NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES

REPORT ON FINANCIAL EXAMINATION

OF THE

MONITOR LIFE INSURANCE COMPANY OF NEW YORK

CONDITION: DECEMBER 31, 2014

DATE OF REPORT: MAY 27, 2016

NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES

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AS OF

DECEMBER 31, 2014

DATE OF REPORT:	MAY 27, 2016
EXAMINER:	AMBER L. KINNEY, CFE

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NEW YORK STATE
DEPARTMENT *of*
FINANCIAL SERVICES

Andrew M. Cuomo
Governor

Maria T. Vullo
Acting Superintendent

May 27, 2016

Honorable Maria T. Vullo
Acting Superintendent of Financial Services
New York, New York 10004

Madam:

In accordance with instructions contained in Appointment No. 31385, dated October 13, 2015 and annexed hereto, an examination has been made into the condition and affairs of Monitor Life Insurance Company of New York, hereinafter referred to as "the Company," at its administrative office located at 6040 I-55 North Frontage Road, Jackson, MS 39211. The Company's home office is located at 70 Genesee Street, Utica, NY 13502.

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 recommendation contained in this report are summarized below.

- The examiner recommends that the Company continue to use the reserving methodology as agreed upon with the Department. (See item 7 of the report)

2. SCOPE OF EXAMINATION

The examination of the Company was a full scope examination as defined in the *NAIC* Financial Condition Examiners Handbook, 2015 Edition (the "Handbook"). The examination covers the three-year period from January 1, 2012 through December 31, 2014. 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, 2014 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.

This is a multi-state coordinated examination between Oklahoma and New York. Oklahoma is the lead state presiding over the examination. Since the lead and participating state are both accredited by the NAIC, they both 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 2012 through 2014, by the accounting firm of Carr, Riggs & Ingram, LLC. 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.

The examiner reviewed the corrective actions taken by the Company with respect to the recommendations contained in the prior report on examination. The results of the examiner's review are contained in item 7 of this report.

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

3. DESCRIPTION OF COMPANY

A. History

The Company was incorporated as a stock life insurance company under the laws of New York on October 15, 1971, under the name Monitor Insurance Company of New York. The Company was licensed to write accident and health business as specified by paragraph 3 of Section 1113(a) of the New York Insurance Law and commenced business on June 1, 1972. The Company's initial paid-in capital was $500,000, and contributed surplus was $600,000.

On August 15, 1978, the Company amended its charter to include the writing of life insurance and annuities as specified in paragraphs 1 and 2 of Section 1113(a) of the New York Insurance Law.

On April 25, 1979, the Company's name was changed to Monitor Life Insurance Company of New York.

On January 1, 2011, the Company was purchased by AmFirst Insurance Company ("AmFirst"), an Oklahoma domiciled insurance company.

Changes in the capital and surplus of the Company prior to the examination period resulted in capital and paid in and contributed surplus of $1,000,000 and $2,560,000, respectively, as of December 31, 2011.

The Company's charter was amended effective June 15, 2012. The amendment increased the par value of each share of the Company's common stock from $100.00 per share to $110.00 per share, which resulted in an increase in the Company's authorized capital from $1,000,000 to $1,100,000. The increase in authorized capital was effected by a reclassification of $100,000 of paid in and contributed surplus to common capital stock.

The Company's charter was again amended effective February 19, 2014. The amendment increased the par value of each share of the Company's common stock from $110.00 per share to $250.00 per share, which resulted in an increase in the Company's authorized capital from $1,100,000 to $2,500,000. The increase in authorized capital was effected by a reclassification of $1,400,000 of paid in and contributed surplus to common capital stock. This resulted in capital and paid in and contributed surplus of $2,500,000 and $2,560,000, respectively, as of December 31, 2014.

