STATE OF NEW YORK INSURANCE DEPARTMENT

REPORT ON EXAMINATION

OF THE

INTRAMERICA LIFE INSURANCE COMPANY

AS OF

DECEMBER 31, 2003

DATE OF REPORT:	FEBRUARY 11, 2005
EXAMINER:	MARC A. TSE

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

George E. Pataki
Governor

Howard Mills
Acting Superintendent

February 11, 2005

Honorable Howard Mills
Acting Superintendent of Insurance
Albany, New York 12257

Sir:

In accordance with instructions contained in Appointment No. 22259, dated September 29, 2004 and annexed hereto, an examination has been made into the condition and affairs of Intramerica Life Insurance Company, hereinafter referred to as “the Company” or “Intramerica”, at its home office located at 100 Motor Parkway, Hauppauge, New York 11788.

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 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, 2003 filed annual statement. (See item 6 of this report)

The examiner's review of the Company's market conduct activities did not reveal significant instances which deviated from the New York Insurance Law, Department regulations and circular letters and the operating rules of the Company. (See item 7 of this report)

The Company violated Section 325(a) of the New York Insurance Law by failing to maintain its books of account at its principal office in this state. (See item 8 of this report)

2. Scope of Examination

The examination was called as of December 31, 2003 on a group basis involving the Illinois Department of Insurance and the other states in which The Allstate Corporation (“Allstate”) has domiciled one or more insurers. The group approach recognizes that a substantial portion of the financial risks of the various insurance subsidiaries (the “Companies”) is ultimately borne by the Illinois-domiciled parent companies within the Allstate group. The Companies benefit to a large degree from common management, systems and processes, and certain internal control and risk management functions that are administered at the consolidated or business unit level. One domestic state “opted out” of the group examination. Florida will perform a separate examination as of December 31, 2002 of American Heritage Life Insurance Company. Florida will also perform a separate examination of First Colonial Insurance Company as of December 31, 2003 and will leverage the investment related aspects of the group examination for this examination.

This examination was conducted in accordance with the National Association of Insurance Commissioners (“NAIC”) Examiners Handbook, and utilized the audit work performed by Allstate’s independent external auditor, Deloitte & Touche (“D&T”).

The group examination applied procedures sufficient to comprise a full scope financial examination of each of the Companies in accordance with the examination procedures and standards promulgated by the NAIC and by the respective state insurance departments where the Companies are domiciled. The objective is to enable each domestic state to report on their respective Companies’ financial condition and to summarize key results of examination procedures. With respect to Intramerica, the New York Insurance Department also performed a market conduct and corporate compliance review. The objective of this review is to determine compliance with applicable statutes and regulations and the operating rules of the Company.

The prior examination was conducted as of December 31, 2000. This examination covers the period from January 1, 2001 through December 31, 2003. As necessary, the examiners reviewed transactions occurring subsequent to December 31, 2003 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, 2003 to determine whether the Company's 2003 filed annual statement fairly presents its financial condition. The examiners reviewed the Company's corporate and accounting records necessary to accomplish such verification and utilized the NAIC 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
Officers' and employees' welfare and pension plans
Territory and plan of operation
Market conduct activities
Growth of Company
Business in force by states
Reinsurance
Accounts and records
Financial statements

An actuary representing the Company certified as accurate the actuarially determined estimates of certain reserve liabilities in the filed annual 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 March 23, 1965, was licensed on March 24, 1966 and commenced business on April 5, 1966. Initial resources of $2,800,000, consisting of common capital stock of $600,000 and paid in and contributed surplus of $2,200,000, were provided through the sale of 300,000 shares of common stock (with a par value of $2 each) for $9.33 1/3 per share. In 1982, the par value was increased to $5 per share; thereby increasing capital to $1,500,000, with $900,000 transferred from paid in surplus. In 1984, par value was increased to $7 per share; increasing capital to $2,100,000, with $600,000 transferred from paid in surplus.

At its inception, the Company was a wholly owned subsidiary of Intramerica Life Corporation of New York. On June 30, 1968, Intramerica Life Corporation of New York was merged into Colonial Penn Group, Inc. ("Colonial").

On December 31, 1985, the Department approved the acquisition of Colonial and the Company by FPL Group Capital, Inc. ("FPL").

