

**EXAMINATION REPORT**  
**OF**  
**NEW YORK LIFE INSURANCE AND ANNUITY CORPORATION**  
**AS OF**  
**DECEMBER 31, 2019**

Office of the  
Commissioner



Delaware  
Department of Insurance

REPORT ON EXAMINATION  
OF  
NEW YORK LIFE INSURANCE AND ANNUITY CORPORATION  
AS OF  
DECEMBER 31, 2019

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.

A handwritten signature in blue ink that reads "Trinidad Navarro".

Trinidad Navarro  
Insurance Commissioner

Dated this 7 day of June, 2021

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June 1, 2021

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

Dear Commissioner:

In compliance with instructions and pursuant to statutory provisions contained in Exam Authority No. 20.019, dated March 12, 2020, an examination has been made of the affairs, financial condition, and management of

**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. This examination was conducted remotely given office closures and travel restrictions in connection with the COVID-19 Pandemic. The report of examination thereon is respectfully submitted.

**SCOPE OF EXAMINATION**

We have performed our multi-state examination of the Company in coordination with the New York Department of Financial Services (NYDFS) examination of New York Life Insurance Company (New York Life or NYLIC) and the Arizona Department of Insurance and Financial Institutions examination (ADOI) of NYLIFE Insurance Company of Arizona (NYLAZ). The last

examination of the Company was performed by the Delaware Department of Insurance (Department) for the five-year period from January 1, 2013 through December 31, 2017. This examination covered the two-year period of January 1, 2018 through December 31, 2019. The Company, NYLIC and NYLAZ comprise the New York Life Group (Group) as defined by the NAIC. This examination was the Department's first examination of the Company performed concurrently with that of the Group. To the fullest extent, the efforts, resources, project material, and findings were coordinated and made available to all examination participants.

We conducted our examination in accordance with the *National Association of Insurance Commissioners (NAIC) Financial Condition Examiners Handbook* (Handbook) and generally accepted statutory insurance examination standards consistent with the Insurance Code and Regulations of the State of Delaware. The NAIC Handbook requires that we plan and perform the examination to evaluate the financial condition, assess corporate governance, identify current and prospective risks of the company, and evaluate system controls and procedures used to mitigate those risks. An examination also includes identifying and evaluating significant risks that could cause an insurer's surplus to be materially misstated both currently and prospectively.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. This may include assessing significant estimates made by management and evaluating management's compliance with Statutory Accounting Principles. The examination does not attest to the fair presentation of the financial statements included herein. If during the course of the examination, an adjustment is identified, the impact of such adjustment will be documented separately following the Company's financial statements.

This examination report includes significant findings of fact, pursuant to the *General Corporation Laws* of the State of Delaware, as required by 18 *Del. C.* § 321, along with general

information about the insurer and its financial condition. There may be other items identified during the examination that, due to their nature, are not included within the examination report but separately communicated to other regulators and/or the Company.

During the course of this examination, consideration was given to work performed by the Company's external accounting firm, PricewaterhouseCoopers LLC (PwC). Certain work papers for PwC's 2019 audit of the Company and certain of its affiliates have been incorporated into the workpapers of the examiners. The workpapers were utilized in determining the scope, areas of emphasis in conducting the examination, and in the area of risk mitigation and substantive testing.

### **SUMMARY OF SIGNIFICANT FINDINGS**

There were no significant findings or material changes in financial statements as a result of this examination.

### **COMPANY HISTORY**

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.

#### **Capitalization**

The Company's Certificate of Incorporation authorizes the issuance of 20,000 shares of common capital stock with a \$10,000 par value per share. As of December 31, 2019, the Company had 2,500 common shares issued and outstanding totaling \$25 million. All outstanding common shares of the Company are owned by NYLIC. As of December 31, 2019, the Company reported

gross paid in and contributed surplus of \$3.9 billion.

### Dividends

The Company declared and paid ordinary shareholder dividends totaling \$600 million for the year ended December 31, 2018. The dividends were authorized by the Company's Board of Directors (Board) and were paid in cash. No dividends were declared or paid for the year-ended December 31, 2019. Subsequent to the examination period, the Company declared an ordinary dividend that was paid in cash to NYLIC in the amount of \$932 million. The dividend was approved by the Company's Board as of June 3, 2020.

## **MANAGEMENT AND CONTROL**

### Directors

Pursuant to the *General Corporation Laws* of the State of Delaware, as implemented by the Company's Certificate of Incorporation and bylaws, the property and affairs of the Company must be managed by or under the direction of its Board. In accordance with the Company's bylaws, the Board consists of one or more members and the total number of directors shall be determined by the Board.

Each director is elected annually by the stockholder and holds office until the next annual election or until his or her successor is duly elected and qualified, subject to such director's earlier death, resignation, disqualification, removal, or other cause. Directors duly elected and serving as of December 31, 2019, were as follows:

<u>Name</u>	<u>Title</u> <sup>1</sup>
Theodore Alexander Mathas	Chairman of the Board, President & Chief Executive Officer
Christopher Thomas Ashe	Senior Vice President
David Gerald Bedard <sup>2</sup>	Senior Vice President
Elizabeth Katherine Brill	Senior Vice President and Chief Actuary
Alexander Ibbitson Munro Cook	Senior Vice President
Robert Michael Gardner	Senior Vice President and Controller
Matthew Martin Grove <sup>3</sup>	Executive Vice President and Co-Chief Operating Officer
Francis Michael (Frank) Harte	Senior Vice President
Thomas Alexander Hendry	Senior Vice President and Treasurer
Dylan Wei Huang <sup>4</sup>	Senior Vice President
Mark Jerome Madgett	Executive Vice President and Head of Agency
Amy Miller	Senior Vice President, Deputy General Counsel and Secretary
Arthur Harutyun Seter <sup>5</sup>	Senior Vice President and Deputy Chief Investment Officer
Joel Martin Steinberg <sup>6</sup>	Senior Vice President and Chief Risk Officer
Matthew David Wion	Senior Vice President

<sup>1</sup>Each Director holds the position indicated as an officer and/or director of NYLIC. No members of the Company's Board are considered independent. The majority of the NYLIC Board is considered independent.

<sup>2</sup>David Gerald Bedard resigned from the Board September 30, 2020.

