MARKET CONDUCT REPORT ON EXAMINATION

OF THE

NASSAU LIFE INSURANCE COMPANY

AS OF DECEMBER 31, 2022

EXAMINER: **IJEOMA NDIKA**

DATE OF REPORT: **FEBRUARY 16, 2024**

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October 30, 2025

Honorable Kaitlin Asrow
Acting Superintendent of Financial Services
New York, New York 10004

Dear Kaitlin Asrow:

In accordance with instructions contained in Appointment No. 32564, dated August 8, 2023, and annexed hereto, an examination has been made into the condition and affairs of Nassau Life Insurance Company, hereinafter referred to as "the Company." The Company's home office is located at One American Row, Hartford, Connecticut 06103.

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 violations contained in this report are summarized below.

- The Company violated several sections of Insurance Regulation 60 regarding the replacement of annuity contracts, including the Company's failure to examine and ascertain that the information included in the Disclosure Statement was accurate. (See item 4A-2 of this report.)
- The Company violated Sections 2112(a) and 2114(a)(1) of the New York Insurance Law by paying compensation to unappointed agents. (See item 4A-3 of this report.)
- The Company violated Section 2112(d) of the New York Insurance Law by failing to file notice of termination with the Superintendent within thirty days of termination of the certificate of appointment of three agents. (See item 4A-3 of this report.)
- The Company violated Section 3201(b)(1) of the New York Insurance Law by using Policy Supplement to Application Part 1, a policy form that was not filed with and approved by the Superintendent. (See item 4B of this report.)
- The Company violated Sections 3204(a) and 3204(d) of the New York Insurance Law by initiating the automatic premium loan option without prior written consent from the policyowner in cases where the automatic policy loan provision was not affirmatively selected. (See item 4C-1 of this report.)

2. SCOPE OF EXAMINATION

This examination covers the period from January 1, 2018, to December 31, 2022. As necessary, the examiner reviewed matters occurring subsequent to December 31, 2022, but prior to the date of this report (i.e., the completion date of the examination).

The examination comprised a review of market conduct activities and utilized the National Association of Insurance Commissioners' *Market Regulations Handbook* or such other examination procedures, as deemed appropriate, in such review.

The examiner reviewed the corrective actions taken by the Company with respect to the violations and recommendations contained in the prior report on market conduct examination. The results of the examiner's review are contained in item 5 of this report.

This report on examination is confined to comments on matters which involve departure from laws, regulations or rules, or which require explanation or description.

3. DESCRIPTION OF COMPANY

A. History

The Company was originally incorporated and commenced business under the laws of Connecticut in May of 1851 as a stock company, under the name of American Temperance Life Insurance Company. The Company's name was changed to Phoenix Mutual Life Insurance Company in 1861. In 1889, an amendment to the charter authorized the complete mutualization of the Company.

Home Life Insurance Company ("Home Life") was originally incorporated under the laws of New York on April 30, 1860, as a stock company and commenced business on May 1, 1860. In 1916, Home Life mutualized. On July 1, 1992, Home Life merged with and into the Company, the surviving company, pursuant to Section 7105 of the New York Insurance Law. Immediately prior to the merger on July 1, 1992, the Company had redomesticated into New York pursuant to Section 7120 of the New York Insurance Law. The merger was approved by the policyholders of both companies on May 21, 1992, and by the Connecticut and New York State Insurance Departments on March 27, 1992, and June 17, 1992, respectively. Concurrent with the merger, the Company changed its name to Phoenix Home Life Mutual Insurance Company.

On June 25, 2001, the Company converted from a mutual life insurance company to a stock life insurance company, changed its name to Phoenix Life Insurance Company, and became a direct, wholly-owned subsidiary of The Phoenix Companies, Inc. ("Phoenix"), a public company traded on the New York Stock Exchange. The demutualization was accounted for as a reorganization.

On June 20, 2016, Phoenix was acquired by Nassau Re after receiving regulatory approvals from both the New York State Department of Financial Services and the Connecticut Department of Insurance.

On October 10, 2018, in connection with a corporate restructuring, Nassau Re announced that the Company would be renamed as Nassau Life Insurance Company.

On July 1, 2020, Nassau Financial Group, L.P., the Company's ultimate parent, completed the acquisition of Foresters Financial Holding Company, Inc. and Foresters Life Insurance and Annuity Company ("FLIAC") from the Independent Order of Foresters. Effective July 8, 2020,

FLIAC merged into the Company pursuant to a merger agreement with the Company as the surviving entity.

On July 5, 2023, Delaware Life Insurance Company of New York was merged with and into Nassau Life Insurance Company.

