FINANCIAL CONDITION REPORT ON EXAMINATION

OF THE

SENTRY LIFE INSURANCE COMPANY OF NEW YORK

AS OF DECEMBER 31, 2023

EXAMINER: **ROSHANAK FEKRAT, CFE**

DATE OF REPORT: **APRIL 11, 2025**

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June 27, 2025

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. 32685, dated July 23, 2024, and annexed hereto, an examination has been made into the condition and affairs of Sentry Life Insurance Company of New York, hereinafter referred to as "the Company." The Company's home office is located at 220 Salina Meadows Parkway, Suite 255, Syracuse, NY 13212. The Company's administrative office is located 1800 North Point Drive, Stevens Point, WI 54481.

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, 2024 Edition* (the "Handbook"). The examination covers the five-year period from January 1, 2019, through December 31, 2023. 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, 2023 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 Wisconsin Office of Commissioner of Insurance in accordance with the NAIC Handbook guidelines, through the NAIC's Financial Examination Electronic Tracking System. The examination was conducted as part of the Sentry Insurance Group. The examination was led by the State of Wisconsin, with participation from the states of New York and Texas. 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 2019 through 2022, by the accounting firm of KPMG, LLP and by Deloitte and Touche, LLP in 2023. 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. Sentry Mutual Holding Company ("SMHC"), the Company's ultimate parent, has an internal audit department 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 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

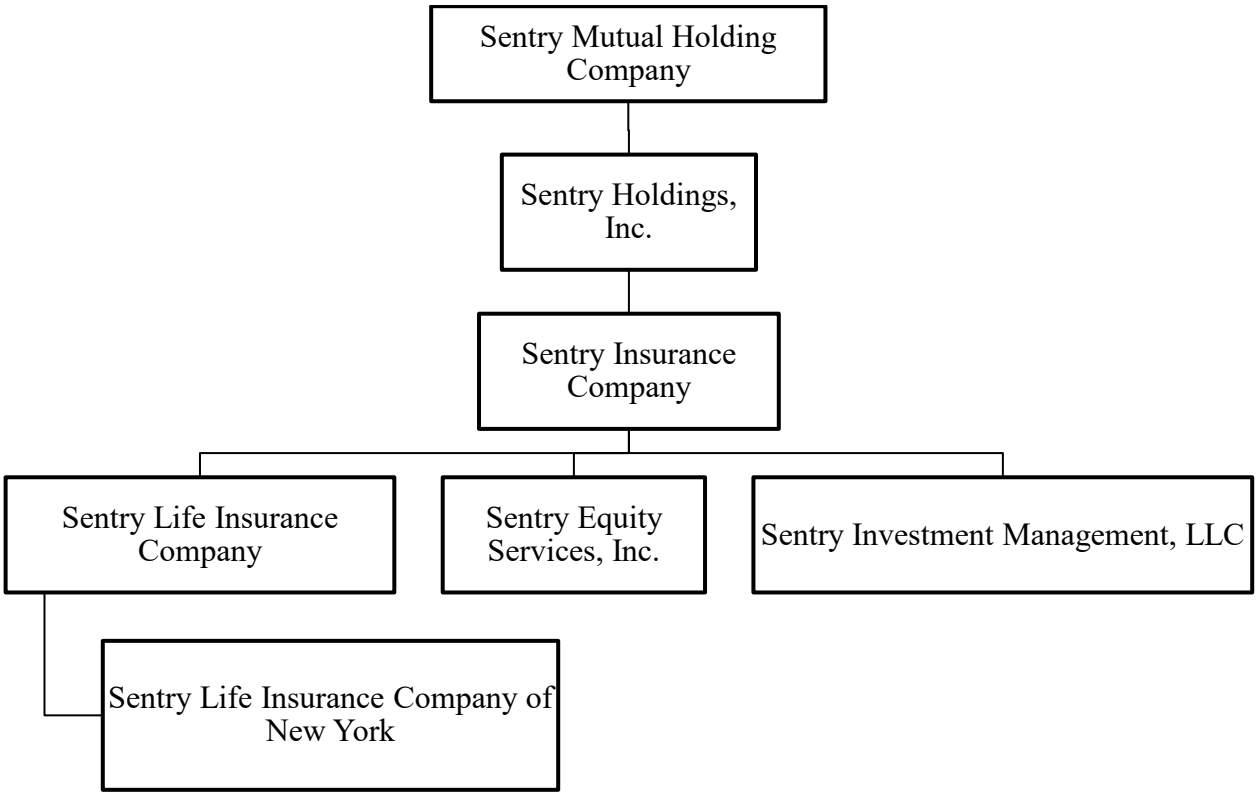
The Company was incorporated as a stock life insurance company under the laws of the State of New York on May 23, 1966, was licensed on January 13, 1967, and commenced business on January 27, 1967. Initial resources of $2,000,000, consisting of common capital stock of $500,000 and paid in and contributed surplus of $1,500,000, were provided through the sale of 50,000 shares of common stock (with a par value of $10 each) for $40 per share. In 1976, an additional $2,000,000 was contributed to surplus and, in 1977, capital was increased to $1,000,000 as a result of an additional capital contribution of $500,000. The par value of the common stock was then increased from $10 to $20 per share. In 2008, an additional $3,000,000 was contributed to surplus. All the Company's common shares are outstanding.

