FINANCIAL CONDITION REPORT ON EXAMINATION

OF THE

NASSAU LIFE INSURANCE COMPANY

AS OF DECEMBER 31, 2022

EXAMINER: **CHRISTOPHER T. RUSHFORD, CFE, CPA**

DATE OF REPORT: **JANUARY 29, 2026**

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February 2, 2026

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

Dear Kaitlin Asrow:

In accordance with instructions contained in Appointment No. 32543, dated May 25, 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, CT 06103. The Company's statutory home office is located at 15 Tech Valley Drive, East Greenbush, NY 12061.

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 and recommendation contained in this report are summarized below.

- The Company violated Section 1202(b)(2) of the New York Insurance Law, as well as the Company's Human Resources Committee Charter and its Amended and Restated By-laws, by failing to nominate candidates for the board of directors, evaluate the performance of its principal officers, and recommend to the board of directors the selection and compensation of its principal officers. (See item 3E of this report.)
- The Company violated Section 89.12(e) of Insurance Regulation 118 by failing to provide written notice of changes in membership of the Company's Audit Committee to the Superintendent during the examination period. (See item 3E of this report.)
- The examiner recommends that the Company update its allocation process and methodology to ensure expenses are apportioned in a way that yields results in accordance with Section 1505(a) of the New York Insurance Law and Insurance Regulation 33, including consideration of the use of time studies. (See item 3D 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, to December 31, 2022. The examination was conducted observing the guidelines and procedures in the Handbook and, where deemed appropriate by the examiner, transactions occurring subsequent to December 31, 2022, but prior to the date of this report (i.e., the completion date of the examination) were also reviewed.

The examination was conducted on a risk-focused basis in accordance with the provisions of the Handbook published by the NAIC. The Handbook guidance provides for the establishment of an examination plan based on the examiner's assessment of risk in the insurer's operations and utilizing that evaluation in formulating the nature and extent of the examination. The examiner planned and performed the examination to evaluate the current financial condition as well as identify prospective risks that may threaten the future solvency of the insurer. The examiner identified key processes, assessed the risks within those processes and evaluated the internal control systems and procedures used to mitigate those risks. The examination also included assessing the principles used and significant estimates made by management, evaluating the overall financial statement presentation, and determining management's compliance with New York statutes and Department guidelines, Statutory Accounting Principles as adopted by the Department, and annual statement instructions.

The examination was conducted as part of the Nassau Group. The State of New York served as the lead state with participation from the states of Connecticut, Kansas and Vermont. Since the lead and participating states are all accredited by the NAIC, all states deemed it appropriate to rely on each other's work.

Information about the Company's organizational structure, business approach and control environment were utilized to develop the examination approach. The Company's risks and management activities were evaluated incorporating the NAIC's nine branded risk categories. These categories are as follows:

- Pricing/Underwriting
- Reserving
- Operational

- Strategic
- Credit
- Market
- Liquidity
- Legal
- Reputational

The Company was audited annually, for the years 2018 through 2022, by the accounting firm of KPMG, LLP ("KPMG"). The Company received an unqualified opinion in all years under the examination. Certain audit workpapers of the accounting firm were reviewed and relied upon in conjunction with this examination. The Company utilizes the internal audit department of the Nassau Financial Group, L.P. ("NFG") 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 corrective actions taken by the Company with respect to the violation and recommendation contained in the prior financial condition report on examination. The results of the examiner's review are contained in item 7 of this report.

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 originally incorporated and commenced business as a stock company under the laws of Connecticut in May of 1851, under the name of American Temperance Life Insurance Company. The Company's name was changed to Phoenix Mutual Life Insurance Company ("Phoenix Mutual") 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, with Phoenix Mutual being 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., a public company traded on the New York Stock Exchange. The demutualization was accounted for as a reorganization. The Company's unassigned surplus was reclassified as common stock and additional paid in capital. All policyholder membership interests in the former mutual company were extinguished and eligible policyholders received shares of common stock, $28.8 million in cash and $12.7 million of policy credits as compensation. To protect future dividends of these policyholders, a closed block was established for the existing policyholders.

On December 15, 2004, the Company issued $175 million of surplus notes, with a 7.15% interest rate, which are due to mature on December 1, 2034. Interest payments require the prior approval of the Superintendent of Financial Services of the State of New York and may be made only out of surplus funds that the Superintendent determined to be available for such payments

under New York Insurance Law. Interest is scheduled to be paid on June 15 and December 15 of each year. These notes contain no early redemption provisions. The 7.15% notes were issued pursuant to Rule 144A under the Securities Act of 1933 and were underwritten by Goldman, Sachs & Co. and Wachovia Capital Markets, LLC, and are administered by the Bank of New York as registrar/paying agent. Interest payments for these notes for 2022 was $9,059,408.