In April 1991, FPL and Leucadia National Corporation ("Leucadia") entered into a stock purchase agreement in which Leucadia purchased all of the outstanding stock of Colonial. Pursuant to the terms of the agreement, Leucadia assigned to its wholly owned subsidiary, Charter National Life Insurance Company ("Charter"), its rights and obligations under the agreement. In August 1991, Charter acquired all the outstanding stock of Colonial.

As part of the Department approval of Charter's acquisition of Colonial and the Company, Charter agreed to merge or sell its wholly owned New York subsidiary, First Charter Life Insurance Company ("First Charter"). The Company and First Charter were merged as of November 1, 1992 and retained the name Intramerica Life Insurance Company.

On July 1, 1999, Allstate Life Insurance Company ("ALIC") acquired all of the outstanding shares of the Company at $7 a share. On September 1, 1999, Charter declared a dividend of its 2% interest in the Company to ALIC to make the Company wholly owned by ALIC.

B. Holding Company

The Company is a wholly owned subsidiary of ALIC, an Illinois domiciled corporation. ALIC is a wholly owned subsidiary of Allstate Insurance Company ("AIC"). The ultimate parent is Allstate.

Allstate is the largest publicly held personal lines insurer in the United States. Allstate provides insurance products to more than 16 million households and has approximately 12,900 exclusive agents and exclusive financial specialists in the United States and Canada. Allstate's major product lines include: auto insurance (standard and nonstandard), homeowners insurance, life insurance and investment products including, retirement planning, annuities and mutual funds.

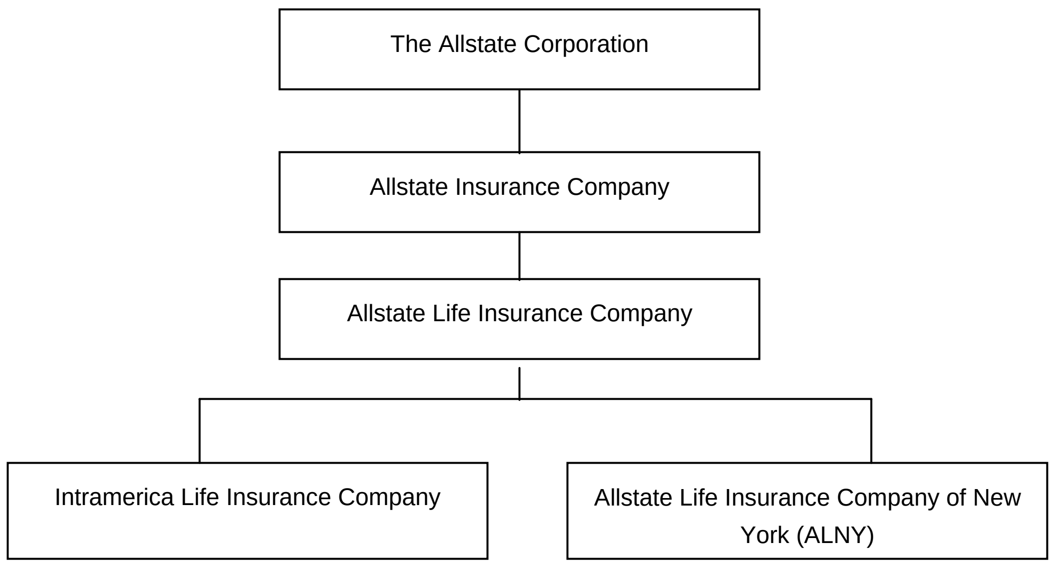
Allstate's goal is to be a leading provider of personal property and casualty insurance and personal life insurance, retirement and investment products by focusing attention on the following priorities:

- Meeting customers needs
- Helping middle America achieve financial security
- Improving relationships with agencies
- Deepening relationships with financial partners
- Simplifying doing business with Allstate
- Achieving profitable growth
- Maintaining financial strength

In pursuit of this goal, Allstate may engage in selective acquisitions and alliances. However, Allstate intends to maintain discipline in capital and expense management in order to create long-term shareholder value.