B. Territory and Plan of Operation

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 all 50 states, the District of Columbia, Puerto Rico and the US Virgin Islands. In 2022, 18.2% of the life premiums, 24.4% of the accident and health premiums, and 72.2% of annuity considerations were received from New York. Policies are written on a non-participating basis; however, there is also a block of participating policies which has been placed into runoff.

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	18.2%
Minnesota	9.1
Michigan	6.2
New Jersey	6.1
California	5.9
Subtotal	45.5%
All others	54.5
Total	100.0%

Annuity Considerations	
New York	72.2%
Connecticut	4.1
Pennsylvania	3.0
New Jersey	2.7
Florida	2.3
Subtotal	84.3%
All others	15.7
Total	100.0%

Accident and Health Insurance Premiums	
New York	24.4%
California	10.6
Florida	7.9
Maryland	6.3
Ohio	5.4
Subtotal	54.6%

All others	45.4
Total	100.0%

The Company is a provider of life insurance and annuity products. The Company's historical life insurance products include whole life, universal life, variable universal life, term life, single life, first-to-die and second-to-die life insurance products, issued on both a participating and non-participating basis. The majority of its whole life policies, along with its participating policies, were written prior to the Company's demutualization and are part of the closed block of business. The Company historically offered annuity products, including both deferred and immediate annuities. The Company currently offers deferred annuities. Deferred annuities accumulate for a number of years before periodic payments begin and enable the contract owner to save for retirement and provide options that protect against outliving assets during retirement. Immediate annuities are purchased by means of a single lump sum payment and begin paying periodic income within the first year.

Until 2009, the Company's marketing strategies focused on high net worth and affluent households with sophisticated estate planning and other financial needs. During the economic market downturn in 2008 and 2009, the Company was the subject of a rating downgrade by the rating agencies. As a result of these and other issues, the Company shifted its target market away from high net worth and affluent consumers to middle market households and has focused on selling products that are less capital intensive and less sensitive to its ratings. In connection with this shift in its target market, the Company has written a nominal amount of new annuity business since 2009 and is continuing over the course of the current examination period.

On August 27, 2021, the Company sold its distribution affiliate, Saybrus Partners, LLC ("Saybrus") as well as certain subsidiaries of Saybrus, to a subsidiary of the Amerilife Group, LLC. Saybrus remains the primary wholesaler of the Company's products.

The Company's limited new product sales are primarily in fixed annuities, which are sold through its primary wholesaler, Saybrus.

4. MARKET CONDUCT ACTIVITIES

The examiner reviewed various elements of the Company's market conduct activities affecting policyholders, claimants, and beneficiaries to determine compliance with applicable statutes and regulations and the operating rules of the Company.

A. Advertising and Sales Activities

The examiner reviewed a sample of the Company's advertising files and the sales activities of the agency force including trade practices, solicitation and the replacement of insurance policies.

1. Advertisements

Section 1313(f) of the New York Insurance Law states:

> "Advertisements and other public announcements directed primarily at calling the attention of policyholders or prospective policyholders to an insurer and containing a statement of the separate financial condition of the holding company system shall also contain a statement of the separate financial condition of the insurer which shall comply with this section."

The examiner's review of a sample of 20 advertisements that were disseminated during the examination period revealed that in six (30%) advertisements reviewed, the advertisement contained a statement of the separate financial condition of the holding company system but failed to contain a statement of the separate financial condition of the Company.

The Company violated Section 1313(f) of the New York Insurance Law when it disseminated advertisements that contained a statement of the separate financial condition of the holding company system but failed to contain a statement of the separate financial condition of the Company. The Company is directed to come into compliance with Section 1313(f) of the New York Insurance Law.

Section 219.5 of 11 NYCRR 219 (Insurance Regulation 34-A) states, in part:

> "(b) Each insurer . . . must file with its annual statement a certificate of compliance executed by an authorized officer of the insurer wherein it is stated that to the best of his knowledge, information and belief, the advertisements which were disseminated by or on behalf of the insurer in this state during the preceding statement year complied or were made to comply in all respects with the provisions of this Part . . ."

The examiner requested documents including the annual certificate of compliance that the Company is required to file pursuant to Section 219.5(b) of Insurance Regulation 34-A. In its response to this request, the Company failed to provide a copy of the filed annual certificate of compliance for the year 2020.

The Company violated Section 219.5(b) of Insurance Regulation 34-A when it failed to file its 2020 annual certificate of compliance executed by an authorized officer of the insurer wherein it is stated that to the best of his knowledge, information and belief, the advertisements which were disseminated by or on behalf of the insurer in this state during the preceding statement year complied or were made to comply in all respects with the provisions of this Part. The Company is directed to come into compliance with Section 219.5(b) of Insurance Regulation 34-A.