On August 8, 2012, the Company requested approval, pursuant to Section 1307 of the New York Insurance Law, to repurchase two lots of its surplus notes totaling $50 million par value at a price of $0.65 to $0.75 for each dollar of par value. Approval was granted by the Superintendent on August 31, 2012. On September 20, 2012, the Company's board of directors adopted the resolution approving the repurchase. The transaction was finalized on September 21, 2012, wherein the Company retired $48,295,000 face value of its surplus notes for the aggregate consideration of $36,221,250. The discount realized in connection with this transaction is being recognized over the remaining term of the surplus notes in the amount of $26,305 per year.

On June 17, 2016, The Phoenix Companies, Inc. sold its distribution subsidiary, Saybrus Partners, Inc. to NSRE Saybrus Holdings, LLC, a direct subsidiary of Nassau Insurance Group Holdings GP, LLC ("NIGH GP") (formerly known as Nassau Reinsurance Group Holdings GP, LLC).

On June 20, 2016, The Phoenix Companies, Inc. was acquired by NIGH GP after receiving regulatory approvals from both the New York State Department of Financial Services and the Connecticut Department of Insurance. Founded in April 2015, NIGH GP is a privately held insurance and reinsurance business focused on building a franchise across the insurance value chain. As part of the transaction, NIGH GP contributed $100.0 million of new equity capital to The Phoenix Companies, Inc. at closing. Additionally, NIGH GP funded $80.0 million of new equity capital to NIGH GP's reinsurance affiliate, Nassau Re (Cayman) Ltd., related to a reinsurance agreement between this affiliate and another affiliate, Phoenix Home Life Variable Insurance Company.

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

Effective November 13, 2018, the Company's parent, The Phoenix Companies, Inc., changed its name to The Nassau Companies of New York ("NCNY").

On July 1, 2020, NFG completed the acquisition of Foresters Financial Holding Company, Inc. and Foresters Life Insurance and Annuity Company ("Foresters" and "FLIAC") from the United States Branch of 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 November 18, 2022, NFG announced it would be acquiring Delaware Life Insurance Company of New York ("DLNY"), a wholly owned subsidiary of Delaware Life Insurance Company, a provider of fixed annuities, variable annuities, and life insurance products with around 16,000 policies in force and approximately $1.8 billion in assets as of September 30, 2022.

B. Holding Company

The Company is a wholly-owned subsidiary of NCNY, a Delaware corporation, who is in turn wholly owned by The Nassau Companies ("NC"), a Delaware entity. NC is a wholly owned subsidiary of the Nassau Insurance Group Holdings LP ("NIGH LP"), a Delaware holding company, which serves as a financial services company providing life insurance and annuities, reinsurance and asset management. NIGH GP is the General Partner of NIGH LP, who is in turn wholly owned by NFG, a Cayman Islands company. NFG was founded in 2015 with an initial capital commitment of $750 million provided by private equity funds managed by Golden Gate Private Equity, Inc. ("Golden Gate"), a private investment firm. The ultimate controlling person is David Dominik who owns 100% of the voting securities of Golden Gate.

In 2016, NFG acquired all of the shares of Constitution Life Insurance Company ("Constitution Life") and the Pyramid Life Insurance Company ("Pyramid Life") from Universal American Corp. Pyramid Life is now known as Nassau Life Insurance Company of Kansas ("NKS").

Effective August 4, 2019, Lynbrook Re, Inc. ("Lynbrook") was organized as a Vermont-based captive of Nassau Life and Annuity Company ("NLA") to provide reinsurance on annuity contract riders to NLA in connection with a reserve financing transaction in place with The Canada Life Assurance Company. Lynbrook is a wholly owned subsidiary of its parent NLA.

Penn Life Insurance Company ("Penn Life") was acquired by Nassau Life Insurance Company of Texas ("NTX") (formerly known as Constitution Life) from Universal American Corporation, ultimate controlling entity, and was immediately merged into NTX on September 30,