<sup>3</sup>Mathew Martin Grove ceased to be employed by NYLIC August 31, 2020.

<sup>4</sup>Dylan Wei Huang resigned from the Board September 30, 2020.

<sup>5</sup>Arthur Harutyun Seter retired from the Board July 31, 2020.

<sup>6</sup>Joel Martin Steinberg resigned from the Board September 30, 2020.

Eric Ansel Feldstein joined the Board June 3, 2020.

Anthony Ramsey Malloy joined the Board August 1, 2020.

Craig Lawrence DeSanto joined the Board September 30, 2020.

## Officers

The Company's officers were elected in accordance with its bylaws during the period under examination. The bylaws require election of a President, a Chief Financial Officer, three or more Vice Presidents, a Treasurer, a Chief Legal Officer, a Controller, a Chairman of the Board, and one or more Secretaries, and such other officers as may from time to time be appointed by the Board, including one or more Vice Chairmen. Each officer holds office until his or her successor is elected and qualified or until his or her earlier resignation or removal. An officer of the Company who is an employee of NYLIC or any subsidiary or affiliate of NYLIC shall automatically cease to be an officer on the effective date such person ceases to be employed by



such company. Other than the Chairman and any Vice Chairman of the Board, officers may be, but not need be, a director. Any number of offices may be held by the same person. The Company's primary officers serving as of December 31, 2019, were as follows:

<u>Name</u>	<u>Title</u>
Theodore Alexander Mathas <sup>1</sup>	Chairman of the Board, President and Chief Executive Officer
Craig Lawrence DeSanto <sup>2</sup>	Executive Vice President and Co-Chief Operating Officer
Eric Ansel Feldstein	Executive Vice President and Chief Financial Officer
Matthew Martin Grove <sup>3</sup>	Executive Vice President and Co-Chief Operating Officer
Elizabeth Katherine Brill	Senior Vice President and Chief Actuary
Thomas Francis English	Senior Vice President and Chief Legal Officer
Robert Michael Gardner	Senior Vice President and Controller
Thomas Alexander Hendry	Senior Vice President and Treasurer
Barbara Joan McInerney <sup>4</sup>	Senior Vice President and Chief Compliance Officer
Arthur Harutyun Seter <sup>5</sup>	Senior Vice President and Chief Investment Officer
Joel Martin Steinberg <sup>6</sup>	Senior Vice President and Chief Risk Officer
Colleen Anne Meade	Associate General Counsel and Secretary

<sup>1</sup>Theodore A. Mathas ceased to be Chairman and President and remained Chief Executive Officer effective September 30, 2020.

<sup>2</sup>Craig L. DeSanto ceased to be Executive Vice President and Co-Chief Operating Officer and became Chairman and President effective September 30, 2020.

<sup>3</sup>Mathew M. Grove resigned effective August 31, 2020.

<sup>4</sup>Barbara Joan McInerney retired from her role as Senior Vice President and Chief Compliance Officer effective December 31, 2019 and was replaced by Sara Louise Badler effective January 1, 2020.

<sup>5</sup>Arthur H. Seter Senior Vice President and Chief Investment Officer retired July 31, 2020.

<sup>6</sup>Joel M. Steinberg ceased to be Chief Risk Office April 30, 2020.

Anthony R. Malloy was elected Executive Vice President and Chief Investment Officer August 1, 2020.

### Corporate Records

The recorded minutes of the shareholder and Board were reviewed for the period under examination. The minutes adequately documented the meetings and approval of Company transactions and events, including approval of investment transactions as required by 18 *Del. C.* §1304. In addition, review of Company files found that written correspondence was submitted to the Department with regards to the changes in officers and directors during the period under examination as required by 18 *Del. C.* §4919.

Insurance Holding Company System

The Company is a member of an insurance holding company system as defined under 18 *Del. C.* §5001 of the Delaware Insurance Code. The Company is a direct, wholly owned subsidiary of NYLIC, which is a mutual life insurance company that was founded in 1841 and commenced insurance operations in 1845. The following is an abbreviated organizational chart of the insurance holding company system as of December 31, 2019:

<u>Company</u>	<u>Domicile</u>
New York Life Insurance Company	New York
<b>New York Life Insurance and Annuity Corporation</b>	<b>Delaware</b>
NYLIFE Insurance Company of Arizona	Arizona
NYL Investors LLC	Delaware
Madison Capital Funding LLC	Delaware
NYLIFE LLC	Delaware
New York Life Capital Corporation	Delaware
NYLIFE Securities LLC	Delaware
New York Life Investment Management Holdings LLC	Delaware
New York Life Investment Management LLC	Delaware
New York Life Distributors LLC	Delaware

The following is a description of the legal entities in the insurance holding company system with significant affiliated relationships with the Company followed by a summary of the significant agreements:

- NYLIC – NYLIC is domiciled in New York State. New York Life and its subsidiaries offer a wide range of insurance and investment products and services including life insurance, annuities, long-term care, insurance pension products, disability insurance, mutual funds, securities brokerage, financial planning, trust services, capital financing, and investment advisory services. NYLIC and its subsidiaries offer insurance and annuity products throughout the United States (U.S.) and its territories, Mexico, and Canada, primarily through NYLIC’s career agency force, but also through third party banks,

brokers, and independent financial advisors. The Company and its subsidiaries provide investment management and advisory services in the U.S., Europe, Asia, and Australia.

- NYLAZ - NYLAZ is domiciled in the State of Arizona and was established to engage in the life insurance and annuity business. NYLAZ currently services a ten-year guaranteed term life insurance product, which was sold through the NYLIC agency force. NYLAZ stopped sales of this product in 2011.
- NYL Investors LLC (NYL Investors) - NYL Investors was formed in October, 2013, and has primary responsibilities for managing the fixed income and real estate assets of NYLIC, its subsidiaries and other strategic partners.
- Madison Capital Funding LLC (MCF) - MCF provides financing solutions primarily to private equity backed middle market companies in the form of senior loans, mezzanine financing, and equity co-investment.
- New York Life Capital Corporation (NYLCC) – NYLCC is an indirect wholly owned subsidiary of NYLIC that serves as a conduit for New York Life to the credit markets and issues commercial paper to institutional investors.
- NYLIFE Securities LLC (NYLSEC) – NYLSEC is an indirect wholly owned subsidiary of NYLIC that is registered broker-dealer providing clients with brokerage services and a wide variety of investment options.
- New York Life Investment Management Holdings LLC (NYL Investments) – NYL Investments, through its subsidiaries, is responsible for providing investment advisory and certain related administrative services to certain mutual funds and separately managed accounts (Separate Accounts) it manages on behalf of the NYLIC and its subsidiaries. As

a result, NYL Investments, through its subsidiaries, earns investment management, accounting, administration, and service fees related to these activities.

