



STATE OF NEW YORK INSURANCE DEPARTMENT
REPORT ON FINANCIAL CONDITION EXAMINATION
OF THE
RIVERSOURCE LIFE INSURANCE CO. OF NEW YORK

CONDITION:

DECEMBER 31, 2006

DATE OF REPORT:

OCTOBER 12, 2007

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EXAMINER:

EDEN M. SUNDERMAN

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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

October 20, 2008

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

Sir:

In accordance with instructions contained in Appointment No. 22572, dated October 30, 2006 and annexed hereto, an examination has been made into the financial condition and affairs of RiverSource Life Insurance Co. of New York, hereinafter referred to as "the Company," at its home office located at 20 Madison Avenue Extension, Albany, New York 12203.

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

On March 17, 2006, IDS Life Insurance Company of New York (“IDSNY”) and American Centurion Life Assurance Company (“ACL”) executed an agreement and plan of merger, under which ACL would be merged with and into IDSNY. IDSNY is the surviving company and will continue to exist as a domestic stock life insurance company. Simultaneously with the effect of the merger, the Company completed a name change to RiverSource Life Insurance Co. of New York (“RSLNY”). RSLNY will remain domiciled in New York and continues to be a wholly owned subsidiary of RiverSource Life Insurance Company. The merger and name change was effective December 31, 2006. (See item 3 of this report)

The Company violated Section 91.4(a)(3) of Department Regulation No. 33 by failing to maintain records for allocating expenses between companies and lines of business, in a manner that permits ready identification between the item allocated and the basis on which it was allocated and by failing to maintain its records in a manner that is readily accessible for examination. (See item 4 of this report)

2. SCOPE OF EXAMINATION

The prior examination was conducted as of December 31, 2002. This examination covers the period from January 1, 2003 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
- 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 and recommendations contained in the prior reports on examination. The results of the examiner's review are contained in item 6 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 under the laws of New York on July 10, 1972 as IDS Life Insurance Company of New York, a stock life insurance company, as a subsidiary of IDS Life Insurance Company (“IDS”), a Minnesota life insurer. The Company was licensed and commenced business on October 25, 1972. Initial resources of \$4,000,000, consisting of common capital stock of \$1,000,000 and paid in and contributed surplus of \$3,000,000, were provided through the sale of 200,000 shares of common stock (with a par value of \$5 each) for \$20 per share.

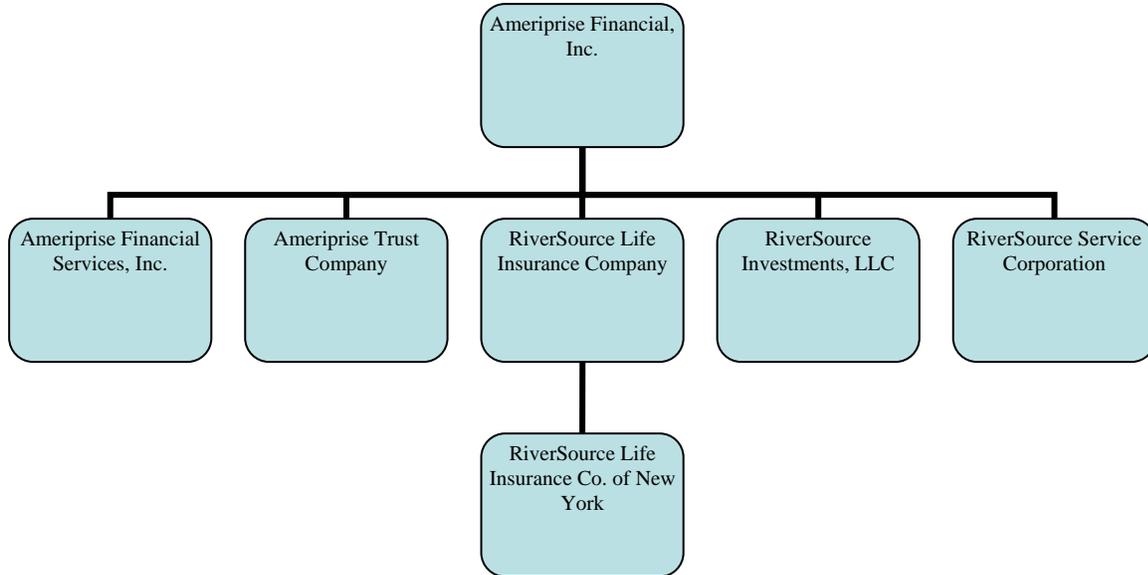
Changes in the capital and surplus of the Company since incorporation resulted in capital and paid in and contributed surplus of \$2,000,000 and \$106,617,258, respectively, as of December 31, 2006.

