BEST'S COMPANY REPORT

STANDARD SECURITY
LIFE INSURANCE COMPANY

STANDARD SECURITY LIFE INSURANCE COMPANY OF NEW YORK

Domiciliary Address: 488 Madison Avenue, Suite 803, New York, New York 10022-5872 United States
Administrative Office: 488 Madison Avenue, Suite 803, New York, New York 10022-5872 United States
Mailing Address: 488 Madison Avenue, Suite 803, New York, New York 10022-5872 United States

AMB #: 007075 **NAIC #:** 69078 **FEIN #:** 13-5679267

Phone: +1-212-355-4141 **Fax:** +1-212-754-3346 **Website:** www.sslicny.com

AM BEST
A
EXCELLENT
Financial Strength Rating

Standard Security Life Insurance Company of New York

AMB #: 007075 | **NAIC #:** 69078 | **FEIN #:** 13-5679267
Ultimate Parent: AMB # 058633 - Tokio Marine Holdings, Inc.

Best's Credit Rating Effective Date
November 15, 2024

Analytical Contacts
Thomas Keelan
Financial Analyst II
Thomas.Keelan@ambest.com
+1(908) 439-2200 Ext. 908-882-1925

Edin Imsirovic
Director
Edin.Imsirovic@ambest.com
+1(908) 439-2200 Ext. 908-882-1903

Information
Best's Credit Rating Methodology

Guide to Best's Credit Ratings

Market Segment Outlooks

Financial Data Presented
The financial data in this report reflects the most current data available to the Analytical Team at the time of the rating. Updates to the financial exhibits in this report are available here: Best's Financial Report.

Best's Credit Ratings

Financial Strength Rating (FSR)	Issuer Credit Rating (ICR)
A	**a**
Excellent	**Excellent**
Outlook: **Stable**	Outlook: **Stable**
Action: **Affirmed**	Action: **Affirmed**

Assessment Descriptors

Balance Sheet Strength	**Strongest**
Operating Performance	**Adequate**
Business Profile	**Limited**
Enterprise Risk Management	**Appropriate**

Rating Rationale

Balance Sheet Strength: Strongest

- Standard Security Life Insurance Company of New York (SSL) maintains the strongest level of risk-adjusted capitalization as measured by its Best's Capital Adequacy Ratio (BCAR).
- Capital and surplus remained flat due to the company paying its highest dividends to date coupled with two consecutive years of rate decreases in New York.
- The company's investment portfolio, while still conservative, produced its best investment income in the last five years driven by interest rate tailwinds.
- The organization has a moderate dependence on reinsurance and places its external reinsurance primarily with highly rated carriers.

Operating Performance: Adequate

- SSL has experienced positive operating gains and net underwriting income in each of the last five years.
- The sharp increase in operating profitability seen in recent years, which was due to a large rate increase in the New York Paid Family Leave (PFL) product in 2021, began to taper as rates decreased in both 2023 and going into 2024.
- Investment income continued to increase through 2023, to its highest amount in the last five years, due to the elevated interest rate environment.

Business Profile: Limited

- SSL is domiciled in New York and licensed as an insurance company in all 50 states, the District of Columbia, the Virgin Islands and Puerto Rico.
- It primarily sells short-term statutory disability benefit products (DBL) and PFL in New York State through general agents and brokers.
- SSL's premium base is almost entirely concentrated in the state of New York.

Enterprise Risk Management: Appropriate

- SSL's enterprise risk management (ERM) is integrated with its ultimate parent, Tokio Marine Holdings, Inc. (Tokio Marine), with the objective centered on maximizing corporate value by maintaining financial soundness and improving profitability.
- Risks are formally identified and assessed at least twice annually and categorized into a risk register.
- SSL models risks separately by risk category using a 99% TVaR measure according to the Standard Capital Modeling manual that is used throughout Tokio Marine's operations.

Rating Lift/Drag

- The company has completed its integration with Tokio Marine including ERM, personnel and management with synergies developing across insurance affiliates, including investment management.

Outlook

- The stable outlooks are supported by the company's strongest level of risk-adjusted capitalization, consistent operating results, market expertise, and appropriate ERM capabilities.

