New York Life Global Funding

$17,000,000,000

GLOBAL DEBT ISSUANCE PROGRAM

This supplement ("Base Prospectus Supplement") is supplemental to and must be read in conjunction with the Offering Memorandum dated March 27, 2018, as supplemented by a first base prospectus supplement dated May 30, 2018 and a second base prospectus supplement dated August 30, 2018 (the "Offering Memorandum"), prepared by New York Life Global Funding (the "Issuer") under the Issuer's $17,000,000,000 Global Debt Issuance Program (the "Program") for the issuance of senior secured medium-term notes (the "Notes").

This Base Prospectus Supplement has been approved by the Central Bank of Ireland, as competent authority under Directive 2003/71/EC (the "Prospectus Directive"). The Central Bank of Ireland only approves this Base Prospectus Supplement as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive.

This document constitutes a base prospectus supplement for the purposes of Article 16 of the Prospectus Directive. References herein to this document are to this Base Prospectus Supplement incorporating Annex 1 hereto.

On November 30, 2018, New York Life Insurance Company ("New York Life") published its interim condensed unaudited financial statements as of September 30, 2018 (including any notes thereto, the "Third Quarter 2018 Financial Statements") and on November 30, 2018 made available New York Life's Summary of Certain Third Quarter Financial Information, Certain Financial and Accounting Matters, Statutory Capitalization of New York Life, and Selected Historical Statutory Financial Information of New York Life (collectively, the "Third Quarter 2018 Financial Information"). Annex 1 to this document sets out the Third Quarter 2018 Financial Information at pages 3 to 20 and the Third Quarter 2018 Financial Statements at pages 21 to 34. Copies of the Third Quarter 2018 Financial Information and the Third Quarter 2018 Financial Statements will be made available for inspection at the offices of the parties at whose offices documents are to be available for inspection as identified in "General Information" in the Offering Memorandum.

Except as disclosed in this document, there has been no other significant new factor, material mistake or inaccuracy relating to the information included in the Offering Memorandum, nor has there been any significant change in the financial or trading position of New York Life since September 30, 2018 (the date of the Third Quarter 2018 Financial Statements).

Each of the Issuer and New York Life accepts responsibility for the information contained in this Base Prospectus Supplement. To the best of the knowledge of each of the Issuer and New York Life (having taken all reasonable care to ensure that such is the case) the information contained in this Base Prospectus Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

Where there is any inconsistency among the Offering Memorandum and this Base Prospectus Supplement, the language used in this Base Prospectus Supplement shall prevail.

Base Prospectus Supplement dated November 30, 2018

ANNEX 1

Results of Operations - For the Nine Months Ended September 30, 2018 Compared to the Nine Months Ended September 30, 2017

Significant Transaction

On April 1, 2018, NYLIAC, a life insurance subsidiary of New York Life, recaptured all of the insurance risks on a block of in-force life insurance that had been reinsured by New York Life under a reinsurance agreement originally entered into on December 31, 2004 (the "**NYLIAC Recapture**"). The following table shows the impact of the NYLIAC Recapture on New York Life's financial statements (in millions):

	2018
Statement of Financial Position:	
Assets (primarily from funds held by or deposited with reinsured companies)	$ (4,039)
Liabilities (primarily from aggregate reserve for life contracts)	$ (4,065)
Statement of Operations:	
Income:	
Miscellaneous income	$ (3,928)
Expenses:	
Additions to reserves	(3,876)
Operating expenses (ceding commission)	(21)
Other	(52)
Federal income taxes	(5)
Net gain from operations after tax	$ 26

Net Income

New York Life's net income, which is net gain from operations plus net realized capital gains (losses) (after-tax and transfers to the IMR), was $988 million for the nine months ended September 30, 2018 and represented a $264 million increase from the $724 million reported for the nine months ended September 30, 2017. The increase was primarily driven by higher net gain from operations of $197 million (see "—Net Gain from Operations") and higher realized capital gains of $67 million (see "—Net Realized Capital Gains (Losses)").

Net Gain from Operations

Net gain from operations after dividends to policyholders and federal income taxes for the nine months ended September 30, 2018 was $987 million, representing an increase of $197 million, or 24.9%, when compared to the $790 million reported for the nine months ended September 30, 2017. Excluding dividends from New York Life's primary insurance subsidiary, NYLIAC, of $600 million and $275 million on September 30, 2018 and 2017, respectively (see "—Net Investment Income (including amortization of IMR)"), New York Life had a net gain from operations for the nine months ended September 30, 2018 of $387 million, a decrease of $128 million, or 24.9%, from the $515 million reported for the nine months ended September 30, 2017, primarily driven by:

- Net gain from operations (excluding dividends from NYLIAC) before tax decreased $337 million over the same period in the prior year. This decrease was primarily driven by a charitable contribution of $100 million, (see "—Operating Expenses"), new business strain from the acquisition of a large group membership association policy of $127 million, lower private equity distributions of $63 million, (see "—Net Investment Income (including amortization of IMR)") and change in corporate owned life insurance ("**COLI**") cash surrender value of $54 million, (see "—Other Income"); partially offset by
- Higher federal income tax benefit of $209 million mainly driven by higher tax credits applied in 2018 and lower pre-tax net gain from operations (see "—Federal Income Taxes").

Premium Income

Premiums are generated from sales of life insurance and annuities. In addition, sales of Institutional Annuities, with annuity purchase rate guarantees, are counted as premium since there is mortality risk in these products.

Premium income from the insurance business primarily consists of recurring premiums from New York Life's agency sold life business, while premium income from the annuities business is generally single premium and can be more volatile from year to year.

The following table shows premium income by business operation for the nine months ended September 30, 2018 and 2017 ($ in millions):

			Change	
	2018	**2017**	**$**	**%**
Agency Life	$ 5,968	$ 5,830	$ 138	2.4 %
Direct Operations	1,199	1,180	19	1.6
GMAD	707	435	272	62.5
LTC	214	210	4	1.9
Total Insurance Business	8,088	7,655	433	5.7
Institutional Annuities	4,101	2,807	1,294	46.1
Retail Annuities	182	158	24	15.2
Total Annuities Business	4,284	2,965	1,319	44.5
Total	**$ 12,372**	**$ 10,620**	**$ 1,752**	**16.5%**

Agency Life premiums for the nine months ended September 30, 2018 were $138 million higher than the same period last year primarily due to higher renewal premiums in both permanent and term products.

GMAD premiums for the nine months ended September 30, 2018 were $272 million higher than the same period in 2017 primarily due to $210 million of one-time premiums from the sale of a large group policy during the third quarter of 2018. Also contributing to the increase is $43 million of premiums primarily from growth in insurance inforce, including $25 million of recurring premiums from the large group policy during the third quarter of 2018.

Institutional Annuities premiums for the nine months ended September 30, 2018 increased $1,294 million from the same period in 2017 primarily due to additional deposits of $812 million from New York Life's Defined Benefit Pension Plans ("**Pension Plans**") into existing group contracts and higher sales from stable value products.

Net Investment Income (including amortization of IMR)

Net investment income for the nine months ended September 30, 2018 was $5,386 million, an increase of $465 million, or 9.4%, from the $4,921 million reported for the nine months ended September 30, 2017. Excluding the $600 million and $275 million dividends from NYLIAC during 2018 and 2017, respectively, net investment income increased $140 million from the same period in 2017. This increase is primarily related to higher average fixed income investments, partially offset by a decrease in distributions from New York Life's limited partnership investments.

Other Income

Other income for the nine months ended September 30, 2018 was a loss of $3,687 million, a decrease of $4,142 million, from income of $455 million reported for the nine months ended September 30, 2017. Excluding the impact from the NYLIAC Recapture of $3,928 million, other income decreased $214 million from the same period last year. This decrease was primarily due to $54 million in lower increase in cash surrender value of COLI policies, as equity markets appreciated in 2018.

Benefit Payments

New York Life's benefit payments primarily include death benefits, annuity benefits, accident and health benefits, surrender benefits (including scheduled maturities and withdrawals on Institutional Annuities) and interest on policy claims and deposit funds.

