STATE OF NEW YORK INSURANCE DEPARTMENT

REPORT ON FINANCIAL CONDITION EXAMINATION

OF THE

WILTON REASSURANCE LIFE COMPANY OF NEW YORK

CONDITION: DECEMBER 31, 2007

DATE OF REPORT: MARCH 13, 2009

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AS OF

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EXAMINER: MARIE SORENSEN

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

David Paterson
Governor

Eric R. Dinallo
Superintendent

June 16, 2009

Honorable Eric R. Dinallo
Superintendent of Insurance
Albany, New York 12257

Sir:

In accordance with instructions contained in Appointment No.22789, dated July 1, 2008 and annexed hereto, an examination has been made into the financial condition of Wilton Reassurance Life Company of New York, hereinafter referred to as "the Company," at its corporate offices located at 187 Danbury Rd, Riverview Building, 3rd Floor, Wilton, Connecticut 06897-4122.

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, 2007 filed annual statement. (See item 5 of this report)

The Company was originally incorporated as American Life Insurance Company of New York ("ALNY"). On September 27, 2006 Wilton Re U.S. Holdings, Inc. ("Wilton Re Holdings.") acquired 100% of the issued and outstanding shares of ALNY, Utica National Life Insurance Company ("Utica"), and The North American Company for Life and Health Insurance of New York ("NANY") for an aggregate purchase price of $156.7 million. Wilton Re Holdings contributed 100% of the issued and outstanding capital stock of ALNY, Utica, and NANY to its wholly-owned subsidiary, Wilton Reassurance Company ("Wilton Re"), a Minnesota domestic insurance company. On September 29, 2006, NANY and Utica were merged with and into ALNY, with ALNY surviving. ALNY was renamed Wilton Reassurance Life Company of New York. (See item 3A of this report)

On July 2, 2007, Wilton Re acquired all of the issued and outstanding capital stock of Keystone State Life Insurance Company ("Keystone"), a Pennsylvania domiciled company for an aggregate purchase price of $15.3 million. On December 31, 2007 Keystone was merged with and into the Company, with the Company surviving. (See item 3A of this report)

2. SCOPE OF EXAMINATION

The prior examination, as of December 31, 2004, was conducted under the Company's previous name, ALNY. This examination covers the period from January 1, 2005 through December 31, 2007. As necessary, the examiner reviewed transactions occurring subsequent to December 31, 2007 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, 2007 to determine whether the Company's 2007 filed 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
Territory and plan of operation
Growth of Company
Business in force by states
Reinsurance
Accounts and records
Financial statements

The examiner reviewed the corrective actions taken by the Company with respect to the financial condition violations, recommendations and comments contained in the prior reports on examination. The results of the examiner's review are contained in item 8 of this report.

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, under the name ALNY, was incorporated as a stock life insurance company under the laws of New York on March 23, 1955, was licensed on November 9, 1956 and commenced business on April 1, 1957. Initial resources of $2,000,000, consisting of capital stock of $500,000 and paid in and contributed surplus of $1,500,000, were provided through the sale of 50,000 shares of common stock (with a par value of $10 each) for $40 per share.

ALNY was initially formed as a wholly owned subsidiary of American Surety Company of New York. On December 31, 1963, control of ALNY passed to Transamerica Insurance Company, Inc. after American Surety Company of New York was absorbed in a merger. On April 1, 1981, Allied Investment Corporation, a Delaware Corporation, acquired all of the outstanding stock of ALNY from Transamerica Insurance Company, Inc. On March 4, 1988 Mutual of America Corporation ("MOAC") purchased ALNY from Allied Investment Corporation. MOAC changed its own name on September 20, 2000 to LIFCO Holding Company, Inc. ("LIFCO"). Mutual of America, ("MOA"), was the ultimate parent of MOAC and hence became the parent of LIFCO.

On March 16, 2001, Inviva, Inc. ("Inviva"), a Delaware holding company, acquired 100% of the outstanding stock of LIFCO from MOA. LIFCO owned 100% of ALNY's 1,100,000 shares of authorized common stock, with a par value of $4.55 per share, of which 550,000 shares were issued and outstanding.

On September 27, 2006, Wilton Re U.S. Holdings acquired all the issued and outstanding shares of ALNY, Utica and NANY for an aggregate purchase price of $156.7 million. Wilton Re Holdings contributed all of the issued and outstanding capital stock of ALNY, Utica and NANY to its wholly-owned subsidiary, Wilton Re, a Minnesota domestic insurance company.

On September 29, 2006, Utica and NANY were merged with and into ALNY with ALNY surviving. ALNY was renamed Wilton Reassurance Life Company of New York.