On March 17, 2006, IDSNY and ACL, both subsidiaries of IDS at the time, executed an agreement and plan of merger, under which ACL would be merged with and into IDSNY. IDSNY is the surviving company and will continue to exist as a domestic stock life insurance company. Simultaneously with the effect of the merger, the Company completed a name change to RiverSource Life Insurance Co. of New York (“RSLNY”), as did its parent IDS to RiverSource Life Insurance Company (“RSL”). RSLNY will remain domiciled in New York and continue to be a wholly owned subsidiary of RSL. The merger and name change was effective December 31, 2006. This examination covers RSLNY and the former ACL entity.

B. Holding Company

The Company is a wholly owned subsidiary of RSL. RSL is in turn a wholly owned subsidiary of Ameriprise Financial, Incorporated (“Ameriprise”), a Delaware financial services 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 32 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
Administrative Services Agreement Department File No. 25511	April 1, 1998	IDS Life Insurance Company	IDS Life Insurance Company of New York	Advisory, actuarial, finance and accounting services, licensing, compensation and administrative services and printing.	2003 \$(28,435) 2004 \$1,381,989 2005 \$(1,451,618) 2006 \$(30,036)
Custodial Agreement Department File Nos. 9527 30783 32086	March 23, 1984 Amended January 3, 2003	American Express Trust Company	IDS Life Insurance Company of New York	Safekeeping and other usual custodial services pertaining to general and separate accounts.	2003 \$(58,766) 2004 \$(61,734) 2005 \$(56,320) 2006 \$(54,757)
Service and Cost Allocation Agreement** Department File No. 25512	April 1, 1998	IDS Life Insurance Company of New York	American Centurion Life Assurance Company	Mail services, file maintenance, telecommunications, data communications.	2003 \$19,796 2004 \$(109,248) 2005 \$(84,950) 2006 \$(190,509)
Inter-company Service Agreement	October 25, 1972	American Express Financial Corporation	IDS Life Insurance Company of New York	General administrative and technical services, including legal staff	2003 \$(3,987,724) 2004 \$(3,776,815) 2005 \$(4,325,897) 2006 \$(4,202,091)

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
Mortgage Participation Agreement** Department File No. 29621	December 10, 2001	American Enterprise Life Insurance Company	IDS Life Insurance Company of New York	IDS Life Insurance Company of New York as lead lender/AEL as participant in mortgage participations	No activity during the examination period
Mortgage Loan Servicing Agreement Department File Nos. 20364 29621	February 26, 1996 Amended January 1, 2000	IDS Life Insurance Company	IDS Life Insurance Company of New York	Collect premium and maintain mortgage records	2003 \$(48,929) 2004 \$(53,086) 2005 \$(51,751) 2006 \$(70,704)
Marketing and Distribution Agreement** Department File No. 29073	October 1, 2000	American Express Financial Advisors, Inc.	IDS Life Insurance Company of New York	Marketing and distribution of products, commission payment processing and related administrative services.	2003 \$(13,531,951) 2004 \$(15,112,670) 2005 \$(18,970,581) 2006 \$(19,278,711)
Gross Administrative Charge Agreement*** Department File No. 32086	February 1, 2004	IDS Life Insurance Company of New York	American Express Financial Corporation	Management services in connection with the management of the separate account funds, not including investment management services.	2004 \$2,879,508 2005 \$2,095,068
Gross Administrative Charge Transfer Agreement** Unknown	October 1, 2005	IDS Life Insurance Company of New York	RiverSource Investments, LLC	Management services in connection with the management of separate account funds, not including investment management services.	2005 \$729,865 2006 \$2,995,553

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
Management, Service and Marketing Support Agreement Department File No. 35163	November 1, 2006	IDS Life Insurance Company of New York	RiverSource Investments LLC and RiverSource Service Corporation	Transfer agent, shareholder servicing and support for the offer, sale and servicing of shares in connection with the separate account funds offered through IDSNY variable contracts.	2006 \$626,336
Supplementary Agreement Department File No. 30214****	October 1, 2003	American Express (India) Private Limited	IDS Life Insurance Company of New York	Financial data processing activities	2003 ***** 2004 ***** 2005 *****
Supplementary Agreement No. 4 Department File No. 35289****	November 1, 2006	American Express (India) Private Limited	IDS Life Insurance Company of New York	Financial data processing activities	2006 *****
Branch Manager Agreement** Department File No. 3900	January 1, 1975	American Express Financial Advisors, Inc.	IDS Life Insurance Company of New York	Marketing and sales support for annuity products issued by IDSNY	Inter-company charges were included under agreement Department File No. 29073
Variable Annuity and Life Insurance Distribution Agreement** Department File No. 14416	July 1, 1987	American Express Financial Advisors, Inc.	IDS Life Insurance Company of New York	Solicitation and procurement of variable annuity applications for contracts and variable life policies	No inter-company charges under this agreement.

