STATE OF NEW YORK INSURANCE DEPARTMENT

REPORT ON EXAMINATION

OF THE

ALLSTATE

LIFE INSURANCE COMPANY

OF NEW YORK

CONDITION: DECEMBER 31, 2006

DATE OF REPORT: FEBRUARY 28, 2008

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EXAMINER:	ANTHONY MAURO

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

David A. Paterson
Governor

Eric R. Dinallo
Superintendent

November 13, 2008

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

Sir:

In accordance with instructions contained in Appointment No. 22667, dated July 31, 2007 and annexed hereto, an examination has been made into the condition and affairs of the Allstate Life Insurance Company of New York, hereinafter referred to as "the Company," or "ALNY," at its home office located at 100 Motor Parkway, Hauppauge, NY 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 recommends that the Company continue to calculate its structured settlement reserves using the methodology as agreed upon with the Department. (See item 5 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 6 of this report)

2. SCOPE OF EXAMINATION

The prior examination was conducted as of December 31, 2003. This examination covers the period from January 1, 2004 through December 31, 2006. As necessary, the examiner reviewed transactions occurring subsequent to December 31, 2006 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, 2006 to determine whether the Company's 2006 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
Market conduct activities
Growth of Company
Business in force by states
Mortality and loss experience
Reinsurance
Accounts and records
Financial statements

The examiner reviewed the corrective actions taken by the Company with respect to the violations, recommendation and comments contained in the prior report on examination. The results of the examiner's review are contained in item 7 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 was incorporated as a stock life insurance company under the laws of New York on January 25, 1967 under the name Financial Life Insurance Company and was licensed and commenced business on December 15, 1967. Initial resources of $3,000,000, consisting of $1,000,000 of paid in capital and $2,000,000 of paid in surplus, were provided through the sale of 40,000 shares of common stock, with a par value of $25 each, for $75 per share.

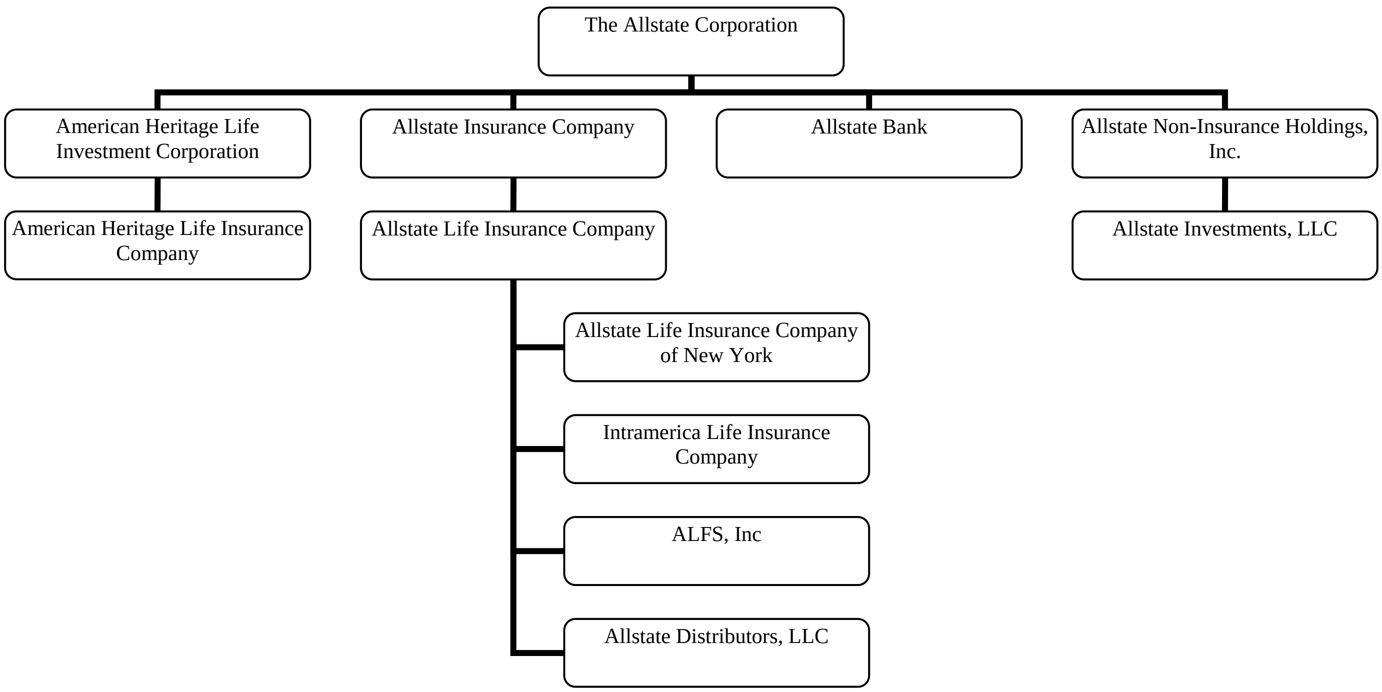
In March 1978, Pacific Mutual Life Insurance of Newport Beach, California, purchased the Company from Minnesota Mutual Life Insurance Company and changed the name to PM Life Insurance Company.

