



NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES
REPORT ON EXAMINATION
OF THE
AMERICAN EQUITY INVESTMENT LIFE INSURANCE COMPANY
OF NEW YORK

CONDITION:

DECEMBER 31, 2018

DATE OF REPORT:

APRIL 21, 2020

NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES

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OF THE

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AS OF

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EXAMINER:

CHONG KIM

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NEW YORK STATE
DEPARTMENT *of*
FINANCIAL SERVICES

Andrew M. Cuomo
Governor

Linda A. Lacewell
Superintendent

May 4, 2020

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

Madam:

In accordance with instructions contained in Appointment No. 31957, dated June 6, 2019, and annexed hereto, an examination has been made into the condition and affairs of American Equity Investment Life Insurance Company of New York, hereinafter referred to as “the Company,” at its home office located at 1979 Marcus Avenue, Suite 210, Lake Success, NY 11042, and its administrative office located at 6000 Westown Parkway, West Des Moines, IA 50266.

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

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

1. EXECUTIVE SUMMARY

The material violation, recommendation, and comment contained in the report are summarized below:

- The Company violated Section 3240(d)(1) of the New York Insurance Law by failing to use the death index master file to perform cross-checks during the examination period no less frequently than quarterly without the approval of the Department. (See item 7 of this report.)
- The examiner recommends that the Company maintain a record of the run dates of cross-checks for all policies on its reports to evidence compliance with Section 3240(d)(1) of the New York Insurance Law. (See item 7 of this report.)
- The COVID-19 pandemic has disrupted the United States' economy and caused extreme volatility in the financial markets globally in an unprecedented manner. The extent to which COVID-19 may affect the Company's financial condition or results of operations will depend on future developments, including the duration, spread, and intensity of the pandemic. The extent of these future developments is uncertain and not readily determinable as of the date of this report, considering the rapidly evolving landscape. As a result, it is not currently possible to ascertain the overall effect of COVID-19 on the Company's business. (See item 8 of this report.)
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2. SCOPE OF EXAMINATION

The examination of the Company was a full-scope examination as defined in the National Association of Insurance Commissioners' ("NAIC's") *Financial Condition Examiners Handbook, 2019 Edition* (the "Handbook"). The examination covers the five-year period from January 1, 2014, to December 31, 2018. 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, 2018, but prior to the date of this report (i.e., the completion date of the examination) were also reviewed.

In the course of the examination, a review was also made of the manner in which the Company conducts its business and fulfills its contractual obligations to policyholders and claimants. The results of this review are contained in item 7 of this report.

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

The examination was conducted and coordinated with the examination of American Equity Investment Life Insurance Company ("AEILIC"), the parent of the Company; and Eagle Life Insurance Company ("Eagle Life"), an affiliate of the Company. The examination was led by the State of Iowa with participation from the State of New York. Since the lead and participating state are both accredited by the NAIC, both 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 2014 through 2018, by the accounting firm of KPMG, LLP. The Company received an unqualified opinion in all years. Certain audit workpapers of the accounting firm were reviewed and relied upon in conjunction with this examination. AEILIC retains PricewaterhouseCoopers, LLP to assess the Company's internal control structure and compliance with the Sarbanes-Oxley Act of 2002 ("SOX") and the NAIC's Model Audit Rule ("MAR"). Where applicable, SOX/MAR workpapers and reports were reviewed, and portions were relied upon for this examination.

The examiner reviewed the corrective actions taken by the Company with respect to the violations and recommendation contained in the prior report on examination. The results of the examiner's review are contained in item 9 of this report.