The following table shows benefit payments by business operation for the nine months ended September 30, 2018 and 2017 ($ in millions):

	2018	2017	Change $	Change %
Agency Life	$ 3,945	$ 4,055	$ (110)	(2.7)%
Direct Operations	711	660	51	7.7
GMAD	269	237	32	13.5
LTC	84	76	8	10.5
Total Insurance Business	5,009	5,028	(19)	(0.4)
Institutional Annuities	4,772	4,107	665	16.2
Retail Annuities	69	72	(3)	(4.2)
Total Annuities Business	4,841	4,179	662	15.8
Total	**$ 9,850**	**$ 9,207**	**$ 643**	**7.0 %**

Agency Life benefits payments for the nine months ended September 30, 2018 were $110 million lower than the same period in 2017, as 2017 includes nine months of assumed benefit payments from the NYLIAC reinsurance agreement, compared to three months in 2018.

The increase in the Institutional Annuities benefit payments was primarily driven by $675 million of withdrawals due to the temporary transfer of Pension Plans assets to third party asset managers. This money was subsequently redeposited into the general account (see "—Premium Income") along with higher withdrawals from stable value products of $397 million. These increases were partially offset by lower maturities on guaranteed investment contracts ("**GICs**") of $420 million.

Additions to Reserves

The following table shows additions to reserves by business operation for the nine months ended September 30, 2018 and 2017 ($ in millions):

	2018	2017	Change $	Change %
Agency Life	$ (1,676)	$ 2,098	$ (3,774)	(179.9)%
Direct Operations	184	204	(20)	(9.8)
GMAD	381	21	360	1,714.3
LTC	184	184	—	—
Total Insurance Business	(927)	2,507	(3,434)	(137.0)
Institutional Annuities	1,808	449	1,359	302.7
Retail Annuities	147	115	32	27.8
Total Annuities Business	1,955	564	1,391	246.6
Total	**$ 1,028**	**$ 3,071**	**$ (2,043)**	**(66.5)%**

The decrease in Agency Life additions to reserves of $3,774 million, includes the impact of the NYLIAC Recapture of $3,876 million. Excluding this impact, Agency Life reserves increased $102 million primarily due to the aging of the insurance inforce including the receipt of renewal premiums.

GMAD reserves for the nine months ended September 30, 2018 were $360 million higher than the same period in 2017 primarily due to the addition of $380 million of reserves from the sale of a large group policy during the third quarter of 2018. The reserves established for this group policy were higher than the premiums collected, as the premiums were based on GAAP reserves (see "—Premium Income").

The increase in Institutional Annuities additions to reserves was primarily driven by $812 million (see "—Premium Income") of premiums and $215 million of assets transferred from separate accounts related to the Pension Plans. In addition, GICs were higher by $371 million due to lower reserves in 2017 from GIC maturities.

Net Transfers to (from) Separate Accounts

The following table shows the components of the net transfers to (from) separate accounts for the nine months ended September 30, 2018 and 2017 ($ in millions):

			Change	
	2018	**2017**	**$**	**%**
Transfers to Separate Accounts	$ 1,209	$ 793	$ 416	52.5 %
Transfers from Separate Accounts	(2,692)	(1,674)	(1,018)	60.8
Reinsurance assumed	—	2	(2)	nm
Total	**$ (1,483)**	**$ (879)**	**$ (604)**	**68.7%**

nm = not meaningful

New York Life's separate account assets at December 31, 2017 included $3,781 million of assets of the Pension Plans. Transfers from separate accounts during the nine months ended September 30, 2018 include pension related withdrawals from a change in asset allocation of $1,334 million, of which $675 million was temporarily transferred to third-party asset managers (see "—Benefit Payments"), with the remaining $659 million balance directly transferred to New York Life group contracts (see "—Additions to Reserves").

Operating Expenses

The following table shows the components of operating expenses for the nine months ended September 30, 2018 and 2017 ($ in millions):

			Change	
	2018	**2017**	**$**	**%**
General Operating Expenses[1]	$ 1,778	$ 1,687	$ 91	5.4 %
Variable Sales Expenses[2]	714	702	12	1.7
Total	**$ 2,492**	**$ 2,389**	**$ 103**	**4.3%**

[1] General Operating Expenses include salaries, incentive compensation, taxes, licenses and fees, commissions, charitable contributions and rent expense.

[2] Variable Sales Expenses include agents commissions and field compensation.

The increase of $91 million in general operating expenses is driven by a $100 million charitable contribution to the NYL Foundation, the Company's charitable entity.

Dividends to Policyholders

Dividends to policyholders for the nine months ended September 30, 2018 and 2017 consisted of the following ($ in millions):

	2018	2017	Change $	Change %
Dividends - New York Life Policyholders	$ 1,450	$ 1,428	$ 22	1.5 %
Dividends - Closed Block Reinsurance[1]	37	65	(28)	(43.1)
Total	**$ 1,487**	**$ 1,493**	**$ (6)**	**(0.4)%**

1 Dividends for the Closed Block Reinsurance are approved by the ceding company.

Dividends to New York Life policyholders are approved by New York Life's Board of Directors annually and primarily factor in investment experience (interest earnings, credit loss experience and equity returns), mortality results and expense levels that develop over a period of time (see "Certain Financial and Accounting Matters—Dividends to Policyholders").

Federal Income Taxes

Under statutory accounting, current federal income taxes are reflected in net income, whereas deferred tax items are reflected as a component of surplus. Therefore, differences between the statutory tax rate to tax expense includes temporary book/tax differences in addition to permanent differences. The following table reconciles the tax expense calculated at the statutory rate to the tax benefit reflected in New York Life's results of operations for the nine months ended September 30, 2018 and 2017 (in millions):

	2018	2017[4]	Change
Tax on net gain from operations[1]	**$ 123**	**$ 209**	**$ (86)**
Tax credits[2]	(181)	(62)	(119)
Dividends from subsidiaries[3]	(126)	(100)	(26)
Tax exempt income	(30)	(64)	34
Amortization of IMR	(15)	(28)	13
Excess of book over tax reserves	40	14	26
Deferred acquisition costs ("**DAC**") tax	8	(3)	11
Non-deductible pension and postretirement benefits	18	29	(11)
Excess of book over tax policyholder dividends	11	23	(12)
Other	(48)	29	(77)
Subtotal before pension contribution	**(200)**	**47**	**(247)**
Pension contributions credit	(203)	(241)	38
Total federal income tax benefit	**$ (403)**	**$ (194)**	**$ (209)**

1 Tax rate on net gain from operations was 21% in 2018 and 35% in 2017.

2 Tax credits result primarily from investments in low income housing and alternative energy. Unused 2017 tax credits were carried forward and applied in 2018.

3 Dividends from subsidiaries represent after-tax earnings of the subsidiaries and are not subject to tax when received by New York Life.

4 2017 amounts have been re-categorized to agree with 2018 line items.

Net Realized Capital Gains (Losses)

New York Life reported net realized capital gains after taxes and transfers to the IMR of $1 million for the nine months ended September 30, 2018, an increase of $67 million from the $66 million of realized losses reported in the same period in 2017.

The following table represents net realized capital gains (losses) for the nine months ended September 30, 2018 and 2017 (in millions):

	2018	2017	Change
Bonds	$ 31	$ 67	$ (36)
Common stocks	52	60	(8)
Limited partnerships and other invested assets	23	32	(9)
Derivatives	11	(288)	299
Other[1]	15	253	(238)
Total before OTTI and capital gains tax	**132**	**124**	**8**
OTTI	(138)	(170)	32
Capital gains tax expense[2]	8	1	7
Net realized capital gains (losses) after-tax and before transfers to the IMR	**2**	**(45)**	**47**
Capital gains transferred to the IMR[3]	(1)	(21)	20
Net realized capital gains (losses) after-tax	**$ 1**	**$ (66)**	**$ 67**

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1 For the nine months ended September 30, 2018, other primarily represents realized gains on real estate investments of $14 million. For the nine months ended September 30, 2017, other primarily represents foreign exchange gains on Global Medium Term Note contracts of $243 million.

2 OTTI losses are generally not subject to current tax treatment; however, current year tax includes benefits on current year OTTI on residential mortgage-backed securities and sales of other securities impaired in prior years.

3 Capital gains tax expense transferred to the IMR was less than $1 million and $11 million for the nine months ended September 30, 2018 and 2017, respectively.

The following table shows the distribution of OTTI and the year-over-year change in OTTI by asset type for the nine months ended September 30, 2018 and 2017 (in millions):

	2018	2017	Change
Limited partnerships and other invested assets	$ (120)	$ (137)	$ 17
Bonds	(15)	(29)	14
Common and preferred stocks	(3)	(4)	1
Total OTTI	**$ (138)**	**$ (170)**	**$ 32**

The decrease in OTTI of $32 million was primarily driven by lower impairments on limited partnership and corporate bonds. Impairments on limited partnerships generally represent private equities that are approaching the end of their lifecycle (when an impairment loss is taken on limited partnerships, it is offset by the reversal of the unrealized loss). The decrease in corporate bond impairments was due to continued improvements in the energy sector. Overall, OTTI losses in both September 2018 and September 2017 represent less than 1% of total cash and invested assets.