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
Investment Management and Services Agreement Department File No. 35165	October 1, 2005	RiverSource Investments LLC	IDS Life Insurance Company of New York	Investment management services and advice	2005 \$(176,894) 2006 \$(708,388)
Administrative Services Agreement Department File No. 27150****	January 1, 1982 Amended October 1, 1999	American Express Travel Related Services Company	IDS Life Insurance Company of New York	Record keeping, corporate expense services, vendor payments, tax payments, employee travel expense, and tuition reimbursement.	2003 \$0 2004 \$(726) 2005 \$(5,197)
Investment Management Agreement Department File No. 17806**	July 18, 1991	American Express Advisory Group	American Centurion Life Assurance Company	Investment management services and advice	2003 \$(240,593) 2004 \$(202,032) 2005 \$(166,768)
Investment Management and Services Agreement Department File No. 35166**	October 1, 2005	RiverSource Investments, LLC	American Centurion Life Assurance Company	Investment management services and advice	2005 \$(62,645) 2006 \$(246,804)
Administrative Services Agreement Department File No. 27151****	October 1, 1999	American Express Travel Related Services Company, Inc.	American Centurion Life Assurance Company	Solicit applications, collect premiums, billing, payment, accounting and administrative services	2003 \$(20,478) 2004 \$(216,677) 2005 \$(227,825)

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 Agreement Department File No. unknown**	April 1, 1995	American Enterprise Life Insurance Company	American Centurion Life Assurance Company	Advisory, printing, policy and administration	2003 \$(207,450) 2004 \$(176,091) 2005 \$(251,091) 2006 \$(165,646)
Service and Cost Allocation Agreement Department File No. 25513**	April 1, 1998	IDS Life Insurance Company of New York	American Centurion Life Assurance Company	Mail services, file maintenance, telecommunications, data communications	2003 \$(19,795) 2004 \$109,248 2005 \$84,950 2006 \$190,509
Marketing and Administrative Agreement Department File No. 25514**	April 1, 1998	IDS Life Insurance Company	American Centurion Life Assurance Company	Marketing, advertising and sales promotion, administrative services	2003 \$(2,410,989) 2004 \$(2,076,729) 2005 \$(2,942,894) 2006 \$(1,216,646)
Mortgage Loan Servicing Agreement Department File No. 29622**	December 10, 2001	IDS Life Insurance Company	American Centurion Life Assurance Company	Servicing of direct mortgage loans	2003 \$(3,646) 2004 \$(18,563) 2005 \$(22,337) 2006 \$(32,308)
Supplementary Agreement Department File No. 30215****	October 1, 2003	American Express (India) Private Limited	American Centurion Life Assurance Company	Financial data processing activities	None*****
Supplementary Agreement Department File No. 35290**	November 1, 2006	Ameriprise (India) Private Limited	American Centurion Life Assurance Company	Financial data processing activities	None*****

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
Gross Administrative Charge Agreement Department File No. 32087**	February 1, 2004	American Centurion Life Assurance Company	American Express Financial Corporation	Management services required in connection with the management of the Funds. Does not include investment management services	2004 \$21,686 2005 \$20,896
Gross Administrative Charge Transfer Agreement Department File No. unknown**	October 1, 2005	American Centurion Life Assurance Company	RiverSource Investments, LLC	Management services required in connection with the management of the Funds. Does not include investment management services	2005 \$ 8,143 2006 \$37,726
Custodian Agreement Department File No. 30624**	March 1, 2003	American Express Trust Company	American Centurion Life Assurance Company	Custody of non-separate account assets.	2003 \$(44,369) 2004 \$(56,855) 2005 \$(53,785) 2006 \$(52,662)
Management Service and Marketing Support Agreement Department File No. 35164**	November 1, 2006	RiverSource Investments LLC and RiverSource Service Corporation	American Centurion Life Assurance Company	Transfer agent, shareholder servicing and support for the offer, sale and servicing of shares in connection with separate account funds offered through American Centurion Life Assurance Company variable contracts.	2006 \$14,287

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
Variable Annuity and Life Insurance Distribution Agreement Department File No. 24387**	April 7, 1997	American Express Financial Advisors	American Centurion Life Assurance Company	Solicitation and procurement of variable annuity applications for contracts and variable life policies	None
Revolving Credit Agreement Department File No. 25515K*****	May 23, 2003	American Express Financial Corporation	American Centurion Life Assurance Company	Revolving line of credit	None
Federal Income Tax Allocation Agreement Department File No. 9965A	January 1, 1995	IDS Life Insurance Company	American Centurion Life Assurance Company	Allocation of tax charges	None

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

** Agreement terminated effective December 31, 2006

*** Services under agreement transferred to another entity, RiverSource Investments LLC

**** Non-affiliate effective October 1, 2005

***** The expenses under these agreements were not readily determinable due to their inclusion with expenses relating to other affiliated entities

***** The Company was not charged with any overhead allocation for expenses incurred

***** Expired May 2004

The Company participates in a federal income tax allocation agreement with its parent, RiverSource Life Insurance Company, and Ameriprise Financial, Inc.