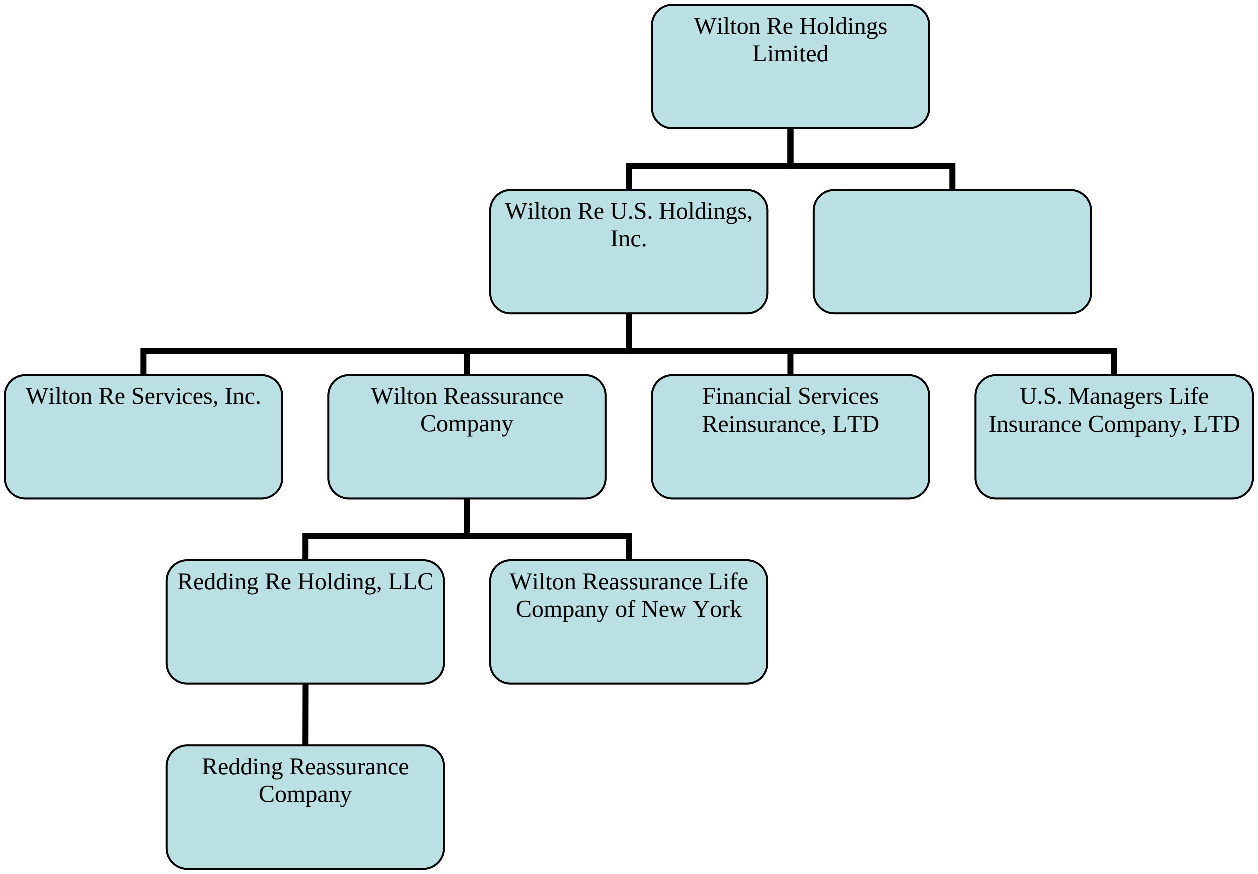
On July 2, 2007, Wilton Re acquired all of the issued and outstanding capital stock of Keystone, a Pennsylvania domiciled company for an aggregate purchase price of $15.3 million. On December 31, 2007 Keystone was merged with and into the Company, with the Company surviving. Wilton Re owns 100% of the Company's 1,100,000 shares of authorized common stock, with a par value of $4.55 per share, of which 550,000 shares are issued and outstanding.

As a result of the merger of Utica and NANY with and into ALNY, the restated gross paid in and contributed surplus as of December 31, 2004 was $56,991,518, on a combined basis. Gross paid in and contributed surplus for the Company as of December 31, 2007, was $68,307,831. The $11,316,313 difference was due to, a 2005 capital contribution of $4,000,000 to ALNY from it's parent Inviva and a $7,316,313 net addition to surplus that resulted from the merger of Keystone with and into the Company in 2007.

B. Holding Company

The Company is a wholly owned subsidiary of Wilton Re, a Minnesota insurance company. Wilton Re is in turn wholly owned by Wilton Re Holdings, a Delaware corporation. The ultimate parent of the Company is Wilton Re Holdings Limited, a Bermuda corporation.

An organization chart reflecting the relationship between the Company and significant entities in its holding company system as of December 31, 2007 follows:



The Company had one service agreement in effect with an affiliate during the examination period.

Type of Agreement and Department File Number	Effective Date	Provider(s) of Service(s)	Recipient(s) of Service(s)	Specific Service(s) Covered	Income/ (Expense)* For Each Year of the Examination
Administrative services 35181H	9/27/06	Wilton Re Services Inc.	Wilton Reassurance Life Company of New York	Accounting, Actuarial and Administrative	2005 $ 0 2006 $ (408,873) 2007 $(2,070,985)

* Amount of Income or (Expense) Incurred by the Company

The Company participates in a federal income tax allocation agreement with its parent and affiliates.

C. Management

The Company's by-laws provide that the board of directors shall be comprised of not less than 9 and not more than 21 directors. Directors are elected for a period of one year at the annual meeting of the stockholders held in April of each year. As of December 31, 2007, the board of directors consisted of 12 members. Meetings of the board are held annually and as frequently as the dispatch of business shall require. The Company's by-laws also provide for an increase in number of directors to not less than 13 if net admitted assets are greater than $1.5 billion.

