

NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES
REPORT ON EXAMINATION
OF THE
FIRST UNITED AMERICAN LIFE INSURANCE COMPANY

CONDITION:

DECEMBER 31, 2015

DATE OF REPORT:

JUNE 9, 2017

NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES

REPORT ON EXAMINATION

OF THE

FIRST UNITED AMERICAN LIFE INSURANCE COMPANY

AS OF

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EXAMINER:

RORY CUMMINGS

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NEW YORK STATE
DEPARTMENT *of*
FINANCIAL SERVICES

Andrew M. Cuomo
Governor

Linda A. Lacewell
Acting Superintendent

February 25, 2019

Honorable Linda A. Lacewell
Acting Superintendent of Financial Services
New York, New York 10004

Madam:

In accordance with instructions contained in Appointment No. 31503, dated July 6, 2016, and annexed hereto, an examination has been made into the condition and affairs of First United American Life Insurance Company, hereinafter referred to as “the Company,” at its home office located at 1020 Seventh North Street, Liverpool, NY 13088. Subsequent to the end of field examination work, but prior to this report, the company relocated to 301 Plainfield Road, Suite 150, Syracuse, NY 13212.

Wherever “Department” appears in this report, it refers to the New York State Department of Financial Services.

The report indicating the results of this examination is respectfully submitted.

1. SCOPE OF EXAMINATION

The examination of the Company was a full-scope examination as defined in the NAIC *Financial Condition Examiners Handbook, 2016 Edition* (the “Handbook”). The examination covers the three-year period from January 1, 2013, to December 31, 2015. 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, 2015, 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 National Association of Insurance Commissioners (“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 coordinated in conjunction with the examination of the insurer’s affiliates: Globe Life and Accident Insurance Company (“GLAIC”); Liberty National Life Insurance Company; and United American Insurance Company, a Nebraska domiciled life insurer; American Income Life Insurance Company, an Indiana domiciled life insurer; Family Heritage Life Insurance Company of America, an Ohio domiciled life insurer; National Income Life Insurance Company, a New York domiciled insurer. The coordinated examination was led by the State of Nebraska, with participation from the states of Indiana, New York, and Ohio. 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 2013 through 2015, by the accounting firm of Deloitte & Touche LLP. The Company received an unqualified opinion in all years. Certain audit work papers of the accounting firm were reviewed and relied upon in conjunction with this examination. The Torchmark Corporation ("TMK"), the Company's indirect parent, has an internal audit department and a separate internal control department that are given the task of assessing the internal control structure and compliance with the Sarbanes-Oxley Act of 2002 ("SOX") and the Model Audit Rule ("MAR"). Where applicable, SOX and MAR workpapers and reports were reviewed and portions were relied upon for this examination.

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

2. DESCRIPTION OF COMPANY

A. History

The Company was incorporated as a stock life insurance company under the laws of the State of New York on June 16, 1981, under the name of Globe International Life Insurance Company. The Company was licensed and commenced business on December 10, 1984. The name of the Company was changed to First United American Life Insurance Company effective October 1, 1985. The name of the Company was changed to Globe Life Insurance Company of New York effective January 1, 2017.

Initial resources of \$6,428,480, consisting of common capital stock of \$2,000,000 and paid in and contributed surplus of \$4,428,480, were provided through the sale of 100 shares of common stock (with a par value of \$20,000 each) for \$64,284.80 per share.