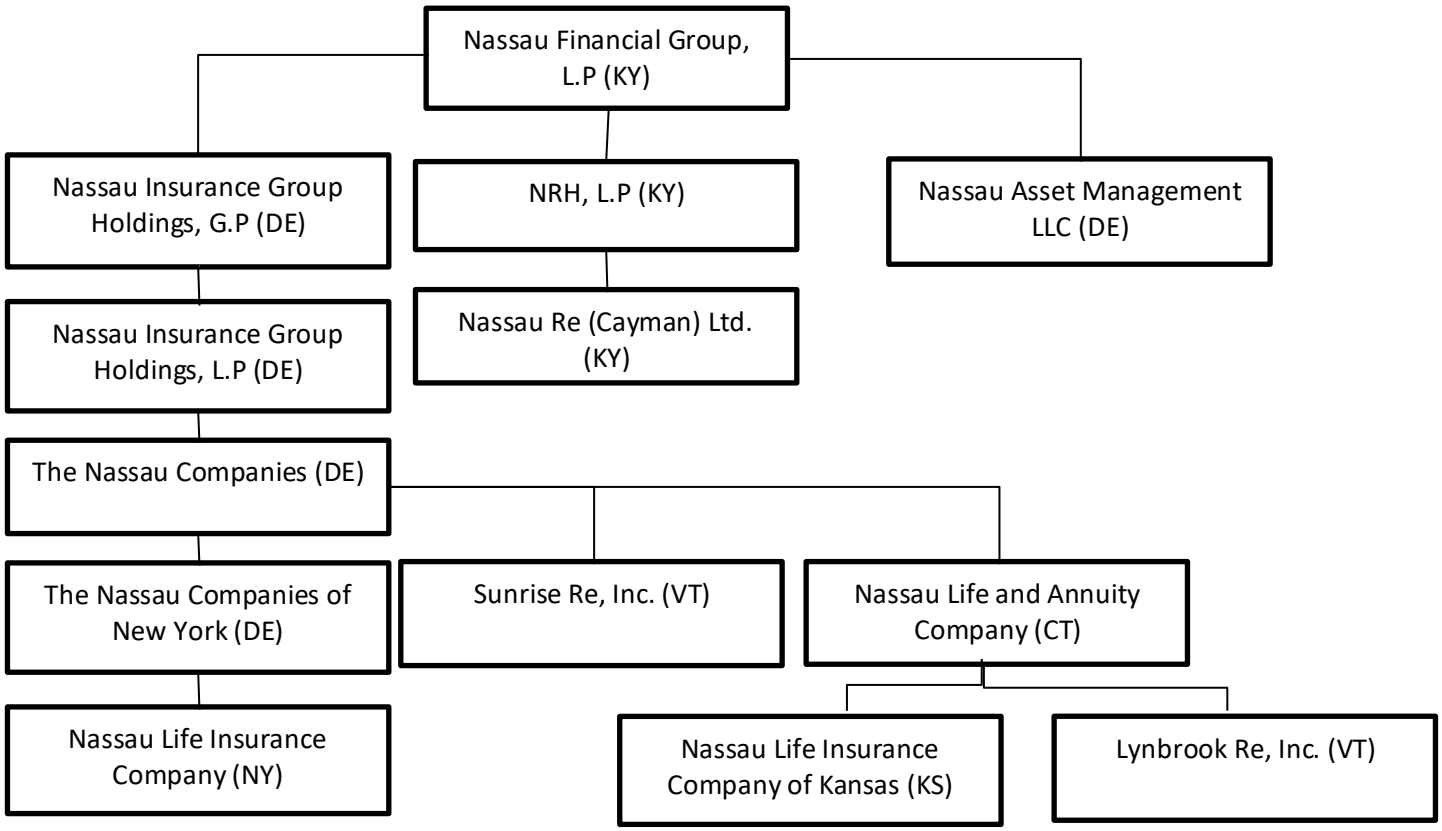
2019 with NTX as surviving entity. NTX previously reinsured 100% of Penn Life's net retained traditional business on a coinsurance basis. In 2020, NTX was merged into NLA.

Effective December 10, 2019, Sunrise Re, Inc. ("Sunrise") was organized as a wholly owned Vermont-based captive subsidiary of NC, its parent company, to provide reinsurance on annuity, life, and health products to NLA.

On November 15, 2021, NFG transferred 100% of the issued and outstanding common stock of its wholly owned subsidiary PHL Delaware LLC ("PHL") to PHL Holdings, LLC, an affiliate outside of NFG. Effective with the transfer, PHL and its subsidiaries, are no longer owned or controlled by NFG or any of its subsidiaries. Due to NFG's lack of a controlling financial interest, as of the transaction date, NFG deconsolidated PHL and its subsidiaries. However, effective November 15, 2021, NLA and NCNY entered into an Administrative Services Agreement to provide certain services to PHL. As such, PHL is managed by employees of NCNY.

C. Organizational Chart

A simplified organization chart reflecting the relationship between the Company and significant entities in its holding company system as of December 31, 2022 follows:



The Company's significant affiliates include Nassau Asset Management, LLC ("NAMCO"), NLA, NKS and PHL Variable Insurance Company ("PHLVIC").

D. Service Agreements

The Company had three (3) 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	Income/ (Expense)* For Each Year of the Examination
Administrative Services Agreement File No. 53706	01/01/2017	Nassau Reinsurance LLC and NCNY	The Company	Accounting, actuarial, data processing, enterprise risk management, human resources, and legal services	2018 $(88,083,609) 2019 $(93,098,298) 2020 $(97,873,167) 2021 $(94,932,505) 2022 $(76,077,565)
NNY Building Lease (1 American Row) File No. 52093	01/01/2022 (one-year lease term)	The Company	NCNY	Office space	2018 $3,620,655 2019 $3,562,710 2020 $3,574,709 2021 $3,627,191 2022 $3,117,464
Investment Advisory Agreement File No. 53707	01/01/2017	NAMCO	The Company	Investment management	2018 $(17,530,809) 2019 $(17,218,305) 2020 $(17,849,954) 2021 $(22,489,099) 2022 $(24,769,491)

*Amount of Income or (Expense) Incurred by the Company

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

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

> "(a) Transactions within a holding company system to which a controlled insurer is a party shall be subject to the following: . . .
> (3) expenses incurred and payments received shall be allocated to the insurer on an equitable basis in conformity with customary insurance accounting practices consistently applied. . . ."