During the course of the examination, the Company was asked to complete a service agreement table. The request for the service agreement information was made on November 17, 2006. The Company did not provide a response, including the amounts paid or received between legal entities, until May 8, 2007. It was necessary for the Company to revise information related to its service agreements a number of times in order to ultimately provide accurate information with regard to the transactions between legal entities during the period.

During the prior examinations of RSLNY and ACL, the examiners had great difficulty obtaining accurate information with respect to the Company's service agreements, the services thereunder, and the amounts paid or received between companies.

The examiner recommends that the Company maintain adequate documentation that accurately reflects the services and charges under its service agreements, and to maintain such in a manner as to be readily available for examination. A similar recommendation appeared in the prior report on examination.

C. Management

The Company's by-laws provide that the board of directors shall be comprised of not less than 13 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, 2006, the board of directors consisted of 13 members. Meetings of the board are held periodically, as fixed by resolution of the board.

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

<u>Name and Residence</u>	<u>Principal Business Affiliation</u>	<u>Year First Elected</u>
Gumer C. Alvero Minneapolis, MN	Senior Vice President – Annuities RiverSource Life Insurance Co. of New York	2000
Timothy V. Bechtold Robinsdale, MN	President and Chief Executive Officer RiverSource Life Insurance Co. of New York	1998
Maureen A. Buckley Loudonville, NY	Vice President and Chief Operating Officer RiverSource Life Insurance Co. of New York	1998
Rodney P. Burwell* Wayzata, MN	Chairman Xerxes Corporation	1999
Robert R. Grew* New York, NY	Attorney	1997
Martin T. Griffin Milwaukee, WI	Vice President – National Sales Manager Outside Distribution, RiverSource Annuities	2006
Ronald L. Guzior* Albany, NY	Partner Bollam, Sheedy, Torani & Co LLP, CPAs	2004

<u>Name and Residence</u>	<u>Principal Business Affiliation</u>	<u>Year First Elected</u>
Gregory C. Johnson Dublin, OH	Group Vice President Ameriprise Financial	2006
Jean B. Keffeler* Minneapolis, MN	Consultant	1999
Thomas R. McBurney* Minneapolis, MN	President McBurney Management Associates	1999
Jeryl A. Millner Minneapolis, MN	Vice President – LFO Finance Ameriprise Financial	2006
Thomas V. Nicolosi Greenwich, CT	Group Vice President Ameriprise Financial	1996
Michael R. Woodward Oakfield, NY	Regional Vice President Ameriprise Financial	1989

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

The examiner's review of the minutes of the meetings of the board of directors and its committees thereof indicated that Director Woodward failed to attend a majority of the board meetings held during the examination period. Members of the board have a fiduciary responsibility and must evince an ongoing interest in the affairs of the Company.

The examiner recommends that the Company replace those directors who fail to attend a majority of the meetings.

The following is a listing of the principal officers of the Company as of December 31, 2006:

<u>Name</u>	<u>Title</u>
Timothy V. Bechtold	President and Chief Executive Officer
Maureen A. Buckley*	Vice President and Chief Operating Officer
Thomas R. Moore	Secretary
Gumer C. Alvero	Senior Vice President – Annuities
David K. Stewart	Vice President and Controller

* 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 Delaware, New York and North Dakota. In 2006, 86.8% of life premiums, 85.6% of accident and health premiums, 94.7% of annuity considerations, and 93.9% of deposit type funds were received from New York. Policies are written on a non-participating basis.

The Company's principal products are variable deferred annuities and variable universal life insurance which are issued primarily to individuals. The Company also offers single and flexible premium fixed deferred annuities and immediate annuities. Life insurance products currently offered by the Company include both individual and joint universal life, on a fixed and variable basis, whole life and term products. The Company also markets disability income insurance. The Company discontinued marketing proprietary long-term care insurance at the end of 2002.