- New York Life Investment Management LLC (NYLIM) – NYLIM is a full service, global asset manager that serves New York Life and its affiliates as well as third parties. NYLIM serves as investment manager for the New York Life sponsored MainStay VP Funds Trust (Mainstay Funds). The MainStay Funds are offered as investment options within various annuity and universal life insurance policies issued by NYLIAC and held in Separate Accounts.
- New York Life Distributors LLC (NYLIFE Distributors) – NYLIFE Distributors operates as a broker dealer offering brokerage services, support structure, and other financial services to clients in the United States. NYLIFE Distributors distributes the MainStay Funds managed by NYLIM. NYLIFE Distributors is a Member of FINRA/SIPC.

#### Agreements with Affiliates

The following is a summary of the Company's significant affiliated agreements in force as of December 31, 2019:

#### General Service and Administrative Agreements -

- Service Agreement – Originally effective December 11, 1980, as amended and restated effective July 30, 1984, January 18, 1985, January 17, 1989, and May 29, 2009, the Company entered into a Service Agreement with NYLIC. In accordance with the amended and restated agreement, NYLIC provides the Company with facilities reasonably necessary to the conduct of the Company's operations and services similar to those that NYLIC customarily performs in the course of its own operations. Services include corporate administration, legal, executive and administration, information technology, finance,

investment, audit, and compliance, actuarial, communications, underwriting, agency, and other corporate expenses including corporate taxes. The Company reimburses NYLIC for direct and indirect costs attributable to the services and facilities provided based upon allocation methods that reflect fairly and equitably the actual incidence of costs incurred by NYLIC on behalf of the Company.

- Lock Box Agreement – Effective January 1, 2015, the Company entered into an agreement with NYLIC whereby NYLIC provides a lock box bank account and related administrative services to the Company. In accordance with the agreement, NYLIC maintains a lock box account that is used for the deposit of premiums for insurance policies issued by NYLIC and the Company. Additionally, NYLIC administers the premium deposits in the lock box account for the benefit of both companies as applicable. The agreement requires that NYLIC transfer funds, net of any offsets, to the Company no later than thirty days following the close of each calendar quarter. Expenses related to this agreement are included in charges allocated pursuant to the Service Agreement between NYLIC and the Company originally effective December 11, 1980, and as most recently amended May 29, 2009. The agreement may be terminated by either party with ninety days prior written notice.

Tax Allocation Agreement -

- Agreement to Allocate Consolidated Tax Liability and Benefits – The Company, NYLIC, NYLAZ, and other affiliates are party to the Agreement to Allocate Consolidated Tax Liability and Benefits as last amended and restated effective August 6, 2001. In accordance with the amended and restated agreement, the parties agree to join in the filing of a consolidated federal income tax return as well as the filing of one or more combined state

or local income or franchise tax returns. The agreement sets forth the methodology and procedures for the allocation, filing, and settlement of the consolidated income tax liability or benefit among the participants in a fair and equitable manner and in compliance with applicable regulatory guidelines. Subsequent to the examination period the agreement was amended and restated effective as of December 31, 2020.

Investment Advisory and Service Agreements -

- Investment Advisory Agreement – Originally effective April 1, 2000, as amended effective per management July 8, 2002, March 10, 2004, April 18, 2005, December 21, 2005, April 1, 2006, September 19, 2008, June 9, 2009, May 13, 2010, December 10, 2010, January 24, 2011, January 1, 2012, June 21, 2013, February 12, 2014, September 2, 2014, September 16, 2014, August 1, 2016, September 19, 2016, September 1, 2018, and September 3, 2019, the Company entered into the Investment Advisory Agreement with NYLIM (formerly New York Life Asset Management Operating Company LLC). NYLIM, with the Company’s consent, assigned the agreement to NYL Investors effective March 31, 2014. In accordance with the amended agreement, NYL Investors acts as the Company’s investment advisor with respect to assets specified by the agreement and subject to the investment guidelines, limitations, and restrictions set forth by the agreement. Investment advisory services to be provided are defined by the agreement and may be performed directly by NYL Investors or through the retention of a sub-advisor or other agent. Investment advisory fees are defined by the agreement and may include account fees, asset base fees and performance fees.
- Service Agreement – Effective January 1, 2013, the Company entered into a Service Agreement with NYLIM. In accordance with the agreement, NYLIM provides the

Company with facilities reasonably necessary to the conduct of the Company's operations and services similar to those NYLIM customarily performs in the course of its own operations. Services include, but are not limited to, corporate administration services including information technology support as well as management and infrastructure support. The Company reimburses NYLIM for direct and indirect costs attributable to the services and facilities provided based upon allocation methods that reflect fairly and equitably the actual incidence of costs incurred by NYLIM on behalf of the Company.

- Service Agreement – Effective January 1, 2014, the Company entered into a Service Agreement with NYL Investors. In accordance with the agreement, NYL Investors provides the Company with services and facilities similar to those that NYL Investors customarily performs in the course of its own operations. Services include but are not limited to corporate administration, legal, executive and administration, information technology, finance, audit, and compliance, actuarial, communication, agency and other corporate expenses including corporate tax. The Company reimburses NYL Investors for direct and indirect services and facilities provided based upon allocation methods that reflect fairly and equitably the actual incidence of costs incurred by NYL Investors on behalf of the Company.

Separate Account Administrative Service and Other Agreements -

- Fund Participation Agreement – Originally effective October 7, 2004, as amended and restated effective June 30, 2010, the Company entered a Fund Participation Agreement between and among Mainstay VP Fund Trust, Inc. (Mainstay Fund Inc.) and NYLIM. In accordance with the agreement, NYLIM acts as investment adviser to the portfolios of Mainstay Fund Inc. and the Mainstay Fund Inc. agreed to make shares of portfolios or

substitution portfolios available for purchase by one or more of the Company's Separate Accounts.