Section 91.4 of 11 NYCRR 91 (Insurance Regulation 33) states, in part:

"(a) . . . (5) Allocations of income and expenses between companies shall be treated in the same manner as if made for major annual statement lines of business. . . . (f) General expenses, taxes, licenses and fees. . . . The relative time spent, the extent of usage and the varying volume of work performed for each line of business shall be considered in distributing cost to major annual statement lines of business . . ."

Section 3(b) of the Administrative Services Agreement between the Company and NCNY states, in part:

". . . Cost. The compensation to be paid to the Provider shall reflect the costs (direct and indirect) which the Provider incurs to provide such services. . . . Any adjustments required to reflect the Provider's costs in providing hereunder shall be made on a quarterly basis based upon the Provider's cost analysis, which analysis shall take into account the requirements of New York Insurance Department Regulation 33 with respect to allocation of costs. . . ."

Based on a review of the expenses allocated from NCNY to the Company under the administrative services agreement that was filed with and approved by the Department, the examiner recommends that the Company update its allocation process and methodology to ensure expenses are apportioned in a way that yields results in accordance with Section 1505(a) of the New York Insurance Law and Insurance Regulation 33, including consideration of the use of time studies.

Beginning in 2024, the Company updated its expense allocation process and methodology. The Department has not reviewed the updated process and intends to conduct a limited-scope examination, with the assistance of the states of Connecticut and Kansas, to determine whether the updated expense allocation methodology yields results consistent with the examiner's recommendation.

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 30 directors. Directors are elected for a period of one year at the annual meeting of the stockholders held on the third Monday of April of each year or within 60 days thereafter, as the board may determine. As of December 31, 2022, the board of directors consisted of seven members. Meetings of the board are held at least quarterly.

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

Name and Residence	Principal Business Affiliation	Year First Elected
Phillip Gass New Canaan, Connecticut	Chairman, President and Chief Executive Officer Nassau Financial Group, L.P.	2016
Leanne Bell* Nantucket, Massachusetts	Self-employed	2016
Thomas Buckingham West Hartford, Connecticut	Vice President and Chief Growth Officer Nassau Insurance Group Holdings LP	2020
Kostas Cheliotis Manhasset, New York	Vice President, General Counsel and Secretary Nassau Financial Group, L.P.	2016
Kevin Gregson* Chappaqua, New York	Chief Executive Officer and Co-Founder Aniline	2016
Leland Launer Jr.* Birch Harbor, Maine	Retired Chief Executive Officer Fidelity & Guaranty Life Insurance Company	2016
Thomas Williams Key West, Florida	Retired Chief Financial Officer Nassau Financial Group, L.P.	2017

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

In July 2024, Leeanne Bell resigned from the board and was replaced by Kathy Belfi.

Section 1202(b)(2) of the New York Insurance Law states, in part:

> "The board of directors of a domestic life insurance company shall establish one or more committees comprised solely of directors who are not officers or employees of the company or of any entity controlling, controlled by, or under common control with the company and who are not beneficial owners of a controlling interest in the voting stock of the company or any such entity. Such committee or committees shall have responsibility for . . . nominating candidates for director for election by shareholders or policyholders, evaluating the performance of officers deemed by such committee or committees to be principal officers of the company, and recommending to the board of directors the selection and compensation of such principal officers . . ."

The Company maintains a Human Resources Committee that is primarily responsible for nominating directors for election to the Company's Board of Directors, as well as selecting and evaluating the principal officers of the Company and setting the related executive compensation. The examiner's review of the Company's Human Resource Committee meeting minutes from 2018 through 2023 revealed that the Company failed to execute and document their duties and responsibilities as required by Section 1202 (b)(2) of the New York Insurance Law, as well as the Company's Human Resources Committee Charter and the Company's Amended and Restated By-laws by:

- Having no evidence that the Company's Human Resources Committee was involved in discussing or nominating the two directors elected to the Company's Board of Directors during the examination period;
- Having no evidence that the committee discussed or performed an evaluation of the performance of the Company's principal officers during the examination period;
- Having no evidence that the committee discussed or was involved in the selection and related compensation of a principal officer as part of change in personnel for this position during the examination period.

The Company violated Section 1202(b)(2) of the New York Insurance Law, as well as the Company's Human Resources Committee Charter and its Amended and Restated By-laws, by failing to nominate candidates for the board of directors, evaluate the performance of its principal officers, and recommend to the board of directors the selection and compensation of its principal officers.