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

3. DESCRIPTION OF COMPANY

A. History

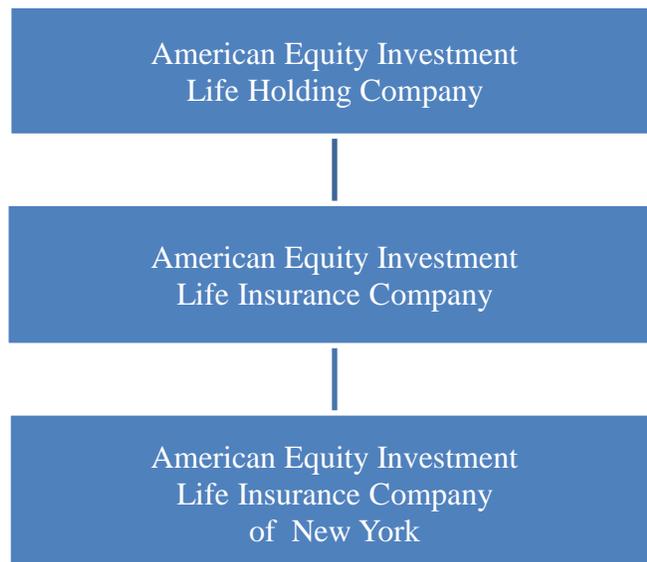
The Company was incorporated as a stock life insurance company under the laws of the State of New York on March 15, 2001, was licensed on June 5, 2001, and commenced business on July 1, 2001. Initial resources of \$10,000,000, consisting of common capital stock of \$2,000,000 and paid in and contributed surplus of \$8,000,000, were provided through the sale of 2,000,000 shares of common stock (with a par value of \$1 each) for \$5 per share.

B. Holding Company

The Company is a wholly owned subsidiary of AEILIC, an Iowa life insurance company. AEILIC, in turn, is a wholly owned subsidiary of American Equity Investment Life Holding Company, an Iowa life insurance holding company and ultimate parent of the Company.

C. Organizational Chart

An organization chart reflecting the relationship between the Company and significant entities in its holding company system as of December 31, 2018, follows:



D. Service Agreements

The Company had two 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 Services Covered	Expense* For Each Year of the Examination
Management Services Agreement File No. 29073A	03/19/2001	AEILIC	The Company	Agent licensing, commission payment, annuity policy issuance and service, accounting and financial, compliance, market conduct, general and informational services, and marketing	2014 \$(553,699) 2015 \$(465,952) 2016 \$(219,332) 2017 \$(227,029) 2018 \$(247,585)
Investment Advisory Agreement File No. 29073A	03/22/2001	AEILIC	The Company	Investment advisory services	2014 \$(473,161) 2015 \$(476,338) 2016 \$(466,649) 2017 \$(458,843) 2018 \$(442,584)

*Amount of Expense Incurred by the Company

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 7 and not more than 17 directors. The number of directors shall be increased to not less than 13 within one year following the end of the calendar year in which the admitted assets of the Company exceeds one and one-half billion dollars. Directors are elected for a period of one year at the annual meeting of the stockholders held in June of each year. As of December 31, 2018, the board of directors consisted of seven members and meetings of the board are held quarterly.

The seven board members and their principal business affiliation, as of December 31, 2018, were as follows:

<u>Name and Residence</u>	<u>Principal Business Affiliation</u>	<u>Year First Elected</u>
Alexander M. Clark* New York, New York	Senior Managing Director Griffin Financial Group, LLC	2005
Brenda J. Cushing* West Des Moines, Iowa	Retired Executive Finance President and Chief Financial Officer Athene Holding Limited	2018
Ronald J. Grensteiner Urbandale, Iowa	President and Vice Chairman American Equity Investment Life Insurance Company of New York	2016
Robert L. Howe* Des Moines, Iowa	Retired Deputy Commissioner and Chief Examiner Iowa Department of Insurance	2005
John M. Matovina Johnston, Iowa	Chief Executive Officer and Chairman American Equity Investment Life Insurance Company of New York	2001
David S. Mulcahy* West Des Moines, Iowa	CPA, Retired Senior Tax Partner Ernst & Young LLP	2013
Thomas S. Swain Brooklyn, New York	Employee American Equity Investment Life Insurance Company of New York Owner Swainbrook Capital LLC	2001

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

In June 2019, Alexander M. Clark resigned from the board and was replaced by Ted M. Johnson. Also, in March 2020, John M. Matovina resigned from the board of the Company and was replaced by Anant Bhalla.

