NEW YORK LIFE GROUP INSURANCE COMPANY OF NY
(f/k/a CIGNA LIFE INSURANCE COMPANY OF NEW YORK)

(A WHOLLY – OWNED SUBSIDIARY OF NEW YORK LIFE INSURANCE COMPANY)

STATUTORY FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

Report of Independent Auditors

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

We have audited the accompanying statutory financial statements of New York Life Group Insurance Company of New York (the "Company"), which comprise the statutory statements of admitted assets, liabilities and surplus as of December 31, 2020 and 2019, and the related statutory statements of income and changes in surplus, and of cash flows for the years then ended.

Management's Responsibility 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.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. 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 1 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 is a 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 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

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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" paragraph, the financial statements referred to above 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, 2020 and 2019, or the results of its operations or its cash flows for the years then ended.

Opinion on Statutory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the admitted assets, liabilities and surplus of the Company as of December 31, 2020 and 2019 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 1.

PricewaterhouseCoopers LLP

New York, New York
May 24, 2021

NEW YORK LIFE GROUP INSURANCE COMPANY OF NY
(f/k/a CIGNA LIFE INSURANCE COMPANY OF NEW YORK)
(A WHOLLY-OWNED SUBSIDIARY OF NEW YORK LIFE INSURANCE COMPANY)

STATUTORY BALANCE SHEETS

(In thousands, except share information)

As of December 31,		**2020**		**2019**
ASSETS				
Cash and invested assets:				
Bonds, principally at amortized cost (fair value, $431,859; $361,790)	$	**394,163**	$	341,204
Cash, cash equivalents and short-term investments		**11,004**		46,254
Total cash and invested assets		**405,167**		387,458
Amounts due from reinsurers		**3,919**		1,838
Deferred tax assets		**12,384**		4,370
Premiums and considerations receivable		**29,428**		23,518
Accrued investment income		**3,930**		3,896
Other assets		**6,217**		3,336
Total assets	$	**461,045**	$	424,416
LIABILITIES				
Aggregate reserves for life, accident and health policies and contracts	$	**274,742**	$	247,907
Contract claims – life, accident and health		**35,212**		28,092
Liability for deposit-type contracts		**18,589**		14,961
Other policy and contract liabilities		**4,461**		4,319
Accrued commissions, expenses and taxes		**5,188**		4,793
Remittances and items not allocated		**18,189**		11,858
Asset valuation reserve		**3,333**		3,463
Interest maintenance reserve		**2,001**		1,382
Other reinsurance payables		**2,774**		-
Federal income taxes payable		**-**		684
Payable to parent, subsidiaries and affiliates		**1,582**		1,938
Other liabilities		**31**		139
Total liabilities	$	**366,102**	$	319,536
CAPITAL AND SURPLUS				
Capital stock (40,000 shares issued and outstanding)	$	**1,100**	$	1,100
Paid-in surplus		**5,250**		5,815
Unassigned funds		**88,593**		97,965
Total capital and surplus		**94,943**		104,880
Total liabilities and capital and surplus	$	**461,045**	$	424,416

The accompanying Notes to the Statutory Financial Statements are an integral part of these statements.

NEW YORK LIFE GROUP INSURANCE COMPANY OF NY
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(A WHOLLY-OWNED SUBSIDIARY OF NEW YORK LIFE INSURANCE COMPANY)

STATUTORY STATEMENTS OF INCOME AND CHANGES IN CAPITAL AND SURPLUS

(In thousands) *For the years ended December 31,*	2020	2019
REVENUES		
Premiums and annuity and other considerations	$ **233,339**	$ 217,092
Net investment income and amortization of interest maintenance reserve	**15,267**	17,148
Total	**248,606**	234,240
BENEFITS AND EXPENSES		
Benefits expense	**193,385**	165,527
Interest and adjustments on policy or contract funds	**251**	719
Increase in policy reserves	**26,835**	10,870
Commissions expense	**12,304**	11,452
Insurance taxes, licenses and fees	**6,219**	5,789
General insurance expenses and taxes	**18,750**	21,340
Total	**257,744**	215,697
(LOSS) INCOME FROM OPERATIONS BEFORE FEDERAL AND FOREIGN INCOME	**(9,138)**	18,543
Federal and foreign income taxes	**1,027**	4,198
(LOSS) INCOME FROM OPERATIONS	**(10,165)**	14,345
Realized capital (losses) gains, net of taxes and interest maintenance reserve	**(523)**	761
NET (LOSS) INCOME	**(10,688)**	15,106
Dividends paid to stockholder	**-**	(17,900)
Additional reductions to surplus	**(565)**	-
Change in:		
Net deferred income tax	**28,596**	740
Non-admitted assets	**(27,410)**	(2,852)
Asset valuation reserve	**130**	1,001
Net decrease in capital and surplus	**(9,937)**	(3,905)
Capital and surplus, beginning of year	**104,880**	108,785
CAPITAL AND SURPLUS, End of Year	$ **94,943**	$ 104,880

The accompanying Notes to the Statutory Financial Statements are an integral part of these statements.

NEW YORK LIFE GROUP INSURANCE COMPANY OF NY
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STATUTORY STATEMENTS OF CASH FLOWS

(In thousands) *For the years ended December 31,*	**2020**	2019
NET CASH FROM OPERATIONS		
Premiums and annuity and other considerations	$ **220,877**	$ 212,745
Net investment income	**14,992**	17,702
Other income	**52**	-
Total revenues received	**235,921**	230,447
Benefits and loss related payments	**194,186**	166,078
Commissions, expenses and taxes	**28,578**	34,874
Total benefits, expenses and transfers paid	**222,764**	200,952
Federal and foreign income taxes paid	**1,875**	3,276
Total expenses paid	**224,639**	204,228
Net cash provided by operations	**11,282**	26,219
NET CASH FROM INVESTMENTS		
Proceeds from investments sold, matured or repaid:		
Bonds	**66,102**	94,394
Other	**203**	130
Net proceeds from investments sold, matured or repaid	**66,305**	94,524
Cost of investments acquired:		
Bonds	**(118,900)**	(65,144)
Other	**(147)**	(119)
Net cost of investments acquired	**(119,047)**	(65,263)
Net cash (used in) provided by investment activities	**(52,742)**	29,261
NET CASH FROM FINANCING		
Dividends paid to stockholder	**-**	(17,900)
Capital and paid in surplus	**(565)**	
Net deposits on deposit-type contracts and other insurance liabilities	**3,629**	482
Other sources (uses)	**3,146**	(241)
Net cash provided by (used in) financing activities	**6,210**	(17,659)
Net (decrease) increase in cash, cash equivalents and short-term investments	**(35,250)**	37,821
Cash, cash equivalents and short-term investments, beginning of year	**46,254**	8,433
Cash, cash equivalents and short-term investments, end of year	$ **11,004**	$ 46,254

The accompanying Notes to the Statutory Financial Statements are an integral part of these statements.

The Company reported the following non-cash operating, investing and financing activities:	*2020*	*2019*
Bond exchanges allowed under Rule 144A of the 1933 Securities Act and other security restructures	*$ 4,251*	*$ 8,218*

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GOING CONCERN

New York Life Acquisition

On December 31, 2020, Cigna's group life and group disability business which includes New York Life Group Insurance Company of NY ("the Company") and Life Insurance Company of North America ("LINA"), was acquired by New York Life Insurance Company ("New York Life"). Effective March 10, 2021, the Company has been 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.

Nature of Operations

The Company is a direct wholly-owned subsidiary of 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.

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 novel coronavirus ("COVID-19") pandemic continues to spread in the United States and throughout the world, and has created and may continue to create extreme stress and disruption in the global economy and financial markets, as well as elevated mortality and morbidity experience for the global population. The ultimate extent of the impact 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 effectiveness of responses to the pandemic taken by governments and private sector businesses, and the impacts on New York Life's customers, employees and vendors. The Company continues to monitor the economic environment and other potential impacts relating to the COVID-19 pandemic as it relates to the risks described below on its insurance liabilities, investment portfolio and business operations.

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 and investment 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 relies on 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, for any reason 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.

NOTES TO FINANCIAL STATEMENTS

A. Accounting Practices

The Statutory Financial Statements of the Company are presented in conformity with accounting practices prescribed or permitted by the State of New York Insurance Department (the "Department"). The Department has adopted the National Association of Insurance Commissioners' ("NAIC") Statutory Accounting Principles ("SAP" or "SSAPs").

The Company's net income (loss) and capital and surplus do not differ between practices prescribed by the Department and NAIC SAP for the years ended December 31, 2020 and 2019.

B. Use of Estimates in the Preparation of the Financial Statements

The preparation of financial statements in conformity with NAIC SAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. NAIC SAP also requires disclosure of contingent assets and liabilities at the date of the financial statements and the related amounts of revenue and expenses during the period. Significant estimates are discussed throughout these Notes; however, actual results could differ from those estimates.

C. Accounting Policy

(1) Financial Instruments: In the normal course of business, the Company enters into transactions involving various types of financial instruments. These financial instruments may include various instruments recorded on the balance sheet and off-balance sheet financial instruments. These instruments may change in value due to interest rate and market fluctuations and most also have credit risk. The Company evaluates and monitors each financial instrument individually and, when management considers it appropriate, uses a derivative instrument or obtains collateral or another form of security to minimize risk of loss.
The Company estimates fair values of financial instruments using prices from third parties or internal pricing methods. Fair value estimates received from third-party pricing services are based on reported trade activity and quoted market prices when available and other market information that a market participant may use to estimate fair value. The internal pricing methods generally involve using discounted cash flow analyses that incorporate current market inputs for similar financial instruments with comparable terms and credit quality as well as other qualitative factors. In instances where there is little or no market activity for the same or similar instruments, the fair value is estimated using methods, models and assumptions that the Company believes a hypothetical market participant would use to determine a current transaction price. See Note 12 for information on the Company's fair value measurements.

