NEW YORK LIFE GROUP INSURANCE COMPANY OF NY

(A wholly-owned subsidiary of
New York Life Insurance Company)

FINANCIAL STATEMENTS

(STATUTORY BASIS)

DECEMBER 31, 2021 and 2020

Table of Contents

	Page Number
Report of Independent Auditors	1
Statutory Statements of Financial Position	3
Statutory Statements of Operations	4
Statutory Statements of Changes in Capital and Surplus	5
Statutory Statements of Cash Flows	6
Notes to Statutory Financial Statements	
Note 1 - Nature of Operations	8
Note 2 - Basis of Presentation	8
Note 3 - Significant Accounting Policies	9
Note 4 - Business Risks and Uncertainties	13
Note 5 - Recent Accounting Pronouncements	13
Note 6 - Investments	14
Note 7 - Fair Value Measurements	17
Note 8 - Investment Income and Capital Gains and Losses	19
Note 9 - Related Party Transactions	22
Note 10 - Insurance Liabilities	23
Note 11 - Reinsurance	30
Note 12 - Benefit Plans	31
Note 13 - Commitments and Contingencies	31
Note 14 - Income Taxes	32
Note 15 - Capital and Surplus	36
Note 16 - Dividends to Stockholders	37
Note 17 - Written Premiums	37
Note 18 - Subsequent Events	37
Glossary of Terms	38

Report of Independent Auditors

To the Board of Directors of New York Life Group Insurance Company of NY:

Opinions

We have audited the accompanying statutory financial statements of New York Life Group Insurance Company of NY (the "Company"), which comprise the statutory statements of financial position as of December 31, 2021 and 2020, and the related statutory statements of operations, of changes in capital and surplus, and of cash flows for the years then ended, including the related notes (collectively referred to as the "financial statements").

Unmodified Opinion on Statutory Basis of Accounting

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended, in accordance with the accounting practices prescribed or permitted by the New York State Department of Financial Services described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Company as of December 31, 2021 and 2020, or the results of its operations or its cash flows for the years then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (USGAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 to the financial statements, the financial statements are prepared by the Company on the basis of the accounting practices prescribed or permitted by the New York State Department of Financial Services, which isa basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statements of the variances between the statutory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America are material.

Emphasis of Matter

As disclosed in Note 9 to the financial statements, the Company has entered into significant related party transactions with its affiliates. Our opinion is not modified with respect to this matter.

pwc

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting practices prescribed or permitted by the New York State Department of Financial Services. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

PricewaterhouseCoopers LLP

New York, New York
May 9, 2022

NEW YORK LIFE GROUP INSURANCE COMPANY OF NY
(A wholly-owned subsidiary of New York Life Insurance Company)

STATUTORY STATEMENTS OF FINANCIAL POSITION

	December 31,	
	2021	2020
	(in thousands)	
Assets		
Bonds	$ 436,964	$ 394,163
Cash, cash equivalents and short-term investments	1,413	11,004
Mortgage loans	20,844	—
Other invested assets	77	—
Total cash and invested assets	459,298	405,167
Investment income due and accrued	3,518	3,930
Amounts due from reinsurers	2,330	3,919
Deferred tax assets	13,309	12,384
Deferred and uncollected premiums	18,571	29,428
Other assets	6,395	6,217
Total assets	$ 503,421	$ 461,045
Liabilities, capital and surplus		
Liabilities:		
Policy reserves	$ 287,063	$ 274,742
Deposit funds	17,567	18,589
Policy claims	38,358	35,212
Other policy and contract liabilities	6,333	4,461
Accrued commissions, expenses and taxes	2,745	5,188
Remittance and items not allocated	19,251	18,189
Other liabilities	13,299	4,387
Interest maintenance reserve	2,853	2,001
Asset valuation reserve	4,080	3,333
Total liabilities	391,549	366,102
Capital and Surplus:		
Capital stock (40,000 shares issued and outstanding)	1,100	1,100
Gross paid in and contributed surplus	5,250	5,250
Unassigned surplus	105,522	88,593
Total capital and surplus	111,872	94,943
Total liabilities, capital and surplus	$ 503,421	$ 461,045

See accompanying notes to financial statements.

NEW YORK LIFE GROUP INSURANCE COMPANY OF NY
(A wholly-owned subsidiary of New York Life Insurance Company)

STATUTORY STATEMENTS OF OPERATIONS

	Years Ended December 31,	
	2021	2020
	(in thousands)	
Income		
Premiums and related expenses	$ 257,308	$ 233,339
Net investment income	16,498	15,214
Other income	191	53
Total income	273,997	248,606
Benefits and expenses		
Benefit payments:		
Disability benefits	152,602	135,447
Death benefits	51,884	57,938
Other benefits	74	251
Total benefit payments	204,560	193,636
Additions to policy reserves	12,321	26,835
Commissions	12,694	12,304
Operating expenses	25,852	24,969
Total benefits and expenses	255,427	257,744
Gain (loss) from operations before federal and foreign income taxes	18,570	(9,138)
Federal and foreign income taxes	1,937	1,027
Net gain (loss) from operations	16,633	(10,165)
Net realized capital gains (losses), after taxes and transfers to interest maintenance reserve	433	(523)
Net income (loss)	$ 17,066	$ (10,688)

See accompanying notes to financial statements.

NEW YORK LIFE GROUP INSURANCE COMPANY OF NY
(A wholly-owned subsidiary of New York Life Insurance Company)

STATUTORY STATEMENTS OF CHANGES IN CAPITAL AND SURPLUS

	Years Ended December 31,	
	2021	**2020**
	(in thousands)	
Capital and surplus, beginning of year	$ 94,943	$ 104,880
Net income (loss)	17,066	(10,688)
Change in nonadmitted assets	1,828	(27,410)
Change in asset valuation reserve	(748)	130
Change in net deferred income tax	(2,153)	28,596
Prior period corrections	936	—
Other adjustments, net	—	(565)
Net increase/(decrease)	$ 16,929	$ (9,937)
Capital and surplus, end of year	$ 111,872	$ 94,943

See accompanying notes to financial statements.

NEW YORK LIFE GROUP INSURANCE COMPANY OF NY
(A wholly-owned subsidiary of New York Life Insurance Company)

STATUTORY STATEMENTS OF CASH FLOWS

	Years Ended December 31,	
	2021	**2020**
	(in thousands)	
Cash flows from operating activities:		
Premiums received	$ 267,007	$ 220,877
Net investment income received	16,260	14,992
Other	191	52
Total received	283,458	235,921
Benefits and other payments	204,728	194,186
Operating expenses paid	36,444	28,578
Federal income taxes	3,264	1,875
Total paid	244,436	224,639
Net cash from operating activities	39,022	11,282
Cash flows from investing activities:		
Proceeds from investments sold	86,472	66,305
Cost of investments acquired	(148,258)	(119,047)
Net cash used in investing activities	(61,786)	(52,742)
Cash flows from financing and miscellaneous activities:		
Net deposits on deposit-type contracts and other insurance liabilities	(1,022)	3,629
Other miscellaneous uses	14,195	2,581
Net cash from financing and miscellaneous activities	13,173	6,210
Net decrease in cash, cash equivalents and short-term investments	(9,591)	(35,250)
Cash, cash equivalents and short-term investments, beginning of year	11,004	46,254
Cash, cash equivalents and short-term investments, end of year	$ 1,413	$ 11,004

NEW YORK LIFE GROUP INSURANCE COMPANY OF NY
(A wholly-owned subsidiary of New York Life Insurance Company)

STATUTORY STATEMENTS OF CASH FLOWS (supplemental)

	Years Ended December 31,	
	2021	2020
	(in thousands)	
Non-cash activities during the year not included in the Statutory Statements of Cash Flows:		
Exchange/conversion of bonds to bonds	$ 848	$ 4,251
Capitalized interest on bonds and mortgage loans	$ 2	$ —

See accompanying notes to financial statements.

NOTE 1 - NATURE OF OPERATIONS

New York Life Group Insurance Company of NY ("the Company") is a direct wholly-owned subsidiary of New York Life Insurance Company ("New York Life"). The Company's principal products and services include group disability, life and accident insurance primarily marketed in the state of New York. The Company is domiciled in the state of New York and licensed in Alabama, the District of Columbia, Missouri, New York, Pennsylvania and Tennessee.

On December 31, 2020, in accordance with terms of the purchase and sale agreement between New York Life, Cigna Holding Company ("CHC"), a direct wholly-owned subsidiary of Cigna Corporation ("Cigna"), and Cigna, Cigna's group life and group disability business, which included the Company and Life Insurance Company of North America ("LINA"), was acquired by New York Life. Effective March 10, 2021, the Company was renamed New York Life Group Insurance Company of NY. As of the acquisition date, both the Company and LINA became direct wholly-owned subsidiaries of New York Life.

NOTE 2 - BASIS OF PRESENTATION

The accompanying financial statements have been prepared using accounting practices prescribed by the New York State Department of Financial Services ("the Department"), which is a comprehensive basis of accounting other than accounting principles generally accepted in the U.S. ("U.S. GAAP").

The Department recognizes only statutory accounting practices prescribed or permitted by the State of New York for determining and reporting the financial position and results of operations of an insurance company and for determining its solvency under New York Insurance Law. The National Association of Insurance Commissioners' ("NAIC") Accounting Practices and Procedures Manual ("NAIC SAP") has been adopted as a component of prescribed practices by the State of New York. Prescribed statutory accounting practices include state laws and regulations. Permitted statutory accounting practices encompass accounting practices that are not prescribed; such practices differ from state to state, may differ from company to company within a state, and may change in the future. The Company has no permitted nor prescribed practices.