Financial Position - At September 30, 2018 compared to December 31, 2017

Assets

New York Life's total assets at September 30, 2018 were $178,707 million, which was $1,941 million, or 1.1%, higher than the $176,766 million reported at December 31, 2017. Excluding the NYLIAC Recapture, which reduced assets by $4,039 million, total assets increased $5,980 million or 3.4% from total assets reported at December 31, 2017. The increase was primarily attributable to:

- $7,761 million higher cash and invested assets, mainly driven by the investment of operating cash flow and an increase in equity of New York Life's affiliated entities (see "—Statutory Surplus and AVR") for further details; partially offset by

- $2,435 million decrease in separate accounts assets, mainly due to re-balancing the Pension Plans and the termination of two separate accounts which were converted to synthetic GICs in 2017.

Liabilities

New York Life's total liabilities, including AVR, at September 30, 2018 were $157,766 million, which was $1,357 million, or 0.9%, higher than the $156,409 million reported at December 31, 2017. Excluding the impact of the NYLIAC Recapture, which reduced liabilities by $4,065 million, total liabilities at September 30, 2018 increased $5,422 million or 3.5% from total liabilities reported at December 31, 2017. The increase was primarily attributable to:

- $7,712 million increase in policy reserves and deposit funds (excluding the impact of the NYLIAC Recapture). The table below presents policy reserves and deposit funds by line of business at September 30, 2018 and December 31, 2017 ($ in millions):

	2018	2017	Change $	Change %
Agency Life[1]	$ 76,942	$ 74,842	$ 2,100	2.8 %
Direct Operations	2,861	2,684	177	6.6
GMAD	1,832	1,458	374	25.7
LTC	3,078	2,893	185	6.4
Total Insurance Business	84,713	81,877	2,836	3.5
Institutional Annuities	43,381	38,645	4,736	12.3
Retail Annuities	1,216	1,076	140	13.0
Total Annuities Business	44,597	39,721	4,876	12.3
Total excluding NYLIAC Recapture	**$ 129,310**	**$ 121,598**	**$ 7,712**	**6.3%**
NYLIAC Recapture	—	$ 3,876	(3,876)	nm
Total	**$ 129,310**	**$ 125,474**	**$ 3,836**	**3.1%**

[1] For comparative purposes, the 2017 amounts reflect a reclass, from Agency Life to NYLIAC Recapture, of the reserves related to the 2018 NYLIAC Recapture. New York Life believes this presentation provides better clarity of the change in Agency Life reserves.

nm = not meaningful

- The increase in policy reserves and deposit funds was mainly driven by higher Institutional Annuities reserves as a result of an additional $2,079 million in GMTN sales, $1,334 million related to re-balancing the Pension Plans and higher agency life reserves as a result of the growth and aging of their insurance inforce; partially offset by

- $2,435 million decrease in separate accounts liabilities (see "—Assets").

Statutory Surplus and AVR

Statutory surplus was $20,941 million at September 30, 2018, an increase of $584 million, or 2.9%, from the $20,357 million reported at December 31, 2017. The main drivers of the change in New York Life's statutory surplus and AVR are presented in the following table (in millions):

		2018
Beginning surplus	$	20,357
Net income		988
Net unrealized capital losses[1]		(250)
Change in deferred taxes		393
Change in AVR		(153)
Change in nonadmitted assets[2]		(88)
Pension and postretirement impacts[3]		(297)
Other		(3)
Ending surplus		**20,941**
AVR		2,805
Surplus and AVR[4]	**$**	**23,746**

1 Excludes deferred capital gains tax expense on net unrealized capital losses of $9 million reclassified to "Change in deferred taxes."

2 Excludes the nonadmitted deferred income tax benefit of $503 million reclassified to "Change in deferred taxes" and nonadmitted pension plan assets of $440 million reclassified to "Pension and postretirement impacts."

3 Includes nonadmitted pension plan assets of $440 million.

4 Consolidated statutory surplus and AVR, which includes the AVR of New York Life's wholly owned U.S. insurance subsidiaries (NYLIAC and NYLAZ), totaled $25,057 million at September 30, 2018.

Net Unrealized Capital Losses

Net unrealized losses of $250 million, includes the reversal of unrealized gains resulting from the $600 million dividend from NYLIAC. Under statutory accounting, undistributed earnings of a subsidiary are reported as unrealized gains in the parent company's surplus. When a dividend is declared, the unrealized gain is reversed but there is no impact to New York Life's surplus as dividend income is reported in net income. Excluding the impact of the dividend from NYLIAC, unrealized capital gains of $350 million were primarily from $256 million from limited partnerships, mainly due to positive operating results from subsidiaries and a strong equity market through September 2018, as well as $62 million from derivatives mainly due to an increase in hedges on foreign currency bonds as the US dollar strengthened compared to other foreign currencies through September 2018.

Change in Deferred Taxes

The following table details the components of the change in deferred taxes at September 30, 2018 (in millions):

		2018
Deferred income tax expense on operating results	$	(101)
Deferred capital gains tax expense on change in net unrealized capital losses		(9)
Subtotal		(110)
Decrease in nonadmitted deferred income taxes		503
Total change in deferred taxes	**$**	**393**

Change in AVR

The change in AVR increased $153 million due to a $78 million increase to the equity component (primarily commons stock) and a $75 million increase to the default component (primarily bonds).

Change in Nonadmitted Assets

Certain assets are not allowed as admitted assets under NAIC SAP. Generally, these are assets with economic value, but which cannot be readily used to pay policyholder obligations. New York Life had a net increase in nonadmitted assets during 2018 that resulted in a decrease to surplus of $88 million during the nine months ended September 30, 2018.

Pension and Postretirement Impacts

The calculation of pension and other postretirement benefits obligations requires management to select demographic and economic assumptions that affect the reported amounts of assets and liabilities at year end. Assumptions include, but are not limited to, interest rates, return on plan assets, mortality, withdrawal and retirement rates, and healthcare cost trend. The selected actuarial assumptions comply with the NAIC guidance, which requires New York Life to use its best estimate for each assumption, and are reviewed regularly for reasonableness, comparing assumed results to actual plan experience with adjustments made when necessary. New York Life uses a December 31 measurement date for these plans, as required.

Pension and postretirement related impacts decreased surplus by $297 million from December 31, 2017 primarily resulting from a $500 million contribution made to the qualified pension plans in 2018.

On July 2, 2018, the Company made voluntary contributions to the tax-qualified defined benefit pension plans of $500 million (employees and agents of $300 million and $200 million, respectively), which resulted in a decrease to surplus of $265 million. The decrease was a result of the pension plan moving into an overfunded status. The amount of the overfunded pension plan assets are nonadmitted and decreased surplus by $440 million in 2018. This was offset by a tax benefit of $175 million, included in net gain. No contributions were required to satisfy the minimum funding requirement under ERISA and the Code.

Liquidity Sources and Requirements

New York Life's cash inflows from its insurance activities include life insurance premiums, annuity considerations and GICs and deposit funds. New York Life's cash inflows from investments result from proceeds on sales, repayments of principal, maturities of invested assets and investment income. The following table sets forth the total available liquidity of New York Life from liquid assets and other funding sources at the end of the specified periods (in millions). Liquid assets include cash and cash equivalents, short-term investments and publicly traded securities, excluding assets that are pledged or otherwise committed. Other funding sources includes the available capacity at short-term borrowing facilities.

New York Life's Available Liquidity at Market Value

	September 30, 2018	December 31, 2017
Cash and short-term investments:		
Cash and cash equivalents	$ 1,519	$ 2,406
Short-term investments	129	125
Less: securities lending and other short-term liabilities	(1,443)	(1,553)
Net cash and short-term investments	**205**	**978**
Liquid bonds:		
U.S. government and agency bonds	9,920	10,047
Public corporate investment-grade bonds & collateralized mortgage obligations ("**CMOs**")[1]	52,157	50,675
Liquid bonds	**62,077**	**60,722**
Equities:		
Public equities portfolio	1,329	1,348
Total liquid assets	**63,611**	**63,048**
Other funding sources:		
Bank facility/commercial paper capacity	1,999	1,997
Federal Home Loan Bank available capacity[2]	5,073	5,530
Total other funding sources	**7,072**	**7,527**
Total available liquidity	**$ 70,683**	**$ 70,575**

1 Includes all public corporate investment-grade bonds and CMOs, which are stated at fair value.

2 Available capacity represents 5% of New York Life's total admitted assets, less secured borrowing. At September 30, 2018, New York Life's borrowing capacity with the Federal Home Loan Bank was $8,255 million, of which $3,182 million had been used.