C. Organizational Chart

The following is an abridged organizational chart as of December 31, 2003:



As of December 31, 2003, there were 48 business entities included within the insurance holding company system, 34 of which were insurance companies. Two of the 48 business entities have been added in the last year.

D. Service Agreements

The Company had 5 major service agreements in effect as of December 31, 2003:

1. An administrative services agreement with AIC, effective July 1, 1999, that calls for AIC to provide the following: accounting; data processing; tax; auditing; governmental filings; administration of separate accounts; telecommunications; printing; purchasing; human resources; reinsurance administration; premium collection; underwriting; claims settlement; policyholder; advertising; marketing; actuarial; and legal services.

2. An expense allocation agreement with Allstate Life Insurance Company of New York ("ALNY"), effective July 1, 1999, that calls for ALNY to make available clerical services, office space and use of equipment at its home office.

3. Investment advisory agreement between AIC and the Company effective July 1, 1999, pursuant to which AIC provides investment advisory and management services to the Company with respect to the investment portfolio maintained by the Company.

4. Assignment and Assumption Agreement assigning the Investment Advisory Agreement dated July 1, 1999, by and between AIC and the Company to Allstate Investments, LLC ("AILLC") wherein AILLC will assume all of AIC's right, title and interest in the agreement.

5. On July 25, 2002, the Company entered into an Administrative Services Agreement with ALFS, Inc. ("ALFS"), effective January 1, 2002 whereby the Company appointed ALFS as the principal underwriter and exclusive representative for the distribution of certain variable insurance contracts.

E. Capital Stock

The Company had 300,000 shares of common stock authorized, issued, and outstanding with a par value of $7 per share as of December 31, 2003. Gross paid-in and contributed surplus totaled $700,000 as of December 31, 2003. There were no other changes made to the Company's capital stock during the period under review.

F. Dividends

The ability of the Company to pay dividends is dependent on business conditions, income cash requirements of the Company, receipts of dividends, and other relevant factors. The payments of shareholder dividends by the Company without the prior approval of the Superintendent is limited to formula amounts based on net income and capital and surplus as specified under New York Insurance Law. The maximum amount of dividends the Company could distribute during 2004 without prior approval of the Superintendent amounted to $778, 896. Dividends are not cumulative.

G. Management

The Company's by-laws provide that the board of directors shall be comprised of not less than 13 and not more than 15 directors. Directors are elected annually at the stockholders' annual meeting held on the fourth Tuesday of February of each year. The 14 board members and principal business affiliation, as of December 31, 2003, were as follows:

Name and Residence	Principal Business Affiliation	Year First Elected
Marcia D. Alazraki * Slingerlands, NY	Attorney Manatt, Phelps & Phillips, LLP	1993
Margaret G. Dyer Winnetka, IL	Vice President Allstate Life Insurance Company	2000
Marla G. Friedman Northbrook, IL	Vice President Allstate Life Insurance Company	1997
Vincent A. Fusco Dix Hills, NY	Field Vice President Allstate Insurance Company	1997
Cleveland Johnson, Jr * Bay Shore, NY	Retired Mariga Communications Corporation	1983
John C. Lounds Long Grove, IL	Vice President Allstate Life Insurance Company	2000
John K. McCarthy North Barrington, IL	Vice President Allstate Life Insurance Company	2000
Kenneth R. O'Brien * Merrick, NY	CEO O'Brien Asset Management, Inc	1998
John R. Raben, Jr. * Riverside, CT	Vice President Bank One Capital Markets	1988

Name and Residence	Principal Business Affiliation	Year First Elected
Steven E. Shebik Wheaton, IL	Vice President Allstate Life Insurance Company	2001
Phyllis Slater * Floral Park, NY	CEO Hill Slater, Inc.	2002
Casey J. Sylla Barrington, IL	President Intramerica Life Insurance Company Chairman and President Allstate Life Insurance Company	2002
Michael J. Velotta Libertyville, IL	Secretary Intramerica Life Insurance Company Vice President, Secretary & General Counsel Allstate Life Insurance Company	1992
Patricia W. Wilson Nothbrook, IL	Assistant Vice President Allstate Insurance Company	1997

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

Marla Friedman, Margaret Dyer and J. Kevin McCarthy resigned from the board in January, February and September of 2004, respectively. Kevin Slawin was appointed to the board in January of 2004

The following is a listing of the principal officers of the Company as of December 31, 2003:

Name	Title
Casey Joseph Sylla	President
James Philip Zils	Treasurer
Michael Joseph Velotta	Secretary
Scott Edward Wright	Actuary

Kevin Tiernan is the designated consumer services officer per Section 216.4(c) of Department Regulation No. 64.