Difference Between Filed Annual Statement and Audited Financial Statements

The accompanying statutory financial statements do not agree to the 2020 and 2021 annual statements of the Company. The differences in the Statutory Statement of Changes in Capital and Surplus for the year ended December 31, 2021 are summarized in the table below (in thousands):

	As reported in the 2021 annual statement	Difference	As reported in accompanying statutory financial statements
Statutory Statement of Changes in Capital and Surplus:			
Capital and surplus, beginning of year	$ 98,740	$ (3,797)	$ 94,943
Prior period corrections	$ (2,861)	$ 3,797	$ 936
Net increase	$ 13,132	$ 3,797	$ 16,929

The differences resulted from a detailed review of the Company's assets and liabilities by its new parent, New York Life. At the time the 2020 annual statement was filed on February 28, 2021, New York Life had not yet completed its review of the Company's assets and liabilities in accordance with terms of the purchase and sale agreement between New York Life, CHC and Cigna, but New York Life believed the amounts reflected in the annual statement were not materially misstated. As required by the purchase and sale agreement, New York Life completed its review by March 31, 2021 and identified adjustments it deemed necessary to the liabilities for policy reserves and policy claims. These adjustments were reflected in 2020 within the accompanying statutory financial statements, and as a result of timing, were reflected as a prior period adjustment in the 2021 annual statement.

NOTE 2 - BASIS OF PRESENTATION (continued)

Prior Period Corrections

In 2021, as a result of the completed detailed review discussed above, the Company recorded prior period corrections of $936 thousand.

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements. Management is also required to disclose contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results may differ from those estimates.

Bonds

Bonds are stated at amortized cost using the interest method. Bonds in or near default (rated NAIC 6) are stated at the lower of amortized cost or fair value. Refer to Note 7 - Fair Value Measurements for discussion on the valuation approach and methods for bonds.

The interest method for loan-backed and structured securities, which are included in bonds, uses current assumptions of projected cash flows. Amortization of premium or accretion of discount from the purchase of these securities considers the estimated timing and amount of cash flows of the underlying loans, including prepayment assumptions based on data obtained from external sources or internal estimates. Projected future cash flows are updated monthly, and the amortized cost and effective yield of the securities are adjusted as necessary to reflect historical prepayment experience and changes in estimated future prepayments. For high credit quality loan-backed and structured securities (those rated AA or above at the date of acquisition), the adjustments to amortized cost are recorded as a charge or credit to net investment income in accordance with the retrospective method. For loan-backed and structured securities that are not of high credit quality (those rated below AA at date of acquisition), certain floating rate securities and securities with the potential for a loss of a portion of the original investment due to contractual prepayments (e.g., interest only securities), the effective yield is adjusted prospectively for any changes in estimated cash flows.

All acquisitions of securities are recorded in the financial statements on a trade date basis except for the acquisitions of private placement bonds, which are recorded on the funding date.

Other than Temporary Impairments

The cost basis of bonds is adjusted for impairments in value that are deemed to be other than temporary. An other-than-temporary loss is recognized in net income when it is anticipated that the amortized cost will not be recovered. Factors considered in evaluating whether a decline in value is other than temporary include: (1) whether the decline is substantial; (2) the duration that the fair value has been less than cost; (3) the financial condition and near-term prospects of the issuer; and (4) the Company’s ability and intent to retain the investment for a period of time sufficient to allow for an anticipated recovery in value.

When a bond (other than loan-backed and structured securities) is deemed other-than-temporarily impaired, the difference between the investments’ amortized cost and its fair value is recognized as a realized loss and reported in net income if the loss is credit related, or deferred in the interest maintenance reserve ("IMR") if interest related for bonds.

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES (continued)

For loan-backed and structured securities, the entire difference between the security's amortized cost and its fair value is recognized in net income only when the Company (1) has the intent to sell the security or (2) it does not have the intent and ability to hold the security to recovery. If neither of these two conditions exists, a realized loss is recognized in net income for the difference between the amortized cost basis of the security and the net present value of projected future cash flows expected to be collected. The net present value is calculated by discounting the Company's best estimate of projected future cash flows at the effective interest rate implicit in the loan-backed or structured security prior to impairment.

The determination of cash flow estimates in the net present value calculation is subjective and methodologies will vary, depending on the type of security. The Company considers all information relevant to the collectability of the security, including past events, current conditions, and reasonably supportable assumptions and forecasts in developing the estimate of cash flows expected to be collected. This information generally includes, but may not be limited to, the remaining payment terms of the security, estimated prepayment speeds, defaults, recoveries upon liquidation of the underlying collateral securing the notes, the financial condition of the issuer(s), credit enhancements and other third-party guarantees. In addition, other information, such as industry analyst reports and forecasts, sector credit ratings, the financial condition of the bond insurer for insured fixed income securities and other market data relevant to the collectability may also be considered, as well as the expected timing of the receipt of insured payments, if any. The estimated fair value of the collateral may be used to estimate recovery value if the Company determines that the security is dependent on the liquidation of the collateral for recovery.

The new cost basis of an impaired security is not adjusted for subsequent increases in estimated fair value. In periods subsequent to the recognition of an other-than-temporary impairment ("OTTI"), the impaired bond security is accounted for as if it had been purchased on the measurement date of the impairment. Accordingly, the discount (or reduced premium) based on the new cost basis may be accreted (or amortized) into net investment income in future periods based on prospective changes in cash flow estimates, to reflect adjustments to the effective yield.

Mortgage Loans

Mortgage loans on real estate are carried at unpaid principal balances, net of discounts, premiums, deferred origination fees related to points, and specific valuation allowances, and are collateralized. Specific valuation allowances are established for the excess carrying value of the mortgage loan over the estimated fair value of the collateral as an unrealized loss in surplus, when it is probable that based on current information and events, the Company will be unable to collect amounts due under the contractual terms of the loan agreement. Fair value of the collateral is estimated by performing an internal or external current appraisal. If impairment is deemed to be other-than-temporary, which can include a loan modification that qualifies as a troubled debt restructuring ("TDR"), a direct write-down is recognized as a realized loss reported in net income, and a new cost basis for the individual mortgage loan, which is equal to the fair value of the collateral, less costs to obtain and sell, is established. Refer to Note 7 - Fair Value Measurements for a discussion of the valuation approach and methods for mortgage loans.

The Company accrues interest income on mortgage loans to the extent it is deemed collectible. The Company places loans on non-accrual status, and ceases to recognize interest income when management determines that the collection of interest and repayment of principal is not probable. Any accrued but uncollected interest is reversed out of interest income once a loan is put on non-accrual status. Interest payments received on mortgage loans where interest payments have been deemed uncollectible are recognized on a cash basis and recorded as interest income. If a determination is made that the principal will not be collected, the interest payment received is used to reduce the principal balance. If a mortgage loan has any investment income due and accrued that is 90 days past due and collectible, the investment income will continue to accrue but all accrued interest related to the mortgage loan is reported as a nonadmitted asset, until such time that it has been paid or is deemed uncollectible.

Other Invested Assets

Other Invested Assets primarily consist of amounts receivable for undelivered securities.

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash, Cash Equivalents and Short-term Investments

Cash and cash equivalents includes cash on hand, amounts due from banks and highly liquid debt instruments that have original maturities of three months or less at date of purchase and are carried at amortized cost. Cash and cash equivalents also include money market mutual funds which are stated at fair value.

Asset Valuation Reserve ("AVR") and IMR

The AVR is used to stabilize surplus from fluctuations in the fair value of bonds and mortgage loans. Changes in the AVR are accounted for as direct increases or decreases in surplus. The IMR captures interest related realized gains and losses on sales (net of taxes) of bonds, mortgage loans and interest related other-than-temporary impairments (net of taxes), which are amortized into net income over the expected years to maturity of the investments sold. An interest related other-than-temporary impairment occurs when the Company has the intent to sell an investment at the reporting date, before recovery of the cost of the investment. For loan-backed and structured securities, the non-interest related other-than-temporary impairment is booked to the AVR, and the interest related portion to the IMR.

Non-admitted Assets

Under statutory accounting practices, certain assets are designated as nonadmitted assets and are not included in the accompanying Statutory Statements of Financial Position since these assets are not permitted by the Department to be taken into account in determining the Company’s financial condition.

Nonadmitted assets typically include receivables over ninety days past due and deferred tax assets ("DTAs") not realizable within three years. Changes to nonadmitted assets are reported as a direct adjustment to surplus in the accompanying Statutory Statements of Changes in Surplus.

Net Investment Income

Income from investments, including amortization of premium, accrual of discount and similar items as well as income from prepayment penalties, is recorded within net investment income, unless otherwise stated herein.

Policy Reserves

Aggregate reserves for life, accident, health, disability, and annuity policies are are based on mortality and morbidity tables and valuation interest rates, which are consistent with statutory requirements and are designed to be sufficient to provide for contractual benefits. The Company holds reserves greater than those developed under the minimum statutory reserving rules when the valuation actuary determines that the minimum statutory reserves are inadequate. Actual results could differ from these estimates and may result in the establishment of additional reserves. The valuation actuary monitors actual experience and, where circumstances warrant, revises assumptions and the related estimates for policy reserves. Refer to Note 10 - Insurance Liabilities for a discussion of reserves in excess of minimum NAIC requirements.

Policy Claims

Liabilities for policy claims are estimates of payments to be made on insurance claims for reported losses and estimates of incurred but not reported losses. Estimated amounts of reinsurance recoverable on unpaid losses are deducted from the liability for policy claims. Estimated liabilities are established for policies that contain experience-rating provisions. Refer to Note 10 - Insurance Liabilities for additional disclosures related to the policy reserves.

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES (continued)

Premium and Related Expenses

Premiums for individual and group life, disability, and accident insurance are considered revenue when due. Commissions and other costs associated with acquiring new business are charged to operations as incurred. Amounts received or paid under deposit type contracts without mortality or morbidity risk are not reported as income or benefits but are recorded directly as an adjustment to the liability for deposit funds. Deposit funds are liabilities for investment-related products and primarily consist of retained asset account deposits and accumulated net investment income on the fund balances less accumulated administrative charges according to contract terms and customers' experience.