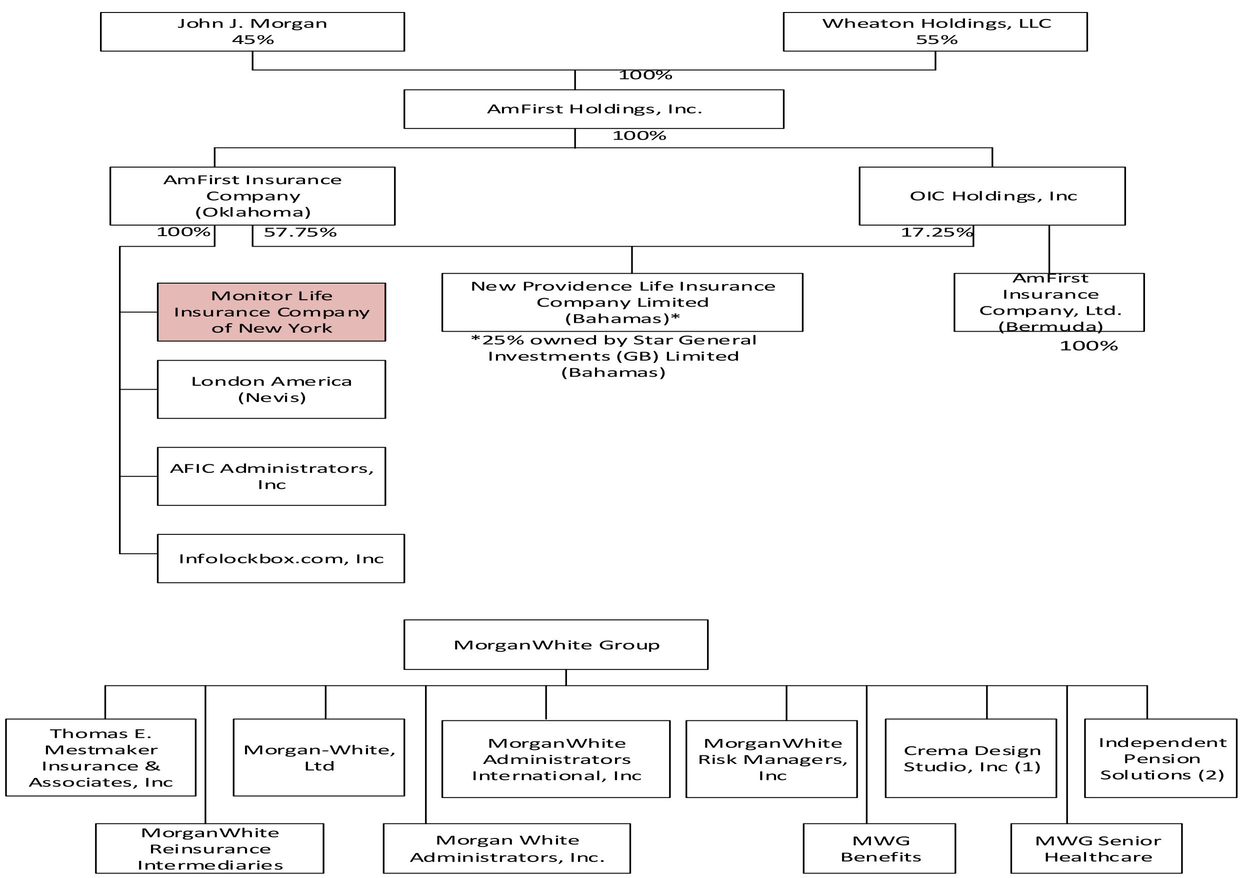
B. Holding Company

The Company is a wholly owned subsidiary of AmFirst. AmFirst is in turn a wholly owned subsidiary of AmFirst Holdings, Inc. ("AmFirst Holdings"), a privately-owned Mississippi holding company. Until December 30, 2011, the shares of AmFirst Holdings were owned by David R. White (45%), John J. Morgan (45%) and Richard L. Eaton (10%), at which time the shares owned by Mr. White and Mr. Eaton were transferred to Wheaton Holdings, LLC.