- Administrative Services Agreement – Effective February 17, 2012, the Company entered into an Amended and Restated Administrative Services Agreement with NYLIM to supercede the Letter Agreement and Administrative Services Agreement between the parties dated March 1, 2001 and January 1, 2005, respectively. In accordance with the agreement, the Company provides portfolio or substitution portfolio (Portfolio) administrative services to NYLIM as well as the MainStay Funds on behalf of NYLIM in conjunction with the Fund Participation Agreement. The Company is compensated by NYLIM for the services provided as defined in the agreement.
- 12b-1 Plan Services Agreement – Originally effective December 22, 2005, as amended and restated effective April 29, 2011, the Company entered into a 12b-1 Plan Services Agreement with NYLIFE Distributors. In relation to the agreement, the Mainstay Funds adopted a Distribution and Service Plan (12b-1 Plan) whereby NYLIFE Distributors acts as the distributor for the service class shares of the Mainstay fund Portfolio's offered as investment options under the Company's separate account products in accordance with the Fund Participation Agreement. Pursuant to the 12b-1 Plan, each Portfolio pays NYLIFE Distributors a distribution or service fee for services rendered. In accordance with the agreement, the Company and/or its affiliates provide 12b-1 Plan services to NYLIFE Distributors in return for a fee as specified in the agreement.
- Sales Agreement – Effective January 10, 2000, the Company entered into a Sales Agreement between and among NYLIFE Distributors and NYLSEC. In accordance with the agreement, NYLIFE Distributors serves as the principal underwriter and NYLSEC



serves as an agent to solicit or make applications for the Company's variable contracts as specified in the agreement.

- Service Agreement – Effective June 30, 2008, the Company entered into a Service Agreement with NYLSEC. In accordance with the agreement, NYLSEC provides the Company with sales and supervisory services and facilities in connection with the Company's variable life and variable annuity products. Services provided under the agreement may include: agency standards activities; sales training and oversight; product development; regulatory filings and expenses; compensation oversight and administration; management and payments related to litigation and regulatory actions; management of direct training on variable annuity and variable life sub-accounts; and additional supervisory services. The Company pays NYLSEC a services fee based on a percentage of variable product sales and in-force business.
- Services Agreement – Effective January 1, 2011, the Company entered a Services Agreement between and among NYLIM and NYLIFE Distributors. In accordance with the agreement, the parties agree to provide and receive specified services from one another in exchange for fees as specified in the agreement.

#### Intercompany Capital and Liquidity Agreements -

- Credit Agreement – Effective September 30, 1993, the Company entered into a Credit Agreement with NYLIC. In accordance with the agreement, the Company may borrow up to \$200 million from NYLIC. Borrowings by the Company are payable on demand of NYLIC or the maturity date of September 30, 1994, with automatic extension and renewal for additional successive one-year periods unless either party provides notice of its desire to terminate the agreement. The Company has the right to prepay any amounts borrowed

under the agreement without penalty. Effective May 24, 2004, the agreement was amended to increase the maximum borrowing limit to \$490 million. Subsequent to the examination period, the agreement was amended and restated to increase the maximum borrowing limit to \$750 million effective June 5, 2020.

- Credit Agreement - Effective April 1, 1999, the Company entered into a Credit Agreement with NYLIC. In accordance with the agreement, NYLIC may borrow, repay and reborrow up to \$200 million in aggregate principal from the Company. Borrowings by NYLIC are payable on demand of the Company and the agreement may be automatically extended and renewed for additional successive one-year periods unless either party provides notice of its desire to terminate the agreement. Effective May 24, 2004, the agreement was amended to increase the maximum borrowing limit to \$490 million. Subsequent to the examination period, the agreement was amended and restated to increase the borrowing limit to \$750 million effective June 5, 2020,
- Credit Agreement - Effective December 23, 2004, the Company entered into a Credit Agreement with NYLCC. In accordance with the agreement, the Company may borrow, repay and reborrow up to \$490 million in aggregate principal from NYLCC. Total borrowings under the agreement may be limited subject to a maximum amount of loans in aggregate that NYLCC can have outstanding at any one time including loans to the Company and other borrowers. Borrowings by the Company are payable on demand of NYLCC or the maturity date of December 23, 2005, with automatic extension and renewal for additional successive one-year periods unless either party provides notice of its desire to terminate the agreement. The Company has the right to prepay any amounts borrowed under the agreement without penalty. Subsequent to the examination period, the agreement

was amended and restated to increase the borrowing limit to \$750 million effective June 5, 2020.

Affiliated Investment Agreements -

- Master Participation Agreement – Effective November 1, 2014, the Company entered into an agreement outlining the terms and conditions whereby the Company may participate in commercial real estate mortgage loan investments originated by NYLIC or its affiliates. In accordance with the agreement, the Company may invest in mortgage participations issued by NYLIC pursuant to the terms of a participation agreement and a written certificate of participation between the Company and NYLIC. The form of both the participation agreement and certificate of participation are specified within the agreement.
- Note Funding Agreement – Effective December 31, 2015, the Company and NYLIC entered into a Note Funding Agreement (Agreement) with Madison Capital Funding LLC (MCF). In accordance with the Agreement, the Company and NYLIC agreed, severally and not jointly, to invest in Variable Funding Notes from MCF up to an aggregate amount on any date not to exceed the maximum funding limit of \$4.7 billion in order for: MCF to refinance previous loan agreements between each company and MCF, to provide funding (Funding) of future commitments entered into by MCF from time to time, and to fund expenses incurred by MCF for business purposes other than Funding of a commitment. The Agreement imposes constraints on the commitments of MCF (whether funded under the Agreement and otherwise) including: 1.) overall commitment limitations; 2.) senior debt commitment limitations; 3.) subordinated debt commitment limitations; and 4.) special equity commitment limitations. All outstanding Funding's made to MCF under the Agreement, together with unpaid interest thereon, are due in full on December 31, 2025.

Simultaneous to the effective date of the Agreement, the Company acquired an equity interest in MCF. As of December 31, 2019, the Company and NYLIC owned 45% and 55% of MCF's total equity, respectively. Subsequent to the examination period, effective as of May 1, 2020, New York Life Investments Alternatives LLC became the non-member manager of MCF. Effective as December 31, 2020, NYLIC made a capital contribution of a portion of its passive membership interest in MCF to the Company. Effective as of December 31, 2020, NYLIAC held a 78% membership interest in MCF while NYLIC retained 22% of the equity in MCF.