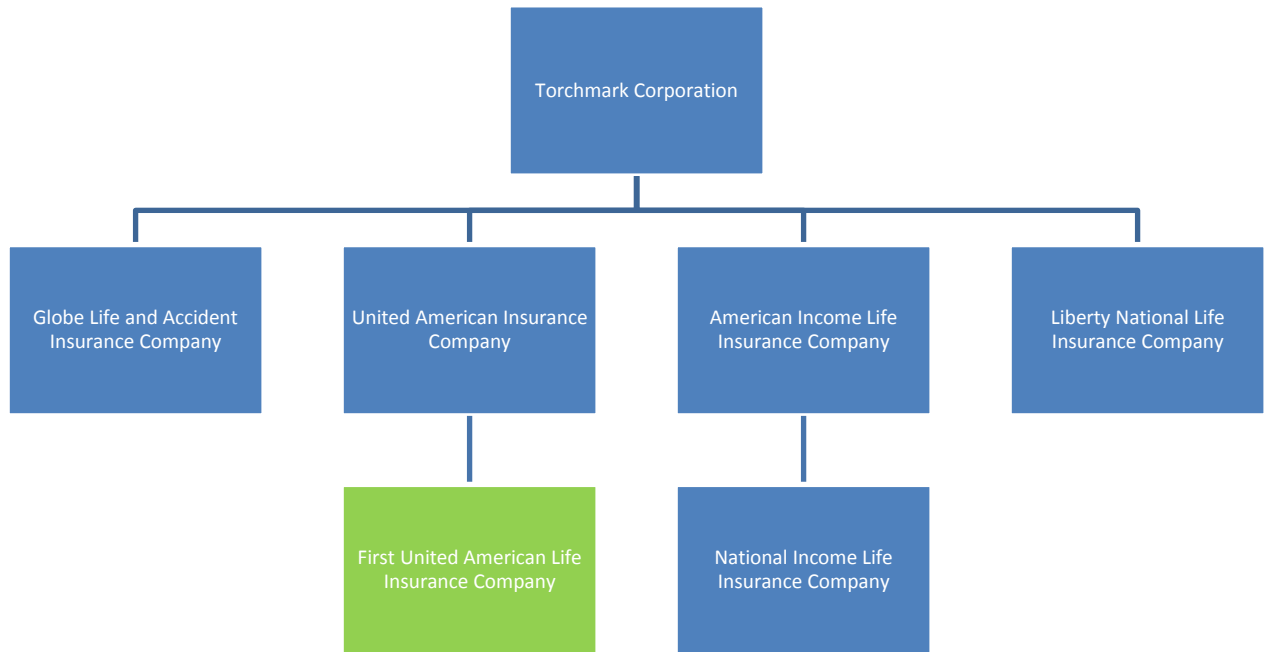
On July 1, 2016, the Company sold its Medicare Part D business to SilverScript Insurance Company (“SilverScript”). The purchase price was determined based on the number of enrollees in SilverScript plans in 2017. In conjunction with this sale, the Company entered into a reinsurance agreement and an administrative service agreement with SilverScript effective July 1, 2016, to December 31, 2016. According to the reinsurance agreement, the Company will assume 100% of the Medicare Prescription Plans (“MDP”) and will receive as compensation all premiums, payments, and other recoveries related to the MDP. The Company will also administer the MDP on behalf of SilverScript until the end of 2016.

B. Holding Company

The Company is a wholly owned subsidiary of United American Insurance Company (“UAIC”), a Nebraska insurance company. UAIC is in turn a wholly owned subsidiary of TMK, the ultimate parent of the Company. TMK is a publicly traded Delaware investment advisory company. National Income Life Insurance Company (“NILIC”) is a New York domiciled affiliate insurer.

C. Organizational Chart

An organization chart reflecting the relationship between the Company and significant entities in its holding company system as of December 31, 2015, follows:



D. Service Agreements

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

Type of Agreement and Department File Number	Effective Date	Provider of Services	Recipient of Services	Specific Service(s) Covered	Income/ (Expense)* For Each Year of the Examination
Service Agreement File No. 28815	08/01/2000	UAIC	The Company	Underwriting, claims and administrative support for certain health insurance and military business; data processing; accounting; record retention; telephone; legal; and actuarial services	2013 \$(1,212,137) 2014 \$(1,219,792) 2015 \$(1,321,860)
Addendum #1 File No. 32816	07/01/2004			Amended the provisions regarding maintenance of books and accounts, and ownership and custody of records.	
Service Agreement File No. 27016	04/01/2001	GLAIC	The Company	Billing, underwriting, claims, marketing and advertising for direct response business	2013 \$(4,273,100) 2014 \$(5,128,255) 2015 \$(5,530,917)
Amended File No. 31378	06/01/2003			Amended the provisions regarding billing services, maintenance of books and records, and the custody of records	
Amended File No. 32815	07/01/2004			Amended provisions regarding the above services	
Service Agreement File No. 31541	11/01/2003	The Company	NILIC	Supervisory, oversight, support and managerial services	2013 \$4,618 2014 \$5,152 2015 \$5,229
Sublease Agreement File No. 31541	03/05/2007	The Company	NILIC	Sublease of office space	2013 \$2,009 2014 \$2,050 2015 \$2,117
Investment Agreement File No. 21949 A & B	01/01/1994	TMK	The Company	Investment management services, including rendering advice and services as necessary regarding the purchase, sale or other disposition of securities in accordance with Company's investment policies	2013 \$ (24,000) 2014 \$ (24,000) 2015 \$(419,188)
Amended File No. 49203	01/01/2015			Amended calculations of fees (percentage of assets under management)	

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

TMK provided investment management services to the Company during the examination period. In 2015, the investment agreement was amended to change the fee structure from an allocation of investment department salaries to portfolio value times a basis point structure. This resulted in fees of \$419,188 in 2015, compared with \$24,000 in 2014.

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

E. Management

The Company's by-laws provide that the board of directors shall be comprised of not less than 9 and not more than 21 directors. The number of directors, however, shall be increased to not less than 13 within one year following the end of the calendar year in which the corporation exceeds \$1.5 billion in admitted assets. Directors are elected for a period of one year at the annual meeting of the stockholders held at the time and on a date determined by the board of directors. As of December 31, 2015, the board of directors consisted of nine members. Meetings of the board are held quarterly.

The nine board members and their principal business affiliation, as of December 31, 2015, were as follows:

<u>Name and Residence</u>	<u>Principal Business Affiliation</u>	<u>Year First Elected</u>
Jerry Greenspan* Harrison, NY	Retired RBC Dain Rauscher	2007
Denis M. Hughes* Staten Island, NY	Senior Operating Partner Stonepeak Infrastructure	2015
Ben W. Lutek McKinney, TX	Senior Vice President and Chief Actuary First United American Life Insurance Company	2010
Michael C. Majors Allen, TX	President First United American Life Insurance Company	2015
Dirk Marschhausen* Garden City, NY	Attorney at Law Marschhausen and Fitzpatrick PC	1997
Robert B. Mitchell Frisco, Texas	Senior Vice President, General Counsel and Secretary First United American Life Insurance Company	2012
James A. Savo Liverpool, NY	Vice President, Operations and General Manager First United American Life Insurance Company	2000
Stephen W. Still* Mountain Brook, AL	Attorney at Law Maynard, Cooper and Gale, PC	2003
Frank M. Svoboda Grapevine, TX	Executive Vice President and Chief Financial Officer Torchmark Corporation	2012

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

In January 2017, Michael S. Henrie was elected to the board of directors replacing Frank M. Svoboda.

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, 2015:

<u>Name</u>	<u>Title</u>
Michael C. Majors	President
Robert B. Mitchell	Senior Vice President, General Counsel and Secretary
Ben W. Lutek	Senior Vice President and Chief Actuary
Michael S. Henrie	Senior Vice President, Corporate Accounting, Chief Financial Officer and Treasurer
James A. Savo*	Vice President, Operations and General Manager
Jiangping Han	Assistant Vice President and Appointed Actuary

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

In January 2017, Robert Mitchell replaced Michael C. Majors as President.

3. TERRITORY AND PLAN OF OPERATIONS

The Company is authorized to write life insurance, annuities and accident and health insurance as defined in paragraphs 1, 2 and 3 of Section 1113(a) of the New York Insurance Law.

