUREAU*