The 12 board members and their principal business affiliation, as of December 31, 2007, were as follows:

Name and Residence	Principal Business Affiliation	Year First Elected
Donald P. Araldi Wilton, CT	Sr. Vice President and Chief Marketing Officer Wilton Reassurance Life Company of New York	2006
Robert L. Beisenherz* The Woodlands, TX	Director Retired	2006
Perry H. Braun Scarsdale, NY	Sr. Vice President and Chief Investment Officer Wilton Reassurance Life Company of New York	2006
Robert V. Deutsch* Farmington, CT	Retired	2006
Michael E. Fleitz Wilton, CT	Sr. Vice President and Chief Financial Officer Wilton Reassurance Life Company of New York	2006
Michael L. Greer Wilton, CT	Sr. Vice President and Chief Pricing Officer Wilton Reassurance Life Company of New York	2006
Herman D. Overbeeke* Wilton, CT	Operating Advisor Oakhill Capital Partners Fund II LP	2007
Mark R. Sarlitto Cross River, NY	Sr. Vice President and General Counsel Wilton Reassurance Life Company of New York	2006
Richard E. Smith* Punta Gorda, FL	President NorthPort Advisors, Inc.	2006

Name and Residence	Principal Business Affiliation	Year First Elected
Chris C. Stroup Wilton, CT	Chairman, President and Chief Executive Officer Wilton Reassurance Life Company of New York	2006
Enrico J. Treglia Danbury, CT	Sr. Vice President and Chief Operating Officer Wilton Reassurance Life Company of New York	2006
Andrew J. Wood Danbury, CT	Sr. Vice President and Chief Information Officer Wilton Reassurance Life Company of New York	2006

* 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, 2007:

Name	Title
Chris C. Stroup	Chairman, President and Chief Executive Officer
Michael E. Fleitz	Sr. Vice President and Chief Financial Officer
Michael L Greer	Sr. Vice President and Chief Pricing Officer
Mark R. Sarlitto	Sr. Vice President and General Counsel

The Company's designated consumer services officer per Section 216.4(c) of Department Regulation No. 64 is Patricia Harrigan, Associate General Counsel.

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 all 50 states, the District of Columbia and the US Virgin Islands. In 2007, 84% of life premiums, 99% of annuity considerations, and 86% of accident and health premiums, were received from New York. All of the deposit type funds were received from Florida (63%) and New York (37%). Policies are written on a non-participating basis.

With the exception of honoring (a) certain existing Utica worksite enrollment commitments, and (b) term product contractual conversion rights, the Company has not written any new business since the merger of Utica and NANY with and into ALNY on September 29, 2006. The Company's operating strategy is focused on the acquisition of closed blocks of life and fixed annuities business. Historically, marketing efforts have been concentrated in New York. The acquisition of Keystone on July 2, 2007, a Pennsylvania domiciled company, accounts for the increase in premiums in that state.

E. Reinsurance

As of December 31, 2007, the Company had reinsurance treaties in effect with 27 companies, of which 18 were authorized or accredited. The Company's life and accident and health business is reinsured on a coinsurance, modified-coinsurance, and yearly renewable term basis. Reinsurance is provided on an automatic and facultative basis.

The maximum retention limit for individual life contracts is $1,000,000. The total face amount of life insurance ceded as of December 31, 2007 was $14,158,315,629, which represents 61% of the total face amount of life insurance in force. Reserve credit taken for reinsurance ceded to unauthorized companies, totaling $39,422,108, was supported by letters of credit, trust agreements and funds withheld.

The total face amount of life insurance assumed as of December 31, 2007, was $171,802,000.

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 following table indicates the Company's financial growth during the period under review:

	December 31, 2004[1]	December 31, 2007	Increase (Decrease)
Admitted assets	$1,315,908,914	$1,219,486,299	$(96,422,615)
Liabilities	$1,203,890,263	$1,126,124,901	$(77,765,362)
Common capital stock	$ 2,502,500	$ 2,502,500	$ 0
Gross paid in and contributed surplus	56,991,518	68,307,831	11,316,313
Unassigned funds (surplus)	52,524,633	22,551,067	(29,973,566)
Total capital and surplus	$ 112,018,651	$ 93,361,398	$(18,657,253)
Total liabilities, capital and surplus	$1,315,908,914	$1,219,486,299	$(96,422,615)

[1]Amounts reported are as if the merger of Utica and NANY with and into ALNY, occurred on January 1, 2004.

The decrease in liabilities was predominantly due to: a reduction in reserves of approximately $20 million, which is diminishing in line with expectations from the Company's run-off operating strategy, and a decrease in borrowed money of $43 million that was reported by NANY as of December 31, 2004, but was settled prior to its merger with and into ALNY.

The decrease in unassigned funds was predominantly due to pre-merger transactions of NANY. During 2005, NANY recognized a $3.1 million charge for a correction of an error, and established a $10 million asset adequacy reserve. During 2006, NANY paid a $10 million ordinary dividend to its then parent, North American Company for Life and Health Insurance ("NACOLAH").

The Company's invested assets as of December 31, 2007, exclusive of separate accounts, were mainly comprised of bonds (90.0%).

The majority (98.2%) of the Company's bond portfolio, as of December 31, 2007, was comprised of investment grade obligations.

During 2008, the Company determined that certain of its bond holdings were considered to be Other Than Temporarily Impaired. According to disclosures in its December 31, 2008 filed annual statement, the Company wrote down its original cost on these securities by $25,185,249 to reflect the market value of each security at the time of the adjustment. Write downs of $14,084,988 were associated with the other than temporary impairment of Lehman Brothers securities.