The Company is licensed to transact business only in New York. Policies are written on a non-participating basis.

A. Statutory and Special Deposits

As of December 31, 2015, the Company had \$425,000 (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.

B. Direct Operations

The Company's principal lines of business during the examination period are Medicare Part D and Medicare supplement (reported as accident and health business), individual life and individual annuities. Medicare Part D and Medicare supplement (58%), individual life (35%) and individual annuities (7%) represent 100% of the net premiums received in 2015.

The Company's individual Medicare supplement and individual annuities are solicited through the Company's agency force which operates on a general agency basis. The Company's individual life is sold through direct response marketing. The Company's group Medicare supplement is generally sold to employers and union groups through licensed brokers or agents. The Company's Medicare Part D business is generally sold through direct response marketing.

The Company stopped marketing individual annuities effective August 10, 2013.

C. Reinsurance

As of December 31, 2015, the Company had no reinsurance treaties in effect for new business. The Company reported total accident and health unearned premiums and reserve credit taken other than unearned premium of \$402,398. The accident and health reserve credit is from a reinsurance treaty that was terminated on July 1, 1993, which covered the Company's long-term care business. The long-term care business is currently in run-off.

4. SIGNIFICANT OPERATING RESULTS

Indicated below is significant information concerning the operations of the Company during the period under examination as extracted from its filed annual statements. Failure of items to add to the totals shown in any table in this report is due to rounding.

The following table indicates the Company's financial growth (decline) during the period under review:

	<u>December 31,</u> <u>2013</u>	<u>December 31,</u> <u>2015</u>	<u>Increase</u>
Admitted assets	<u>\$178,049,758</u>	<u>\$209,706,024</u>	<u>\$31,656,266</u>
Liabilities	<u>\$143,806,428</u>	<u>\$174,096,005</u>	<u>\$30,289,577</u>
Common capital stock	\$ 2,000,000	\$ 2,000,000	\$ 0
Gross paid in and contributed surplus	4,428,480	4,428,480	0
Special Surplus 2016 HIP Fee	0	189,000	189,000
Unassigned funds (surplus)	<u>27,814,850</u>	<u>28,992,539</u>	<u>1,177,689</u>
Total capital and surplus	<u>\$ 34,243,330</u>	<u>\$ 35,610,019</u>	<u>\$ 1,366,689</u>
Total liabilities, capital and surplus	<u>\$178,049,758</u>	<u>\$209,706,024</u>	<u>\$31,656,266</u>

The Company's invested assets as of December 31, 2015, were mainly comprised of bonds (93.6%) and policy loans (4.1%).

The majority (93.2%) of the Company's bond portfolio, as of December 31, 2015, was comprised of investment grade obligations.

The increase in admitted assets of \$31.6 million (18%) during the examination period was the result of a \$24.3 million increase in invested assets and 6.3 million in receivables from the Centers for Medicare and Medicaid Services ("CMS"). The invested assets increased because of positive cash flow during the examination period.

The following indicates, for each of the years listed below, the amount of life insurance issued and in force by type (in thousands of dollars):

<u>Year</u>	<u>Individual Whole Life</u>		<u>Individual Term</u>	
	<u>Issued</u>	<u>In Force</u>	<u>Issued</u>	<u>In Force</u>
2013	\$329,810	\$1,239,239	\$512,881	\$696,523
2014	\$309,927	\$1,239,247	\$671,670	\$809,945
2015	\$354,205	\$1,271,503	\$737,573	\$830,755

The 31% increase in issued term policies in 2014 compared with 2013, and the 16% increase of in force term policies in 2014 compared with 2013 was due to positive results from the Company's direct mail marketing. The positive results were due to increased mailings during the examination period. The Company spent approximately \$4.2 million in 2013, \$5 million in 2014, and \$5.4 million in 2015 for direct mail marketing. The inforce increases were not similar to issued due to lapses.