Section 89.12(e) of 11 NYCRR 89 (Insurance Regulation 118) states:

> "The company shall give written notice to the superintendent of the selection of its audit committee within 30 days of the effective date of this Part and within 30 days of any change in membership of the audit committee. The notice shall include a description of the reason for the change."

The examiner's review of the Audit Committee minutes revealed that there were changes in the committee's membership during the examination period, however, the notices of the changes

in membership were not provided to the Superintendent, as required under Section 89.12(e) of Insurance Regulation 118.

The Company violated Section 89.12(e) of Insurance Regulation 118 by failing to provide written notice of changes in membership of the Company's Audit Committee to the Superintendent during the examination period.

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
Phillip J. Gass	President and Chief Executive Officer
Kostas Cheliotis	Vice President, General Counsel and Secretary
Jacqueline Bamman	Vice President and Chief People Officer
Thomas M. Buckingham	Vice President and Chief Growth Officer
Susan Zophy*	Vice President and Chief Service Officer
Jan Buchsbaum	Vice President and Chief Product Officer
Christine Janofsky	Vice President, Chief Financial Officer and Treasurer
Vernon Young	Vice President and Group Chief Risk Officer
David Monroe	Vice President and Chief Accounting Officer
David Czerniecki	Vice President and Chief Investment Officer
Paul D. Tyler	Chief Marketing Officer
Michael Donovan	Vice President and Chief Actuary
Sam S.F. Caligiuri	Vice President, Assistant Secretary, and Chief Compliance Officer

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

In August 2024, David Monroe resigned from the board and was replaced by Michael Williams Magarian.

In September 2024, Christine Janofsky resigned from the board and was replaced by Jordan Price.

In July 2025, David Czerniecki resigned from the board and was replaced by Joe Orofino.

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

A. Statutory and Special Deposits

As of December 31, 2022, the Company had $1,500,000 (par value) of United States Treasury Bonds on deposit with the State of New York, its domiciliary state, for the benefit of all policyholders, claimants and creditors of the Company. As reported in Schedule E of the 2022 filed annual statement, an additional $5,119,271 was being held by the states of Arkansas ($199,231), California ($945,352), Georgia ($77,470), Massachusetts ($96,742), Nevada ($200,000), New Hampshire ($483,711), New Mexico ($383,618), New York ($1,491,210), North Carolina ($705,305), South Carolina ($120,928) and U.S. Virgin Islands ($415,703).

B. Direct Operations

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 varieties, however, the Company currently offers only 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 the Amerilife Group, LLC.

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

C. Reinsurance

As of December 31, 2022, the Company had reinsurance treaties in effect with 64 companies, of which 48 were authorized or accredited. The Company's life and accident and health business is reinsured on a coinsurance, modified-coinsurance, and yearly renewable term basis. Reinsurance is provided on both an automatic or facultative basis.

The maximum retention limit for individual life insurance policies is $5,000,000 for single life and joint first-to-die policies, and $6,000,000 for second-to-die policies. The total in force amount of life insurance ceded as of December 31, 2022, was $12,432,210, which represents 37% of the total amount of life insurance in force. Reserve credit taken for reinsurance ceded to unauthorized companies, totaling $212,553,291, was supported by letters of credit, trust agreements and/or funds withheld. The total in force amount of life insurance assumed as of December 31, 2022, was $3,036,109,870.

The Company has a treaty in force with its affiliate, PHL Variable Insurance Company ("PHLVIC"), whereby the Company has assumed, on a 90% coinsurance basis, all Phoenix Accumulator Universal Life III and IV policies sold by PHLVIC from January 1 to December 31, 2008. The reserves ceded to the Company for these policies were $58,865,305 at December 31, 2022.

Effective June 30, 2015, the Company entered into a modified coinsurance ("MODCO") reinsurance agreement with PHLVIC. This agreement provides that the Company will retrocede, and PHLVIC will reinsure, 80% of the in force corporate-owned whole life insurance policies assumed by the Company from a third-party, Sun Life and Health Insurance Company (U.S.), formerly known as Phoenix American Life Assurance Company. Under this MODCO agreement, the assets, which are equal to the statutory reserves held for the reinsured policies, along with the liabilities associated with the assumed business, are retained by the Company. PHLVIC receives the economic risks and rewards related to the assumed business through MODCO adjustments. PHLVIC, having the right of offset, has offset the MODCO asset and liability.

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 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 of each year in the examination period, and the related statutory-basis statements of operations, capital and surplus, and cash flows for the year then ended.