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, 2018:

<u>Name</u>	<u>Title</u>
Ronald J. Grensteiner	President and Vice Chairman
John M. Matovina	Chief Executive Officer and Chairman
Ted M. Johnson	Chief Financial Officer and Treasurer
Renee D. Montz	Executive Vice President, General Counsel and Secretary
Jeff D. Lorenzen	Executive Vice President, Chief Investment Officer
Tara C. Banks*	Vice President, Resolution
John R. Miller	Vice President, Chief Actuary
Jeffrey A. Fossell	Vice President, Investments

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

In March 2020, John M. Matovina resigned as Chief Executive Officer of the Company and was replaced by Anant Bhalla who was named Chairman and Chief Executive Officer.

4. TERRITORY AND PLAN OF OPERATIONS

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

The Company is licensed to transact business only in the State of New York. In 2018, 85.8% of annuity considerations were received from New York, and 12.9% were received from New Jersey. Policies are written on a non-participating basis.

A. Statutory and Special Deposits

As of December 31, 2018, the Company had \$400,000 (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 writes individual fixed annuities, specifically flexible premium deferred annuities and single premium immediate annuities. The Company currently offers one flexible premium deferred annuity product and one single premium immediate annuity product. The Company reported 1,981 fixed annuity contracts in force as of December 31, 2018, of which 97.7% were deferred annuities and 2.3% were immediate annuities. The Company sold only four new annuity contracts during the examination period. However; in 2018, the Company did not write any new business.

The Company previously distributed its products through national and regional marketing organizations but has terminated its relationship with such organizations in March 2018. The Company updated its distribution channel to broker-dealers and financial institutions.

C. Reinsurance

As of December 31, 2018, the Company had no reinsurance treaties in effect.

5. 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>2018</u>	<u>Increase</u> <u>(Decrease)</u>
Admitted assets	<u>\$226,143,632</u>	<u>\$196,225,768</u>	<u>\$(29,917,864)</u>
Liabilities	<u>\$198,515,285</u>	<u>\$158,787,955</u>	<u>\$(39,727,330)</u>
Common capital stock	\$ 2,000,000	\$ 2,000,000	\$ 0
Gross paid in and contributed surplus	27,948,754	27,948,754	0
Unassigned funds (surplus)	<u>(2,320,407)</u>	<u>7,489,059</u>	<u>9,809,466</u>
Total capital and surplus	<u>\$ 27,628,347</u>	<u>\$ 37,437,813</u>	<u>\$ 9,809,466</u>
Total liabilities, capital and surplus	<u>\$226,143,632</u>	<u>\$196,225,768</u>	<u>\$(29,917,864)</u>

The Company's invested assets, as of December 31, 2018, mainly comprised bonds (96.0%). The majority of the Company's bond portfolio (96.6%), as of December 31, 2018, comprised investment grade obligations.

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>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Outstanding, end of previous year	2,747	2,636	2,505	2,347	2,173
Issued during the year	10	13	10	12	7
Other net changes during the year	<u>(121)</u>	<u>(144)</u>	<u>(168)</u>	<u>(186)</u>	<u>(199)</u>
Outstanding, end of current year	<u>2,636</u>	<u>2,505</u>	<u>2,347</u>	<u>2,173</u>	<u>1,981</u>

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>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Ordinary:					
Individual annuities	\$1,751,963	\$1,720,438	\$2,152,992	\$2,759,501	\$2,471,993
Supplementary contracts	<u>(114,914)</u>	<u>(77,331)</u>	<u>(77,783)</u>	<u>4,809</u>	<u>(18,703)</u>
Total ordinary	<u>\$1,637,049</u>	<u>\$1,643,107</u>	<u>\$2,075,208</u>	<u>\$2,764,309</u>	<u>\$2,453,289</u>
Total	<u>\$1,637,049</u>	<u>\$1,643,107</u>	<u>\$2,075,208</u>	<u>\$2,764,309</u>	<u>\$2,453,289</u>

The increase in net gain in individual annuities in 2016 resulted from a decrease of \$549,000 in disbursements and the change in annuity reserves in 2015, offset by the decrease in investment income for the year. A change in general insurance expenses from 2015 to 2016 of \$227,000, along with the reduction in income taxes of \$147,000, also contributed to the increase in income from operations for the individual annuity line of business from 2015 to 2016. The increase in net gain in 2017 resulted from an increase of \$112,000 in individual annuity consideration, a decrease of \$392,000 in disbursements, and the change in annuity reserves from 2016. The Company also had a decrease of \$83,000 in the tax expenses for individual annuities that resulted from Tax Cuts and Jobs Act of 2017 a contributed to the increase in net gain in 2017. The decrease in net gain in 2018 resulted from a decrease of \$924,000 in net investment income from the prior year which was offset by a decrease of \$428,000 in the disbursement and change in annuity reserves and by a decrease of \$337,000 in income tax expenses from 2017.

