

# Our strength, your security

RiverSource Life Insurance Co. of New York

The company you choose matters. When you choose RiverSource Life Insurance Co. of New York, you want to be confident we'll be here for you today — and tomorrow. We're pleased to provide this quarterly report on our financial strength and soundness. It demonstrates our commitment to help you achieve and protect your dreams, whatever the future holds.

## **We stand behind our promises.**

### **Strong record**

honoring our commitments to clients for decades

### **Strong ratings**

building on a long history of strong ratings from independent rating agencies

### **Strong resources**

maintaining a solid capital position, appropriate levels of liquidity, a well-positioned investment portfolio and effective risk management

# A tradition of strength

## Strong record

### A financial industry leader

RiverSource Life Insurance Co. of New York (RiverSource Life of New York) offers innovative growth, income and protection solutions. For decades, financial professionals have recommended our products to clients with the goal of providing financial solutions and security for a lifetime.

### Top rankings

RiverSource Life Insurance Company (RiverSource Life), including RiverSource Life of New York, is one of the nation's largest life insurance companies. We rank among industry leaders in key categories including variable annuities, variable universal life (VUL) insurance and disability income (DI) insurance — reflecting clients' confidence in our ability to help them achieve and protect their dreams. Together, RiverSource Life and RiverSource Life of New York have the following rankings:

- **19th largest** life insurance company of about 850 life insurance companies, based on total assets, as of Dec. 31, 2015<sup>1</sup>
- **9th** in variable universal life insurance premiums<sup>2</sup>
- **11th** largest provider of variable annuities<sup>3</sup>
- **9th** in individual Disability Income (DI) sales, based on non-cancelable individual policies<sup>4</sup>

### A long history of meeting clients' needs

RiverSource Life of New York is a subsidiary of RiverSource Life, the life insurance subsidiary of Ameriprise Financial, Inc., a diversified financial services company (NYSE: AMP) headquartered in Minneapolis, Minnesota. Our product lines include fixed and variable life insurance, disability income insurance, and fixed and variable annuities.

RiverSource Life of New York was founded in 1972 as a subsidiary of RiverSource Life, which traces its roots to 1894. For decades, we've been honoring our commitment to help clients grow their assets, manage their income and protect what matters most.

### ANNUITIES:

ARE NOT A DEPOSIT OF ANY BANK OR BANK AFFILIATE	ARE NOT FDIC INSURED	ARE NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY	ARE NOT BANK GUARANTEED	MAY LOSE VALUE
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# Strong ratings

## Validation by independent rating agencies

Independent rating agencies consistently give RiverSource Life of New York high ratings.

During the volatile markets resulting from the 2008-2009 financial crisis, many insurance companies saw their financial strength ratings decline. However, RiverSource Life of New York was not downgraded.

Each of the rating agencies listed in the chart below has affirmed its rating of RiverSource Life of New York.

Rating agencies	RiverSource Life of New York insurer financial strength ratings		Last update
Moody's moody's.com	Aa3 Excellent (Fourth highest of 21 ratings)	Stable outlook	2/10/17
A.M. Best ambest.com	A+ Superior (Second highest of 15 ratings)	Stable outlook	11/2/16
Standard & Poor's standardandpoors.com	AA- Very Strong (Fourth highest of 21 ratings)	Stable outlook	10/24/16

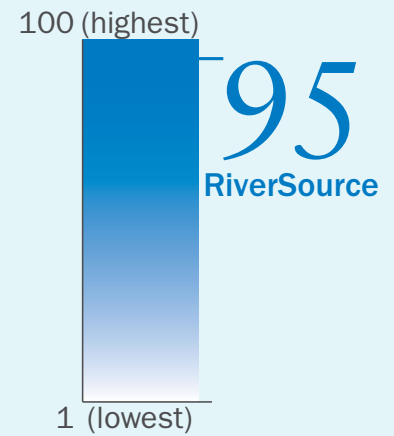
For the most current ratings, please see the individual rating agency websites.

## Well capitalized with appropriate liquidity

RiverSource Life of New York is a financially strong, well-capitalized life insurance company regulated by the New York State Department of Financial Services.

