FINANCIAL CONDITION REPORT ON EXAMINATION

OF THE

AMERICAN PROGRESSIVE LIFE AND HEALTH

INSURANCE COMPANY OF NEW YORK

AS OF DECEMBER 31, 2022

EXAMINER: **PABLO RAMOS**

DATE OF REPORT: **JUNE 7, 2024**

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June 21, 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. 32538, dated May 16, 2023, and annexed hereto, an examination has been made into the condition and affairs of American Progressive Life and Health Insurance Company of New York, hereinafter referred to as "the Company." The Company's administrative home office is located at 7700 Forsyth Boulevard, St. Louis, MO, 63105. The Company's statutory home office is located at 25-01 Jackson Avenue, Long Island City, NY 11101.

Wherever "Department" appears in this report, it refers to the New York State Department of Financial Services.

The report indicating the results of this examination is respectfully submitted.

1. EXECUTIVE SUMMARY

The material findings and violations contained in this report are summarized below.

- The Company violated Section 1505(d)(3) of the New York Insurance Law by receiving services on a regular basis from an affiliate without receiving the Superintendent's non-disapproval. (See item 3D of this report.)
- The Company violated Section 4211(a) of the New York Insurance Law by failing to file a copy of the notice of election of its directors with the Superintendent at least ten days before the day of such election for all years during the exam period. (See item 3E of this report.)
- The Company violated Section 4211(b) of the New York Insurance Law by failing to file a written notice of the election of its directors with the Superintendent at least ten days prior to such successors taking office and exercising their duties. (See item 3E of this report.)
- The Company violated Section 243.2(b)(1) of 11 NYCRR 243 (Insurance Regulation 152) by failing to maintain copies of the policy forms for three policies and the applications for six policies. (See item 6 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, 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 of the Company was conducted as part of the group examination of the Centene Corporation Group which was led by the Texas Department of Insurance ("Texas"). The group examination included 81 affiliated insurance entities domiciled in 34 jurisdictions. The affiliated entities and their state of domicile are listed in the table below:

Company Name	**State of Domicile**
Centene Venture Company Alabama Health Plan Inc.	Alabama
WellCare of Alabama Inc.	Alabama
Bridgeway Health Solutions of Arizona Inc.	Arizona
Hallmark Life Insurance Company	Arizona
Health Net Community Solutions of Arizona, Inc.	Arizona
Health Net of Arizona, Inc.	Arizona

Company Name	State of Domicile
WellCare Health Insurance of Arizona Inc.	Arizona
WellCare Health Insurance of the Southwest Inc.	Arizona
WellCare Prescription Insurance Inc.	Arizona
Arkansas Health & Wellness Health Plan, Inc.	Arkansas
Arkansas Total Care Inc.	Arkansas
QCA Health Plan, Inc.	Arkansas
QualChoice Life and Health Insurance Company, Inc.	Arkansas
WellCare Health Insurance Company of America	Arkansas
Health Net Life Insurance Company	California
WellCare Health Insurance of Connecticut Inc.	Connecticut
WellCare of Connecticut, Inc.	Connecticut
Centene Venture Company Florida	Florida
Sunshine Health Community Solutions Inc.	Florida
Sunshine State Health Plan Inc.	Florida
WellCare Health Insurance of Hawaii Inc.	Hawaii
Celtic Insurance Company	Illinois
Centene Venture Company Illinois	Illinois
Harmony Health Plan, Inc.	Illinois
Meridian Health Plan of Illinois Inc.	Illinois
WellCare of Illinois Inc.	Illinois
Iowa Total Care Inc.	Iowa
Centene Venture Company Kansas	Kansas
Sunflower State Health Plan Inc.	Kansas
WellCare Health Insurance Company of Kentucky, Inc.	Kentucky
WellCare Health Plans of Kentucky Inc.	Kentucky
Louisiana Healthcare Connections Inc.	Louisiana
WellCare Health Insurance Company of Louisiana Inc.	Louisiana
WellCare of Maine Inc.	Maine
Centene Venture Company Michigan	Michigan
Meridian Health Plan of Michigan, Inc.	Michigan
Ambetter of Magnolia Inc.	Mississippi
Magnolia Health Plan Inc.	Mississippi
WellCare of Mississippi Inc.	Mississippi
Home State Health Plan Inc.	Missouri
WellCare Health Plans of Missouri Inc.	Missouri
WellCare of Missouri Health Insurance Company Inc.	Missouri
Nebraska Total Care Inc.	Nebraska
SilverSummit Healthplan Inc.	Nevada