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	$ 7,545,869,749
Stocks:	
Preferred stocks	50,782,332
Common stocks	27,213,235
Mortgage loans on real estate:	
First liens	535,874,966
Real estate:	
Properties occupied by the company	27,147,530
Cash, cash equivalents and short-term investments	148,608,380
Contract loans	2,482,361,287
Other invested assets	447,576,771
Receivable for securities	3,163,043
Derivative collateral	70,474,145
Mortgage Escrow Funds	113,560
Investment income due and accrued	175,111,248
Premiums and considerations:	
Uncollected premiums and agents' balances in the course of collection	13,841,014
Deferred premiums, agents' balances and installments booked but deferred and not yet due	45,321,873
Reinsurance:	
Amounts recoverable from reinsurers	10,794,389
Other amounts receivable under reinsurance contracts	241,748
Net deferred tax asset	66,292,418
Guaranty funds receivable or on deposit	173,334
Receivables from parent, subsidiaries and affiliates	18,463,208
Pool Deposits	1,420,739
Split dollar policy	3,615,157
Suspense	4,942,832
From separate accounts, segregated accounts and protected cell accounts	2,926,014,877
Total admitted assets	$14,605,417,835

C. Liabilities, Capital and Surplus

Aggregate reserve for life policies and contracts	$ 9,804,022,198
Aggregate reserve for accident and health contracts	64,323
Liability for deposit-type contracts	411,843,141
Contract claims:	
Life	102,108,644
Accident and health	14,065,703
Policyholders' dividends and coupons due and unpaid	1,370,198
Provision for policyholders' dividends and coupons payable in following calendar year – estimated amounts:	
Dividends apportioned for payment	111,040,520
Premiums and annuity considerations for life and accident and health contracts received in advance	1,751,381
Contract liabilities not included elsewhere:	
Other amounts payable on reinsurance	34,171,298
Interest maintenance reserve	97,901,730
Commissions to agents due or accrued	2,188,511
General expenses due or accrued	18,396,101
Transfers to separate accounts due or accrued	(30,847,198)
Taxes, licenses and fees due or accrued, excluding federal income taxes	5,714,514
Current federal and foreign income taxes	16,792,275
Unearned investment income	3,456,078
Amounts withheld or retained by company as agent or trustee	328,349
Amounts held for agents' account	1,687
Remittances and items not allocated	10,788,688
Miscellaneous liabilities:	
Asset valuation reserve	126,354,409
Reinsurance in unauthorized companies	7,225,910
Funds held under reinsurance treaties with unauthorized reinsurers	197,028,244
Payable to parent, subsidiaries and affiliates	8,502,412
Funds held under coinsurance	160,431,334
Derivatives	81,464
Payable for Securities	751,519
Escheat liability	10,330,397
Other liabilities	15,183,986
Aggregate write-ins for liabilities	178,921,419
From Separate Accounts statement	2,926,013,654
Total liabilities	$14,235,982,889
Common capital stock	$ 10,000,000
Surplus notes	126,391,533
Gross paid in and contributed surplus	614,332,814
Aviation reinsurance contingency reserve	2,500,000
Unassigned funds (surplus)	(383,789,402)
Surplus	$ 359,434,945
Total capital and surplus	$ 369,434,945
Total liabilities, capital and surplus	$14,605,417,834

D. Condensed Summary of Operations

	2018	2019	2020	2021	2022
Premiums and considerations	$ 251,975,851	$ 369,122,909	$ 305,951,330	$ 290,877,161	$ 305,817,986
Investment income	588,147,394	601,375,200	573,404,431	670,422,099	621,968,593
Net gain from operations from Separate Accounts	(169,661)	37,510	(641,589)	(12,571)	475,283
Commissions and reserve adjustments on reinsurance ceded	(241,491,213)	(206,974,810)	(204,763,887)	(195,836,134)	(224,168,298)
Miscellaneous income	91,064,017	92,096,752	84,671,661	102,661,727	106,554,095
Total income	$ 689,526,388	$ 855,657,561	$ 758,621,946	$ 868,112,282	$ 810,647,659
Benefit payments	$ 742,799,798	$ 978,923,621	$ 980,323,696	$ 939,946,915	$1,077,716,020
Increase in reserves	(259,613,631)	(212,939,117)	(250,250,645)	(178,912,554)	(329,194,587)
Commissions	5,798,288	10,615,732	6,795,611	10,304,038	12,129,989
General expenses and taxes	72,041,121	118,519,322	115,215,624	105,248,614	89,941,947
Increase in loading on deferred and uncollected premiums	32,164	348,660	236,257	127,916	(71,359)
Net transfers to (from) Separate Accounts	(59,976,017)	(165,927,178)	(159,521,371)	(195,244,646)	(178,165,514)
Miscellaneous deductions	17,371,017	17,705,026	14,657,431	18,115,923	15,474,466
Total deductions	$ 518,452,740	$ 747,246,066	$ 707,456,603	$ 699,586,206	$ 687,830,871
Net gain (loss) from operations	$ 171,073,648	$ 108,411,495	$ 51,165,343	$ 168,526,076	$ 122,816,788
Dividends	77,321,034	87,430,185	60,966,598	57,291,205	78,002,375
Federal and foreign income taxes Incurred	(1,472,997)	14,854,646	(38,902,257)	20,499,649	6,143,356
Net gain (loss) from operations before net realized capital gains	$ 95,225,611	$ 6,126,664	$ 29,101,002	$ 90,735,222	$ 38,671,057
Net realized capital gains (losses)	(992,235)	(6,579,640)	(40,813,352)	(3,354,485)	13,342,611
Net income (loss)	$ 94,223,376	$ (452,976)	$ (11,712,350)	$ 87,380,737	$ 52,013,668