Rating Drivers

- Negative rating actions could occur if Standard Security Life Insurance Company of New York's consistent operating profitability reverses course for an extended period of time.
- Negative rating action could occur if there is an unfavorable change in AM Best's view of the strategic importance of the company to Tokio Marine Holdings, Inc.
- Positive rating action could be taken if further integration with the ultimate parent, Tokio Marine Holdings, Inc., is achieved throughout the organization.

Credit Analysis

Balance Sheet Strength

Standard Security Life Insurance Company of New York (SSL) balance sheet assessment is assessed at the strongest level, supported by a 2023 BCAR score of 40.1 at the 99.6% VaR confidence level. Capital and surplus levels have remained relatively stable over the past five years supported by consistent operating earnings that have offset annual dividends of $130.8M that were paid to the ultimate holding company over the years.

Overall, surplus in 2023 decreased by <1% to $101.2M compared to $101.9M in 2022. A lower level of net underwriting income and a larger dividend in 2023 led to the slight decrease in surplus. Additionally, for the six-month 2023 period, surplus levels initially increased by nearly 8% to $109.1M, but dropped to $78.8M after a $30.3M dividend was paid in Q2.

In 2020 the NYS DFS published the set NY Paid Family Leave (PFL) product benefit and contribution rates for 2021, which included an 89% premium rate increase for all PFL writers. Thus, underwriting gains in 2021 were driven by statutorily set premium rate increases. Following the significant increase in rates, the announced rates for 2022 were flat and company projections did not assume any further increases for the next few years. Since then, 2023 and 2024 rates were announced at an 11% and 18% decrease, respectively, which the company has worked that into their projections. The NYS DFS announced a 4% rate increase for 2025.

Following the January 2022 acquisition of SSL by Tokio Marine subsidiary Reliance Standard Life Insurance Company, management of the investment portfolio was transferred to Delphi Capital Management, a Tokio Marine subsidiary which actively manages portfolios of other Tokio Marine companies. The overall investment objective is to construct a conservative, diversified portfolio of multiple asset classes designed to match the group's liabilities duration and cash-flow requirements while maintaining a predominately investment grade, diversified, fixed income portfolio, with a high degree of liquidity.

In 2022, the company restructured their investment portfolio from 55% in fixed income securities to over 92%. With this restructuring, the bonds went from 100% investment grade to 46% NAIC 1, 40% NAIC 2, and 14% NAIC 3. Through 2023, the proportion of bonds to stocks stayed relatively similar, moving to 89.7% bonds and 10.3% stocks. The NAIC split is as follows: 85.5% investment grade (NAIC 1 and 2) and 14.5% below investment grade.

The company maintains a favorable level of liquidity due to most of its holdings being in publicly traded securities. Despite the fluctuating percentage of cash and short-term investments, the liquidity position has remained strong in recent years and continued to be favorable through 2023. The company also has moderate dependence on reinsurance with highly rated reinsurers.

Capitalization

Asset Liability Management - Investments

Operating Performance

SSL's operating performance has been assessed as adequate as the company has reported positive operating gains over the past five years. Net income in 2023 improved to $48.2M compared to $47.1M in 2022, $44.3M in 2021, and $12.9M in 2020. The large increase since 2020 is due to a significant increase in rates. In 2020 the New York DFS published the set PFL product benefit and contribution rates for 2021, and they included an 89% premium rate increase for all PFL writers. Thus, the underwriting gains in 2021 were driven by statutorily set premium rate increases. Following the significant increase in rates, the announced rates for 2022 were flat and the rates for 2023 and 2024 were 11% and 18% decreases, respectively. Given this, it's not surprising that recent results have dipped through 2Q24, with the company posting net income of $7.4M compared to $17.5M for the same period last year.

Net premiums written have exhibited strong growth since 2021 due to a before mentioned premium rate increases for PFL writers. The net premiums written in 2023 increased to $215.3M compared to $214.4 in 2022. Through 2Q24 the net written premiums decreased to $122.4M compared to $142.3M for the same period in the prior year. Finally, investment income, which had steadily declined in recent years due to lower net investment yields, course corrected in 2022 and remained strong through 2023. Year-end 2023 investment income came in at $10.9M, nearly double the $5.5M seen through 2022.