Federal Income Taxes

For the tax years 2020 and prior, the Company was included in the consolidated federal income tax return filed by Cigna. Pursuant to the tax sharing agreement with Cigna, federal income taxes were allocated to the Company as if it were filing on a separate return basis. The tax benefit of net operating losses, capital losses and tax credits were funded to the extent they reduce the consolidated federal income tax liability.

As of January 1, 2021, the Company became a member of an affiliated group, which files a consolidated federal income tax return with New York Life. The consolidated income tax provision or benefit is allocated among the members of the group in accordance with a tax allocation agreement. This tax allocation agreement provides that the Company computes its share of the consolidated tax provision or benefit, in general, on a separate company basis, and may, where applicable, include the tax benefits of operating or capital losses utilizable in the New York Life's consolidated returns. Intercompany tax balances are settled quarterly on an estimated basis with a final settlement occurring within 30 days of the filing of the consolidated tax return. Current federal income taxes are charged or credited to operations based upon amounts estimated to be payable or recoverable as a result of taxable operations for the current year and any adjustments to such estimates from prior years.

The Company generally recognizes deferred income taxes when assets and liabilities have different values for financial statement and tax reporting purposes (temporary differences). Limitations of the admitted amount of the DTA are calculated in accordance with SSAP No. 101, Income Taxes, a Replacement of SSAP 10R and SSAP 10. More detailed information about the Company’s income taxes is disclosed in Note 14.

Other Assets and Liabilities

Other assets primarily consist of paid family leave receivable, current tax receivables, guaranty funds receivables and other receivables.

Other liabilities consist of various insurance-related liabilities including amounts related to reinsurance contracts, accrued commissions, general expenses including premium and state taxes, and escheat liabilities.

Contingencies

Amounts related to contingencies are accrued if it is probable that a liability has been incurred and an amount is reasonably estimable. Legal costs to defend the Company’s litigation and arbitration matters are recognized when the Company can reasonably estimate the cost to defend reported claims. Legal costs related to incurred but not reported claims are estimated based on the Company’s prior experience.

NOTE 4 - BUSINESS RISKS AND UNCERTAINTIES

The Company is exposed to an array of risks, including, but not limited to, regulatory actions, financial risk, risks associated with its investments and operational risk, including cyber security.

The Company is regulated by the insurance departments of the states and territories where it is licensed to do business. Although the federal government does not directly regulate the business of insurance, federal legislation and administrative policies can significantly and adversely affect the insurance industry and the Company. The Company is unable to predict whether any administrative or legislative proposals, at either the federal or state level, will be adopted in the future, or the effect, if any, such proposals would have on the Company.

The Company's insurance liabilities are exposed to market risk, policyholder behavior risk and morbidity/mortality/ longevity risk. Furthermore, the level of sales of the Company's insurance products is influenced by many factors, including terms and conditions of competing products.

The Company is exposed to the risks normally associated with an investment portfolio, which include interest rate, liquidity, credit and counterparty risks. The Company controls its exposure to these risks by, among other things, closely monitoring and managing the duration and cash flows of its assets and liabilities, maintaining a large percentage of its portfolio in highly liquid securities, engaging in a disciplined process of underwriting, reviewing and monitoring credit risk, and by devoting significant resources to develop and periodically update its risk management policies and procedures.

The Company leverages technology systems and solutions to conduct business and to retain, store, protect, and manage confidential information. The failure of the Company's technology systems and solutions, or those of a vendor, has the potential to disrupt its operations, result in the loss of customer business, damage the Company's reputation, and expose the Company to litigation and regulatory action, all of which could adversely impact its profitability.

The disruption caused by the COVID-19 pandemic continues to have a major impact on the global economy, the supply chain and the economies of particular countries and industries. It has also resulted in elevated mortality and morbidity experience for the global population, and could have long-term effects on the Company's life, health, accident, and disability insurance businesses. The ultimate extent of the impact of the COVID-19 pandemic will depend on numerous factors, all of which are highly uncertain and cannot be predicted. These factors include the length and severity of the outbreak, including the impact of new variants of the virus and the efficacy of vaccines and therapeutic treatments in combating the virus, the responses to the pandemic taken by governments and private sector businesses, and the impacts on the Company's customers, employees and vendors. Although the Company has taken certain steps to mitigate some of the adverse impacts resulting from the pandemic, these events could have an adverse effect on the risks described above and the Company's results of operations and cash flows in any period and, depending on their severity and duration, could also adversely affect the Company's financial condition.

NOTE 5 - RECENT ACCOUNTING PRONOUNCEMENTS

Accounting changes adopted to conform to the provisions of NAIC SAP or other state prescribed accounting practices are reported as changes in accounting principles. The cumulative effect of changes in accounting principles is generally reported as an adjustment to unassigned surplus in the period of the change in accounting principle. Generally, the cumulative effect is the difference between the amount of capital and surplus at the beginning of the year and the amount of capital and surplus that would have been reported at that date if the new accounting principles had been applied retroactively for all prior periods. There were no significant accounting changes in 2021 or 2020 that had an impact on surplus.

NOTE 5 - RECENT ACCOUNTING PRONOUNCEMENTS (continued)

In 2020, the NAIC issued Interpretation 20-01 to provide statutory accounting and reporting guidance for the adoption of ASU 2020-04 *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting* under U.S. GAAP. This Interpretation adopts, with minor modification, the U.S. GAAP adopted guidance, which provides optional expedients and exceptions for applying current accounting guidance to contracts affected by reference rate reform if certain criteria are met, through December 31, 2022. The Company is performing an ongoing evaluation of the impact of reference rate reform on its contracts. Since most of the Company's contracts are expected to meet the criteria for applying the accounting expedients listed in the Interpretation, reference rate reform is not expected to significantly impact the Company's surplus or net income.

NOTE 6 - INVESTMENTS

Bonds

The carrying value and estimated fair value of bonds by maturity at December 31, 2021 and 2020 were as follows (in thousands):

	2021		2020	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Due in one year or less	$ 11,649	$ 11,731	$ 20,957	$ 21,256
Due after one year through five years	101,766	107,708	110,712	120,139
Due after five years through ten years	297,937	309,185	247,334	274,082
Due after ten years	25,612	26,265	15,160	16,382
Total	$ 436,964	$ 454,889	$ 394,163	$ 431,859

Corporate bonds are shown based on contractual maturity. Expected maturities may differ from contractual maturities because issuers may have the right to call or prepay obligations with or without call or prepayment penalties. Mortgage and asset-backed securities are not due at a single maturity date and therefore are shown based on the expected cash flows of the underlying loans, which includes estimates of anticipated future prepayments.

There were cash equivalents with a carrying value of $850 thousand and $15,000 thousand at December 31, 2021 and 2020, respectively. The Company did not have any short-term investments at December 31, 2021, and 2020 respectively. Carrying value approximates fair value for these investments.

At December 31, 2021 and 2020, the distribution of gross unrealized gains and losses on bonds were as follows (in thousands):

	2021			
	Carrying Value	Unrealized Gains	Unrealized Losses	Estimated Fair Value
U.S. governments	$ 10,549	$ 25	$ 11	$ 10,563
All other governments	2,797	288	3	3,082
U.S. special revenue and special assessment	11,559	396	2	11,953
Industrial and miscellaneous unaffiliated	412,059	20,311	3,079	429,291
Total	$ 436,964	$ 21,020	$ 3,095	$ 454,889

NOTE 6 - INVESTMENTS (continued)

	2020			
	Carrying Value	Unrealized Gains	Unrealized Losses	Estimated Fair Value
U.S. governments	$ 706	$ 10	$ —	$ 716
All other governments	3,502	58	—	3,560
U.S. states, territories, and possessions	2,040	89	—	2,129
U.S. political subdivisions of states, territories, and possessions	10,730	589	—	11,319
U.S. special revenue and special assessment	9,370	634	—	10,004
Industrial and miscellaneous unaffiliated	366,357	36,485	196	402,646
Hybrid securities	1,458	26	—	1,484
Total	$ 394,163	$ 37,891	$ 196	$ 431,858

Mortgage Loans

The Company’s mortgage loans are diversified by property type, location and borrower, and are collateralized. The maximum and minimum lending rates for new commercial mortgage loans funded during 2021 were 5.4% and 1.6%, respectively. The maximum percentage of any one commercial loan to the value of the collateral at the time of the loan, exclusive of insured or guaranteed or purchase money mortgages at December 31, 2021 was 72.2% (average percentage was 60.2% at December 31, 2021).The Company has no significant credit risk exposure to any one individual borrower. The Company did not have any mortgage loans in 2020.

The Company's commercial mortgage loans were held in a form of participations with the carrying value of $20,844 thousand at December 31, 2021. These loans were originated or acquired by New York Life. Refer to Note 9 - Related Party Transactions for more details.

At December 31, 2021, the distribution of the mortgage loan portfolio by property type and geographic location were as follows ($ in thousands):

	2021	
	Carrying Value	% of Total
Property Type:		
Apartment buildings	$ 10,567	50.7 %
Industrial	7,178	34.4 %
Office buildings	2,104	10.1 %
Hotels	645	3.1 %
Retail facilities	350	1.7 %
Total	$ 20,844	100.0 %

	2021	
	Carrying Value	% of Total
Geographic Location:		
South Atlantic	$ 8,445	40.6 %
Central	7,596	36.4 %
Middle Atlantic	3,424	16.4 %
Pacific	1,379	6.6 %
Total	$ 20,844	100.0 %

NOTE 6 - INVESTMENTS (continued)

At December 31, 2021, the fair value of the Company's commercial mortgage loans was $20,806 thousand. At December 31, 2021, no mortgage loans were past due 90 days and over.

The Company maintains a watchlist of commercial loans that may potentially be impaired. The general guidelines analyzed to include commercial loans within the watchlist are loan-to-value ratio ("LTV"), asset performance such as debt service coverage ratio, lease rollovers, income/expense hurdles, major tenant or borrower issues, the economic climate, and catastrophic events, among others. Loans placed on the watchlist generally take priority in being revalued in the Company's inspection/evaluation commercial loan program that revalues properties securing commercial mortgage loans.

