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

STATUTORY FINANCIAL STATEMENTS

DECEMBER 31, 2024 and 2023

Table of Contents

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Report of Independent Auditors

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

Opinions

We have audited the accompanying statutory financial statements of New York Life Group Insurance Company of NY (the "Company"), which comprise the statutory statements of financial position as of December 31, 2024 and 2023, and the related statutory statements of operations, of changes in capital and surplus, and of cash flows for the years then ended, including the related notes (collectively referred to as the "financial statements").

Unmodified Opinion on Statutory Basis of Accounting

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended, in accordance with the accounting practices prescribed or permitted by the New York State Department of Financial Services described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Company as of December 31, 2024 and 2023, or the results of its operations or its cash flows for the years then ended.

Basis for Opinions

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

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

As described in Note 2 to the financial statements, the financial statements are prepared by the Company on the basis of the accounting practices prescribed or permitted by the New York State Department of Financial Services, which 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 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

PricewaterhouseCoopers LLP

New York, New York
March 31, 2025

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

STATUTORY STATEMENTS OF FINANCIAL POSITION

	December 31,	
	2024	2023
	(in thousands)	
Assets		
Bonds	$ 481,134	$ 501,563
Mortgage loans	54,582	32,811
Cash, cash equivalents and short-term investments	13,215	9,806
Other invested assets	277	241
Total cash and invested assets	549,208	544,421
Investment income due and accrued	4,525	4,445
Admitted disallowed interest maintenance reserve	587	57
Amounts due from reinsurers	338	2,210
Deferred tax assets	10,195	11,284
Deferred and uncollected premiums	27,175	22,778
Other assets	3,437	1,768
Total assets	$ 595,465	$ 586,963
Liabilities, capital and surplus		
Liabilities:		
Policy reserves	$ 290,314	$ 299,928
Deposit funds	12,020	14,377
Policy claims	33,706	37,623
Claim adjustment expense reserves	8,919	9,248
Other policy and contract liabilities	5,401	5,984
Accrued commissions, expenses and taxes	5,866	4,249
Remittance and items not allocated	23,439	17,320
Other liabilities	2,372	2,583
Asset valuation reserve	6,217	5,539
Total liabilities	$ 388,254	$ 396,851
Capital and Surplus:		
Capital stock (40,000 shares issued and outstanding)	1,100	1,100
Gross paid in and contributed surplus	5,250	5,250
Special surplus for admitted disallowed interest maintenance reserve	587	57
Unassigned surplus	200,274	183,705
Total capital and surplus	207,211	190,112
Total liabilities, capital and surplus	$ 595,465	$ 586,963

See accompanying notes to financial statements.

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

STATUTORY STATEMENTS OF OPERATIONS

	Years Ended December 31,	
	2024	**2023**
	(in thousands)	
Income		
Premiums and related expenses	$ 277,367	$ 285,849
Net investment income	22,840	20,578
Other income	108	562
Total income	300,315	306,989
Benefits and expenses		
Benefit payments:		
Disability benefits	173,244	161,410
Death benefits	48,460	55,343
Other benefits	214	82
Total benefit payments	221,918	216,835
Additions to policy reserves	(9,984)	7,783
Commissions	11,739	12,182
Operating expenses	28,199	34,929
Total benefits and expenses	251,872	271,729
Gain from operations before federal and foreign income taxes	48,443	35,260
Federal and foreign income taxes	8,315	6,363
Net gain from operations	40,128	28,897
Net realized capital losses, after taxes and transfers to interest maintenance reserve	(1,109)	(1)
Net income	$ 39,019	$ 28,896

See accompanying notes to financial statements.

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

STATUTORY STATEMENTS OF CHANGES IN CAPITAL AND SURPLUS

	Years Ended December 31,	
	2024	**2023**
	(in thousands)	
Capital and surplus, beginning of year	$ 190,112	$ 159,689
Net income	39,019	28,896
Change in net unrealized capital losses on investments	(15)	(5)
Change in nonadmitted assets	9,586	3,008
Change in asset valuation reserve	(678)	(941)
Change in net deferred income tax	(2,842)	(1,886)
Dividend to stockholder	(28,000)	—
Change in reserve valuation basis	—	1,380
Other adjustments, net	29	(29)
Net increase	$ 17,099	$ 30,423
Capital and surplus, end of year	$ 207,211	$ 190,112

See accompanying notes to financial statements.

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

STATUTORY STATEMENTS OF CASH FLOWS

	Years Ended December 31, 2024	Years Ended December 31, 2023
	(in thousands)	
Cash flow from operating activities:		
Premiums received	$ 281,117	$ 290,345
Net investment income received	22,207	19,473
Other	232	563
Total received	303,556	310,381
Benefits and other payments	224,838	225,903
Operating expenses paid	38,633	45,076
Federal income taxes (received) paid	9,856	4,989
Total paid	273,327	275,968
Net cash from operating activities	30,229	34,413
Cash flow from investing activities:		
Proceeds from investments sold	78,407	58,746
Cost of investments acquired	(106,725)	(76,620)
Net cash from investments	(28,318)	(17,874)
Cash flow from financing and miscellaneous activities:		
Net (withdrawals) deposits on deposit-type contracts and other insurance liabilities	(2,357)	(6,438)
Dividends to stockholders	(1,763)	—
Other miscellaneous uses	5,618	2,866
Net cash from financing and miscellaneous activities:	1,498	(3,572)
Net increase (decrease) in cash, cash equivalents and short-term investments	3,409	12,967
Cash, cash equivalents and short-term investments, beginning of year	9,806	(3,161)
Cash, cash equivalents and short-term investments, end of year	$ 13,215	$ 9,806

See accompanying notes to financial statements.

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

STATUTORY STATEMENTS OF CASH FLOWS (supplemental)

	Years Ended December 31,	
	2024	**2023**
	(in thousands)	
Non-cash activities during the year not included in the Statutory Statements of Cash Flows:		
Dividend to NYL paid in bonds, net of accrued interest	$ 26,237	$ —
Transfer/exchange of bond investment to bond investment	$ 2,182	$ 5,730
Capitalized interest on mortgage loans	$ 20	$ 155
Transfer/exchange of mortgage investment to mortgage investment	$ —	$ 18
Capitalized interest on bonds	$ —	$ 6

See accompanying notes to financial statements.

NOTE 1 - NATURE OF OPERATIONS

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

NOTE 2 - BASIS OF PRESENTATION

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

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

Statutory vs. U.S. GAAP Basis of Accounting

Financial statements prepared under NAIC SAP as determined under New York State Insurance Law vary from those prepared under U.S. GAAP. The effects of those differences are material to the Company's financial statements. The primary differences that would most likely be material are as follows:

Investments

- investments in bonds are generally carried at amortized cost or values as prescribed by the Department, whereas under U.S. GAAP, investments in bonds that are classified as available for sale or trading are carried at fair value, with changes in fair value of bonds classified as available for sale reflected in equity, and changes in fair value of bonds classified as trading reflected in earnings;

- investments in noncontrolled partnerships and limited liability companies are accounted for under the equity method for both NAIC SAP and U.S. GAAP. Under the statutory equity method, undistributed income and capital gains and losses for these investments are reported in surplus as unrealized gains or losses, whereas under U.S. GAAP, in many cases, for investment companies, unrealized gains and losses are included in net investment income;

- credit loss-related bond impairments that are deemed to be other than temporary are recorded as a direct write-down to the security without the ability to reverse those losses in the future if expected cash flows increase. Under U.S. GAAP, estimated credit losses on bonds classified as available for sale are recorded through an allowance for credit losses subject to future reversals if expected cash flows increase;

- specific valuation allowances are established for the excess carrying value of a mortgage loan over the estimated fair value of the collateral as an unrealized loss in surplus when it is probable that based on current information and events, the Company will be unable to collect amounts due under the contractual terms of the loan agreement. Under U.S. GAAP, a valuation allowance is established for expected credit losses. The valuation allowance under U.S. GAAP is based on historical experience, current economic conditions and reasonable and supportable forecasts;

NOTE 2 - BASIS OF PRESENTATION (continued)

- realized gains and losses resulting from changes in interest rates are deferred in the interest maintenance reserve ("IMR") and amortized into investment income over the remaining life of the investment sold, whereas under U.S. GAAP, the gains and losses are recognized in income at the time of sale;

Insurance Contracts

- contracts that have any mortality or morbidity risk, regardless of significance, and contracts with life contingent annuity purchase rate guarantees are classified as insurance contracts, whereas under U.S. GAAP, only contracts that have significant mortality or morbidity risk are classified as insurance contracts otherwise they are accounted for in a manner consistent with the accounting for interest bearing or other financial instruments;

- the costs related to acquiring insurance contracts (principally commissions), policy issue expenses and sales inducements are charged to income in the period incurred, whereas under U.S. GAAP, these costs are deferred when related directly to successful sales and amortized over the periods benefited;

- life insurance reserves are based on different statutory methods and assumptions than they are under U.S. GAAP;