New York Life's U.S. insurance subsidiaries (NYLIAC and NYLAZ) are subject to certain insurance department regulatory restrictions as to the payment of dividends to New York Life. In general, a dividend may be paid without prior approval from the domiciliary state insurance department provided that the subsidiary's statutory earned surplus is positive. In addition, dividends paid in any twelve month period cannot exceed the greater of (1) 10% of the subsidiary's surplus, or (2) the subsidiary's net gain from operations, each based on the preceding December 31st statutory financial statements, without regulatory approval. These restrictions pose no short-term or long-term liquidity concerns for New York Life, as it does not rely on subsidiary dividends as a significant source of liquidity.

Liquidity Uses

New York Life's cash outflows primarily relate to the payment of benefits, policy surrenders, policy loans and dividends, withdrawals from GIC's and scheduled maturity of funding agreements associated with its various life insurance, annuity and group pension products, GICs and funding agreements. Cash outflows are also driven by operating expenses and income taxes. See "—Investment Risk Management" for a discussion of liquidity risk.

A primary liquidity concern with respect to life insurance and annuity products is the risk of early policyholder and contract holder withdrawals. New York Life includes provisions in certain of its contracts that are designed to limit withdrawals from general account institutional pension products (group annuities, GICs and certain deposit fund liabilities) sold to employee benefit plan sponsors. Such provisions include surrender charges, market value adjustments and prohibitions or restrictions on withdrawals. New York Life closely monitors its liquidity requirements in order to match cash inflows with expected cash outflows, and employs an asset/liability management approach tailored to the specific requirements of each product line based upon the return objectives, risk tolerance, liquidity, tax and regulatory requirements of the underlying products. It also regularly conducts liquidity stress tests and monitors early warning indicators of potential liquidity issues.

New York Life participates in a securities lending program for its general account whereby fixed income securities are loaned to third parties, primarily major brokerage firms and commercial banks. The borrowers of its securities provide New York Life with collateral, typically in cash. New York Life separately manages this collateral and invests such cash collateral in a portfolio of highly rated fixed income securities with short maturities. Securities on loan under the program could be returned to New York Life by the borrowers, or New York Life could call such securities at any time. Returns of loaned securities would require New York Life to return the cash collateral associated with such loaned securities. New York Life was liable for cash collateral under its control of $679 million at September 30, 2018 and December 31, 2017. See "Risk Factors—Risks Factors Relating to New York Life—New York Life's Securities Lending Program Subjects It to Potential Liquidity and Other Risks."

New York Life is committed to maintaining adequate capitalization for its insurance and non-insurance subsidiaries to fund growth opportunities and support new products, and, with respect to its U.S. insurance subsidiaries, to maintain targeted RBC levels. In addition, New York Life may make loans to its affiliates to provide additional funds to meet the business needs of these entities. New York Life had net returns of capital of $248 million from its non-insurance subsidiaries during the nine months ended September 30, 2018. New York Life made capital contributions (net of returns of capital) of $36 million to its non-insurance subsidiaries during the year ended December 31, 2017.

CERTAIN FINANCIAL AND ACCOUNTING MATTERS

Accounting Policies and Principles

Statutory Accounting Practices

The financial statements of New York Life have been prepared on the basis of NAIC Statutory Accounting Principles ("**NAIC SAP**") prescribed or permitted by the New York State Department of Financial Services ("**NYSDFS**"). NAIC SAP differs from accounting practices generally accepted in the United States ("**U.S. GAAP**") in that NAIC SAP is primarily designed to reflect the ability of the insurer to satisfy its obligations to policyholders, contract holders and beneficiaries, whereas under U.S. GAAP, revenues and expenses are recorded in financial reporting periods to match revenues and expenses and reflect the ongoing financial results of the insurer. For example, under NAIC SAP, commissions and other costs incurred in connection with acquiring new business are charged to operations in the year incurred; whereas under U.S. GAAP, certain of these expenses are deferred and amortized on a basis to match them against appropriate revenues.

Under NAIC SAP, New York Life's financial statements are not consolidated and investments in subsidiaries are generally shown at net equity value. Accordingly, the assets, liabilities and results of operations of New York Life's subsidiaries are not consolidated with the assets, liabilities and results of operations, respectively, of New York Life. However, New York Life's financial statements do reflect, in New York Life's assets, the net equity value of New York Life's subsidiaries and, in New York Life's surplus, the current year change in net equity value, less dividends declared to and contributions received from New York Life, of subsidiaries as an unrealized gain or loss on investments. Dividends declared by subsidiaries to New York Life are included in New York Life's net investment income.

Discussion of Certain Differences between NAIC SAP and U.S. GAAP

The financial information of New York Life is presented in accordance with NAIC SAP. Statutory accounting is used by state insurance regulators to monitor the operations of insurance companies. Financial statements prepared under NAIC SAP as determined under New York State Insurance Law vary from those prepared under U.S. GAAP in certain material respects, primarily as follows:

- investments in subsidiaries and other controlled entities, including partnerships, limited liability companies and joint ventures, are not consolidated with the financial statements of New York Life, whereas under U.S. GAAP, consolidated financial statements are prepared;

- 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 to successful sales and amortized over the periods benefited;

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

- dividends on participating policies are recognized for the full year when approved by the board of directors of New York Life (the "**Board of Directors**"), whereas under U.S. GAAP, they are accrued when earned by policyholders;

- certain policies which do not pass through all investment gains to policyholders are maintained in separate accounts, whereas U.S. GAAP reports these policies in the general account assets and liabilities of New York Life;

- 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; under U.S. GAAP, certain reinsurance assumed by New York Life is accounted for at fair value based on the election of the fair value option, whereas this treatment is not allowed under NAIC SAP; 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;

- U.S. GAAP requires that for certain reinsurance agreements, whereby assets are retained by the ceding insurer (such as funds withheld or modified coinsurance) and a return is paid based on the performance of underlying investments, that the liabilities for these reinsurance arrangements must be adjusted to reflect the fair value of the invested assets; NAIC SAP does not contain a similar requirement;

- investments in subsidiaries, controlled and other affiliated entities as defined in SSAP No. 97, "Investments in Subsidiary, Controlled and Affiliated Entities" ("**SCAs**"), including partnerships, limited liability companies and joint ventures, are accounted for under the equity method. Under the equity method, domestic insurance subsidiaries are recorded at their underlying audited statutory surplus. Nonpublic non-insurance subsidiaries and other controlled entities are recorded at their underlying audited GAAP equity. Foreign insurance subsidiaries are recorded at their underlying audited GAAP equity with certain adjustments. In the absence of an admissible audit, the entire investment is nonadmitted. Changes in the value of such investments are recorded as unrealized gains or losses. The earnings of such investments are recorded in net investment income only when dividends are declared. Under U.S. GAAP, these investments are consolidated;

- 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.