6. FINANCIAL STATEMENTS

The following statements show the assets, liabilities, and capital and surplus as of December 31, 2018, as contained in the Company's 2018 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, 2018 filed annual statement.

A. Independent Accountants

The firm of KPMG, LLP was retained by the Company to audit the Company's combined statutory-basis statements of financial position 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 years then ended.

KPMG, 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	\$188,362,271
Cash, cash equivalents and short term investments	2,080,820
Other invested assets	3,174,517
Investment income due and accrued	2,214,794
Net deferred tax asset	386,310
State income tax recoverable	7,056
Total admitted assets	<u>\$196,225,768</u>

C. Liabilities, Capital and Surplus

Aggregate reserve for life policies and contracts	\$155,620,969
Liability for deposit-type contracts	1,059,850
Contract claims:	
Life	66,815
Contract liabilities not included elsewhere:	
Interest maintenance reserve	166,403
General expenses due or accrued	39,528
Current federal and foreign income taxes	525,422
Amounts withheld or retained by company as agent or trustee	2,480
Remittances and items not allocated	4,784
Miscellaneous liabilities:	
Asset valuation reserve	1,295,107
Payable to parent, subsidiaries and affiliates	<u>6,598</u>
 Total liabilities	 <u>\$158,787,955</u>
 Common capital stock	 \$ 2,000,000
Gross paid in and contributed surplus	27,948,754
Unassigned funds (surplus)	<u>7,489,059</u>
Surplus	<u>\$ 35,437,813</u>
 Total liabilities, capital and surplus	 <u>\$196,225,768</u>

D. Condensed Summary of Operations

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Premiums and considerations	\$ 642,491	\$ 349,111	\$ 310,957	\$ 1,008,165	\$ 248,732
Investment income	<u>10,495,588</u>	<u>10,504,964</u>	<u>10,054,890</u>	<u>10,252,660</u>	<u>9,314,276</u>
Total income	<u>\$11,138,079</u>	<u>\$10,854,075</u>	<u>\$10,365,847</u>	<u>\$11,260,825</u>	<u>\$ 9,563,008</u>
Benefit payments	\$11,181,236	\$13,710,001	\$13,823,899	\$15,065,983	\$ 20,038,025
Increase in reserves	(3,424,213)	(6,359,104)	(7,022,227)	(7,957,750)	(14,024,340)
Commissions	18,798	5,112	2,160	146	40
General expenses and taxes	<u>947,436</u>	<u>696,062</u>	<u>475,380</u>	<u>461,386</u>	<u>548,200</u>
Total deductions	<u>\$ 8,723,257</u>	<u>\$ 8,052,071</u>	<u>\$ 7,279,212</u>	<u>\$ 7,569,765</u>	<u>\$ 6,561,925</u>
Net gain (loss) from operations	\$ 2,414,822	\$ 2,802,004	\$ 3,086,635	\$ 3,691,060	\$ 3,001,083
Federal and foreign income taxes incurred	<u>777,773</u>	<u>1,158,897</u>	<u>1,011,426</u>	<u>926,749</u>	<u>547,794</u>
Net gain (loss) from operations before net realized capital gains	\$ 1,637,049	\$ 1,643,107	\$ 2,075,209	\$ 2,764,311	\$ 2,453,289
Net realized capital gains (losses)	<u>0</u>	<u>(625,526)</u>	<u>(29,076)</u>	<u>455,485</u>	<u>(30,738)</u>
Net income	<u>\$ 1,637,049</u>	<u>\$ 1,018,581</u>	<u>\$ 2,046,132</u>	<u>\$ 3,219,794</u>	<u>\$ 2,422,552</u>

The higher premiums in 2014 resulted primarily from additional premiums in the amount of \$200,014 that were added to existing annuity contracts the Company was then still issuing. The higher premiums in 2017 resulted from renewal premiums and the annuitization payout of nine deferred annuities during the year.