### **TERRITORY AND PLAN OF OPERATION**

As of December 31, 2019, the Company is licensed and/or authorized to transact business in all fifty U.S. states, the District of Columbia, Guam, and the U.S. Virgin Islands.

The Company utilizes NYLIC's agency force of over 10,000 licensed agents to offer life insurance and annuity products. The insurance and investment products and services offered through NYLIC and its subsidiaries and affiliates include life and health insurance, long-term care insurance, annuities (including Guaranteed Life Income), pension products, mutual funds, and other investment products and investment advisory services. The Company's two principal lines of business are individual life and individual annuities, which include fixed and variable life and annuity products. The Company's sales during the examination period were predominantly single and flexible premium annuities, fixed and variable deferred annuities, universal and variable universal life insurance, single premium fixed and variable universal life, individual annuity, corporate-owned life insurance (COLI) and bank-owned life insurance (BOLI).

The Group's two business segments are the Foundational Insurance Businesses and Strategic Insurance Businesses. The Foundational Insurance Businesses provides individual life

insurance principally through NYLIC's career agent sales force to middle and upper-income individuals, professional, and small to medium-sized business owners. The Strategic Insurance Businesses develops and markets immediate income annuities and deferred income annuities that are issued by NYLIC and the Company and fixed and variable deferred annuities that are issued by the Company. This business segment also includes group membership association operations, which underwrite group life, health and disability programs for professional and affinity organizations, and Direct Operations, which is the exclusive provider of life insurance (through NYLIC) to members of AARP. While career agency remains the Group's core distribution channel, the Group uses supplemental channels, such as brokers, and third-party distributors.

Underwriters are aligned with four agency/sales zones and work from offices in Atlanta, Cleveland, Dallas, New York, or remotely. There is a designated team of underwriters from the various zones that handle applications over \$2.5 million in face amount. The Chief Underwriter and Chief Medical Director are located in the New York home office.

There are approximately 30 general offices under each region, which process primarily new business life insurance applications. There are approximately 116 general offices across the United States where administrative activities are performed by the Field Service staff to support the work of the NYLIC sales agents who sell life insurance products (including traditional, variable, and universal life products) and annuities. Services conducted at the general offices includes all stages of processing from submission through policy delivery (excluding underwriting), the handling of funds associated with application and coverage commencement, and management of all documents related to application for life insurance new business. There are six service centers which administer and process new business premiums and renewal premiums for annuity and life insurance products. Service centers include three Regional Service

Centers (Cleveland, Dallas, and Minneapolis), one Advanced Market Network (Kansas City Services), and two Home Office Centers (Third Party Distribution Center and Variable Product Service Center).

All new annuity business (including new variable annuity business) produced by NYLIC agents is processed at the Cleveland and Dallas Services Centers, and new life business (including new variable life business) is processed at the general offices located throughout the United States. The general offices do not process payments although payments can be received on locations for initial premium payments.

### **REINSURANCE**

The Company assumes insurance risk from a reinsurance company owned by NYLIC agents in accordance with the terms of a single agreement and cedes insurance risk utilizing reinsurance agreements with both NYLIC and third parties. The Company reported direct, assumed, and ceded premiums and annuity considerations for the years ended December 31, 2019, and the prior examination date of December 31, 2017, as follows:

	<b><u>2019</u></b>	<b><u>% of Total Gross &amp; Assumed Business</u></b>	<b><u>2017</u></b>	<b><u>% of Total Gross &amp; Assumed Business</u></b>
Direct Business	\$ 13,780,447,305	99.97%	\$ 13,927,770,542	99.97%
Reinsurance assumed (from affiliates)	-	-	-	-
Reinsurance assumed (from non-affiliates)	4,773,921	0.03%	4,130,455	0.03%
Gross direct and assumed business	<u>\$ 13,785,221,226</u>	<u>100%</u>	<u>\$ 13,931,900,997</u>	<u>100%</u>
Reinsurance ceded (to affiliates)	27,383,483	0.2%	96,359,874	0.7%
Reinsurance ceded (to non-affiliates)	489,982,946	3.6%	421,634,221	3.0%
Reinsurance ceded to Separate Accounts	-	-	98,137,663	0.7%
Net direct and assumed business	<u>\$ 13,267,854,797</u>	<u>96.2%</u>	<u>\$ 13,315,769,239</u>	<u>95.6%</u>

The following is a summary of the Company's assumed and ceded reinsurance program including information related to the amount of insurance liability ceded or assumed under significant reinsurance contracts or with significant counterparties.

#### Assumed Reinsurance

Effective January 1, 2000, the Company entered an assumptive reinsurance agreement with New York Life Agents Reinsurance Company (NYLARC). NYLARC is life insurance company owned and controlled by top agents of NYLIC who meet certain criteria and who may also be agents of the Company or NYLAZ. NYLARC's purpose is to retain high production agents and increase the volume and quality of business that they submit to NYLIC and the Company. NYLARC reinsures a portion of certain life insurance products sold by its shareholders. The reinsurance agreement is written on a yearly renewable term basis for various life insurance products in excess of \$250,000 coverage per insured. For 2019, premiums assumed by the Company under this reinsurance agreement totaled \$4.8 million for which the Company held no aggregate reserve and a \$3.3 million payable for paid and unpaid losses.

#### Ceded Reinsurance

The Company cedes business to both NYLIC and third parties in the normal course of business to reduce overall risk and for the ability to issue life insurance policies in excess of its retention limits. Currently, the Company reinsures the mortality risk on new life insurance policies on a quota share yearly renewable term basis for many products, except for custom guarantee universal life, and asset flex products. Most of the business is ceded on an automatic basis. The quota share currently ceded on new business ranges from 25% to 90%.

All products are ceded from first dollar with the exception of variable universal life, which has a minimum size policy ceded. Cases in excess of the Company's retention and certain

substandard cases are ceded on a facultative basis. The majority of the Company's facultative reinsurance is for substandard cases which the Company typically cedes 90%. The Company also reinsures a portion of its individual life business with NYLARC. This business represents policies sold by agents who are owners of NYLARC, with NYLARC reinsuring up to \$250,000 of coverage per insured.