- investments in bonds are generally carried at amortized cost or values as prescribed by the NYSDFS, 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;

- 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;

- 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;

- corporate securities deemed to be other-than-temporarily impaired are written down to fair value, whereas under U.S. GAAP, if certain conditions are met, credit impairments on corporate securities are recorded based on the net present value of future cash flows expected to be collected, discounted at the current book yield. Also, if certain conditions are met, the non-credit portion of the impairment on a loan-backed or structured security is not accounted for whereas under U.S. GAAP, if certain conditions are met, the non-credit portion of the impairment on a debt security is recorded through other comprehensive income. A non-credit loss exists when the fair value of a security is less than the present value of projected future cash flows expected to be collected;

- 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 percent of the tax benefit associated with a tax position, the loss contingency is increased to 100 percent, whereas under U.S. GAAP the amount of the benefit for any uncertain tax position is the largest amount that is greater than 50 percent likely of being realized upon settlement;

- certain assets, such as intangible assets, overfunded pension plan assets, furniture and equipment, and unsecured receivables are considered nonadmitted and excluded from assets, whereas they are included in assets under U.S. GAAP subject to a valuation allowance, as appropriate;

- goodwill held by an insurance company is admitted subject to a 10% limitation on surplus and amortized over the useful life of the goodwill, not to exceed 10 years, and goodwill held by non-insurance subsidiaries is assessed in accordance with U.S. GAAP, subject to certain limitations for holding companies and foreign insurance subsidiaries, whereas under U.S. GAAP, goodwill is considered to have an indefinite useful life and is tested for impairment. Losses are recorded, only when goodwill is deemed impaired;

- fair value is required to be used in the determination of the expected return on the plan assets component of the net periodic benefit cost of pension and other postretirement obligations, whereas under U.S. GAAP, the market-related value of plan assets is used. The market-related value of plan assets can be either fair value or a calculated value that recognizes asset gains or losses over a period not to exceed five years;

- surplus notes are included as a component of surplus, whereas under U.S. GAAP, they are presented as a liability;

- contracts that contain an embedded derivative are not bifurcated between components and are accounted for consistent with the host contract, whereas under U.S. GAAP, either the contract is recorded at fair value with changes in the fair value included in earnings or the embedded derivative needs to be bifurcated from the host contract and accounted for separately;

- certain derivative instruments are carried at amortized cost, whereas under U.S. GAAP, all derivative instruments are carried at fair value; and

- changes in the fair value of derivative instruments not carried at amortized cost are recorded as unrealized capital gains or losses and reported as changes in surplus, whereas under U.S. GAAP, these changes are generally reported through earnings unless they qualify and are designated for cash flow or net investment hedge accounting.

The effects on the financial statements of the above variances between NAIC SAP as determined under New York State Insurance Law and U.S. GAAP are material to New York Life.

Adjustments for Impaired Investments

The cost basis of bonds and equity securities is adjusted for impairments in value deemed to be other-than-temporary, with the associated realized loss reported in net income. For a discussion of how New York Life determines whether an impairment is appropriate, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—New York Life’s Investment Portfolio.”

Statutory Investment Reserves

NAIC SAP requires a life insurance company to maintain both an AVR and an IMR to absorb both realized and unrealized gains and losses on a portion of New York Life’s investments. The AVR is an investment reserve established to provide for default risk on fixed income assets and market value fluctuation on equity-type investments. The amount of the AVR is determined by formula, which considers the type of investment, the credit rating (where applicable) and current year changes in realized and unrealized capital gains and losses (other than those resulting from changes in interest rates). Changes in the AVR are accounted for as direct increases or decreases in surplus.

The IMR applies to interest sensitive investments including bonds, preferred stocks, mortgage-backed securities, asset-backed securities, mortgage loans and certain derivatives. The IMR is designed to capture the after-tax capital gains or losses which are realized upon the sale of such investments and which result from changes in the overall level of interest rates. The captured after-tax net realized gains or losses are then amortized into income. The IMR is not treated under NAIC SAP as part of total adjusted capital for RBC purposes. New York Life’s IMR was $588 million and $658 million at September 30, 2018 and December 31, 2017, respectively.

Dividends to Policyholders

New York Life annually determines the amount of dividends payable to eligible policyholders. These dividends have the effect of reducing the cost of insurance to policyholders and should be distinguished from the dividends paid on shares of capital stock by other types of business corporations or by stock life insurance companies. Policies on which such dividends may be payable are referred to as participating policies; policies on which such dividends are not payable are referred to as non-participating policies.

Annually, the Board of Directors approves the divisible surplus[1] of New York Life, which is paid out to eligible policyholders in accordance with an actuarially determined dividend scale. New York Life has discretion, subject to statutory requirements as to the source of dividends, to vary the amount of dividends payable to policyholders, even many years after the issuance of a particular policy. In determining the policyholder dividends payable in any year, the Board of Directors considers, among other things, the amounts necessary to meet New York Life’s future policy obligations, maintain reserves and operate the business. To the extent authorized by the Board of Directors, New York Life has the right to continue to declare policyholder dividends and to make dividend payments on its participating policies. These dividends are paid out of surplus.

A portion of the Company’s 2018 annual declaration of policyholder dividends included a guarantee of a minimum aggregate amount of dividends to be paid.

Policy Reserves

Life insurance companies price their insurance products based upon assumptions regarding certain future events, including investment income, expenses incurred and use of mortality and morbidity tables. NAIC SAP

[1] Divisible surplus is the portion of New York Life’s total surplus that is available, following each year’s operations, for distribution in the form of dividends.

prescribes methods for providing for future benefits to be paid on a conservative basis, primarily by charging current operations with amounts necessary to establish appropriate reserves for anticipated future claims. Thus, under applicable state law, New York Life must maintain reserves in amounts which are actuarially calculated to be sufficient to meet its various policy and contract obligations as they become due. Such reserves appear as liabilities on New York Life's financial statements.

New York Life is required under the New York Insurance Law to conduct annually an analysis of the sufficiency of all life insurance and annuity statutory reserves. New York Life conducts its analysis annually during the fourth quarter. See "Regulation and Supervision—Insurance Regulation—Policy and Contract Reserve Sufficiency Analysis."

Reinsurance

New York Life uses a variety of reinsurance agreements with insurers to control its loss exposure. Generally, these agreements are structured either on an automatic basis, where all risks meeting prescribed criteria are automatically covered, or on a facultative basis, where the reinsurer must accept the specific reinsurance risk before the reinsurer becomes liable on that risk. The amount of each risk retained by New York Life on a facultative basis depends on its evaluation of the specific risk, its maximum retention limits and the amount of reinsurance available.

Under the terms of the reinsurance agreements, the reinsurers will be liable to reimburse New York Life for the ceded amount in the event a claim on a reinsured policy is paid. New York Life remains primarily liable for all claims payable on reinsured policies, even if the reinsurer fails to meet its obligations under the reinsurance agreement. New York Life routinely collects amounts due from its reinsurers on a timely basis. For more information, see "Description of the Business of the Company—Reinsurance."

New York Life is a party to a reinsurance agreement (the "**Closed Block Reinsurance**") with John Hancock Life Insurance Company (U.S.A.) and one of its affiliates ("**John Hancock**") in which New York Life assumes on a coinsurance basis 100% of John Hancock's obligations and liabilities under the policies included in the closed block of participating whole life policies established in connection with the demutualization of John Hancock Mutual Life Insurance Company (the "**Closed Block**"). New York Life retrocedes 40% of those obligations and liabilities to John Hancock on a funds-withheld arrangement. The assets received from this transaction are held in a reinsurance trust as security for New York Life's obligations to John Hancock and are contractually restricted; the majority of such assets are allocated to the Closed Block and are held for the exclusive benefit of the policies included in the Closed Block.

The insurance related revenue from the Closed Block policies, including net investment income from the assets allocated to the Closed Block, after satisfying certain related expenses and taxes, inure solely to the benefit of those reinsured policyholders and will not be available to New York Life's policyholders.

Separate Accounts

Under state insurance laws, insurers are permitted to establish separate investment accounts in which assets backing certain policies, including certain group annuity contracts, are held. The investments in each separate account (which may be pooled or customer specific) are maintained separately from those in other separate accounts and the general account. Generally, the investment results of the separate account assets pass through to separate account policyholders and contract holders, so that an insurer derives management and other fees from, but bears no investment risk on these assets. In separate accounts for products with minimum interest rate or benchmark guarantees, the risk that the investment results of the separate account assets will not meet the minimum rate guaranteed on these products is borne by the insurer. Under the terms of the contracts of certain guaranteed separate accounts, New York Life will share in the excess investment performance of the separate account over an established benchmark.

STATUTORY CAPITALIZATION OF NEW YORK LIFE

New York Life is a mutual insurance company incorporated under the laws of the State of New York, United States. New York Life was incorporated on May 21, 1841 under the name Nautilus Insurance Company, was licensed to transact business in the State of New York on April 17, 1845 and changed its name to New York Life Insurance Company on April 5, 1849. The U.S. federal employer identification number of New York Life is 13-5582869. The registered office of New York Life is 51 Madison Avenue, New York, New York 10010. The telephone number of New York Life is +1 (800) 692-3086.

As a mutual company, New York Life has no capital stock and no shareholders. New York Life's participating policyholders generally have certain rights to receive policy dividends, and they and certain other policyholders may have rights to receive distributions in a proceeding for its rehabilitation, liquidation or dissolution. Policyholders also have certain rights to vote in the election of directors as provided by New York law.