Fair value of the collateral for commercial mortgages (excluding credit loans) over $5,000 thousand is updated every three years, unless a more current appraisal is warranted and commercial mortgages less than $5,000 thousand have an on-site inspection performed by an external inspection service every 3 years. If the loan is determined to be troubled, the loan is more frequently monitored as to its status. LTV, which is based on collateral values, is deemed as one of the key mortgage loan indicators to assess credit quality and to assist in identifying problem loans. At December 31, 2021, and 2020, LTVs on the Company's mortgage loans were as follows (in thousands):

	2021						
Loan to Value % (By Class)	**Office Buildings**	**Apartment Buildings**	**Retail Facilities**	**Industrial**	**Hotels**	**Other**	**Total**
Above 95%	$ —	$ —	$ —	$ —	$ —	$ —	$ —
91% to 95%	—	—	—	—	—	—	—
81% to 90%	—	—	—	—	—	—	—
71% to 80%	—	—	—	—	645	—	645
Below 70%	2,104	10,567	350	7,178	—	—	20,199
Total	$ 2,104	$ 10,567	$ 350	$ 7,178	$ 645	$ —	$ 20,844

At December 31, 2021, the Company did not have any impaired commercial mortgage loans.

Assets on Deposit or Pledged as Collateral

At December 31, 2021 and 2020, the Company's restricted assets (including pledged collateral) were as follows ($ in thousands):

	2021						
	Gross (Admitted and Nonadmitted) Restricted					**Percentage**	
Restricted Asset Category	**Total General Account (G/A)**	**Total From Prior Year**	**Increase (Decrease)**	**Total Nonadmitted Restricted**	**Total Admitted Restricted**	**Gross (Admitted and Non-admitted) Restricted to Total Assets**	**Admitted Restricted to Total Admitted Assets**
On deposit with states	$ 701	$ 706	$ (5)	$ —	$ 701	0.13 %	0.14 %
Total restricted assets	$ 701	$ 706	$ (5)	$ —	$ 701	0.13 %	0.14 %

	2020						
	Gross (Admitted and Nonadmitted) Restricted					**Percentage**	
Restricted Asset Category	**Total General Account (G/A)**	**Total From Prior Year**	**Increase (Decrease)**	**Total Nonadmitted Restricted**	**Total Admitted Restricted**	**Gross (Admitted and Non-admitted) Restricted to Total Assets**	**Admitted Restricted to Total Admitted Assets**
On deposit with states	$ 706	$ 706	$ (1)	$ —	$ 706	0.15 %	0.16 %
Total restricted assets	$ 706	$ 706	$ (1)	$ —	$ 706	0.15 %	0.16 %

NOTE 7 - FAIR VALUE MEASUREMENTS

The Company's financial assets and liabilities carried at fair value have been classified, for disclosure purposes, based on a hierarchy defined by SSAP No. 100, "Fair Value Measurements". Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This guidance establishes a framework for measuring fair value that includes a hierarchy used to classify the inputs used in measuring fair value. The hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three levels. The level in the fair value hierarchy within which the fair value measurement falls is determined based on the lowest level input that is significant to the fair value measurement.

The levels of the fair value hierarchy are based on the inputs to the valuation as follows:

Level 1 Fair value is based on unadjusted quoted prices for identical assets or liabilities in an active market. Active markets are defined as a market in which many transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 Observable inputs other than level 1 prices, such as quoted prices in active markets for similar assets or liabilities; quoted prices in markets that are not active for identical or similar assets or liabilities, or other model driven inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Valuations are generally obtained from third-party pricing services for identical or comparable assets or liabilities or through the use of valuation methodologies using observable market inputs.

Level 3 Instruments whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management's own assumptions in pricing the asset or liability. Pricing may also be based upon broker quotes that do not represent an offer to transact. Prices are determined using valuation methodologies such as option pricing models, discounted cash flow models and other similar techniques. Non-binding broker quotes, which are utilized when pricing service information is not available, are reviewed for reasonableness based on the Company's understanding of the market, and are generally considered Level 3. To the extent the internally developed valuations use significant unobservable inputs, they are classified as Level 3.

The Company had no investments held at fair value at December 31, 2021 and 2020.

Determination of Fair Value

The Company has an established and well-documented process for determining fair value. Security pricing is applied using a hierarchy approach whereby publicly available prices are first sought from nationally recognized third-party pricing services. For most private placement securities, the Company applies a matrix-based pricing methodology, which uses spreads derived from third-party benchmark bond indices. For private placement securities that cannot be priced through these processes, the Company uses internal models and calculations. All other securities are submitted to independent brokers for prices. The Company performs various analyses to ascertain that the prices represent fair value. Examples of procedures performed include, but are not limited to, back testing recent trades, monitoring trading volumes, and performing variance analysis of monthly price changes using different thresholds based on asset type. The Company also performs an annual review of all third-party pricing services. During this review, the Company obtains an understanding of the process and sources used by the pricing service to ensure that they maximize the use of observable inputs, the pricing service's frequency of updating prices, and the controls that the pricing service uses to ensure that their prices reflect market assumptions. The Company also selects a sample of securities and obtains a more detailed understanding from each pricing service regarding how they derived the price assigned to each security. Where inputs or prices do not reflect market participant assumptions, the Company will challenge these prices and apply different methodologies that will enhance the use of observable inputs and data. The Company may use non-binding broker quotes or internal valuations to support the fair value of securities that go through this formal price challenge process.

NOTE 7 - FAIR VALUE MEASUREMENTS (continued)

In addition, the Company has a pricing committee that provides oversight over the Company's prices and fair value process for securities. The committee meets quarterly and is responsible for the review and approval of the Company's valuation procedures. The committee is also responsible for the review of pricing exception reports as well as the review of significant inputs used in the valuation of assets that are valued internally.

The following tables present the carrying amounts and estimated fair value of the Company's financial instruments at December 31, 2021 and 2020 (in thousands):

	2021					
	Fair Value	Carrying Value	Level 1	Level 2	Level 3	NAV as a Practical Expedient
Assets:						
Bonds	$ 454,889	$ 436,964	$ —	$452,396	$ 2,493	$ —
Cash, cash equivalents and short-term investments	1,413	1,413	14,513	(13,100)	—	—
Investment income due and accrued	3,518	3,518	—	3,518	—	—
Commercial mortgage loans	20,806	20,844	—	—	20,806	—
Total assets	$ 480,626	$ 462,739	$ 14,513	$442,814	$ 23,299	$ —
Liabilities:						
Payable to parent and affiliates	$ 13,291	$ 13,291	$ —	$ 13,291	$ —	$ —
Total liabilities	$ 13,291	$ 13,291	$ —	$ 13,291	$ —	$ —

	2020					
	Fair Value	Carrying Value	Level 1	Level 2	Level 3	NAV as a Practical Expedient
Assets:						
Bonds	$ 431,859	$ 394,164	$ —	$424,538	$ 7,321	$ —
Cash, cash equivalents and short-term investments	11,004	11,004	—	11,004	—	—
Total assets	$ 442,863	$ 405,168	$ —	$435,542	$ 7,321	$ —

Bonds

Securities priced using a pricing service are generally classified as Level 2. The pricing service generally uses an income-based valuation approach using a discounted cash-flow model or it may use a market approach by looking at recent trades of a specific security to determine fair value on public securities or a combination of the two. Typical inputs used by these pricing services include, but are not limited to: benchmark yields, reported trades, issuer spreads, bids, offers, benchmark securities, estimated cash flows and prepayment speeds.

Private placement securities are primarily priced using a market approach such as a matrix-based pricing methodology, which uses spreads derived from third-party benchmark bond indices. Specifically, the Barclays Investment Grade Corporate Index is used for investment-grade securities and the Citi High Yield Cash Index is used for below investment-grade securities. These indices are two widely recognized, reliable and well regarded benchmarks by participants in the financial services industry, which represent the broader U.S. public bond markets. The spreads derived from each matrix are adjusted for liquidity. The liquidity premium is standardized and based on market transactions. These securities are classified as Level 2.

Certain private placement securities that cannot be priced using the matrix pricing described above, are priced by an internally developed discounted cash flow model or are priced based on internal calculations. The model uses observable inputs with a discount rate based off spreads of comparable public bond issues, adjusted for liquidity, rating and maturity. The Company assigns a credit rating for private placement securities based upon internal analysis. The liquidity premium is usually based on market transactions. These securities are classified as Level 2.

NOTE 7 - FAIR VALUE MEASUREMENTS (continued)

For some of the private placement securities priced through the model, the liquidity adjustments may not be based on market data, but rather, calculated internally. If the impact of the liquidity adjustment, which usually requires the most judgment, is not significant to the overall value of the security, the security is still classified as Level 2. If it is deemed to be significant, the security is classified as Level 3.

The valuation techniques for most Level 3 bonds are generally the same as those described in Level 2. However, if the investments are less liquid or are lightly traded, there is generally less observable market data, and therefore these investments will be classified as Level 3. Circumstances where observable market data are not available may include events such as market illiquidity and credit events related to the security. In addition, certain securities are priced based upon internal valuations using significant unobservable inputs. If a security could not be priced by a third-party vendor or through internal pricing models, broker quotes are received and reviewed by each investment analyst. These inputs may not be observable. Therefore, Level 3 classification is determined to be appropriate.

Mortgage Loans

The estimated fair value of mortgage loans is determined using an income approach, based upon the present value of the expected cash flows discounted at an interpolated treasury yield plus a spread. The spread is based on management's judgment and assumptions and it takes into account property type, LTV and remaining term of each loan. The spread is a significant component of the pricing inputs. These investments are classified as Level 3.

Cash, Cash Equivalents and Short-term Investments

Cash on hand and money market mutual funds are classified as Level 1. Cash overdrafts (i.e. outstanding checks) are classified as Level 2. Due to the short-term maturities of cash equivalents and short-term investments, carrying value approximates fair value and are classified as Level 2.