H. Employee Benefits

Defined benefit pension plans cover most domestic full-time and certain part-time employees and certain employee agents. Benefits under the pension plans are based upon the employee's length of service and eligible annual compensation. Upon adoption of SSAP 89, Pensions, AIC elected, with regard to its incremental liability, to amortize it as a component of net periodic pension cost, and with regard to its incremental asset, to offset future periodic pension expense. AIC's funding policy for the pension plans is to make annual contributions in accordance with accepted actuarial cost methods.

AIC also provides certain health care and life insurance subsidies for certain employees when they retire. Qualified employees may become eligible for these benefits if they retire in accordance with AIC's established retirement policy and are continuously covered under AIC's group plans or other approved plans in accordance with the plans' participation requirements. Benefits similar to those available for active employees are available to pre-Medicare retirees who pay the required contributions. A post-Medicare plan supplementing Medicare is also available upon payment of required contributions. AIC shares the cost of the retiree medical benefits with qualified employees based on their years of service, with AIC's share being subject to a 5% limit on annual medical cost inflation after retirement. AIC's postretirement plans currently are not funded. AIC has the right to modify or terminate these plans.

AIC calculates benefit obligations based upon actuarial methodologies using the projected benefit obligation for pension plans and the accumulated postretirement benefit obligation for other postretirement plans.

The change in benefit obligations for all plans for the year ended December 31, were as follows:

	Pension Benefits		Postretirement Benefits	
(in millions of $)	**2003**	**2002**	**2003**	**2002**
Benefit obligation, beginning of year	3,543	3,078	786	722
Service cost	138	134	22	20
Interest cost	243	222	53	51
Contributions by plan participants	-	-	33	-
Actuarial losses	437	403	(11)	36
Benefits paid	(239)	(260)	(82)	(43)
Plan amendments	-	(28)	-	-
Other	(7)	(6)	-	-
Benefit obligation, end of year	4,115	3,543	801	786

There was no pension benefit obligation for non-vested employees at December 31, 2003 and 2002. The postretirement benefit obligation for non-vested employees was $317 million and $212 million at December 31, 2003 and 2002, respectively.

Pension plan assets at December 31, 2003 and 2002 comprise primarily equity securities and long-term corporate and United States government obligations. AIC's other postretirement benefit plans currently are not funded.

The change in pension plan assets for the years ended December 31, 2003 and 2002 was as follows:

(in millions of $)	**2003**	**2002**
Fair value of plan assets, beginning of year	2,236	2,444
Contributions	851	263
Benefits paid	(239)	(260)
Actual return on plan assets	461	(205)
Other	(7)	(6)
Fair value of plan assets, end of year	3,302	2,236

The plans' funded status, which was calculated as the difference between the projected benefit obligation and plan assets for pension benefits, and the difference between the accumulated benefit obligation and plan assets for other postretirement benefits was as follows:

	Pension Benefits		Postretirement Benefits	
(in millions of $)	**2003**	**2002**	**2003**	**2002**
Funded status	(813)	(1,306)	(801)	(786)
Unamortized prior service cost	(29)	(32)	(12)	(13)
Unrecognized net loss	2,180	2,150	116	129
Unamortized transition (asset)/obligation	(232)	(528)	158	175
Minimum liability adjustment	(309)	(973)	-	-
Accrued benefit cost	797	(689)	(539)	(495)

AIC did not make any contributions between the measurement date and the end of the year in 2002. In addition, as of December 31, 2003 and 2002 an admitted intangible of $68 million and $81 million, respectively, was recorded related to the benefit plans.