- reinsurance agreements are accounted for as reinsurance on an NAIC SAP and U.S. GAAP basis if certain risk transfer provisions have been met. NAIC SAP requires the reinsurer to assume insurance risk, regardless of the significance of the loss potential, whereas U.S. GAAP requires that there is a reasonable possibility that the reinsurer may realize significant loss from assuming insurance risk; assets and liabilities from reinsurance transactions are reported net of reinsurance, whereas under U.S. GAAP, assets and liabilities from reinsurance transactions are reported gross of reinsurance;

Taxes

- deferred income taxes exclude state income taxes and are admitted to the extent they can be realized within three years subject to a 15% limitation of capital and surplus with changes in the net deferred tax reflected as a component of surplus, whereas under U.S. GAAP, deferred income taxes include federal and state income taxes and changes in deferred taxes are reflected in either earnings or other comprehensive income;

- a tax loss contingency is required to be established if it is more likely than not that a tax position will not be sustained upon examination by taxing authorities. If a loss contingency is greater than 50% of the tax benefit associated with a tax position, the loss contingency is increased to 100%, whereas under U.S. GAAP the amount of the benefit for any uncertain tax position is the largest amount that is greater than 50% likely of being realized upon settlement;

Surplus

- an asset valuation reserve ("AVR") based on a formula prescribed by the NAIC is established as a liability to offset potential non-interest related investment losses. Changes in the AVR are recorded directly to surplus, whereas under U.S. GAAP, no AVR is recognized;

- certain assets, such as deferred taxes as noted above and unsecured receivables are considered nonadmitted and excluded from assets, whereas they are included in assets under U.S. GAAP and subject to a valuation allowance, as appropriate.

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

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

Bonds

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

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

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

Other than Temporary Impairments

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

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

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

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

Mortgage Loans

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

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

Other Invested Assets

Limited partnerships, which have admissible audits, are carried at the underlying audited equity of the investee. The financial statements of equity method investees are usually not received in time for the Company to apply the equity method at each reporting period. Therefore, the equity pick-up on these investments has been recorded on a one to three-month lag.

The cost basis of limited partnerships and limited liability companies is adjusted for impairments in value deemed to be other-than-temporary, with the difference between cost and carrying value, which approximates fair value, recognized as a realized loss reported in net income. The new cost basis of an impaired limited partnership is not adjusted for subsequent increases in the underlying audited equity of the investee.

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES (continued)

Dividends and distributions from limited partnerships other than those deemed a return of capital, are recorded in net investment income. Undistributed earnings are included in unrealized gains and losses and are reflected in surplus, net of deferred taxes.

Effective October 1, 2024, residual tranches of securitizations are reported using a cost recovery method, which is a practical expedient allowed under statutory accounting rules. Under the cost recovery method, distributions received are treated as a reduction of the residual's book value. Investment income is not recognized until the book value of the residual has been reduced to zero. An OTTI is recorded when fair value of the residual is below its book value. Prior to October 1, 2024, most residuals were reported at the lower of cost or market and income was accrued using an effective yield method.

Cash, Cash Equivalents and Short-term Investments

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

AVR and IMR

The AVR is used to stabilize surplus from fluctuations in the fair value of bonds, and mortgage loans. Changes in the AVR are accounted for as direct increases or decreases in surplus.The IMR captures interest related realized gains and losses on sales (net of taxes) of bonds, mortgage loans and interest related other-than-temporary impairments (net of taxes), which are amortized into net income over the expected years to maturity of the investments sold. An interest related other-than-temporary impairment occurs when the Company has the intent to sell an investment at the reporting date, before recovery of the cost of the investment. For loan-backed and structured securities, the non-interest related other-than-temporary impairment is booked to the AVR, and the interest related portion to the IMR. The Company admits negative IMR up to 10% of its capital and surplus as required to be shown on the balance sheet of the statutory financial statements most recently filed with its domiciliary state insurance regulator, adjusted to exclude any net positive goodwill, electronic database processing equipment and operating system software, net deferred tax assets and admitted net negative IMR.

Non-admitted Assets

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

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

Net Investment Income

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

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES (continued)

Policy Reserves

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

Policy Claims

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

Premium and Related Expenses

Premiums for individual and group life, disability, and accident insurance are considered revenue when due. Commissions and other costs associated with acquiring new business are charged to operations as incurred. Amounts received or paid under deposit type contracts without mortality or morbidity risk are not reported as income or benefits but are recorded directly as an adjustment to the liability for deposit funds.

The Company issues certain group life, accident and health insurance policies for which the final premium is calculated based on the loss experience of the insured during the term of the policy. The periodic adjustments may involve either the payment of return premium to the insured or payment of an additional premium by the insured, or both, depending on experience. The Company estimates an accrual for retrospective premium adjustments using a mathematical approach that uses analytics based on the Company’s underwriting rules and experience rating practice. The Company records accrued retrospective premium adjustments in Premiums in the accompanying Statements of Operations

Deposit Funds

Deposit funds relate to contracts that do not subject the Company to mortality and/or morbidity risk. The Company's deposit funds liability primarily consists of retained asset account deposits, deposits received from customers and and accumulated net investment income on their fund balances less accumulated administrative charges according to contract terms and customers’ experience. Refer to Note 10- Insurance Liabilities for further details in this liability.

Claim Adjustment Expense Reserve

The claim adjustment expense liability is a liability for future expected costs to adjudicate and settle claims that have been incurred on or before the valuation date. The claim adjustment expense liability is calculated based on the Company’s best estimate of the expected costs of settling claims using past experience and current expense projections.

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES (continued)

Federal Income Taxes

The Company is 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. The tax allocation agreement provides that the Company computes its share of 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 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 federal income tax assets (“DTAs”) and deferred federal income tax liabilities (“DTLs”) for expected future tax consequences of temporary differences between statutory and taxable income. Changes in DTAs and DTLs are recognized as a separate component of surplus (except for the net deferred taxes related to investments, which are included in unrealized gains and losses). Limitations on the admitted amount of DTA are calculated in accordance with Statement of Statutory Accounting Principles ("SSAP") No. 101, "Income Taxes, A Replacement of SSAP No. 10R and SSAP No. 10". Gross DTAs are reduced by a statutory valuation allowance if it is more likely than not that some portion or all of the gross DTA will not be realized. The Company is required to establish a tax loss contingency if it is more likely than not that a tax position will not be sustained. The amount of the contingency reserve is management's best estimate of the amount of the original tax benefit that could be reversed upon audit, unless the best estimate is greater than 50% of the original tax benefit, in which case the reserve is equal to the entire tax benefit. Refer to Note 14 – Income Taxes for more detailed information about the Company’s income taxes.

Other Assets and Liabilities

Other assets primarily consist of paid family leave receivable and other receivables.

Other liabilities primarily consist of amounts withheld by the Company, federal income taxes payable and other insurance related liabilities.

Contingencies

Amounts related to contingencies are accrued if it is probable that a liability has been incurred and an amount is reasonably estimable.

At the inception of a guarantee, the Company recognizes an initial liability at fair value for the obligations it has undertaken, regardless of the probability of performance under the guarantee.

NOTE 4 - BUSINESS RISKS AND UNCERTAINTIES

The Company is exposed to various risks, including, but not limited to, insurance, financial, operational, and regulatory risks.

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

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

The Company is exposed to the risks normally associated with an investment portfolio, which include general risk of loss of investment, market volatility, interest rate, liquidity, credit, valuation, regulatory change, currency, geographic and counterparty risks. In addition, the investment portfolio is exposed to climate risk, which may affect the value of the Company’s investments.

The Company is subject to various operational risks that could adversely impact its profitability, notably technology risks, which include cybersecurity. Technology risks may involve failures or inadequacies in the Company’s technology systems, including the risk of damage to or theft of Company information, whether in digital or physical formats, or breaches of the Company’s technology platforms. Operational risks also include business disruption risks, which may involve disruptions to mission-critical business functions as a result of system or infrastructure failures, malicious activity, pandemics, and natural and man-made disasters. Climate change may increase the frequency and severity of certain natural disasters that can lead to operational risks.

The Company continues to monitor the economic environment and other potential impacts that could result from current or future outbreaks of infectious diseases, viruses (including COVID-19), epidemics or pandemics.

NOTE 5 - RECENT ACCOUNTING PRONOUNCEMENTS

Accounting changes adopted to conform to the provisions of NAIC SAP or other state prescribed accounting practices are reported as changes in accounting principles. The cumulative effect of changes in accounting principles is generally reported as an adjustment to unassigned surplus in the period of the change in accounting principle. Generally, the cumulative effect is the difference between the amount of capital and surplus at the beginning of the year and the amount of capital and surplus that would have been reported at that date if the new accounting principles had been applied retroactively for all prior periods.

During 2024, the NAIC adopted changes to SSAP No. 21 "Other Admitted Assets," which revise the accounting guidance for residual tranches of securitizations. The new guidance provides a practical expedient that allows for the use of a cost recovery method. Under the cost recovery method, distributions received from the investment are treated as a reduction of the residual's book value. Investment income is not recognized until the book value of the residual has been reduced to zero. The Company early adopted the new guidance on a prospective basis on October 1, 2024. There was no impact to surplus upon adoption.The Company reclassified $23 thousand from unrealized losses to realized losses upon adoption.