2. Replacements

Section 51.6 of 11 NYCRR 51 (Insurance Regulation 60) states, in part:

"(b) Where a replacement has occurred or is likely to occur, the insurer replacing the life insurance policy or annuity contract shall: . . .
(4) examine the sales material, including any proposal, used in the sale of the life insurance policy or annuity contract, and the 'Disclosure Statement', and ascertain that they are accurate and meet the requirements of the Insurance Law and regulations promulgated thereunder; . . .

(6) within ten days of the delivery of the life insurance policy or annuity contract, furnish to the insurer that issued the coverage that is being replaced the completed 'Disclosure Statement' and a list of the sales material, including any proposal, used in the sale of the life insurance policy or annuity contract with an offer to provide a copy of such material within ten days of a request for the material; . . .

(8) maintain copies of: the sales material, including any proposal, used in the sale of the life insurance policy or annuity contract; proof of receipt by the applicant of the 'IMPORTANT Notice Regarding Replacement or Change of Life Insurance Policies or Annuity Contracts'; the signed and completed 'Disclosure Statement'; and the notification of replacement to the insurer that issued the life insurance policy or annuity contract that is to be replaced, indexed by insurance agent and broker, in accordance with Part 243 of this Title (Regulation 152) . . .

(c) Where a replacement has occurred or is likely to occur, the insurer that issued the life insurance policy or annuity contract that is to be replaced shall: . . .
(2) within 20 days of receipt of a request from a licensee of the department, for information necessary for completion of the 'Disclosure Statement' with respect to

> the life insurance policy or annuity contract proposed to be replaced, together with proper authorization from the applicant, furnish the required information simultaneously to the insurance agent or broker of record of the existing life insurance policy or annuity contract being replaced and the agent or broker and insurer replacing the life insurance policy or annuity contract. . . .
>
> (e) Both the insurer that issued the life insurance policy or annuity contract that is being replaced and the insurer replacing the life insurance policy or annuity contract shall establish and implement procedures to ensure compliance with the requirements of this Part. These procedures shall include a requirement that all material be dated upon receipt. . . . "
>
> Section 51.8 of Insurance Regulation 60 states, in part:
>
> "The forms set forth in appendices 10A, 10B, 10C and 11 of this Title are hereby approved for use as specified in this Part. The forms shall be set forth in at least 12-point type and shall be highlighted as indicated herein. In lieu of the forms set forth in the appendices, an insurer may adopt and use forms that the superintendent has determined to be substantially equivalent to the forms set forth in the appendices."

The examiner reviewed a sample of 41 external annuity replacements and 2 internal annuity replacements processed during the examination period for compliance with Insurance Regulation 60 as well as the Company's written replacement procedures. The review revealed the following multiple violations of Insurance Regulation 60:

A.) The examiner's review of the 41 annuity external replacement files revealed 22 (53.7%) instances where the Disclosure Statement was either incomplete, or inaccurate information was recorded indicating that the Disclosure Statements were not examined for accuracy and compliance with the Regulation. The 22 instances are summarized in items (i) through (vii). Some contracts have multiple citations and as a result appear in more than one item.

i. In three (7.3%) replacements reviewed, the examiner noted that the agent did not fully complete the Summary Results Comparison section of the Disclosure Statement, the agent failed to enter the surrender values and the death benefits of the existing contract, and the surrender values for the proposed and existing contracts were not accurately disclosed in the Disclosure Statement.

ii. In two (4.9%) replacements reviewed, the agent failed to record the current crediting rate, the minimum guaranteed rate for the existing contract, and in one (2.4%) replacement reviewed, the agent failed to record the current crediting rate, the minimum guaranteed rate, the guaranteed death benefit value, the account value, and the "as of" date of the existing annuity contract in item 1, Description of Transaction, of the Disclosure Statement.

iii. In four (9.8%) replacements reviewed, the examiner noted that in item 5 of the Agent's Statement section of the Disclosure Statement, the agent did not record the percentage rate of surrender charge for each year in which a surrender is imposed on the proposed contract, and in five (12.2%) replacements reviewed, the examiner noted that the agent recorded percentage rate of surrender charge for each year in which a surrender is imposed on the proposed annuity contract that differs from the surrender rate on the issued contract.

iv. In cases where two or more existing contracts were replaced, the examiner noted that there were three (7.3%) replacements in which the Company failed to complete a composite Disclosure Statement in accordance with the instructions in Appendix 10B of Insurance Regulation 60.