New York Life's balance sheet includes its surplus and an AVR. The amount by which the admitted assets of New York Life exceed its liabilities is referred to as surplus. The AVR stabilizes surplus from fluctuations in the value of the investment portfolio (see "Certain Financial and Accounting Matters—Accounting Policies and Principles—Statutory Investment Reserves.")

The following table sets forth the capitalization of New York Life at September 30, 2018. The AVR is included in the following table even though such reserve is shown as a liability on New York Life's balance sheet. This treatment is consistent with the general view of the insurance industry. In addition, this reserve is included as part of total adjusted capital for RBC purposes.

	September 30, 2018
	(in millions)
Total Short-Term Debt (less than 1 year)	**$ 548**
AVR	$ 2,805
Surplus:	
Surplus notes	1,994
Unassigned funds	18,947
Surplus and AVR	**$ 23,746**

SELECTED HISTORICAL STATUTORY FINANCIAL INFORMATION OF NEW YORK LIFE

The table presented below sets forth selected financial information for New York Life. Prospective investors should read it in conjunction with "Certain Financial and Accounting Matters" and New York Life's Statutory Financial Statements. The selected financial information for New York Life Financial Position at and Statement of Operations for the years ended December 31, 2018, 2017 and 2016 has been derived from the annual audited statutory financial statements. The selected financial information for New York Life at and for the nine months ended September 30, 2018 and 2017 has been derived from the quarterly unaudited statutory financial statements.

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. Actual results may differ from estimates. Historical results are not necessarily indicative of results for any future period.

	At or for the Nine Months ended September 30,		At or for the Year ended December 31,		
	2018	2017	2017	2016	2015
			(in millions)		
Statement of Operations Data:					
Total income	$ 14,071	$ 15,996	$ 22,404	$ 22,061	$ 27,198
Dividends - New York Life policyholders[1]	$ 1,450	$ 1,428	$ 1,871	$ 1,851	$ 1,753
Dividends - Closed Block Reinsurance[2]	$ 37	$ 65	$ 87	$ 93	$ 170
Net gain from operations	$ 987	$ 790	$ 1,571	$ 607	$ 151
Net income (loss)	$ 988	$ 724	$ 1,480	$ 298	$ (152)
Financial Position Data:					
Total assets	$ 178,707	$ 176,417	$ 176,766	$ 170,762	$ 163,554
Total liabilities	$ 157,766	$ 155,405	$ 156,409	$ 150,654	$ 144,058
Surplus:					
Surplus notes	$ 1,994	$ 1,993	$ 1,993	$ 1,993	$ 1,992
Unassigned funds	18,947	19,019	18,364	18,115	17,504
Surplus	20,941	21,012	20,357	20,108	19,496
Asset valuation reserve[3]	2,805	2,624	2,652	2,175	2,260
Surplus and asset valuation reserve	$ 23,746	$ 23,636	$ 23,009	$ 22,283	$ 21,756
Other Data:					
Equity investment in subsidiaries[4]	$ 10,434	$ 10,998	$ 11,087	$ 10,313	$ 9,978

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1 Dividends to policyholders are discretionary and subject to the approval of New York Life's Board of Directors.

2 Dividends from the Closed Block Reinsurance are approved by the ceding company.

3 These amounts are included in Total liabilities but are treated as part of adjusted capital in the calculation of RBC.

4 Included in Total assets above.

NEW YORK LIFE INSURANCE COMPANY

CONDENSED STATUTORY FINANCIAL STATEMENTS

As of September 30, 2018 and December 31, 2017 and for the nine months ended September 30, 2018 and 2017

NEW YORK LIFE INSURANCE COMPANY
CONDENSED STATUTORY STATEMENTS OF FINANCIAL POSITION
(UNAUDITED)

	September 30, 2018	December 31, 2017
	(in millions)	
Assets		
Bonds	$ 105,533	$ 98,176
Common and preferred stocks	10,329	10,807
Mortgage loans	17,135	15,676
Policy loans	11,103	10,877
Limited partnerships and other invested assets	9,689	9,457
Cash, cash equivalents and short-term investments	1,553	2,420
Derivatives	533	587
Real estate	1,426	1,524
Other investments	95	111
Total cash and invested assets	157,396	149,635
Deferred and uncollected premiums	2,375	1,950
Investment income due and accrued	1,295	1,285
Funds held by reinsurer - affiliated	—	4,015
Other assets	6,722	6,527
Separate accounts assets	10,919	13,354
Total assets	$ 178,707	$ 176,766
Liabilities and Surplus		
Liabilities:		
Policy reserves	$ 108,501	$ 107,552
Deposit funds	20,809	17,922
Dividends payable to policyholders	1,981	1,897
Policy claims	973	786
Borrowed money	548	496
Amounts payable under security lending agreements	680	679
Derivatives	295	323
Funds held under coinsurance	4,092	4,228
Other liabilities	5,575	5,862
Interest maintenance reserve	588	658
Asset valuation reserve	2,805	2,652
Separate accounts liabilities	10,919	13,354
Total liabilities	157,766	156,409
Surplus:		
Surplus notes	1,994	1,993
Unassigned surplus	18,947	18,364
Total surplus	20,941	20,357
Total liabilities and surplus	$ 178,707	$ 176,766

NEW YORK LIFE INSURANCE COMPANY
CONDENSED STATUTORY STATEMENTS OF OPERATIONS
(UNAUDITED)

	Nine Months ended September 30,	
	2018	**2017**
	(in millions)	
Income		
Premiums	$ 12,372	$ 10,620
Net investment income	5,386	4,921
Adjustments on funds withheld	(3,886)	143
Other income	199	312
Total income	14,071	15,996
Benefits and expenses		
Benefit payments:		
Death benefits	2,917	2,932
Annuity benefits	955	906
Health and disability insurance benefits	192	179
Surrender benefits	1,814	1,832
Payments on matured contracts	3,632	3,090
Other benefit payments	340	268
Total benefit payments	9,850	9,207
Additions to reserves	1,028	3,071
Net transfers from separate accounts	(1,483)	(879)
Adjustment in funds withheld	113	119
Operating expenses	2,492	2,389
Total benefits and expenses	12,000	13,907
Gain from operations before dividends and federal income taxes	2,071	2,089
Dividends to policyholders	1,487	1,493
Gain from operations before federal income taxes	584	596
Federal and foreign income taxes	(403)	(194)
Net gain from operations	987	790
Net realized capital gains (losses), after tax and transfers to interest maintenance reserve	1	(66)
Net income	$ 988	$ 724

NEW YORK LIFE INSURANCE COMPANY
CONDENSED STATUTORY STATEMENTS OF CHANGES IN SURPLUS
(UNAUDITED)

	September 30, 2018	December 31, 2017
	(in millions)	
Surplus, beginning of year	$ 20,357	$ 20,108
Net income	988	1,480
Change in net unrealized capital gains on investments	(260)	843
Change in liability for pension and postretirement plans	153	543
Change in nonadmitted assets	(34)	(289)
Change in reserve valuation basis	(6)	(314)
Change in asset valuation reserve	(153)	(476)
Change in net deferred income tax	(102)	(1,523)
Other adjustments, net	(2)	(15)
Surplus, end of year	$ 20,941	$ 20,357

NEW YORK LIFE INSURANCE COMPANY
CONDENSED STATUTORY STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Nine Months ended September 30,	
	2018	2017
	(in millions)	
Cash flows from operating activities:		
Premiums received	$ 11,932	$ 7,110
Net investment income received	4,776	3,051
Other	242	208
Total received	16,950	10,369
Benefits and other payments	9,521	6,215
Net transfers (from) to separate accounts	(1,460)	(673)
Operating expenses	2,210	1,458
Dividends to policyholders	1,403	964
Federal income taxes received	(564)	(9)
Total paid	11,110	7,955
Net cash from operating activities	5,840	2,414
Cash flows from investing activities:		
Proceeds from investments sold, matured or repaid	8,982	8,881
Cost of investments acquired	(21,763)	(12,530)
Net change in policy loans and premium notes	(226)	(134)
Net cash used in investing activities	(13,007)	(3,783)
Cash flows from financing and miscellaneous activities:		
Other changes in borrowed money	4	—
Net inflows from deposit contracts	2,701	1,022
Other miscellaneous uses	29	(211)
Net cash from financing and miscellaneous activities	2,172	811
Net decrease in cash, cash equivalents and short-term investments	(867)	(558)
Cash, cash equivalents and short-term investments, beginning of year	2,420	2,989
Cash, cash equivalents and short-term investments, end of year	$ 1,553	$ 2,431

NOTE 1 - NATURE OF OPERATIONS

BASIS OF PRESENTATION

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

NYSDFS 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 practices.