NOTE 5 - RECENT ACCOUNTING PRONOUNCEMENTS (continued)

In 2023, the NAIC adopted Interpretation ("INT") 23-01, which prescribes limited-time, optional, statutory accounting guidance as an exception to the existing guidance detailed in SSAP No. 7 “Asset Valuation Reserve and Interest Maintenance Reserve” and the annual statement instructions that requires non-admittance of a negative IMR. Under the INT, reporting entities are allowed to admit negative IMR if certain criteria are met. The adoption of this guidance allowed the Company to admit $587 thousand and $57 thousand of negative IMR at December 31, 2024 and December 31, 2023, respectively, which increased the Company's total assets. There was no impact to net income from this change. New disclosures required under the INT have been included in Note 6 – Investments.

In 2020, the NAIC issued Interpretation 20-01 to provide statutory accounting and reporting guidance for the adoption of ASU 2020-04 *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting* under U.S. GAAP. This Interpretation adopts, with minor modification, the U.S. GAAP adopted guidance, which provides optional expedients and exceptions for applying current accounting guidance to contracts affected by reference rate reform if certain criteria are met, through December 31, 2024. The Company is performing an ongoing evaluation of the impact of reference rate reform on its contracts. Since most of the Company's contracts are expected to meet the criteria for applying the accounting expedients listed in the Interpretation, reference rate reform has no material impact to the Company's surplus or net income at December 31, 2024.

NOTE 6 - INVESTMENTS

Bonds

The carrying value and estimated fair value of bonds by maturity at December 31, 2024 and 2023 were as follows (in thousands):

	2024		2023	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Due in one year or less	$ 9,256	$ 9,025	$ 12,993	$ 12,596
Due after one year through five years	193,501	186,848	212,175	204,564
Due after five years through ten years	238,641	218,036	247,856	223,170
Due after ten years	39,737	37,318	28,540	27,977
Total	$ 481,134	$ 451,226	$ 501,563	$ 468,306

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

There were cash equivalents with a carrying value of $18,163 thousand and $20,677 thousand at December 31, 2024 and 2023, respectively. The Company did not have any short-term investments at December 31, 2024, and 2023 respectively. Carrying value approximates fair value for these investments.

NOTE 6 - INVESTMENTS (continued)

At December 31, 2024 and 2023, the distribution of gross unrealized gains and losses on bonds were as follows (in thousands):

	2024			
	Carrying Value	Unrealized Gains	Unrealized Losses	Estimated Fair Value
U.S. governments	$ 702	$ —	$ 127	$ 575
All other governments	2,799	6	99	2,706
U.S. special revenue and special assessment	2,572	—	194	2,378
Industrial and miscellaneous unaffiliated	475,062	2,515	32,010	445,567
Total	$ 481,134	$ 2,521	$ 32,430	$ 451,226

	2023			
	Carrying Value	Unrealized Gains	Unrealized Losses	Estimated Fair Value
U.S. governments	$ 702	$ —	$ 117	$ 585
All other governments	2,798	1	145	2,654
U.S. special revenue and special assessment	2,590	—	169	2,421
Industrial and miscellaneous unaffiliated	495,474	3,172	36,000	462,646
Total	$ 501,563	$ 3,173	$ 36,431	$ 468,306

Mortgage Loans

The Company's mortgage loans are diversified by property type, location and borrower, and are collateralized. The maximum and minimum lending rates for new commercial mortgage loans funded during 2024 were 11.5% and 5.0%, respectively and funded during 2023 were 9.6% and 5.6%, respectively. The maximum percentage of any one commercial loan to the value of the collateral at the time of the loan, exclusive of insured or guaranteed or purchase money mortgages at December 31, 2024 and 2023 was 74.1% and 72.7%, respectively (average percentage was 61.6% and 59.1% at December 31, 2024 and 2023, respectively). The Company has no significant credit risk exposure to any one individual borrower.

The Company's commercial mortgage loans were held in a form of participations with the carrying value of $54,582 thousand and $32,811 thousand at December 31, 2024 and 2023, respectively. These loans were originated or acquired by New York Life. Refer to Note 9 - Related Party Transactions for more details.

At December 31, 2024 and 2023, the distribution of the mortgage loan portfolio by property type and geographic location were as follows ($ in thousands):

	2024		2023	
	Carrying Value	% of Total	Carrying Value	% of Total
Property Type:				
Industrial	$ 23,581	43.2 %	$ 15,038	45.8 %
Apartment buildings	22,272	40.8 %	13,853	42.2
Office buildings	3,615	6.6 %	3,332	10.2
Retail facilities	3,207	5.9 %	588	1.8
Hotels	605	1.1 %	—	—
Other	1,302	2.4 %	—	— %
Total	$ 54,582	100.0 %	$ 32,811	100.0 %

NOTE 6 - INVESTMENTS (continued)

	2024			2023		
	Carrying Value		% of Total	Carrying Value		% of Total
Geographic Location:						
Central	$	18,887	34.6 %	$	12,181	37.1 %
South Atlantic		18,372	33.7		11,101	33.8
Middle Atlantic		8,316	15.2		5,072	15.5
Pacific		8,076	14.8		3,809	11.6
New England		221	0.4		—	—
Other		709	1.3		648	2.0
Total	$	54,582	100.0 %	$	32,811	100.0 %

At December 31, 2024 and 2023, there were no mortgage loans past due 90 days and over.

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

Fair value of the collateral for commercial mortgages (excluding credit loans) over $10 million is generally updated every three years, unless a more current appraisal is warranted. For portfolio loans, which are collateralized by multiple commercial properties, inspections are done every three years for approximately 50% of the property value in the portfolio. Commercial mortgages less than $10 million have an on-site inspection performed by an external inspection service generally every three years. If the loan is determined to be potentially troubled, the loan is more frequently monitored as to its status. Certain properties that serve as collateral for commercial mortgages have been placed on a different schedule to address additional risks that resulted from rising interest rates or distress in the market due to return to work issues. LTV, which is based on collateral values, is deemed as one of the key mortgage loan indicators to assess credit quality and to assist in identifying problem loans At December 31, 2024, and 2023, LTVs on the Company's mortgage loans were as follows (in thousands):

	2024						
Loan to Value % (By Class)	**Apartment Buildings**	**Industrial**	**Office Buildings**	**Retail Facilities**	**Hotels**	**Other**	**Total**
Above 95%	$ —	$ —	$ —	$ —	$ —	$ —	$ —
91% to 95%	800	—	—	—	—	—	800
81% to 90%	419	—	1,884	—	—	—	2,303
71% to 80%	4,910	1,832	99	—	—	—	6,841
Below 70%	16,142	21,749	1,633	3,207	605	1,302	44,637
Total	$ 22,272	$ 23,581	$ 3,615	$ 3,207	$ 605	$ 1,302	$ 54,582

NOTE 6 - INVESTMENTS (continued)

	2023						
Loan to Value % (By Class)	**Apartment Buildings**	**Industrial**	**Office Buildings**	**Retail Facilities**	**Hotels**	**Other**	**Total**
Above 95%	$ —	$ —	$ —	$ —	$ —	$ —	$ —
91% to 95%	—	—	—	—	—	—	—
81% to 90%	—	—	2,103	—	—	—	2,103
71% to 80%	—	696	167	—	—	—	863
Below 70%	13,853	14,342	1,062	588	—	—	29,845
Total	$ 13,853	$ 15,038	$ 3,332	$ 588	$ —	$ —	$ 32,811

At December 31, 2024 and 2023, the Company did not have any impaired mortgage loans.

Other Invested Assets

The carrying value of other invested assets at December 31, 2024 and 2023 consisted of the following (in thousands):

	2024	**2023**
Limited partnerships and limited liability companies	$ 48	$ 67
Residuals	171	118
Other investments	58	55
Total other invested assets	$ 277	$ 241

Assets on Deposit or Pledged as Collateral

At December 31, 2024 and 2023, the Company's restricted assets (including pledged collateral) were as follows ($ in thousands):

	2024						
	Gross (Admitted and Nonadmitted) Restricted					**Percentage**	
Restricted Asset Category	**Total General Account (G/A)**	**Total From Prior Year**	**Increase (Decrease)**	**Total Nonadmitted Restricted**	**Total Admitted Restricted**	**Gross (Admitted and Non-admitted) Restricted to Total Assets**	**Admitted Restricted to Total Admitted Assets**
On deposit with states	$ 702	$ 702	$ —	$ —	$ 702	0.11 %	0.12 %
Total restricted assets	$ 702	$ 702	$ —	$ —	$ 702	0.11 %	0.12 %

	2023						
	Gross (Admitted and Nonadmitted) Restricted					**Percentage**	
Restricted Asset Category	**Total General Account (G/A)**	**Total From Prior Year**	**Increase (Decrease)**	**Total Nonadmitted Restricted**	**Total Admitted Restricted**	**Gross (Admitted and Non-admitted) Restricted to Total Assets**	**Admitted Restricted to Total Admitted Assets**
On deposit with states	$ 702	$ 701	$ 1	$ —	$ 702	0.11 %	0.12 %
Total restricted assets	$ 702	$ 701	$ 1	$ —	$ 702	0.11 %	0.12 %