The components of net periodic cost/(benefit) for all plans for the year ended December 31, were as follows:

	Pension Benefits		Postretirement Benefits	
(in millions of $)	**2003**	**2002**	**2003**	**2002**
Service cost	139	134	21	20
Interest cost	243	222	53	51
Expected return on plan assets	(208)	(286)	-	-
Amortization of unrecognized transition (asset)/obligation	(273)	(120)	18	17
Prior service cost recognized	(3)	4	(1)	(1)
Unrecognized prior period (gain) or loss amortization	113	41	3	1
Effect of settlement	18	23	-	-
Net periodic (benefit)/cost	29	18	94	88

A minimum pension liability adjustment was required when the actuarial present value of accumulated benefits exceeds plan assets and accrued pension liabilities. At December 31, 2003 and 2002, the minimum liability adjustment, less allowable intangible assets, net of tax benefit, was $241 million and $828 million, respectively, and was reported as an adjustment to surplus.

Weighted average assumptions used in the determination of the projected pension benefit obligation and plan assets at December 31, which were based on an October 31 measurement date, were:

	2003	**2002**
Discount rate	6.25%	7.00%
Rate of compensation increase	4.00% - 4.50%	4.00% - 4.50%
Expected long-term rate of return on plan assets	8.50%	9.50%

The weighted average health care trend rate used in measuring the accumulated postretirement benefit obligation was 11.9% for 2003, gradually declining to 5.5% in 2010, and remaining level thereafter.

A one percentage-point increase in assumed health care cost trend rates would increase the total of the service and interest cost component of net periodic benefit cost of other postretirement benefits, and the accumulated postretirement benefit obligation by $2 million and $12 million, respectively. A one percentage-point decrease in assumed health care cost trend rates would decrease the total of the service and interest cost components of net periodic benefit cost of other postretirement benefits and the accumulated postretirement benefit obligation by $4 million and $26 million, respectively.

Most domestic full-time and certain part-time employees and certain employee agents of AIC are eligible to participate in The Savings and Profit Sharing Fund of Allstate Employees (the “Fund”). Employer contributions to the Fund are based on actual performance levels and matching obligations under the Fund. The cost allocated to AIC for this benefit, after reinsurance was $92 million and $99 million in 2003 and 2002, respectively.

4. Territory and Plan of Operation

The Company is authorized to transact business in 25 states and Puerto Rico. In 2003, 61.9% of life insurance premiums, and 57.5% of annuity considerations were received from New York.

A majority of the Company's direct writings, as reported in Schedule T of the filed 2003 Annual Statement, was produced within the following identified states:

Annuity Considerations			**Life Insurance Premiums**		
State	Balance	Percent	State	Balance	Percent
New York	$295,499	57.45%	New York	$1,722,951	61.89%
Florida	$160,500	31.21%	New Jersey	$388,566	13.96%
Hawaii	$25,000	4.86%	Florida	$246,676	8.86%
California	$16,100	3.13%	Pennsylvania	$48,563	1.74%
Connecticut	$10,800	2.10%	North Carolina	$45,862	1.65%
All others	$6,420	1.25%	All others	$331,478	11.91%
Totals	$514,319	100.00%	Totals	$2,784,096	100.00%

A. Statutory and Special Deposits

As of December 31, 2003, the Company had two U.S. Treasury Bonds, with a par value of $1,740,000, on deposit with the State of New York, its domiciliary state, for the security of policyholders. As stated in Schedule E of the 2003 Annual Statement, an additional $100,000 (par value) in U.S. Treasury Bonds was being held with the State of Arkansas for the benefit of all policyholders. The Company also maintains $650,000 (par value) of U.S. Treasury Bonds representing special deposits mandated by the states of Massachusetts, New Mexico, and North Carolina that are being held for the protection of the policyholders within each of these states.

B. Direct Operations

The Company is in run-off since May, 2000 and a specific strategy is currently in discussion. The Company was a direct writer of Life and Health insurance and fixed annuities and variable annuities, marketed by Scudder, Distributors Inc. The Scudder Horizon VA product was launched in ALNY in May 2000. At that point, new Scudder VA sales in the Company stopped, however additional considerations may be made to existing contracts.