Company Name	State of Domicile
Granite State Health Plan Inc.	New Hampshire
WellCare Health Insurance Company of New Hampshire Inc.	New Hampshire
WellCare of New Hampshire Inc.	New Hampshire
WellCare Health Insurance Company of New Jersey Inc.	New Jersey
WellCare Health Plans of New Jersey Inc.	New Jersey
Western Sky Community Care Inc.	New Mexico
American Progressive Life and Health Insurance Company of New York	New York
AmBetter of North Carolina Inc.	North Carolina
Carolina Complete Health Inc.	North Carolina
WellCare Health Insurance of North Carolina Inc.	North Carolina
WellCare of North Carolina Inc.	North Carolina
Buckeye Community Health Plan, Inc.	Ohio
Buckeye Health Plan Community Solutions Inc.	Ohio
Oklahoma Complete Health Inc.	Oklahoma
WellCare Health Insurance Company of Oklahoma Inc.	Oklahoma
WellCare of Oklahoma Inc.	Oklahoma
Health Net Health Plan of Oregon, Inc.	Oregon
Trillium Community Health Plan Inc.	Oregon
Pennsylvania Health & Wellness Inc.	Pennsylvania
WellCare Health Plans of Rhode Island Inc.	Rhode Island
Centene Venture Company Tennessee	Tennessee
Rhythm Health Tennessee Inc.	Tennessee
WellCare Health Insurance of Tennessee Inc.	Tennessee
Centene Venture Insurance Company Texas	Texas
Envolve Dental of Texas Inc.	Texas
Envolve Vision of Texas Inc.	Texas
SelectCare of Texas, Inc.	Texas
Superior HealthPlan, Inc.	Texas
WellCare National Health Insurance Company	Texas
WellCare of Texas, Inc.	Texas
WellCare of Virginia Inc.	Virginia
Wellcare Health Plans of Vermont Inc.	Vermont
Coordinated Care of Washington Inc.	Washington
WellCare Health Insurance Company of Washington Inc.	Washington
WellCare of Washington Inc.	Washington
Bankers Reserve Life Insurance Company of Wisconsin	Wisconsin
Managed Health Services Insurance Corp.	Wisconsin

The coordinated examination was led and facilitated by Texas, with participation from the other states. 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 2019, by the accounting firm of Deloitte & Touche, LLP and for the years 2020 through 2022, by the accounting firm of KPMG, LLP. The Company received an unqualified opinion in 2018 and 2019 and the Company received an unmodified opinion in 2020, 2021, and 2022. Certain audit workpapers of the accounting firm were reviewed and relied upon in conjunction with this examination. The Company is under the oversight of the internal audit department of the holding company which was given the task of assessing the internal control structure and 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.

3. DESCRIPTION OF COMPANY

A. History

The Company was incorporated as a stock accident and health insurance company under the laws of the State of New York on September 22, 1945, under the name American Progressive Health Insurance Company of New York. The Company was licensed and commenced business on March 26, 1946. On January 25, 1979, the Company's charter was amended to include the writing of life insurance and annuities, and the Company's present name was then adopted.

Initial resources of $151,800, consisting of common capital stock of $101,200 and paid in and contributed surplus of $50,600, were provided through the sale of 1,012 shares of common stock (with a par value of $100 each) for $150 per share.

On April 29, 2011, the Company stopped writing Medicare Part D and sold the in force block of the business to SilverScript Insurance Corporation, a subsidiary of CVS Caremark Corporation. On June 1, 2012, the Company stopped writing individual life and accident and health insurance. On July 31, 2013, the Company loaned $13 million to its direct parent, Universal American Corp. ("Universal American"), to capitalize its affiliates that were formed pursuant to the Federal Patient Protection and Affordable Care Act.

Effective August 3, 2016, the Company ceded all its remaining traditional life insurance in force and accident and health business to Constitution Life Insurance Company ("Constitution Life"), a former affiliate, on a 100% coinsurance basis reinsurance agreement. This arrangement was part of a larger transaction in which Universal American divested its entire traditional insurance block of business by selling all of the outstanding shares of Constitutional Life and Pyramid Life Insurance Company ("Pyramid"), former affiliates of the Company, to Nassau Reinsurance Group Holdings L.P. Under the terms of the agreement, Nassau acquired all outstanding shares of Constitution Life and Pyramid and the remaining portion of the Company's traditional insurance business for approximately $43 million in cash.