v. In three (7.3%) replacements reviewed, the agent checked both boxes that the agent obtained information on the existing coverage from the Company and that agent used approximations to complete the Disclosure Statement.

vi. In four (9.8%) replacements reviewed, the examiner noted that the agent used sales material for the sale of the proposed contracts but checked on the Disclosure Statements that no sales material was used and in one (2.4%) replacement reviewed, the agent did not check any box to indicate whether or not sales material was used.

vii. In three (7.3%) cases of annuity external replacement transactions where fixed annuity contracts were replaced by another fixed annuity contracts, the agents failed to specify the period in which the proposed contracts' interest rates were higher than the rates for the existing annuity contracts. The agent indicated that the client has the ability to secure a higher guaranteed rate as one of the primary reasons for recommending the new annuity but failed to state that the higher rates for the proposed contracts would be guaranteed only for certain number of years.

The findings above in sub-items (i) through (vii) clearly indicate the Company's failure to examine the Disclosure Statements in a manner that ensures accuracy and compliance with regulatory requirements.

The Company violated Section 51.6(b)(4) of Insurance Regulation 60 by failing to examine the Disclosure Statements and ascertain that they are accurate and meet the requirements of this regulation. The Company is directed to come into compliance with Section 51.6(b)(4) of Insurance Regulation 60.

B.) In all 41 external annuity replacements reviewed, the Company did not provide any evidence to confirm that the Disclosure Statements and list of sales materials including any proposals used in the sale were sent to the replaced company within 10 days of the delivery of the annuity contracts.

The Company violated Section 51.6(b)(6) of Insurance Regulation 60 by failing to furnish to the insurer that issued the coverage that is being replaced the completed "Disclosure Statement" and a list of the sales material, including any proposal used in the sale of the annuity contract within ten days of the delivery of the annuity contract, with an offer to provide a copy of such material within ten days of a request for the material. The Company directed to come into compliance with Section 51.6(b)(6) of Insurance Regulation 60.

C.) In one (2.4%) external annuity replacement reviewed, the Disclosure Statement and the sales material were not maintained in the policy files.

The Company violated Section 51.6(b)(8) of Insurance Regulation 60 by failing to maintain copies of the sales material, including any proposal used in the sale of the annuity contract and the signed and completed Disclosure Statement used in the sale of the annuity contract. The Company is directed to come into compliance with Section 51.6(b)(8) of Insurance Regulation 60.

D.) During 2019 to 2022, the Department received notice of several instances in which various other insurers, seeking to replace the Company's policies alleged that the Company did not reply to requests for information necessary to complete the Disclosure Statement to be provided to the applicant within 20 days. The examiner reviewed a sample of 56 outgoing replacements and the review revealed the following:

i. In eight outgoing replacements (14.3%), the Company failed to provide the replacing insurer with the existing policy information necessary to complete the Disclosure Statements within 20 days of receipt of the request.

ii. In 10 outgoing replacements (17.9%), the Company failed to provide the replacing insurer with the existing policy information necessary to complete the Disclosure Statement.

iii. In five outgoing replacements (8.9%), the Company did not respond to requests for the information necessary to complete the Disclosure Statement in cases where the policyholder's authorization was signed by electronic signature. It may be the Company's policy to require wet signatures, however, wet signature or e-signature is considered acceptable for authorization by the applicant. Therefore, the Company should have accepted e-signature as proper authorization in providing the replacing insurers with the information necessary to complete the Disclosure Statement.

The Company violated Section 51.6(c)(2) of Insurance Regulation 60 by failing to provide the replacing insurer with the existing policy information necessary to complete the Disclosure Statement within 20 days of receipt of the request. The Company is directed to come into compliance with Section 51.6(c)(2) of Insurance Regulation 60.

E.) The Company's Insurance Regulation 60 Procedures state, in part:

> "When Nassau is replacing an existing policy or contract . . . In all cases, Nassau and the producers placing business with Nassau perform the following . . . Nassau date stamps all replacement material upon receipt."

The examiner's review indicated that when applications are signed electronically, the date stamps appear on the applications and the corresponding replacement materials; however, for applications that have a wet signature, the date stamps only appear on the applications. The corresponding replacement documents do not have the date stamps appearing on the documents. The Company instead uses system generated date stamps.

The Company should scan replacement documents that accompany applications that are signed with a wet signature so that such documents show the date received and that the documents are maintained with the scanned date in the replacement files.