The Company distributes products through two distinct distribution channels. The first channel, referred to as "inside distribution," is its retail financial planning channel. Financial advisors (agents), some of whom are employees of Ameriprise Financial Services, Inc. and some of whom are franchisees of Ameriprise Financial Services, Inc., work directly with clients in financial planning relationships. The second channel, referred to as "outside distribution", consists of two programs. The first is a direct marketing program to American Express cardholders only. The second is a selling relationship with banks and financial institutions where agents of those firms distribute Company products to customers of those institutions.

The Company's agency operations for the "inside distribution" channel are conducted on a branch office basis. The Company has an agreement with its affiliate, Ameriprise Financial Services, Inc. (Ameriprise), which calls for Ameriprise to serve as the Company's branch manager. In accordance with the agreement, Ameriprise recruits and trains agents, procures applications for insurance, engages managers and supervisors to provide sales motivation and supervision and maintains divisional offices. The Company is served by one of the national regions of Ameriprise, headed by a regional sales manager.

The Company's agency operations for the "outside distribution" channel are conducted on a general agency basis. The Company offers fixed and variable annuity contracts through independent agents and registered representatives in unaffiliated regional and national financial institutions and unaffiliated regional and/or independent broker/dealers in the state of New York.

During the examination period through its direct marketing program, the Company offered fixed and variable annuities to American Express cardmembers through an agreement with American Express. The last direct mail solicitation was in October 2005. The Company does not plan to continue to market its fixed and variable annuity contracts through direct response marketing.

E. Reinsurance

As of December 31, 2006, the Company had reinsurance treaties in effect with 13 companies, all of which were authorized or accredited. The Company's life insurance business is reinsured on a coinsurance, modified-coinsurance, and yearly renewable term basis. The Company's accident and health insurance business is reinsured on a yearly renewable term and coinsurance basis. Reinsurance is provided on an automatic and facultative basis.

The maximum retention limit for single life policies is \$750,000 and \$1,500,000 for joint life policies. The total face amount of life insurance ceded as of December 31, 2006 was \$4,511,377,408, which represents 46.8% of the total face amount of life insurance in force.

The Company had treaties with two reinsurers to reinsure portions of its accident and health insurance business as of December 31, 2006. Effective January 1, 1996, the Company entered into a reinsurance agreement with Genworth Life Insurance Company of New York, whereby the Company cedes 50% of the risk on every long term care policy and rider written. Effective December 31, 2002, the Company discontinued writing long term care insurance. The other reinsurance treaty, with Paul Revere Life Insurance Company, covered disability income policies and was terminated for new business effective January 1, 1999.

The total face amount of life insurance assumed as of December 31, 2006, was \$99,207,225.

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:

	<u>December 31,</u> <u>2002*</u>	<u>December 31,</u> <u>2006</u>	<u>Increase</u> <u>(Decrease)</u>
Admitted assets	<u>\$3,039,672,722</u>	<u>\$4,757,138,105</u>	<u>\$1,717,465,383</u>
Liabilities	<u>\$2,793,019,513</u>	<u>\$4,425,610,335</u>	<u>\$1,632,590,822</u>
Common capital stock	\$ 2,000,000	\$ 2,000,000	\$ 0
Gross paid in and contributed surplus	86,600,000	106,617,258	20,017,258
Separate accounts surplus special contingency reserve	750,000	750,000	0
Group life contingency reserve	514,189	437,378	(76,811)
Unassigned funds	<u>156,789,015</u>	<u>221,723,134</u>	<u>64,934,119</u>
Total capital and surplus	<u>\$ 246,653,204</u>	<u>\$ 331,527,770</u>	<u>\$ 84,874,566</u>
Total liabilities, capital and surplus	<u>\$3,039,672,717</u>	<u>\$4,757,138,105</u>	<u>\$1,717,465,388</u>

*The figures noted above are presented as if the merger of ACL into IDSNY occurred as of December 31, 2002.

The increase in total admitted assets is primarily due to a \$1.5 billion increase in separate account assets that resulted from positive variable annuity net flows and favorable market appreciation experienced during the four year period. Similarly, the increase in total liabilities is also primarily attributable to the increase in separate account business over the examination period.

The \$20 million increase in gross paid in and contributed surplus was due to a surplus contribution of \$20 million from the parent, RSL, received by American Centurion Life Assurance Company in 2003. The purpose of the surplus contribution was to offset the impact of net losses experienced by ACL in 2002 and 2003.

The \$65 million increase in unassigned funds was due to cumulative net earnings over the four year period totaling \$156 million, partially offset by dividends paid to the parent totaling \$89 million.

The Company's invested assets as of December 31, 2006, exclusive of separate accounts, were mainly comprised of bonds (85.1%) and mortgage loans (12.3%). The majority (93.1%) of the Company's bond portfolio, as of December 31, 2006, was comprised of investment grade obligations.