A reconciliation of the Company's net income and capital and surplus at September 30, 2018 and December 31, 2017 between practices prescribed or permitted by the State of New York and NAIC SAP is shown below (in millions):

		SSAP #	F/S Page	F/S Line #	2018	2017
Net Income						
(1)	Net income, New York State basis	XXX	XXX	XXX	$988	$1,480
(2)	State prescribed practices that increase/(decrease) NAIC SAP:					
	NYSDFS Circular Letter No. 11 (2010) impact on deferred premiums*	61	2, 4, 5	15.2, 1, 1	1	(3)
	NYSDFS Seventh Amendment to Regulation No. 172 impact on admitted unearned reinsurance premium**	61	2, 4, 5	15.2, 1, 1	—	2
(3)	State permitted practices that increase/(decrease) NAIC SAP:					
(4)	Net income, NAIC SAP (1-2-3=4)	XXX	XXX	XXX	$987	$1,480
Capital and Surplus						
(5)	Statutory capital and surplus, New York State basis	XXX	XXX	XXX	$20,941	$20,357
(6)	State prescribed practices that increase/(decrease) NAIC SAP:					
	NYSDFS Circular Letter No. 11 (2010) impact on deferred premiums*	61	2, 4, 5	15.2, 1, 1	(121)	(122)
	NYSDFS Seventh Amendment to Regulation No. 172 impact on admitted unearned reinsurance premium**	61	2, 4, 5	15.2, 1, 1	48	48
(7)	State permitted practices that increase/(decrease) NAIC SAP:					
(8)	Capital and surplus, NAIC SAP (5-6-7=8)	XXX	XXX	XXX	$21,014	$20,431

* NYSDFS Circular Letter No. 11 (2010) clarified the accounting for deferred premium assets when reinsurance is involved.

** NYSDFS Regulation 172 was amended to allow for the admission of an unearned reinsurance premium asset.

Note 2 - Significant Accounting Policy Changes

None

Note 3 - Fair Value Measurements

A. 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.

(1) 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 following table represents the balances of assets and liabilities measured at fair value as of September 30, 2018 (in millions):

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
a Assets at fair value				
1. Preferred stocks				
Redeemable preferred stocks	—	—	—	—
Non-redeemable preferred stocks	—	1	11	11
Total preferred stocks	—	1	11	11
2. Bonds				
U.S. corporate	—	17	—	17
Non-agency residential mortgage-backed securities	—	—	—	—
Non-agency commercial mortgage-backed securities	—	4	—	4
Non-agency asset-backed securities	—	2	6	8
Total bonds	—	24	6	29
3. Common stocks	1,272	—	181	1,453
4. Derivative assets				
Interest rate swaps	—	253	—	253
Foreign currency swaps	—	223	—	223
Inflation swaps	—	8	—	8
Interest rate options	—	—	35	35
Foreign currency forwards	—	2	—	2
Futures	—	—	—	—
Total derivative assets	—	487	35	522
5. Separate accounts assets	1,761	3,616	935	6,312
Total assets at fair value	3,033	4,127	1,167	8,328
b Liabilities at fair value				
1. Derivative liabilities				
Interest rate swaps	—	60	—	60
Foreign currency swaps	—	194	—	194
Inflation swaps	—	40	—	40
Foreign currency forwards	—	—	—	—
Futures	—	—	—	—
Total liabilities at fair value	—	294	—	294

[1] Separate accounts contract holder liabilities are not included in the table as they are reported at contract value and not fair value in the Company's Annual Statement.

(2) The table below presents a rollforward of level 3 assets and liabilities for the Nine months ended September 30, 2018 (in millions):

	Balance at 06/30/2018	Transfers into Level 3	Transfers out of Level 3	Total gains or (losses) included in Net	Total gains or (losses) included in Surplus	Purchases	Issuances	Sales	Settlements	Balance at 9/30/2018
Non-redeemable preferred stocks	10	1	—	—	—	—	—	—	—	11
Bonds										
Non-agency asset-backed securities	6	—	—	—	—	—	—	—	—	6
Total bonds	6	—	—	—	—	—	—	—	—	6
Common stocks	177	1	—	—	2	50	—	(48)	—	181
Derivatives	37	—	—	(10)	8	—	—	—	—	35
Separate accounts assets[1]	907	20	(45)	39	2	96	—	(85)	—	935
Total	1,137	22	(45)	29	12	146	—	(134)	—	1,167

[1] The total gains or (losses) included in surplus for separate accounts assets are offset by an equal amount for separate accounts liabilities, which results in a net zero impact on surplus for the Company.

Transfers between levels

Transfers between levels may occur due to changes in valuation sources, changes in the availability of market observable inputs, which generally are caused by changes in market conditions such as liquidity, trading volume or bid/ask spreads, or as a result of a security measured at amortized cost at the beginning of the period, but measured at estimated fair value at the end of the period, or vice versa, due to a ratings downgrade or upgrade. For the separate accounts, transfers are mostly related to changes in the redemption restrictions of limited partnerships and hedge fund investments. The Company's policy is to assume the transfer occurs at the beginning of the period.

Transfers between Levels 1 and 2

During the three months ended September 30, 2018, there were no transfers between Levels 1 and 2.

Transfers into and out of Level 3

The Company's basis for transferring assets and liabilities into and out of Level 3 is based on changes in the observability of data, change in the security's measurement or changes in redemption restrictions of certain separate account investments.

Transfers into Level 3 totaled $22 million for the Nine months ended September 30, 2018, which primarily relates to $20 million of separate accounts assets due to changes in the redemption restrictions for certain hedge funds in which the separate accounts invest. Transfers out of Level 3 totaled $45 million for the three months ended September 30, 2018, which primarily relates to $45 million of separate accounts assets mainly due to the changes in redemption restrictions for certain hedge funds in which the separate accounts invest.

(3) 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 market approach such as 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 September 30, 2018, the Company challenged the price it received from third party pricing services on securities with a book value of $8 million and a market value of $8 million.

In addition, the Company has a pricing committee that provides oversight over the Company's prices and fair value process for securities. The committee is comprised of representatives from the Company's Investment Management group, Controller's, Compliance and Security Operations. 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.

For Level 1 investments, valuations are generally based on observable inputs that reflect quoted prices for identical assets in active markets.

The fair value for Level 2 and Level 3 valuations are generally based on a combination of the market and income approach. The market approach generally utilizes market transaction data for the same or similar instruments, while the income approach involves determining fair values from discounted cash flow methodologies.

The following represents a summary of significant valuation techniques for assets and liabilities used to determine fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy.

Level 1 measurements

Common stocks

These securities are comprised of exchange traded U.S. and foreign common stock and mutual funds. Valuation of these securities is based on unadjusted quoted prices in active markets that are readily and regularly available.

Derivatives (including separate accounts liabilities – derivatives)

These derivatives are comprised of exchange traded future contracts. Valuation of these securities is based on unadjusted quoted prices in active markets that are readily and regularly available.

Separate accounts assets

These assets are comprised of cash and common stocks. Common stocks are generally traded on an exchange.

Level 2 measurements

Preferred stocks

The fair value of preferred stock is obtained from third-party pricing services. Vendors generally use an income-based valuation approach by using a discounted cash flow model or it may use a market approach to arrive at the security's fair value or a combination of the two.

Bonds

The fair value of bonds is obtained from third-party pricing services, matrix-based pricing, internal models or broker quotes. 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 sources 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 Credit 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.

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. This 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 based upon observable market transactions, while the maturity and rating adjustments are based upon data obtained from Bloomberg. 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.

Derivatives

The fair value of derivative instruments is generally derived using valuation models that use an income approach, except for derivatives, which are either exchange-traded, or the fair value is priced using broker quotations. The selection of a particular model depends upon the contractual terms of, and specific risks inherent in the instrument, as well as the availability of pricing information in the market. The Company generally uses similar models to value similar instruments. Valuation model inputs include contractual terms, yield curves, foreign exchange rates, equity prices, credit curves, measures of volatility, and other factors. OTC derivatives that trade in liquid markets, where model inputs are observable for substantially the full term, are classified as Level 2.

Separate accounts assets

These are assets primarily related to investments in U.S. government and treasury securities, corporate bonds, and mortgage-backed securities. These separate accounts assets are valued and assigned within the fair value hierarchy, consistent with the methodologies described herein for similar financial instruments held within the general account of the Company. This also relates to investments in limited partnerships and hedge funds that use NAV where the investment can be redeemed at NAV at the measurement date or in the near-term (generally 90 days).