The following is a summary of the Company's reinsurance ceded on life insurance, annuities, deposit funds and other liabilities by counterparty based on premiums and reserve credits taken as of December 31, 2019:

<u>Counterparty</u>	<u>Premiums</u>	<u>Reserve Credit Taken</u>	<u>Modified Coinsurance Reserve</u>
<u>Affiliates:</u>			
NYLIC	\$ 27,383,483	\$ 30,983,721	-
<u>Non-affiliates:</u>			
RGA Reinsurance Company	\$ 173,727,925	\$ 209,156,719	-
Swiss Re Life & Health America, Inc.	94,777,216	119,758,735	-
Munich American Reassurance Company	78,366,608	106,350,868	-
Hannover Life Reassurance Co of America	25,492,784	32,693,866	-
General Re Life Corporation	20,015,508	18,886,138	-
TOA Reinsurance Co. LTD	18,088,558	-	-
Lincoln National Life Insurance Company	15,940,840	1,276,954	-
Transamerica Financial Life Insurance Company	14,157,946	-	-
NYLARC	12,163,425	-	-
Canada Life Assurance Comp	8,166,983	9,226,760	-
Optimum Re Insurance Company	7,174,352	-	-
SCOR Global Life Americas Reinsurance Compa	6,351,866	25,811,136	-
ML Life Insurance Company	582,026	-	48,540,770
Others	14,976,909	7,380,953	-
Sub-total	<u>\$ 489,982,946</u>	<u>\$ 530,542,129</u>	<u>\$ 48,540,770</u>
Total	<u>\$ 517,366,429</u>	<u>\$ 561,525,850</u>	<u>\$ 48,540,770</u>



**FINANCIAL STATEMENTS**

Financial statements, as reported and filed by the Company with the Department, are presented in the following:

- Statement of Assets as of December 31, 2019
- Statement of Liabilities, Surplus and Other Funds as of December 31, 2019
- Summary of Operations for the Year Ended December 31, 2019
- Reconciliation of Capital and Surplus for the Period from the Prior Examination as of December 31, 2017 to December 31, 2019
- Separate Account Statement of Assets, Liabilities and Surplus as of December 31, 2019

**Statement of Assets**  
**As of December 31, 2019**

	Assets	Non admitted Assets	Net Admitted Assets	Notes
Bonds	\$ 88,631,060,034	\$ -	\$ 88,631,060,034	
Preferred stocks	12,963,721	-	12,963,721	
Common stocks	1,644,017,949	-	1,644,017,949	
Mortgage loans on real estate	14,696,509,102	-	14,696,509,102	
Real estate	100,882,544	-	100,882,544	
Cash and cash equivalents	1,436,485,478	-	1,436,485,478	
Contract loans	923,256,259	14,423,991	908,832,268	
Derivatives	365,256,253	-	365,256,253	
Other invested assets	1,516,504,631	2,405,122	1,514,099,509	
Receivables for securities	5,963,701	-	5,963,701	
Aggregate write-ins for invested assets	1,944,975	-	1,944,975	
Subtotals, cash and invested assets	<u>\$ 109,334,844,647</u>	<u>\$ 16,829,113</u>	<u>\$ 109,318,015,534</u>	
Investment income due and accrued	740,608,274	-	740,608,274	
Uncollected premiums and agents' balances	8,295	577	7,718	
Deferred premiums, agents' balances and installments booked but deferred and not due	212,377	-	212,377	
Amounts recoverable from reinsurers	59,598,262	-	59,598,262	
Other amounts receivable under reinsurance companies	610,599	-	610,599	
Current federal and foreign income tax recoverable	46,258,700	-	46,258,700	
Net deferred tax asset	639,875,850	350,155,547	289,720,303	
Guaranty funds receivable or on deposit	1,832,249	-	1,832,249	
Receivable from parent, subsidiaries and affiliates	27,378,399	-	27,378,399	
Healthcare and other amounts receivable	15,076,380	15,076,380	-	
Aggregate write-ins for other than invested assets - Interest in annuity contracts	9,084,483,523	-	9,084,483,523	1
Aggregate write-ins for other than invested assets	63,355,965	42,027,994	21,327,971	
Total assets excluding Separate Accounts	<u>\$ 120,014,143,520</u>	<u>\$424,089,611</u>	<u>\$ 119,590,053,909</u>	
From Separate Accounts	45,147,155,609	-	45,147,155,609	
Total Assets	<u>\$ 165,161,299,129</u>	<u>\$424,089,611</u>	<u>\$ 164,737,209,518</u>	

**Statement of Liabilities, Surplus and Other Funds  
as of December 31, 2019**

		Notes
Aggregate reserve for life contracts	\$ 97,138,499,679	1
Liability for deposit-type contracts	1,467,255,623	1
Contract claims: Life	258,853,283	1
Premiums and annuity considerations for life and accident and health contracts received in advance	482	
Other amounts payable on reinsurance assumed and ceded	75,760,828	
Interest Maintenance reserve	98,730,370	
Commissions to agents due or accrued-life and annuity contracts	3,817,705	
General expenses due or accrued	18,381,444	
Transfers to Separate Account due or accrued (net)	(982,234,601)	
Taxes, licenses and fees due or accrued, excluding federal income taxes	34,294,835	
Unearned investment income	4,360,950	
Amounts withheld or retained by company as agent or trustee	1,717,112	
Remittances and items not allocated	139,350,607	
Liability for benefits for employees and agents	128,722,014	
Borrowed money	1,388,625	
Asset valuation reserve	1,561,059,669	
Funds held under reinsurance treaties with unauthorized reinsurers	6,292,251	
Payable to parent, subsidiaries and affiliates	121,434,080	
Derivatives	35,404,239	
Payable for securities	20,719,501	
Payable for securities lending	675,980,945	
Aggregate write-ins for liabilities - Obligations under structured settlement agreements	9,084,483,523	1
Aggregate write-ins for liabilities	342,389,463	
Total liabilities excluding Separate Accounts business	\$ 110,236,662,627	
From Separate Accounts Statement	45,145,939,584	
Total liabilities	\$ 155,382,602,211	
Common capital stock	\$ 25,000,000	
Gross paid in and contributed surplus	3,927,757,314	
Unassigned funds (surplus)	5,401,849,993	
Capital and Surplus	\$ 9,354,607,307	
Total liabilities, surplus and other funds	\$ 164,737,209,518	