The Morgan-White Group, Inc. ("MWG"), which is 49% owned by John J. Morgan and 51% owned by Wheaton Holdings, LLC, is a significant participant in the Company's operations. MWG performs marketing and administrative services for the Company, AmFirst Holdings and AmFirst.

C. Organizational Chart

An organization chart reflecting the relationship between the Company and significant entities in its holding company system as of December 31, 2014 follows:



(1) 51% MWG / 29% James Douglas / 10% Ryan Eaton / 10% Jason Peets
(2) 50% MWG / 50% Security Ballew Wealth Management

D. Service Agreements

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

Type of Agreement and Department File Number	Effective Date	Provider(s) of Service(s)	Recipient(s) of Service(s)	Specific Service(s) Covered	Income/ (Expense)* For Each Year of the Examination
Administrative Agreement (Department File # 43803)	01/01/2011	Morgan White Administrators, Inc. ("MWA")	The Company	Administration of domestic business - billing, collection, claims adjudication on all Premium Saver business.	2012 $(450,661) 2013 $(642,590) 2014 $(595,235)
Administrative Agreement (Department File # 43804)	01/01/2011	Morgan White Ltd. ("MWL")	The Company	Marketing of domestic business - recruits brokers and agents to sell our policies, mainly the Premium Saver Plan.	2012 $(120,120) 2013 $(265,128) 2014 $(294,361)
Administrative Agreement (Department File No. 43802)	01/01/2011	AmFirst Holdings	The Company	Management services - accounting/legal/corporate type work is handled through management agreement with AmFirst Holdings.	2012 $(349,008) 2013 $(294,562) 2014 $(358,534)
Administrative Agreement (Department File No. 45513)	04/01/2012	Morgan White Administrators International, Inc. ("MWAII")	The Company	Administration of international business - billing, collection, claims adjudication on business written through the Worldwide Medical Trust.	2012 $(79,283) 2013 $(133,145) 2014 $(1,051,593)

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

The significant increase in expenses during 2014 for the MWAII Agreement was a direct result of the Company purchasing excess of loss coverage in lieu of the 90% quota share agreement that was in place during 2012 and 2013, resulting in approximately $1 million of additional administrative fees in 2014.

E. Management

The Company's by-laws provide that the board of directors (the "board") shall be comprised of not less than seven and not more than 13 directors. Directors are elected for a period of one year at the annual meeting of the stockholders held in April of each year. As of December 31, 2014, the board of directors consisted of nine members. Meetings of the board are held at least three time during each year.

The nine board members and their principal business affiliation, as of December 31, 2014, were as follows:

Name and Residence	Principal Business Affiliation	Year First Elected
Richard W. Aiken Jr.* Jackson, MS	President Aiken Insurance Agency	2012
Steven A. Corbitt Sr.* Jackson, MS	President/Owner The Corbitt Company	2011
James K. Douglas Madison, MS	President Crema Design Studio	2012
Richard L. Eaton Ridgeland, MS	Treasurer and Secretary Monitor Life Insurance Company of New York	2011
Ryan L. Eaton Madison, MS	Vice President Monitor Life Insurance Company of New York	2011
John J. Morgan Oxford, MS	Vice President Monitor Life Insurance Company of New York	2011
Jason A. Peets Madison, MS	Vice President Monitor Life Insurance Company of New York	2011
Paul H. Trevvett* Cold Brook, NY	President and Chief Executive Officer Commercial Travelers Mutual Ins. Co	2011
David R. White Madison, MS	President and Chief Executive Officer Monitor Life Insurance Company of New York	2011

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

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, 2014:

Name	Title
David R. White	President and Chief Executive Officer
Richard L. Eaton*	Treasurer and Secretary
Jason A. Peets	Vice President
Ryan L. Eaton	Vice President
John J. Morgan	Vice President

* Designated consumer services officer per Section 216.4(c) of Department Regulation No. 64

4. TERRITORY AND PLAN OF OPERATIONS

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

The Company is licensed to transact business in 25 states and the District of Columbia. In 2014, 82.4% of life premiums were received from New York (69.4%) and Pennsylvania (13%), and 90% of accident and health premiums were received from aggregate other aliens (58.2%), Texas (17.9%) and Florida (13.9%). Policies were written on a non-participating basis.