Allstate Insurance Company ("AIC") purchased the Company on December 16, 1983. At that time, the name of the Company was changed to Allstate Life Insurance Company of New York, its present name. Effective January 1, 1984, ownership of the Company was transferred from AIC to Allstate Life Insurance Company ("ALIC") through a transfer of all of the Company's capital stock shares. As of December 31, 2006, the Company had $2,500,000 of common capital stock and gross paid in and contributed surplus of $130,724,704.

B. Holding Company

The Company is a wholly owned subsidiary of ALIC, an Illinois domiciled insurance company. ALIC is a wholly owned subsidiary of AIC, an Illinois domiciled property/casualty insurance company. The ultimate parent of the Company is The Allstate Corporation.

An organization chart reflecting the relationship between the Company and significant entities in its holding company system as of December 31, 2006 follows:



The Company had 14 service agreements in effect with affiliates 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
Service Agreement NYSID # 16062	07/01/1989	ALIC and AIC	The Company	ALIC and AIC to provide certain administrative services.	2006 - ** 2005 - ** 2004 - $(31,050,579)
Administrative Services Agreement	06/01/1993	ALIC and ALFS Inc. (“ALFS”)	The Company	ALIC and ALFS to provide personnel services.	2006 - $(247) 2005 - $(1,004) 2004 - $(2,094)
Underwriting Agreement	10/01/1996	ALFS	The Company	ALFS to provide marketing and distribution of designated variable annuity insurance products.	2006 - $(643) 2005 - $(2,008) 2004 - $(3,140)

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
Business Operations and Service Agreement	10/01/1997	ALIC	The Company	ALIC to provide policyholder, accounting, financial, underwriting and claims services.	2006 - ** 2005 - ** 2004 - $(6,768,535)
Expense Allocation Agreement NYSID # 26567	07/01/1999	The Company	Intramerica Life Insurance Company (“ILIC”)	ALNY will make available clerical services, office space and use of its equipment at the New York office.	2006 - ** 2005 - ** 2004 - $1,200
Administrative Services Agreement NYSID # 28885	05/01/2000	The Company	Allstate Distributors, LLC (“ADLLC”)	The Company to provide legal services, financial management services and certain administrative services.	2006 - ** 2005 - ** 2004 - $4,200
Principal Underwriting Agreement NYSID # 29141A Amendment #1	05/01/2000	ADLLC	The Company	ADLLC agrees to serve as principal underwriter for the sale of variable insurance products and other insurance and investment products outlined in the agreement.	2006 - $(280,914) 2005 - $(352,866) 2004 - $(280,103)
Administrative Service Agreement NYSID # 29641	11/27/2001	American Heritage Life Insurance Company (“AHL”)	The Company	AHL to provide certain administrative and special services in connection with certain insurance operations. Services include underwriting, policy-owner services, claims, marketing, functional support services and accounting.	2006 - $(2,494,213) 2005 - $(2,142,605) 2004 - $(1,797,278)
Administrative Services Agreement	01/01/2002	ALFS	The Company	ALFS will serve as an underwriter and distributor of certain variable insurance contracts.	2006 - $(990) 2005 - $(3,011) 2004 - $(5,234)
Investment Advisory Agreement & Amendment to Service Agreement	01/01/2002	AIC and Allstate Investments LLC (“Allstate Investments”)	The Company	Allstate Investments to provide investment management services.	2006 - $(7,113,142) 2005 - $(5,640,443) 2004 - $(4,896,113)

