

DELAWARE DEPARTMENT OF INSURANCE

MARKET CONDUCT EXAMINATION REPORT

New York Life Insurance and Annuity Corporation

NAIC #91596

**51 Madison Avenue
New York, NY 10010**

As of

December 31, 2022

TRINIDAD NAVARRO
COMMISSIONER



STATE OF DELAWARE
DEPARTMENT OF INSURANCE

REPORT ON EXAMINATION

OF THE

New York Life Insurance and Annuity Corporation

AS OF

December 31, 2022

The above-captioned Report was completed by examiners of the Delaware Department of Insurance.

Consideration has been duly given to the comments, conclusions and recommendations of the examiners regarding the status of the Company as reflected in the Report.

This Report is hereby accepted, adopted and filed as an official record of this Department.



In Witness Whereof, I have hereunto set my hand
and affixed the official seal of this Department at the
City of Dover, this 25th day of January, 2024.

Trinidad Navarro
Insurance Commissioner

TRINIDAD NAVARRO
COMMISSIONER



STATE OF DELAWARE
DEPARTMENT OF INSURANCE

I, Trinidad Navarro, Insurance Commissioner of the State of Delaware, do hereby certify that the attached REPORT ON EXAMINATION, made as of December 31, 2022 on

New York Life Insurance and Annuity Corporation

is a true and correct copy of the document filed with this Department.

Attest By: *Ana Jeanette*



In Witness Whereof, I have hereunto set my hand and affixed the official seal of this Department at the City of Dover, this 25 day of January, 2024.

Trinidad Navarro
Trinidad Navarro
Insurance Commissioner

**Delaware Market Conduct Examination Report
New York Life Insurance and Annuity Corporation**

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Honorable Trinidad Navarro
Insurance Commissioner
State of Delaware
1351 West North Street
Suite 101
Dover, Delaware 19904

Dear Commissioner Navarro:

In compliance with the instructions contained in Examination Authority Number 91596-23-701 and pursuant to statutory provisions including 18 *Del. C.* §320, a market conduct examination has been conducted of the affairs and practices of:

New York Life Insurance and Annuity Corporation
NAIC #91596

The examination was performed as of December 31, 2022.

The examination was conducted at the offices of the Delaware Department of Insurance, hereinafter referred to as the Department or DDOI, or other suitable locations.

The report of examination herein is respectfully submitted.

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EXECUTIVE SUMMARY

The examination of New York Life Insurance and Annuity Corporation was announced as part of a series of examinations on companies in the Individual Life Insurance marketplace in Delaware. The examination focused on the Company's business in the following areas of operation: Company Operations and Management, Complaint Handling, Marketing and Sales, Producer Licensing, Policyholder Service, Underwriting and Rating, and Claims.

There were no exceptions.

SCOPE OF EXAMINATION

The Market Conduct Examination was conducted pursuant to the authority granted by 18 *Del. C.* §§ 320(c) and covered the experience period of January 1, 2021, through December 31, 2022, unless otherwise noted. The scope of the examination includes, but is not limited to, the Company's practices and procedures relating to Company Operations and Management, Complaint Handling, Marketing and Sales, Producer Licensing, Policyholder Services, Underwriting and Rating, and Claims. The focus of the examination is on the Company's Life Insurance business.

METHODOLOGY

This examination was performed in accordance with Market Regulation standards established by the Department and examination procedures suggested by the NAIC. While examiners report on the errors found in individual files, the examiners also focus on general business practices of the Company.

The Company was requested to identify the universe of files for each segment of the review. Based on the universe sizes identified, random sampling was utilized to select the files reviewed for this examination.

Delaware Market Conduct Examination Reports generally note only those items to which the Department, after review, takes exception. An exception is any instance of Company activity that does not comply with an insurance statute or regulation. Exceptions contained in the Report may result in imposition of penalties. Generally, practices, procedures, or files that were reviewed by Department examiners during the course of an examination may not be referred to in the Report if no improprieties were noted.

However, the Examination Report may include management recommendations addressing areas of concern noted by the Department, but for which no statutory violation was identified. This enables Company management to review these areas of concern in order to determine the potential impact upon Company operations or future compliance.