C. Reinsurance

As of December 31, 2003, the Company had reinsurance treaties in effect with two non-affiliated companies, both of which were authorized or accredited. The total face amount of life insurance ceded, as of December 31, 2003, was $50,731,741, which represents the total face amount of life insurance in force. Effective January 1, 1997, the Company entered into two reinsurance agreements as follows:

1) The Company sold certain business to Conseco Life Insurance Company of New York ("Conseco Life"), by means of an assumption and indemnity reinsurance agreement. The agreement transfers 100% of the Company's rights, liabilities, and obligations on life, accident and health, and fixed annuity policies and contracts issued to residents of the State of New York; and

2) The Company also transferred 100% of its non-New York coverage to Conseco Direct Life Insurance Company ("Conseco Direct", which was later renamed Colonial Penn Life Insurance Company) by means of an assumption reinsurance agreement. Policies and contracts that were not transferred by means of assumption reinsurance have been 100% reinsured with Conseco Life (New York residents) or Conseco Direct (non-New York residents) on an indemnity basis. In connection with the assumption reinsurance and indemnity reinsurance agreements, the Company and Conseco Life entered into an administrative service agreement whereby Conseco Life performs all services required for complete support and administration of the reinsured policies, including both the New York and non-New York policies.

5. Growth of the Company

The following significant data, as of December 31 of the indicated years, as taken from the Annual Statements for the years indicated, reflects the Company's growth:

	2003	2002	2001	2000	1999
Net admitted assets					
General account	23,280,008	22,009,891	20,492,734	19,384,145	21,348,284
Separate account	37,083,889	34,608,714	48,008,808	60,692,115	69,732,705
Total net admitted assets	$60,363,897	$56,618,605	$68,501,542	$80,076,260	$91,080,989
Liabilities					
Excluding separate account	3,004,355	2,512,934	1,966,996	1,728,985	4,420,995
Separate account	37,083,889	34,608,714	48,008,808	60,692,115	69,732,705
Total liabilities	$40,088,244	$37,121,648	$49,975,804	$62,421,100	$74,153,700
Total capital and surplus	$20,275,653	$19,496,958	$18,525,739	$17,655,160	$16,927,289
Total liabilities, capital and surplus	$60,363,897	$56,618,606	$68,501,543	$80,076,260	$91,080,989
Gain (loss) from operations	$778,896	$952,502	$794,589	$808,845	$630,969

Sixty-one percent of the Company's net admitted assets, as of December 31, 2003, are derived from separate accounts.

The following data, as of December 31 of the indicated years, reflects the composition and performance of the Company's investment portfolio (exclusive of Separate Accounts):

	2003	2002	2001	2000	1999
Distribution of assets					
Bonds	93.2%	93.1%	85.9%	84.5%	91.5%
Stocks	0.0%	0.0%	0.0%	2.0%	0.2%
Cash and short-term investments	6.8%	6.9%	14.1%	13.5%	8.3%
Total	100.0%	100.0%	100.0%	100.0%	100.0%
Total investment income	$1,110,493	$1,099,212	$987,997	$1,006,942	$912,133

The following is the net gains (losses) from operations by line of business after federal income taxes but before realized capital gains (losses) reported for each of the previous three years in the Company's filed Annual Statements:

	2001	2002	2003
Ordinary:			
Individual annuities	794,628	952,504	778,895
Total ordinary	$794,628	$952,504	$778,895
Accident and health (Other):	$ (39)	$ 0	$ 0
Total	$794,589	$952,504	$778,895

6. Financial Statements

A. Independent Accountants

D&T was retained by ALIC to audit the combined statutory basis statements of financial position of ALIC and its combined U.S. domiciled life and accident and health insurance subsidiaries, including the Company, as of December 31 of each year in the examination period, and the related statutory-basis statements of operations, capital and surplus, and cash flows for the year then ended.

D&T concluded that the statutory financial statements presented fairly, in all material respects, the financial position of ALIC and its combined U.S. domiciled life and accident and health insurance subsidiaries at the respective audit dates. Balances reported in these audited financial statements were reconciled to the corresponding years' annual statements with no discrepancies noted.

The following statements show the assets, liabilities, capital, surplus and other funds as of December 31, 2003, as contained in the 2003 filed annual statement and a condensed summary of operations and a reconciliation of the capital and surplus account for each of the years under review. The financial statements may not reconcile immaterially due to rounding.