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
Depository Agreement	11/01/2002	Allstate Bank	The Company	Allstate Bank will serve as a depository of the assets and any other settlement funds.	2006 - $(6,000) 2005 - $(6,000) 2004 - $(6,000)
Amended and Restated Service and Expense Agreement NYSID # 32569	03/05/2005	AIC & The Allstate Corporation (“Allcorp”)	The Company	Amended and Restated Service and Expense Agreement pursuant to which AIC furnishes a variety of services, cost sharing and allocation of operating expenses among the parties.	2006 - $(39,785,804) 2005 - $(39,764,178) 2004 - 0
Selling Agreement NYSID # 32960	05/01/2005	ALFS and AFS	The Company	ALFS to underwrite and solicit sales of certain group and individual insurance contracts, policies and certificates.	2006 - ($1,287) 2005 - ($4,015) 2004 - 0
Generic Selling Agreement NYSID # 34477	09/01/2006	ADLLC and ALFS	The Company	Agreement provides for third parties to act as registered broker-dealers in the solicitation of variable products.	2006 - ($1,781) 2005 - 0 2004 - 0

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

** Agreement was terminated and subsequently withdrawn from use when the Company, AIC and Allcorp entered into the Amended and Restated Service and Expense Agreement, NYSID File No. 32569, effective March 5, 2005.

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 13 and not more than 15 directors. Directors are elected annually at the annual meeting of stockholders held on the fourth Tuesday of February. Meetings of the board are held immediately after the annual meeting of stockholders and at such times as the board may determine or when called by the Chairman of the board.

The 13 board members and their principal business affiliation, as of December 31, 2006, were as follows:

Name and Residence	Principal Business Affiliation	Year First Elected
Marcia D. Alazraki* Slingerlands, NY	Attorney Manatt, Phelps & Phillips, LLP	1993
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 of New York	2000
Kenneth R. O’Brien* Merrick, NY	CEO O’Brien Asset Management, Inc.	1998
John C. Pintozzi Chicago, IL	Treasurer Allstate Life Insurance Company of New York	2004
John R. Raben, Jr.* Riverside, CT	Vice President Bank One Capital Markets	1988
Phyllis H. Slater* Floral Park, NY	CEO Hills Slater, Inc.	2002
Kevin R. Slawin Northbrook, IL	Vice President Allstate Life Insurance Company of New York	2004
Casey J. Sylla Barrington, IL	Chairman and President Allstate Life Insurance Company of New York	2002
Michael J. Velotta Libertyville, IL	Secretary Allstate Life Insurance Company of New York	1992
Douglas B. Welch Glenview, IL	Vice President Allstate Life Insurance Company of New York	2005
Patricia W. Wilson Nothbrook, IL	Vice President Allstate Insurance Company	1997

* 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, 2006:

Name	Title
Casey J. Sylla	President
John C. Pintozzi	Treasurer
Michael J. Velotta	Secretary
Narayan Shankar	Actuary
Eric A. Simonson	Senior Vice President
Kevin R. Slawin	Vice President
John C. Lounds	Vice President

In March 2007, Casey J. Sylla retired from the board and as president and was replaced by James Hohmann.

Effective September 30, 2004, Kevin Tiernan, Chief Administrative Officer, replaced Fred Amos as the 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 10 states, and the District of Columbia. In 2006, 96.5% of direct premiums (accident and health premiums, annuity considerations, deposit type funds) were received from New York (87.1%), Nebraska (8.1%), and New Jersey (1.3%). Policies are written on a participating and non-participating basis.

The Company provides life insurance, retirement and investment products to individuals and institutional customers. Its principal products are deferred and immediate fixed annuities, and interest-sensitive and traditional life insurance. The Company's products are distributed across a wide range of issue ages and face amounts, which includes a diverse range of household incomes. Life Products are focused on the middle market customers that are associated with the Property/Casualty business of the Company's affiliates. The Company offers structured settlement annuities (single premium immediate annuity) through structured settlement brokers, who are independent agents focused on the structured settlement industry. The Company ceased marketing all Direct Response products during 2004.

The Company's agency operations are conducted on a general agency/branch office basis.