As of December 31, 2016, RiverSource Life of New York:

- On a statutory accounting basis, held assets of approximately \$6.6 billion (including assets held in separate accounts), and reserves and liabilities (including separate account liabilities) of approximately \$6.2 billion.
- Had healthy statutory capital and surplus (essentially its net worth) of \$322 million.



## Comdex Scale

### What does our Comdex ranking mean to you?

Independent rating agencies use different scales to determine a company's financial strength. That can make it difficult to compare ratings from one company to the next. The Comdex ranking is an average percentile of a company's ratings, making it easier to compare companies. Comdex looks at companies rated by independent rating agencies, then ranks more than 200 of those companies on a scale from 100 (highest) to 1 (lowest), based on their agency ratings. A company must be rated by at least two rating agencies to receive a Comdex ranking.

Source: VitalSigns, a product of EbixExchange, February 15, 2017

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## High-quality investment portfolio

The RiverSource Life of New York investment portfolio is high-quality, conservatively managed and constructed to meet our long-term obligations to clients. It is largely invested in fixed income instruments and is well diversified across asset classes, industries, issuers and geography. In seeking strong and consistent investment performance, we focus on generating strong risk-adjusted returns across varying market environments, while actively managing downside risk.

RiverSource Life of New York:

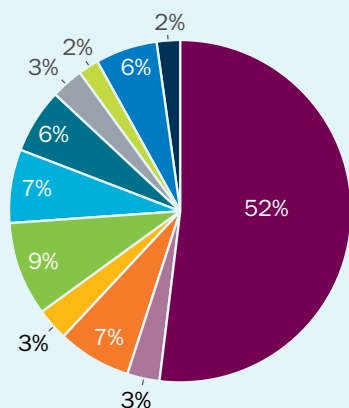
- **Selects investments** based on relative value, fundamental outlook, aggregate portfolio risk, value, structure and risk analysis
- **Focuses its mortgage-backed investments** on highly seasoned securities that are senior in the capital structure and have high levels of credit protection
- **Uses conservative underwriting standards** for its direct commercial mortgage loan portfolio

**RiverSource Life of New York’s portfolio predominantly consists of investment grade securities, and has limited exposure to alternative assets and foreign governments.** For example, as of December 31, 2016, our investment portfolio had no holdings of sovereign debt in financially troubled euro zone countries.

### Mortgage-backed securities

Mortgage-backed securities are debt obligations that represent claims to the cash flows from pools of commercial or residential mortgage loans. They may be “agency” securities, which are structured and backed by governmental or quasi-governmental agencies, or “non-agency” securities, structured by private entities.

### RiverSource Life of New York investment portfolio as of December 31, 2016



Corporate debt securities - investment grade	52%
Corporate debt securities - high yield	3%
Residential mortgage-backed securities - agency	7%
Residential mortgage-backed securities - non-agency	3%
Commercial mortgage-backed securities	9%

Commercial mortgage loans	7%
State and municipal obligations	6%
Asset-backed securities - other	3%
Policy loans	2%
Hedge assets used for risk management of variable annuity guarantees	6% <sup>1</sup>
Other investments	2%

Total invested assets = \$2.1 billion

Investment portfolio data is presented consistent with statutory accounting principles.

<sup>1</sup>Please see the section, “Effective risk management of variable annuities with living benefits,” on the following page for more information about our risk management program.

### Investment grade

Corporate bonds are categorized as either investment grade or non-investment grade. Non-investment grade bonds are also called “high yield” bonds because they tend to pay higher yields than Treasuries and investment-grade corporate bonds — but this higher yield comes with a higher level of risk.

## Products and riders backed by strength and soundness

The assets supporting our insurance and annuity products are held in either RiverSource Life of New York’s general account or in separate accounts:

- **The general account** holds assets backing RiverSource® fixed annuities and other fixed insurance products, as well as certain guarantees under variable annuities.
- **Separate accounts** hold the assets funding variable products.



## Fixed products

The RiverSource Life of New York general account backs guaranteed death benefits and holds assets backing *RiverSource* fixed annuities and other fixed insurance products that provide clients with a guaranteed fixed return (e.g., universal life and the fixed accounts within variable universal life and variable annuities). RiverSource Life of New York assumes the investment and market risk for these products.