On April 28, 2017, WellCare Health Plans, Inc. ("WellCare") completed the acquisition of Universal American in an all cash transaction which resulted in Universal American becoming a wholly owned subsidiary of WellCare. WellCare is a healthcare insurer focused on providing government-sponsored managed care services, primarily through Medicaid, Medicare Advantage

and Medicare Prescription Drug Plans to families, children, seniors and individuals with complex medical needs.

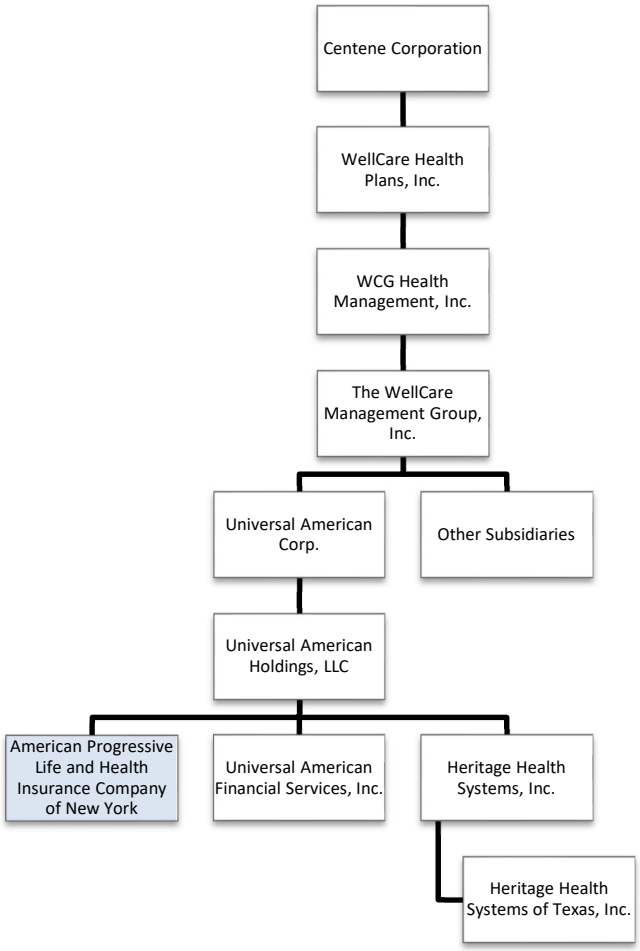
On March 27, 2019, WellCare entered into an agreement and a plan of merger (the "Merger Agreement") with Centene Corporation ("Centene"), a Delaware corporation; Wellington Merger Sub I, Inc. ("Merger Sub I") and Wellington Merger Sub II, Inc. ("Merger Sub II"), Delaware corporations and direct, wholly owned subsidiaries of Centene. Pursuant to the Merger Agreement, subject to the terms and conditions thereof, Centene acquired all of the outstanding shares of WellCare through a series of transactions: (1) First, Merger Sub I merged with and into WellCare, with WellCare being the surviving and the direct, wholly owned subsidiary of Centene, and (2) WellCare then merged with and into Merger Sub II, with Merger Sub II being the surviving corporation. Subject to the terms and conditions set out in the Merger Agreement, WellCare's stockholders received cash and shares of Centene. After the merger of Merger Sub I and Merger Sub II, the name of Merger Sub II was changed to WellCare Health Plans, Inc. WellCare Health Plans, Inc. as it stood before was merged out of existence. In January 2020, Centene completed the acquisition of WellCare which resulted in WellCare becoming a wholly owned subsidiary of Centene.