F.) The examiner noted that the Disclosure Statement used in 8 out of 41 (19.5%) external replacements reviewed differed from the Appendix 10B form approved for use in annuity-to-annuity replacements or the Life Insurance Council of New York's version. The Company used the Appendix 10A Disclosure Statement which is not the proper form for use in annuity to annuity replacement transactions.

The Company violated Section 51.8 of Insurance Regulation 60 by using a Disclosure Statement that differed from the approved forms set forth in Appendix 10B of Insurance Regulation 60. The Company is directed to come into compliance with Section 51.8 of Insurance Regulation 60.

3. Producer Licensing

Section 2112(a) of the New York Insurance Law states, in part:

> "Every insurer . . . doing business in this state shall file a certificate of appointment in such form as the superintendent may prescribe in order to appoint insurance agents . . . to represent such insurer . . ."

Section 2114(a)(1) of the New York Insurance Law states, in part:

> "No insurer . . . doing business in this state shall pay any commission or other compensation to any person, firm or corporation, for any services in obtaining in this state any new contract of life insurance . . . except to a licensed life insurance agent of such insurer . . ."

The examiner's review of the licenses and appointments of a sample of 30 producers who wrote business during the examination period revealed that eight producers (26.7%), wrote business on behalf of the Company and were compensated for such business before they were appointed by the Company.

The Company violated Sections 2112(a) and 2114(a)(1) of the New York Insurance Law by paying compensation to unappointed agents. The Company is directed to come into compliance with Sections 2112(a) and 2114(a)(1) of the New York Insurance Law.

Section 2112(d) of the New York Insurance Law states, in part:

> "Every insurer . . . doing business in this state shall, upon termination of the certificate of appointment as set forth in subsection (a) of this section of any insurance agent . . . licensed in this state, or upon termination for cause for activities as set forth in

> subsection (a) of section two thousand one hundred ten of this article, of the certificate of appointment, of employment, of a contract or other insurance business relationship with any insurance producer, file with the superintendent within thirty days a statement, in such form as the superintendent may prescribe . . . "

The examiner's review of a sample of 30 agents that were terminated during the examination period revealed that in three cases (10%), the Company failed to file with the Department the notice of termination of the certificate of appointment within 30 days of termination.

The Company violated Section 2112(d) of the New York Insurance Law by failing to file notice of termination with the Superintendent within thirty days of termination of the certificate of appointment of three agents. The Company is directed to come into compliance with Section 2112(d) of the New York Insurance Law.

B. Underwriting and Policy Forms

The examiner reviewed a sample of new underwriting files, both issued and declined, and the applicable policy forms.

Section 3201 of the New York Insurance Law states, in part:

> "(a) . . . 'policy form' means any policy, contract, certificate, or evidence of insurance and any application therefor, or rider or endorsement thereto . . .
> (b)(1) No policy form shall be delivered or issued for delivery in this state unless it has been filed with and approved by the superintendent as conforming to the requirements of this chapter and not inconsistent with law. . . ."

The examiner's review of a sample of 30 individual life policies issued during the examination period revealed that in two instances (6.7%), the Company used policy form number OL348 6-87 (Supplement to Application Part 1) that was not filed with and approved by the Superintendent.

The Company violated Section 3201(b)(1) of the New York Insurance Law by using Policy Supplement to Application Part 1, a policy form that was not filed with and approved by the Superintendent. The Company is directed to come into compliance with Section 3201(b)(1) of the New York Insurance Law.

C. Treatment of Policyholders

The examiner reviewed a sample of various types of claims, surrenders, changes and lapses. The examiner also reviewed the various controls involved, checked the accuracy of the computations and traced the accounting data to the books of account.

1. Section 3204 of the New York Insurance Law states, in part:

> "(a)(1) Every policy of life, accident or health insurance, or contract of annuity, delivered or issued for delivery in this state, shall contain the entire contract between the parties, and nothing shall be incorporated therein by reference to any writing, unless a copy thereof is endorsed upon or attached to the policy or contract when issued. . . .
> (3) Such policy or contract cannot be modified, nor can any rights or requirements be waived, except in a writing signed by a person specified by the insurer in such policy or contract. . . .
> (d) No insertion in or other alteration of any written application for any such policy or contract shall be made by any person other than the applicant without his written consent . . ."

The examiner's review of a sample of policy loans revealed that five policy loans were automatic premium loans ("APLs") that were processed during the examination period. The examiner noted that for two out of five (40%) APLs, the policyholder did not affirmatively select the APL option on the application. The examiner also noted that in one (50%) out of the two APLs, the Company sent a letter to the policyholder which states in part:

> "The Automatic Premium Loan provision of the above number policy became operative because the premium due on the date indicated was not paid. A loan equal to the amount of the premium due has been made to pay the premium."