The following has been extracted from the Exhibits of Annuities in the filed annual statements for each of the years under review:

	<u>Ordinary Annuities</u>		
	<u>2013</u>	<u>2014</u>	<u>2015</u>
Outstanding, end of previous year	1,696	1,705	1,652
Issued during the year	54	2	1
Other net changes during the year	<u>(45)</u>	<u>(55)</u>	<u>(38)</u>
Outstanding, end of current year	<u>1,705</u>	<u>1,652</u>	<u>1,615</u>

The reduction in annuities issued during the examination period was the result of the Company effectively suspending the marketing of annuities in August of 2013. The suspension was the result of reaching an appetite level for interest rate risk associated with the annuity book of business.

The following has been extracted from the Exhibits of Accident and Health Insurance in the filed annual statements for each of the years under review:

	<u>Ordinary</u>		
	<u>2013</u>	<u>2014</u>	<u>2015</u>
Outstanding, end of previous year	27,271	21,956	25,573
Issued during the year	4,094	7,995	11,739
Other net changes during the year	<u>(9,409)</u>	<u>(4,378)</u>	<u>(4,992)</u>
Outstanding, end of current year	<u>21,956</u>	<u>25,573</u>	<u>32,320</u>
	<u>Group</u>		
	<u>2013</u>	<u>2014</u>	<u>2015</u>
Outstanding, end of previous year	1,113	1,148	1,107
Issued during the year	134	68	290
Other net changes during the year	<u>(99)</u>	<u>(109)</u>	<u>(529)</u>
Outstanding, end of current year	<u>1,148</u>	<u>1,107</u>	<u>868</u>

The 47% increase in ordinary issued in 2015 compared with 2014 and the 95% increase in ordinary issued in 2014 compared with 2013 was the result of the increases in Medicare Supplement Plan F and Medicare Part D sales, respectively. The increase in Medicare Supplement Plan F was the result of several Medicare Advantage plans withdrawn from 20,000 subscribers effective December 31, 2015, and the Company's active pursuit of the dis-enrollees in late 2015. The open enrollment period is from October 15 to December 17, and the Company's policy is to record sales when they occur causing the 2015 and the 2016 effective policies to be included respectively in the 2014 and the 2015 issued during the years. The increase in Medicare Part D plans effective in 2015 resulted from the Company's offering of a new lower-cost Medicare Part D plan in late 2014 resulting in a large number of low income auto-enrollees.

The fluctuations during the year in issued and other net changes during the examination period for ordinary and group are the result of the inherent nature of the Medicare Part D policies. The majority of the fluctuations occur because Medicare Part D policies are one-year contractual term policies, which result in policyholders shopping for policies during the open enrollment period. In addition, there are membership gains when potential subscribers age into the Medicare program and losses when members become deceased.

The following is the net gain (loss) from operations by line of business after federal income taxes but before realized capital gains (losses) reported for each of the years under examination in the Company's filed annual statements:

	<u>2013</u>	<u>2014</u>	<u>2015</u>
Ordinary:			
Life insurance	\$1,658,064	\$2,989,837	\$2,149,561
Individual annuities	<u>98,585</u>	<u>297,680</u>	<u>329,514</u>
Total ordinary	<u>\$1,756,649</u>	<u>\$3,287,517</u>	<u>\$2,479,075</u>
Accident and health:			
Group	\$ 281,448	\$ 514,724	\$ 97,182
Other	<u>1,106,677</u>	<u>1,142,896</u>	<u>424,620</u>
Total accident and health	<u>\$1,388,125</u>	<u>\$1,657,620</u>	<u>\$ 521,802</u>
Total	<u>\$3,144,774</u>	<u>\$4,945,137</u>	<u>\$3,000,877</u>

The increase in ordinary life insurance in 2014, compared with 2013, was due to an increase in life premiums of approximately one million. The increase in ordinary individual annuities in 2014, compared with 2013, was due to an increase in reserves in 2013 that resulted from cash flow testing. The decrease in group accident and health in 2015 was the result of a decrease in Medicare Part D premiums. The decrease in accident and health other in 2015 was the result of increase in Medicare Part D benefits of approximately 1 million when compared to 2014.