Business Profile

In January 2022 Independence Holding Company (IHC) closed its sale of SSL to Reliance Standard Life Insurance Company, a subsidiary of Tokio Marine Holdings Inc., for approximately $180 million. SSL is domiciled in New York and licensed as an insurance company in all 50 states, as well as the District of Columbia, the Virgin Islands, and Puerto Rico. The Company primarily sells a short-term statutory disability benefit product ("DBL") and Paid Family Leave ("PFL") in New York State through general agents, agents and brokers and specialty health products. The Company is no longer actively selling specialty health products, although there will be some run-off. Historically, the Company wrote medical stop-loss but ceased doing so during 2016. On March 31, 2016, IHC, and its subsidiary

Business Profile (Continued...)

Independence American Holdings Corp., sold to a division of Swiss Re all the membership interests of Risk Solutions. In addition, under the Purchase and Sale Agreement, all the in-force stop-loss business of Standard Security Life and Independence American produced by Risk Solutions was co-insured, as of January 1, 2016, by Swiss Re Corporate Solutions' largest US carrier, Westport Insurance Corporation. SSL no longer has any remaining risk for the stop-loss business on its balance sheet.

The Company markets a short-term statutory disability benefit product in New York State. All companies with more than one employee in New York State are required to provide DBL insurance for their employees. DBL coverage provides temporary cash payments to replace wages lost because of disability due to non-occupational injury or illness. The DBL policy provides for (i) payment of 50% of salary to a maximum of $170 per week; (ii) a maximum of 26 weeks in a consecutive 52-week period; and (iii) benefit commencement on the eighth consecutive day of disability. Policies covering fewer than 50 employees have fixed rates approved by the NYS DFS. Policies covering 50 or more employees are individually underwritten.

As of January 1, 2018, the DBL policy was amended to include PFL. The PFL benefit allows for parents to bond with a newborn or an adopted child, care for a seriously ill family members, and to help military families during times of need. Beginning January 1, 2018, the benefit was phased in, and the maximum benefit starting January 1, 2024, was for 12 weeks at 67% of an employee's weekly wage up to a maximum of $1,151 per week. The PFL premium rate is set by the NYS DFS. In addition to mandating this benefit, the NYS DFS established a risk adjustment program so that all carriers would share on a pro rata basis in the ultimate profit or loss of the PFL business across three group sizes for the entire industry. The goal of the PFL risk adjustment program is to protect issuers from disproportionate adverse or favorable risks that might arise because PFL premium rates are community rated and not allowed to vary by risk factors.

In addition, the Company has existing business in-force in the following lines of business which are in run-off: dental, vision, critical illness, hospital indemnity, individual accident and health, individual life, single premium immediate annuities, and miscellaneous insurance business.

Enterprise Risk Management

As part of the Tokio Marine Group and Delphi Financial Group (DFG), SSL adheres to TM's Enterprise Risk Management ("ERM") framework. In compliance with this framework, DFG has developed its own risk identification and management policies, procedures, limits, and reports. A risk governance structure including the board of directors, chief risk officer and senior management has been put in place at DFG, its combined property-casualty insurance subsidiaries, and its combined life insurance subsidiaries. Risks are formally identified and assessed at least twice a year and categorized into a risk register.

Quantifiable risks are modeled and reported to senior management and the board of directors at least twice a year. Qualitative analysis is used to monitor and minimize non-quantifiable risks. A key component of DFG's risk management process is its strategic business plan (on an entire DFG group basis including group insurance companies), which is prepared annually, with projections for the next three years. After internal discussion and approval of the plan, DFG's management communicates details to TMHD, including any revised capital requirements and quantitative and qualitative aspects of its risk outlook. The business plan and capital allocation are then vetted and approved by Delphi's Board of Directors and TMHD, after which they are implemented into operations.

As an insurance group, DFG accepts Property and Casualty Underwriting Risk, Life Insurance Risk, and Investment Risk as Core Risks which are inherent to its business and achieving profit. DFG is willing to take Core Risks as long as the excess return compensates adequately for the capital charge based on the risk amount. DFG's risk taking is subject to its available capital and limited by the acceptable risk levels required by constituents including policyholders, rating agencies, regulators and TMHD.

Using the procedures specified in the Standard Capital Modeling manual used throughout TM's international operation, DFG models its risks separately, by risk category, using the 99% TVaR measure. It then aggregates the individual risk category scores based on the estimated correlation among risk categories. The total risk amount of DFG and its GICs calculated in this way is labeled the Integrated Risk Amount.

