

**[IN ACCORDANCE WITH CALIFORNIA INSURANCE CODE (CIC) SECTION 12938,  
THIS REPORT WILL BE MADE PUBLIC AND PUBLISHED ON THE  
CALIFORNIA DEPARTMENT OF INSURANCE (CDI) WEBSITE]**

**INTERIM REPORT OF THE MULTISTATE TARGETED  
MARKET CONDUCT EXAMINATION OF**

**NEW YORK LIFE INSURANCE COMPANY  
NAIC # 66915**

**NEW YORK LIFE AND ANNUITY CORPORATION  
NAIC # 91596**

**AND**

**NYLIFE INSURANCE COMPANY OF ARIZONA  
NAIC # 81353,**

**AND THEIR PRACTICES AND PROCEDURES RELATING TO THE  
USE OF DEATH INFORMATION IN THE BUSINESS  
OF LIFE INSURANCE AND ANNUITIES**

**AS OF OCTOBER 29, 2013**

**ADOPTED FEBRUARY 19, 2014**

**REPORT COMPLETED BY THE  
STATE OF CALIFORNIA**



**CALIFORNIA DEPARTMENT OF INSURANCE  
MARKET CONDUCT DIVISION**

## NOTICE

The provisions of Section 735.5(a) (b) and (c) of the California Insurance Code (CIC) describe the Commissioner's authority and exercise of discretion in the use and/or publication of any final or preliminary examination report or other associated documents. The following examination report is a report that is made public pursuant to California Insurance Code Section 12938(b)(1) which requires the publication of every adopted report on an examination of unfair or deceptive practices in the business of insurance as defined in Section 790.03 that is adopted as filed, or as modified or corrected, by the Commissioner pursuant to Section 734.1.

## TABLE OF CONTENTS

	<u>PAGE</u>
SALUTATION	1
FOREWORD	3
SCOPE OF THE EXAMINATION	4
OVERVIEW OF COMPANY HISTORY AND OPERATIONS	6
SUMMARY OF EXAMINATION RESULTS	7

**DEPARTMENT OF INSURANCE**

CONSUMER SERVICES AND MARKET CONDUCT BRANCH  
MARKET CONDUCT DIVISION  
300 Capitol Mall, 16<sup>th</sup> Floor  
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February 19, 2014

The Honorable Dave Jones  
Insurance Commissioner  
California Department of Insurance  
300 Capitol Mall  
Sacramento, California 95814

The Honorable Roger Sevigny  
Insurance Commissioner  
New Hampshire Insurance Department  
21 S. Fruit Street  
Concord, New Hampshire 03301

The Honorable Kevin McCarty  
Insurance Commissioner  
Florida Office of Insurance Regulation  
200 E. Gaines Street  
Tallahassee, Florida 32399

The Honorable Adam Hamm  
Insurance Commissioner  
North Dakota Insurance Department  
600 E. Boulevard Drive  
Bismarck, North Dakota 58505

The Honorable Andrew Boron  
Director  
Illinois Department of Insurance  
100 W. Randolph Street  
Chicago, Illinois 60601

The Honorable Michael Consedine  
Insurance Commissioner  
Pennsylvania Insurance Department  
1326 Strawberry Square  
Harrisburg, Pennsylvania 17120

Honorable Commissioners:

Pursuant to instructions, and under the authority granted by the laws of California under CIC §§ 730, 733, 736, and 790.04; by the laws of Florida under § 624.3161 of the Florida Statutes; by the laws of Illinois under 215 ILCS 5/401(b), 215 ILCS 5/132, and 215 ILCS 5/402; by the laws of Pennsylvania under 40 P.S. § 323.3 and 323.4 of the Insurance Department Act; by the laws of New Hampshire under N.H. Rev. Stat § 400-A:37; by the laws of North Dakota under NDCC § 26.1-03-19.2; collectively “the Lead States”, a targeted multistate examination was conducted of:

**NEW YORK LIFE INSURANCE COMPANY**  
**NAIC # 66915,**

**NEW YORK LIFE AND ANNUITY CORPORATION**  
**NAIC # 91596**

**And**

**NYLIFE INSURANCE COMPANY OF ARIZONA  
NAIC # 81353**

Hereinafter, the Companies listed above will also be referred to collectively as New York Life or the Companies.

The examination work was performed by the examination contracting firm Verus Financial LLC in coordination with, and under the supervision of, the Lead States.

This interim report is made available for public inspection and is published on the California Department of Insurance website ([www.insurance.ca.gov](http://www.insurance.ca.gov)) pursuant to California Insurance Code section 12938(b)(1).