E. Capital and Surplus Account

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Capital and surplus, December 31, prior year	\$ <u>27,628,347</u>	\$ <u>28,951,201</u>	\$ <u>30,177,520</u>	\$ <u>32,250,042</u>	\$ <u>34,623,052</u>
Net income	\$ 1,637,049	\$ 1,018,581	\$ 2,046,132	\$ 3,219,794	\$ 2,422,552
Change in net deferred income tax	(63,811)	214,938	(94,715)	(1,799,539)	(84,375)
Change in non-admitted assets and related items	23,243	(302,750)	426,849	1,442,595	387,117
Change in asset valuation reserve	<u>(273,626)</u>	<u>295,550</u>	<u>(305,745)</u>	<u>(489,840)</u>	<u>89,467</u>
Net change in capital and surplus for the year	\$ <u>1,322,855</u>	\$ <u>1,226,319</u>	\$ <u>2,072,521</u>	\$ <u>2,373,010</u>	\$ <u>2,814,761</u>
Capital and surplus, December 31, current year	\$ <u>28,951,201</u>	\$ <u>30,177,520</u>	\$ <u>32,250,042</u>	\$ <u>34,623,052</u>	\$ <u>37,437,813</u>

The Company had significant change in net deferred income tax in 2017 because of the Tax Act. Prior to the implementation of the Tax Act, the statutory and tax policyholder reserves were generally equivalent. However, the Tax Act adjusted tax reserves to 93% of statutory reserves. In 2018, the impact of the Tax Act on the Company's tax reserves had normalized and did not represent a significant change in deferred income taxes.

7. MARKET CONDUCT ACTIVITIES

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

A. Treatment of Policyholders

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

Based upon the sample reviewed, no significant findings were noted.

B. Death Index Cross Check

Section 3240(d)(1) of the New York Insurance Law states:

“An insurer shall use the death index to cross-check every policy and account subject to this section no less frequently than quarterly, except as specified in subsection (g) of this section. An insurer may perform the cross-check using the updates made to the death index since the date of the last cross-check performed by the insurer, provided that the insurer performs the cross-check using the entire death index at least once a year. The superintendent may promulgate rules and regulations that allow an insurer to perform the cross-checks less frequently than quarterly but not less frequently than semi-annually.”

The examiner reviewed the Company's death index master file reports that were run during the examination period. The examiner was unable to determine when the reports were run during the examination period because the run dates were not captured for all the policies in the reports.

The Company advised the examiner that it used the death index master file to cross-check every policy during the examination period semi-annually rather than at least quarterly without the Department's approval. In December 2019, the Company updated its procedures to perform the cross-checks quarterly.

The Company violated Section 3240(d)(1) of the New York Insurance Law by failing to use the death index master file to perform cross-checks during the examination period no less frequently than quarterly without the approval of the Department.

The examiner recommends that the Company maintain a record of the run dates of cross-checks for all policies on its reports to evidence compliance with Section 3240(d)(1) of the New York Insurance Law

8. SUBSEQUENT EVENTS

In early 2019, the Company introduced a single premium deferred annuity product to be sold exclusively through financial institutions that led to notable increases sales and, in turn, in premiums and annuity considerations during the year—(942%) compared with 2018.

In December 2019, a novel strain of coronavirus—COVID-19—was reported in Wuhan, China. The virus has subsequently spread to other parts of the world, including the United States. On March 11, 2020, the World Health Organization declared the COVID-19 outbreak a pandemic, and on March 13, 2020, President Donald J. Trump declared the pandemic a national emergency. The COVID-19 pandemic has disrupted the United States' economy and caused extreme volatility in the financial markets globally in an unprecedented manner.