There were no financial instruments reported at fair value at December 31, 2021 and 2020.

NOTE 8 - INVESTMENT INCOME AND CAPITAL GAINS AND LOSSES

The components of Net investment income for the years ended December 31, 2021 and 2020 were as follows (in thousands):

	2021	2020
Bonds	$ 16,157	$ 15,207
Short-term investments	—	136
Mortgage loans	84	—
Other investments	17	16
Gross investment income	16,258	15,359
Investment expenses	(536)	(477)
Net investment income	15,722	14,882
Amortization of IMR	776	332
Net investment income, including amortization of IMR	$ 16,498	$ 15,214

Due and accrued investment income is excluded from surplus when amounts are over 90 days past due or collection is uncertain. At December 31, 2021 and 2020, there was no due and accrued investment income that was nonadmitted on bonds.

NOTE 8 - INVESTMENT INCOME AND CAPITAL GAINS AND LOSSES (continued)

The following table shows the Company's securities redeemed or otherwise disposed of as a result of a callable feature (including make whole call provisions) and the amount of investment income generated as a result of a prepayment and/or acceleration fee, which is included in Bonds in the table above ($ in thousands):

	2021	2020
	General Account	
Number of cusips	13	8
Investment income	$ 1,058	$ 285

For the years ended December 31, 2021 and 2020, net realized capital gains (losses) were as follows (in thousands):

	2021	2020
Bonds	$ 2,059	$ 1,638
Common and preferred stocks	—	(1,045)
Net realized capital gains (losses) before tax and transfers to the IMR	$ 2,059	$ 593
Less:		
Capital gains tax expense (benefit)	$ —	$ (89)
Net realized capital gains (losses) after tax transferred to IMR	1,626	1,205
Net realized capital gains (losses) after tax and transfers to the IMR	$ 433	$ (523)

Proceeds from investments in bonds sold were $50,895 thousand and $66,101 thousand for the years ended December 31, 2021 and 2020, respectively. Gross gains of $2,189 thousand and $1,635 thousand in 2021 and 2020, respectively, and gross losses of $49 thousand and $895 thousand in 2021 and 2020, respectively, were realized on these sales. The Company computes gains and losses on sales under the specific identification method.

There were no OTTI losses for the years ended December 31, 2021 and 2020.

NOTE 8 - INVESTMENT INCOME AND CAPITAL GAINS AND LOSSES (continued)

The following tables present the Company's gross unrealized losses and fair values for bonds and equity securities aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, at December 31, 2021 and 2020 (in thousands):

	2021					
	Less than 12 Months		12 Months or Greater		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses[(1)]
Bonds						
U.S. governments	$ 689	$ 11	$ —	$ —	$ 689	$ 11
All other governments	297	3	—	—	297	3
U.S. special revenue and special assessment	250	2	—	—	250	2
Industrial and miscellaneous unaffiliated	116,027	2,506	10,423	573	126,450	3,079
Total bonds	$ 117,263	$ 2,522	$ 10,423	$ 573	$ 127,686	$ 3,095

[(1)]There are no unrealized losses related to NAIC 6 bonds included in the statutory carrying amount.

	2020					
	Less than 12 Months		12 Months or Greater		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses[(1)]
Bonds						
Industrial and miscellaneous unaffiliated	$ 12,733	$ 196	$ —	$ —	$ 12,733	$ 196
Total bonds	$ 12,733	$ 196	$ —	$ —	$ 12,733	$ 196

[(1)]There are no unrealized losses related to NAIC 6 bonds included in the statutory carrying amount.

At December 31, 2021, the gross unrealized loss on bonds was comprised of approximately 301 securities, which are included in the table above. Of the total amount of bond unrealized losses, $2,858 thousand or 92% is related to unrealized losses on investment grade securities and $237 thousand or 8% is related to below investment grade securities. At December 31, 2020, the gross unrealized loss on bonds was comprised of approximately 12 different securities, which are included in the table above. Of the total amount of bond unrealized losses, $136 thousand, or 69%, is related to unrealized losses on investment grade securities and $60 thousand, or 31%, is related to below investment grade securities. Investment grade is defined as a security having a credit rating from the NAIC of 1 or 2; a rating of Aaa, Aa, A or Baa from Moody's or a rating of AAA, AA, A or BBB from Standard & Poor; or a comparable internal rating if an externally provided rating is not available.

There were no bonds where fair value had declined by 20% or more of the amortized cost at December 31, 2021 and 2020.

NOTE 9 - RELATED PARTY TRANSACTIONS

Material Transactions

The following table presents material related party transactions between the Company and its affiliates for the years ended December 31, 2021 and 2020:

Date of Transaction	Name of Related Party	Nature of Relationship	Type of Transaction	Description
Active Agreements				
12/31/2020	New York Life/ LINA	Parent / Insurance affiliate	Claims administration service agreement	The Company has entered into a claims administration services agreement with both New York Life and LINA.
12/31/2020	New York Life	Parent	Service and facility agreement	New York Life provides the Company with certain services and facilities including, but not limited to accounting, tax and auditing services, legal services, actuarial services, electronic data processing operations and communications operations. New York Life charges the Company for the identified costs associated with these services and facilities under the terms of a service agreement between New York Life and the Company.
12/31/2020	New York Life	Parent	Credit agreement	The Company, as borrower, entered into a credit agreement with New York Life, as lender for a maximum aggregate amount of $10,000 thousand. For the years ended at December 31, 2021, the credit facility was not used, no interest was paid, and there was no outstanding balance due.
12/31/2020	NYL Investors	Non insurance affiliate	Investment management agreement	The Company is a party to an investment management agreement with NYL Investors (a wholly-owned subsidiary of New York Life), as amended from time to time, whereby NYL Investors provides investment advisory and administrative services to the Company. For the years ended December 31, 2021 and 2020, the total cost for these services amounted to $473 thousand and $0 thousand, respectively, which is included in the costs of services billed by New York Life to the Company.
Terminated Agreements at December 31, 2020[1]				
12/31/2020	CHC	Indirect Parent	Credit agreement	The Company was the lender in a line of credit agreement with CHC under which the maximum account that may be loaned was the lesser of 3% of admitted assets or 25% of the surplus, up to $25,000 thousand.
12/31/2020	Cigna Investments, Inc. ("CII")	Non insurance affiliate	Investment management agreement	The Company was a party to an investment management agreement with CII (an indirect wholly-owned subsidiary of Cigna),whereby CII provided investment advisory and administrative services to the Company. For the years ended December 31, 2020, the total cost for these services amounted to $449 thousand.
12/31/2020	Cigna/ Connecticut General Life Insurance Company ("CGLIC")	Ultimate Parent/ Insurance affiliate	Service agreement	Cigna and CGLIC, an indirect wholly-owned subsidiary of Cigna, had provided the Company with certain services but not limited to accounting, tax and auditing services, legal services, actuarial services, electronic data processing operations and communications operations. Cigna and CGLIC charged the Company for the identified costs associated with these services and facilities. For the year ended December 31, 2020, the fees incurred associated with these services and facilities amounted to $506 thousand.
12/31/2020	CGLIC	Insurance affiliate	Facility agreement	The Company leased space at 140 E. 45th Street in New York City from CGLIC.

[1]Represents termination date. Upon the acquisition by New York Life on December 31, 2020, all previous related party contracts and agreements in which the Company had entered into with Cigna and its subsidiaries were subsequently terminated.

At December 31, 2021 and 2020, the Company reported a net amount of $13,291 thousand and $1,581 thousand, respectively, as amounts payable to parent and affiliates. The terms of the underlying agreements generally require that these amounts be settled in cash within 90 days.

In the ordinary course of business, the Company enters into reinsurance agreements with its subsidiaries and affiliates. Material reinsurance agreements have been disclosed in Note 11 – Reinsurance. In addition, in the ordinary course of business, the Company may enter into guarantees and/or keep wells between itself and its affiliates. Material guarantee agreements have been disclosed in Note 13 - Commitments and Contingencies.

NOTE 10 - INSURANCE LIABILITIES

Insurance liabilities at December 31, 2021 and 2020 were as follows (in thousands):

	2021	2020
Disability insurance reserves	$ 268,007	$ 255,250
Life insurance reserves	18,810	18,973
Other accident and health insurance reserves	247	519
Total aggregate reserves for life, accident and health policies and contracts	287,064	274,742
Deposit funds	17,567	18,589
Policy claims	38,358	35,212
Other policy and contract liabilities	$ 6,333	$ 4,461
Total insurance liabilities	$ 349,322	$ 333,004

Disability Insurance Reserves

Mortality and morbidity assumptions are predominantly based on industry tables and are at least as conservative as the statutory minimums. Discount rates ranged from 2.0% to 10.3% in 2021 and 2.3% to 10.3% in 2020, with some rates grading to lower levels over time. The Company also discounts liabilities for certain cancelable disability insurance business. The liabilities for discounted reserves were $242,696 thousand at December 31, 2021 and $227,810 thousand at December 31, 2020. The aggregate amount of discount was $41,449 thousand at December 31, 2021 and $41,488 thousand at December 31, 2020.

Life Insurance Reserves

Reserves for disabled lives are maintained principally using the 2005 Group Term Life Waiver Mortality and Recovery Tables with valuation interest rates ranging from 2.8% to 5.5%.

For the years ended December 31, 2021 and 2020, there were no changes in reserve basis.

The Company generally waives deduction of deferred fractional premiums upon death of insured and returns any portion of the premium beyond the date of death. Surrender values are not promised in excess of the legally computed reserves.

The Company has issued or assumed substandard policies either rated-up age, or with extra premium, temporary or otherwise, or at a special scale of premiums. In the case of those with rated-up age, the valuation is done at such rated-up age or an equivalent percentage rating.

Ordinary policies issued substandard are valued using a multiple of the standard mortality rates.

The tabular interest has been determined by formula as described in the NAIC instructions. The tabular less actual reserves released has been determined by formula as described in the NAIC instructions. The tabular cost has been determined by formula as described in the NAIC instructions. Tabular interest on funds not involving life contingencies was determined from the basic data for the calculation of deposit fund liabilities.