NOTE 6 - INVESTMENTS (continued)

Insurer Self-Certified Securities

The following represents securities for which the Company does not have all the information required for the NAIC to provide an NAIC designation, but for which the Company is receiving timely payments of principal and interest. These securities are referred to as "5GI Securities" ($ in thousands):

Investments	Number of 5GI Securities		Carrying Value		Estimated Fair Value	
	2024	2023	2024	2023	2024	2023
General account:						
Loan-backed and structured securities - amortized cost	—	1	$ —	$ 100	$ —	$ 100
Total general account	—	1	$ —	$ 100	$ —	$ 100

Admitted Negative IMR

IMR was admitted up to 10% of the Company's adjusted Capital and Surplus. Capital and Surplus was adjusted to exclude net positive admitted goodwill, electronic data processing equipment and operating system software, admitted negative IMR, and net deferred tax assets. The computation of adjusted Capital and Surplus for purposes of negative IMR admissibility is included below ($ in thousands):

	2024			
	Total	General Account	Insulated Separate Account	Insulated Separate Account
(1) Net negative (disallowed) IMR	$ 587	$ 587	$ —	$ —
(2) Negative (disallowed) IMR admitted	587	587	—	—
(3) Calculated adjusted capital and surplus				
Prior Period General Account Capital & Surplus	221,203			
From Prior Period SAP Financials				
Net Positive Goodwill (admitted)	—			
EDP Equipment & Operating System Software (admitted)	—			
Net DTAs (admitted)	11,337			
Net Negative (disallowed) IMR (admitted)	240			
Adjusted Capital & Surplus	$ 209,626			
(4) Percentage of adjusted capital and surplus				
Percentage of Total Net Negative (disallowed) IMR admitted in General Account or recognized in Separate Account to adjusted capital and surplus	0.3 %			
(5) Allocated gains/losses to IMR from derivatives				
	Gains	Losses		
Unamortized Fair Value Derivative Gains & Losses Realized to IMR - Prior Period	$ —	$ —		
Fair Value Derivative Gains & Losses Realized to IMR - Added in Current Period	—	—		
Fair Value Derivative Gains & Losses Amortized Over Current Period	—	—		
Unamortized Fair Value Derivative Gains & Losses Realized to IMR - Current Period Total	$ —	$ —		

NOTE 6 - INVESTMENTS (continued)

The Company engages in prudent portfolio management that may require sales of its fixed income investments in order to rebalance the portfolio and match the duration of the Company’s insurance liabilities. Proceeds from the sale of fixed income investments made for these purposes are reinvested in similar assets. If sales are executed due to liquidity pressures related to the Company’s insurance contracts (i.e., excess withdrawal activity), any related realized gains and losses are not deferred into the IMR.

NOTE 7 - FAIR VALUE MEASUREMENTS

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

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

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

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

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

The Company had no investments held at fair value at December 31, 2024 and 2023.

NOTE 7 - FAIR VALUE MEASUREMENTS (continued)

The following table represents the balances of assets and liabilities measured at fair value or NAV as of December 31, 2024 (in thousands):

	2024				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	NAV as a Practical Expedient	Total
Assets at fair value					
Other invested assets	$ —	$ —	$ 91	$ —	$ 91
Total assets at fair value	$ —	$ —	$ 91	$ —	$ 91

The table below presents a rollforward of Level 3 assets and liabilities for the year ended December 31, 2024 (in thousands):

	2024									
	Balance at 1/1	Transfers into Level 3	Transfers out of Level 3	Total gains (losses) included in Net Income	Total gains (losses) included in Surplus	Purchases	Issuances	Sales	Settlements	Balance at 12/31
Other invested assets	$ —	$ —	$ —	$ (1)	$ —	$ 92	$ —	$ —	$ —	$ 91
Total	$ —	$ —	$ —	$ (1)	$ —	$ 92	$ —	$ —	$ —	$ 91

Determination of Fair Value

The Company has an established and well-documented process for determining fair value. Security pricing is applied using a hierarchy approach whereby publicly available prices are first sought from nationally recognized third-party pricing services. For most private placement securities, the Company applies a matrix-based pricing methodology, which uses spreads derived from third-party benchmark bond indices. For private placement securities that cannot be priced through these processes, the Company uses internal models and calculations. All other securities are submitted to independent brokers for prices. The Company performs various analyses to ascertain that the prices represent fair value. Examples of procedures performed include, but are not limited to, back testing recent trades, monitoring trading volumes, and performing variance analysis of monthly price changes using different thresholds based on asset type. The Company also performs an annual review of all third-party pricing services. During this review, the Company obtains an understanding of the process and sources used by the pricing service to ensure that they maximize the use of observable inputs, the pricing service's frequency of updating prices, and the controls that the pricing service uses to ensure that their prices reflect market assumptions. The Company also selects a sample of securities and obtains a more detailed understanding from each pricing service regarding how they derived the price assigned to each security. Where inputs or prices do not reflect market participant assumptions, the Company will challenge these prices and apply different methodologies that will enhance the use of observable inputs and data. The Company may use non-binding broker quotes or internal valuations to support the fair value of securities that go through this formal price challenge process. At December 31, 2024 and 2023, the Company did not have any price challenges on what it received from third party pricing services.

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

NOTE 7 - FAIR VALUE MEASUREMENTS (continued)

The following tables present the carrying amounts and estimated fair value of the Company's financial instruments at December 31, 2024 and 2023 (in thousands):

	2024					
	Fair Value	**Carrying Value**	**Level 1**	**Level 2**	**Level 3**	**NAV as a Practical Expedient**
Assets:						
Bonds	$ 451,226	$ 481,134	$ —	$446,086	$ 5,141	$ —
Cash, cash equivalents and short-term investments	13,215	13,215	18,163	(4,948)	—	—
Other invested assets [(1)]	180	171	—	—	180	—
Investment income due and accrued	4,525	4,525	—	4,525	—	—
Commercial mortgage loans	52,048	54,582	—	—	52,048	—
Total assets	$ 521,194	$ 553,626	$ 18,163	$445,662	$ 57,369	$ —
Liabilities:						
Payable to parent and affiliates	$ 2,366	$ 2,366	$ —	$ 2,366	$ —	$ —
Total liabilities	$ 2,366	$ 2,366	$ —	$ 2,366	$ —	$ —

(1) Excludes investments accounted for under the equity method.

	2023					
	Fair Value	**Carrying Value**	**Level 1**	**Level 2**	**Level 3**	**NAV as a Practical Expedient**
Assets:						
Bonds	$ 468,306	$ 501,563	$ —	$466,404	$ 1,902	$ —
Cash, cash equivalents and short-term investments	9,806	9,806	20,677	(10,870)	—	—
Other invested assets [(1)]	129	118	—	—	129	—
Investment income due and accrued	4,445	4,445	—	4,445	—	—
Commercial mortgage loans	30,764	32,811	—	—	30,764	—
Total assets	$ 513,450	$ 548,744	$ 20,677	$459,979	$ 32,796	$ —
Liabilities:						
Payable to parent and affiliates	$ 1,055	$ 1,055	$ —	$ 1,055	$ —	$ —
Total liabilities	$ 1,055	$ 1,055	$ —	$ 1,055	$ —	$ —

Bonds

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

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

NOTE 7 - FAIR VALUE MEASUREMENTS (continued)

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

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

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

Mortgage Loans

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

Cash, Cash Equivalents and Short-term Investments

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

Other Invested Assets

Other invested assets are comprised of residual tranches. The fair value of residual tranches of securitizations is derived using an income valuation approach, which is based on a discounted cash flow calculation that may or may not use observable inputs and therefore is classified as Level 3.

There were no financial instruments reported at fair value at December 31, 2024 and 2023.

NOTE 8 - INVESTMENT INCOME AND CAPITAL GAINS AND LOSSES

The components of net investment income for the years ended December 31, 2024 and 2023 were as follows (in thousands):

	2024	2023
Bonds	$ 20,755	$ 18,896
Mortgage loans	2,232	1,578
Other invested assets	—	24
Other investments	817	680
Gross investment income	23,804	21,178
Investment expenses	(767)	(724)
Net investment income	23,037	20,454
Amortization of IMR	(196)	124
Net investment income, including amortization of IMR	$ 22,840	$ 20,578

Due and accrued investment income is excluded from surplus when amounts are over 90 days past due or collection is uncertain. At December 31, 2024 and 2023, the Company reported admitted due and accrued investment income of $4,525 thousand and $$4,445 thousand, respectively. At December 31, 2024 and 2023, the Company reported no nonadmitted due and accrued investment income for both periods. For certain fixed income instruments, the contractual agreement allows the issuer/borrower to defer interest (Paid-in-Kind interest). When interest is deferred, it is capitalized into principal. At December 31, 2024, the Company had paid-in-kind interest of $159 thousand, which has been included in the principal amount of the Company's mortgage loans of $159 thousand, and none in bonds. At December 31, 2023, the Company had paid-in-kind interest of $203 thousand, which has been included in the principal amount of the Company's mortgage loans of 203 thousand, and none in bonds.