The extent to which COVID-19 may affect the Company's financial condition or results of operations will depend on future developments, including the duration, spread, and intensity of the pandemic. The extent of these future developments is uncertain and not readily determinable as of the date of this report, considering the rapidly evolving landscape. As a result, it is not currently possible to ascertain the overall effect of COVID-19 on the Company's business.

The Department, along with all insurance regulators and the NAIC, is closely monitoring the evolving situation and the insurance industry through a coordinated effort to assess the effect of the pandemic on various types of insurance, individual insurers, and the insurance industry as a whole.

9. PRIOR REPORT SUMMARY AND CONCLUSIONS

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

<u>Item</u>	<u>Description</u>
A	<p>The Company violated Section 4211(a) of the New York Insurance Law by failing to file a notice of election with the Superintendent at least ten days before the day of such election.</p> <p>The examiner's review revealed that the Company filed the notices of elections with the Superintendent at least ten days of such election.</p>
B	<p>The Company violated Section 4211(b) of the New York Insurance Law by electing successors to the board without filing a written notice of their election with the Superintendent at least ten days prior to such successors taking office and exercising their duties.</p> <p>The examiner's review revealed that the Company filed the written notices of elections with the Superintendent at least ten days prior to such successors taking office and exercising their duties.</p>
C	<p>The examiner recommended that the investment committee of the board of directors meet at least annually and maintain the minutes of its meetings, in compliance with its charter.</p> <p>The examiner's review revealed that the investment committee of the board of directors met at least annually since the 2017.</p>
D	<p>The Company violated Section 2112(d) of the New York Insurance Law by failing to file with the Superintendent within thirty days a statement, in such form as the Superintendent may prescribe, of the facts relative to such termination for cause.</p> <p>The examiner's review revealed that the Company established procedures for producer's termination for cause compliant with Section 2112(d) of the New York Insurance Law. The Company did not have any producers terminated for cause during the examination period.</p>
E	<p>The Company violated Section 86.4(d) of 11 NYCRR 86 (Insurance Regulation 95) by failing to place the required fraud warning statement immediately above the space provided for the signature of the person executing the claim form.</p>

<u>Item</u>	<u>Description</u>
	The examiner's review revealed that the Company revised the claim form by placing the required fraud warning statement immediately above the space provided for the signature of the person executing the form.
F	The Company violated Section 4223(k)(1) of the New York Insurance Law by failing to disclose the death benefits on the annual statements sent to the annuity contract holders. The examiner's review revealed that the Company disclosed the death benefits on the annual statements sent to the annuity contract holders.

10. SUMMARY AND CONCLUSIONS

Following are the violation, recommendation, and comment contained in this report:

<u>Item</u>	<u>Description</u>	<u>Page No(s).</u>
A	The Company violated Section 3240(d)(1) of the New York Insurance Law by failing to use the death index master file to perform cross-checks during the examination period no less frequently than quarterly without the approval of the Department.	16
B	The examiner recommends that the Company maintain a record of the run dates of cross-checks for all policies on its reports to evidence compliance with Section 3240(d)(1) of the New York Insurance Law.	17
C	The COVID-19 pandemic has disrupted the United States' economy and caused extreme volatility in the financial markets globally in an unprecedented manner. The extent to which COVID-19 may affect the Company's financial condition or results of operations will depend on future developments, including the duration, spread, and intensity of the pandemic. The extent of these future developments is uncertain and not readily determinable as of the date of this report, considering the rapidly evolving landscape. As a result, it is not currently possible to ascertain the overall effect of COVID-19 on the Company's business.	18

Respectfully submitted,

/s/

Chong Kim
Associate Insurance Examiner

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

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

/s/

Chong Kim

Subscribed and sworn to before me

this _____ day of _____

APPOINTMENT NO. 31957

NEW YORK STATE

DEPARTMENT OF FINANCIAL SERVICES

I, LINDA A. LACEWELL, Acting 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:

CHONG KIM

as a proper person to examine the affairs of the

AMERICAN EQUITY INVESTMENT LIFE INSURANCE COMPANY OF NEW YORK

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 June, 2019

LINDA A. LACEWELL
Acting Superintendent of Financial Services

By:

Mark McLeod

MARK MCLEOD
DEPUTY CHIEF - LIFE BUREAU

