STATE OF NEW YORK INSURANCE DEPARTMENT

REPORT ON EXAMINATION

OF THE

JACKSON NATIONAL LIFE INSURANCE COMPANY OF NEW YORK

AS OF

DECEMBER 31, 1999

DATE OF REPORT:	NOVEMBER 3, 2000
EXAMINER:	JOHN LETOURNEAU

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STATE OF NEW YORK
INSURANCE DEPARTMENT
25 BEAVER STREET
NEW YORK, NEW YORK 10004

November 3, 2000

Honorable Gregory V. Serio
Acting Superintendent of Insurance
Albany, New York 12257

Sir:

In accordance with instructions contained in Appointment No. 21563, dated July 21, 2000 and annexed hereto, an examination has been made into the condition and affairs of Jackson National Life Insurance Company of New York, hereinafter referred to as “the Company” or “JNLNY” at its home office located at 2900 Westchester Avenue, Purchase, New York 10577.

Wherever “Department” appears in this report, it refers to the State of New York Insurance Department.

The report indicating the results of this examination is respectfully submitted.

1. EXECUTIVE SUMMARY

The Company had a significant increase in assets during the examination period due to the commencement of sales in 1998 and a significant acceleration of sales in 1999. General account assets have increased from $8,384,605 as of December 31, 1998 to $83,744,435 as of December 31, 1999. Ten million dollars of the increase is attributable to a capital contribution made by its parent, Jackson National Life Insurance Company, in 1999. The Separate Account assets have increased from $104,912 as of December 31, 1998 to $77,023,997 as of December 31, 1999. Separate Account assets account for approximately 48% of the Company’s total admitted assets of $160,768,432, at December 31, 1999.

The examiner’s review of a sample of transactions did not reveal any differences which materially affected the Company’s financial condition as presented in its financial statements contained in the December 31, 1999 filed statement. (See item 5 of this report)

2. SCOPE OF EXAMINATION

This is the first examination of the Company since it was examined upon organization. This examination covers the period from May 22, 1996 through December 31, 1999. As necessary, the examiner reviewed transactions occurring subsequent to December 31, 1999 but prior to the date of this report (i.e., the completion date of the examination).

The examination comprised a verification of assets and liabilities as of December 31, 1999 to determine whether the Company's filed 1999 annual statement fairly presents its financial condition. The examiner reviewed the Company's income and disbursements necessary to accomplish such verification and utilized the National Association of Insurance Commissioners' Examiners Handbook or such other examination procedures, as deemed appropriate, in such review and in the review or audit of the following matters:

Company history
Management and control
Corporate records
Fidelity bond and other insurance
Officers' and employees' welfare and pension plans
Territory and plan of operation
Market conduct activities
Growth of Company
Business in force by states
Mortality and loss experience
Reinsurance
Accounts and records
Financial statements

This report on examination is confined to financial statements and comments on those matters which involve departure from laws, regulations, or rules or which require explanation or description.