(2) Cash and Cash Equivalents: Cash and cash equivalents consist of cash and short-term investments that will mature in three months or less from the time of purchase. Cash equivalents and short-term investments are carried at cost.

(3) Investments: Investments are valued in accordance with the requirements of the NAIC. The carrying values of investments are generally stated as follows:

Bonds and Short-term Investments. Investments in bonds and short-term investments are carried at amortized cost, except those in or near default, that are carried at the lesser of cost or fair value. Amortization of bond premium or discount is calculated using the scientific (constant yield) interest method. Bonds containing call provisions are amortized to call date which produces the lowest asset value (yield to worst). Investments with original maturities of one year or less from the time of purchase are classified as short-term. Bonds are considered impaired and their cost basis is written down to fair value through an asset valuation reserve for credit-related losses or an interest maintenance reserve for interest-related losses, when management expects a decline in value to persist (i.e., the decline is other-than-temporary).

Loan-backed and Other Structured Securities. Loan-backed bonds and structured securities are valued at amortized cost using the constant level yield method. Significant changes in estimated cash flows from the original purchase assumptions are accounted for generally using the retrospective adjustment method. When loan-backed and structured securities have potential for loss of a significant portion of the original investment, significant changes in estimated cash flows from the original purchase assumptions are accounted for using the prospective method. These securities are presented on the balance sheet as bonds.

NOTES TO FINANCIAL STATEMENTS

Prepayment assumptions for loan-backed securities and other structured securities were obtained from external financial data sources. These assumptions are consistent with the current interest rate and economic environment.

When the Company determines it does not expect to recover the amortized cost basis of loan-backed or structured securities with declines in fair value (even if it does not intend to sell and has the intent and ability to hold), the non-interest portion of the impairment loss is recognized in realized investment losses. The non-interest portion is the difference between the amortized cost basis of the loan-backed or structured security and the net present value of its expected future cash flows. Expected future cash flows are based on assumptions about the collateral attributes, including prepayment speeds, default rates and changes in value.

Net Investment Income. When interest and principal payments on investments are current, the Company recognizes interest income when it is earned. The Company stops recognizing interest income for bonds when interest payments are 90 days past due and for commercial mortgage loans when payment is considered delinquent or when certain terms (interest rate or maturity date) of the investment have been restructured. Net investment income on these investments is only recognized when interest payments are received.

Investment Gains and Losses. Unrealized capital gains and losses on investments carried at fair value are reflected directly in unassigned surplus. Realized capital gains and losses resulting from sales, investment asset write-downs and changes in valuation reserves are based on specifically identified assets and are recognized in net income, subject to the interest maintenance reserve policy described below.

(4) Non-admitted Assets: In accordance with various SSAP's, certain assets or certain portions of assets are excluded from the Company's admitted assets on its balance sheet through a direct charge to unassigned surplus. Certain assets are limited by factors, such as a percentage of surplus, as to the amounts that qualify as admitted assets. Such assets include electronic data processing equipment and deferred tax assets.

(5) Aggregate Reserves: Aggregate reserves for life, health and annuity policies are established in amounts that are adequate to meet the estimated future obligations of policies in force and that equal or exceed the required statutory minimums. For individual life policies, liabilities were calculated using the net level premium method and the modified preliminary term method. Annuity liabilities are calculated in such a way that they equal or exceed those produced by application of the Commissioner's Annuity Reserve Valuation Method. Valuation of individual life insurance and annuity policies assumes interest discount using rates that do not exceed the statutory maximums. Discount rates ranged from 2.25% to 10.25% in 2020 and 2.75% to 10.25% in 2019, with some rates grading to lower levels over time. Mortality and morbidity assumptions are predominantly based on industry tables and are at least as conservative as the statutory minimums. The Company discounts the liabilities for certain cancelable disability insurance business. The liabilities for discounted reserves were $226 million at December 31, 2020, and $205 million at December 31, 2019. The aggregate amount of discount was $41 million at December 31, 2020, and $38 million at December 31, 2019.

(6) Premium and Deposit Fund Liabilities: Premium and deposit funds are liabilities for investment-related products. These liabilities primarily consist of Retained Asset Account deposits, deposits received from customers and accumulated net investment income on their fund balances less accumulated administrative charges.

(7) Other Policy and Contract Liabilities: Liabilities for other policy and contract 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 unpaid claims.

(8) Premiums and Annuity Considerations: Premiums for individual and group life, disability, and accident insurance are considered revenue when due.

(9) Income Taxes: For the tax years 2020 and prior, the Company was included in the consolidated United States federal income tax return filed by Cigna. Pursuant to the Tax Sharing Agreement with Cigna, federal income taxes are 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 are 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 deferred tax asset 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 4.

(10) Asset Valuation Reserve (“AVR”): The AVR is a reserve designed to reduce the impact on unassigned surplus of fluctuations in the fair value of all invested assets by providing an investment reserve for potential future losses on invested assets. The AVR is calculated in accordance with methods prescribed by the NAIC.

(11) Interest Maintenance Reserve (“IMR”): The IMR is a reserve designed to defer realized capital gains and losses resulting from general interest rate changes. As prescribed by the NAIC, such realized capital gains and losses, net of related taxes, are deferred and amortized to net investment income over the stated or expected maturity of the invested asset disposed. To the extent the deferral of capital losses results in a net asset, such amount will be non-admitted.

(12) Reinsurance in Unauthorized Companies: The Company has ceded insurance liabilities with insurers not licensed in New York, or not approved by the Department. To the extent such liabilities are not covered by collateral or other security, New York insurance regulations require the establishment of a liability through a charge to surplus equal to the ceded liabilities placed with such companies. There were no such liabilities as of December 31, 2020 and 2019.

(13) Other Liabilities: Other liabilities consist of various insurance-related liabilities including amounts related to deposit-type contracts, reinsurance contracts, accrued commissions, general expenses including premium and state taxes, postretirement and post-employment benefits, and escheat liabilities. Legal costs to defend the Company’s litigation and arbitration matters are expensed when incurred in cases where the Company cannot reasonably estimate the ultimate cost to defend. In cases where the Company can reasonably estimate the cost to defend, these costs are recognized when the claim is reported.

(14) Differences between NAIC SAP and GAAP: Statutory accounting principles as described above differ in some respects from GAAP. Principal differences under GAAP from these statutory financial statements include the following:

- Aggregate reserves for life policies are calculated using mortality, interest and expense assumptions derived from the Company's own experience or various actuarial tables.
- Bonds classified as available-for-sale are carried at fair value. Adjustments to fair value are recorded in shareholders’ equity as net unrealized appreciation or depreciation on investments, net of amounts required to adjust future policy benefits for run-off settlement annuity business and deferred income taxes.
- GAAP deferred tax assets or liabilities include financial statement items that are recognized differently for GAAP than for statutory accounting purposes. The GAAP tax asset does not currently include a valuation allowance which reflects management’s assessment as

to whether certain deferred tax assets will be realizable. These assessments could be revised in the near term if underlying circumstances change. Statutory deferred tax assets are limited to the admittable amount allowed in accordance with SSAP 101.
- Acquisition costs are deferred and amortized over the estimated contract period of the related policies.
- Reinsurance recoverables are presented as assets and are not netted against insurance liabilities.

In addition, other principal differences under GAAP from these statutory financial statements include the following:

- Non-admitted assets (including furniture and equipment) less applicable allowance accounts are restored to the balance sheet.
- The AVR and IMR are not recorded.
- The liability for reinsurance in unauthorized companies is not recorded.

D. Recent Accounting Pronouncements

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, hedging relationships and other transactions 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 and hedging relationships. Since most of the Company's contracts and hedging relationships 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 financial condition or results of operations.

NOTE 2 - ACCOUNTING CHANGES AND DIFFERENCE BETWEEN FILED ANNUAL STATEMENT AND AUDITED FINANCIAL STATEMENTS

The accompanying statutory financial statements do not agree to the 2020 annual statement of the Company. The differences in the Statutory Statement of Financial Position, the Statutory Statement of Operations and the Statutory Statement of Changes in Capital and Surplus at and for the year ended December 31, 2020 are summarized in the table below:

(In thousands)	As reported in the 2020 annual statement	Difference	As reported in accompanying statutory financial statements
Statutory Statement of Financial Position:			
Deferred tax assets	$ 12,879	$ (495)	$ 12,384
Aggregate reserves for life, accident and health policies and contracts	$ 271,633	$ 3,109	$ 274,742
Contract claims – life, accident and health	$ 35,019	$ 193	$ 35,212
Unassigned surplus	$ 92,390	$ (3,797)	$ 88,593
Statutory Statement of Operations:			
Benefits expense	$ 193,192	$ 193	$ 193,385
Increase in policy reserves	$ 23,726	$ 3,109	$ 26,835
Net loss	$ (7,386)	$ (3,302)	$ (10,688)
Statutory Statement of Changes in Capital and Surplus:			
Change in net deferred income tax	$ 27,902	$ 694	$ 28,596
Change in non-admitted assets	$ (26,221)	$ (1,189)	$ (27,410)
Capital and surplus, end of year	$ 98,740	(3,797)	$ 94,943

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 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. The full review of these balances was completed after the filing of the 2020 annual statements due to the time constraints between the change in ownership and the annual statement filing date.