E. Reinsurance

As of December 31, 2006, the Company had reinsurance treaties in effect with 14 companies, all of which 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 $250,000. The total face amount of life insurance ceded as of December 31, 2006, was $11,524,332,865, which represents 39% of the total face amount of life insurance in force.

On June 1, 2006, The Company completed the sale of its variable annuity business pursuant to a definitive agreement with Prudential Financial, Inc. and its subsidiary, The Prudential Insurance Company of America ("Prudential"). The disposal was effected through a combination of coinsurance and modified coinsurance reinsurance agreements. As a result of the reinsurance, the Separate Account assets and liabilities will remain on the Company's books, but the related results of operations will be fully reinsured with Prudential. The statutory impact of the transaction was a $48.4 million gain on reinsurance, with $36.5 million of the gain to be amortized into earnings over the life of the reinsurance agreement.

The total face amount of life insurance assumed as of December 31, 2006, was $810,201,676.

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, 2003	December 31, 2006	Increase
Admitted assets	$5,129,231,234	$7,547,190,519	$2,417,959,285
Liabilities	$4,834,588,485	$7,102,575,533	$2,267,987,048
Common capital stock	$ 2,500,000	$ 2,500,000	$ 0
Gross paid in and contributed surplus	46,511,449	130,724,704	84,213,255
Deferred gains on reinsurance	0	33,411,000	33,411,000
Annuity mortality fluctuation reserve	50,000	65,000	15,000
Unassigned funds (surplus)	245,581,300	277,914,283	32,332,983
Total capital and surplus	$ 294,642,749	$ 444,614,987	$ 149,972,238
Total liabilities, capital and surplus	$5,129,231,234	$7,547,190,520	$2,417,959,286

The Company received paid in cash contributions from its parent in excess of $84.2 million during the examination period. The increase in deferred gains on reinsurance relates to the separate account reinsurance transaction with Prudential.

The Company's invested assets as of December 31, 2006, exclusive of separate accounts, were mainly comprised of bonds (83.3%), mortgage loans (11.0%), and other invested assets (5.7%). The majority (97.2%) of the Company's bond portfolio, as of December 31, 2006, was comprised of investment grade obligations and 2.7% of the portfolio was comprised of NAIC rated 3 and 4 bonds.

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:

	2004	2005	2006
Ordinary:			
Life insurance	$17,141,101	$21,777,921	$15,893,325
Individual annuities	(32,307,042)	5,818,256	(2,448,533)
Supplementary contracts	1,414	(21,492)	746
Total ordinary	$(15,164,527)	$27,574,685	$13,445,538
Group:			
Life	$ 1,622	$ (5)	$ (6)
Annuities	30,368,073	16,633,912	13,241,949
Total group	$ 30,369,695	$16,633,907	$13,241,943
Accident and health:			
Group	$ (5,641)	$ (3,106)	$ (4,101)
Other	428	(388,932)	(480,453)
Total accident and health	$ (5,213)	$ (392,038)	$ (484,554)
Total	$ 15,199,955	$43,816,554	$26,202,927

Net operating income increased in 2005 by $28.6 million primarily due to increased investment income and a decline in the increase in aggregate reserves. The increase is partly offset by an increase in surrenders and annuity benefits. The overall decrease in group annuities is attributed to a decline in premium income over the examination period. The loss in 2006 on the individual annuity line and overall decrease in net operating income is largely due to the reinsurance transaction with Prudential which resulted in a decrease in premium income of $544.3 million.

5. FINANCIAL STATEMENTS

The following statements show the assets, liabilities, capital and surplus as of December 31, 2006, as contained in the Company's 2006 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, 2006 filed annual statement.