B. Holding Company

The Company is a wholly-owned subsidiary of Sentry Life Insurance Company ("SLIC"), a Wisconsin life insurance company. SLIC is, in turn, a wholly-owned subsidiary of Sentry Insurance Company ("SIC"), a Wisconsin property and casualty insurance company licensed in New York. SIC is a wholly-owned subsidiary of Sentry Holdings, Inc. ("SHI"), an intermediate holding company. SHI is a wholly-owned subsidiary of the Company's ultimate parent, SMHC.

C. Organizational Chart

An organization chart reflecting the relationship between the Company and significant entities in its holding company system as of December 31, 2023, follows:



D. Service Agreements

The Company had two service agreements in effect with affiliates during the examination period.

Type of Agreement and Department File Number	Effective Date	Provider of Services	Recipient of Services	Specific Services Covered	Expense* For Each Year of the Examination
Administrative Agreement	12/01/2003 Amended 05/22/2020	SIC	The Company	Technology and office services, including office space, telecommunications, furniture and equipment, postage and mail delivery; and business services, including legal, claims, accounting and audit, actuarial and compliance, policy and office administration, sales, and advertising. Management of investment of assets	2019 $ (933,112) 2020 $(1,013,307) 2021 $(1,098,626) 2022 $(1,096,553) 2023 $(1,100,161)
Investment Advisory Agreement	01/01/2008 Terminated 05/22/2020	Sentry Investment Management, LLC	The Company	Management of investment of assets	2019 $(16,754) 2020 $ (6,396)

*Amount of Expense Incurred by the Company

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

E. Management

The Company's by-laws provide that the board of directors shall be comprised of not less than 7 and not more than 13 directors. Directors are elected for a period of two or three years at the annual meeting of the stockholders held in May of each year. As of December 31, 2023, the board of directors consisted of seven members. Meetings of the board are held quarterly.

The seven board members and their principal business affiliation as of December 31, 2023, were as follows:

Name and Residence	Principal Business Affiliation	Year First Elected
Dennis R. Cabrey* New York	Dentist Medical Center East, East Syracuse, New York	1998
Timothy K. Kovac Wisconsin	Vice President, Corporate Secretary and General Counsel Sentry Insurance Company	2022
Larry R. Leatherman* New York	President Rubenstein Museum of Science & Technology	1995
John D. Marshall* New York	CPA, Partner Testone, Marshall & Discenza, LLP	1997
James E. McDonald Wisconsin	Vice President and Chief Investment Officer Sentry Insurance Company	2017
Peter G. McPartland Wisconsin	Chairman of the Board, President and Chief Executive Officer Sentry Insurance Company	2011
Todd M. Schroeder Wisconsin	Vice President and Treasurer Sentry Insurance Company	2017

*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, 2023:

Name	Title
John J. Hyland	President
Timothy K. Kovac	Vice President and Secretary
Paul M. Gwidt	Treasurer

Brenda L. Bierman is 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 only in New York. In 2023, 84.2% of life premiums and 99.9% of annuity considerations were received from New York. Policies were written on a non-participating basis through 2016 year-end. In March 1996, the Company received a permit pursuant to Section 4231(f) of the New York Insurance Law to issue participating policies and contracts in New York and began issuing such policies in 1997. The Company currently writes non-participating policies.