**Summary of Operations  
For the Year Ended December 31, 2019**

Premiums and annuity considerations for life and accident and health contracts	\$ 13,267,854,797
Considerations for supplementary contracts with life contingencies	76,197,961
Net investment income	4,227,617,799
Amortization of Interest Maintenance Reserve	25,887,990
Separate Accounts net gain from operations excluding unrealized gains or losses	47,045,557
Commissions and expense allowances on reinsurance ceded	197,468
Reserve adjustments on reinsurance ceded	(841,744)
Income from fees associated with investment management, administration and contract guarantees from Separate Accounts	745,509,312
Aggregate write-ins for miscellaneous income	223,743,138
Total revenue and other policyholder adjustments	\$ 18,613,212,278
Death benefits	\$ 741,919,844
Matured endowments	3,271,262
Annuity benefits	3,144,843,575
Disability benefits	74,966
Surrender benefits and withdrawals for life contracts	8,494,326,122
Group conversions	365,234
Interest and adjustments on contract or deposit-type contract funds	50,645,299
Payments on supplementary contracts with life contingencies	40,290,158
Increase in aggregate reserves for life and accident and health contracts	3,074,903,961
Total benefits and policyholder adjustments	\$ 15,550,640,421
Commissions on premiums, annuity considerations, and deposit-type contract funds (direct business only)	\$ 440,893,564
General insurance expenses	922,890,057
Insurance taxes, licenses and fees, excluding federal income taxes	122,307,223
Increase in loading on deferred and uncollected premiums	9,750
Net transfers to or (from) Separate Accounts net of reinsurance	698,271,487
Aggregate write-ins for deductions	50,800
Total selling general and other expenses	\$ 2,184,422,881
Net gain from operations before dividends to policyholders and federal income taxes	\$ 878,148,976
Dividends to policyholders	-
Net gain from operations after dividends to policyholders and before federal income taxes	\$ 878,148,976
Federal and foreign income taxes incurred	226,452,359
Net gain from operations after dividends to policyholders and federal income taxes and before realized capital gains or losses	\$ 651,696,617
Net realized capital gains	(20,274,337)
Net income	\$ 631,422,280

**Reconciliation of Capital and Surplus  
For the Period from the Prior Examination  
As of December 31, 2017, to December 31, 2019**

	<b>Common Capital Stock</b>	<b>Paid In &amp; Contributed Surplus</b>	<b>Unassigned Funds (Surplus)</b>	<b>Total</b>
December 31, 2017	\$ 25,000,000	\$3,927,757,314	\$ 5,234,126,005	\$9,186,883,319
Net Income 2018	-	-	266,789,680	266,789,680
Other Changes in Capital & Surplus (1)	-	-	(98,185,804)	(98,185,804)
Shareholder Dividends	-	-	(600,000,000)	(600,000,000)
Prior Period Adjustment	-	-	(169,376,702)	(169,376,702)
Net Income 2019	-	-	631,422,280	631,422,280
Other Changes in Capital & Surplus (1)	-	-	47,886,884	47,886,884
Prior Period Adjustment	-	-	89,187,650	89,187,650
December 31, 2019	<u>\$25,000,000</u>	<u>\$3,927,757,314</u>	<u>\$ 5,401,849,993</u>	<u>\$9,354,607,307</u>

(1) Other Changes in Capital and Surplus for each year presented includes: change in unrealized capital gain/losses, change in net unrealized foreign exchange, change in net deferred income tax, change in non-admitted assets, change in liability for reinsurance in unauthorized and certified companies, change in asset valuation reserve, surplus contributed to/withdrawn from Separate Accounts during period, and change in surplus in Separate Accounts.

**Separate Account Statement of Assets, Liabilities and Surplus  
As of December 31, 2019**

	<b>General Account Basis</b>	<b>Fair Value Basis</b>	<b>Total</b>
Bonds	\$ 5,040,328,525	\$ 119,067,184	\$ 5,159,395,709
Common stocks	744,825	37,300,937,303	37,301,682,128
Mortgage loans on real estate	918,234,644	-	918,234,644
Cash and cash equivalents	157,368,580	1,240,885,395	1,398,253,975
Short-term investments	3,403,475	-	3,403,475
Derivatives	680,796	-	680,796
Other invested assets	7,572,060	295,381,806	302,953,866
Aggregate write-ins for invested assets	7,924,243	-	7,924,243
Subtotals - Cash and Invested Assets	<u>\$ 6,136,257,148</u>	<u>\$ 38,956,271,688</u>	<u>\$ 45,092,528,836</u>
Investment income due and accrued	\$ 53,467,812	\$ 1,149,413	\$ 54,617,225
Receivables for securities	9,548	-	9,548
Total Assets	<u>\$ 6,189,734,508</u>	<u>\$ 38,957,421,101</u>	<u>\$ 45,147,155,609</u>
Aggregate reserves for life, annuity and accident and health contracts	\$ 6,165,132,323	\$ 37,977,668,982	\$ 44,142,801,305
Interest Maintenance Reserve	5,627,490	-	5,627,490
Investment expenses due or accrued	-	89,506	89,506
Unearned investment income	683,393	-	683,393
Other transfers to General Account	2,524,736	979,709,900	982,234,636
Remittances and items not allocated	2,099,018	(47,287)	2,051,731
Derivatives	6,211,523	-	6,211,523
Aggregate write ins for liabilities	6,240,000	-	6,240,000
Total Liabilities	<u>\$ 6,188,518,483</u>	<u>\$ 38,957,421,101</u>	<u>\$ 45,145,939,584</u>
Unassigned funds	1,216,025	-	1,216,025
Total Liabilities and Surplus	<u>\$ 6,189,734,508</u>	<u>\$ 38,957,421,101</u>	<u>\$ 45,147,155,609</u>

**ANALYSIS OF CHANGES IN FINANCIAL STATEMENTS RESULTING FROM THE EXAMINATION**

There were no changes made to the Company's financial statements as reported in its 2019 NAIC Annual Statement as a result of this examination.