The following ratios, applicable to the accident and health business of the Company, have been extracted from Schedule H for each of the indicated years:

	<u>2013</u>	<u>2014</u>	<u>2015</u>
Premiums earned	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
Incurred losses	81.6%	78.6%	82.7%
Commissions	9.2%	11.4%	12.0%
Expenses	<u>4.8%</u>	<u>5.8%</u>	<u>5.3%</u>
	<u>95.6%</u>	<u>95.8%</u>	<u>100%</u>
Underwriting results	<u>4.4%</u>	<u>4.2%</u>	<u>0.0%</u>

The commission percentage increase during the examination period was due to the decrease in Medicare Part D premiums in 2014 and 2015. The Company has a significant Medicare Part D block of business that has no commission associated with it but has decreasing premiums in 2014 and 2015 resulting in an increased commission percentage.

The expense percentage increase in 2014 was the result of health expenses and fees associated with the 2014 implementation of the Affordable Care Act.

5. FINANCIAL STATEMENTS

The following statements show the assets, liabilities, capital and surplus as of December 31, 2015, as contained in the Company's 2015 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, 2015, filed annual statement.

A. Independent Accountants

The firm of Deloitte & Touche LLP 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.

Deloitte & Touche LLP concluded that the statutory financial statements presented fairly, in all material respects, the financial position of the Company at the respective audit dates. Balances reported in these audited financial statements were reconciled to the corresponding years' annual statements with no discrepancies noted.

B. Net Admitted Assets

Bonds	\$168,671,171
Cash, cash equivalents and short term investments	2,169,923
Contract loans	7,361,085
Other invested assets	1,961,280
Investment income due and accrued	2,288,397
Premiums and considerations:	
Uncollected premiums and agents' balances in the course of collection	1,200,416
Deferred premiums, agents' balances and installments booked but deferred and not yet due	6,100,453
Current federal and foreign income tax recoverable and interest thereon	945,339
Net deferred tax asset	6,605,000
Health care and other amounts receivable	11,909,969
New York Department adjustments	492,991
Total admitted assets	<u>\$209,706,024</u>

C. Liabilities, Capital and Surplus

Aggregate reserve for life policies and contracts	\$148,622,381
Aggregate reserve for accident and health contracts	10,942,406
Contract claims:	
Life	2,136,000
Accident and health	7,129,000
Premiums and annuity considerations for life and accident and health contracts received in advance	1,178,352
Provision for experience rating refunds	132,000
General expenses due or accrued	377,000
Taxes, licenses and fees due or accrued, excluding federal income taxes	400,000
Amounts withheld or retained by company as agent or trustee	358,375
Amounts held for agents' account	515,945
Remittances and items not allocated	205,471
Miscellaneous liabilities:	
Asset valuation reserve	1,499,689
Payable to parent, subsidiaries and affiliates	595,866
Adjustment for nursing home business	3,520
 Total liabilities	 <u>\$174,096,005</u>
 Common capital stock	 \$ 2,000,000
Gross paid in and contributed surplus	4,428,480
Special Surplus 2016 HIP Fee	189,000
Unassigned funds (surplus)	28,992,539
Surplus	\$ <u>33,610,019</u>
Total capital and surplus	\$ <u>35,610,019</u>
 Total liabilities, capital and surplus	 <u>\$209,706,024</u>

The Company reported a health care receivable of \$11.9 million. \$6.3 million of this amount is attributable to claim reimbursements due from CMS related to Medicare Part D business.