A. ASSETS, LIABILITIES, CAPITAL AND SURPLUS AS OF DECEMBER 31, 2006

Admitted Assets

Bonds	$5,299,795,561
Stocks:	
Preferred stocks	187,195,259
Common stocks	6,438,423
Mortgage loans on real estate:	
First liens	699,034,301
Cash, cash equivalents and short term investments	126,894,473
Contract loans	37,828,688
Receivable for securities	693,324
Aggregate write-ins for invested assets:	
Derivative contracts	1,920,652
Investment income due and accrued	64,889,604
Premiums and considerations:	
Uncollected premiums and agents' balances in the course of collection	(707,906)
Deferred premiums, agents' balances and installments booked but deferred and not yet due	25,236,767
Reinsurance:	
Amounts recoverable from reinsurers	847,500
Other amounts receivable under reinsurance contracts	2,500,927
Net deferred tax asset	16,372,501
Guaranty funds receivable or on deposit	1,218
Receivables from parent, subsidiaries and affiliates	502,913
Aggregate write-ins for other than invested assets:	
Advanced benefits	5,858,310
Accounts receivable	1,268,556
From Separate Accounts, Segregated Accounts and Protected Cell Accounts	1,070,619,448
Total admitted assets	$7,547,190,519

Liabilities, Capital and Surplus

Aggregate reserve for life policies and contracts	$5,164,808,428
Aggregate reserve for accident and health contracts	960,178
Liability for deposit-type contracts	572,047,589
Contract claims:	
Life	6,548,008
Accident and health	1,200,873
Dividends apportioned for payment	45,705
Premiums and annuity considerations for life and accident and health contracts received in advance	254,351
Contract liabilities not included elsewhere:	
Other amounts payable on reinsurance	555
Commissions to agents due or accrued	2,179,051
Commissions and expense allowances payable on reinsurance assumed	146,553
General expenses due or accrued	1,668,919
Transfers to Separate Accounts due or accrued	(3,125,646)
Taxes, licenses and fees due or accrued, excluding federal income taxes	1,176,132
Current federal and foreign income taxes	7,834,520
Amounts withheld or retained by company as agent or trustee	76,968
Remittances and items not allocated	6,223,705
Miscellaneous liabilities:	
Asset valuation reserve	36,899,768
Payable to parent, subsidiaries and affiliates	28,987,333
Payable for securities	42,938
Aggregate write-ins for liabilities:	
Collateral for security lending	199,486,065
Transitional services deficiency – sale of variable annuity business	1,700,247
Reserve for checks written off	1,423,257
Deposit type fund suspense	519,563
Deferred gain on futures, swaps	510,496
Accounts payable	250,389
Discontinued operations reserves	90,140
From Separate Accounts statement	1,070,619,448
Total liabilities	$7,102,575,533
Common capital stock	$ 2,500,000
Gross paid in and contributed surplus	130,724,704
Deferred gains on reinsurance	33,411,000
Annuity mortality fluctuation fund	65,000
Unassigned funds (surplus)	277,914,283
Total capital and surplus	$ 444,614,987
Total liabilities, capital and surplus	$7,547,190,520

B. CONDENSED SUMMARY OF OPERATIONS

	2004	2005	2006
Premiums and considerations	$1,452,746,374	$1,010,422,243	$466,146,903
Investment income	296,344,613	356,615,946	373,877,974
Commissions and reserve adjustments on reinsurance ceded	5,045,645	3,531,017	(47,961,158)
Miscellaneous income	15,705,617	18,514,263	10,121,856
Total income	$1,769,842,249	$1,389,083,469	$802,185,575
Benefit payments	$ 423,425,511	$ 549,943,461	$663,631,034
Increase in reserves	1,131,923,170	575,140,509	97,147,968
Commissions	88,142,996	63,685,517	64,660,115
General expenses and taxes	51,419,650	54,618,399	57,707,020
Increase (decrease) in loading on deferred and uncollected premium	192,269	(7,419,229)	(4,567,025)
Net transfers to (from) Separate Accounts	51,965,478	72,176,110	(129,306,206)
Miscellaneous deductions	202,673	1,054,025	6,937,248
Total deductions	$1,747,271,747	$1,309,198,792	$756,210,154
Net gain	$ 22,570,502	$ 79,884,677	$ 45,975,421
Dividends	75,155	62,889	77,120
Federal and foreign income taxes incurred	7,295,392	36,005,234	19,695,373
Net gain from operations before net realized capital gains	$ 15,199,955	$ 43,816,554	$ 26,202,928
Net realized capital gains (losses)	(1,642,130)	(7,951,130)	7,209,750
Net income	$ 13,557,825	$ 35,865,424	$ 33,412,678

The decrease of $442.3 million or 30% in premium and considerations between 2004 and 2005 was largely due to decreased sales of fixed annuities due to intense competition and a shift in customer preference toward other retirement investment choices. The decrease in premiums and considerations, commissions on reinsurance ceded, the increase in reserves and the change in the net transfers to (from) Separate Accounts during 2005 to 2006 is largely due to the reinsurance transaction with Prudential.