The Company violated Sections 3204(a) and 3204(d) of the New York Insurance Law by initiating the automatic premium loan option without prior written consent from the policyowner in cases where the automatic policy loan provision was not affirmatively selected. The Company is directed to come into compliance with Sections 3204(a) and 3204(d) of the New York Insurance Law.

2. Section 3211(a)(1) of the New York Insurance Law states, in part:

   "No policy of life insurance . . . delivered or issued for delivery in this state . . . shall terminate or lapse by reason of default in payment of any premium . . . in less than one year after such default, unless, . . . a notice shall have been duly mailed at least fifteen and not more than forty-five days prior to the day when such payment becomes due . . ."

   Section 3211(b) of the New York Insurance Law states, in part, that:

   "The notice required by paragraph one of subsection (a) hereof shall: . . .
   (2) state the amount of such payment, the date when due, the place where and the person to whom it is payable; and shall also state that unless such payment is made on or before the date when due or within the specified grace period thereafter, the policy shall terminate or lapse except as to the right to any cash surrender value or nonforfeiture benefit."

The examiner reviewed a sample of 12 whole life lapsed policies and one universal life policy lapsed during the examination period. The review revealed that in all 12 whole life policies, the notices of the premium due sent to the insured or policyowner were not dated, and as such, the examiner was unable to determine the date that the notices were sent to the insured or policyowners. As a result of a follow-up with the Company, the Company advised that premium notices are generated in the overnight cycle of its administrative systems and then are printed the next business day at its printing vendor. The Company further advised that its print vendors maintain a one-day standard for all mailings and that the digital copy is stored in the policy file. The Company provided what appeared to be a system generated log with a digital image of the premium notice with a system generated date stamp.

In addition to adhering to its procedures for generating a system generated log with a digital image of the premium notices, the Company should date stamp the premium notices at the time of printing.

The review also revealed that in all 12 (100%) whole life lapsed policies and one (100%) universal life lapsed policy, the front of the notices contained the following wording "SEE REVERSE SIDE FOR INFORMATION CONDITIONS REGARDING THIS PREMIUM NOTICE."

The review indicated that the language required by Section 3211(b)(2) of the New York Insurance Law was included on the reverse side of the premium due notices; however, the language

should be clear and conspicuous and therefore should appear on the front of the premium due notice.

The Company should revise its premium due notice so that the language required by Section 3211(b)(2) of the New York Insurance Law appears on the front.

3. Section 3227 of the New York Insurance Law states, in part:

> "(a) Interest, at the rate provided for in section three thousand two hundred fourteen of this article, shall be payable by life insurers . . . upon: (1) the value of policies surrendered by policyholders for cash values, including the rollover of annuity funds to other entities, and (2) the funds disbursed as policy loans. Such interest payment shall be added to and be a part of the total sum paid or be paid separately at the option of the insurer.
> (b) The interest calculated on amounts described in paragraphs one and two of subsection (a) hereof shall be calculated from the date the documentation necessary to complete the transaction is received by the insurer and shall be payable if the funds are not mailed or delivered by the insurer within ten working days of said receipt. . . ."

The examiner's review of a sample of 28 life insurance policies surrendered during the examination period revealed that in two cases (7.1%), the Company failed to pay interest on the surrendered policies as required by Section 3227 of the New York Insurance Law.

The Company violated Section 3227(b) of the New York Insurance Law by failing to pay interest on two life insurance policies surrendered. The Company is directed to come into compliance with Section 3227(b) of the New York Insurance Law.

D. Record Keeping

Section 243.2(b) 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;
>
> (7) A financial record necessary to verify the financial condition of an insurer, including ledgers, journals, trial balances, annual and quarterly statement workpapers, evidence of asset ownership, and source documents, for six calendar

> years from its creation or until after the filing of the report on examination in which the record was subject to review, whichever is longer.
>
> (8) Any other record for six calendar years from its creation or until after the filing of a report on examination or the conclusion of an investigation in which the record was subject to review. . . . "

The examiner reviewed a sample of eight life insurance policies surrendered, 11 annuity contracts surrendered, two extended term insurance policies, and 21 annuity death claims processed during the examination period.

The examiner's review revealed that in 7 out of the 21 (33.3%) annuity death claims, the subaccount allocations on the applications were different from the subaccounts on the annuity contracts. The Company recreated contracts with subaccount allocation that existed at the time of death rather than the subaccount allocations selected at or prior to initial application. Therefore, the Company was unable to produce information contained in the original record.