A. Statutory and Special Deposits

As of December 31, 2014, the Company had $2,144,270 (par value) of United States Treasury Bonds on deposit with the State of New York, its domiciliary state, for the benefit of all policyholders, claimants and creditors of the Company. As per confirmations received from the following states which were reported in Schedule E of the 2014 filed annual statement, an additional $787,140 was being held by the states of Arkansas, Florida, Massachusetts and Virginia.

B. Direct Operations

Prior to its acquisition by AmFirst in January 2011, the Company had previously marketed a combination of ordinary life, group term life and annuity business. After the change in ownership, the Company sold group term life and supplemental medical (medical gap) products, both on a direct and assumed basis. The Company’s medical gap product, the “Premium Saver” plan, which is an employer sponsored group supplemental accident and health insurance plan designed to help reduce the cost of group medical coverage, is the primary product of the Company’s supplemental medical portfolio. Beginning in 2012, the Company also began to write international medical, and, in 2013, a lump sum disability product in the international market, predominantly in Latin America and the Caribbean.

In 2015, the Company exited the group term life market through an agreement with Life Insurance Company of New York (“LINA”) and Cigna Life Insurance Company of New York (“Cigna”), whereby Cigna acquired all of the New York business and LINA acquired the remaining non-New York business.

The Company’s current agency operations are conducted through its affiliate general agency, Morgan White Ltd., or through independent agents.

C. Reinsurance

As of December 31, 2014, the Company had reinsurance treaties in effect with ten companies, two of which were unauthorized. The Company's ordinary life policies are ceded on a coinsurance and modified-coinsurance basis. All ceded ordinary life business is in runoff and no new policies are being issued. The maximum retention limit for individual life contracts is $50,000. The total face amount of life insurance ceded as of December 31, 2014, was $25,704,270, which represents 10.75% of the total face amount of life insurance in force.

Effective October 31, 2003, the Company entered into an agreement with Standard Security Life Insurance Company of New York ("SSLONY") to cede 100% of its individual life insurance business. The business included a closed block of individual life insurance and annuities that resulted from acquisitions and a senior life policy that was formerly marketed in conjunction with Guarantee Reserve Life Insurance Company.

Effective January 1, 2011, the Company entered into a 20% quota share reinsurance agreement with AmFirst to assume 20% of the liabilities and obligations for the group "Premium Saver" medical policies issued or renewed on or after January 1, 2011 for the policies that were produced by MWL and administered by MWA. This agreement was terminated at December 31, 2013.

Also effective January 1, 2011, the Company entered into a 50% quota share reinsurance agreement with Standard Life and Accident Insurance Company ("SLAIC") to assume 50% of the liabilities and obligations for the group "Premium Saver" medical policies issued or renewed on or after January 1, 2011, for the policies that were produced by MWL and administered by MWA. Total premium assumed under this contract in 2014 was $25,860,865. The ceding commission was 38%.

Effective January 1, 2014, the Company entered into two excess of loss reinsurance agreements with AmFirst and Lloyds of London where AmFirst assumes the risk for all of the Company's international medical policies for any claims in the corridor of $50,000 to $200,000, and Lloyds assumes the risk for all claims in the corridor of $200,001 to $800,000. Ceded premium on these contracts was $750,000 in 2014. Recoveries on these contracts amounted to $727,478 in 2014.

Effective October 1, 2014, the Company entered into a 100% coinsurance agreement with Teachers Protective Mutual Life Insurance Company to assume 100% of the liabilities and obligations for a block of ordinary life insurance. Total premium assumed under this contract was $3,481,863 in 2014.

