The President’s Report

So much has changed since our last Quarterly in January.

We hope first and foremost you, your family and your colleagues are safe and taking the necessary precautions to stay healthy during the coronavirus pandemic.

These are challenging times for our industry as companies face new legislation to cover lost wages through Paid Family Leave and Disability Benefit Law, continue to pay claims and do business as many employees work from home, and deal with extremely low interest rates that can affect investments and reserve levels.

Yet in the face of adversity, so many of our member companies are going above and beyond by making investments into their communities, donating medical supplies and providing many other initiatives of goodwill.

LICONY has recently set up a dedicated page on our website where we continually upload the latest information, correspondence, and resources companies can use during these unprecedented circumstances. You can find a quick link on the home page of our website.

Also, in an effort to consolidate our correspondence to the membership during this difficult time, we have started a daily newsletter released in the late afternoon dedicated to COVID-19 news which contains all the relevant state, regulatory and legislative information that occurs in a given day.

Rest assured that LICONY is in constant contact with legislative leaders and state regulators to ensure the life and annuity industry has a voice in the decisions made to help combat the spread of the Coronavirus in New York State.

We have also taken necessary steps to cancel some upcoming events including our annual Day on the Hill meetings and reception. We are disappointed because we value the opportunities to bring our membership together to conduct business, network and also recreate together. We hope that the necessary social distancing will expedite our return to normal work and bring us together again soon.

We’re grateful to count you among our membership. We’ll get through this together!
Governor Cuomo and the State Legislature had passed nine consecutive on-time budgets and now the streak has technically been broken. The final budget bills were passed on April 2 -- but perhaps this late budget should come with an asterisk.

It’s not every year a viral pandemic not only shuts down government but life as we know it.

With more control over budget negotiations than at any other point in his tenure, Governor Cuomo pushed for a spending package that gives the state Division of Budget the authority to re-evaluate spending on a quarterly basis. Budget bills come with the caveat that unilateral cuts may come if “such action is necessary to respond to the direct and indirect economic, financial and social effects of the COVID-19”.

That means spending including a surprising 2% increase in state aid to public schools outlined in the budget could eventually be dialed back.

To be sure, any future modifications will necessitate trimming the budget further based on how deep the recession becomes and how much state revenue has truly been lost.

NYS Budget Director Robert Mujica has estimated a shortfall of up to $15 billion.

Even with that sobering loss projection, it’s impossible to calculate the true economic impact of the coronavirus and we still may be weeks away from the apex of infection levels.

The budget does authorize billions of dollars in borrowing with both short- and long-term bonding. The state may also have to dip into reserves to avoid a cash problem before July 15, which became the new income-tax filing date to accommodate the chaos caused by the coronavirus.

Many legislative priorities including legalizing recreational marijuana and other initiatives have been pushed out of the budget and it’s not yet known if an opportunity will arise to reapproach these policy items later in the year.

Will the Federal Government provide a safety net?

A $2 trillion stimulus package is on its way but it’s unclear as to what states can expect.

US Senate Minority Leader Chuck Schumer (D. NY) estimated New York would receive more than $40 billion worth of federal funding but the state would not control how to allocate those funds. $15 billion is earmarked for unemployment insurance and $15 billion is going directly to taxpayers in the form of checks. Billions more are directed to hospital funding.

Cuomo has called the stimulus plan terrible for New York and said it leaves the state with just under $4 billion of discretionary funding or 1.9 percent of the total state budget.

Notably Included

Legislation that requires employers to provide paid sick leave, the amount of which varies depending on the number of employees.

An income threshold on eligibility for the existing long-term care insurance tax credit, along with a provision in the gestational surrogacy legislation which provides that surrogacy agreements must include a life insurance policy for the surrogate with a minimum benefit of $750,000 or the maximum amount the surrogate qualifies for if less, paid for by the intended parents.

Notably Absent

LICONY lobbied vigorously to have legislation removed that would have greatly expanded the Department of Financial Services authority to bring enforcement actions for fraud, misrepresentation, or unfair, deceptive, or abusive acts or practices (UDAAP) related to financial products or services. It would have also expanded the regulatory framework regarding restitution and the penalties associated with unscrupulous acts under the Financial Services Law, along with proposing a ten-fold increase in fines under the Insurance Law.

There are no new taxes on businesses or high-income earners. (The budget does include a modest tax cut on the middle class.)
Rick Wortman is Senior Executive Vice President, Chief Marketing Officer & Chief Administration Officer at Security Mutual Life Insurance Company of New York. He also just began his first term as President of the LICONY board. Rick took time to share some insights about his company, philanthropy and his time working with LICONY.

**Q: What was your path to the insurance industry and to your current position at Security Mutual Life?**

Actually, I am a legacy, so insurance came naturally for me. My father was a career executive with a New York domiciled insurer. I learned early on the importance of life insurance and the value it provides families over their lifetimes. With respect to my own career, I wanted to work in an industry that makes a real difference in people's lives. The life insurance industry embodies that both in principal and purpose. My current role as Senior EVP & CMO with Security Mutual Life is the culmination of my 38 years in the industry and reflects my personal passion for the social purpose and mission of insurance organizations.

**Q: How has your company addressed the COVID-19 crisis?**

For the protection of our employees and their families, we responded quickly to the concerns and guidance coming from the Governor’s office and the DFS. We quickly shifted our workforce to working from home, restricted access to our buildings, and stopped all non-essential activities; all while maintaining normal business activity and service standards. We continue to update our agents and policyholders with the latest health and safety information regarding COVID-19 as it becomes available.