B. Holding Company

The Company is a wholly owned subsidiary of Universal American Holdings, LLC ("UAH"), a Delaware-domiciled limited liability company. UAH is in turn a wholly owned subsidiary of Universal American, a Delaware-domiciled holding company. Universal American is ultimately owned by Centene, a Delaware-domiciled 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, 2022 follows:



D. Service Agreements

The Company had nine significant 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	Expense* For Each Year of the Examination
Service Expense Reimbursement and Cost Sharing Agreement File No. 43427	08/01/2002 Amended 01/24/2011	Universal American Financial Services, Inc.	The Company	Actuarial and tax advice; regulatory compliance and government relations support services; office and systems support; strategic planning and general management services, including product development, sales and advertising, agent services, information systems, finance and accounting, human resources, legal services, business planning, and strategic acquisitions and mergers	2018 $(7,648,209) 2019 $(8,914,584) 2020 $(3,142,781) 2021 $ 0 2022 $ 0

Type of Agreement and Department File Number	Effective Date	Provider(s) of Service(s)	Recipient(s) of Service(s)	Specific Service(s) Covered	Expense* For Each Year of the Examination
Administrative Services Agreement File No. 34771	12/01/2005	HHS Texas Management, L.P.	The Company	Administrative services, including claims processing and reporting; medical management oversight; maintenance of provider files, enrollment and eligibility files; premium billing and collection; appeals and grievances; and member services	2018 $(31,979,818) 2019 $(37,274,969) 2020 $(13,141,060) 2021 $ 0 2022 $ 0
Management Services Agreement File No. 58910	03/01/2020	Comprehensive Health Management, Inc.	The Company	Administrative services including accounting and financial services, information systems and computer systems, data processing, benefit design and administration, billing and claim processing, customer service, utilization management,	2018 $ 0 2019 $ 0 2020 $ (42,247,991) 2021 $ (62,361,721) 2022 $(100,640,264)

Type of Agreement and Department File Number	Effective Date	Provider(s) of Service(s)	Recipient(s) of Service(s)	Specific Service(s) Covered	Expense* For Each Year of the Examination
				provider credentialing and network management, member and provider communication coordination, marketing services.	
Administrative Radiology Services Agreement**	03/08/2021	National Imaging Associates, Inc. ("NIA")	The Company	Management of radiology services, including post-emergency room radiology review services.	2021 $ 0 2022 $(2,759,084)
Administrative Services Agreement File No. 60099	01/01/2021	Envolve PeopleCare, Inc.	The Company	Nurse advice line, behavioral health crisis line, and online health content services.	2021 $(12,466) 2022 $ 0
Escrow Agent Agreement	06/27/2018	WellCare Health Plans, Inc. and BNY Mellon	The Company	Escrow agreement	2018 $(1,484) 2019 $ 0 2020 $ 0 2021 $ 0 2022 $ 0
Management Service Agreement File No. 63265	05/01/2023	Centene Management Company, LLC	The Company	Management and administrative services in support of the health benefit plan's health benefit products	2022 $0

Type of Agreement and Department File Number	Effective Date	Provider(s) of Service(s)	Recipient(s) of Service(s)	Specific Service(s) Covered	Expense* For Each Year of the Examination
Pharmacy Services Agreement File No. 63261	05/01/2023	Centene Pharmacy Services, Inc.	The Company	Management and administrative services in support of the health benefit plan's prescription drug benefits, including formulary management and utilization management services	2022 $(4,205,651)
Dental Services Agreement File No. 62457	02/01/2023	Envolve Dental, Inc.	The Company	Administration of dental services, including dental services and claims processing	2022 $(1,627,864)

*Amount of Expense Incurred by the Company

**The Company entered into the Administrative Radiology Services Agreement with NIA before the entities were related parties. The Company's parent organization, Centene, acquired NIA's parent organization, Magellan Health Inc., effective January 2022. Centene subsequently divested its interest in NIA effective January 2023. Thus, the parties were related effective January 2022 and ceased being a related party effective January 2023.

Section 1505(d) of the New York Insurance Law states, in part:

"The following transactions between a domestic controlled insurer and any person in its holding company system may not be entered into unless the insurer has notified the superintendent in writing of its intention to enter into any such transaction at least thirty days prior thereto, or with regard to reinsurance treaties or agreements at least forty-five days prior thereto, or such shorter period as the superintendent may permit, and the superintendent has not disapproved it within such period: . .

(3) rendering of services on a regular or systematic basis . . ."