NOTE 10 - INSURANCE LIABILITIES (continued)

Withdrawal Characteristics of Deposit Funds

The following tables reflect the withdrawal characteristics at December 31, 2021 and 2020 ($ in thousands):

Individual Annuities

	2021				
	General Account	Separate Accounts with Guarantees	Separate Accounts Non-guaranteed	Total	% of Total
Subject to discretionary withdrawal:					
With fair value adjustment	$ —	$ —	$ —	$ —	— %
At book value less current surrender charge of 5% or more	—	—	—	—	—
At fair value	—	—	—	—	—
Total with adjustment or at fair value	—	—	—	—	—
At book value without adjustment	—	—	—	—	—
Not subject to discretionary withdrawal	130,657	—	—	130,657	100
Total	130,657	—	—	130,657	100 %
Reinsurance ceded	130,657	—	—	130,657	
Total	$ —	$ —	$ —	$ —	
Amount with current surrender charge of 5% or more that will have less than a 5% surrender charge in the following year	$ —	$ —	$ —	$ —	

	2020				
	General Account	Separate Accounts with Guarantees	Separate Accounts Non-guaranteed	Total	% of Total
Subject to discretionary withdrawal:					
With fair value adjustment	$ —	$ —	$ —	$ —	— %
At book value less current surrender charge of 5% or more	—	—	—	—	—
At fair value	—	—	—	—	—
Total with adjustment or at fair value	—	—	—	—	—
At book value without adjustment	—	—	—	—	—
Not subject to discretionary withdrawal	132,912	—	—	132,912	100
Total	132,912	—	—	132,912	100 %
Reinsurance ceded	132,912			132,912	
Total	$ —	$ —	$ —	$ —	
Amount with current surrender charge of 5% or more that will have less than a 5% surrender charge in the following year	$ —	$ —	$ —	$ —	

NOTE 10 - INSURANCE LIABILITIES (continued)

Group Annuities

	2021				
	General Account	Separate Accounts with Guarantees	Separate Accounts Non-guaranteed	Total	% of Total
Subject to discretionary withdrawal:					
With fair value adjustment	$ —	$ —	$ —	$ —	— %
At book value less current surrender charge of 5% or more	—	—	—	—	—
At fair value	—	—	—	—	—
Total with adjustment or at fair value	—	—	—	—	—
At book value without adjustment	—	—	—	—	—
Not subject to discretionary withdrawal	7,972	—	—	7,972	100
Total	7,972	—	—	7,972	100 %
Reinsurance ceded	7,972	—	—	7,972	
Total	$ —	$ —	$ —	$ —	
Amount with current surrender charge of 5% or more that will have less than a 5% surrender charge in the following year	$ —	$ —	$ —	$ —	

	2020				
	General Account	Separate Accounts with Guarantees	Separate Accounts Non-guaranteed	Total	% of Total
Subject to discretionary withdrawal:					
With fair value adjustment	$ —	$ —	$ —	$ —	— %
At book value less current surrender charge of 5% or more		—	—	—	—
At fair value	—	—	—	—	—
Total with adjustment or at fair value	—	—	—	—	—
At book value without adjustment	—	—	—	—	—
Not subject to discretionary withdrawal	7,396	—	—	7,396	100
Total	7,396	—	—	7,396	100 %
Reinsurance ceded	7,396	—	—	7,396	
Total	$ —	$ —	$ —	$ —	
Amount with current surrender charge of 5% or more that will have less than a 5% surrender charge in the following year	$ —	$ —	$ —	$ —	

NOTE 10 - INSURANCE LIABILITIES (continued)

Deposit-type Contracts

	2021				
	General Account	Separate Accounts with Guarantees	Separate Accounts Non-guaranteed	Total	% of Total
Subject to discretionary withdrawal:					
With fair value adjustment	$ 271	$ —	$ —	$ 271	2 %
At book value less current surrender charge of 5% or more	—	—	—	—	—
At fair value	—	—	—	—	—
Total with adjustment or at fair value	271	—	—	271	2
At book value without adjustment	15,412	—	—	15,412	86
Not subject to discretionary withdrawal	2,155	—	—	2,155	12
Total	17,838	—	—	17,838	100 %
Reinsurance ceded	271	—	—	271	
Total	$ 17,567	$ —	$ —	$ 17,567	
Amount with current surrender charge of 5% or more that will have less than a 5% surrender charge in the following year	$ —	$ —	$ —	$ —	

	2020				
	General Account	Separate Accounts with Guarantees	Separate Accounts Non-guaranteed	Total	% of Total
Subject to discretionary withdrawal:					
With fair value adjustment	$ 263	$ —	$ —	$ 263	1 %
At book value less current surrender charge of 5% or more	—	—	—	—	—
At fair value	—	—	—	—	—
Total with adjustment or at fair value	263	—	—	263	1
At book value without adjustment	16,452	—	—	16,452	87
Not subject to discretionary withdrawal	2,137	—	—	2,137	11
Total	18,852	—	—	18,852	100 %
Reinsurance ceded	263			263	
Total	$ 18,589	$ —	$ —	$ 18,589	
Amount with current surrender charge of 5% or more that will have less than a 5% surrender charge in the following year	$ —	$ —	$ —	$ —	

NOTE 10 - INSURANCE LIABILITIES (continued)

Withdrawal Characteristics of Life Insurance Reserves

The following tables reflect the withdrawal characteristics of life insurance reserves at December 31, 2021 and 2020 ($ in thousands):

	2021		
	General Account		
	Account Value	Cash Value	Reserve
Subject to discretionary withdrawal, surrender, or policy loans:			
Term policies with cash value	$ —	$ —	$ —
Universal life	—	—	—
Universal life with secondary guarantees	—	—	—
Indexed universal life	—	—	—
Indexed universal life with secondary guarantees	—	—	—
Indexed life	—	—	—
Other permanent cash value life insurance	—	167	201
Variable life	—	—	—
Variable universal life	—	—	—
Miscellaneous reserves	—	—	—
Not subject to discretionary withdrawal or no cash values:			
Term policies without cash value	—	—	2
Accidental death benefits	—	—	—
Disability - active lives	—	—	—
Disability - disabled lives	—	—	18,971
Miscellaneous reserves	—	—	5
Total life insurance (gross)	—	167	19,179
Reinsurance ceded	—	167	369
Total life insurance (net)	$ —	$ —	$ 18,810

NOTE 10 - INSURANCE LIABILITIES (continued)

	2020		
	General Account		
	Account Value	Cash Value	Reserve
Subject to discretionary withdrawal, surrender, or policy loans:			
Term policies with cash value	$ —	$ —	$ —
Universal life	—	—	—
Universal life with secondary guarantees	—	—	—
Indexed universal life	—	—	—
Indexed universal life with secondary guarantees	—	—	—
Indexed life	—	—	—
Other permanent cash value life insurance	—	158	190
Variable life	—	—	—
Variable universal life	—	—	—
Miscellaneous reserves	—	—	—
Not subject to discretionary withdrawal or no cash values:			
Term policies without cash value	—	—	2
Accidental death benefits	—	—	—
Disability - active lives	—	—	—
Disability - disabled lives	—	—	19,132
Miscellaneous reserves	—	—	4
Total life insurance (gross)	—	158	19,328
Reinsurance ceded	—	158	355
Total life insurance (net)	$ —	$ —	$ 18,973

Retained Asset Accounts

Retained asset accounts are classified as liabilities for deposit funds. These accounts represent the Company's method for settling certain life, disability and accidental death and dismemberment claims where the claimant does not specify or request payment in an alternate form, or where another form of payment is directed by applicable law. The insurance proceeds are retained in the Company's general account and credited to a beneficiary's free interest-bearing account with draft privileges that can be liquidated at any time. The account balance and earned interest are fully guaranteed by the Company. The interest crediting rate is updated weekly and pegged to the Bank Rate Monitor Index, which reflects the average annual effective yield on money markets offered by one hundred large banks and thrifts in the United States. Interest is compounded daily and is credited to account holders on a monthly basis. The weighted average effective interest rate credited to account holders in 2021 was 0.07%, ranging from 0.07% to 0.09%. Account holders are charged fees only for special services (stop payment requests, checks denied due to insufficient funds, copies of drafts or statements) and are not charged per-draft fees, maintenance charges or withdrawal penalties.

NOTE 10 - INSURANCE LIABILITIES (continued)

The following table presents the number and balance of retained asset accounts in-force at December 31, 2021 and 2020, respectively ($ in thousands):

	2021		2020	
	Number	Balance	Number	Balance
Up to and including 12 months	83	$ 5,694	98	$ 7,731
13 to 24 months	64	3,505	48	2,237
25 to 36 months	34	1,678	39	2,233
37 to 48 months	27	1,207	37	1,279
49 to 60 months	32	1,120	34	810
Over 60 months	99	2,208	97	2,162
Total	339	$ 15,412	353	$ 16,452

The following table presents the Company's retained asset accounts at December 31, 2021 ($ in thousands):

	Individual Number	Individual Balance/ Amount	Group Number	Group Balance/ Amount
At the beginning of the year	—	$ —	353	$ 16,452
Issued/added during the year	—	—	188	17,923
Investment earnings credited during the year	—	—	—	12
Fees and other charges assessed during the year	—	—	—	—
Transferred to state unclaimed property funds during the year	—	—	—	—
Closed/withdrawn during the year	—	—	(202)	(18,975)
At the end of the year	—	$ —	339	$ 15,412

Policy Claims and Claim Adjustment Expenses

The following table presents a rollforward of the Company's accident and health liabilities for unpaid claims and claims adjustment expenses for the years ended December 31, 2021 and 2020 (in thousands):

	2021	2020
Liability at beginning of year	$ 17,775	$ 16,155
Incurred expenses for insured or covered events, current year	132,038	112,061
Incurred expenses for insured or covered events, prior years	24,996	31,686
Total provision	157,034	143,747
Payments for insured or covered events, current year	(80,976)	(69,059)
Payments for insured or covered events, prior years	(72,954)	(73,068)
Total payments	(153,930)	(142,127)
Liability at end of year	$ 20,879	$ 17,775

The incurred policy claims and claim adjustment expenses attributable to insured or covered events of prior years were unfavorable to reserve levels by $24,996 thousand and $31,686 thousand for the years ended December 31, 2021 and 2020, respectively. The incurred expense for 2021 is primarily attributable to reserve assumption updates made throughout the year, and observed disability resolution rate experience. There was no change to the liability associated with estimated anticipated salvage and subrogation.