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

	2024	2023
	General Account	
Number of cusips	5	1
Investment income	$ 9	$ 1

For the years ended December 31, 2024 and 2023, net realized capital gains (losses) were as follows (in thousands):

	2024	2023
Bonds	$ (1,330)	$ (1,144)
Other Invested Assets	(39)	—
Mortgage Loans	(71)	—
Net realized capital (losses) gains before tax and transfers to the IMR	(1,440)	(1,144)
Less:		
Capital gains tax benefit	$ 395	$ (395)
Net realized capital (losses) gains after tax transferred to IMR	(727)	(748)
Net realized capital (losses) gains after tax and transfers to the IMR	$ (1,109)	$ (1)

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

Proceeds from investments in bonds sold were $60,046 thousand and $48,359 thousand for the years ended December 31, 2024 and 2023, respectively. Gross gains of $89 thousand and $51 thousand in 2024 and 2023, respectively, and gross losses of $1,131 thousand and $962 thousand in 2024 and 2023, respectively, were realized on these sales. The Company computes gains and losses on sales under the specific identification method.

The following table provides a summary of OTTI losses included as realized capital losses for the years ended December 31, 2024 and 2023 (in thousands):

	2024	2023
Bonds	$ 28	$ 199
Other Invested Assets	39	—
Mortgage Loans	71	—
Total	$ 137	$ 199

The following tables present the Company's gross unrealized losses and fair values for bonds and equity securities aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, at December 31, 2024 and 2023 (in thousands):

	2024					
	Less than 12 Months		12 Months or Greater		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses[1]
Bonds						
U.S. governments	$ —	$ —	$ 575	$ 127	$ 575	$ 127
All other governments	—	—	2,200	99	2,200	99
U.S. special revenue and special assessment	—	—	2,379	194	2,379	194
Industrial and miscellaneous unaffiliated	76,951	4,306	279,629	27,704	356,580	32,010
Total bonds	$ 76,951	$ 4,306	$ 284,783	$ 28,124	$ 361,734	$ 32,430

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

	2023					
	Less than 12 Months		12 Months or Greater		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses[1]
Bonds						
U.S. governments	$ —	$ —	$ 584	$ 117	$ 584	$ 117
All other governments	—	—	2,152	145	2,152	145
U.S. special revenue and special assessment	1,611	28	811	141	2,422	169
Industrial and miscellaneous unaffiliated	20,051	1,295	366,358	34,705	386,409	36,000
Total bonds	$ 21,662	$ 1,323	$ 369,905	$ 35,108	$ 391,567	$ 36,431

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

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

At December 31, 2024, the gross unrealized loss on bonds was comprised of 864 securities, which are included in the table above. Of the total amount of bond unrealized losses, $30,634 thousand or 95% is related to unrealized losses on investment grade securities and $1,795 thousand or 6% is related to below investment grade securities. At December 31, 2023, the gross unrealized loss on bonds was comprised of 839 securities, which are included in the table above. Of the total amount of bond unrealized losses, $34,090 thousand, or 94%, is related to unrealized losses on investment grade securities and $2,341 thousand, or 6%, is related to below investment grade securities. Investment grade is defined as a security having a credit rating from the NAIC of 1 or 2; a rating of Aaa, Aa, A or Baa from Moody’s or a rating of AAA, AA, A or BBB from Standard & Poor’s ("S&P"); or a comparable internal rating if an externally provided rating is not available.

The amount of gross unrealized losses for bonds where fair value had declined by 20% or more of the amortized cost, totaled $3,055 thousand. The period of time that each of these securities has continuously been below amortized cost by 20% or more consists of $2,745 thousand for six months or less, $62 thousand for greater than six months through 12 months, and $248 thousand for greater than 12 months. In accordance with the Company's impairment policy, the Company performed quantitative and qualitative analysis to determine if the decline was temporary. For those securities where the decline was considered temporary, the Company did not recognize an impairment when it had the ability and intent to hold until recovery.

NOTE 9 - RELATED PARTY TRANSACTIONS

Dividend Distributions

For information on dividend payments made to New York Life, refer to note 16 - Dividends to Stockholder.

Material Transactions

The following table presents material related party transactions between the Company and its affiliates for the years ended December 31, 2024 and 2023:

Date of Transaction	Name of Related Party	Nature of Relationship	Type of Transaction	Description
Active Agreements				
12/31/2020	New York Life	Parent	Service and facility agreement	New York Life provides the Company with certain services and facilities including, but not limited to accounting, tax and auditing services, legal services, actuarial services, electronic data processing operations and communications operations. New York Life charges the Company for the identified costs associated with these services and facilities under the terms of a service agreement between New York Life and the Company. For the years ended December 31, 2024 and 2023, the fees incurred associated with these services and facilities, amounted to $67 thousand and $74 thousand, respectively. The terms of the agreements require that these amounts be settled in cash within 90 days.
1/1/2024	New York Life/ LINA	Parent / Insurance affiliate	Claims administration service agreement	The Company has entered into a claims administration services agreement with both New York Life and LINA. For the year ended December 31, 2024, there was no fee incurred associated with these services.
12/31/2020 (amended as of 10/26/2022)	New York Life	Parent	Revolving credit agreement	The Company, as borrower, has a revolving credit agreement with New York Life, as lender, for a maximum aggregate amount of $10,000 thousand. At December 31, 2024 and 2023, the credit facility was not used, no interest was paid, and there was no outstanding balance due.
12/31/2020	NYL Investors	Non insurance affiliate	Investment management agreement	The Company is a party to an investment management agreement with NYL Investors (a wholly-owned subsidiary of New York Life), as amended from time to time, whereby NYL Investors provides investment advisory and administrative services to the Company. For the years ended December 31, 2024 and 2023, the total cost for these services amounted to $689 thousand and $640 thousand, respectively, which is included in the costs of services billed by New York Life to the Company.
Various	New York Life	Parent	Participation in mortgage loans, REO and real estate	The Company's interests in commercial mortgage loans are primarily held in the form of participations in mortgages originated or acquired by New York Life. A real estate property acquired through foreclosure is called REO Portfolio. The Company's interests in the ownership of REO Portfolio is called REO Ownership Interest. Certain real estate investments acquired may have similar ownership interests through a participation. Under the participation agreement for the mortgage loans, it is agreed between the Company and New York Life that the Company's proportionate interest (as evidenced by a participation certificate) in the underlying mortgage loan, including without limitation, the principal balance thereof, all interest which accrues thereon, and all proceeds generated therefrom, will be pari passu with New York Life's and pro rata based upon the respective amounts funded by New York Life and the Company in connection with the applicable mortgage loan origination or acquisition. Consistent with the participation arrangement, all mortgage loan documents name New York Life (and not both New York Life and the Company) as the lender but are held for the benefit of both the Company and New York Life pursuant to the applicable participation agreement. New York Life retains general decision making authority with respect to each mortgage loan, although certain decisions require the Company's approval. The Company’s mortgage loans, REOs and certain real estate investments acquired through a participation from New York Life had a carrying value of $54,161 thousand and $32,811 thousand as of December 31, 2024 and 2023, respectively. There's no REO in the form of participations owned by the Company as of December 31, 2024 and 2023.

At December 31, 2024 and 2023, the Company reported a net amount of $717 thousand in receivables and $820 thousand in payables to its parent and affiliates, respectively. The terms of the underlying agreements generally require that these amounts be settled in cash within 90 days.

NOTE 9 - RELATED PARTY TRANSACTIONS (continued)

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

NOTE 10 - INSURANCE LIABILITIES

Insurance liabilities at December 31, 2024 and 2023 were as follows (in thousands):

	2024	2023
Disability insurance reserves	$ 272,096	$ 282,289
Life insurance reserves	17,997	17,295
Other reserves	221	344
Total policy reserves	290,314	299,928
Deposit funds	12,020	14,377
Policy claims	33,706	37,623
Claim adjustment expense reserves	8,919	9,248
Other policy and contract liabilities	5,401	5,984
Total insurance liabilities	$ 350,360	$ 367,160

Disability Insurance Reserves

Mortality and morbidity assumptions are predominantly based on industry tables and are at least as conservative as the statutory minimums. Discount rates ranged from 2.0% to 10.3% in both 2024 and 2023. The Company also discounts liabilities for certain cancellable disability insurance business. The liabilities for discounted reserves were $241,301 thousand at December 31, 2024 and $254,289 thousand at December 31, 2023. The aggregate amount of discount was $41,834 thousand at December 31, 2024 and $42,894 thousand at December 31, 2023.

Life Insurance Reserves

Reserves for life insurance policies are maintained principally using the 2017 Commissioners' Standard Ordinary Mortality Tables under the Net Level Premium Reserve Method with a valuation interest rate of 3.0%. Reserves for disabled lives are maintained principally using the 2023 Group Term Life Waiver Mortality and Recovery Tables with valuation interest rates ranging from 3.0% to 5.5%. Reserves for supplementary contracts with life contingencies are maintained principally using the 1994 Group Annuity Mortality Table with valuation interest rates ranging from 4.0% to 5.3%.

The Company has established policy reserves on contracts issued January 1, 2001 and later that exceed the minimum amounts determined under Appendix A-820, "Minimum Life and Annuity Reserve Standards" of NAIC SAP by approximately $269 thousand.