3. DESCRIPTION OF COMPANY

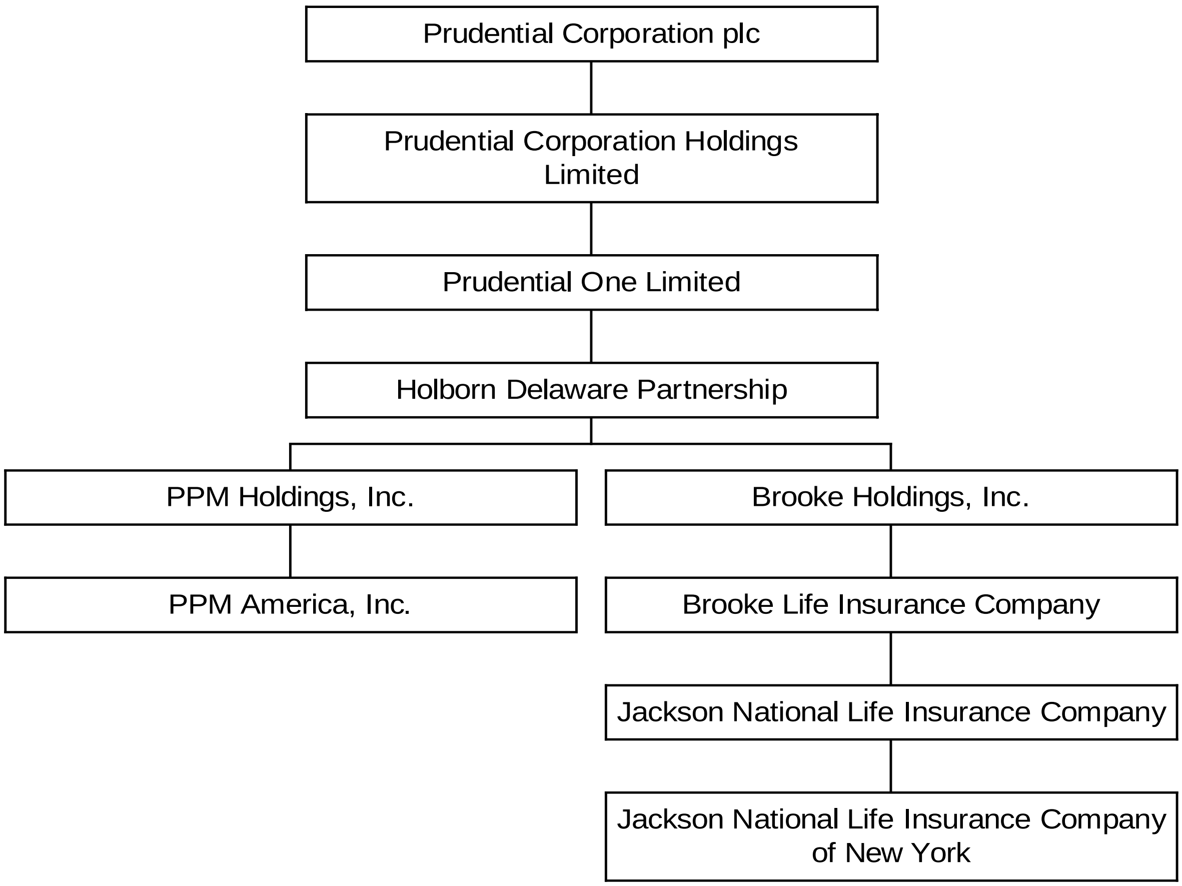
A. History

The Company was incorporated as a stock life insurance company under the laws of New York on July 11, 1995 under the name First Jackson National Life Insurance Company. The Company's parent, Jackson National Life Insurance Company ("JNL") provided initial resources of $8,000,000 in 1996. In 1997, the Company formally changed its name to Jackson National Life Insurance Company of New York and commenced writing business on May 18, 1998. JNL made additional contributions of $10 million in 1999 and $15 million in June 2000.

B. Holding Company

The Company is a wholly owned subsidiary of JNL. JNL is the United States operating arm of Prudential Corporation plc, ("Prudential") a multi-national financial services company headquartered in London, England. JNL is a wholly owned subsidiary of Brooke Life Insurance Company, of Lansing, Michigan, which was formed by Prudential shortly after it acquired JNL in 1986. The ultimate United States parent is Holborn Delaware Partnership. Prudential is one of the world's oldest and largest financial services companies with funds under management of approximately $274 billion. JNL, with nearly $40 billion under management, is Prudential's largest business outside the U.K. With nearly 3% market share, JNL is one of the largest individual annuity writers in the United States based on direct premium written.

An organizational chart reflecting the relationship between the Company and significant entities in its holding company system as of December 31, 1999 follows:



The Company had three service agreements with affiliates in effect as of December 31, 1999. An administrative service agreement between JNL and the Company provides for JNL to perform certain administrative services for the Company including: accounting, tax and auditing; underwriting; claims; marketing and product development; functional support services; payroll functions; personnel functions; policyholder services; telephone access; and other support services. The other two agreements are a tax allocation agreement among Brooke Life Insurance Company, JNL and the Company and an investment advisory agreement between PPM America and the Company.

C. Management

The Company's by-laws provide that the number of directors shall not be less than nine, nor more than 21, and provides further that if admitted assets exceed $500 million during any calendar year, then the number of directors shall be increased to not less than 13. As of December 31, 1999 there were nine members on the board. Directors are elected at the annual shareholders' meeting, which is held on the first Tuesday in April of each year, to serve until the next annual meeting. Regular meetings of the board are held at least four times in each calendar year.