NOTE 3 – INVESTMENTS

A. Bonds

The amortized cost and market value by contractual maturity periods for bonds including short-term investments and cash equivalents, were as follows:

December 31, 2020

(In thousands)	Amortized Cost	Fair Value
Due in one year or less	$ 35,336	$ 35,646
Due after one year through five years	109,540	118,935
Due after five years through ten years	243,780	269,389
Due after ten years	14,633	15,737
Other asset-backed securities	5,874	7,152
Total	$ 409,163	$ 446,859

December 31, 2019

(In thousands)	Amortized Cost	Fair Value
Due in one year or less	$ 76,306	$ 76,644
Due after one year through five years	115,558	121,277
Due after five years through ten years	176,423	188,304
Due after ten years	15,824	17,183
Other asset-backed securities	9,665	10,954
Total	$ 393,776	$ 414,362

Gross unrealized appreciation (depreciation) for bonds by type of issuer was as follows:

December 31, 2020

(In thousands)	Amortized Cost	Unrealized Appreciation	Unrealized Depreciation	Fair Value
US government	$ 706	$ 10	$ -	$ 716
All other governments	3,502	58	-	3,560
States, territories and possessions	2,040	89	-	2,129
Political subdivisions of states, territories and possessions	10,730	589	-	11,319
Special revenue and assessment	9,370	634		10,004
Industrial and miscellaneous	360,483	35,131	(120)	395,494
Mortgage and other asset-backed securities	5,874	1,354	(76)	7,152
Hybrid securities	1,459	26	-	1,485
Total	$ 394,164	$ 37,891	$ (196)	$ 431,859

December 31, 2019

(In thousands)	Amortized Cost	Unrealized Appreciation	Unrealized Depreciation	Fair Value
US government	$ 956	$ 5	$ -	$ 961
All other governments	6,521	665	-	7,186
States, territories and possessions	6,094	173	-	6,267
Political subdivisions of states, territories and possessions	12,648	733	-	13,381
Special revenue and assessment	10,649	744	-	11,393
Industrial and miscellaneous	294,671	17,039	(63)	311,647
Mortgage and other asset-backed	9,665	1,316	(26)	10,955
Total	$ 341,204	$ 20,675	$ (89)	$ 361,790

Private placement bonds constituted 36% of the bond portfolio at December 31, 2020 and 41% at December 31, 2019.

Disposal information for bonds for the years ended December 31 was as follows:

(In thousands)	**2020**	**2019**
Proceeds	$66,101	$94,389
Gross gains	$1,635	$2,912
Gross losses	$895	$231

Review of Declines in Fair Value

Management reviews bonds with a decline in fair value from cost for impairment based on criteria that include:

- length of time and severity of decline;
- financial health and specific near term prospects of the issuer;
- changes in the regulatory, economic or general market environment of the issuer's industry or geographic region; and
- the Company's intent to sell or the likelihood of a required sale prior to recovery.

Based on this review, management believes the unrealized depreciation below to be temporary and, therefore, has not impaired these amounts. Bonds with a decline in fair value from cost (primarily investment grade corporate bonds) were as follows, including the length of time of such decline:

	December 31, 2020				**December 31, 2019**			
($ in thousands)	Fair Value	Amortized Cost	Unrealized Depreciation	Count	Fair Value	Amortized Cost	Unrealized Depreciation	Count
One year or less:								
Investment grade	$12,262	$12,398	($136)	10	$4,951	$4,989	($39)	6
Below investment grade	$471	$531	($60)	2	$1,805	$1,812	($6)	17
More than one year:								
Investment grade	-	-	-	-	$1,025	$1,043	($18)	1
Below investment grade	-	-	-	-	$687	$713	($26)	6

The unrealized depreciation of investment grade bonds is primarily due to increase in market yields since purchase. Net realized investment gains and losses before taxes and interest maintenance reserve included other-than-temporary impairments of bonds of $150 thousand in 2020 and $129 thousand in 2019.

Realized Investment Gains and Losses

Net realized investment gains and losses before taxes and interest maintenance reserve include impairments in the value of investments of $150 thousand in 2020 and $129 thousand in 2019. In addition, realized investment gains and losses before taxes and interest maintenance reserve primarily from the sale of bond assets were $740 thousand in 2020 and $2,878 thousand in 2019.

B. Debt Restructuring

The Company had no recorded investment in restructured assets as of December 31, 2020 or 2019 and no contractual commitments to extend credit to debtors owing receivables whose terms have been modified in a troubled debt restructuring as of December 31, 2020 or 2019.

The Company accrues interest income on impaired assets to the extent it is deemed collectible and the asset continues to perform under its original or restructured contractual terms.

C. Loan-Backed Securities

(1) Prepayment assumptions for loan-backed securities and other structured securities were obtained from external financial data sources. These assumptions are consistent with the current interest rate and economic environment.

(2) The Company had no loan-backed and structured securities with recognized other-than-temporary impairments where the Company had the intent to sell or does not have the intent and ability to retain the investment for a period of time sufficient to recover the amortized cost basis as of December 31, 2020.

(3) The Company had no loan-backed and structured securities with recognized other-than-temporary impairments where the present value of cash flow expected to be collected is less than the amortized cost basis as of December 31, 2020.

(4) As of December 31, 2020, loan-backed and structured securities with a decline in fair value from amortized cost were as follows, including the length of time of such decline *(in thousands)*:

a. The aggregate amount of unrealized losses:		
1. Less than 12 Months	$	137
2. 12 Months or Longer	$	-
b. The aggregate related fair value of securities with unrealized losses:		
1. Less than 12 Months	$	1,234
2. 12 Months or Longer	$	-

(5) Management reviews loan-backed and structured securities with a decline in fair value from cost for impairment based on criteria that include:

- length of time and severity of decline;
- financial and specific near-term prospects of the issuer;
- changes in the regulatory, economic, or general market environment of the issuer's industry or geographic region; and
- the Company's intent to sell or the inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost.

Based on this review, management believes the unrealized depreciation on loan-backed securities to be temporary and, therefore, has not impaired these amounts.

NOTES TO FINANCIAL STATEMENTS

D. Restricted Assets

(1) Restricted Assets (Including Pledged):

	Gross (Admitted & Nonadmitted) Restricted									Percentage	
	Current Year										
(in thousands, except where noted)	1	2	3	4	5	6	7	8	9	10	11
Restricted Asset Category	Total General Account (G/A)	G/A Supporting S/A Activity (a)	Total Separate Account (S/A) Restricted Assets	S/A Assets Supporting G/A Activity (b)	Total (1 plus 3)	Total from Prior Year	Increase/ (Decrease) (5 minus 6)	Total Nonadmitted Restricted	Total Admitted Restricted (5 minus 8)	Gross (Admitted & Nonadmitted)Restricted to Total Assets (c)	Admitted Restricted to Total Admitted Assets (d)
a. Subject to contractual obligation for which liability is not shown	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	0.00%	0.00%
b. Collateral held under security lending agreements	-	-	-	-	-	-	-		-	0.00%	0.00%
c. Subject to repurchase agreements	-	-	-	-	-	-	-		-	0.00%	0.00%
d. Subject to reverse repurchase agreements	-	-	-	-	-	-	-		-	0.00%	0.00%
e. Subject to dollar repurchase agreements	-	-	-	-	-	-	-		-	0.00%	0.00%
f. Subject to dollar reverse repurchase agreements	-	-	-	-	-	-	-		-	0.00%	0.00%
g. Placed under option contracts	-	-	-	-	-	-	-		-	0.00%	0.00%
h. Letter stock or securities restricted as to sale - excluding FHLB capital stock	-	-	-	-	-	-	-		-	0.00%	0.00%
i. FHLB capital stock	-	-	-	-	-	-	-		-	0.00%	0.00%
j. On deposit with states	706	-	-	-	706	706	(1)	-	706	0.15%	0.16%
k. On deposit with other regulatory bodies	-	-	-	-	-	-	-		-	0.00%	0.00%
l. Pledged as collateral to FHLB (including assets backing funding agreements)	-	-	-	-	-	-	-		-	0.00%	0.00%
m. Pledged as collateral not captured in other categories	-	-	-	-	-	-	-		-	0.00%	0.00%
n. Other restricted assets	-	-	-	-	-	-	-		-	0.00%	0.00%
o. Total Restricted Assets	$ 706	$ -	$ -	$ -	$ 706	$ 706	$ (1)	$ -	$ 706	0.15%	0.16%

(a) Subset of column 1

(b) Subset of column 3

(c) Column 5 divided by Asset Page, Column 1, Line 28

(d) Column 9 divided by Asset Page, Column 3, Line 28

NOTES TO FINANCIAL STATEMENTS

E. Prepayment Penalty and Acceleration Fees

December 31, 2020			
($ in thousands)		General Account	Separate Account
(1)	Number of CUSIPs	8	-
(2)	Aggregate amount of investment income	$ 285	$ -

December 31, 2019			
($ in thousands)		General Account	Separate Account
(1)	Number of CUSIPs	44	-
(2)	Aggregate amount of investment income	$ 251	$ -

NOTE 4 – INCOME TAXES

A. The components of the net deferred tax asset / (liability) at December 31 are as follows:

(1)