A. Statutory and Special Deposits

As of December 31, 2023, the Company had $250,000 (par value) of New York GO 2010 Subseries G-1 bonds 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

During the examination period, the Company primarily sold individual life insurance and group pension products. The individual life line includes whole life and term life insurance products. The group pension products consist of separate account variable annuity contracts (401(k) plans) used for the purpose of funding pension or profit-sharing.

In January 1999, the Company discontinued writing universal life insurance; in January 2000, the Company exited the small group medical insurance; on December 1, 2004, the Company discontinued marketing its individual variable annuity products; and on January 1, 2017, the Company discontinued its group life insurance and group accident and health products. No policies remain in force for any of the discontinued lines except for universal life.

The Company's agency operations are conducted through salaried sales representatives.

C. Reinsurance

As of December 31, 2023, the Company had reinsurance treaties in effect with seven companies, of which six were authorized or accredited. The Company's life business is reinsured

on a coinsurance and yearly renewable term basis. Reinsurance is provided on an automatic and facultative basis.

The maximum retention limit for individual life contracts is $50,000. The total face amount of life insurance ceded as of December 31, 2023, was $27,417,789, which represents 55.1% of the total face amount of life insurance in force. Reserve credit taken for reinsurance ceded to unauthorized companies, totaling $6,769, was supported by funds withheld.

4. FINANCIAL STATEMENTS

The following statements show the assets, liabilities, capital and surplus as of December 31, 2023, as contained in the Company's 2023 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, 2023, filed annual statement.

A. Independent Accountants

KPMG, LLP was retained by the Company to audit the Company's combined statutory basis statements of financial position as of December 31 of the years 2019 through 2022, and the related statutory-basis statements of operations, capital and surplus, and cash flows for the years then ended. The firm of Deloitte and Touche, LLP was retained by the Company to audit the Company's combined statutory basis statements of financial position as of December 31, 2023, and the related statutory-basis statements of operations, capital and surplus, and cash flows for the year then ended. Both KPMG, LLP and Deloitte and Touche, LLP concluded that the statutory financial statements presented fairly, in all material respects, the financial position of the Company at the respective audit dates. Balances reported in these audited financial statements were reconciled to the corresponding years' annual statements with no discrepancies noted.

B. Net Admitted Assets

Bonds	$ 38,120,741
Cash, cash equivalents and short-term investments	2,087,130
Contract loans	223,642
Investment income due and accrued	386,864
Premiums and considerations:	
Uncollected premiums and agents' balances in the course of collection	833
Deferred premiums, agents' balances and installments booked but deferred and not yet due	32,069
Net deferred tax asset	87,032
Funds in transit	605,501
From separate accounts, segregated accounts and protected cell accounts	112,616,866
Total admitted assets	$154,160,679

C. Liabilities, Capital and Surplus

Aggregate reserve for life policies and contracts	$ 29,992,438
Liability for deposit-type contracts	10,976
Contract claims:	
Life	48,946
Provision for policyholders' dividends and coupons payable in following calendar year – estimated amounts	
Dividends not yet apportioned	367
Contract liabilities not included elsewhere:	
Surrender values on cancelled contracts	24,058
Other amounts payable on reinsurance	1,484
Interest maintenance reserve	160,446
General expenses due or accrued	61,500
Taxes, licenses and fees due or accrued, excluding federal income taxes	145,600
Current federal and foreign income taxes	150,170
Amounts withheld or retained by company as agent or trustee	1,839
Remittances and items not allocated	2,512
Miscellaneous liabilities:	
Asset valuation reserve	261,423
Funds held under reinsurance treaties with unauthorized reinsurers	100,000
Payable to parent, subsidiaries and affiliates	200,068
Escheat funds	13,314
From Separate Accounts statement	112,308,565
Total liabilities	$143,483,706
Common capital stock	$ 1,000,000
Gross paid in and contributed surplus	6,500,000
Unassigned funds (surplus)	3,176,973
Surplus	$ 9,676,973
Total capital and surplus	$ 10,676,973
Total liabilities, capital and surplus	$154,160,679