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

	<u>2003*</u>	<u>2004*</u>	<u>2005*</u>	<u>2006</u>
Ordinary:				
Life insurance	\$ 9,755,840	\$13,054,380	\$ 12,676,497	\$12,668,071
Individual annuities	<u>(1,741,361)</u>	<u>29,525,819</u>	<u>21,506,355</u>	<u>43,156,381</u>
Total ordinary	<u>\$ 8,014,479</u>	<u>\$42,580,199</u>	<u>\$ 34,182,852</u>	<u>\$55,824,452</u>
Group:				
Life	\$ 2,657,231	\$ 2,633,835	\$ 1,685,611	\$ 2,170,157
Annuities	<u>4,282,760</u>	<u>(3,845,271)</u>	<u>(2,655,155)</u>	<u>(2,286,421)</u>
Total group	<u>\$ 6,939,991</u>	<u>\$ (1,211,436)</u>	<u>\$ (969,544)</u>	<u>\$ (116,264)</u>
Accident and health:				
Other	<u>\$ 3,587,188</u>	<u>\$ 1,051,430</u>	<u>\$ 3,515,023</u>	<u>\$ 6,027,090</u>
Total	<u>\$18,541,658</u>	<u>\$42,420,193</u>	<u>\$36,728,331</u>	<u>\$61,735,278</u>

*The figures for the years 2003 to 2005 are presented in this report as if the merger of ACL into IDSNY had occurred as of December 31, 2002.

The improvement in net income for the ordinary individual annuity line of business between 2003 and 2004 is due to increased fee income from variable annuity products and lower reserve increases due to the establishment of the asset adequacy reserve in 2003. In 2006, the increase in net income is attributable to a favorable change in reserves due to a movement in individual annuity sales from the general account fixed annuities to separate account variable

annuity products. Additionally, in 2006, as a result of the consolidation and merger of IDSNY and ACL, \$22 million in asset adequacy reserves that was being held on ACL business was released.

The group annuity blocks of business are closed blocks in run-off and the Company expects regular net operating losses on this line of business until run-off is complete.

Section 91.4(a) of Department Regulation No. 33 states, in part:

“ . . . (2) Each life insurer shall maintain records with sufficient detail to show fully:

- (i) the system actually used for allocation of income and expenses;
- (ii) the actual bases of allocation;
- (iii) the actual monetary distribution of the respective items of income, salaries, wages, expenses, and taxes to . . .
 - (c) annual statement lines of business,
 - (d) companies, and
 - (e) a recapitulation and reconciliation of items (a), (b), (c) and (d) with the insurer's books of account and annual statement.

(3) Such records shall be classified and indexed in such form as to permit ready identification between the item allocated and the basis upon which it was allocated, and shall be maintained in such a manner as to be readily accessible for examination . . .”

For those cost centers that cannot be directly identifiable to a specific cost center and legal entity, an index, such as assets under management or gross dealer concessions for example, are used in many instances in place of time studies. Other than for technology development, the Company's ultimate parent, Ameriprise Financial, does not have a time tracking system in place. Therefore, effort spent supporting the various legal entities and products is established through interviews with management. Because the current system of allocating costs and expenses to the various legal entities within the holding company system requires allocation simultaneously to a large number of legal entities (92) and products (approximately 1,000), the allocation of time on an anecdotal basis for any individual cost center to a specific product and legal entity can be prone to error. Combined with the volume of cost centers, the issue is magnified and the overall allocated results become highly suspect.

Generally, an index is used because the cost center focus is on managing a specific function for the entire firm (holding company) as opposed to for a specific legal entity or product.

General expenses are allocated to legal entities and to products on a monthly basis. The Company uses “product factors” to allocate expenses both to the company level and to the product level. In most instances, the product factor associated with a specific general ledger expense and cost center is determined by a combination or nesting of different expense drivers (or data metrics). When the general ledger allocation system “engine” is run each month, all product factors are updated with current driver metrics. However, there is no archive feature within the general ledger allocation system itself to capture or store the monthly driver data (or the underlying source data) for the product factors, and therefore, the basis of the allocation from month to month.

During the examination period, the Company did not maintain the underlying source data or metrics that are integral in determining the basis and the amount of expense allocated between companies and to lines of business. The Company did not begin to maintain or archive the underlying metric data specific to the product factor tables embedded within the general ledger allocation system software until November 2006. Upon request, the Company was able to re-create or to provide the detailed documentation to support its method of allocating expenses between legal entities for many, but not all, of the product factors and cost centers selected on a test basis.