(In thousands)	2020			2019		
	Ordinary	**Capital**	**Total**	**Ordinary**	**Capital**	**Total**
(a) Gross deferred tax asset	$ 33,888	$ -	$ 33,888	$ 7,572	$ 37	$ 7,609
(b) Statutory Valuation allowance adjustment	-	-	-	-	-	-
(c) Adjusted gross deferred tax asset (1a - 1b)	33,888	-	33,888	7,572	37	7,609
(d) Non-admitted deferred tax asset	(21,296)	-	(21,296)	(715)	-	(715)
(e) Subtotal Net Admitted deferred tax asset (1c - 1d)	12,592	-	12,592	6,857	37	6,894
(f) Deferred tax liability	(208)	-	(208)	(2,524)	-	(2,524)
(g) Net admitted deferred tax asset (1e - 1f)	$ 12,384	$ -	$ 12,384	$ 4,333	$ 37	$ 4,370

(1)

(In thousands)	Change		
	Ordinary	**Capital**	**Total**
(a) Gross deferred tax asset	$ 26,316	$ (37)	$ 26,279
(b) Statutory Valuation allowance adjustment	-	-	-
(c) Adjusted gross deferred tax asset (1a - 1b)	26,316	(37)	26,279
(d) Non-admitted deferred tax asset	(20,582)	-	(20,582)
(e) Subtotal Net Admitted deferred tax asset (1c - 1d)	5,734	(37)	5,697
(f) Deferred tax liability	2,317	-	2,317
(g) Net admitted deferred tax asset (1e - 1f)	$ 8,051	$ (37)	$ 8,014

NOTES TO FINANCIAL STATEMENTS

(2) Admission calculation under 11.a.-11.c

(In thousands)	2020			2019		
	Ordinary	**Capital**	**Total**	**Ordinary**	**Capital**	**Total**
(a) Admitted pursuant to 11.a. (loss carrybacks)	$ -	$ -	$ -	$ 3,848	$ 37	$ 3,885
(b) Admitted pursuant to 11.b. (realization)	12,384	-	12,384	485	-	485
1. Realization per 11.b.i.	12,538	-	13,538	485	-	485
2. Limitation per 11.b.ii.	N/A	N/A	12,384	-	-	15,077
(c) Admitted pursuant to 11.c.	208	-	208	2,525	-	2,525
Total admitted adjusted gross deferred tax asset (2a+2b+2c)	$ 12,592	$ -	$ 12,592	$ 6,858	$ 37	$ 6,895

(2) Admission calculation under 11.a.-11.c

(In thousands)	Change		
	Ordinary	**Capital**	**Total**
(a) Admitted pursuant to 11.a. (loss carrybacks)	$ (3,848)	$ (37)	$ (3,885)
(b) Admitted pursuant to 11.b. (realization)	11,899	-	11,899
1. Realization per 11.b.i.	13,053	-	13,053
2. Limitation per 11.b.ii.	N/A	-	(2,693)
(c) Admitted pursuant to 11.c.	(2,317)	-	(2,317)
Total admitted adjusted gross deferred tax asset (2a+2b+2c)	$ 5,734	$ (37)	$ 5,697

(3) Used in 11.b.

	2020 Percentage	**2019 Percentage**
(a) Applicable ratio for realization limitation threshold	371.96%	457.43%
(b) Amount of adjusted capital and surplus used to determine recovery period and threshold	$82,559	$100,510

(4) Impact of Tax Planning Strategies (TPS) on adjusted gross DTAs and net admitted DTAs

	2020			2019		
	Ordinary	**Capital**	**Total**	**Ordinary**	**Capital**	**Total**
(a) Adjusted Gross DTAs (% of Total Adjusted Gross DTAs)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
(b) Net admitted Adjusted Gross DTAs (% of Total Net Admitted Adjusted Gross DTAs)	0.00%	0.00%	0.00%	0.00%	62.56%	0.53%
(c) Do TPS include a reinsurance strategy?			N/A			No

(4)

	Change		
	Ordinary	**Capital**	**Total**
Adjusted Gross DTAs (% of Total Adjusted Gross DTAs)	0.00%	0.00%	0.00%
Net admitted Adjusted Gross DTAs (% of Total Net Admitted Adjusted Gross DTAs)	0.00%	-62.56%	-0.53%
Do TPS include a reinsurance strategy?			No

NOTES TO FINANCIAL STATEMENTS

B. Temporary difference for which a deferred tax liability has not been established:

The Company had no unrecognized deferred tax liabilities as of December 31, 2020 and 2019.

C. Significant components of income taxes incurred and the changes in deferred tax assets and deferred tax liabilities were as follows:

(1) Current income taxes incurred consist of the following major components:

(In thousands)	2020	2019	Change
(a) Current federal income tax expense / (benefit)	$ 1,027	$ 4,198	$ (3,171)
(b) Foreign income tax expense / (benefit)	-	-	-
(c) Subtotal	1,027	4,198	(3,171)
(d) Tax expense on realized capital gains / (losses)	164	291	(127)
Federal and foreign income taxes incurred	$ 1,191	$ 4,489	$ (3,298)

(2) Deferred Tax Assets Resulting From Book/Tax Differences In:

(In thousands)	2020	2019	Change
Other insurance & contract holder liabilities	$ 6,389	$ 3,815	$ 2,574
Employee and retiree benefit plans	-	136	(136)
Deferred acquisition costs	-	1,195	(1,195)
Non-admitted assets	3,497	2,063	1,434
Investment, net	8,316	363	7,953
Other	4	37	(33)
Goodwill and intangibles	15,682	-	15,682
Gross deferred tax assets	33,888	7,609	26,279
Statutory valuation adjustment	-	-	-
Non-admitted deferred tax assets	(21,296)	(714)	(20,582)
Admitted deferred tax assets	$ 12,592	$ 6,895	$ 5,697

(3) Deferred Tax Liabilities Resulting From Book/Tax Differences In:

(In thousands)	2020	2019	Change
Other insurance & contract holder liabilities	$ -	$ 2,351	$ (2,351)
Investment, net	208	174	34
Other	-	-	-
Deferred tax liabilities	$ 208	$ 2,525	$ (2,317)

	2020	2019	Change
(4) Net Deferred Tax Assets/Liabilities	$ 12,384	$ 4,370	$ 8,014

Increase in net deferred tax related to other items	28,596
Increase in deferred tax asset non admitted	(20,582)
Total change in net deferred tax asset	$ 8,014

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):

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 non admitted		(17,653)
Total change in net deferred tax asset	$	6,320

D. Reconciliation of total statutory income taxes reported to tax at statutory rate:

The Company's income tax expense and change in deferred tax assets/deferred tax liabilities at December 31, 2020 and 2019 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)		**December 31, 2020**		**December 31, 2019**		**Change**
Provision computed at statutory rate	$	(2,047)	$	4,020	$	(6,067)
Investment items		(148)		(201)		53
Change in non-admitted assets		(1,434)		(528)		(906)
IMR		183		424		(241)
M&E		4		13		(9)
§338(h)(10) tax basis step up		(23,973)		-		(23,973)
Other, net		10		21		(11)
Total	$	(27,405)	$	3,749	$	(31,154)
Federal income taxes incurred	$	1,191	$	4,489	$	(3,298)
Change in net deferred income taxes		(28,596)		(740)		(27,856)
Total statutory income taxes	$	(27,405)	$	3,749	$	(31,154)

E. Carryforwards, recoverable taxes, and IRC Sec. 6603 deposits:

(1) The Company did not have any operating loss and tax credit carry forwards available for tax purposes.

(2) The Company has no income taxes incurred in current and prior years that will be available for recoupment in the event of future net losses.

(3) At December 31, 2020, the Company had no protective tax deposits on deposit with the Internal Revenue Service under Section 6603 of the Internal Revenue Service Code.

(4) 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.

F. Consolidated Federal Income Tax Return

The Company's federal income tax return is consolidated with the following entities:

As discussed in Note 1 – Significant Accounting Policies - Federal Income Taxes, As of January 1, 2021, the Company 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 LLC, NYL Investors LLC, LINA and LINA Benefit Payments, Inc.