The New York Department adjustments of approximately \$.5 million represents an estimate of cash transactions for premiums, claims, commissions, investment income, etc. during the period from December 24 to December 31 of 2015. The 1990 report on examination recommended that the Company establish an accrual for the period from December 24 to December 31 to comply with Section 307 of the New York Insurance Law because the Company closes its ledger on December 24 instead of December 31.

D. Condensed Summary of Operations

	<u>2013</u>	<u>2014</u>	<u>2015</u>
Premiums and considerations	\$78,725,132	\$72,661,081	\$72,887,318
Investment income	7,841,438	8,545,137	8,761,188
Commissions and reserve adjustments on reinsurance ceded	4,840	4,031	3,564
Miscellaneous income	<u>(170,469)</u>	<u>55,769</u>	<u>(23,606)</u>
 Total income	 <u>\$86,400,941</u>	 <u>\$81,266,018</u>	 <u>\$81,628,464</u>
 Benefit payments	 \$50,273,422	 \$43,490,976	 \$47,581,390
Increase in reserves	14,499,058	13,930,688	12,588,087
Commissions	5,000,890	5,273,632	5,458,422
General expenses and taxes	10,234,388	10,678,997	11,084,296
Increase in loading on deferred and uncollected premium	<u>54,255</u>	<u>74,517</u>	<u>(300,805)</u>
 Total deductions	 <u>\$80,062,013</u>	 <u>\$73,448,810</u>	 <u>\$76,411,390</u>
 Net gain (loss) from operations	 \$ 6,338,928	 \$ 7,817,208	 \$ 5,217,075
Federal and foreign income taxes incurred	<u>3,194,153</u>	<u>2,872,071</u>	<u>2,216,200</u>
 Net gain (loss) from operations before net realized capital gains	 \$ 3,144,775	 \$ 4,945,137	 \$ 3,000,875
Net realized capital gains (losses)	<u>77</u>	<u>77</u>	<u>(1,855)</u>
 Net income	 <u>\$ 3,144,852</u>	 <u>\$ 4,945,214</u>	 <u>\$ 2,999,020</u>

The decrease in benefit payments in 2014 compared with 2013 resulted from a Medicare lawsuit settlement of \$8.6 million in 2013; and the increase in 2015 resulted from an increase in health exhaustion claims paid and an increase in health claim liabilities.

E. Capital and Surplus Account

	<u>2013</u>	<u>2014</u>	<u>2015</u>
Capital and surplus, December 31, prior year	<u>\$34,326,700</u>	<u>\$34,243,330</u>	<u>\$35,911,115</u>
Net income	\$ 3,144,852	\$ 4,945,214	\$ 2,999,020
Change in net unrealized capital gains (losses)	40,838	0	0
Change in net deferred income tax	1,025,000	71,000	342,000
Change in non-admitted assets and related items	(781,840)	35,382	(69,205)
Change in asset valuation reserve	(279,550)	(177,918)	(181,800)
Dividends to stockholders	<u>(3,232,670)</u>	<u>(3,205,993)</u>	<u>(3,391,112)</u>
Net change in capital and surplus for the year	\$ <u>(83,370)</u>	\$ <u>1,667,785</u>	\$ <u>(301,097)</u>
Capital and surplus, December 31, current year	<u>\$34,243,330</u>	<u>\$35,911,115</u>	<u>\$35,610,019</u>

Respectfully submitted,

_____/s/
Rory Cummings
Associate Insurance Examiner

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

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

_____/s/
Rory Cummings

Subscribed and sworn to before me
this _____ day of _____

APPOINTMENT NO. 31503

NEW YORK STATE

DEPARTMENT OF FINANCIAL SERVICES

I, **MARIA T. VULLO**, 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:

RORY CUMMINGS

as a proper person to examine the affairs of the

FIRST UNITED AMERICAN 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 6th day of July, 2016

MARIA T. VULLO
Superintendent of Financial Services

By:

Mark McLeod

MARK MCLEOD
DEPUTY CHIEF - LIFE BUREAU