The following indicates, for each of the years listed below, the amount of life insurance issued and in force by type (in thousands of dollars):

	Individual Whole Life		Individual Term	
Year	Issued	In Force	Issued	In Force
2005	$129,947	$6,018,607	$1,698,979	$19,857,490
2006	$122,435	$6,364,956	$ 41,510	$18,553,276
2007	$ 95,594	$6,273,942	$ 21,927	$16,943,939

The amount of insurance in force is diminishing in line with expectations from the Company's run-off operating strategy.

The ordinary lapse ratio for each of the examination years was 32.1% in 2005, 7.1% in 2006 and 7.6% in 2007. The 32.1% lapse ratio in 2005 is a combined ratio of all three companies operating independently, prior to acquisition and merger into ALNY.

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:

	2005[1]	2006[1,2]	2007[2]
Ordinary:			
Life insurance	$ (5,028,840)	$ 31,339,708	$(19,743,524)
Individual annuities	10,695,560	(17,137,950)	5,450,179
Supplementary contracts	(100,531)	(219,245)	(350,121)
Total ordinary	$ 5,566,189	$ 13,982,513	$(14,643,466)
Group:			
Life	$ 7,536	$ (11,759)	$ (40,348)
Annuities	10,964	42,732	124,720
Total group	$ 18,500	$ 30,973	$ 84,372
Accident and health:			
Group	$ (105,047)	$ (17,083)	$ 16,159
Other	(14,141)	(58,562)	(10,713)
Total accident and health	$ (119,188)	$ (75,645)	$ 5,446
Total	$ 5,465,501	$ 13,937,841	$(14,553,648)

[1]Amounts reported are as if the merger of Utica and NANY with and into ALNY, occurred on January 1, 2005.
[2]Amounts reported are as if the merger of Keystone with and into the Company occurred on January 1, 2006.

The 2005 net loss from operations by line of business for ordinary life insurance was the combination of an $11.1 million loss for ALNY and net gains for Utica of $1.4 million and NANY of $4.6 million. As a point of reference, in 2004 ALNY posted a loss from operations by line of business for ordinary life of $9.3 million. The 2004 report on examination discusses a direct marketing initiative undertaken in 2004 which resulted in a significant rise in the expenses of the ordinary life line of business. In December of 2005, ALNY's ultimate parent decided to discontinue its life insurance business.

The net gain/(losses) from ordinary life insurance and individual annuities, for the years ending December 31, 2006 and 2007 are significantly impacted by the establishment, and increases to, asset adequacy reserves by the Company and their distribution between life insurance and annuities.

Asset adequacy reserves of approximately $33 million were established by NANY in 2005 as a result of the Department's examination as of December 31, 2004, which indicated the need for such reserves. The primary cause for the reserve was certain universal life products sold by NANY. Changes in underlying assumption for the asset adequacy calculation requested by the Department resulted in increases to the asset adequacy reserves of approximately $17 million and $32 million in 2006 and 2007, respectively.

5. FINANCIAL STATEMENTS

The following statements show the assets, liabilities, capital and surplus as of December 31, 2007, as contained in the Company's 2007 filed 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, 2007 filed annual statement.

A. ASSETS, LIABILITIES, CAPITAL AND SURPLUS AS OF DECEMBER 31, 2007

Admitted Assets

Bonds	$1,071,090,656
Stocks	
Preferred stocks	51,261,240
Cash, cash equivalents and short term investments	33,880,233
Contract loans	30,844,231
Other invested assets	2,970,221
Receivable for securities	682,427
Investment income due and accrued	10,884,798
Premiums and considerations:	
Uncollected premiums and agents' balances in the course of collection	1,018,671
Deferred premiums, agents' balances and installments booked but deferred and not yet due	10,119,357
Reinsurance:	
Amounts recoverable from reinsurers	1,280,604
Funds held by or deposited with reinsured companies	632,010
Other amounts receivable under reinsurance contracts	139,056
Net deferred tax asset	3,817,244
Accounts receivable	130,158
Miscellaneous assets	11,885
Policy loan suspense	8,635
Other amounts receivable	2,710
From separate accounts, segregated accounts and protected cell accounts	712,163
Total admitted assets	$1,219,486,299

Liabilities, Capital and Surplus

Aggregate reserve for life policies and contracts	$1,073,553,511
Aggregate reserve for accident and health contracts	152,858
Liability for deposit-type contracts	14,237,104
Contract claims:	
Life	10,132,595
Accident and health	5,675
Premiums and annuity considerations for life and accident and health contracts received in advance	395,098
Contract liabilities not included elsewhere:	
Surrender values on cancelled contracts	(36,737)
Other amounts payable on reinsurance	1,296,950
Interest maintenance reserve	202,644
Commissions to agents due or accrued	24,729
Commissions and expense allowances payable on reinsurance assumed	25,013
General expenses due or accrued	1,063,645
Taxes, licenses and fees due or accrued, excluding federal income taxes	278,533
Unearned investment income	123,495
Amounts withheld or retained by company as agent or trustee	10,958
Amounts held for agents' account	609,784
Remittances and items not allocated	210,630
Miscellaneous liabilities:	
Asset valuation reserve	4,955,885
Reinsurance in unauthorized companies	1,230,487
Funds held under reinsurance treaties with unauthorized reinsurers	6,540,848
Payable to parent, subsidiaries and affiliates	3,998,310
Payable for securities	81,354
Retained asset accounts	4,693,100
Abandoned property	669,030
Payable to Allstate for Keystone Fed taxes YTD 6/30/07	474,610
Payable to NACOLAH	250,702
ModCo payable	225,580
Due to affiliates of former parent	4,411
Accounts payable	1,936
From separate accounts statement	712,163
Total liabilities	$1,126,124,901
Common capital stock	$ 2,502,500
Gross paid in and contributed surplus	68,307,831
Unassigned funds (surplus)	22,551,067
Surplus	$ 90,858,898
Total capital and surplus	$ 93,361,398
Total liabilities, capital and surplus	$1,219,486,299