The Company also has other individual and group life and annuity business that was assumed in prior periods and resulted in an assumed premium amount of $172,460. Total assumed reserves on this business were $910,850 as of December 31, 2014. The total face amount of life insurance assumed, as of December 31, 2014, was $50,600,841. The majority (87.8%) of the business was assumed from Fidelity Security Life Insurance Company, a Missouri insurer, under a 100% pro-rata coinsurance agreement covering employee group life insurance.

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:

	December 31, 2011	December 31, 2014	Increase (Decrease)
Admitted assets	$11,799,119	$23,802,134	$12,003,015
Liabilities	$ 5,639,614	$13,486,400	$ 7,846,786
Common capital stock	$ 1,000,000	$ 2,500,000	$ 1,500,000
Gross paid in and contributed surplus	2,560,000	2,560,000	0
Unassigned funds (surplus)	2,599,505	5,255,734	2,656,229
Total capital and surplus	$ 6,159,505	$10,315,734	$ 4,156,229
Total liabilities, capital and surplus	$11,799,119	$23,802,134	$12,003,015

The Company's invested assets as of December 31, 2014, were mainly comprised of cash and short-term investments (56.7%) and bonds (36.1%).

The Company's entire bond portfolio, as of December 31, 2014, was comprised of investment grade obligations.

The increase in admitted assets was primarily a result of an increase in cash and receivables provided by the direct writing and assumption of the Company's "Premium Saver" product. The increase in liabilities was a result of claim reserves established for the "Premium Saver" business.

The increase in common capital stock was primarily due to the Company's decision to increase the par value of the common stock in 2012 and again in 2014. (See item 3A for an explanation of the changes during the examination period.

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:

	Group		
	2012	2013	2014
Outstanding, end of previous year	12,705	21,395	20,802
Issued during the year	12,223	4,792	31,775
Other net changes during the year	(3,533)	(5,385)	(5,636)
Outstanding, end of current year	21,395	20,802	46,941

The Company began writing supplemental medical business in 2011, and as a result, the number of issued policies for both 2011 and 2012 was substantial compared to 2013, when the business leveled off. The significant increase in the number of issued policies in 2014 was the result of the Company assuming 100% of a supplemental medical block of business from SLAIC

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:

	2012	2013	2014
Ordinary:			
Life insurance	$ 321,290	$ 77,081	$ (324,796)
Individual annuities	35,933	30,790	32,669
Supplementary contracts	(10,908)	(9,168)	(13,731)
Total ordinary	$ 346,315	$ 98,703	$ (305,858)
Group Life	$ 195,690	$ (39,661)	$ 137,421
Accident and health:			
Group	$2,036,049	$2,846,662	$3,068,817
Other	3,622	3,443	3,509
Total accident and health	$2,039,671	$2,850,105	$3,072,326
Total	$2,581,675	$2,909,147	$2,903,890

The significant decrease in "net gain (loss) from operations" for ordinary life insurance from 2012 to 2013 is attributable to how the Company allocated expenses in 2013 compared to 2012. In 2013, the Company's allocation methodology was adjusted to better reflect the expenses for each line of business. In 2014, the Company paid a $500,000 commission on assumed life insurance business from TPM Life Insurance Company resulting in a loss on that line of business.

The significant fluctuation in the Company's "net gain (loss) from operations" for group life insurance, in 2013 was primarily a result of claims paid on group term life business that was significantly higher in 2012 and 2014 than it was in 2013.

The significant increase in "net gain (loss) from operations" for accident and health group insurance in 2013, was primarily a result of the growth in the Company's Premium Saver product.

6. FINANCIAL STATEMENTS

The following statements show the assets, liabilities, capital and surplus as of December 31, 2014, as contained in the Company's 2014 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, 2014 filed annual statement.

A. Independent Accountants

The firm of Carr, Riggs & Ingram, LLC was retained by the Company to audit the Company's combined statutory basis statements of financial position of the Company as of December 31st 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.