Environmental, Social & Governance

AM Best considers the company's exposure to material environmental, social, and corporate governance (ESG) risks to be low. The company operates in an environment where its underwriting activities have low or no exposure to climate risk, and its profile on underwriting and investment are not exposed to so-called toxic assets and industries. The company operates in line with market peers and at present ESG factors are unlikely to impact the credit quality of the company in the short term. There are no regulatory requirements relating to ESG, although the company regularly monitors developments to ensure its practices are compliant.

Rating Lift/Drag

The company has completed its integration with Tokio Marine including ERM, personnel, and management, with synergies developing across insurance affiliates, including investment management.

Financial Statements

	6-Months		Year End - December 31			
	2024		2023		2022	
Balance Sheet	**USD (000)**	**%**	**USD (000)**	**%**	**USD (000)**	**%**
Cash and Short Term Investments	29,492	13.5	16,579	8.3	11,903	6.1
Bonds	143,966	65.7	144,160	72.4	149,485	76.4
Other Invested Assets	1,985	0.9	20	...	35	...
Total Cash and Invested Assets	175,443	80.1	160,759	80.8	161,422	82.5
Premium Balances	33,961	15.5	30,078	15.1	26,013	13.3
Net Deferred Tax Asset	5,457	2.5	4,635	2.3	4,201	2.1
Other Assets	4,232	1.9	3,529	1.8	4,097	2.1
Total General Account Assets	219,093	100.0	199,001	100.0	195,733	100.0
Total Assets	219,093	100.0	199,001	100.0	195,733	100.0
Net Life Reserves	9,955	4.5	10,238	5.1	11,820	6.0
Net Accident & Health Reserves	64,126	29.3	39,226	19.7	31,319	16.0
Liability for Deposit Contracts	...	...	...	...	4	...
Asset Valuation Reserve	1,394	0.6	1,261	0.6	739	0.4
Other Liabilities	64,817	29.6	47,115	23.7	49,903	25.5
Total General Account Liabilities	140,291	64.0	97,840	49.2	93,784	47.9
Total Liabilities	140,291	64.0	97,840	49.2	93,784	47.9
Capital Stock	2,587	1.2	2,587	1.3	2,587	1.3
Paid-In and Contributed Surplus	24,775	11.3	24,775	12.4	24,775	12.7
Unassigned Surplus	51,125	23.3	73,457	36.9	74,051	37.8
Other Surplus	316	0.1	342	0.2	537	0.3
Total Capital and Surplus	78,803	36.0	101,161	50.8	101,949	52.1
Total Liabilities, Capital and Surplus	219,093	100.0	199,001	100.0	195,733	100.0

Source: BestLink® - Best's Financial Suite

Last Update
November 16, 2024

Identifiers
AMB #: 007075
NAIC #: 69078
FEIN #: 13-5679267

Contact Information
Administrative Office:
488 Madison Avenue, Suite 803,
New York, New York 10022-5872
United States

Web: www.sslicny.com
Phone: +1-212-355-4141
Fax: +1-212-754-3346

Financial Data Presented

The financial data in this report reflects the most current data available at the time the report was printed.

Standard Security Life Insurance Company of New York

Operations

Date Incorporated: June 28, 1957 **|** **Date Commenced:** December 22, 1958

Domiciled: New York, United States

Licensed: (Current since 12/07/2001). The company is licensed in the District of Columbia, Puerto Rico, U.S. Virgin Islands and all states.

Business Type:	Life, Annuity, and Accident
Organization Type:	Stock
Marketing Type:	General Agent
Best's Financial Size Category:	VII (USD 50 Million to Less than 100 Million)

Best's Credit Ratings

Rating Relationship

AM Best Rating Unit: 007075 - Standard Security Life Ins Co of NY

Best's Credit Rating Effective Date: November 15, 2024

Refer to the Best's Credit Report for AMB# 007075 - Standard Security Life Insurance Company of New York for details regarding the rating rationale, credit analysis, and financial exhibits available at the time the credit analysis was performed.