NOTE 11 - REINSURANCE

The effects of reinsurance on the accompanying Statutory Statements of Financial Position at December 31, 2021 and 2020 were as follows (in thousands):

	2021	2020
Policy reserves:		
Direct	$ 435,339	$ 426,237
Assumed	—	—
Ceded	(148,276)	(151,495)
Policy reserves	$ 287,063	$ 274,742
Policy claims:		
Direct	$ 38,704	$ 36,800
Assumed	—	—
Ceded[(1)]	(346)	(1,588)
Policy claims	$ 38,358	$ 35,212
Reinsurance recoverable[(1)]	$ 2,330	$ 3,919

[(1)] Includes reinsurance recoverable related to unpaid losses of $346 thousand and $879 thousand at December 31, 2021 and 2020, respectively.

The effects of reinsurance on the accompanying Statutory Statements of Operations for the years ended December 31, 2021 and 2020 were as follows (in thousands):

	2021	2020
Premiums:		
Direct	$ 260,239	$ 235,217
Assumed	—	—
Ceded	(2,931)	(1,878)
Premiums	$ 257,308	$ 233,339
Benefit payments:		
Direct	$ 217,352	$ 211,270
Assumed	—	—
Ceded	(12,792)	(17,634)
Benefit payments	$ 204,560	$ 193,636

Reinsurance Ceded

The Company enters into ceded reinsurance agreements in the normal course of its insurance business to reduce overall risk and to be able to issue group long term disability, group term life and group personal accident insurance policies in excess of its retention limits.

The ceding of risk does not discharge the Company from its primary obligations to policyholders. To the extent that the assuming reinsurers become unable to meet their obligations under reinsurance contracts, the Company remains contingently liable. Each reinsurer is reviewed to evaluate its financial stability before entering into each reinsurance contract and periodically thereafter.

NOTE 11 - REINSURANCE (continued)

The Company cedes the risks associated with all structured settlement contracts to CGLIC. Policy reserves ceded were $138,917 thousand and $142,000 thousand at December 31, 2021 and 2020, respectively.

Effective December 31, 2020, the Company entered into a reinsurance agreement to cede all of the supplemental health benefit business directly written by the Company to CHLIC. Premiums ceded were $52 thousand for the year ended December 31, 2020.

NOTE 12 - BENEFIT PLANS

The Company participates in New York Life's various tax-qualified and non-qualified defined contribution plans covering eligible U.S. employees (401(k) plans). The plans provide for pre-tax, after-tax and/or after-tax Roth salary reduction contributions (subject to maximums) and Company matching contributions of up to 5% of annual salary (base plus eligible incentive pay are considered). For the year ended December 31, 2021, the Company's matching contributions to the employees' tax qualified and non-qualified plans totaled $90 thousand.

Prior to its acquisition by New York Life, the Company was provided certain postretirement, postemployment and compensated absence benefits through a plan sponsored by Cigna. The Company also participated in a capital accumulation 401(k) plan sponsored by Cigna in that employee contributions on a before-tax basis were supplemented by Cigna's matching contributions. The Company had no legal obligation for benefits under these plans. Cigna allocated amounts to the Company based on salary ratios and member months. The Company's share of net expense for such benefits was $9 thousand for the year ended December 31, 2020.

NOTE 13 - COMMITMENTS AND CONTINGENCIES

Guarantees

At the inception of a guarantee (except unlimited guarantees), the Company recognizes an initial liability at fair value for the obligations it has undertaken, regardless of the probability of performance under the guarantee. This includes guarantees made on behalf of affiliates unless the guarantee is deemed unlimited. At December 31, 2021 and 2020, the Company had no such guarantees.

Litigation

The Company is a defendant in individual and/or alleged class action suits related to its group life and disability business. Some of these actions seek substantial or unspecified compensatory and punitive damages. The Company is also from time to time involved in various governmental, administrative, and investigative proceedings and inquiries.

Notwithstanding the uncertain nature of litigation and regulatory inquiries, the outcome of which cannot be predicted, the Company believes that, after provisions made in the financial statements, the ultimate liability that could result from litigation and proceedings would not have a material adverse effect on the Company's financial position; however, it is possible that settlements or adverse determinations in one or more actions or other proceedings in the future could have a material adverse effect on the Company's operating results for a given year.

NOTE 13 - COMMITMENTS AND CONTINGENCIES (continued)

Assessments

Most of the jurisdictions in which the Company is licensed to transact business require life insurers to participate in guaranty associations which are organized to pay contractual benefits pursuant to insurance policies issued by impaired, insolvent or failed life insurers. These associations levy assessments, up to prescribed limits, on all member insurers in a particular state on the basis of the proportionate share of the premiums written by member insurers in the line of business in which the impaired, insolvent or failed life insurer is engaged. Some states permit member insurers to recover assessments through full or partial premium tax offsets.

Lease Commitments

At December 31, 2021 and 2020, there were no aggregate future minimum rental payments under leases having initial or remaining non-cancelable lease term in excess of one year. There were no rental expenses for operating leases or sublease rentals in 2021 and 2020.

The Company is not involved in any material sale-leaseback transactions.

Other Commitments and Contingencies

At December 31, 2021, the Company had contractual commitments to extend credit for commercial mortgage loans at both fixed and variable rates of interest, which amounted to $5,097 thousand. These commitments are diversified by property type and geographic location. The Company had no contractual commitments to extend credit for commercial mortgage loans at both fixed and variable rates of interest at December 31, 2020.

NOTE 14 - INCOME TAXES

The components of the net DTAs and DTLs were as follows at December 31, 2021 and 2020 (in thousands):

	2021			2020			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Gross DTAs	$ 32,166	$ 283	$ 32,449	$ 33,888	$ —	$ 33,888	$ (1,722)	$ 283	$ (1,439)
Statutory valuation allowance	—	—	—	—	—	—	—	—	—
Adjusted gross DTAs	32,166	283	32,449	33,888	—	33,888	(1,722)	283	(1,439)
Nonadmitted DTAs [1]	18,218	—	18,218	21,296	—	21,296	(3,078)	—	(3,078)
Subtotal net admitted DTAs	13,948	283	14,231	12,592	—	12,592	1,356	283	1,639
Gross DTLs	207	715	922	208	—	208	(1)	715	714
Net admitted DTAs	$ 13,741	$ (432)	$ 13,309	$ 12,384	$ —	$ 12,384	$ 1,357	$ (432)	$ 925

[1] DTAs are nonadmitted primarily because they are not expected to be realized within three years of the Statutory Statements of Financial Position date.

NOTE 14 - INCOME TAXES (continued)

The admission calculation components for the years ended December 31, 2021 and 2020 are as follows (paragraph references throughout Note 15 are to paragraphs of SSAP No. 101 "Income Taxes, A Replacement of SSAP No. 10R and SSAP No. 10") (in thousands):

	December 31, 2021			December 31, 2020			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Federal income taxes paid in prior years recoverable through loss carrybacks (Paragraph 11.a)	$ 1,937	$ —	$ 1,937	$ —	$ —	$ —	$ 1,937	$ —	$ 1,937
Adjusted gross DTAs expected to be realized (excluding the amount of DTAs from paragraph 11.a above) after application of the threshold limitation (the lesser of paragraph 11.b.i and 11.b.ii below):	11,372	—	11,372	12,384	—	12,384	(1,012)	—	(1,012)
Adjusted gross DTAs expected to be realized following the balance sheet date. (Paragraph 11.b.i)	11,372	—	11,372	13,538	—	13,538	(2,166)	—	(2,166)
Adjusted gross DTAs allowed per limitation threshold (Paragraph 11.b.ii)	N/A	N/A	14,784	N/A	N/A	12,384	N/A	N/A	2,400
Adjusted gross DTAs (excluding the amount of DTAs from paragraphs 11.a and 11.b above) offset by gross DTLs (Paragraph 11.c)	639	283	922	208	—	208	431	283	714
DTAs admitted as the result of application of SSAP 101 (Total of paragraphs 11.a, 11.b, 11.c).	$ 13,948	$ 283	$ 14,231	$ 12,592	$ —	$ 12,592	$ 1,356	$ 283	$ 1,639

The ratio used to determine the applicable period used in paragraph 11.b.i above and the amount of adjusted capital and surplus used to determine the percentage threshold limitation in paragraph 11.b.ii above are as follows ($ in thousands):

	December 31,	
	2021	2020
Ratio percentage used to determine recovery period and threshold limitation amount.	453%	372%
Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in paragraph 11.b.ii above.	$98,563	$82,559

There was no impact on adjusted gross and net admitted DTAs due to tax planning strategies at December 31, 2021 and 2020. The Company did not use reinsurance in its tax planning strategies.

The Company had no unrecognized DTLs at December 31, 2021 and 2020. Additionally, the Company had no adjustments to gross DTAs because of a change in circumstances that causes a change in judgment about the realizability of the related DTAs.

Significant components of the current federal and foreign income taxes for the years ended December 31, 2021 and 2020 were as follows (in thousands):

	2021	2020	Change
Federal and foreign tax expense[1]	$ 1,937	$ 1,027	$ 910
Federal income tax on net capital gains (losses)	—	164	(164)
Total federal and foreign income taxes	$ 1,937	$ 1,191	$ 746

[1] The Company had no investment tax credits for the years ended December 31, 2021 and 2020, respectively.