E. Capital and Surplus Account

	2018	2019	2020	2021	2022
Capital and surplus, December 31, prior year	$449,246,158	$514,911,565	$328,462,420	$295,339,200	$376,378,554
Net income	$ 94,233,376	$ (452,976)	$(11,712,350)	$ 87,380,737	$ 52,013,668
Change in net unrealized capital gains (losses)	24,926,490	14,942,616	(6,813,690)	2,978,951	(57,343,379)
Change in net unrealized foreign exchange capital gain (loss)	(54,117)	7,897	193,271	(48,510)	(797,331)
Change in net deferred income tax	(17,766,108)	14,916,815	(7,850,771)	(5,902,821)	1,101,457
Change in non-admitted assets and related items	23,917,342	(10,649,585)	(10,483,774)	15,044,757	(22,578,951)
Change in liability for reinsurance in unauthorized companies	1,882,471	(5,110,321)	(6,028,979)	6,234,320	(363,968)
Change in reserve valuation basis	0	0	(1,335,387)	14,875,815	0
Change in asset valuation reserve	4,142,639	1,294,121	21,414,138	(12,890,295)	37,107,519
Other changes in surplus in Separate Accounts statement	(169,662)	37,511	(641,589)	(12,571)	487,865
Change in surplus notes	26,305	26,305	26,305	26,305	26,305
Surplus adjustments: Paid in	0	17,000,000	0	0	0
Dividends to stockholders	(60,000,000)	(60,000,000)	0	(20,000,000)	(274,025,500)
Surplus withdrawal offset	169,662	(37,511)	641,589	12,571	(487,953)
Initial Reinsurance Allowance	(7,143,027)	(7,655,169)	(8,144,644)	(8,642,359)	(9,124,730)
Tax on Reinsurance Allowance	1,500,036	1,607,586	1,710,376	1,814,895	1,916,193
Aggregate write-ins for gains and losses in surplus	0	(152,376,434)	(4,097,715)	167,559	265,125,196
Net change in capital and surplus for the year	$ 65,665,407	$(186,449,145)	$(33,123,220)	$ 81,039,354	$ (6,943,609)
Capital and surplus, December 31, current year	$514,911,565	$328,462,420	$295,339,200	$376,378,554	$369,434,945

6. SUBSEQUENT EVENTS

During 2023 and 2024, the Company's parent made capital contributions to the Company of $20 million and $45 million, respectively. Through 2025, the Company's parent made capital contributions to the Company of $15 million.

In 2023, the Company entered into a funding agreement with the Federal Home Loan Bank ("FHLB") of Boston. The advance is for a term of four years at a floating interest rate with a 28-day reset and is being used for spread lending purposes.

On July 1, 2023, the Company completed its acquisition of DLNY for $188.5 million. Effective July 5, 2023, DLNY merged with and into the Company pursuant to a merger agreement with the Company as the surviving entity. Nassau committed to maintain the Company's RBC at 300% and surplus to reserves ratio at or above 3.5% until June 2028.

On Friday, May 17, 2024, Connecticut Insurance Commissioner Andrew N. Mais filed in the Connecticut Superior Court, Hartford Judicial District, a Petition for Rehabilitation and Appointment of the Commissioner as rehabilitator of PHLVIC and its subsidiaries, Concord Re, Inc. ("Concord") and Palisado Re, Inc. ("Palisado") (collectively, "the Companies"). The Connecticut Insurance Department (the "CID") filed the Petition after determining that the Companies are in a hazardous financial condition and that other alternatives have been thoroughly explored. On Monday, May 20, 2024, the Superior Court entered an order placing the Companies into rehabilitation proceedings and appointing Commissioner Mais as the statutory rehabilitator of the Companies in accordance with the Connecticut Insurers Rehabilitation and Liquidation Act. The Companies consented to the rehabilitation.

In 2023, the Company formed two wholly owned limited liability companies, Nassau Life Insurance Company ABS A-1 LLC and Nassau Life Insurance Company ABS B-1 LLC (collectively the LLC's), for the purpose of implementing investment strategies on behalf of the Company. The assets within these LLC's are managed by Fortress IMA Management LLC, via their investment agreement with NAMCO. The Company along with its affiliate NLA (who has formed its own wholly owned limited liability companies), have a combined capital commitments to the respective LLCs of $2 billion dollars over a five (5) year time horizon, subject to annual increases based on net asset growth.