Best's Credit Rating History

AM Best has assigned ratings on this company since 1974. In our opinion, the company has an Excellent ability to meet their ongoing insurance obligations and an Excellent ability to meet their ongoing senior financial obligations.

The following are the most recent rating events, for longer history refer to Rating History in BestLink:

	Best's Financial Strength Ratings				Best's Long-Term Issuer Credit Ratings		
Effective Date	**Rating**	**Affiliation**	**Outlook**	**Action**	**Rating**	**Outlook**	**Action**
Current - Nov 15, 2024	**A**		**Stable**	**Affirmed**	**a**	**Stable**	**Affirmed**
Nov 15, 2023	A		Stable	Affirmed	a	Stable	Affirmed
Nov 17, 2022	A		Stable	Affirmed	a	Stable	Affirmed
Feb 2, 2022	A		Stable	Upgraded	a	Stable	Upgraded
Apr 19, 2021	A- u	g (Group Rating)	Positive	Under Review	a- u	Positive	Under Review

Management

Officers

Chairman of the Board: Donald A. Sherman
CEO: Christopher A. Fazzini

Officers (Continued...)

President: Scott H. Boutin
SVP: Nita Savage
Vice President, Secretary, General Counsel and Chief Compliance Officer: Charles T. Denaro
Vice President and CFO: Daniel M. Keesey
Vice President and Treasurer: Thomas A. Lutter
Vice President: Robin D. Harris (Human Resources)
Vice President: Srinivas Jonnada (Information Services)
Vice President: Christine Newfrock (DBL/PFL Claims)
Vice President: John Staub (Network Support and Chief Information Security Officer)
Vice President: Valmaria Strobel (DBL/PFL Underwriting & Policy Services)

Directors

Scott H. Boutin
Christopher A. Fazzini
Steven A. Hirsch
Stephan A. Kiratsous
James Litvack
James N. Meehan
Nita Savage
Donald A. Sherman
Yukiyoshi Tanakamaru

History

Originally incorporated as American Security Life Insurance Company of New York, the present title was adopted in 1958.

Professional Service Providers

Investment Managers, Advisors, Brokers/Dealers:

- DELPHI CAPITAL MANAGEMENT, INC. (Affiliated Firm)

Principal Law Firm: Cheryl Lappen

Visit Best's Insurance Professional Resources to search for additional Attorneys, Adjusters, and Expert Service Providers with experience serving the insurance industry.

State Rate Filings

Summary of Approved Filings

The table below shows the number of approved filings in the last five years. For more information, please refer to Best's State Rate Filings - 007075 - Standard Security Life Insurance Company of New York

Major Line	2024	2023	2022	2021	2020
Group Health - Dental	...	...	...	...	1
Group Health - Disability Income	...	2	...	...	...
Health - Other	2	8	7	...	4
Individual Health - Dental	...	2	2	...	...
Individual Health - Major Medical	1	1	...	...	...
Total	3	13	9	...	5

Source: Best's State Rate Filings

A Best's Financial Strength Rating opinion addresses the relative ability of an insurer to meet its ongoing insurance obligations. The ratings are not assigned to specific insurance policies or contracts and do not address any other risk, including, but not limited to, an insurer's claims-payment policies or procedures; the ability of the insurer to dispute or deny claims payment on grounds of misrepresentation or fraud; or any specific liability contractually borne by the policy or contract holder. A Financial Strength Rating is not a recommendation to purchase, hold or terminate any insurance policy, contract or any other financial obligation issued by an insurer, nor does it address the suitability of any particular policy or contract for a specific purpose or purchaser.

A Best's Issue/Issuer Credit Rating is an opinion regarding the relative future credit risk of an entity, a credit commitment or a debt or debt-like security.

Credit risk is the risk that an entity may not meet its contractual, financial obligations as they come due. These credit ratings do not address any other risk, including but not limited to liquidity risk, market value risk or price volatility of rated securities. The rating is not a recommendation to buy, sell or hold any securities, insurance policies, contracts or any other financial obligations, nor does it address the suitability of any particular financial obligation for a specific purpose or purchaser.

In arriving at a rating decision, AM Best relies on third-party audited financial data and/or other information provided to it. While this information is believed to be reliable, AM Best does not independently verify the accuracy or reliability of the information. Any and all ratings, opinions and information contained herein are provided "as is," without any express or implied warranty.

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