The nine board members and their principal business affiliation, as of December 31, 1999, were as follows:

Name and Residence	Principal Business Affiliation	Year First Elected
Donald T. DeCarlo* Douglaston, NY	Partner Lord, Bissel & Brook	1999
Jay A. Elliott Richmond, VA	Senior Vice President – Divisional Director Jackson National Life Insurance Company of New York	1997
Alan C. Hahn Lansing, MI	Senior Vice President – Marketing Jackson National Life Insurance Company of New York	1995
Donald B. Henderson, Jr.* New York, NY	Partner LeBoeuf, Lamb, Greene & MacRae, LLP	1995
Andrew B. Hopping Lansing, MI	Executive Vice President, Chief Financial Officer and Chairman of the Board Jackson National Life Insurance Company of New York	1997
Henry J. Jacoby* New York, NY	Consulting Engineer Henry J. Jacoby, Consultant	1995
Thomas J. Meyer Lansing, MI	Senior Vice President and General Counsel Jackson National Life Insurance Company of New York	1995

Name and Residence	Principal Business Affiliation	Year First Elected
Andrew Olear, II Purchase, NY	Chief Administrative Officer Jackson National Life Insurance Company of New York	1998
David L. Porteous* Reed City, MI	President Porteous & White, P.C. Attorneys at Law	1995

* Not affiliated with the Company or any other company in the holding company system

The examiner's review of the minutes of the meetings of the board of directors and its committees indicated that meetings were well attended and that each director attended a majority of meetings.

The following is a listing of the principal officers of the Company as of December 31, 1999:

Name	Title
Robert Saltzman	President and Chief Executive Officer
Clark Manning	Chief Operating Officer
Andrew B. Hopping	Executive Vice President and Chief Financial Officer
Brad Powell	President Institutional Marketing Group (IMG)
Jay A. Elliott	Senior Vice President – Divisional Director
William Gray	Senior Vice President - Product Development
Alan C. Hahn	Senior Vice President – Marketing
Thomas J. Meyer	Senior Vice President - General Counsel
George Napoles	Senior Vice President and Chief Information Officer
Barbara Snyder	Senior Vice President and Chief Actuary
Scott Stolz	Senior Vice President – Administration
Robert M. Tucker**	Vice President of Technical Support
Andrew Olear, II	Chief Administrative Officer

** Designated consumer services officer per Section 216.4(c) of Department Regulation No. 64

D. Territory and Plan of Operation

The Company is authorized to write life insurance, annuities and accident and health insurance as defined in paragraphs 1, 2 and 3 of Section 1113(a) of the New York Insurance Law.

The Company is licensed to transact business in three states: Delaware, Michigan and New York. However, 99.7% of life insurance premiums and 96.8% of annuity considerations are written in New York. Annuity considerations represented 99.6% of the Company’s total 1999 premiums and annuity considerations. All business is written on a non-participating basis.

The Company sells primarily fixed and variable annuities. The Company’s products are sold through three distribution channels: independent agents and brokers (Deal Direct), financial institutions (IMG), and broker-dealers.

The number of producers in each distribution channel for 1998 and 1999 is as follows:

Year	Deal Direct	IMG	Broker Dealer
1998	288	57	97
1999	941	616	637

E. Reinsurance

As of December 31, 1999, the Company had reinsurance treaties in effect with seven accredited companies. The Company’s life insurance policies are ceded on a yearly renewable term or coinsurance basis. Reinsurance is provided on both an automatic and facultative basis.

The Company’s maximum retention limit for individual life contracts is $200,000 per life.

The total face amount of life insurance ceded as of December 31, 1999, was $146,164,500, which represents 88.9% of the total life insurance in force.

4. SIGNIFICANT OPERATING RESULTS

Indicated below is significant information concerning the operations of the Company during the period under examination as extracted from its filed annual statements. Failure of items to add to the totals shown in any table in this report is due to rounding.