Throughout the course of the examination, Company officials were provided status memoranda, which referenced specific policy numbers with citation to each section of law violated. Additional information was requested to clarify apparent violations. An exit

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conference was conducted with Company officials to discuss the examiners findings as they relate to the Company Operations and Management, Complaint Handling, Marketing and Sales, Producer Licensing, Policyholder Service, Underwriting and Rating, and Claims.

COMPANY HISTORY AND PROFILE

New York Life Insurance and Annuity Corporation hereinafter referred to as NYLIAC or the Company. The Company was incorporated under the laws of the State of Delaware as a stock company with its registered office located at 1209 Orange Street, Wilmington, Delaware 19801. The administrative office of the Company is located at 51 Madison Avenue, New York, New York 10010.

The Company was originally incorporated in the State of Delaware on November 3, 1980. A Certificate of Authority, issued by the Delaware Insurance Commissioner on December 26, 1980, and amended on September 12, 1983, authorizes the Company to transact the business of life insurance: including annuities, variable annuities, credit life insurance, health insurance, credit health insurance, and variable life insurance. The Company has been a direct, wholly owned subsidiary of NYLIC since its inception.

As of their 2020 Annual Statement for the State of Delaware, NYLIAC reported life insurance premiums in the amount of \$10,380,660 and annuity considerations in the amount of \$27,196,866.

As of their 2021 Annual Statement for the State of Delaware, NYLIAC reported life insurance premiums in the amount of \$10,127,514 and annuity considerations in the amount of \$25,907,900.

As of their 2022 Annual Statement for the State of Delaware, NYLIAC reported life insurance premiums in the amount of \$7,499,643 and annuity considerations in the amount of \$50,819,539.

COMPANY OPERATIONS AND MANAGEMENT

The Company was requested to provide information documenting its management and operational procedures in areas for which they conduct business for the State of Delaware, including:

- The Company's Certificate of Authority.
- The Company History and Profile.
- The Company management structure as it relates to Life Insurance, including the management structure that handles compliance issues.
- A list of internal audits conducted in the last three (3) years and a statement that the audits identified were closed/complete and up to date as of the examination period under review.
- A copy of the Company's anti-fraud procedures and annual reports.

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- Third Party Administrator (TPA) documentation.
- Documentation indicating that the Company's records were adequate, accessible, consistent and orderly and complied with Delaware record retention requirements.
- A list of fines, penalties and recommendations from any state for the last five (5) years.
- Copies of the Annual Statements for 2020, 2021, and 2022.

These were provided and reviewed to ensure compliance with the State of Delaware Laws and Regulations, Delaware Department of Insurance Bulletins, and the NAIC Market Regulation Handbook Standards in Chapter 20 & 23.

No exceptions were noted.

COMPLAINT HANDLING

The Company was asked to provide a list of all complaints filed with them during the examination period of January 1, 2021, through December 31, 2022. This list was to include complaints received from the Delaware Department of Insurance as well as complaints made directly to the Company on behalf of Delaware consumers.

The Company provided two complaints. Both were reviewed for compliance with applicable Delaware Statutes and Regulations pertaining to complaints, including, but not limited to, 18 *Del. C.* § 2304 (17), Delaware Department of Insurance Bulletins, and the NAIC Market Regulation Handbook Standards in Chapter 20 & 23.

There were no exceptions.

MARKETING AND SALES

The Company was asked to provide a list of all advertising materials - whether printed or audio/visual - approved for use by field personnel for the examination period. The material was to be segregated into two sections - 1) Company Generated Advertising and 2) Producer Generated Advertising along with a log showing which policy form is associated with the identified piece of advertising material.

The Company provided a list of 374 pieces of advertising that were utilized. A sample of 50 were reviewed to ascertain compliance with 18 *Del. C.* §2303, Unfair Methods of Competition and 18 *Del. C.* §2304, Unfair or Deceptive Acts or Practices.

There were no exceptions.