**Q: Can you tell us a little about the Sock Out Cancer charity and its importance to Security Mutual Life?**

Security Mutual Life recently added a new tagline to its logo: “The Company That Cares.” Sock Out Cancer® was conceived by our CEO, Bruce Boyea, to address a lesser-known need of those struggling with cancer—financial assistance for cancer patients who need help paying for basic non-medical needs such as food, housing, and transportation to medical treatments. Our engagement with and support of Sock Out Cancer® continues to resonate with and inspire others to make a difference in their communities.

**Q: Who is your target customer?**

Our primary focus is on serving the needs of middle-market, emerging and mass affluent consumers. We provide individual life insurance and annuity product solutions through seasoned, experienced independent agents.

**Q: What attracted you to becoming a Board member of LICONY?**

Quite simply, it was the opportunity to make a difference at an industry level. I have spent my entire career within the life insurance industry in New York state. Serving on the LICONY Board allows me to participate at a level of advocacy that both informs policy and affects social good.

**Q: What makes LICONY different than other trade associations?**

LICONY has a long and rich history as a trusted partner of New York's executive, legislative, and regulatory branches. What sets LICONY apart from other trade associations is its collaborative ability to effect positive change on behalf of consumers and the industry as a whole. We have a very important role in society providing protection and retirement services that benefits our community but must do better connecting with consumers.
Inside the Women & Diversity Conference

On February 27-28, LICONY held its inaugural Women and Diversity: Expanding Opportunities in Insurance event. The conference attracted over 300 registrants and took place at the Barclay InterContinental hotel in New York City.

The theme of the event was developed by LICONY President & CEO Mary Griffin who saw a perceived need to help bring more diversity & inclusion to the insurance industry.

In planning the conference, LICONY reached out to fellow trades the American Council of Life Insurers (ACLI) and the American Property Casualty Insurance Association (APCIA) in an effort to expand content and offer the professional development across more lines of insurance. Together the planning committee assembled an agenda of talented panelists that explored best practices, examined cutting edge research and industry perspectives from those that are leading the way to more diverse and inclusive work environments.

The event kicked off on Thursday, February 27 with an evening reception that featured remarks by NYS Lieutenant Governor, Kathy Hochul. The Lieutenant Governor reflected back on her career and recounted the many times she was the only woman in the room and implored companies to provide more women and minorities with a path to the C-Suite.

One LICONY led panel delved into striking a Work/Life balance and members Maureen Adolf, Senior Policy Advisor at Eversheds-Sutherland and Past President of the Financial Women’s Association (FWA) of New York and Christine M. DeBiase, Executive Vice President, Chief Administrative Officer and General Counsel at Brighthouse Financial served on the panel. Maureen Adolf provided insights from a research paper developed by the FWA which showed a correlation between inclusive work environments and retention of top talent and productivity. Christine DeBiase discussed how she established the Diversity and Inclusion Council, which is made up of 20 diverse employees from across the company who are tasked with engaging employees across the organization and educating their colleagues about the

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critical role that diversity and inclusion plays in the organization’s culture and success.

New York Department of Financial Services Superintendent Linda Lacewell provided an afternoon keynote and spoke of her path as a woman into various leadership roles and also called for companies to carry the momentum of the conference into new initiatives at the company level.

Generous sponsorships from MetLife and New York Life also helped bring Mika Brzezinski to the conference. The author and Morning Joe co-host was a huge hit with conference participants. Mika spoke for over an hour about the struggles of balancing a career with parenting, knowing your value and asking for what you deserve. She also spent time after her remarks candidly answering questions from the audience.

The event was an exciting opportunity because life insurers’ core business is to provide solutions that protect the financial and retirement security of all Americans. Promoting a diverse and inclusive workforce that reflects the communities they serve is essential to this mission.

We are eager to offer more professional opportunities that further explore the advancement of these important initiatives.

Please enjoy the following pages of photos taken from the reception and conference.
2020 Conference Industry Awards

The Conference also featured special awards presented to recognize several individual leaders and companies that are expanding opportunities in insurance through their innovative work.

Women & Diversity Individual Leader of the Year in Life Insurance

Christine M. DeBiase

Christine (left) is Executive Vice President, Chief Administrative Officer & General Counsel of Brighthouse Financial

Women & Diversity Individual Leader of the Year for Property/Casualty

Laura Lazarczyk

Laura (left) is Chief Legal Officer, General Counsel and Corporate Secretary of Zurich North America

Women & Diversity Company Leader of the Year for Life Insurance

Unum

Wade Hinton, Vice President of Inclusion and Diversity at Unum accepts the award on behalf of the company.

Women & Diversity Company Leader of the Year for Property/Casualty

Church Mutual Insurance Company

Kathleen Iriarte (right) is Director of Market Research and Development and President of the Women’s Leadership Initiative accepts the award on behalf of the company.
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LICONY COVID-19 Resources

LICONY has introduced a new daily newsletter to offer our membership concise, relevant, and up-to-date information on the state’s response to combat COVID-19.

This newsletter will be sent daily Monday-Friday between 3pm - 4pm and will round up all the important news of the day.

LICONY has also set up a dedicated webpage with many resources for our members. There you will find the latest information on regulatory and legislative actions and other resources from LICONY as it pertains to the COVID-19 outbreak.