The examiner's review of the Company's 2022 Annual Statement, namely Notes to Financial Statements #10A and #10B, in conjunction with Department records, indicated that for an intercompany agreement, the Company received services and incurred expenses prior to receiving the Superintendent's notice of non-objection, as required under Section 1505(d) of the New York Insurance Law:

For the Company's intercompany agreement with Envolve Dental, Inc. under Department File No. 62457, the Department's non-objection letter states, in part:

> " . . . Based upon our review of the submission and in reliance upon the facts and representations contained therein, we have no objection to its implementation effective no earlier than February 1, 2023."

The examiner's review of the Company's 2022 Annual Statement indicated that the Company incurred expenses of $1,627,864 in 2022 for the services provided by Envolve Dental, Inc. (erroneously noted as Dental Health & Wellness in the 2022 Annual Statement) which is before the effective date of February 1, 2023 stipulated by the Superintendent's non-objection to the implementation of the agreement.

The Company violated Section 1505(d)(3) of the New York Insurance Law by receiving services on a regular basis from an affiliate without receiving the Superintendent's non-disapproval.

Based on the examiner's review of the Company's 2022 Annual Statement, namely Notes to Financial Statements #10A and #10B, the Company received services from US Script and Dental Health & Wellness which are not listed in the schedule of affiliates in Schedule Y in the Company's 2022 Annual Statement. Per Notes to Financial Statements #10A and #10B in the Company's 2022 Annual Statement, the Company incurred expenses of $4,205,651 from US Script for Pharmacy services in 2022 and $1,627,864 from Dental Health & Wellness for Dental services in 2022. In response to the examiner's inquiry concerning the discrepancies in Notes to Financial Statements #10A and 10B, the Company stated, in part: "…US Script is Centene Pharmacy Services, Inc., and Dental Health & Wellness is Envolve Dental, Inc. . . . "

The examiner recommends that the Company exercise due care in the preparation of the Notes to Financial Statements #10A and #10B in its filed annual statements.

The examiner reviewed Department records and noted that there were three intercompany services agreements with affiliates that were included in Notes to Financial Statements #10A and #10B in the Company's 2022 Annual Statement but were not included in the Company's service agreements table provided in response to the intercompany services agreement table provided in response to examination correspondence:

1. Management Service Agreement with Centene Management Company, LLC under Department file no. 63265 and that was non-disapproved by the Department on May 11, 2023.
2. Pharmacy Services Agreement with Centene Pharmacy Services, Inc. under Department File No. 63261 and that was non-disapproved by the Department on May 5, 2023.
3. Dental Services Agreement with Envolve Dental, Inc. under Department File No. 62457 and that was non-disapproved by the Department on February 24, 2023.

The examiner recommends that the Company provide complete and accurate data for the facilitation of the financial condition examination of the Company.

E. Management

The Company's by-laws provide that the board of directors shall be comprised of not less than seven and not more than 11 directors. Directors are elected for a period of one year at the annual meeting of the shareholders held on the fourth Friday of December of each year, or up to 30 days before or after this date with notice to the Superintendent. As of December 31, 2022, the board of directors consisted of seven members. The board shall have one regular meeting no later than the fourth Friday of April of each year. Special meetings may be called by the Chairman, the President, or the Secretary for any purpose and may be held at any time on written waiver of notice or consent of all the board members.

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

Name and Residence	Principal Business Affiliation*	Year First Elected
Benjamin M. Craig Westport, Connecticut	Vice President, Medicare Market (Connecticut) Centene Corporation	2021

Name and Residence	Principal Business Affiliation*	Year First Elected
Alicia Delmont-Vorburger Williamsville, New York	Chief Provider Operations Officer Fidelis Care	2020
Andrea D. Gillentine New York, New York	Chief Operating Officer Fidelis Care	2022
Dr. Vincent Marchello Pearl River, New York	Chief Medical Officer Fidelis Care	2020
Thomas Meixner Poughkeepsie, New York	Plan Chief Financial Officer Fidelis Care	2022
Carey Shoemaker East Amherst, New York	Vice President, Provider Relations Fidelis Care	2020
Randolph S. Wojnarowicz Higganum, Connecticut	Medicare Region President Centene Corporation	2022

*The board of directors of the Company's ultimate 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.

Effective May 15, 2023, Benjamin Mark Craig left the board and was replaced by Brian Christopher Cummings.

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:

Name	Title
Andrew L. Asher	President
James E. Snyder III	Treasurer and Vice President
Christopher A. Koster	Secretary and Vice President
Tricia L. Dinkelman	Vice President, Tax

Amy Jensen, Director, Government Relations, is the designated consumer services officer per Section 216.4(c) of 11 NYCRR 216 (Insurance Regulation 64).