The Company violated Section 243.2(b)(1)(ii) of Insurance Regulation 152 by failing to maintain the applications for coverage under annuity contracts with subaccount allocations selected at the time of initial application. The Company is directed to come into compliance with Section 243.2(b)(1)(ii) of Insurance Regulation 152.

The examiner requested for review samples of 55 policies lapsed, 24 annuity contracts surrendered, and 44 life policies surrendered processed during the examination period. The review revealed that the Company had not retained and could not reproduce the data to support the lapse and surrender activity as reported in the Exhibit of Life Insurance in its annual statements for each year under examination.

The Company violated Section 243.2(b)(7) of Insurance Regulation 152 by failing to maintain proper workpapers to support the number and amounts of lapses and surrenders reported in the Exhibit of Life Insurance in its annual statements. The Company is directed to come into comply with Section 243.2(b)(7) of Insurance Regulation 152.

The examiner noted that the Company's annual statements filed during the examination period were found to contain numerous reporting errors and misclassification of accounts. During the review of lapses, the examiner noted that the Company incorrectly reported lapses as surrenders and death claims in the Exhibit of Life Insurance. The data files provided did not support the

amounts reported in the Exhibit of Life Insurance as reported in the Company's filed annual statements for the period under examination.

The Company should exercise greater care in the compilation of its data for reporting purposes and comply with the annual statement instructions when preparing its filed annual statements.

The examiner requested for review samples of 25 whole life, 11 universal life, three variable life, and four variable universal life policies that lapsed during the examination period. In 10 (90.9%) out of 11 universal life lapse policies, and for all other lapsed policies – 25 whole life, three variable life, and four variable universal life policies (100%) respectively, the Company was unable to provide the premium due notices and lapse notices for the lapsed policy files.

The Company violated Section 243.2(b)(8) of Insurance Regulation 152 by failing to maintain the premium due notices and lapse notices for lapsed policy files for six calendar years from its creation or until after the filing of a report on examination or the conclusion of an investigation in which the record was subject to review. The Company is directed to come into compliance with Section 243.2(b)(8) of Insurance Regulation 152.

5. PRIOR REPORT SUMMARY AND CONCLUSIONS

Following are the violations and recommendations contained in the prior report on market conduct examination and the subsequent actions taken by the Company in response to each citation:

Item	Description
A	The Company violated Section 2112(d) of the New York Insurance Law by failing to notify the Superintendent of the termination of a number of its producers within thirty days of such termination. The Company failed to take corrective action in response to this prior report violation. (See item 4A-3 of this report.)
B	The Company violated Section 3211(b)(2) of the New York Insurance Law by sending lapse notices to its flexible premium universal life policyholders that were not fully compliant. The review indicated that the language required by Section 3211(b)(2) of the New York Insurance Law was included on the reverse side of the premium due notices. (See item 4C-2 of this report.)
C	The examiner recommends that the Company revise the term lapse notice so that the notice of termination appear on the front side of the lapse notice that is sent at least 15, but not more than 45 days prior to the date when due. The review indicated that the language required by Section 3211(b)(2) of the New York Insurance Law was included on the reverse side of the premium due notices. (See item 4C-2 of this report.)
D	The examiner recommends that the Company pay the appropriate beneficiary the total death benefit due under the policies where death occurred within one year of policy lapse processing. A review of a sample of transactions revealed that the Company paid the appropriate beneficiary the total death benefits due under the policy where death occurred within one year of policy lapse processing.
E	The examiner recommends that the Company forward a surrender payment letter explaining payment calculations, including any surrender charges incurred, with the surrender benefit check for all traditional surrenders. This is a repeat recommendation from the prior examination.

Item	Description
	The Company has multiple legacy mainframe-based policy administrative systems. The examiner's review indicated that the Company begun implementing the recommendation by sending surrender payment letters explaining payment calculations for policies administered on some administrative systems. The Company is in the process of converting policy administration from the old legacy systems to a new administrative system that is expected to be completed in 2025.
F	The Company violated Section 243.2(b)(1)(iii) of Department Regulation No. 152 for failing to maintain the contract or policy forms issued including the declaration pages, endorsements, riders, and termination notices of the contract or policy for several selected policies. This is related to an ongoing issue with an old block of legacy life insurance policies for which the Company does not possess the original documentation, and it will not be able to obtain the information in the future. The Company is in the process of converting policy administration from the old legacy systems to a new administrative system that is expected to be completed in 2025.
G	The examiner recommends that the Company implement procedures to maintain its contract or policy forms and such other records subject to examination by the superintendent, in accordance with the provisions of Department Regulation No. 152 and that the Company implement controls to ensure that such procedures are followed. The Company is in the process of converting policy administration from the old legacy systems to a new administrative system that is expected to be completed in 2025.