B. Net Admitted Assets

Bonds	$21,374,824
Common stocks	543
Cash, cash equivalents and short term investments	1,547,589
Receivable for securities	790
Investment income due and accrued	255,585
Reinsurance: Other amounts receivable under reinsurance contracts	27,390
Net deferred tax asset	73,287
From separate accounts, segregated accounts and protected cell accounts	37,083,889
Total admitted assets	$60,363,897

C. Liabilities, Capital, Surplus and Other Funds

Aggregate reserve for life policies and contracts	$ 2,666,657
Interest maintenance reserve	253,167
General expenses due or accrued	28,337
Current federal and foreign income taxes	14,103
Amounts withheld or retained by company as agent or trustee	214
Miscellaneous liabilities:	
Asset valuation reserve	25,731
Payable to parent, subsidiaries and affiliates	11,211
Uncashed checks pending escheatment	4,936
From Separate Accounts statement	37,083,889
Total liabilities	$40,088,244
Common capital stock	$ 2,100,000
Gross paid in and contributed surplus	700,000
Unassigned funds (surplus)	17,475,653
Surplus	$18,175,653
Total common capital stock, preferred capital stock, and surplus	$20,275,653
Total liabilities, common capital stock, preferred capital stock and surplus	$60,363,897

D. Condensed Summary of Operations

	2001	2002	2003
Premiums and considerations	$ 623,472	$ 659,397	$ 514,319
Investment income	961,239	1,100,883	1,129,550
Income from fees associated with investment management, administration and contract guarantees from separate accounts	373,643	288,232	244,484
Total income	$ 1,958,354	$ 2,048,512	$ 1,888,353
Benefit payments	$ 4,175,899	$ 5,841,853	$ 3,919,026
Increase in reserves	961,831	679,034	747,162
General expenses and taxes	277,631	284,791	235,401
Net transfers to (from) separate accounts	(4,602,619)	(6,028,822)	(4,063,329)
Miscellaneous deductions	1,000	140	52
Total deductions	$ 813,742	$ 776,996	$ 838,312
Net gain (loss)	$ 1,144,612	$ 1,271,516	$ 1,050,041
Federal and foreign income taxes incurred	350,022	319,013	271,146
Net gain (loss) from operations before net realized capital gains	$ 794,590	$ 952,502	$ 778,895
Net income	$ 794,590	$ 952,502	$ 778,895

E. Capital and Surplus Account

	2001	2002	2003
Capital and surplus, December 31, prior year	$17,655,161	$18,525,739	$19,496,958
Net income	$ 794,590	$ 952,502	$ 778,895
Change in net deferred income tax	0	0	(31,792)
Change in non-admitted assets and related items	55,502	(30,051)	36,096
Change in asset valuation reserve	20,487	(2,384)	(4,503)
Cumulative effect of changes in accounting principles	0	51,152	0
Net change in capital and surplus for the year	$ 870,578	$ 971,219	$ 778,696
Capital and surplus, December 31, current year	$18,525,739	$19,496,958	$20,275,654

F. Comments on Financial Statements

The accompanying financial statements were prepared on a statutory basis in conformity with the accounting practices prescribed or permitted by the Department.

The capital and surplus balance as reported by the Company for 2003 was $20,275,655. The total adjusted capital is $20,301,384 while the authorized control level risk-based capital is $207,966 as stated by the Company in the 2003 Annual Statement.

The examination review of the Company’s financial position as of December 31, 2003, resulted in the following notes and comments:

I. Use of Estimates

In the preparation of the financial statements in accordance with statutory accounting practices, the Company makes estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amount of revenues and expenses. While these estimates are based on the best judgment of the Company, actual results could differ from the reported estimates. Any such differences are reflected in the period in which the change occurred.

II. Investments

Valuation of Investments

Investments are valued in accordance with the prescribed practices of the NAIC as delineated in the Purposes and Procedures Manual of the NAIC Securities Valuation Office. Bonds and preferred stocks are primarily carried at amortized cost and common stocks at market value as determined by the NAIC. Loan-backed and structured securities are valued at amortized cost using the constant effective interest method as well as contractual terms and are modified using the retrospective method for any changes in estimated cash flows from the original purchase assumptions. Short-term securities are carried at amortized cost, which approximates estimated fair value.