B. CONDENSED SUMMARY OF OPERATIONS

	2005[1]	2006[1,2]	2007[2]
Premiums and considerations	$ 59,561,412	$ 56,156,672	$ 60,148,477
Investment income	77,671,836	75,555,350	75,747,102
Commissions and reserve adjustments on reinsurance ceded	8,975,095	5,335,171	3,975,529
Miscellaneous income	664,598	10,288,897	35,334
Total income	$146,872,940	$147,336,090	$139,906,442
Benefit payments	$112,527,938	$156,662,573	$154,289,632
Increase in reserves	(15,299,453)	(36,070,081)	(18,269,050)
Commissions	9,300,834	4,012,942	4,110,618
General expenses and taxes	26,807,940	12,654,049	11,909,382
Increase in loading on deferred and uncollected premium	(132,999)	(1,960,656)	(181,181)
Net transfers to (from) separate accounts	(91,145)	(1,381,289)	(21,327)
Miscellaneous deductions	268,165	(2,127,492)	296,017
Total deductions	$133,381,280	$131,790,046	$152,134,091
Net gain (loss)	$ 13,491,661	$ 15,546,044	$ (12,227,649)
Federal and foreign income taxes incurred	8,026,157	1,608,197	2,326,000
Net gain (loss) from operations before net realized capital gains	$ 5,465,504	$ 13,937,847	$ (14,553,649)
Net realized capital gains (losses)	(1,787,306)	2,134,673	(739,252)
Net income	$ 3,678,198	$ 16,072,520	$ (15,292,901)

[1]Amounts reported are as if the merger of Utica and NANY with and into ALNY, occurred on January 1, 2005.
[2]Amounts reported are as if the merger of Keystone with and into the Company occurred on January 1, 2006.

The decrease in premiums in 2006 reflects the continuing run-off of the in force business. The increase in premiums in 2007 was due to an increase in retention on the NANY block of business, which resulted in a decrease in reinsurance premiums of $7 million.

The investment income and commissions and reserve adjustments on reinsurance ceded trends reflect continuing run-off of the in force business.

Miscellaneous income in 2006 includes $10.1 million for certain rights and claims relating to World Com and Enron Corporation notes, which was distributed to NANY's parent, NACOLAH, during the third quarter of 2006. The distribution, which occurred as part of, but before, the sale transaction to ALNY, was made in the form of a $10 million dividend to shareholders of NANY.

Decreases in reserves reflect continuing run-off of the in force business. The change in reserves is impacted by the change in asset adequacy reserves. In 2006, the increase to the asset adequacy reserve was much smaller than it was in either 2005 or 2007, which resulted in a larger overall reserve decrease in 2006. (See discussion under line of business analysis in section 4)

Decreases in commissions from 2005 to 2006 occurred as a result of ALNY ceasing the writing of new business in 2006. Renewal commissions continued to be paid in 2006 and 2007.

Significant decreases in operating expenses between 2005 and 2007 are primarily related to the former Utica and ALNY operations being placed in run-off and the related reduction in costs.

The large transfer from separate accounts in 2006 related to the surrender of the Company's non-reinsured separate account business of approximately $1.3 million.

The large miscellaneous deduction in 2006 was the result of a $2.2 million gain for NANY related to the recapture of a reinsurance agreement, originally ceded to NACOLAH, prior to the merger.

C. CAPITAL AND SURPLUS ACCOUNT

	2005[1]	2006[1,2]	2007[2]
Capital and surplus, December 31, prior year	$112,018,647	$125,889,145	$100,993,772
Net income	$ 3,678,198	$ 16,072,520	$ (15,292,901)
Change in net unrealized capital gains (losses)	2,196,816	115,916	(2,074,711)
Change in net deferred income tax	4,034,111	26,287,785	(9,518,534)
Change in non-admitted assets and related items	(3,415,024)	(35,835,944)	13,430,905
Change in liability for reinsurance in unauthorized companies	911,620	(18,699,443)	17,542,056
Change in reserve valuation basis	0	0	(1,810,274)
Change in asset valuation reserve	142,835	(2,745,464)	91,346
Capital changes:			
Paid in	4,000,000	0	0
Dividends to stockholders	0	(10,090,803)	$ (10,000,000)
Additional asset/ liability reserve	(10,000,000)	0	0
Correction of error	(3,122,360)	60	(261)
Net change in capital and surplus for the year	$ (1,573,804)	$ (24,895,373)	$ (7,632,375)
Capital and surplus, December 31, current year	$110,444,843	$100,993,772	$ 93,361,398

[1]Amounts reported are as if the merger of Utica and NANY with and into ALNY, occurred on January 1, 2005.
[2]Amounts reported are as if the merger of Keystone with and into the Company occurred on January 1, 2006.