NOTE 14 - INCOME TAXES (continued)

The tax effects of temporary differences that give rise to DTAs and DTLs at December 31, 2021 and 2020 were as follows (in thousands):

	2021	2020	Change
DTAs			
Ordinary:			
Other insurance and contract holder liabilities	$ 6,923	$ 6,389	$ 534
Investments	6,712	8,316	(1,604)
Deferred acquisition costs	315	—	315
Receivables - nonadmitted	3,734	3,497	237
Other (including items <5% of total ordinary tax assets)	27	4	23
Goodwill and Intangibles	14,455	15,682	(1,227)
Subtotal	32,166	33,888	(1,722)
Non-admitted	18,218	21,296	(3,078)
Statutory valuation adjustment	—	—	—
Admitted ordinary DTAs	13,948	12,592	1,356
Capital:			
Net capital loss carry-forward	283	—	283
Subtotal	283	—	283
Nonadmitted	—	—	—
Admitted capital DTAs	283	—	283
Total admitted DTAs	14,231	12,592	1,639
DTLs			
Ordinary:			
Investments	95	—	95
Deferred & uncollected premium	111	208	(97)
Other	1	—	1
Subtotal	207	208	(1)
Capital:			
Investments	715	—	715
Subtotal	715	—	715
Total DTLs	922	208	714
Net admitted DTAs	$ 13,309	$ 12,384	$ 925
Deferred income tax (expense)/benefit on change in net unrealized capital gains/(losses)			$ —
Decrease in net deferred tax related to other items			(2,153)
Decrease in deferred tax asset nonadmitted			3,078
Total change in net admitted DTAs			$ 925

NOTE 14 - INCOME TAXES (continued)

Pursuant to the acquisition of the Company on December 31, 2020 by New York Life, the Company elected to step up the tax basis of its assets under the Internal Revenue Code 338(h)(10). This resulted in following changes in deferred taxes on the acquisition date (in thousands):

	2020
Investments	$ 7,936
Deferred acquisition costs	(1,296)
Policyholder reserves	1,959
Goodwill and intangible assets	15,370
Other	4
Increase in net deferred tax	23,973
Increase in deferred tax asset nonadmitted	(17,653)
Total change in net deferred tax asset	$ 6,320

The Company's income tax expense (benefit) and change in deferred tax assets/deferred tax liabilities at December 31, 2021 and 2020 differs from the amount obtained by applying the statutory rate of 21% to net gain from operations after dividends to policyholders and before federal income taxes for the following reasons (in thousands):

	2021	2020	Change
Net gain from operations after dividends to policyholders and before federal and foreign income taxes at statutory rate	$ 3,900	$ (1,919)	$ 5,819
Net realized capital losses at statutory rate	432	125	$ 307
Investment items	(14)	(148)	134
Change in nonadmitted assets	(237)	(1,434)	1,197
IMR	(163)	(70)	(93)
§338(h)(10) tax basis step up	—	(23,973)	23,973
Other items impacting surplus	171	—	171
Other, net	1	14	(13)
Federal and foreign income taxes incurred and change in net deferred taxes during the year	$ 4,090	$ (27,405)	$ 31,495
Federal and foreign income tax expense reported in the Company's Statutory Summary of Operations	$ 1,937	$ 1,191	$ 746
Change in net deferred income taxes	2,153	(28,596)	30,749
Federal and foreign income taxes incurred and change in net deferred taxes during the year	$ 4,090	$ (27,405)	$ 31,495

For the tax year 2021, the Company's federal income tax return is consolidated with New York Life, New York Life Insurance and Annuity Corporation, NYLIFE Insurance Company of Arizona, NYLIFE LLC, New York Life Enterprises LLC, New York Life Investment Management Holdings LLCs, NYL Investors LLC, LINA, and LINA Benefit Payments, Inc. Refer to Note - 3 Significant Accounting Policies - Federal Income Taxes.

For the tax year 2020 and prior, the Company's federal income tax return was consolidated with Cigna and its subsidiaries.

The New York Life consolidated federal income tax returns are routinely audited by the IRS and provisions are made in the financial statements in anticipation of the results of these audits. The IRS examination has not begun for 2021. The Company believes that its recorded income tax liabilities are adequate for all open years.

NOTE 14 - INCOME TAXES (continued)

The statute of limitations for Cigna's consolidated income tax returns through 2016 have closed. Cigna has filed amended consolidated tax returns for various years and the pending refunds are subject to IRS review. Cigna is currently under examination for 2015 through 2018.

The Company does not anticipate any significant changes to its total unrecognized tax benefits within the next 12 months.

The Company does not have repatriation transition tax owed under Tax Cuts and Jobs Act.

The Company had following carry forwards available for tax purposes (in thousands):

	Amount	Origination Date	Expiration Date
Capital loss	$ 1,346	2021	2026

The Company has income taxes incurred in current and prior years that will be available for recoupment in the event of future net losses (in thousands):

	Ordinary	Capital
Year 2021	$ 1,937	$ —
Year 2020	—	—
Year 2019	—	—

At December 31, 2021 and 2020, the Company recorded a current income tax receivable of $1,327 thousand and $0 thousand, respectively, which is included in Other assets in the accompanying Statutory Statements of Financial Position.

On March 27, 2020, the Coronavirus Aid, Relief, and Economics Security Act (the "CARES Act") was enacted into law. Enactment of the CARES Act did not have a financial impact on the Company.

At December 31, 2021, the Company had no protective tax deposits on deposit with the Internal Revenue Service under Section 6603 of the Internal Revenue Service Code.

NOTE 15 - CAPITAL AND SURPLUS

Capitalization

The Company has 40,000 shares authorized, issued and outstanding, with a par value of $27.50 per share. All shares are common stock and are owned by New York Life. The Company has no preferred stock.

Nonadmitted Assets

Under statutory accounting rules, a nonadmitted asset is defined as an asset having economic value other than that which can be used to fulfill policyholder obligations, or those assets that are unavailable due to encumbrances or other third-party interests. These assets are not recognized in the accompanying Statutory Statements of Financial Position, and are, therefore, considered nonadmitted. The changes between years in nonadmitted assets are charged or credited directly to surplus.

NOTE 16 - DIVIDENDS TO STOCKHOLDER

The Company is subject to restrictions on the payment of dividends to New York Life. Under the state of New York insurance laws, cash dividends can be paid only out of that part of the Company's available and accumulated surplus funds which are derived from realized net operating profits on its business and realized capital gains, and dividends (or other distributions) on capital stock can be declared and paid only out of earned surplus (being an amount equal to the unassigned funds of the Company as set forth in its most recent annual statement submitted to the New York State Insurance Superintendent ("the Superintendent"), including all or part of the surplus arising from unrealized capital gains or revaluation of assets), except as otherwise approved by the Superintendent (provided that stock dividends may be paid out of any available surplus funds). Furthermore, no extraordinary dividend may be paid until 30 days after the Superintendent has received notice of such declaration and has not disapproved such payment within such 30 day period, or the Superintendent has approved such payment within that 30 day period. Extraordinary dividends are defined as any dividend or distribution or cash or other property, whose fair market value, together with that of other dividends or distributions made within the preceding 12 months, exceeds the greater of (1) 10 percent of the Company's surplus as regards policyholders as of the preceding December 31 or (2) the net gain from operations of the Company for the 12 month period ending on the preceding December 31 (not including pro rata distributions of any class of the Company's own securities).

At December 31, 2021, the amount of earned surplus of the Company available for the payment of dividends was $105,522 thousand. The maximum amount of dividends that may be paid in 2022 without prior notice to or approval of the Department is $$17,066 thousand.

Dividends may be declared by the Board of Directors of the Company from available surplus, as it deems appropriate, on a non-cumulative basis. In 2021, the Company did not pay a dividend to its sole stockholder, New York Life. In 2020, the Company did not pay a dividend, to its sole stockholder CHC prior to the acquisition by New York Life.

NOTE 17 - WRITTEN PREMIUMS

Deferred and uncollected life insurance premiums and annuity considerations at December 31, 2021 and 2020 were as follows (in thousands):

	2021		2020	
	Gross	Net of Loading	Gross	Net of Loading
Group Life	$ 7,882	$ 7,882	$ 11,366	$ 11,366

Deferred premium is the portion of the annual premium not earned at the reporting date. Loading of deferred premium is an amount obtained by subtracting the valuation net deferred premium from the gross deferred premium and generally includes allowances for acquisition costs and other expenses.

Uncollected premium is gross premium net of reinsurance that is due and unpaid at the reporting date. Net premium is the amount used in the calculation of reserves. The change in loading is included as an expense and is not shown as a reduction to premium income.

NOTE 18 - SUBSEQUENT EVENTS

At May 9, 2022, the date the financial statements were available to be issued, there have been no events occurring subsequent to the close of the Company's books or accounts for the accompanying statutory financial statements that would have a material effect on the financial condition of the Company.

GLOSSARY OF TERMS

Term	Description
AVR	Asset valuation reserve
CHC	Cigna Holding Company
CGLIC	Connecticut General Life Insurance Company
CHLIC	Cigna Health & Life Insurance Company
CARES Act	Coronavirus Aid, Relief, and Economic Security Act
CII	Cigna Investments, Inc.
DTA	Deferred tax asset(s)
DTL	Deferred tax liability(ies)
IMR	Interest maintenance reserve
IRS	Internal Revenue Service
LINA	Life Insurance Company of North America
LTV	Loan to value ratio
NAIC	National Association of Insurance Commissioners
NAIC SAP	National Association of Insurance Commissioners' Accounting Practices and Procedures
NAV	Net asset value
New York Life	New York Life Insurance Company
OTTI	Other-than-temporary impairment(s)
PBR	Principle-based reserving
SSAP	Statement of statutory accounting principle
TDR	Troubled debt restructuring
The Company	New York Life Group Insurance Company of NY
The Department	New York State Department of Financial Services
U.S. GAAP	Accounting principles generally accepted in the United States of America