6. SUMMARY AND CONCLUSIONS

Following are the violations and recommendations contained in this report:

Item	Description	Page No(s).
A	The Company violated Section 1313(f) of the New York Insurance Law when it disseminated advertisements that contained a statement of the separate financial condition of the holding company system but failed to contain a statement of the separate financial condition of the Company.	7
B	The Company violated Section 219.5(b) of Insurance Regulation 34-A when it failed to file its 2020 annual certificate of compliance executed by an authorized officer of the insurer wherein it is stated that to the best of his knowledge, information and belief, the advertisements which were disseminated by or on behalf of the insurer in this state during the preceding statement year complied or were made to comply in all respects with the provisions of this Part.	8
C	The Company violated Section 51.6(b)(4) of Insurance Regulation 60 by failing to examine the Disclosure Statements and ascertain that they are accurate and meet the requirements of this regulation.	11
D	The Company violated Section 51.6(b)(6) of Insurance Regulation 60 by failing to furnish to the insurer that issued the coverage that is being replaced the completed "Disclosure Statement" and a list of the sales material, including any proposal used in the sale of the annuity contract within ten days of the delivery of the annuity contract, with an offer to provide a copy of such material within ten days of a request for the material.	11
E	The Company violated Section 51.6(b)(8) of Insurance Regulation 60 by failing to maintain copies of the sales material, including any proposal used in the sale of the annuity contract and the signed and completed Disclosure Statement used in the sale of the annuity contract.	11
F	The Company violated Section 51.6(c)(2) of Insurance Regulation 60 by failing to provide the replacing insurer with the existing policy information necessary to complete the Disclosure Statement within 20 days of receipt of the request.	12

Item	Description	Page No(s).
G	The Company should scan replacement documents that accompany applications that are signed with a wet signature so that such documents show the date received and that the documents are maintained with the scanned date in the replacement files.	12
H	The Company violated Section 51.8 of Insurance Regulation 60 by using a Disclosure Statement that differed from the approved forms set forth in Appendix 10B of Insurance Regulation 60.	13
I	The Company violated Sections 2112(a) and 2114(a)(1) of the New York Insurance Law by paying compensation to unappointed agents.	13
J	The Company violated Section 2112(d) of the New York Insurance Law by failing to file notice of termination with the Superintendent within thirty days of termination of the certificate of appointment of three agents.	14
K	The Company violated Section 3201(b)(1) of the New York Insurance Law by using Policy Supplement to Application Part 1, a policy form that was not filed with and approved by the Superintendent.	14
L	The Company violated Sections 3204(a) and 3204(d) of the New York Insurance Law by initiating the automatic premium loan option without prior written consent from the policyowner in cases where the automatic policy loan provision was not affirmatively selected.	15
M	In addition to adhering to its procedures for generating a system generated log with a digital image of the premium notices, the Company should date stamp the premium notices at the time of printing.	16
N	The Company should revise its premium due notice so that the language required by Section 3211(b)(2) of the New York Insurance Law appears on the front.	17
O	The Company violated Section 3227(b) of the New York Insurance Law by failing to pay interest on two life insurance policies surrendered.	17
P	The Company violated Section 243.2(b)(1)(ii) of Insurance Regulation 152 by failing to maintain the applications for coverage under annuity contracts with subaccount allocations selected at the time of initial application.	18

Item	Description	Page No(s).
Q	The Company violated Section 243.2(b)(7) of Insurance Regulation 152 by failing to maintain proper workpapers to support the number and amounts of lapses and surrenders reported in the Exhibit of Life Insurance in its annual statements.	18
R	The Company should exercise greater care in the compilation of its data for reporting purposes and comply with the annual statement instructions when preparing its filed annual statements.	19
S	The Company violated Section 243.2(b)(8) of Insurance Regulation 152 by failing to maintain the premium due notices and lapse notices for lapsed policy files for six calendar years from its creation or until after the filing of a report on examination or the conclusion of an investigation in which the record was subject to review.	19

Respectfully submitted,

Ijeoma Ndika
Associate Insurance Examiner

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

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

Ijeoma Ndika

Subscribed and sworn to before me
this 30th day of October, 2025

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

APPOINTMENT NO. 32564

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:*

IJEOMA NDIKA

as a proper person to examine the affairs of the

NASSAU LIFE INSURANCE COMPANY

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 8th day of August, 2023

ADRIENNE A. HARRIS
Superintendent of Financial Services

By: Mark McLeod

MARK MCLEOD
DEPUTY CHIEF - LIFE BUREAU