For the tax year 2020, Cigna and its following subsidiaries:

Accredo Health Group, Inc.
Accredo Health, Inc.
AHG of New York, Inc.
Allegiance Benefit Plan Management Inc
Allegiance Cobra Services Inc
Allegiance Life & Health Insurance Co
Allegiance Re Inc
American Retirement Life Insurance Company
Arizona Healthplan Inc
Benefit Management Corp
BioPartners In Care, Inc.
Bravo Health Mid-Atlantic, Inc.
Bravo Health Pennsylvania, Inc.
Brighter, Inc.
Care Continuum, Inc.
CareAllies, Inc.
CG Individual Tax Benefit Payments Inc
CG Life Pension Benefit Payments Inc
CG LINA Pension Benefit Payments Inc
Chiro Alliance Corporation
Cigna Arbor Life Insurance Company
Cigna Behavioral Health Inc
Cigna Behavioral Health of California Inc
Cigna Behavioral Health of Texas
Cigna Benefit Technology Solutions, Inc.
Cigna Benefits Financing, Inc.
Cigna Dental Health Inc
Cigna Dental Health of California Inc
Cigna Dental Health of Colorado Inc
Cigna Dental Health of Delaware Inc
Cigna Dental Health of Florida Inc
Cigna Dental Health of Illinois Inc
Cigna Dental Health of Kansas Inc
Cigna Dental Health of Kentucky Inc
Cigna Dental Health of Maryland Inc
Cigna Dental Health of Missouri Inc
Cigna Dental Health of New Jersey Inc
Cigna Dental Health of North Carolina Inc
Cigna Dental Health of Ohio Inc
Cigna Dental Health of Pennsylvania Inc
Cigna Dental Health of Texas Inc
Cigna Dental Health of Virginia Inc
Cigna Dental Healthplan of Arizona Inc
Cigna Direct Marketing Company Inc.
Cigna Federal Benefits Inc
Cigna Global Holdings Inc
Cigna Global Insurance Company Limited
Cigna Global Reinsurance Company LTD
Cigna Health and Life Insurance Company
Cigna Health Corporation
Cigna Health Management Inc
Cigna Healthcare Benefits Inc
Cigna Healthcare Holdings Inc
Cigna Healthcare Inc
Cigna Healthcare Mid-Atlantic Inc
Cigna Healthcare of Arizona Inc
Cigna Healthcare of California Inc
Cigna Healthcare of Colorado Inc
Cigna Healthcare of Connecticut Inc
Cigna Healthcare of Florida Inc
Cigna Healthcare of Georgia Inc
Cigna Healthcare of Illinois Inc
Cigna Healthcare of Indiana Inc
Cigna Healthcare of Maine Inc
Cigna Healthcare of Massachusetts Inc
Cigna Healthcare of New Hampshire Inc
Cigna Healthcare of New Jersey Inc
Cigna Healthcare of North Carolina Inc
Cigna Healthcare of Pennsylvania Inc
Cigna Healthcare of South Carolina
Cigna Healthcare of St Louis Inc
Cigna Healthcare of Tennessee Inc
Cigna Healthcare of Texas Inc
Cigna Healthcare of Utah Inc
Cigna Holding Company
Cigna Holdings Inc
Cigna Holdings Overseas Inc
Cigna Integrated Care Inc
Cigna Intellectual Property Inc
Cigna International Corporation
Cigna International Finance Inc
Cigna International Services Inc
Cigna Investment Group Inc
Cigna Investments Inc
Cigna Life Insurance Company of New York
Cigna Linden Holdings Inc
Cigna Managed Care Benefits Company
Cigna National Health Insurance Company
Cigna Poplar Holdings Inc
Cigna RE Corporation
Cigna Resource Manager Inc
Cigna Worldwide Insurance Company
Connecticut General Benefit Payments Inc.
Connecticut General Corporation
Connecticut General Life Insurance Company
Curascript, Inc.
Diversified NY IPA, Inc.
Diversified Pharmaceutical Services, Inc.
ESI GP Holdings, Inc.
ESI Mail Order Processing, Inc.
ESI Mail Pharmacy Service, Inc.
Evernorth Enterprise Services, Inc.
Evernorth Health, Inc.
Evernorth Sales Operations, Inc.
Evernorth Strategic Development, Inc.
eviCore 1, LLC
Express Reinsurance Company
Express Scripts Administrators, LLC
Express Scripts Canada Holding Company
Express Scripts Health Information Network Partners, Inc.
Express Scripts Pharmaceutical Procurement, LLC
Express Scripts Pharmacy, Inc.
Express Scripts Sales Operations, Inc.
Express Scripts Senior Care Holdings, Inc.
Express Scripts Senior Care, Inc.
Express Scripts Services Company, Inc.
Express Scripts Specialty Distribution Services, Inc.
Express Scripts Strategic Development, Inc.
Express Scripts Utilization Management, Inc.
Express Scripts, Inc.
Former Cigna Investments Inc
Freco, Inc.
GreatWest Healthcare of Illinois Inc
Hazard Center Investment Co LLC
Healthbridge Reimbursement & Product Support, Inc.
Healthbridge, Inc.
Healthsource Benefits Inc
Healthsource Inc
Healthsource Properties Inc
Healthspring Life & Health Insurance Company
Healthspring of Florida, Inc.
Healthspring, Inc.
IHN Inc.
Intermountain Underwriters Inc
Kronos Optimal Health Company
Life Ins Co of North America
LINA Benefit Payments Inc
Loyal American Life Insurance Company
Lynnfield Compounding Center, Inc.
Lynnfield Drug, Inc.
MAH Pharmacy, LLC
Managed Care Consultants Inc
Matrix Healthcare Services, Inc.
MCC Independent Practice Assoc of New York Inc
Medco Containment Insurance Company of New York
Medco Containment Life Insurance Company
Medco Health Information Network Partners, Inc.
Medco Health Puerto Rico, LLC
Medco Health Services, Inc.
Medco Health Solutions, Inc.
Mediversal Inc
Medsolutions Holdings, Inc.
Medsolutions of Texas, Inc.
Priority Healthcare Corporation
Priority Healthcare Distribution, Inc.
Provident American Life and Health Insurance Company
QUALCARE ALLIANCE NETWORKS, INC.
QUALCARE, INC.
Sagamore Health Network Inc
SCIBAL ASSOCIATES, INC.
Spectracare Health Care Ventures, Inc.
SpectraCare, Inc.
Tel-Drug Inc
United Benefit Life Insurance Company
Universal Claims Administration
Verity Solutions Group, Inc.

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 Internal Revenue Service (IRS) review. Cigna is currently under examination for 2015 and 2017.

G. Federal or Foreign Income Tax Loss Contingencies

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

H. Repatriation Transition Tax

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

I. Alternative Minimum Tax (AMT) Credit

The Company does not have an AMT credit that was recognized as a current year recoverable or DTA.

NOTE 5 – INFORMATION CONCERNING PARENT, SUBSIDIARIES, AFFILIATES AND OTHER RELATED PARTIES

A. The Company became a directly owned subsidiary of New York Life at December 31, 2020.

B. Except for those insurance transactions reported under Part E of this footnote, insurance contracts that were issued by the Company in the ordinary course of its business are not reported in this footnote. See Part E of this footnote for disclosure of material transactions.

C. Transactions with Related Parties not reported on Schedule Y.

The following significant agreements were in place with Cigna prior to the Company's acquisition by New York Life. These agreements were terminated during 2020 (amounts shown *in thousands*):

NOTES TO FINANCIAL STATEMENTS

1) Detail of Material Related Party Transactions

Ref #	Date of Transaction	Name of Related Party	Nature of Relationship	Type of Transaction	Written Agreement (Yes/No)	Due Date	Reporting Period Date Amount Due From (To)
1	None in 2020	Cigna	Prior to December 31, 2020, the Company was indirectly owned by Cigna.	The Company was the lender in a line of credit agreement with Cigna under which the maximum amount that may be loaned was the lesser of 3% of admitted assets or 25% of surplus, up to $25 million.	Yes	N/A	$-

2) Detail of Material Related Party Transactions Involving Services

Ref #	Name of Related Party	Overview Description	Amount Charged	Amount Based on Allocation of Costs or Market Rates	Amount Charged Modified or Waived (Yes/No)
1	Cigna Investments, Inc.	Investment Advisory Services	$449	$449	No
2	Cigna	Consolidated federal tax agreement which set forth the method of allocation of Cigna's federal income taxes to its wholly-owned domestic subsidiaries, including the Company.	-	-	No
3	Connecticut General Life Insurance Company ("CGLIC")	The Company leased space at 140 E. 45th Street in New York City from CGLIC.	400	400	No
4	Cigna	Cigna provided payroll processing services to the Company. Costs are allocated pro rata based on head count under this agreement.	3	3	No
5	Cigna	Cigna provided certain services including expense processing, bank account reconciliation, preparation of tax returns and abandoned property reporting.	106	106	No
		Total	$898	$898	

NOTES TO FINANCIAL STATEMENTS

3) Detail of Material Related Party Transactions Involving Exchange of Assets and Liabilities

a) Description of Transaction

Ref #	Name of Related Party	Overview Description	Have Terms Changed from Preceding Period? (Yes/No)
1	Cigna Health and Life Insurance Company ("CHLIC")	The Company sold assets to CHLIC.	No

b) Assets Received

Not applicable.

c) Assets Transferred

Ref #	Name of Related Party	Description of Assets Transferred	Statement Value of Assets Transferred
1	CHLIC	During the third quarter of 2020, the Company sold bonds to CHLIC.	$23,894
		Total	$23,894

4) Detail of Amounts Owed To/From a Related Party

Ref #	Name of Related Party	Aggregate Reporting Period Amount Due From	Aggregate Reporting Period (Amount Due To)	Amount Offset in Financial Statement (if qualifying)	Net Amount recoverable / (Payable) by Related Party	Admitted Recoverable
1	CGLIC	$-	Not material ($5 thousand)	$-	$-	$-
Total						

D. Please refer to receivables from, and payables to, parent, subsidiaries and affiliates on the Company's financial statements. Cash settlements are processed according to the terms of the agreement, generally within 30 days of the balance sheet date.

E. The following agreements existed between the Company and its affiliate.

1. The Company is a party to service arrangements under which the Company's sales offices provide sales-related services to LINA. LINA paid the Company $1.8 million in 2020 and $1.6 million in 2019 for such services. In addition, LINA's sales offices provide certain sales-related functions for the Company outside of New York. The Company paid LINA $0.9 million in 2020 and $1.4 million in 2019 for such services. LINA is a direct subsidiary of New York Life.

2. The Company is a party to service arrangements under which LINA provides certain claim administration services to the Company. The Company paid LINA $5.8 million in 2020 and 2019 for such services.