Section 4211of the New York Insurance Law states, in part:

> "(a) No election of directors of a domestic stock life insurance company shall be valid unless a copy of the notice of election shall have been filed in the office of the superintendent at least ten days before the day of such election in addition to the service thereof, as required by section six hundred five of the business corporation law.
> (b) Whenever any directors of such a company shall have resigned and successors shall have been chosen pursuant to the provisions of the by-laws, such successors shall not take office nor exercise their duties until ten days after written notice of their election shall have been filed in the office of the superintendent. . . . "

Based on the examiner's review of the minutes of the board of directors for the exam period along with Department records, 15 directors were elected to the Company's board during the exam period, and in all cases, the Company did not file the notices of elections at least 10 days prior to the elections of the directors, as required under Section 4211(a) of the New York Insurance Law. Also, for cases in which a director resigned and a successor was chosen, such successors shall not take office nor exercise their duties until ten days after written notice of their election shall have been filed with the Department.

For all 15 directors elected during the examination period, the Company filed the biographical affidavits and fingerprints in lieu of filing the notice of election, as required under Sections 4211(a) and 4211(b) of the New York Insurance Law.

The Company violated Section 4211(a) of the New York Insurance Law by failing to file a copy of the notice of election of its directors with the Superintendent at least ten days before the day of such election for all years during the exam period.

The Company violated Section 4211(b) of the New York Insurance Law by failing to file a written notice of the election of its directors with the Superintendent at least ten days prior to such successors taking office and exercising their duties.

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 29 states and the District of Columbia. In 2022, 69.4% of life premiums, 96.3% of annuity considerations, and 87.7% of accident and health insurance premiums were received from New York. Policies are written on a non-participating basis.

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

Life Insurance Premiums

New York	69.4%
Pennsylvania	11.1
New Jersey	4.2
Florida	3.0
Maine	1.8
Subtotal	89.4%
All others	10.6
Total	100.0%

Annuity Considerations

New York	96.3%
South Carolina	1.3
Pennsylvania	1.2
Florida	1.2
Subtotal	100.0%
All others	0.0
Total	100.0%

Accident and Health Insurance Premiums

New York	87.7%
Maine	12.0
Pennsylvania	0.1
New Jersey	0.0
Vermont	0.0
Subtotal	99.9%
All others	0.1
Total	100.0%

A. Statutory and Special Deposits

As of December 31, 2022, the Company had $1,600,000 (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. As per confirmations received from the following states, which were reported on Schedule E of the 2022 filed annual statement, an additional $2,052,654 was being held by the states of Arkansas, Florida, Georgia, Massachusetts, New Hampshire, New Mexico, North Carolina, and Virginia.

B. Direct Operations

The Company exclusively provides Medicare advantage products to Medicare beneficiaries through a contract with the federal government's Centers for Medicare and Medicaid Services. The products are offered through Preferred Provider Organization Plans ("PPO") and Private Fee-for-Service Plans ("PFFS") in the northeast region of the United States, specifically in upstate New York and Maine. The PPO plans are built around a contracted network of providers and provide basic Medicare covered benefits with reduced member cost sharing and additional supplemental benefits, including defined prescription drug benefits. The PFFS plans provide enhanced health care benefits, compared to traditional Medicare, subject to cost sharing and other limitations. The PFFS plans have limited provider network restrictions, which allow the members more flexibility in the delivery of their health care services than other Medicare advantage plans. On June 1, 2012, the Company stopped marketing and selling its Medicare supplement insurance products, ordinary life insurance product, fixed annuities, and other accident and health products, including long term care and major medical.

C. Reinsurance

As of December 31, 2022, the Company had reinsurance treaties in effect with 11 companies, of which eight were authorized, accredited, or certified. The Company's life and accident and health business is reinsured on a coinsurance, modified-coinsurance, yearly renewable term and other basis. Reinsurance is provided on an automatic basis.

The total face amount of life insurance ceded as of December 31, 2022, was $174,153,798, which represents 100% of the total face amount of life insurance in force. Reserve credit taken for reinsurance ceded to and reinsurance recoverables from unauthorized companies, totaling

$103,066,536, was supported by letters of credit, a trust agreement, funds withheld, and other miscellaneous balances.