**COMMENTS ON FINANCIAL STATEMENT ITEMS**

Note 1:

Aggregate reserve for life contracts	\$ 97,138,499,679
Assets and obligations under structured settlement agreements	9,084,483,523
Liability for deposit-type contracts	1,467,255,623
Contract claims: Life	258,853,283

The Department relied on certain examination procedures performed by the NYDFS in conjunction with the coordinated Group examination. In addition, the Department retained the actuarial services of INS Consultants Inc. (Consulting Actuary) to perform a risk-focused review of the Company's significant reserving and pricing activities. The Consulting Actuary assisted in review of the inherent risks, management oversight and other mitigating controls over the Company's actuarial processes and procedures. The Consulting Actuary performed an independent reserve analysis including an assessment of the Company's actuarial determined items for compliance with standard valuation laws, applicable NAIC Actuarial Guidelines and Model Regulations. The Consulting Actuary also reviewed the Company's asset adequacy analysis filed in accordance with the Actuarial Opinion Memorandum Regulation for the year ended December 31, 2019.

**SUBSEQUENT EVENTS**

Subsequent events were evaluated through the date that this examination report was available to be issued. Based on this evaluation, the following transactions were deemed material for disclosure in this examination report.

Significant Transactions -

- On June 3, 2020, the Company declared a \$932 million ordinary cash dividend payable to NYLIC. The dividend was paid on June 15, 2020.
- Effective June 5, 2020, the Credit Agreement between the Company and NYLIC was amended and restated to increase the maximum borrowing limit that the Company may borrow from NYLIC to \$750 million.
- Effective June 5, 2020, the Credit Agreement between the Company and NYLIC was amended and restated to increase the borrowing limit that NYLIC may borrow from the Company to \$750 million.
- Effective June 5, 2020, the Credit Agreement between the Company and NYLCC was amended and restated to increase the borrowing limit that the Company may borrow from NYLCC to \$750 million.
- Effective June 30, 2020, NYLIAC and NYLIC entered into a Capital Contribution Request and Consent, contributing a total of \$160,000,000 to MCF. NYLIAC's share of the capital contribution was \$72,052,865.
- Effective October 15, 2020, NYLIAC entered into an Assignment and Assumption Agreement dated October 15, 2020, among NYLIAC, NYLIC and NYL Investments. In accordance with the terms of the Agreement, NYLIC assigned its interest in that certain Exchange Agreement dated effective as of October 20, 2016, by and between NYLIC and NYL Investments and the 4.25% Senior Note with a principal amount of \$600 million issued thereunder by NYL Investments (2016 Note) to NYLIAC. The 2016 Note was cancelled and reissued dated October 15, 2020.



- Effective November 20, 2020, NYLIAC entered into a Note Purchase Agreement dated November 20, 2020, with NYL Investments. Under the terms of the Agreement, NYLIAC agreed to purchase one or more Senior Notes from NYL Investments in an aggregate principal amount of up to \$200 million. Effective as of November 23, 2020, NYL Investments issued a Senior Note with a principal amount of \$162 million to NYLIAC.
- Effective as December 31, 2020, NYLIC made a capital contribution of a portion of its passive membership interest in MCF to NYLIAC. Effective as of December 31, 2020, NYLIAC held a 78% membership interest in MCF while NYLIC retained 22% of the equity in MCF.
- Effective December 31, 2020, NYLIAC entered into an amended and restated agreement to allocate consolidated tax liability and benefits.
- Effective December 31, 2020, NYLIAC entered into a reinsurance agreement with Life Insurance Company of North America.

#### Changes in Board of Directors

- Effective June 3, 2020, Eric Ansel Feldstein joined the Board
- Effective July 31, 2020, Arthur Harutyun Seter retired from the Board
- Effective Aug. 1, 2020, Anthony Ramsey Malloy joined the Board
- Effective September 30, 2020 David Gerald Bedard resigned from the Board
- Effective September 30, 2020, Joel Martin Steinberg resigned from the Board
- Effective September 30, 2020, Dylan Wei Huang resigned from the Board
- Effective September 30, 2020, Craig Lawrence DeSanto joined the Board

Changes in Officers of the Company

- Effective December 31, 2019, Barbara Joan McInerney retired as Senior Vice President and Chief Compliance Officer
- Effective January 1, 2020, Sara Louise Badler was elected Senior Vice President and Chief Compliance Officer
- Effective April 30, 2020, Joel Martin Steinberg ceased to be Chief Risk Officer
- Effective July 31, 2020, Arthur Harutyun Seter retired as Senior Vice President and Chief Investment Officer
- Effective August 1, 2020 Anthony Ramsey Malloy was elected Executive Vice President and Chief Investment Officer
- Effective August 31, 2020, Mathew Martin Grove resigned as Executive Vice President and Co-Chief Operating Officer
- Effective September 30, 2020, Craig Lawrence DeSanto ceased to be Executive Vice President and Co-Chief Operating Officer and became Chairman and President
- September 30, 2020 Theodore Alexander Mathas ceased to be Chairman and President and remained Chief Executive Officer

Other Significant Events -

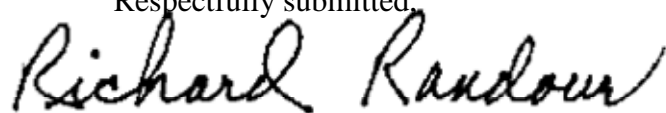
Beginning in March of 2020, the World has experienced and continues to experience, a pandemic related to the COVID-19 virus. As of the date of this examination report, the Company's operations and financial condition had not been materially impacted by the pandemic.

**SUMMARY OF RECOMMENDATIONS**

There were no recommendations as a result of this examination. The assistance and cooperation of examiners representing the states on the coordinated examination is acknowledged.

In addition, the assistance of the Consulting Actuary, the Company's outside audit firm, PwC, and the Company's management and staff was appreciated and is acknowledged.

Respectfully submitted,



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Richard Randour, CPA, CFE  
Examiner In-Charge  
State of Delaware



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Richard Palmatary, CPA, CFE  
Supervising Examiner  
State of Delaware

I, Richard Randour, hereby verify and attest, under penalty of perjury, that the above is a true and correct copy of the examination report and findings submitted to the Delaware Department of Insurance pursuant to examination authority 20.019.

*Richard Randour*

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Richard Randour, CPA, CFE