Carr, Riggs & Ingram, LLC 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	$ 6,707,486
Stocks:	
Preferred stocks	857,436
Cash, cash equivalents and short term investments	10,537,570
Contract loans	47,514
Other invested assets	446,649
Investment income due and accrued	53,090
Premiums and considerations:	
Uncollected premiums and agents' balances in the course of collection	167,077
Deferred premiums, agents' balances and installments booked but deferred and not yet due	80,812
Reinsurance:	
Other amounts receivable under reinsurance contracts	3,216,199
Net deferred tax asset	205,249
Receivables from parent, subsidiaries and affiliates	1,483,052
Total admitted assets	$23,802,134

C. Liabilities, Capital and Surplus

Aggregate reserve for life policies and contracts	$ 6,967,140
Aggregate reserve for accident and health contracts	791,389
Liability for deposit-type contracts	693,435
Contract claims:	
Life	95,804
Accident and health	4,220,216
Provision for policyholders' dividends and coupons payable in following calendar year – estimated amounts	
Dividends apportioned for payment	30,000
Premiums and annuity considerations for life and accident and health contracts received in advance	661,822
Contract liabilities not included elsewhere:	
Interest maintenance reserve	33,745
General expenses due or accrued	25,893
Taxes, licenses and fees due or accrued, excluding federal income taxes	38,720
Current federal and foreign income taxes	60,383
Miscellaneous liabilities:	
Asset valuation reserve	63,591
Funds held under reinsurance treaties with unauthorized reinsurers	(195,737)
Total liabilities	$13,486,400
Common capital stock	$ 2,500,000
Gross paid in and contributed surplus	$ 2,560,000
Unassigned funds (surplus)	5,255,734
Surplus	$ 7,815,734
Total capital and surplus	$10,315,734
Total liabilities, capital and surplus	$23,802,134

D. Condensed Summary of Operations

	2012	2013	2014
Premiums and considerations	$20,637,654	$27,832,110	$40,979,280
Investment income	302,112	328,520	395,895
Commissions and reserve adjustments on reinsurance ceded	1,276,045	1,925,414	366,724
Miscellaneous income	0	6,033	30,778
Total income	$22,215,811	$30,092,077	$41,772,677
Benefit payments	$ 9,045,874	$12,047,383	$17,453,297
Increase in reserves	497,874	930,948	2,823,506
Commissions	8,132,340	11,737,595	15,137,978
General expenses and taxes	1,457,286	1,903,025	2,888,004
Increase in loading on deferred and uncollected premiums	(11,697)	(8,305)	9,860
Total deductions	$19,121,677	$26,610,646	$38,312,645
Net gain	$ 3,094,134	$ 3,481,431	$ 3,460,032
Dividends	0	0	9,664
Federal and foreign income taxes incurred	512,459	572,285	546,476
Net gain from operations before net realized capital gains	$ 2,581,675	$ 2,909,146	$ 2,903,892
Net realized capital gains	31,387	152,508	115,617
Net income	$ 2,613,063	$ 3,061,656	$ 3,019,507

The increase in "premiums and considerations" in 2014 was primarily a result of the Company assuming 100% of SLAIC's supplemental medical business during that year.

The decrease in "commissions and reserve adjustments on reinsurance ceded" in 2014 was primarily due to a change in the Company's reinsurance strategy on its international business. In 2013, the Company was ceding 90% of its international business through a quota share agreement. In 2014, the Company purchased excess of loss coverage in lieu of the quota share agreement. This greatly reduced the total ceded commissions in 2014.

The increase in reserves from 2013 to 2014 is related to two specific reinsurance transactions: 1) the termination of the 90% quota share agreement on the international block of business which resulted in the reserves on the Company's records to increase and 2) the assumption of an additional 50% of SLAIC supplemental medical business.

The increase in "General expenses and taxes" from 2013 to 2014 was primarily due to changes in the Company's international reinsurance business with the termination of the Company's 90% quota share agreement resulting in an additional $1 million in administrative fees in 2014.