For certain cost centers, the allocation of expenses was based upon historical metric data and/or discounting factors, and the Company was unable to locate the supporting documentation for the product factors that were used as the basis for allocating costs to the Company. Based upon the information provided for these cost centers and product factors, it was not clear that the Company reviewed the basis used for allocation on a periodic basis in order to ascertain that continued use of the metric data and discounting factors still produced a reasonable and equitable allocation between entities.

The Company violated Section 91.4(a)(3) of Department Regulation No. 33 by failing to maintain records for allocating expenses between companies and lines of business, in a manner that permits ready identification between the item allocated and the basis on which it was allocated and by failing to maintain its records in a manner that is readily accessible for examination.

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	\$1,786,051,763
Common stocks	137,177
Mortgage loans on real estate - first liens	257,828,289
Cash, cash equivalents and short term investments	19,321,674
Contract loans	33,836,815
Other invested assets	1,003,858
Receivable for securities	96,297
Investment income due and accrued	22,610,825
Premiums and considerations:	
Uncollected premiums and agents' balances in the course of collection	205,056
Deferred premiums, agents' balances and installments booked but deferred and not yet due	804,970
Reinsurance:	
Amounts recoverable from reinsurers	171,706
Other amounts receivable under reinsurance contracts	1,690
Net deferred tax asset	5,827,722
Guaranty funds receivable or on deposit	331,011
Receivables from parent, subsidiaries and affiliates	1,640,538
Bank owned life insurance	5,170,879
Miscellaneous assets	1,397,934
Prepaid insurance	924,959
From separate accounts, segregated accounts and protected cell accounts	<u>2,619,774,942</u>
 Total admitted assets	 <u>\$4,757,138,105</u>

Liabilities, Capital and Surplus

Aggregate reserve for life policies and contracts	\$ 1,733,136,345
Aggregate reserve for accident and health contracts	122,372,159
Liability for deposit-type contracts	7,563,448
Contract claims:	
Life	3,494,813
Accident and health	795,455
Premiums and annuity considerations for life and accident and health contracts received in advance	221,119
Contract liabilities not included elsewhere:	
Other amounts payable on reinsurance	125,526
Interest maintenance reserve	9,866,505
Commissions to agents due or accrued	134,080
General expenses due or accrued	4,829,613
Transfers to separate accounts due or accrued	(96,969,173)
Taxes, licenses and fees due or accrued, excluding federal income taxes	(1,142,310)
Current federal and foreign income taxes	1,316,943
Unearned investment income	560,477
Amounts withheld or retained by company as agent or trustee	82,039
Amounts held for agents' account	313,664
Remittances and items not allocated	2,598,776
Asset valuation reserve	16,630,675
From separate accounts statement	<u>2,619,680,181</u>
 Total liabilities	 <u>\$4,425,610,335</u>
 Common capital stock	 \$ 2,000,000
Gross paid in and contributed surplus	106,617,258
Separate accounts surplus special contingency reserve	750,000
Group life contingency reserve	437,378
Unassigned funds	<u>221,723,134</u>
Surplus	<u>\$ 329,527,770</u>
Total capital and surplus	<u>\$ 331,527,770</u>
 Total liabilities, capital and surplus	 <u>\$4,757,138,105</u>

B. CONDENSED SUMMARY OF OPERATIONS

	<u>2003*</u>	<u>2004*</u>	<u>2005*</u>	<u>2006</u>
Premiums and considerations	\$464,474,050	\$461,232,374	\$495,682,828	\$661,093,493
Investment income	116,614,071	119,840,975	123,821,702	119,412,221
Net gain from operations from separate accounts	695	2,428	2,082	11,112
Commissions and reserve adjustments on reinsurance ceded	4,753	(3,172)	(25,490)	627
Miscellaneous income	<u>26,535,662</u>	<u>34,077,991</u>	<u>37,557,461</u>	<u>45,592,183</u>
Total income	<u>\$607,629,231</u>	<u>\$615,150,596</u>	<u>\$657,038,583</u>	<u>\$826,109,636</u>
Benefit payments	\$236,184,193	\$280,296,930	\$367,617,901	\$516,303,992
Increase in reserves	230,509,993	111,944,594	4,268,329	(129,416,459)
Commissions	23,823,388	23,254,441	25,448,887	29,103,524
General expenses and taxes	26,253,405	25,302,210	39,412,007	34,959,735
Increase in loading on deferred and uncollected premiums	393,331	270,951	341,279	339,583
Net transfers to separate accounts	57,961,036	121,189,895	169,640,630	293,222,138
Miscellaneous deductions	<u>2,204,960</u>	<u>2,291,604</u>	<u>4,173,699</u>	<u>5,844,478</u>
Total deductions	<u>\$577,330,306</u>	<u>\$564,550,625</u>	<u>\$610,902,732</u>	<u>\$750,356,991</u>
Net gain	\$ 30,928,925	\$ 50,599,971	\$ 46,135,851	\$ 75,752,645
Federal and foreign income taxes incurred	<u>11,757,268</u>	<u>8,179,779</u>	<u>9,407,521</u>	<u>14,017,366</u>
Net gain from operations				
before net realized capital gains	\$ 18,541,657	\$ 42,420,192	\$ 36,728,330	\$ 61,735,279
Net realized capital gains (losses)	<u>(4,992,097)</u>	<u>65,523</u>	<u>148,907</u>	<u>1,266,074</u>
Net income	<u>\$ 13,549,560</u>	<u>\$ 42,485,715</u>	<u>\$ 36,877,237</u>	<u>\$ 63,001,353</u>