3. The Company is a party to service arrangements under which LINA provides certain services to the Company relative to its group insurance business, including premium collections, commission payments, policy issuance, pricing, personnel support and marketing support. Costs are allocated pro rata on the basis of transaction counts, estimated time spent, and relative premium volume. The Company paid a total of $4.9 million in 2020 and $6.9 million in 2019 for such services.

4. The Company and LINA are parties to an agreement providing for sharing of staffing costs related to underwriting and contract development. LINA paid the Company $0.1 million in 2020 and 2019. The Company paid LINA $0.7 million in 2020 and $0.9 million 2019 for such services.

F. There are no guarantees or undertakings, written or otherwise, for the benefit of an affiliate or related party that result in a material contingent exposure of the Company or any related party's assets or liabilities.

NOTE 6 – DEBT

Capital Notes and All Other Debt

The Company had no capital notes outstanding at December 31, 2020 and 2019.

Effective September 1, 2012, subsequent to approval from the New York Department of Insurance, the Company entered into a Line of Credit Agreement with Cigna Holdings, Inc., by which the maximum amount the Company could borrow is the lesser of 3% of admitted assets or 25% of surplus, up to $25 million. The previously available Line of Credit Agreement with an affiliate was terminated effective December 18, 2020, as a result of the Company being acquired by New York Life. As of December 31, 2020 and 2019, the Company had no outstanding borrowings against the line of credit. The interest rate for amounts borrowed during 2020 was an average yearly rate of 0.98%. The Company incurred no interest during 2020 or 2019.

The Company had no liens against real estate investments or reverse repurchase agreements at December 31, 2020 and 2019.

NOTE 7 – RETIREMENT PLANS, DEFERRED COMPENSATION, POSTEMPLOYMENT BENEFITS AND COMPENSATED ABSENCES AND OTHER POSTRETIREMENT BENEFIT PLANS

Prior to its acquisition by New York Life, the Company provided certain post-retirement, post-employment 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 $0.1 million in both 2020 and 2019.

Cigna froze its primary domestic defined benefit pension plans effective July 1, 2009. As a result, pension expense is no longer allocated to the Company.

NOTE 8 – CAPITAL AND SURPLUS, DIVIDEND RESTRICTIONS AND QUASI-REORGANIZATIONS

(A) The Company had 40,000 shares authorized, issued and outstanding, with a par value of $27.50 as of December 31, 2020 and 2019. There are no other classes of capital stock.

(B) The Company has no preferred stock outstanding.

(C) Dividends on Company stock are paid as declared by its Board of Directors. The Company's dividends are noncumulative. The State of New York insurance laws require prior approval for payment of an extraordinary dividend which is defined as one whose fair market value, together with any other dividends or distributions made within the preceding twelve months, exceeds the lesser of 10% of the prior year's surplus or net income from the prior year. Net income is defined as income after taxes but prior to realized capital gains or (losses).

There is no dividend that may be paid without prior approval in 2021. Any dividends paid in the twelve months preceding a proposed dividend are considered in determining whether a dividend is extraordinary. In 2020, the maximum dividend payout that could have been made without prior approval was also $10.5 million.

(D) No dividends were paid during the year ended December 31, 2020. The Company paid $17.9 million of noncumulative, common dividends during the year ended December 31, 2019.

(E) Within the limitations of (C) above, there are no restrictions placed on the portion of Company profits that may be paid as ordinary dividends to shareholders.

(F) There were no restrictions placed on the Company's surplus, including for whom the surplus is being held.

(G) There have been no advances to surplus.

(H) The Company does not hold any stock for special purposes.

(I) The Company does not hold any special surplus funds.

(J) There were no unassigned funds (surplus) represented by cumulative net unrealized gains (losses) for the years ended December 31, 2020 and 2019, respectively.

NOTE 9 – LIABILITIES, CONTINGENCIES AND ASSESSMENTS

Assessments

The Company operates in a regulatory environment that may require its participation in assessments under state insurance guaranty association laws. The Company's exposure to assessments for certain obligations of insolvent insurance companies to policyholders and claimants is based on its share of business written in the relevant jurisdictions. The Company recorded no guaranty fund receivables or liabilities as of December 31, 2020 and 2019.

Penn Treaty. On March 1, 2017, the Commonwealth Court of Pennsylvania entered an order of liquidation of Penn Treaty Network America Insurance Company, together with its subsidiary American Network Insurance Company (collectively "Penn Treaty", a long-term care insurance carrier), triggering guaranty fund coverage and accrual of a liability. Some of the assessments were recorded on a discounted basis, using a weighted average discount rate of 3.5%. As of December 31, 2020 and 2019, there was no recorded liabilities. This assessment is expected to be updated in future periods for changes in the estimate of the insolvency. In addition, a portion of this assessment is expected to be offset in the future by premium tax credits that will be recognized in the period received.

All Other Contingencies

Litigation and Other Legal Matters

The Company and/or its subsidiaries are defendants in individual and/or alleged class action suits arising from their agency sales force, insurance (including variable contracts registered under the federal securities law), investment, retail securities, employment and/or other operations, including actions involving retail sales practices. Some of the actions seek substantial or unspecified compensatory and punitive damages. The Company and/or its subsidiaries are 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. Several commercial banks have customary security interests in certain assets of the Company to secure potential overdrafts and other liabilities of the Company that may arise under custody, securities lending and other banking agreements with such banks. Based upon Company experience, the amount of premiums and other accounts receivable that may become uncollectible and result in a potential loss is not material to the Company's financial condition.

NOTE 10 – LEASES

A. Lessee Leasing Arrangements

(1) At December 31, 2020 and 2019, 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 2020 and 2019. Rental expenses for related party transactions are disclosed in Note 5 C (2).

(2) The Company does not have any non-cancelable lease terms in excess of one year.

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

B. Lessor Leases

The Company is not the lessor in any material operating or leveraged lease transactions.

NOTES TO FINANCIAL STATEMENTS

NOTE 11 – GAIN OR LOSS TO THE REPORTING ENTITY FROM UNINSURED PLANS AND THE UNINSURED PORTION OF PARTIALLY INSURED PLANS

A. ASO Plans

Information with regard to the profitability of Administrative Services Only (ASO) uninsured accident and health plans and the uninsured portion of partially insured plans was as follows for the years ended December 31:

(In thousands)	**2020** ASO Uninsured Plans	Uninsured Portion of Partially Insured Plans	Total ASO
Net reimbursement for administrative expenses (including administrative fees) in excess of actual expenses	$ 516	$ -	$ 516
Total net other income or expenses (including interest paid to or received from plans)	-	-	-
Net gain or (loss) from operations	$ 516	$ -	$ 516
Total claim payment volume	4	-	4

(In thousands)	**2019** ASO Uninsured Plans	Uninsured Portion of Partially Insured Plans	Total ASO
Net reimbursement for administrative expenses (including administrative fees) in excess of actual expenses	$ 1,113	$ -	$ 1,113
Total net other income or expenses (including interest paid to or received from plans)	-	-	-
Net gain or (loss) from operations	$ 1,113	$ -	$ 1,113
Total claim payment volume	2	-	2

B. ASC Plans

Not applicable.

C. Medicare or Similarly Structured Cost Based Reimbursement Contract

Not applicable.

NOTE 12 - FAIR VALUE MEASUREMENTS

A. Fair Value Measurements

Fair value is defined as the price at which an asset could be exchanged in an orderly transaction between market participants at the balance sheet date. The Company's financial assets and liabilities carried at fair value have been classified based upon a hierarchy defined by SAP. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3). An asset's or a liability's classification is based on the lowest level input that is significant to its measurement. For example, a financial asset or liability carried at fair value would be classified in Level 3 if unobservable inputs were significant to the instrument's fair value, even though the measurement may be derived using inputs that are both observable (Levels 1 and 2) and unobservable (Level 3).

Level 1 Inputs for instruments classified in Level 1 include unadjusted quoted prices for identical assets in active markets accessible at the measurement date. Active markets provide pricing data for trades occurring at least weekly and include exchanges and dealer markets.

Level 2 Inputs for instruments classified in Level 2 include quoted prices for similar assets in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are market observable or can be corroborated by market data for the term of the instrument. Such other inputs include market interest rates and volatilities, spreads and yield curves. An instrument is classified in Level 2 if the Company determines that unobservable inputs are insignificant. Level 2 assets include actively-traded U.S. government bonds, most private and corporate debt and equity securities, federal agency and municipal bonds, non-government mortgage backed securities, short term investments, and cash equivalents.

Level 3 Certain inputs for instruments classified in Level 3 are unobservable (supported by little or no market activity) and significant to their resulting fair value measurement. Unobservable inputs reflect the Company's best estimate of what hypothetical market participants would use to determine a transaction price for the asset at the reporting date. Level 3 assets primarily include certain newly issued, privately-placed, complex or illiquid securities using significant unobservable inputs.

SSAP 100 allows the use of net asset value (NAV) as a practical expedient to fair value for investments in investment companies where there is no readily determinable fair value. There were no such investments owned by the Company for either period presented.

1. **Fair Value Measurements at Reporting Date** – None

2. **Fair Value Measurements in Level 3 of the Fair Value Hierarchy** – None

3. **Level 3 Transfers** – None

4. **Valuation Techniques and Inputs** – No financial instruments at fair value

B. Other Fair Value Disclosures

The Company provides additional fair value information in Notes 1 and 3.