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.

NOTE 10 - INSURANCE LIABILITIES (continued)

The tabular interest has been determined by formula as described in the NAIC instructions. The tabular interest and tabular less actual reserve released for life insurance has been determined by a 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.

Withdrawal Characteristics of Annuity Reserves and Deposit Funds

The following tables reflect the withdrawal characteristics at December 31, 2024 and 2023 ($ in thousands):

Individual Annuities

	2024				
	General Account	Separate Accounts with Guarantees	Separate Accounts Non-guaranteed	Total	% of Total
Subject to discretionary withdrawal:					
With fair value adjustment	$ —	$ —	$ —	$ —	— %
At book value less current surrender charge of 5% or more	—	—	—	—	—
At fair value	—	—	—	—	—
Total with adjustment or at fair value	—	—	—	—	—
At book value without adjustment	—	—	—	—	—
Not subject to discretionary withdrawal	134,278	—	—	134,278	100
Total	134,278	—	—	134,278	100 %
Reinsurance ceded	134,278	—	—	134,278	
Total	$ —	$ —	$ —	$ —	
Amount with current surrender charge of 5% or more that will have less than a 5% surrender charge in the following year	$ —	$ —	$ —	$ —	

	2023				
	General Account	Separate Accounts with Guarantees	Separate Accounts Non-guaranteed	Total	% of Total
Subject to discretionary withdrawal:					
With fair value adjustment	$ —	$ —	$ —	$ —	— %
At book value less current surrender charge of 5% or more	—	—	—	—	—
At fair value	—	—	—	—	—
Total with adjustment or at fair value	—	—	—	—	—
At book value without adjustment	—	—	—	—	—
Not subject to discretionary withdrawal	132,716	—	—	132,716	100
Total	132,716	—	—	132,716	100 %
Reinsurance ceded	132,716	—	—	132,716	
Total	$ —	$ —	$ —	$ —	
Amount with current surrender charge of 5% or more that will have less than a 5% surrender charge in the following year	$ —	$ —	$ —	$ —	

NOTE 10 - INSURANCE LIABILITIES (continued)

Group Annuities

	2024				
	General Account	Separate Accounts with Guarantees	Separate Accounts Non-guaranteed	Total	% of Total
Subject to discretionary withdrawal:					
With fair value adjustment	$ —	$ —	$ —	$ —	— %
At book value less current surrender charge of 5% or more	—	—	—	—	—
At fair value	—	—	—	—	—
Total with adjustment or at fair value	—	—	—	—	—
At book value without adjustment	—	—	—	—	—
Not subject to discretionary withdrawal	6,626	—	—	6,626	100
Total	6,626	—	—	6,626	100 %
Reinsurance ceded	6,525	—	—	6,525	
Total	$ 101	$ —	$ —	$ 101	
Amount with current surrender charge of 5% or more that will have less than a 5% surrender charge in the following year	$ —	$ —	$ —	$ —	

	2023				
	General Account	Separate Accounts with Guarantees	Separate Accounts Non-guaranteed	Total	% of Total
Subject to discretionary withdrawal:					
With fair value adjustment	$ —	$ —	$ —	$ —	— %
At book value less current surrender charge of 5% or more	—	—	—	—	—
At fair value	—	—	—	—	—
Total with adjustment or at fair value	—	—	—	—	—
At book value without adjustment	—	—	—	—	—
Not subject to discretionary withdrawal	7,136	—	—	7,136	100
Total	7,136	—	—	7,136	100 %
Reinsurance ceded	6,884	—	—	6,884	
Total	$ 252	$ —	$ —	$ 252	
Amount with current surrender charge of 5% or more that will have less than a 5% surrender charge in the following year	$ —	$ —	$ —	$ —	

NOTE 10 - INSURANCE LIABILITIES (continued)

Deposit-Type Contracts

	2024				
	General Account	Separate Accounts with Guarantees	Separate Accounts Non-guaranteed	Total	% of Total
Subject to discretionary withdrawal:					
With fair value adjustment	$ 294	$ —	$ —	$ 294	2 %
At book value less current surrender charge of 5% or more	—	—	—	—	—
At fair value	—	—	—	—	—
Total with adjustment or at fair value	294	—	—	294	2
At book value without adjustment	12,122	—	—	12,122	98
Not subject to discretionary withdrawal	(102)	—	—	(102)	—
Total	12,314	—	—	12,314	100 %
Reinsurance ceded	294	—	—	294	
Total	$ 12,020	$ —	$ —	$ 12,020	
Amount with current surrender charge of 5% or more that will have less than a 5% surrender charge in the following year	$ —	$ —	$ —	$ —	

	2023				
	General Account	Separate Accounts with Guarantees	Separate Accounts Non-guaranteed	Total	% of Total
Subject to discretionary withdrawal:					
With fair value adjustment	$ 287	$ —	$ —	$ 287	2 %
At book value less current surrender charge of 5% or more	—	—	—	—	—
At fair value	—	—	—	—	—
Total with adjustment or at fair value	287	—	—	287	2
At book value without adjustment	14,443	—	—	14,443	98
Not subject to discretionary withdrawal	(66)	—	—	(66)	—
Total	14,664	—	—	14,664	100 %
Reinsurance ceded	287	—	—	287	
Total	$ 14,377	$ —	$ —	$ 14,377	
Amount with current surrender charge of 5% or more that will have less than a 5% surrender charge in the following year	$ —	$ —	$ —	$ —	

NOTE 10 - INSURANCE LIABILITIES (continued)

Withdrawal Characteristics of Life Insurance Reserves

The following table reflects the withdrawal characteristics of life insurance reserves at December 31, 2024 and 2023 ($ in thousands):

	2024			2023		
	General Account			General Account		
	Account Value	Cash Value	Reserve	Account Value	Cash Value	Reserve
Subject to discretionary withdrawal, surrender, or policy loans:						
Other permanent cash value life insurance	—	169	473	—	164	336
Not subject to discretionary withdrawal or no cash values:						
Term policies without cash value	—	—	3	—	—	2
Disability - disabled lives	—	—	18,406	—	—	17,827
Miscellaneous reserves	—	—	5	—	—	5
Total life insurance (gross)	—	169	18,887	—	164	18,170
Reinsurance ceded	—	165	690	—	164	664
Total life insurance (net)	$ —	$ 4	$ 18,197	$ —	$ —	$ 17,506

Retained Asset Accounts

Retained asset accounts are classified as liabilities for deposit funds. These accounts represent the Company's method for settling certain life, disability and accidental death and dismemberment claims where the claimant does not specify or request payment in an alternate form, or where another form of payment is directed by applicable law. The insurance proceeds are retained in the Company's general account and credited to a beneficiary's free interest-bearing account with draft privileges that can be liquidated at any time. The account balance and earned interest are fully guaranteed by the Company. The interest crediting rate is updated weekly and pegged to the Bank Rate Monitor Index, which reflects the average annual effective yield on money markets offered by one hundred large banks and thrifts in the United States. Interest is compounded daily and is credited to account holders on a monthly basis. The weighted average effective interest rate credited to account holders in 2024 was 0.45%, ranging from 0.41% to 0.49%. 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.

The following table presents the number and balance of retained asset accounts in-force at December 31, 2024 and 2023, respectively ($ in thousands):

	2024		2023	
	Number	Balance	Number	Balance
Up to and including 12 months	83	$ 3,954	86	$ 5,066
13 to 24 months	46	1,965	63	3,288
25 to 36 months	41	1,339	29	1,385
37 to 48 months	22	1,032	31	927
49 to 60 months	23	553	17	954
Over 60 months	89	3,275	99	2,817
Total	304	$ 12,118	325	$ 14,437

NOTE 10 - INSURANCE LIABILITIES (continued)

The following table presents the Company’s roll forward of retained asset accounts at December 31, 2024 ($ in thousands):

	Group Number	Group Balance/ Amount
At the beginning of the year	325	$ 14,437
Issued/added during the year	192	12,265
Investment earnings credited during the year	—	61
Transferred to state unclaimed property funds during the year	(10)	(186)
Closed/withdrawn during the year	(203)	(14,459)
At the end of the year	304	$ 12,118

Claim Adjustment Expenses

For the years ended December 31, 2024 and 2023, the Company's claim adjustment expense reserves were $8,919 thousand and $9,248 thousand, respectively. The balance in the liability for unpaid accident and health claim adjustment expenses as of December 31, 2024 and 2023 was $8,632 thousand and $9,001 thousand, respectively. The Company incurred $5,766 thousand and paid $6,135 thousand of claim adjustment expenses in the current year, of which $5,101 thousand of the paid amount was attributable to insured or covered events of prior years. There was no change to the liability associated with estimated anticipated salvage and subrogation.