D. Condensed Summary of Operations

	2019	2020	2021	2022	2023
Premiums and considerations	$ 9,289,110	$17,646,775	$16,361,653	$ 10,760,485	$29,458,096
Investment income	1,665,656	1,684,451	1,726,449	1,622,278	1,620,827
Net gain from operations from Separate Accounts	131,966	0	0	0	0
Commissions and reserve adjustments on reinsurance ceded	11,069	5,200	12,864	5,932	5,315
Miscellaneous income	660,556	670,377	827,021	582,378	678,669
Total income	$11,758,357	$20,006,803	$18,927,987	$ 12,971,073	$31,762,907
Benefit payments	$10,053,549	$13,767,541	$12,393,012	$ 34,108,557	$14,808,487
Increase in reserves	215,756	2,003,713	2,122,786	(3,914,787)	1,604,165
Commissions	111,776	135,880	143,385	124,477	307,202
General expenses and taxes	1,157,165	1,163,419	1,248,630	1,146,717	1,011,345
Increase in loading on deferred and uncollected premiums	(1,338)	38	1,139	(85)	606
Net transfers to (from) Separate Accounts	283,364	2,438,929	2,352,189	(18,964,242)	13,698,756
Total deductions	$11,820,272	$19,509,520	$18,261,141	$ 12,500,637	$31,430,561
Net gain (loss)	$ (61,915)	$ 497,283	$ 666,846	$ 470,436	$ 332,346
Dividends	423	372	348	356	367
Federal and foreign income taxes incurred	(33,717)	3,030	159,365	(152,866)	15,111
Net gain (loss) from operations before net realized capital gains	$ (28,621)	$ 493,881	$ 507,133	$ 622,946	$ 316,868
Net realized capital gains (losses)	6,465	(22,634)	(11,585)	(5,299)	(1,195)
Net income	$ (22,156)	$ 471,247	$ 495,546	$ 617,647	$ 315,674

E. Capital and Surplus Account

	2019	2020	2021	2022	2023
Capital and surplus, December 31, prior year	$10,336,390	$ 9,793,760	$10,287,845	$10,048,916	$10,375,137
Net income	$ (22,156)	$ 471,247	$ 495,546	$ 617,647	$ 315,674
Change in net deferred income tax	124,907	40,588	(13,486)	(5,833)	52,332
Change in non-admitted assets and related items	(111,878)	(7,038)	(10,127)	5,432	(51,384)
Change in asset valuation reserve	26,235	(35,047)	(20,351)	4,414	(36,275)
Surplus (contributed to), withdrawn from Separate Accounts during period	619,407	(75,000)	(1,500)	0	0
Other changes in surplus in Separate Accounts statement	(679,145)	99,335	6,141	(45,439)	21,490
Dividends to stockholders	(500,000)	0	(450,000)	(250,000)	0
Prior period adjustment	0	0	(245,151)	0	0
Net change in capital and surplus for the year	$ (542,629)	$ 494,084	$ (238,928)	$ 326,220	$ 301,837
Capital and surplus, December 31, current year	$ 9,793,760	$10,287,845	$10,048,916	$10,375,137	$10,676,973

Respectfully submitted,

Roshanak Fekrat

Roshanak Fekrat, CFE
Global Insurance Enterprises, Inc.

STATE OF ALASKA)
) SS:
COUNTY OF ANCHORAGE)

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

Roshanak Fekrat

Roshanak Fekrat

Subscribed and sworn to before me

this 26 day of June 2025

Offical Seal
STATE OF ALASKA
Notary Public
Lisa Sharp
Commission # 220330010 Commission Expires:03/30/2026

Respectfully submitted,

/s/
Vincent Targia
Principal Insurance Examiner

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

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

/s/
Vincent Targia

Subscribed and sworn to before me

this_____ day of _____

APPOINTMENT NO. 32685

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:*

ROSHANAK FEKRAT
(GLOBAL INSURANCE ENTERPRISES, INC.)

as a proper person to examine the affairs of the

SENTRY 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 23rd day of July, 2024

ADRIENNE A. HARRIS
Superintendent of Financial Services

By: Mark McLeod

MARK MCLEOD
DEPUTY CHIEF - LIFE BUREAU