C. Aggregate Fair Value of All Financial Instruments

The following tables provide the fair value, carrying value, and classification in the fair value hierarchy of the Company's financial instruments as of December 31, 2020 and December 31, 2019.

December 31, 2020
(In thousands)

Financial Assets	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Net Asset Value (NAV)	Not Practicable (Carrying Value)
Bonds	$431,859	$394,164	$-	$424,538	$7,321	$-	$-
Cash, cash equivalent and short-term	$11,004	$11,004	$(3,996)	$15,000	$-	$-	$-

December 31, 2019
(In thousands)

Financial Assets	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Net Asset Value (NAV)	Not Practicable (Carrying Value)
Bonds	$361,790	$341,204	$-	$355,516	$6,274	$-	$-
Cash, cash equivalent and short-term	$46,254	$46,254	$(6,432)	$52,686	$-	$-	$-

The fair values presented in the tables above have been estimated using market information when available. The following valuation methodologies and significant assumptions are used by the Company to determine fair value.

Bonds

The Company estimates fair values of bonds using prices from third parties or internal pricing methods. Fair value estimates received from third-party pricing services are based on reported trade activity and quoted market prices when available and other market information that a market participant may use to estimate fair value. The internal pricing methods generally involve using discounted cash flow analyses, incorporating current market inputs for similar financial instruments with comparable terms and credit quality. In instances where there is little or no market activity for the same or similar instruments, fair value is estimated using methods, models and assumptions that the Company believes a hypothetical market participant would use to determine a current transaction price.

The Company is responsible for determining fair value, as well as the appropriate level within the fair value hierarchy, based on the significance of unobservable inputs. The Company reviews methodologies, processes and controls of third-party pricing services and compares prices on a test basis to those obtained from other external pricing sources or internal estimates. The Company performs ongoing analyses of both prices received from third-party pricing services and those developed internally to determine that they represent appropriate estimates of fair value. The controls executed by the Company include evaluating changes in prices and monitoring for potentially stale valuations. The Company also performs sample testing of sales values to confirm the accuracy of prior fair value estimates. The minimal exceptions identified during these processes indicate that adjustments to prices are infrequent and do not significantly impact valuations. An annual due-diligence review of the most significant pricing service is conducted to review its processes, methodologies, and controls. This review includes a walk-through of inputs for a sample of securities held across various asset types to validate the documented pricing process.

Cash, Cash Equivalents, and Short-Term Investments

Short-term investments, cash equivalents, and cash are carried at cost which approximates fair value. Short-term investments and cash equivalents are classified in Level 2, and cash is classified in Level 1.

NOTE 13 – OTHER ITEMS

Retained Assets

Retained Asset Accounts are classified as liabilities for deposit-type contracts. 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 accountholders on a monthly basis. The weighted average effective interest rate credited to account holders in 2020 was 0.14%, ranging from 0.09% to 0.21%. 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.

(Dollars in thousands)	In Force			
	December 31, 2020		December 31, 2019	
	Number	Balance	Number	Balance
Up to and including 12 Months	98	$ 7,731	80	$ 4,687
13 to 24 Months	48	2,237	49	2,854
25 to 36 Months	39	2,233	48	1,635
37 to 48 Months	37	1,279	40	980
49 to 60 Months	34	810	30	999
Over 60 Months	97	2,162	90	1,826
Total	353	$ 16,452	337	$ 12,981

December 31, 2020				
(Dollars in thousands)	Individual Number	Individual Balance/Amount	Group Number	Group Balance/Amount
At the Beginning of the Year	-	$ -	337	$ 12,981
Issued/Added During the Year	-	-	218	18,344
Investment Earnings Credited During the Year	-	-	-	21
Fees and Other Charges Assessed During the Year	-	-	-	-
Transferred to State Unclaimed Property funds During the Year	-	-	-	-
Closed/Withdrawn During the Year	-	-	(202)	(14,894)
At the End of the Year	-	$ -	353	$ 16,452

NOTE 14 – REINSURANCE

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 Company also participates in assumed reinsurance with affiliated companies and third parties in acquiring additional business. Ceded reinsurance transactions are discussed in further details below.

The effects of reinsurance for the years ended December 31, 2020 and 2019 were as follows (in thousands):

(In thousands)	2020	2019
Premiums and Fees		
Direct	$ 235,217	$ 218,755
Ceded	(1,878)	(1,663)
Total	$ 233,339	$ 217,092
Reinsurance recoverable	$ 12,079	$ 16,657

Reinsurance Ceded

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.

The Company cedes the risks associated with all structured settlement contracts to CGLIC. Policy reserves ceded were $142,000 thousand and $148,000 thousand at December 31, 2020 and 2019, respectively.

Effective with the closing of the acquisition of the Company by New York Life on 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 15 – INSURANCE LIABILITIES

Insurance liabilities at December 31, 2020 and 2019 were as follows (*in thousands*):

	2020	2019
Disability income insurance reserves	$ 255,250	$ 229,420
Life insurance reserves	18,973	17,727
Other accident and health insurance reserves	519	760
Total aggregate reserves for life, accident and health policies and contracts	$ 274,742	$ 247,907
Liability for deposit-type contracts	18,589	14,961
Contract claims – life, accident, and health	35,212	28,092
Other policy and contract liabilities	4,461	4,319
Total insurance liabilities	$ 333,004	$ 295,279

NOTES TO FINANCIAL STATEMENTS

Disability Income Insurance Reserves

Discount rates ranged from 2.25% to 10.25% in 2020 and 2.75% to 10.25% in 2019, with some rates grading to lower levels over time. Mortality and morbidity assumptions are predominantly based on industry tables and are at least as conservative as the statutory minimums. The Company also discounts liabilities for certain cancelable disability insurance business. The liabilities for discounted reserves were $227,810 thousand at December 31, 2020 and $205,080 thousand at December 31, 2019. The aggregate amount of discount was $41,488 thousand at December 31, 2020 and $38,223 thousand at December 31, 2019.

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 2.75% to 5.50%.

For the years ended December 31, 2020 and 2019, 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 16 – ANALYSIS OF ANNUITY ACTUARIAL RESERVES AND DEPOSIT TYPE CONTRACT LIABILITIES BY WITHDRAWAL CHARACTERISTICS

Withdrawal characteristics of annuity actuarial reserves and deposit-type contract funds and other liabilities without life or disability contingencies as of December 31, were as follows:

(in thousands)	2020				
	General Account	Separate Account with Guarantees	Separate Account Nonguaranteed	Total	% of Total
A. INDIVIDUAL ANNUITIES:					
(1) Subject to discretionary withdrawal - with adjustment:					
a. With fair value adjustment	$ -	-	-	-	
b. At book value less current surrender charge of 5% or more	-	-	-	-	
c. At fair value	-	-	-	-	
d. Total with adjustment or at market value (total a through c)	-	-	-	-	
e. At book value without adjustment (minimal or no charge or adjustment)	-	-	-	-	
(2) Not subject to discretionary withdrawal provision	132,912	-	-	132,912	100%
(3) Total (gross: direct + assumed)	132,912	-	-	132,912	100%
(4) Reinsurance ceded	132,912	-	-	132,912	
(5) Total (net) (3) – (4)	$ -	$ -	$ -	$ -	
(6) Amount included in A(1)b above that will move to A(1)e in the year after the will move to A(1)e in the year after the statement date:	$ -	$ -	$ -	$ -	

B. GROUP ANNUITIES:	General Account	Separate Account with Guarantees	Separate Account Nonguaranteed	Total	% of Total
(1) Subject to discretionary withdrawal - with adjustment:					
a. With fair value adjustment	$ -	$ -	$ -	$ -	
b. At book value less current surrender charge of 5% or more	-	-	-	-	
c. At fair value	-	-	-	-	
d. Total with adjustment or at market value (total a through c)	-	-	-	-	
e. At book value without adjustment (minimal or no charge or adjustment)	-	-	-	-	
(2) Not subject to discretionary withdrawal provision	7,396	-	-	7,396	100%
(3) Total (gross: direct + assumed)	7,396	-	-	7,396	100%
(4) Reinsurance ceded	7,396	-	-	7,396	
(5) Total (net) (3) – (4)	$ -	$ -	$ -	$ -	
(6) Amount included in B(1)b above that will move to B(1)e in the year after the statement date:	$ -	$ -	$ -	$ -	

NOTES TO FINANCIAL STATEMENTS

C. DEPOSIT-TYPE CONTRACTS (no life contingencies):	General Account	Separate Account with Guarantees	Separate Account Nonguaranteed	Total	% of Total
(1) Subject to discretionary withdrawal - with adjustment:					
a. With fair value adjustment	$ 263	$ -	$ -	$ 263	2%
b. At book value less current surrender charge of 5% or more	-	-	-	-	
c. At fair value	-	-	-	-	
d. Total with adjustment or at market value (total a through c)	263	-	-	263	2%
e. At book value without adjustment (minimal or no charge or adjustment)	16,453	-	-	16,453	87%
(2) Not subject to discretionary withdrawal provision	2,136	-	-	2,136	11%
(3) Total (gross: direct + assumed)	18,852	-	-	18,852	100%
(4) Reinsurance ceded	263	-	-	263	
(5) Total (net) (3) – (4)	$ 18,589	$ -	$ -	$ 18,589	
(6) Amount included in C(1)b above that will move to C(1)e in the year after the statement date:	$ -	$ -	$ -	$ -	

(in thousands)