The Company's parent provided initial resources of $8,000,000 ($2,000,000 common capital stock and $6,000,000 paid in and contributed surplus) in 1996. The parent provided an additional $10,000,000 in contributed surplus in 1999. The Company has grown since incorporation to $160,768,432 in admitted assets and ($5,817,865) in unassigned surplus.

The Company's invested assets as of December 31, 1999, exclusive of Separate Accounts, were comprised of bonds (83.5%) and cash and short-term investments (16.5%). The Company's entire bond portfolio as of December 31, 1999 was comprised of investment grade obligations.

The following is the net gain (loss) from operations by line of business after federal income taxes but before realized capital gains (losses) reported for each of the years under examination in the Company's filed annual statements:

	1996	1997	1998	1999
Ordinary:				
Life insurance	$149,888	$196,128	$(490,184)	$(1,299,444)
Individual annuities	0	0	(108,861)	(1,907,388)
Total ordinary	$149,888	$196,128	$(599,045)	$(3,206,832)
Group annuities	$ 0	$ 0	$ 0	$(1,854,743)
Total	$149,888	$196,128	$(599,045)	$(5,061,575)

During 1996 and 1997 the Company was inactive. The net gains were due to income from investments. The loss in 1998 was primarily due to an increase in general insurance expenses reflecting the startup costs associated with the mid-year commencement of life and annuity sales. The loss in 1999 was due primarily to an increase in commissions and general expenses reflecting primarily the acquisition costs associated with the first full year of life and annuity sales.

5. FINANCIAL STATEMENTS

The following statements show the assets, liabilities, capital, surplus and other funds as of December 31, 1999, as contained in the Company's filed 1999 annual statement, a condensed summary of operations and a reconciliation of the capital and surplus account for each of the years under review. The examiner's review of a sample of transactions did not reveal any differences which materially affected the Company's financial condition as presented in its financial statements contained in the December 31, 1999 filed statement.

A. ASSETS, LIABILITIES, CAPITAL, SURPLUS AND OTHER FUNDS AS OF DECEMBER 31, 1999

Admitted Assets

Bonds	$ 68,805,183
Cash and short term investments	13,627,755
Reinsurance ceded	
Commissions and expense allowances due	29,046
Electronic data processing equipment	119,219
Life insurance premiums and annuity considerations	
deferred and uncollected on in force business	14,169
Investment income due and accrued	1,149,063
From Separate Accounts Statement	77,023,997
Total admitted assets	$160,768,432

Liabilities, Capital, Surplus and Other Funds

Aggregate reserve for life policies and contracts	$ 73,119,766
Premiums and annuity considerations received in advance	657
Interest maintenance reserve	27,371
Commissions to agents due or accrued	189,255
General expenses due or accrued	125,238
Transfers to separate accounts due or accrued	101,221
Taxes, licenses and fees due or accrued	78,650
Cost of collection on premiums and annuity considerations deferred and uncollected in excess of total loading thereon	23,487
Amounts withheld or retained by company as agent or trustee	8,346
Remittances and items not allocated	747,530
Miscellaneous liabilities:	
Asset valuation reserve	159,948
Payable to parent, subsidiaries and affiliates	1,098,264
Deferred compensation	28,185
Separate account CARVM allowance	(4,145,618)
From Separate Accounts Statement	77,023,997
Total liabilities	$148,586,297
Common capital stock	2,000,000
Gross paid in and contributed surplus	16,000,000
Unassigned funds (surplus)	(5,817,865)
Total capital, surplus and other funds	$ 12,182,135
Total liabilities, capital, surplus and other funds	$160,768,432

B. CONDENSED SUMMARY OF OPERATIONS

	1996	1997	1998	1999
Premiums and considerations	$ 0	$ 0	$ 805,185	$137,265,189
Investment income	263,890	469,601	588,255	1,512,006
Commissions and reserve adjustments on reinsurance ceded	0	0	7,686	190,575
Income from fees associated with investment management, administration and contract guarantees from Separate Accounts	0	0	90	364,384
Increase in CARVM allowance	0	0	6,509	4,139,109
Total income	$263,890	$469,601	$1,407,725	$143,471,263
Benefit payments	$0	$0	$9,811	$ 2,476,840
Increase in reserves	0	0	659,149	72,460,617
Commissions	0	0	52,601	9,226,887
General expenses and taxes	33,102	167,866	1,502,964	3,124,043
Increase in loading and cost of collection	0	0	4,308	32,523
Net transfers to Separate Accounts	0	0	100,500	61,511,928
Total deductions	$ 33,102	$167,866	$2,329,333	$148,832,838
Net gain (loss)	$230,788	$301,735	$ (921,608)	$ (5,361,575)
Federal income taxes	80,900	105,607	(322,563)	(300,000)
Net income	$149,888	$196,128	$ (599,045)	$ (5,061,575)