As of December 31, 2022, the total face amount of life insurance assumed was $5,430,299, and the total amount of accident and health insurance premiums assumed was $83,630.

5. 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 Deloitte & Touche LLP ("Deloitte") was retained by the Company to audit the Company's combined statutory basis statements of financial position of the Company as of December 31 for the years 2018 and 2019, and the related statutory-basis statements of operations, capital and surplus, and cash flows for the year then ended. The firm of KPMG LLP ("KPMG") was retained by the Company to audit the Company's combined statutory basis statements of financial position of the Company as of December 31 for the years 2020, 2021, and 2022, and the related statutory-basis statements of operations, capital and surplus, and cash flows for the year then ended.

Deloitte and KPMG 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	$231,951,239
Stocks:	
Preferred stocks	1,982,522
Cash, cash equivalents and short-term investments	110,905,766
Investment income due and accrued	2,191,611
Premiums and considerations:	
Uncollected premiums and agents' balances in the course of collection	157,086
Deferred premiums, agents' balances and installments booked but	
Accrued retrospective premiums	55,617,204
Reinsurance:	
Other amounts receivable under reinsurance contracts	11,093,501
Amounts receivable relating to uninsured plans	20,436,824
Current federal and foreign income tax recoverable and interest thereon	3,788,726
Net deferred tax asset	1,640,112
Receivables from parent, subsidiaries and affiliates	15,676,505
Health care and other amounts receivable	60,526,542
State and other taxes recoverable	2,057,941
Total admitted assets	$518,025,579

C. Liabilities, Capital and Surplus

Contract claims:	
Accident and health	$185,301,446
Premiums and annuity considerations for life and accident and health contracts received in advance	77,392
Contract liabilities not included elsewhere:	
Interest maintenance reserve	903,040
Commissions to agents due or accrued	2,575,379
General expenses due or accrued	3,499,845
Taxes, licenses and fees due or accrued, excluding federal income taxes	280,672
Miscellaneous liabilities:	
Asset valuation reserve	1,769,763
Payable to parent, subsidiaries and affiliates	1,497,792
Liability for amounts held under uninsured accident and health plans	68,593,198
Funds held under coinsurance	45,103,492
Unclaimed property payable	109,728
Retrospective premiums payable	20,405,634
Total liabilities	$330,117,381
Common capital stock	$ 2,500,050
Gross paid in and contributed surplus	159,466,498
Unassigned funds (surplus)	25,941,650
Surplus	$185,408,148
Total capital and surplus	$187,908,198
Total liabilities, capital and surplus	$518,025,579

D. Condensed Summary of Operations

	2018	2019	2020	2021	2022
Premiums and considerations	$602,807,492	$656,932,000	$565,104,958	$828,021,066	$1,325,327,954
Investment income	4,609,203	6,858,584	4,969,822	7,041,739	8,672,094
Commissions and reserve adjustments on reinsurance ceded	5,310,116	3,781,608	3,011,652	252,764	252,764
Miscellaneous income	107,544	(224,940)	0	0	0
Total income	$612,834,355	$667,347,252	$573,086,432	$835,315,569	$1,334,252,812
Benefit payments	$515,000,999	$556,243,411	$447,004,508	$746,609,000	$1,143,917,737
Commissions	17,455,600	12,830,490	16,850,415	37,628,270	61,295,852
General expenses and taxes	67,058,860	65,589,120	68,396,865	83,834,510	118,571,728
Miscellaneous deductions	0	285,781	66	278	3,266
Total deductions	$599,515,459	$634,948,802	$532,251,854	$868,072,058	$1,323,788,583
Net gain (loss)	$ 13,318,896	$ 32,398,450	$ 40,834,578	$ (32,756,489)	$ 10,464,229
Federal and foreign income taxes incurred	1,259,704	6,630,809	9,538,504	(6,410,601)	2,268,347
Net gain (loss) from operations before net realized capital gains	$ 12,059,192	$ 25,767,641	$ 31,296,074	$ (26,345,888)	$ 8,195,882
Net realized capital gains (losses)	(78,819)	503,198	454,346	(150,145)	9,971
Net income	$ 11,980,373	$ 26,270,839	$ 31,750,420	$ (26,496,033)	$ 8,205,853