	2019				
	General Account	Separate Account with Guarantees	Separate Account Nonguaranteed	Total	% of Total
A. INDIVIDUAL ANNUITIES:					
(1) Subject to discretionary withdrawal - with adjustment:					
a. With fair value adjustment	$ -	-	-	-	
b. At book value less current surrender charge of 5% or more	-	-	-	-	
c. At fair value	-	-	-	-	
d. Total with adjustment or at market value (total a through c)	-	-	-	-	
e. At book value without adjustment (minimal or no charge or adjustment)	-	-	-	-	
(2) Not subject to discretionary withdrawal provision	138,479	-	-	138,479	100%
(3) Total (gross: direct + assumed)	138,479	-	-	138,479	100%
(4) Reinsurance ceded	138,479	-	-	138,479	
(5) Total (net) (3) – (4)	$ -	$ -	$ -	$ -	
(6) Amount included in A(1)b above that will move to A(1)e in the year after the will move to A(1)e in the year after the statement date:	$ -	$ -	$ -	$ -	

NOTES TO FINANCIAL STATEMENTS

B. GROUP ANNUITIES:	General Account	Separate Account with Guarantees	Separate Account Nonguaranteed	Total	% of Total
(1) Subject to discretionary withdrawal - with adjustment:					
a. With fair value adjustment	$ -	$ -	$ -	$ -	
b. At book value less current surrender charge of 5% or more	-	-	-	-	
c. At fair value	-	-	-	-	
d. Total with adjustment or at market value (total a through c)	-	-	-	-	
e. At book value without adjustment (minimal or no charge or adjustment)	-	-	-	-	
(2) Not subject to discretionary withdrawal provision	9,018	-	-	9,018	100%
(3) Total (gross: direct + assumed)	9,018	-	-	9,018	100%
(4) Reinsurance ceded	9,018	-	-	9,018	
(5) Total (net) (3) – (4)	$ -	$ -	$ -	$ -	
(6) Amount included in B(1)b above that will move to B(1)e in the year after the statement date:	$ -	$ -	$ -	$ -	

C. DEPOSIT-TYPE CONTRACTS (no life contingencies):	General Account	Separate Account with Guarantees	Separate Account Nonguaranteed	Total	% of Total
(1) Subject to discretionary withdrawal - with adjustment:					
a. With fair value adjustment	$ 255	$ -	$ -	$ 255	2%
b. At book value less current surrender charge of 5% or more	-	-	-	-	
c. At fair value	-	-	-	-	
d. Total with adjustment or at market value (total a through c)	255	-	-	255	2%
e. At book value without adjustment (minimal or no charge or adjustment)	12,984	-	-	12,984	85%
(2) Not subject to discretionary withdrawal provision	1,977	-	-	1,977	13%
(3) Total (gross: direct + assumed)	15,216	-	-	15,216	100%
(4) Reinsurance ceded	255	-	-	255	
(5) Total (net) (3) – (4)	$ 14,961	$ -	$ -	$ 14,961	
(6) Amount included in C(1)b above that will move to C(1)e in the year after the statement date:	$ -	$ -	$ -	$ -	

NOTES TO FINANCIAL STATEMENTS

NOTE 17 – ANALYSIS OF LIFE ACTUARIAL RESERVES BY WITHDRAWAL CHARACTERISTICS

The amounts of account value, cash value and reserve for the breakouts of life insurance by withdrawal characteristics, separately for General Account products, Separate Account with Guarantees products and Separate Account Nonguaranteed products, were as follows:

				2020	
(in thousands)			Account Value	Cash Value	Reserve
A.	General Account				
	(1)	Subject to discretionary withdrawal, surrender values or policy loans:			
		a. Term Policies with Cash Value	$	$	$
		b. Universal Life			
		c. Universal Life with Secondary Guarantees			
		d. Indexed Universal Life			
		e. Indexed Universal Life with Secondary Guarantees			
		f. Indexed Life			
		g. Other Permanent Cash Value Life Insurance		158	190
		h. Variable Life			
		i. Variable Universal Life			
		j. Miscellaneous Reserves			
			-	158	190
	(2)	Not subject to discretionary withdrawal provision			
		a. Term Policies without Cash Value			2
		b. Accidental Death Benefits			-
		c. Disability - Active Lives			-
		d. Disability - Disabled Lives			19,132
		e. Miscellaneous Reserves			4
	(3)	Total (gross: direct + assumed)	-	158	19,328
	(4)	Reinsurance Ceded	-	158	355
	(5)	Total (net) (3) - (4)	$ -	$ -	$ 18,973

NOTES TO FINANCIAL STATEMENTS

	2020		
(in thousands)	Account Value	Cash Value	Reserve
B. Separate Account with Guarantees			
(1) Subject to discretionary withdrawal, surrender values or policy loans:			
a. Term Policies with Cash Value	$	$	$
b. Universal Life			
c. Universal Life with Secondary Guarantees			
d. Indexed Universal Life			
e. Indexed Universal Life with Secondary Guarantees			
f. Indexed Life			
g. Other Permanent Cash Value Life Insurance			
h. Variable Life			
i. Variable Universal Life			
j. Miscellaneous Reserves			
	-	-	-
(2) Not subject to discretionary withdrawal provision			
a. Term Policies without Cash Value			
b. Accidental Death Benefits			
c. Disability - Active Lives			
d. Disability - Disabled Lives			
e. Miscellaneous Reserves			
(3) Total (gross: direct + assumed)	-	-	-
(4) Reinsurance Ceded			
(5) Total (net) (3) - (4)	$ -	$ -	$ -

NOTES TO FINANCIAL STATEMENTS

		2020		
(in thousands)		Account Value	Cash Value	Reserve
C.	Separate Account Nonguaranteed			
(1)	Subject to discretionary withdrawal, surrender values or policy loans:			
a.	Term Policies with Cash Value	$	$	$
b.	Universal Life			
c.	Universal Life with Secondary Guarantees			
d.	Indexed Universal Life			
e.	Indexed Universal Life with Secondary Guarantees			
f.	Indexed Life			
g.	Other Permanent Cash Value Life Insurance			
h.	Variable Life			
i.	Variable Universal Life			
j.	Miscellaneous Reserves			
		-	-	-
(2)	Not subject to discretionary withdrawal provision			
a.	Term Policies without Cash Value			
b.	Accidental Death Benefits			
c.	Disability - Active Lives			
d.	Disability - Disabled Lives			
e.	Miscellaneous Reserves			
(3)	Total (gross: direct + assumed)	-	-	-
(4)	Reinsurance Ceded			
(5)	Total (net) (3) - (4)	$ -	$ -	$ -

		2019					
		General Account			Separate Account - Guaranteed and Non-guaranteed		
(in thousands)		Account Value	Cash Value	Reserve	Account Value	Cash Value	Reserve
A.	Subject to discretionary withdrawal, surrender values or policy loans:						
(1)	Term Policies with Cash Value	$ -	$ -	$ -	$ -	$ -	$ -
(2)	Universal Life	-	-	-	-	-	-
(3)	Universal Life with Secondary Guarantees	-	-	-	-	-	-
(4)	Indexed Universal Life	-	-	-	-	-	-
(5)	Indexed Universal Life with Secondary Guarantees	-	-	-	-	-	-
(6)	Indexed Life	-	-	-	-	-	-
(7)	Other Permanent Cash Value Life Insurance	-	154	186	-	-	-
(8)	Variable Life	-	-	-	-	-	-
(9)	Variable Universal Life	-	-	-	-	-	-
(10)	Miscellaneous Reserves	-	-	-	-	-	-
		-	154	186	-	-	-
B.	Not subject to discretionary withdrawal or no cash value						
(1)	Term Policies without Cash Value	-	-	2	-	-	-
(2)	Accidental Death Benefits	-	-	-	-	-	-
(3)	Disability - Active Lives	-	-	-	-	-	-
(4)	Disability - Disabled Lives	-	-	18,163	-	-	-
(5)	Miscellaneous Reserves	-	-	5	-	-	-
		-	-	18,170	-	-	-
C.	Total (gross: direct + assumed)	-	154	18,356	-	-	-
D.	Reinsurance Ceded	-	154	629	-	-	-
E.	Total (net) (C) - (D)	$ -	$ -	$ 17,727	$ -	$ -	$ -

NOTE 18 – PREMIUMS AND ANNUITY CONSIDERATIONS DEFERRED AND UNCOLLECTED

Deferred and uncollected life insurance premiums and annuity considerations at December 31 were as follows:

(In thousands)	2020		2019	
Type	Gross	Net of Loading	Gross	Net of Loading
Group Life	$ 11,366	$ 11,366	$ 8,249	$ 8,249
Totals	$ 11,366	$ 11,366	$ 8,249	$ 8,249

NOTE 19 - LOSS/CLAIM ADJUSTMENT EXPENSES

The incurred claims attributable to insured or covered events of prior years were unfavorable to reserve levels by $32 million in 2020, and $13 million in 2019. The incurred expense of $32 million for prior year insured or covered events for 2020 is primarily attributable to reserve assumption updates made throughout the year, and observed resolution experience. The incurred expense of $13 million for prior year insured or covered events for 2019 was primarily attributable to observed resolution experience. There was no change to the liability associated with estimated anticipated salvage and subrogation.

NOTE 20 – SUBSEQUENT EVENTS

The Company is not aware of any Type 1 or Type 2 event that occurred subsequent to the balance sheet date for these financial statements which would have had a material effect on the financial condition of the Company. In preparing these financial statements the Company has evaluated events that occurred between the balance sheet date and April 30, 2021.