## Variable products

The general account also backs guaranteed death benefits and other benefits available under riders we offer with *RiverSource*® variable annuities. For *RiverSource* variable products such as variable universal life insurance and variable annuities, the client selects investment portfolios, which we hold in separate accounts. The client assumes the investment and market risk for these portfolios, including the opportunity to benefit from market growth.

## Effective risk management of variable annuities with living benefits

RiverSource Life of New York offers variable annuities with optional riders, or “living benefits,” which provide guarantees relating to minimum withdrawal and accumulation benefits. RiverSource Life of New York’s general account backs these guarantees. We dedicate assets in the general account to support all our guaranteed products and product features, including but not limited to living benefit riders.

As seen in the financial crisis of 2008-2009, and once again with today’s global economic challenges, people are concerned about insurers’ ability to protect themselves against the long-term guarantee exposure associated with these products. At RiverSource Life of New York, we seek to protect ourselves — and you — against market risk using a number of strategies, including hedging.

The liabilities associated with living benefit guarantees are long term, so the assets we use to reduce our risk are also long term. We follow a disciplined strategy to prepare for a wide variety of market conditions. In addition, we:

- **Continually monitor** our risk management program and adjust it to manage our risk and maintain our financial strength
- **Review and manage** daily risk exposure and changes in the values of the liabilities and related hedges
- **Report our assets and liabilities quarterly** as part of RiverSource Life of New York’s regulatory filings

Our hedging program has performed well through challenging market environments, enabling us to provide competitive, well-managed retirement income solutions. While our current assets under management are well positioned, we cannot predict with certainty challenges that may arise from ongoing market cycles. As with other investments, past performance of the assets in our program does not guarantee future results. However, one thing is certain: our commitment to ensuring our products are competitive and sustainable over the long term.

All guarantees are based on the continued claims-paying ability of the issuing company. For variable annuities and variable insurance products, guarantees do not apply to the performance of the variable subaccounts, which will vary with market conditions.

### Hedging

Hedging is a strategy used to manage financial risk — essentially making one investment to limit the risk of another investment and minimize the possibility of a net loss.

## Learn more

Wherever you are on life’s journey, you likely want to build and protect a secure lifestyle. RiverSource Life of New York helps our clients feel confident in their financial future. See client stories at [riversource.com](http://riversource.com). Select About RiverSource > Your Needs.

For additional details on RiverSource Life of New York’s investment profile, ratings, risk management and other publicly disclosed performance information, please visit the Investor Relations section of the Ameriprise Financial website at [ir.ameriprise.com](http://ir.ameriprise.com).

Except as otherwise noted, the information in this communication is as of December 31, 2016.

# The RiverSource Story

Life has many twists and turns and we understand the importance of balancing the need to protect what is important to you while you invest toward your financial goals. RiverSource creates innovative products designed with you and your life in mind. Through a balance of asset and risk management and built on a long heritage, we work with you and your financial professional to help grow your assets, manage your income and protect what matters most — today and tomorrow.

<sup>1</sup> 2016 Life Insurers Fact Book, ACLI

<sup>2</sup> U.S. Retail Individual Life Insurance Sales Report, 3Q 2016, LIMRA

<sup>3</sup> Retail Individual Life Insurance Sales in the U.S., LIMRA, 3Q 2016

<sup>4</sup> U.S. Individual Disability Income Sales, LIMRA International, 2Q 2016

**You should consider the investment objectives, risks, charges and expenses of the variable annuity or variable life insurance and its underlying investment options carefully before investing. For a free copy of the annuity or life insurance prospectus and underlying investments' prospectuses, which contain this and other information about variable annuities or variable life insurance, call 1-800-333-3437. Read the prospectus carefully before you invest.**



[riversource.com](http://riversource.com)  
[strengthandsoundness.com](http://strengthandsoundness.com)

RiverSource Life Insurance Co. of New York cannot guarantee future financial results.

Before you purchase a life insurance policy or annuity contract, be sure to ask your financial professional to explain the features, benefits, risks and fees, and whether the product is appropriate for you based upon your financial situation and objectives. Variable annuities and variable life insurance are complex investment vehicles that are subject to market risk, including the potential loss of principal invested. Annuities are long-term insurance products.

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