The $15,444,302 difference between the December 31, 2005 ending balance and the January 1, 2006 beginning balance was due to the addition of Keystone surplus at January 1, 2006.

6. INTERNAL CONTROLS

The examiner reviewed the Company's internal controls and noted several deficiencies in its system of accounts, records and processes. These deficiencies are detailed below:

A. The Company did not have a centralized and complete inventory of its reinsurance treaties in effect during the examination period. All treaties in effect were entered into by management of the predecessor companies, prior to their acquisition by Wilton Re Holdings. The Company could not initially produce executed copies of three selected reinsurance treaties requested for review by the examiner. Additionally, the Company could not initially locate one of the trust agreements representing collateral from an unauthorized reinsurer reported in Schedule S part 4 of the 2007 filed annual statement. This credit taken is significant. Subsequently, after significant searching, the Company was able to produce all documents requested. According to the Company, it has made significant improvements, since the acquisition, in the condition of its inventory of reinsurance treaties and intends to continue its efforts to improve its related records.

There are discrepancies between the Company's Schedule S and certain reinsurance agreements reviewed by the examiner. Specifically, incorrect effective dates and incorrect reinsurer names were noted in Schedule S. The Company indicated that it has taken significant efforts in organizing and correcting Schedule S from the records obtained at the time of the acquisitions.

B. Detail supporting the year end balance of several of the immaterial liability accounts was not complete as of December 31, 2007 including Amounts Held for Agents' Accounts ($609,784) and Abandoned Property Accounts ($669,030). The Company's TPAs did not provide a complete analysis of the contents of these account balances. In 2008, the Company has made arrangements to reconcile supporting detail to the balances in most of these accounts.

The examiner recommends that the Company continue to pursue obtaining detailed subsidiary information on the remaining account balances.

C. The Company relies on the use of a Microsoft Excel workbook and manual processing procedures as its general ledger application; even though it has access to a third party vendor packaged solution utilized by its parent and other affiliated companies. In addition, journal entries in relation to the manual process are not reviewed and approved by senior management.

The examiner recommends the Company implement the vendor packaged general ledger solution owned by its parent, or another similar alternative, as soon as is possible. The Company stated that it intends to implement an automated general ledger package in the first quarter of 2009.

D. During the examination period, independent risk assessments of the IT environment of the Company's significant TPA's were not performed. SAS 70's were not obtained for the majority of the TPA's during 2007 and 2006, and the Company's CPA did not take a control reliance strategy during these years.

The examiner recommends that the Company take steps to ensure that adequate IT Risk/Control assessments are performed on all of its financially significant systems and/or TPAs, at least annually.

E. The Company's Business Continuity and Disaster Recovery plan is in draft form, has not been tested and does not fully define IT or manual recovery procedures. In addition, the plan does not integrate the business continuity and disaster recovery plans of its TPA's, to ensure adequate coordination between all parties.

The examiner recommends that IT management perform a thorough review of the Company's business continuity and disaster recovery strategy to ensure that it continually reflects actual business requirements, the recovery strategies are based on the results of a recent business impact analysis, and that the impact of its TPAs are adequately incorporated into its own plan.

F. Review procedures revealed that the Company has not established formal user recertification procedures and no evidence of periodic evaluation of user's access rights exists. Additionally, the examiner identified that 90 day aging reports, which would define accounts that have not logged onto the network in the past 90 days, are not created. The Company represented that they are in the process of defining key controls related to user recertification procedures and, periodic validations have not previously occurred.

The examiner recommends that the Company establish formal user access recertification procedures, including the processing and reviewing of network aging reports.

7. MANAGEMENT AND CONTROL

Exhibit R of the NAIC Financial Condition Examiners Handbook ("the Handbook") recommends a minimum amount of fidelity insurance based on a calculation which takes into effect a company's total admitted assets and gross income. According to the results of that calculation, the Company should have $1,250,000 in Fidelity Bond Coverage. The Company is a named party to two fidelity bond policies which provide coverage for Wilton Re, and its subsidiaries, in the cumulative amount of $1,025,000.

The examiner recommends that the Company increase its fidelity bond coverage to at least $1,250,000, the amount calculated in accordance with the Handbook. As of January 30, 2009, the Company has a binder issued by the Chubb Group of Insurance Companies for fidelity bond coverage of $1,250,000, contingent on the issuing insurer's review of the Company's interim financial statements.

The Company's Code of Business Conduct and Ethics defines associates as:

> ". . . all directors and other investor representatives, officers and employees of Wilton Re, unless the context requires otherwise."

The Company sends out a letter annually to all associates requesting that they complete a conflict of interest questionnaire. This letter includes the Company's Code of Business Conduct and Ethics as an attachment. The Company did not require its outside directors to complete conflict of interest questionnaires for 2006 or 2007. The outside directors did complete conflict of interest questionnaires for 2008 and no relevant exceptions were noted in these questionnaires.

The examiner recommends that the Company continue to have its outside directors, as well as all other associates, complete annual conflict of interest questionnaires in a timely manner, in accordance with its Code of Business Conduct and Ethics.