C. CAPITAL AND SURPLUS ACCOUNT

	2004	2005	2006
Capital and surplus, December 31, prior year	$294,642,749	$356,782,016	$410,261,155
Net income	$ 13,557,825	$ 35,865,424	$ 33,412,678
Change in net unrealized capital gains (losses)	(1,345,523)	(1,013,624)	(613,535)
Change in net deferred income tax	1,329,987	11,746,836	8,504,455
Change in non-admitted assets and related items	(8,770,404)	(5,941,176)	(28,548,502)
Change in reserve valuation basis	0	(7,206,996)	0
Change in asset valuation reserve	(6,845,873)	28,675	(11,812,261)
Surplus adjustments:			
Paid in	64,213,255	20,000,000	0
Change in surplus as a result of reinsurance	0	0	33,411,000
Net change in capital and surplus for the year	$ 62,139,267	$ 53,479,139	$ 34,353,835
Capital and surplus, December 31, current year	$356,782,016	$410,261,155	$444,614,990

D. RESERVES

The Department conducted a review of reserves as of December 31, 2006. During the review, concerns were raised regarding a lack of conservatism in structured settlement reserves calculated pursuant to Regulation 151. In response, the Company revised its mortality assumptions and strengthened the reserves in a manner acceptable to the Department. The Company expects to establish an additional reserve in the amount of approximately $50 million as of September 30, 2008.

The examiner recommends that the Company continue to calculate its structured settlement reserves using the methodology as agreed upon with the Department.

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.

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

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. PRIOR REPORT SUMMARY AND CONCLUSIONS

Following are the violations, recommendation and comments contained in the prior report on examination and the subsequent actions taken by the Company in response to each citation:

Item	Description
A	The Company violated Section 1505(d)(3) of the New York Insurance Law by entering into transactions with its affiliates without first notifying the Superintendent of its intention to do so. The examination revealed that the Company notified the Superintendent of all transactions with affiliates prior to entering into such transactions.
B	The Company violated Section 51.6(b)(6) of Department Regulation No. 60 by failing to maintain an index of replacements by agent. The examination revealed that the Company now maintains an inventory of replacements indexed by agent.
C	The Company violated Section 51.7(b) of Department Regulation No. 60 by failing to comply with the orderly working of Regulation No. 60 in accomplishing its intended purpose in the protection of policyholders and contract holders. The examination revealed that the Company has implemented enhanced processes and controls specifically designed to ensure compliance with Department Regulation No. 60.
D	The Company violated Section 51.6(a)(2) of Department Regulation No. 60 by not requiring a completed Definition of Replacement. The examination revealed that the Company now requires and maintains a completed Definition of Replacement form.
E	The Company violated Sections 51.6(b)(2), 51.6(b)(3) and 51.6(e) of Department Regulation No. 60 by not: requiring proof of receipt by the applicant of the Important Notice and the completed Disclosure Statements and by not examining the Disclosure Statements to ascertain that they were accurate and met the requirements of the Regulation; requiring and reviewing a copy of any proposal, including the sales material used in the sale of the proposed life insurance policy or annuity contract; and by not establishing or implementing procedures that would ensure compliance with Section 51.5(c)(2) of Department Regulation No. 60. The Company also violated Sections 243.2(b)(1) and 243.2(b)(8) of Department Regulation No. 152 by not maintaining copies of the proposals used in the sale of the proposed life insurance policy or annuity contract, copies of authorizations and copies of all correspondence related to the replacement.