Bonds

The Company's investment in bonds was recalculated on a test basis and was found to be properly stated at December 31, 2003. The following table summarizes the bond composition of the Company's admitted invested assets:

Bonds	Amount	Percentage
U.S. government bonds	12,724,019	59.5%
Special revenue bonds	980,530	4.6%
Industrial and miscellaneous	7,670,275	35.9%
Total bonds	$21,374,824	100.0%

As stated in Schedule D, Part 1A of the 2003 Annual Statement, at December 31, 2003, approximately 16.3% of the Company's bond portfolio had maturities in excess of ten years, 53.2% had maturities between five and ten years, and approximately 30.5% mature in less than five years. In certain instances, expected maturities may differ from contractual maturities based on the borrower's ability to call or prepay the given obligation without a call or prepayment penalty.

III. Premiums and Policy Acquisition Costs

Premiums are recognized over the premium paying period of the policies. Premium acquisition costs such as commissions and other underwriting expenses are properly being charged to income as they are incurred.

Premium income (net of reinsurance) for the year ended December 31, 2003 was $514,319 for all lines of business. This amount comes entirely from the Ordinary-Individual Annuities line of business.

IV. Federal Income Taxes

The Company is included in the consolidated federal income tax return of its ultimate parent, Allstate, and calculates its related income tax expense in accordance with a tax sharing agreement in effect between the companies. The Company is allocated a provision for income taxes based on the effect of including its operations in the consolidated provision.

7. 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 Company did not conduct any advertising or sales activities during the period under examination.

B. Underwriting and Policy Forms

The Company did not issue any significant business during the period under examination.

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.

8. Books of Account

Section 325(a) of the New York Insurance Law states in part:

> "Every domestic insurer . . . shall . . . keep and maintain at its principal office in this state its charter and by-laws . . . and its books of account . . ."

A physical inspection of the records maintained at the Company's home office revealed that the Company did not maintain its general ledger, trial balances and annual statement workpapers at its home office. The aforementioned records, which constitute the Company's books of account, are maintained in Illinois.

The Company violated Section 325(a) of the New York Insurance Law by failing to maintain its books of account at its principal office in this state.

As previously mentioned in Section 3D of this report, the Company has two service agreements in effect with its affiliates that provide for services on a regular and systematic basis. The terms of the service agreements require that back-up records constituting the Company's books of account be forwarded to the Company on a monthly basis and be maintained at the Company's principal office in New York. These service agreements were filed with and approved by the Department. The Company is also in violation of the terms of its filed service agreements

9. Summary and Conclusion

Following are the violations contained in this report:

Item	Description	Page No
A	The Company violated Section 325(a) of the New York Insurance Law by failing to maintain its books of account at its principal office in this state.	29
B	The Company is in violation of its filed service agreements for not maintaining the records constituting its books of account in accordance with the terms of such agreements.	29

Respectfully submitted,

_______/s/__________________
Marc A. Tse
Associate Insurance Examiner

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

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

_______/s/__________________
Marc A. Tse

Subscribed and sworn to before me

this__________ day of ____________________

APPOINTMENT NO. 22259

STATE OF NEW YORK

INSURANCE DEPARTMENT

I, GREGORY V. SERIO, Superintendent of Insurance of the State of New York, pursuant to the provisions of the Insurance Law, do hereby appoint:

MARC TSE

as a proper person to examine into the affairs of the

INTRAMERICA LIFE INSURANCE COMPANY

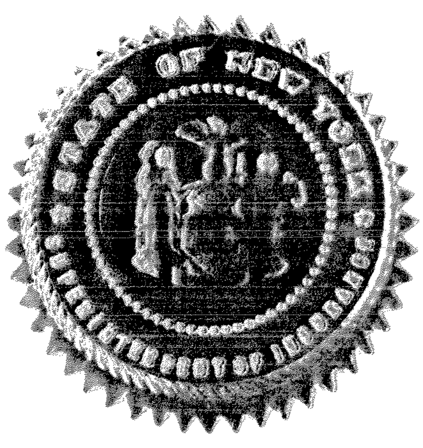
and to make a report to me in writing of the condition of the said

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 29th day of September, 2004



GREGORY V. SERIO
Superintendent of Insurance

Superintendent