8. PRIOR REPORT SUMMARY AND CONCLUSIONS

Following are the financial condition violations, recommendations and comments contained in the prior reports on examination and the subsequent actions taken by the Company in response to each citation:

Item	Description
A	ALNY violated Section 1202(b)(2) of the New York Insurance Law by failing to have the independent committee of the board of directors nominate candidates for the board of directors in 2002 and 2003 and by failing to evaluate the performance of officers and recommend their selection and compensation to the board of directors in 2002 or 2003.
	On September 29, 2006, Utica and NANY were merged with and into ALNY with ALNY surviving. ALNY was renamed Wilton Reassurance Life Company of New York. The Company's new management has complied with Section 1202(b)(2) of the New York Insurance Law.
B	ALNY violated Section 4230(a) of the New York Insurance Law by failing to have the salary- compensation- or emoluments paid to its principal officers and directors authorized by a vote by the board of directors.
	On September 29, 2006, Utica and NANY were merged with and into ALNY with ALNY surviving. ALNY was renamed Wilton Reassurance Life Company of New York. The Company's new management has complied with Section 4230(a) of the New York Insurance Law.
C	ALNY did not comply with its own bylaws- when it did not have any board of director elections in 2002 and 2003.
	On September 29, 2006, Utica and NANY were merged with and into ALNY with ALNY surviving. ALNY was renamed Wilton Reassurance Life Company of New York. The Company's new management has complied with its bylaws regarding annual director elections.
D	The examiner recommended that ALNY take greater care in the maintenance of the inventories used to support amounts it reported in the Exhibit of Life Insurance in its annual statement.
	On September 29, 2006, Utica and NANY were merged with and into ALNY with ALNY surviving. ALNY was renamed Wilton Reassurance Life Company of New York. The Company’s new management has complied with this recommendation.

Item	Description
E	ALNY violated Section 4240(e) of the New York Insurance Law when it failed to file the changes to the Plan of Operations for Separate Account No.5 and obtain the Superintendent's approval for such amendments to the Plan. On September 29, 2006, Utica and NANY were merged with and into ALNY with ALNY surviving. ALNY was renamed Wilton Reassurance Life Company of New York. All business subject to Separate Account No.5 was terminated.
F	Utica violated Section 1202(b)(2) of the New York Insurance Law and Section 4230(c) of the New York Insurance Law by failing to have its committee consisting of independent directors evaluate the performance of principal officers and recommend the compensation of such individuals to the board of directors for approval. On September 29, 2006, Utica and NANY were merged with and into ALNY with ALNY surviving. ALNY was renamed Wilton Reassurance Life Company of New York The Company's new management has complied with Section 1202(b)(2) of the New York Insurance Law.
G	The examiner recommended that Utica develop and implement a plan to improve the Company’s system of internal controls in the areas of financial reporting and recordkeeping, information systems, corporate governance and market conduct (regulatory compliance). On September 29, 2006, NANY and Utica were merged with and into ALNY with ALNY surviving. ALNY was renamed Wilton Reassurance Life Company of New York. The Company's new management has complied with this recommendation.
H.	The examiner recommended that senior management and the independent committee of the board increase their level of involvement and oversight over Utica’s life insurance and annuity operations to ensure that appropriate resources are allocated to develop and implement an effective, efficient and reliable system of internal controls. On September 29, 2006, NANY and Utica were merged with and into ALNY with ALNY surviving. ALNY was renamed Wilton Reassurance Life Company of New York. The Company's new management has complied with this recommendation.

Item	Description
I	The examiner recommended that Utica review and revises its investment policy so that it clearly reflects the maximum levels of the relevant risk exposures. On September 29, 2006, Utica and NANY were merged with and into ALNY with ALNY surviving. ALNY was renamed Wilton Reassurance Life Company of New York. The Company’s new investment policy reflects maximum percentages for each relevant risk exposure.
J	The examiner recommended that Utica and its management monitor, enforce, and require compliance with the investment policy limits established therein. On September 29, 2006, Utica and NANY were merged with and into ALNY with ALNY surviving. ALNY was renamed Wilton Reassurance Life Company of New York. The Company’s management actively monitors and enforces compliance with the limits contained in its investment policy.
K	The examiner recommended that its internal and external auditors incorporate reviews of Utica’s investment function, including compliance with Utica’s written investment policy and New York Insurance Law and Department Regulations, into their audit plans presented and approved by the audit committee of the board. On September 29, 2006, Utica and NANY were merged with and into ALNY with ALNY surviving. ALNY was renamed Wilton Reassurance Life Company of New York. The Company’s external auditors have incorporated into its audit plan a review of its investment function.
L	The examiner recommended that Utica implement adequate controls to ensure that the external investment manager operates in accordance with the asset management agreement and manages Utica’s assets in compliance with the board approved investment policy. On September 29, 2006, Utica and NANY were merged with and into ALNY with ALNY surviving. ALNY was renamed Wilton Reassurance Life Company of New York. The Company's new management has implemented adequate controls over the external investment manager’s compliance with its board approved investment policy.