C. CAPITAL AND SURPLUS ACCOUNT

	1996	1997	1998	1999
Capital and surplus, December 31, prior year	$ 0	$8,130,950	$8,268,883	$ 7,538,428
Net income	$ 149,888	$ 196,128	$ (599,045)	$ (5,061,575)
Change in nonadmitted assets and related items	(3,500)	(56,143)	(143,199)	(140,471)
Change in asset valuation reserve	(15,438)	(2,052)	11,789	(154,247)
Capital changes				
Paid in	2,000,000	0	0	0
Surplus adjustments				
Paid in	6,000,000	0	0	10,000,000
Net change in capital and surplus	$8,130,950	$ 137,933	$ (730,455)	$ 4,643,707
Capital and surplus, December 31, current year	$8,130,950	$8,268,883	$7,538,428	$12,182,135

6. MARKET CONDUCT ACTIVITIES

The examiner reviewed various elements of the Company's market conduct activities affecting policyholders, claimants, and beneficiaries to determine compliance with applicable statutes and regulations and the operating rules of the Company.

A. Advertising and Sales Activities

The examiner reviewed a sample of the Company's advertising files and the sales activities of the agency force including trade practices, solicitation and the replacement of insurance policies.

Based upon the sample reviewed, no significant findings were noted.

B. Underwriting and Policy Forms

The examiner reviewed a sample of new underwriting files, both issued and declined, and the applicable policy forms.

Section 3201 (b)(1) of the New York Insurance Law states, in part:

> "No policy form shall be delivered or issued for delivery in this state unless it has been filed with and approved by the superintendent as conforming to the requirements of this chapter and not inconsistent with the law. . . ."

In eight of the of the 20 life insurance policies reviewed (40%), the Company used a medical questionnaire (Form No. X0576A Rev. 9/90) that was not filed with and approved by the Department. The form used was the parent's (JNL's) form.

The Company is in violation of Section 3201(b)(1) of the New York Insurance Law for using its parent's policy form and not a form filed with or approved by the Department for use by the Company.

C. Treatment of Policyholders

The examiner reviewed a sample of various types of claims, surrenders, changes and lapses. The examiner also reviewed the various controls involved, checked the accuracy of the computations and traced the accounting data to the books of account.

Based upon the sample reviewed, no significant findings were noted.

7. SUMMARY AND CONCLUSIONS

Following is the violation contained in this report:

Item	Description	Page No(s).
A	The Company violated Section 3201(b)(1) of the New York Insurance Law by using a policy form not filed with or approved by the Department.	14

Respectfully submitted,

/s/
John Letourneau
Senior Insurance Examiner

STATE OF NEW YORK)
)SS:
COUNTY OF NEW YORK)

John Letourneau, being duly sworn, deposes and says that the foregoing report, subscribed by him, is true to the best of his knowledge and belief.

/s/
John Letourneau

Subscribed and sworn to before me

this__________ day of ____________________2000.

APPOINTMENT NO. 21563

STATE OF NEW YORK

INSURANCE DEPARTMENT

I, NEIL D. LEVIN, Superintendent of Insurance of the State of New York,

pursuant to the provisions of the Insurance Law, do hereby appoint:

JOHN LETOURNEAU

as a proper person to examine into the affairs of the

JACKSON NATIONAL LIFE INSURANCE COMPANY OF NEW YORK

and to make a report to me in writing of the condition of the said

COMPANY

with such other information as he shall deem requisite.

In Witness Whereof, I have hereunto subscribed by name
and affixed the official Seal of the Department
at the City of New York

this 21th day of July ,2000

NEIL D. LEVIN
Superintendent of Insurance

by ***GREGORY V. SERIO***
First Deputy Superintendent