Item	Description
	The examination revealed that the Company has implemented enhanced processes and controls specifically designed to ensure compliance with Department Regulation No. 60 and Department Regulation No. 152.
F	The Company violated Section 51.6(b)(7) of Department Regulation No. 60 because where the required forms did not meet the requirements of the Regulation or were not accurate, the Company failed to, within ten days from the date of receipt of the application, either have any deficiencies corrected or reject the application and so notify the applicant of such rejection and the reason therefore. The examination revealed that the Company implemented processes to correct any deficiencies within ten days of the receipt of the application or reject the application and notify the applicant of such rejection and the reason therefore.
G	The Company violated Section 51.6(b)(4) of Department Regulation No. 60 by failing to furnish the insurer whose coverage is being replaced, within ten days of receipt of the application, a copy of any proposal, including the sales material used in the sale of the proposed life insurance policy or annuity contract, and the completed Disclosure Statement. The examination revealed that the Company is furnishing the required documentation to the insurer whose coverage is being replaced within ten days of receipt of the application.
H	The Company violated Section 51.6(e) of Department Regulation No. 60 by failing to date stamp all applications and disclosure statements upon receipt. The examination revealed that the Company has implemented procedures to date stamp all applications and disclosure statements upon receipt.
I	The Company violated Section 243.2(b)(1)(ii) of Department Regulation No. 152 by not maintaining application forms. The examination revealed that the Company maintained all application forms for policies issued during the period.
J	The Company violated Section 51.6(b)(9) of Department Regulation No. 60 by failing to have the agent complete and submit a revised Disclosure Statement, any revised or additional sales material used and an acknowledgement by the applicant of receipt of such revised material, when the life insurance policy issued differed from the life insurance policy applied for. The examination revealed that revised Disclosure Statements were used when the policy was not issued as applied for.

Item	Description
K	The Company violated Section 51.6(b) of Department Regulation No. 60 by not complying with any of the requirements of such section and by not handling an obvious replacement transaction as a replacement. The examination revealed that the Company is complying with the requirements of Department Regulation No. 60.
L	The Company has agreed to a remediation plan acceptable to the Department to mitigate the deficiencies noted in this report for all policy and contract holders that did not receive complete, accurate and timely disclosure prior to completing an application to replace their existing policies and contracts. The Company has begun to implement the remediation plan and, as a result, has accrued $17 million of additional policy and contract holder benefits under the plan. The examination revealed that the Company complied with the terms of the remediation plan.
M	The examiner recommends that the Company develop and implement an audit plan designed to review, test and monitor compliance with Department Regulation No. 60. Such plan should be approved by the Company's board of directors or its audit committee and the results of audits performed should also be reviewed by the board of directors or its audit committee. The examination revealed that the Company developed and implemented an audit plan designed to review, test and monitor compliance with Department Regulation No. 60 and had such plan approved by the board of directors.
N	The Company violated Section 3201(b)(1) of the New York Insurance Law by failing to file with the Superintendent the electronic application process for annuities. In 2005, the Company revised its remote application process to require a paper application for all contracts. The examination revealed that the Company is maintaining signed paper applications.
O	The Company violated Section 5-701 of the New York General Obligations Law by not having its annuity applications signed. In 2005, the Company revised its remote application process to require a paper application for all contracts. The examination revealed that the Company is maintaining signed paper applications.
P	The Company violated Section 4221(a)(5-a) of the New York Insurance Law by issuing universal life policies under policy form NYLU591 with surrender charges in excess of the amount allowed.

Item	Description
	The Company has issued an endorsement showing the correct surrender charge on all universal life policies that remain in force.
Q	The Company has issued an endorsement showing the correct surrender charge on all universal life policies that remain in force. No further action was required by the Company regarding this comment.
R	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. The examination revealed that the Company now maintains its books of account at its principal office in this state.
S	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. The examination revealed that the Company is now maintaining the records constituting its books of account in accordance with its filed service agreements.
T	The Company violated Section 243.2(b)(7) of Department Regulation No. 152 by failing to maintain proper workpapers to support the amounts reported in Schedule NP. The examination revealed that the Company now maintains the necessary workpapers to support the amounts reported in Schedule NP.

8. SUMMARY AND CONCLUSIONS

Following is the recommendation contained in this report:

Item	Description	Page No(s).
A	The examiner recommends that the Company continue to calculate its structured settlement reserves using the methodology as agreed upon with the Department.	17

Respectfully submitted,

_____________/s/___________
Anthony Mauro
Associate Insurance Examiner

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

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

_____________/s/___________
Anthony Mauro

Subscribed and sworn to before me

this__________ day of ____________________2008.

APPOINTMENT NO. *22667*

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:*

ANTHONY MAURO

as a proper person to examine into the affairs of the

ALLSTATE 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 31st day of July, 2007

ERIC R. DINALLO
Superintendent of Insurance

Superintendent