During 2024, NAMCO, the Company's primary investment manager, sold their Private Placements business to an unaffiliated third party, New England Asset Management ("NEAM"). Pursuant to this transaction, NEAM will enter into an investment management agreement with the Company to manage certain investments.

In 2024, Jordan Price replaced Christine Janofski as Vice President, Chief Financial Officer and Treasurer of the Company. He was also named Chief Financial Officer of NFG.

Effective October 1, 2024, the Company entered into an indemnity reinsurance agreement with Munchener Ruckversicherungs-Gesellschaft Aktiengesellschaft ("MRAG") whereby MRAG shall reinsure the applicable quota share for the regulatory closed block of participating life insurance policies issued prior to the 2001 demutualization of the Company, subject to inuring reinsurance. This reinsurance agreement is a replacement of the Company's prior reinsurance arrangement for these closed block policies with Nomura Americas US RE LTD.

At the end of 2024, NAMCO entered into an investment management agreement with GC Advisors, LLC ("Golub") to pursue a direct lending strategy on behalf of NLA and the Company solely focused on the upper middle market direct lending sector. The Company along with its affiliate NLA have combined capital commitments under the investment of $2 billion dollars over a five (5) year time horizon.

In 2025, Joe Orofino replaced David Czerniecki as Vice President, and Chief Investment Officer of the Company. He was also named Chief Investment Officer of NFG.

7. PRIOR REPORT SUMMARY AND CONCLUSIONS

Following are the violation and comments contained in the prior financial condition report on examination and the subsequent actions taken by the Company in response to each citation:

Item	Description
A	As of the examination date, December 31, 2017, only one material weakness remained, specifically, the weakness related to the maintenance of effective controls over key actuarial spreadsheets and certain key reports to ensure the reliability of data, assumptions and valuation calculations. The 2017 exam report indicates that "according to management, the remediation of this weakness is currently almost complete, pending review and signoff from its external auditor, KPMG." The Company took corrective actions and remediated the material weakness related to the maintenance of effective controls over key actuarial spreadsheets and certain key reports to ensure the reliability of data, assumptions and valuation calculations.
B	The Company violated Section 1202(b)(2) of the New York Insurance Law by failing to have only independent directors in its Human Resources committee. Effective February 25, 2019, the Company revised the composition of its Human Resources committee to include only independent directors; however, the examination revealed that the Company failed to nominate candidates for the board of directors, evaluate the performance of its principal officers, and recommend to the board of directors the selection and compensation of its principal officers. Therefore, a violation of Section 1202(b)(2) of the New York Insurance Law is contained in this report. (See item 3E of this report.)
C	The Company did not retain, and was unable to reproduce, detailed information regarding the policies and contracts that comprised the amounts reported as lapses and surrenders on the Exhibits of Life Insurance within its annual statements for the examination period. A market conduct examination was conducted concurrently with the financial condition examination. The financial examination team utilized the data files provided in response to the market conduct pre-exam requests for the reserves completion testing. The market conduct examination review of lapses and surrenders indicated that the Company did not address the issue adequately. This is reflected in the market conduct report on examination.

8. SUMMARY AND CONCLUSIONS

Following are the recommendation and violations contained in this report:

Item	Description	Page No(s).
A	The examiner recommends that the Company update its allocation process and methodology to ensure expenses are apportioned in a way that yields results in accordance with Section 1505(a) of the New York Insurance Law and Insurance Regulation 33, including consideration of the use of time studies.	10
B	The Company violated Section 1202(b)(2) of the New York Insurance Law, as well as the Company's Human Resources Committee Charter and its Amended and Restated By-laws, by failing to nominate candidates for the board of directors, evaluate the performance of its principal officers, and recommend to the board of directors the selection and compensation of its principal officers.	12
C	The Company violated Section 89.12(e) of Insurance Regulation 118 by failing to provide written notice of changes in membership of the Company's Audit Committee to the Superintendent during the examination period.	13

Respectfully submitted,

Christopher T. Rushford, CFE, CPA
Risk & Regulatory Consulting, LLC

COMMONWEALTH OF MASSACHUSETTS)
) SS:
COUNTY OF HAMPDEN)

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

Christopher T. Rushford

Licia Van Steenburgh

Subscribed and sworn to before me
this 30 day of January 2026

LICIA M. VAN STEENBURGH
Notary Public
Commonwealth of Massachusetts
My Commission Expires Jan. 31, 2031

Respectfully submitted,

/s/
Courtney Williams
Supervising Insurance Examiner

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

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

/s/
Courtney Williams

Subscribed and sworn to before me

this_____ day of _____

APPOINTMENT NO. 32543

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:*

CHRISTOPHER T. RUSHFORD
(RISK & REGULATORY CONSULTING, LLC)

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 he shall deem requisite.

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

this 25th day of May, 2023

ADRIENNE A. HARRIS
Superintendent of Financial Services

By: Mark McLeod

MARK MCLEOD
DEPUTY CHIEF - LIFE BUREAU