E. Capital and Surplus Account

	2012	2013	2014
Capital and surplus, December 31, prior year	$6,159,505	$7,480,318	$ 9,083,006
Net income	$2,613,063	$3,061,656	$ 3,019,507
Change in net unrealized capital gains (losses)	(46,456)	322	42,608
Change in net deferred income tax	(32,417)	(29,261)	(27,829)
Change in non-admitted assets and related items	124,600	(2,243)	46,439
Change in liability for reinsurance in unauthorized companies	(554,289)	303,859	250,430
Change in reserve valuation basis	0	0	(183,363)
Change in asset valuation reserve	(44,129)	(52,188)	41,458
Capital changes:			
Transferred from surplus	100,000	0	1,400,000
Surplus adjustments:			
Transferred to capital (Stock Dividend)	(100,000)	0	(1,400,000)
Dividends to stockholders	(589,108)	(1,555,013)	(1,849,585)
Amortization Ceding Commission Block Sale	(150,451)	(124,435)	(106,932)
Rounding	0	(8)	(5)
Net change in capital and surplus for the year	$1,320,813	$1,602,688	$ 1,232,728
Capital and surplus, December 31, current year	$7,480,318	$9,083,006	$10,315,734

F. Reserves

The Department conducted a review of reserves as of December 31, 2014. This review included an examination of related asset adequacy analysis in accordance with Department Regulation No. 126. During the review, concerns were raised regarding a potential lack of conservatism with respect to the Company's asset adequacy analysis. In response, the Company committed to refine its methodology in a manner acceptable to the Department.

The examiner recommends that the Company continue to use the reserving methodology as agreed upon with the Department.

7. PRIOR REPORT SUMMARY AND CONCLUSIONS

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

Item	Description
A	The examiner recommended that the Company continue to take steps to mitigate the risks and areas of concern as noted by the examiners relative to its IT Systems. The Company has established an on-going system to identify and mitigate risks within its IT Systems which includes regular management meetings to address potential areas of risk, continuing education by management and IT personnel in the field of IT and systems security, and the use of outside consultants to periodically review existing systems. The examination confirmed the establishment of a risk management system to specifically address IT risks.
B	The examiner recommended that the Company establish and maintain an independent, adequately resourced, and competently staffed internal audit function to provide management and the audit committee with ongoing assessments of the Company's risk management processes and the accompanying system of internal control. The Company began its formal internal audit function in November 2012 by hiring an experienced accountant who reports directly to the independent Audit Committee of the board of directors of the Company. The internal auditor worked closely with the external auditors during the audit of the 2012 financial statements and has made regular reports to the Audit Committee since that time. The examination confirmed the formal establishment of an internal audit function that reports to the Audit Committee.

8. SUMMARY AND CONCLUSIONS

Following is the recommendation contained in this report:

Item	Description	Page No(s).
A	The examiner recommends that the Company continue to use the reserving methodology as agreed upon with the Department.	20

Respectfully submitted,

/s/

Amber L. Kinney, CFE
Risk & Regulatory Consulting, LLC

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

Amber L. Kinney, being duly sworn, deposes and says that the foregoing report, subscribed by her, is true to the best of her knowledge and belief.

/s/

Amber L. Kinney

Subscribed and sworn to before me

this__________ day of ____________________

APPOINTMENT NO. 31385

NEW YORK STATE

DEPARTMENT OF FINANCIAL SERVICES

I, ANTHONY J. ALBANESE, 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:

AMBER KINNEY
(RISK & REGULATORY CONSULTING, LLC)

as a proper person to examine the affairs of the

MONITOR 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 she 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 13th day of October, 2015

NEW YORK STATE ★ DEPARTMENT OF FINANCIAL SERVICES ★ EXCELSIOR

ANTHONY J. ALBANESE
Acting Superintendent of Financial Services

By: Mark McLeod

MARK MCLEOD
ASSISTANT CHIEF - LIFE BUREAU