PRODUCER LICENSING

The Company provided a list of 431 active agents, 25 of whom were licensed & based in Delaware. Each was compared to Departmental records of producers to verify the licensing and appointments, in compliance with 18 *Del. C.* §1703 License required, and 18 *Del. C.*

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§1715 Appointment of producer as agent and the and the NAIC's State Based Systems Lookup Search. In addition, a comparison was made on producers identified on applications reviewed during the Individual Life Insurance New Business part of the exam.

No exceptions were noted.

The Company also provided a list of 219 terminated agents, 21 of whom were licensed & based in Delaware. Each was compared to Departmental records of producers, and the NAIC's state Based System Lookup Search, to verify the terminations reporting in compliance with 18 *Del. C.* §1716. Notification to Insurance Commissioner of termination.

No exceptions were noted.

POLICYHOLDER SERVICE

The Company was asked to provide procedures for locating missing policyholders or beneficiaries, documentation that nonforfeiture options are communicated to the policyholder and contract holder and correctly applied in accordance with the policy contract, documentation that the company provides each policy owner with an annual report of policy values in accordance with statutes, rules and regulations and, upon request, and a copy of the procedures for handling the unearned premium calculation and refund. These were provided and reviewed.

No exceptions were noted.

The Company was also asked to provide a list of all Individual Life Insurance policies surrendered during examination period of January 1, 2021 through December 31, 2022. The Company provided a list of 26 policies. Each was reviewed to verify the Company's compliance with applicable Delaware Statutes and Regulations, Insurance Department Bulletins and NAIC Market Regulation Handbook Standards in Chapters 20 and 23, in addition to ensuring surrender requests were processed timely and accurately.

There were no exceptions.

UNDERWRITING AND RATING

Individual Cash Value Life Policies Issued – Non-Replacement

The Company was asked to provide a list of all Individual Life Insurance New Business (excluding Replacements) issued during the examination period of January 2, 2021, through December 31, 2022. The Company provided a list of 60 such policies, of which all were reviewed to determine the Company's compliance with applicable Delaware Statutes and Regulations, Insurance Department Bulletins and NAIC Market Regulation Handbook Standards in Chapters 20 & 23.

There were no exceptions.

Individual Cash Value Life Policies Issued – Replacements

The Company also provided a list of 33 Replacement policies. Each policy was reviewed to verify the Company's compliance with applicable Delaware Statutes and Regulations, Insurance Department Bulletins and NAIC Market Regulation Handbook Standards in Chapters 20 & 23.

There were no exceptions.

Declined Individual Cash Value Life Policies

The Company also provided a list of 17 applications that were declined. Each application was reviewed to verify the Company's compliance with applicable Delaware Statutes and Regulations, Insurance Department Bulletins and NAIC Market Regulation Handbook Standards in Chapters 20 & 23.

There were no exceptions.

FORMS

The Company was requested to provide a list of all forms approved for use in Delaware during the examination period. The Company provided a spreadsheet of 164 forms approved for use and a sample of 27 forms was reviewed. All sampled forms were reviewed to ensure compliance with 18 Del. C. §2712, Filing, approval of forms.

No exceptions were noted.

CLAIMS

The Company was asked to provide a list of all Paid Claims during the examination period of January 2, 2021, through December 31, 2022. The Company provided a list of 18 such claims, of which all were reviewed. Each claim was reviewed to verify the Company's compliance with applicable Delaware Statutes and Regulations, Insurance Department Bulletins and NAIC Market Regulation Handbook Standards in Chapters 20 & 23.

There were no exceptions.

There were no claims denied during the examination period of January 2, 2021, through December 31, 2022.

CONCLUSION

There were no exceptions noted in this examination.

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The examination conducted by Joseph Krug, Mark Plesha, Stephen Misenheimer and Braxten Pate is respectfully submitted.



Mark Plesha, CPCU, AE, MCM, CWCP, AIS, IR
Examiner-in-Charge
Market Conduct
Delaware Department of Insurance

I, Mark Plesha, hereby verify and attest, under oath, that the above is a true and correct copy of the examination report and findings of the market conduct examination submitted to the Delaware Department of Insurance pursuant to examination authority #91596-23-701.



Mark Plesha, CPCU, AE, MCM, CWCP, AIS, IR