E. Capital and Surplus Account

	2018	2019	2020	2021	2022
Capital and surplus, December 31, prior year	$102,077,232	$116,530,960	$126,088,593	$138,517,768	$137,210,063
Net income	$ 11,980,373	$ 26,270,839	$ 31,750,420	$ (26,496,033)	$ 8,205,853
Change in net unrealized capital gains (losses)	0	0	0	331,100	(107,478)
Change in net deferred income tax	336,227	(467,039)	(126,327)	204,343	(598,261)
Change in non-admitted assets and related items	1,066,081	(1,265,870)	(4,325,668)	28,747	3,641,722
Change in asset valuation reserve	(127,101)	(279,027)	(254,027)	(123,098)	(190,937)
Surplus adjustments:					
Paid in	0	0	0	25,000,000	40,000,000
Dividends to stockholders	0	(11,980,373)	(17,584,045)	0	0
Change in deferred ceding allowance	1,198,148	(2,720,897)	2,968,821	(252,764)	(252,764)
Net change in capital and surplus for the year	$ 14,453,728	$ 9,557,633	$ 12,429,175	$ (1,307,705)	$ 50,698,135
Capital and surplus, December 31, current year	$116,530,960	$126,088,593	$138,517,768	$137,210,063	$187,908,198

The Company received capital contributions of $40 million in 2022 and $25 million in 2021 from its parent, UAH.

6. RETENTION OF RECORDS

Section 243.2(b)(1) of 11 NYCRR 243 (Insurance Regulation 152) states, in part:

"Except as otherwise required by law or regulation, an insurer shall maintain:
(1) A policy record for each insurance contract or policy for six calendar years after the date the policy is no longer in force or until after the filing of the report on examination in which the record was subject to review, whichever is longer. . . . A policy record shall include: . . .
(ii) The application, including any application form or enrollment form for coverage under any insurance contract or policy;
(iii) The contract or policy forms issued including the declaration pages, endorsements, riders, and termination notices of the contract or policy. . . . "

The Company cedes its life, annuity, and long-term care business with the assuming companies administering each of the blocks of business. The Company was not able to provide copies of the original policy form for three (3) out of the 97 selected policies and six (6) of the applications from the selected 77 policies as part of the reserve accuracy and formula reserve reviews.

The Company violated Section 243.2(b)(1) of 11 NYCRR 243 (Insurance Regulation 152) by failing to maintain copies of the policy forms for three policies and the applications for six policies.

7. SUMMARY AND CONCLUSIONS

Following are the violations and recommendations contained in this report:

Item	Description	Page No(s).
A	The Company violated Section 1505(d)(3) of the New York Insurance Law by receiving services on a regular basis from an affiliate without receiving the Superintendent's non-disapproval.	14
B	The examiner recommends that the Company exercise due care in the preparation of the Notes to Financial Statements #10A and #10B in its filed annual statements.	14
C	The examiner recommends that the Company provide complete and accurate data for the facilitation of the financial condition examination of the Company.	15
D	The Company violated Section 4211(a) of the New York Insurance Law by failing to file a copy of the notice of election of its directors with the Superintendent at least ten days before the day of such election for all years during the exam period.	17
E	The Company violated Section 4211(b) of the New York Insurance Law by failing to file a written notice of the election of its directors with the Superintendent at least ten days prior to such successors taking office and exercising their duties.	17
F	The Company violated Section 243.2(b)(1) of 11 NYCRR 243 (Insurance Regulation 152) by failing to maintain copies of the policy forms for three policies and the applications for six policies.	26

Respectfully submitted,

Pablo Ramos

Pablo Ramos
Associate Insurance Examiner

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

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

Pablo Ramos

Pablo Ramos

Subscribed and sworn to before me
this 21st 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. 32538

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:*

PABLO RAMOS

as a proper person to examine the affairs of the

AMERICAN PROGRESSIVE LIFE AND HEALTH INSURANCE COMPANY OF NEW YORK

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

COMPANY

with such other information as he shall deem requisite.

In Witness Whereof, I have hereunto subscribed my name and affixed the official Seal of the Department at the City of New York

this 16th day of May, 2023

ADRIENNE A. HARRIS
Superintendent of Financial Services

By: Mark McLeod

MARK MCLEOD
DEPUTY CHIEF - LIFE BUREAU