Policy Claims

The following table presents a rollforward of the Company's accident and health liabilities for unpaid claims for the years ended December 31, 2024 and 2023 (in thousands):

	2024	2023
Liability at beginning of year	$ 19,175	$ 25,006
Incurred expenses for insured or covered events, current year	172,542	149,596
Incurred expenses for insured or covered events, prior years	702	11,814
Total provision	173,244	161,410
Payments for insured or covered events, current year	(96,862)	(89,411)
Payments for insured or covered events, prior years	(79,336)	(77,830)
Total payments	(176,198)	(167,241)
Liability at end of year	$ 16,221	$ 19,175

The incurred policy claims attributable to insured or covered events of prior years were unfavorable to reserve levels by $702 thousand in 2024, primarily attributable to the effect of interest discounting in the reserves. The incurred policy claims attributable to insured or covered events of prior years were unfavorable to reserve levels by $11,814 thousand in 2023, primarily attributable to the effect of interest discounting in the reserves. There was no change to the liability associated with estimated anticipated salvage and subrogation.

NOTE 11 - REINSURANCE

The effects of reinsurance on the accompanying Statutory Statements of Financial Position at December 31, 2024 and 2023 were as follows (in thousands):

	2024	2023
Policy reserves:		
Direct	$ 437,255	$ 447,346
Ceded	(146,941)	(147,418)
Policy reserves	$ 290,314	$ 299,928
Policy claims:		
Direct	$ 33,838	$ 38,212
Ceded	(132)	(589)
Policy claims	$ 33,706	$ 37,623
Reinsurance recoverable	$ 338	$ 2,086

The effects of reinsurance on the accompanying Statutory Statements of Operations for the years ended December 31, 2024 and 2023 were as follows (in thousands):

	2024	2023
Premiums:		
Direct	$ 278,019	$ 290,767
Ceded	(652)	(4,918)
Premiums	$ 277,367	$ 285,849
Benefit payments:		
Direct	$ 231,625	$ 230,231
Ceded	(9,707)	(13,396)
Benefit payments	$ 221,918	$ 216,835

Reinsurance Ceded

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

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

The Company cedes the risks associated with all structured settlement contracts to Connecticut General Life Insurance Company ("CGLIC"). Policy reserves ceded were $140,812 thousand and $139,563 thousand at December 31, 2024 and 2023, respectively. In connection with this agreement, CGLIC maintains a trust with the Company as the beneficiary. The book value of the assets in the trust was $129,081 thousand and $128,076 thousand at December 31, 2024 and 2023, respectively.

NOTE 11 - REINSURANCE (continued)

Effective December 31, 2020, the Company entered into a reinsurance agreement to cede all of the supplemental health benefit business directly written by the Company to Cigna Health & Life Insurance Company ("CHLIC"). Premiums ceded were $75 thousand and $3,992 thousand for the years ended December 31, 2024 and 2023, respectively. In 2024, the supplemental health benefit business directly written by the Company was fully novated to CHLIC.

NOTE 12 - BENEFIT PLANS

The Company participates in New York Life's tax-qualified and non-qualified defined contribution plans covering eligible U.S. employees (401(k) plans). The tax-qualified plan provides for pre-tax, after-tax and/or after-tax Roth salary reduction contributions (subject to maximums) and Company matching contributions of up to 5% of annual salary (base plus eligible incentive pay are considered). A non-qualified plan credits participant and Company matching contributions with respect to compensation in excess of the amount that may be taken into account under the tax-qualified plan, and a separate non-qualified plan provides for Company matching contributions with respect to deferred compensation. For the year ended December 31, 2024, there were no Company matching contributions to the employees' tax qualified and non-qualified plans. For the year ended December 31, 2023, the Company matching contributions to the employees' tax qualified and non-qualified plans totaled $95 thousand.

NOTE 13 - COMMITMENTS AND CONTINGENCIES

Guarantees

As stated in Note 3 - Significant Accounting Policies, at the inception of a guarantee (except unlimited guarantees), the Company recognizes an initial liability at fair value for the obligations it has undertaken, regardless of the probability of performance under the guarantee. This includes guarantees made on behalf of affiliates unless the guarantee is deemed unlimited. At December 31, 2024 and 2023, the Company had no such guarantees.

Litigation

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

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

NOTE 13 - COMMITMENTS AND CONTINGENCIES (continued)

Assessment

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

Lease Commitments

Rental expenses for operating leases principally for office space amounted to $110 thousand and $176 thousand for the years ended December 31, 2024 and 2023, respectively.

At December 31, 2024, the aggregate future minimum rental payments under leases having initial or remaining non-cancelable lease term in excess of one year are $110 thousand in 2025 and $331 thousand thereafter.

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

Other Commitments and Contingencies

At December 31, 2024 and 2023, the Company had contractual commitments to extend credit for commercial mortgage loans at both fixed and variable rates of interest, which amounted to $3,453 thousand and $2,148 thousand, respectively. These commitments are diversified by property type and geographic location.

At December 31, 2024, the Company had $1,377 thousand outstanding contractual obligations to acquire additional private placement securities. At December 31, 2023, the Company had no outstanding contractual obligations to acquire additional private placement securities.

NOTE 14 - INCOME TAXES

The components of the net DTAs and DTLs were as follows at December 31, 2024 and 2023 (in thousands):

	2024			2023			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Gross DTAs	$ 23,348	$ 1,033	$ 24,381	$ 26,779	$ 71	$ 26,850	$ (3,431)	$ 962	$ (2,469)
Statutory valuation allowance	—	—	—	—	—	—	—	—	—
Adjusted gross DTAs	23,348	1,033	24,381	26,779	71	26,850	(3,431)	962	(2,469)
Nonadmitted DTAs [(1)]	12,998	—	12,998	14,747	—	14,747	(1,749)	—	(1,749)
Subtotal net admitted DTAs	10,350	1,033	11,383	12,032	71	12,103	(1,682)	962	(720)
Gross DTLs	578	610	1,188	379	440	819	199	170	369
Net admitted DTAs	$ 9,772	$ 423	$ 10,195	$ 11,653	$ (369)	$ 11,284	$ (1,881)	$ 792	$ (1,089)

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

NOTE 14 - INCOME TAXES (continued)

The admission calculation components for the years ended December 31, 2024 and 2023 are as follows (paragraph references throughout Note 14 are to paragraphs of SSAP No. 101 "Income Taxes, A Replacement of SSAP No. 10R and SSAP No. 10") (in thousands):

	December 31, 2024			December 31, 2023			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Federal income taxes paid in prior years recoverable through loss carrybacks (Paragraph 11.a)	$ 6,646	$ —	$ 6,646	$ 6,126	$ —	$ 6,126	$ 520	$ —	$ 520
Adjusted gross DTAs expected to be realized (excluding the amount of DTAs from paragraph 11.a above) after application of the threshold limitation (the lesser of paragraph 11.b.i and 11.b.ii below):	2,568	980	3,548	5,153	5	5,158	(2,585)	975	(1,610)
Adjusted gross DTAs expected to be realized following the balance sheet date. (Paragraph 11.b.i)	2,568	980	3,548	5,153	5	5,158	(2,585)	975	(1,610)
Adjusted gross DTAs allowed per limitation threshold (Paragraph 11.b.ii)	XXX	XXX	29,552	XXX	XXX	26,824	XXX	XXX	2,728
Adjusted gross DTAs (excluding the amount of DTAs from paragraphs 11.a and 11.b above) offset by gross DTLs (Paragraph 11.c)	1,136	53	1,189	753	66	819	383	(13)	370
DTAs admitted as the result of application of SSAP 101 (Total of paragraphs 11.a, 11.b, 11.c).	$ 10,350	$ 1,033	$ 11,383	$ 12,032	$ 71	$ 12,103	$ (1,682)	$ 962	$ (720)

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

	December 31,	
	2024	2023
Ratio percentage used to determine recovery period and threshold limitation amount.	868%	840%
Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in paragraph 11.b.ii above.	$197,016	$178,829

There was no impact on the Company's adjusted gross and net admitted DTAs or corporate alternative minimum tax ("CAMT") DTAs, if any, due to tax planning strategies at December 31, 2024 and 2023. The Company did not use reinsurance in its tax planning strategies.

The Company had no unrecognized DTLs at December 31, 2024 and 2023. Additionally, the Company had no adjustments to gross DTAs because of a change in circumstances that causes a change in judgment about the realizability of the related DTAs.

Significant components of the current federal and foreign income taxes for the years ended December 31, 2024 and 2023 were as follows (in thousands):

	2024	2023	Change
Federal and foreign tax expense[1]	$ 8,315	$ 6,363	$ 1,952
Federal income tax on net capital losses	395	(395)	790
Total federal and foreign income taxes	$ 8,710	$ 5,968	$ 2,742

[1] The Company had no investment tax credits for the years ended December 31, 2024 and 2023, respectively.