Item	Description
M	The examiner recommended that Utica establish a duration limit and that it be incorporated into the limit structure of Utica’s investment policy. On September 29, 2006, Utica and NANY were merged with and into ALNY with ALNY surviving. ALNY was renamed Wilton Reassurance Life Company of New York. The Company's new management has implemented procedures to ensure adequate management of the duration of its investment holdings.
N	The examiner recommended that Utica perform periodic independent valuations of Utica’s assets instead of relying on a single source. On September 29, 2006, Utica and NANY were merged with and into ALNY with ALNY surviving. ALNY was renamed Wilton Reassurance Life Company of New York. The Company engages its external auditors to perform annual independent valuations of its investment portfolio.
O	The examiner recommended that Utica comply with the filing requirements of the NAIC Annual Statement Instructions and the SVO Purposes and Procedures Manual and that Utica exercise greater care when reporting information pertaining to its fixed income security holdings in its filed annual statements. On September 29, 2006, Utica and NANY were merged with and into ALNY with ALNY surviving. ALNY was renamed Wilton Reassurance Life Company of New York. The Company's new management has implemented procedures to ensure its compliance with filing requirements of the NAIC Annual Statement Instructions and the SVO Purposes and Procedures Manual.
P	The examiner recommended that Utica develop a formal, written business continuity plan. A similar recommendation appears in this report. (See Section 6E)
Q	NANY violated Section 1505(d)(1) of the New York Insurance Law by entering into the limited investment partnership with two affiliated companies which exceeded more than one-half of one percent but less than five percent of the insurer’s admitted assets at last year-end without notifying the Superintendent in writing of its intention to do so. On September 29, 2006, Utica and NANY were merged with and into ALNY with ALNY surviving. ALNY was renamed Wilton Reassurance Life Company of New York. The Company does not currently have any limited investment partnerships which would require notification of the Superintendent.

Item	Description
R	NANY violated Section 1505(d)(3) of the New York Insurance Law by receiving custodial services from an affiliated company on a regular or systemic basis without notifying the Superintendent in writing of its intention to do so. On September 29, 2006, Utica and NANY were merged with and into ALNY with ALNY surviving. ALNY was renamed Wilton Reassurance Life Company of New York. The Company currently has one service agreement in effect, which was filed with the Department.
S	NANY violated Section 1202(a)(1) of the New York Insurance Law by failing to maintain the required minimum number of directors as fixed by the by-laws of NANY. On September 29, 2006, Utica and NANY were merged with and into ALNY with ALNY surviving. ALNY was renamed Wilton Reassurance Life Company of New York. The Company currently has more than the required minimum number of directors as fixed by its by-laws.
T	NANY has agreed to progressively strengthen the reserves in the amount of $10 million per year for three years (for a total of $30 million) starting December 31, 2003. The Department will determine if these additional reserves can be released after the next examination. On September 29, 2006, Utica and NANY were merged with and into ALNY with ALNY surviving. ALNY was renamed Wilton Reassurance Life Company of New York. The reserves are now reviewed on a consolidated basis.
U	The examiner recommended that NANY develop a more comprehensive disaster recovery plan for NANY's home office in Garden City, NY and continue with the development of a disaster recovery plan for its annuity systems in Des Moines, IA. The Company no longer has a home office in Garden City or annuity systems in Des Moines. However, a similar recommendation, appears in this report. (See section 6E)
V	The examiner recommended that NANY develop a business continuity plan. A similar recommendation appears in this report. (See section 6E)

Item	Description
W	The examiner recommended that NANY establish better controls to reconcile, investigate and clear items in the accounts that comprise the liability “Remittances and items not allocated” on a timely basis. A similar recommendation appears in this report. (See section 6B)

9. SUMMARY AND CONCLUSIONS

Following are the recommendations and comment contained in this report:

Item	Description	Page No(s).
A	Comment that the Company's investment portfolio was impacted by the downturn in the financial markets during 2008	11
B	The examiner recommends that the Company continue to pursue obtaining detailed subsidiary information on the remaining account balances.	19
C	The examiner recommends that the Company implement the vendor packaged general ledger solution owned by its parent, or another similar alternative, as soon as is possible.	20
D	The examiner recommends that the Company take steps to ensure that adequate IT Risk / Control assessments be performed on all of its financially significant systems and/or TPAs, at least annually	20
E	The examiner recommends that IT management perform a thorough review of the Company's business continuity and disaster recovery strategy to ensure that it continually reflects actual business requirements, and the recovery strategies are based on the results of a recent business impact analysis	20
F	The examiner recommends that the Company establish formal user access recertification procedures, including the processing and reviewing of network aging reports	21
G	The examiner recommends that the Company increase its fidelity bond coverage to at least $1,250,000, the amount calculated in accordance with the Handbook.	22
H	The examiner recommends that the Company continue to have its outside directors, as well as all other associates, complete annual conflict of interest questionnaires in a timely manner, in accordance with its own Code of Business Conduct and Ethics.	22

Respectfully submitted,

_____________/s/___________
Marie Sorensen
Manager

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

Marie Sorensen, being duly sworn, deposes and says that the foregoing report, subscribed by her, is true to the best of her knowledge and belief.

_____________/s/___________
Marie Sorensen

Subscribed and sworn to before me
this__________ day of ____________________

APPOINTMENT NO. 22789

STATE OF NEW YORK

INSURANCE DEPARTMENT

*I, **ERIC R. DINALLO**, Superintendent of Insurance of the State of New York, pursuant to the provisions of the Insurance Law, do hereby appoint:*

MARIE SORENSEN

as a proper person to examine into the affairs of the

WILTON REASSURANCE LIFE 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 She 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 1st day of July, 2008

ERIC R. DINALLO
Superintendent of Insurance

Superintendent