Level 3 measurements

Bonds

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 the price received from third-party pricing services does not appear to reflect market activity, the Company may challenge the price. For securities which go through this formal price challenge process, a non-binding broker quote or internal valuation is used to support the fair value instead. The Company also uses non-binding broker quotes to fair value certain bonds, when the Company is unable to obtain prices from third-party vendors.

Private placement securities where adjustments for liquidity are considered significant to the overall price are classified as Level 3.

Preferred and common stocks

These securities include equity investments with privately held entities, including a government organization, where the prices are derived from internal valuations.

Derivatives

Derivatives that are valued based upon models with any significant unobservable market inputs or inputs from less actively traded markets, or where the fair value is solely derived using broker quotations, are classified as Level 3.

Separate accounts assets

These assets are primarily related to limited partnership investments and hedge funds that are restricted with respect to transfer or withdrawal (generally greater than 90 days).

B. The following table presents the carrying amounts and estimated fair values of the Company's financial instruments at September 30, 2018. Since the SSAP 100 hierarchy only applies to items that are measured at fair value at the reporting date, the items in the tables above are subsets of the amounts reported in the following table (in millions).

	Fair Value	Carrying Amount	Level 1	Level 2	Level 3	Not Practicable
Assets:						
Bonds	107,359	105,533	—	103,714	3,645	—
Preferred stocks	88	63	—	50	38	—
Common stocks	1,453	1,453	1,272	—	181	—
Mortgage loans	16,827	17,135	—	—	16,827	—
Cash, cash equivalents and short-term investments	1,553	1,553	460	1,093	—	—
Derivatives	538	533	—	503	35	—
Other invested assets[1]	422	404	—	132	291	—
Derivatives collateral	71	71	—	71	—	—
Investment income due and accrued	1,295	1,296	1,296		—	—
Separate accounts assets	10,862	10,919	1,761	8,165	936	—
Total assets	140,468	138,959	3,494	115,022	21,952	—
Liabilities:						
Deposit fund contracts:						
Funding agreements	17,901	18,122	—	—	17,901	—
Annuities certain	48	45	—	—	48	—
Other deposit funds	517	517	—	—	517	—
Premiums paid in advance	97	97	—	97	—	—
Derivatives	295	295	—	295	—	—
Derivatives - collateral	267	267	—	267	—	—
Borrowed money	548	548	—	548	—	—
Amounts payable under securities lending	680	680	—	680	—	—
Separate accounts liabilities	337	333	—	337	—	—
Total liabilities	20,689	20,903	—	2,224	18,466	—

[1] Excludes investments accounted for under the equity method.

Bonds

The fair value of bonds is determined by considering one of four primary sources: (1) security pricing is applied using a hierarchy approach whereby publicly available prices are first sought from nationally recognized third-party pricing services, (2) securities are priced using a matrix-based pricing methodology, which uses spreads derived from third-party benchmark bond indices, (3) securities are priced using an internal pricing model or methodology, and (4) securities are submitted to independent brokers for prices.

The pricing service generally uses 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 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.

Independent pricing vendors do not supply prices for private placement bonds. These 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. Any private securities that cannot be priced using this methodology, are priced using an internally developed model based upon assigned comparable public issues

adjusted for liquidity, maturity and rating, or are priced based on internal calculations. The Company assigns a credit rating based upon internal analysis.

Prices from pricing services and broker quotes are validated on an ongoing basis to ensure the adequacy and reliability of the fair value measurement. The Company performs both quantitative and qualitative analysis of the prices including initial and ongoing review of third-party pricing methodologies, back testing of recent trades, and a thorough review of pricing trends and statistics.

Included in bonds are affiliated bonds from MCF and NYL Investments. The affiliated bond from MCF had a carrying value of $2,152 million and a fair value of $2,197 million at September 30, 2018. The fair value of this security is calculated internally and may include inputs that may be not observable. Therefore, this security is classified as Level 3. The affiliated bond from NYL Investments had a carrying value of $600 million and a fair value of $593 million at September 30, 2018. The fair value of this security is calculated internally using observable inputs and is therefore classified at Level 2.

Preferred and common stocks

The fair value of unaffiliated equity securities is determined by considering one of three primary sources: (1) security pricing is applied using a hierarchy approach whereby publicly available prices are first sought from third-party pricing services, (2) the remaining un-priced securities are submitted to independent brokers for prices, and (3) securities are priced using an internal pricing model or methodology.

Prices from pricing services and broker quotes are validated on an ongoing basis to ensure the adequacy and reliability of the fair value measurement. The Company performs both quantitative and qualitative analysis of the prices including, initial and ongoing review of third-party pricing methodologies, back testing of recent trades, and a thorough review of pricing trends and statistics.

Mortgage loans

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

Cash, cash equivalents, short-term investments and investment income due and accrued

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, the carrying value of short-term investments, cash equivalents and investment income due and accrued is presumed to approximate fair value.

Derivatives (including separate accounts liabilities)

The fair value of derivative instruments is generally derived using valuation models that use an income approach, except for derivatives that are exchange-traded, which are valued using a market approach as fair value is based on quoted prices in an active market. Where valuation models are used, the selection of a particular model depends upon the contractual terms of, and specific risks inherent in the instrument, as well as the availability of pricing information in the market. The Company generally uses similar models to value similar instruments. Valuation model inputs include contractual terms, yield curves, foreign exchange rates, equity prices, credit curves, measures of volatility, and other factors.

Other invested assets

Other invested assets are principally comprised of LIHTC investments, affiliated loans and certain other investments with characteristics of debt. The fair value of one of the affiliated loans and the LIHTC investments are derived using an income valuation approach, which is based on a discounted cash flow calculation using a discount rate that is determined internally. These investments are classified as Level 3 because the discount rate used is based on management's judgment and assumptions. Refer to Note 10 - Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties, for details on intercompany loans and Note 5 - Investments, for details on LIHTC investments. The fair value of investments with debt characteristics is derived using an income valuation approach, which is based on a discounted cash flow calculation that uses observable inputs. For affiliated loans due within one year, carrying value is deemed to approximate fair value due to the short-term nature of these investments. These investments are classified as Level 2.

Derivatives – collateral (including separate accounts liabilities collateral)

The carrying value of these instruments approximates fair value since these assets and liabilities are generally short-term in nature.

Separate accounts assets

Assets within the separate accounts are primarily invested in bonds and common stock. The fair value of investments in the separate accounts is calculated using the same procedures as are used for bonds and common stocks in the general account.

The separate accounts also invest in limited partnerships and hedge fund investments. The fair value of such partnerships is determined by reference to the limited partnership's NAV. The valuation of the hedge funds is based upon the hedge funds' latest financial statements adjusted for cash activity since that date and estimates of market valuations.

Deposit fund contracts

For funding agreements backing medium term notes, fair values are based on available market prices for the notes. For other funding agreements and annuities certain liabilities, fair values are estimated using discounted cash flow calculations based on interest rates currently being offered for similar contracts with maturities consistent with those remaining for the contracts being valued.

For all other deposit funds, estimated fair value is equal to account value.

Premiums paid in advance

For premiums paid in advance, the carrying value of the liability approximates fair value.

Borrowed money

Borrowed money consists of intercompany borrowings, repurchase agreements and other financing arrangements. Due to the short-term nature of the transactions, the carrying value approximates fair value. The Company had no repurchase agreements as of September 30, 2018.

Amounts payable under securities lending

Amounts payable under securities lending consists of cash collateral received under securities lending agreements. The carrying value approximates fair value.

Separate accounts liabilities – deposit-type contracts

For deposit type contracts, which are funding agreements, the proceeds from which are invested primarily in fixed income securities, the carrying value of the liability approximates the fair value of the invested assets. These assets are valued using the same methods described for separate accounts assets.

Note 4 - Significant Transactions

Effective April 1, 2018, the Company's coinsurance with funds withheld and modified coinsurance agreements with NYLIAC to assume 90% of a block of inforce life insurance business were terminated and NYLIAC fully recaptured the risks related to the business previously reinsured under the agreements. The Company received a recapture fee in the amount of $20.5 million pre-tax. The recapture of these reinsurance contracts did not have a material impact to the Company's surplus.

Note 5 - Subsequent Events

As of November 12, 2018, 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 annual statement that would have a material effect on the financial condition of the Company.