NOTE 14 - INCOME TAXES (continued)

The tax effects of temporary differences that give rise to DTAs and DTLs at December 31, 2024 and 2023 were as follows (in thousands):

	2024	2023	Change
DTAs			
Ordinary:			
Unearned premium reserve	$ 13	$ 10	$ 3
Other insurance and contract holder liabilities	7,050	7,186	(136)
Investments	3,010	3,926	(916)
Deferred acquisition costs	1,289	999	290
Receivables - nonadmitted	1,129	2,775	(1,646)
Other(1)	10,857	11,883	(1,026)
Subtotal	23,348	26,779	(3,431)
Non-admitted	12,998	14,747	(1,749)
Statutory valuation adjustment	—	—	—
Admitted ordinary DTAs	10,350	12,032	(1,682)
Capital:			
Investments	53	71	(18)
Net capital loss carry-forward	980	—	980
Subtotal	1,033	71	962
Nonadmitted	—	—	—
Admitted capital DTAs	1,033	71	962
Total admitted DTAs	11,383	12,103	(720)
DTLs			
Ordinary:			
Investments	532	379	153
Deferred & uncollected premium	46	—	46
Subtotal	578	379	199
Capital:			
Investments	610	440	170
Subtotal	610	440	170
Total DTLs	1,188	819	369
Net admitted DTAs	$ 10,195	$ 11,284	$ (1,089)

Change in deferred income tax on change in net unrealized capital gains/(losses)	$ 4
Change in net deferred tax related to other items	$ (2,842)
Change in deferred tax asset nonadmitted	1,749
Total change in net admitted DTAs	$ (1,089)

(1) Other DTA includes goodwill and intangibles of $10,845 thousand and $11,831 thousand at December 31, 2024 and 2023 respectively.

NOTE 14 - INCOME TAXES (continued)

The Company's income tax expense and change in deferred tax assets/deferred tax liabilities at December 31, 2024 and 2023 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):

	2024	2023	Change
Net gain from operations after dividends to policyholders and before federal and foreign income taxes at statutory rate	$ 10,173	$ 7,404	$ 2,769
Net realized capital (losses) gains at statutory rate	(302)	(240)	(62)
Investment items	(14)	(43)	29
Change in nonadmitted assets	1,646	466	1,180
IMR	41	(26)	67
Meals & Entertainment	—	7	(7)
Other items impacting surplus	6	285	(279)
Other, net	2	1	1
Federal and foreign income taxes incurred and change in net deferred taxes during the year	$ 11,552	$ 7,854	$ 3,698
Federal and foreign income tax expense reported in the Company's Statutory Summary of Operations	$ 8,315	$ 6,363	$ 1,952
Capital losses tax incurred	395	(395)	790
Change in net deferred income taxes	2,842	1,886	956
Federal and foreign income taxes incurred and change in net deferred taxes during the year	$ 11,552	$ 7,854	$ 3,698

The Company's federal income tax return is consolidated with NYLIC, NYLIAC, NYLAZ, NYLIFE LLC, NYLE, NYL Investments, NYL Investors, LINA, and LINA Benefit Payments, Inc. Refer to Note 3 – Significant Accounting Policies - Federal Income Taxes.

The New York Life consolidated federal income tax returns are routinely audited by the Internal Revenue Service ("IRS") and provisions are made in the financial statements in anticipation of the results of these audits. The IRS has completed audits through 2013, and tax years 2014 through 2018 are currently under examination. There were no material effects in the Company's Statement of Operations as a result of these audits.

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

The Company did not have any operating loss, tax credit or CAMT credit carryforwards available for tax purposes.

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

	Amount	Origination Date	Expiration Date
Capital Loss	$ 1,774	12/31/2023	12/31/2028
Capital Loss	$ 2,893	12/31/2024	12/31/2029

For the years ended December 2024, 2023, and 2022, the Company's income taxes incurred in current and prior years that will be available for recoupment in the event of future net losses were as follows (in thousands):

Year	Ordinary
2024	$ 8,329
2023	$ 6,182
2022	$ —

NOTE 14 - INCOME TAXES (continued)

At December 31, 2024 and 2023, the Company recorded a current income tax receivable of $59 thousand and payable of $1,087 thousand, respectively, which is included in Other assets and Other liabilities in the accompanying Statutory Statements of Financial Position.

The Inflation Reduction Act ("IRA") of 2022 was enacted on August 16, 2022. The IRA includes a new Federal CAMT, effective in 2023, that is based on the adjusted financial statement income set forth on the applicable financial statement of an applicable corporation. The NAIC adopted Interpretation ("INT") 23-03 to apply to December 31, 2023 and subsequent years. The Company has determined as of the reporting date that it will be an applicable corporation but will not be liable for CAMT for the reporting year. The reporting entity has made an accounting policy election to disregard CAMT when evaluating the need for valuation allowance for its non-CAMT DTA's. As the subsidiary that is a member of a controlled group of corporations that file a consolidated return, any CAMT liability will be borne by the parent.

At December 31, 2024, the Company had no protective tax deposits on deposit with the Internal Revenue Service under Section 6603 of the Internal Revenue Service Code.

NOTE 15 - CAPITAL AND SURPLUS

Capitalization

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

Nonadmitted Assets

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

Special Surplus Funds

At December 31, 2024, the Company had special surplus funds of $587 thousand due to the admittance of negative IMR. Refer to Note 6 - Investments for a more detailed discussion on Admitted Negative IMR.

NOTE 16 - DIVIDENDS TO STOCKHOLDER

The Company is subject to restrictions on the payment of dividends to New York Life. Under the state of New York insurance laws, cash dividends can be paid only out of that part of the Company's available and accumulated surplus funds which are derived from realized net operating profits on its business and realized capital gains, and dividends (or other distributions) on capital stock can be declared and paid only out of earned surplus (being an amount equal to the unassigned funds of the Company as set forth in its most recent annual statement submitted to the New York State Insurance Superintendent ("the Superintendent"), including all or part of the surplus arising from unrealized capital gains or revaluation of assets excluding 85% of the change in unrealized capital gains for the immediately preceding calendar year), and, except as otherwise approved by the Superintendent (provided that stock dividends may be paid out of any available surplus funds). Furthermore, no extraordinary dividend may be paid until 30 days after the Superintendent has received notice of such declaration and has not disapproved such payment within such 30 day period, or the Superintendent has approved such payment within that 30 day period. Extraordinary dividends are defined as any dividend or distribution or cash or other property, whose fair market value, together with that of other dividends or distributions made within the preceding 12 months, exceeds the greater of (1) 10 percent of the Company's surplus as regards policyholders as of the preceding December 31 or (2) the net gain from operations of the Company for the 12 month period ending on the preceding December 31, not including realized capital gains, not to exceed thirty percent of its surplus to policyholders as of the immediately preceding calendar year. Extraordinary dividends are also defined as any dividends in the calendar year immediately following a calendar year for which the Company's net gain from operations, not including realized capital gains, was negative.

At December 31, 2024, the amount of earned surplus of the Company available for the payment of dividends was \$200,274 thousand. The maximum amount of dividends that may be paid in 2025 without prior notice to or approval of the Department is \$40,128 thousand.

Dividends may be declared by the Board of Directors of the Company from available surplus, as it deems appropriate, on a non-cumulative basis. For the years ended December 31, 2024, and 2023 the Company paid dividends to its sole stockholder, New York Life, of \$28,000 thousand, and \$0 thousand, respectively.

NOTE 17 - WRITTEN PREMIUMS

The amount of net premiums written by the Company for the years ended December 31, 2024 and 2023 that are subject to retrospective rating features were $86 thousand and $(25) thousand, respectively, which represented less than 1% of the total net premiums written for both periods. No other net premiums written by the Company are subject to retrospective rating features.

Deferred and uncollected life insurance premiums and annuity considerations at December 31, 2024 and 2023 were as follows (in thousands):

	2024		2023	
	Gross	Net of Loading	Gross	Net of Loading
Ordinary renewal	$ 74	$ 74	$ —	$ —
Group Life	7,464	7,464	6,597	6,597
Total	$ 7,538	$ 7,538	$ 6,597	$ 6,597

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

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

Based upon the Company experience, the amount of premiums that may become uncollectible and result in a potential loss is not material to the Company's financial position. At December 31, 2024 and 2023, the Company had 5,193 thousand and $13,132 thousand of uncollected premiums, respectively, that were nonadmitted as they were over 90 days past due.

The Company did not have any direct premium written/produced by a single managing general agent/third-party administrator that was equal to or greater than 5% of surplus for the years ended December 31, 2024 and 2023, respectively.

NOTE 18 - SUBSEQUENT EVENTS

At March 31, 2025, the date the financial statements were available to be issued, there have been no events occurring subsequent to the close of the Company's books or accounts for the accompanying statutory financial statements that would have a material effect on the financial condition of the Company.

GLOSSARY OF TERMS

Term	Description
AVR	Asset valuation reserve
CAMT	Corporate Alternative Minimum Tax
CGLIC	Connecticut General Life Insurance Company
CHLIC	Cigna Health & Life Insurance Company
DTA(s)	Deferred tax asset(s)
DTL(s)	Deferred tax liability(ies)
IMR	Interest maintenance reserve
INT	Interpretation 23-01 adopted by the NAIC
IRA	The Inflation Reduction Act of 2022
IRS	Internal Revenue Service
LINA	Life Insurance Company of North America
LTV	Loan to value ratio
NAIC	National Association of Insurance Commissioners
NAIC SAP	National Association of Insurance Commissioners' Accounting Practices and Procedures
NAV	Net asset value
New York Life	New York Life Insurance Company
OTTI	Other-than-temporary impairment(s)
SSAP	Statement of Statutory Accounting Principles
The Company	New York Life Group Insurance Company of NY
The Department	New York State Department of Financial Services
U.S. GAAP	Accounting principles generally accepted in the United States of America