## **FOREWORD**

This targeted multistate examination focused on New York Life's practices and procedures relating to the manner in which available death information, including the Social Security Administration's Death Master File ("DMF"), was used in the Companies' life insurance and annuity business operations during the period of January 1, 1996 through the present.

The interim report does not present a comprehensive overview of the subject insurer's practices. The report contains a summary of pertinent information about the Companies, the lines of business examined, and details of the non-compliant or problematic activities that were discovered during the course of the examination. All unacceptable or non-compliant activities may not have been discovered. Failure to identify, comment upon or criticize non-compliant practices in this state or other jurisdictions does not constitute acceptance of such practices.

Alleged violations identified in this report, any criticisms of practices and the Companies' responses, if any, have not undergone a formal administrative proceeding or judicial process.

## **SCOPE OF THE EXAMINATION**

### Overview of Examination Objectives

This multistate examination reviewed New York Life's practices and procedures during the period of January 1, 1996 through the present, related to the following areas:

- Unpaid death benefits due under the Companies' life insurance policies and annuity contracts;
- Unpaid proceeds due under matured annuities;
- Balances remaining in retained asset accounts on which no recent owner-initiated activity has occurred;
- Any efforts made by New York Life to locate and pay beneficiaries or contingent payees; and
- Potential inconsistencies in how Social Security Administration data identifying deceased individuals, or other similar information, was used by the Companies.

### Overview of Examination Approach

To accomplish these objectives, the examiners sought to collect and review the following written policies and procedures, narrative descriptions and explanations, and data sets:

- Written policies and procedures for unclaimed property and its escheatment, and the Companies' application of those procedures;
- Death claim processing manuals and instructions;
- Information on a variety of business unit processes related to life insurance, annuities and retained asset accounts obtained through verbal interviews and walk-throughs;
- Written policies and procedures and narrative descriptions of the Companies' use of the Social Security Administration's Death Master File data base;
- Written policies and procedures for returned and undeliverable mail, and uncashed stale-dated checks;
- Procedures for maintaining current contact information for insureds, contract owners, and accountholders;

- Non-forfeiture and contract maturity policies and procedures;
- Systems data extracts of open individual annuity contracts, open retained asset accounts, and in-force life insurance policies, and related individual contract and policy file documentation for a sample of life insurance policies;
- Internal audit reports;
- Board of Directors meeting minutes and related internal communications from periods of time relevant to the implementation of certain policies, procedures, and business activities.

## **OVERVIEW OF COMPANY HISTORY AND OPERATIONS**

New York Life Insurance Company is the largest mutual life insurance company in the United States. The Company, along with its subsidiaries, provides a variety of individual life insurance, group life, health insurance, pension, and annuity products. New York Life Insurance Company maintains operations in all 50 states and recently expanded its business portfolio into Asia and Latin America. Policies and contracts for United States residents are currently issued by New York Life Insurance Company, New York Life Insurance and Annuity Corporation and NYLife Insurance Company of Arizona.

New York Life Insurance Company was originally founded as the Nautilus Insurance Company in 1845 and was renamed the New York Life Insurance Company in 1849. New York Life Insurance and Annuity Corporation was incorporated in 1980 under the laws of the State of Delaware. NYLife Insurance Company of Arizona was incorporated in 1987 under the laws of the State of Arizona. Both New York Life Insurance and Annuity Corporation and NYLife Insurance Company of Arizona are non-public, wholly owned subsidiaries of New York Life.

## **SUMMARY OF EXAMINATION RESULTS**

The review of the materials and data sets provided by New York Life establishes that the Companies utilized death information from the Social Security Administration's DMF in its business operations at various times beginning in as early as 1998. During the examination, state insurance regulatory agencies identified concerns regarding the adequacy of New York Life's policies and procedures to ensure that life insurance policies, annuities, and retained asset accounts are timely paid to beneficiaries and are timely reported and remitted in accordance with the Unclaimed Property Laws and Insurance Laws.

Business reforms that have been or will be taken by New York Life are as outlined in the publicly available Regulatory Settlement Agreement (RSA) executed by New York Life and the six Lead States as of October 23, 2013, and which became effective on October 29, 2013 upon the adoption of the agreement by 13 additional jurisdictions, and in which a total of 51 jurisdictions are participating. In entering the RSA and agreeing to the Business Reforms, New York Life denied any wrongdoing or activities that violate any insurance laws in the state of each Department or other applicable laws, and represented that it has policies and procedures in place to ensure payment of valid claims to beneficiaries, or in the event that the Companies' search identifies no living beneficiary, to report and remit unclaimed proceeds to the appropriate states in accordance with state unclaimed property laws.