*The figures for the years 2003 to 2005 are presented in this report as if the merger of ACL into IDSNY had occurred as of December 31, 2002.

C. CAPITAL AND SURPLUS ACCOUNT

	<u>2003*</u>	<u>2004*</u>	<u>2005*</u>	<u>2006</u>
Capital and surplus, December 31, prior year	\$ <u>246,653,204</u>	\$ <u>261,553,249</u>	\$ <u>276,571,646</u>	\$ <u>289,672,122</u>
Net income	\$ 13,549,560	\$ 42,485,715	\$ 36,877,237	\$ 63,001,353
Change in net unrealized capital gains (losses)	3,973,941	(126,782)	(60,959)	0
Change in net deferred income tax	1,621,633	15,771,509	(23,874,896)	(9,397,134)
Change in non-admitted assets and related items	(1,515,562)	(16,685,756)	25,715,080	11,788,201
Change in reserve valuation basis	1,413,086	0	0	0
Change in asset valuation reserve	(4,142,613)	(4,926,590)	(3,055,986)	1,445,970
Surplus (contributed to) separate accounts during period	(15,549)	(87,257)	(60,427)	(36,064)
Other changes in surplus in separate accounts statement	15,549	87,557	60,427	36,064
Surplus adjustments - paid in	20,000,000	0	0	17,258
Dividends to stockholders	<u>(20,000,000)</u>	<u>(21,500,000)</u>	<u>(22,500,000)</u>	<u>(25,000,000)</u>
Net change in capital and surplus for the year	\$ <u>14,900,045</u>	\$ <u>15,018,396</u>	\$ <u>13,100,476</u>	\$ <u>41,855,648</u>
Capital and surplus, December 31, current year	\$ <u>261,553,249</u>	\$ <u>276,571,645</u>	\$ <u>289,672,122</u>	\$ <u>331,527,770</u>

*The figures for the years 2003 to 2005 are presented in this report as if the merger of ACL into IDSNY had occurred as of December 31, 2002.

6. PRIOR REPORT SUMMARY AND CONCLUSIONS

Following are the financial condition violations and recommendations contained in the prior report on examination of IDS Life Insurance Company of New York and the subsequent actions taken by the Company in response to each citation:

<u>Item</u>	<u>Description</u>
A	<p>The Company violated Section 1505(d)(3) of the New York Insurance Law by failing to notify the Superintendent in writing of its intention to receive sales management services from an affiliate at least 30 days prior thereto.</p> <p>The prior report violation was the result of a managerial employee of American Centurion Life Assurance Company having supervisory responsibility for employees of both American Centurion Life Assurance Company and IDS Life Insurance Company of New York. The Company took corrective action by moving the manager to the payroll of IDS Life Insurance Company of New York and billing American Centurion Life Assurance Company for the services performed for that company in accordance with an approved service agreement on file with the Department. With the merger and consolidation of the two New York legal entities at December 31, 2006, this is no longer an issue.</p>
B	<p>The examiner recommends that the Company maintain adequate documentation to accurately reflect the services and charges under its service agreements, and to maintain such in a manner as to be readily available for examination.</p> <p>The Company continued to have difficulty providing timely and accurate information regarding services and charges under its service agreements during the current examination. The recommendation is repeated in this report on examination.</p>
C	<p>The Company violated Section 91.4 of Department Regulation No. 33 by failing to maintain adequate documentation to support payments made for services provided by an affiliate.</p> <p>The Company was able to provide documentation to support payments made for services between the Company and its parent, RiverSource Life Insurance Company, during the examination period.</p>
D	<p>The examiner recommends that the Company maintain proper documentation to support the number of policies and contracts reported</p>

in the Exhibit of Life Insurance and the Exhibit of Annuities in the annual statement.

The examiner's review and analysis of data files provided by the Company indicates that the Company maintained proper documentation to support the number of policies and contracts reported in the annual statement in the Exhibit of Life Insurance and the Exhibit of Annuities.

Following are the financial condition violation and recommendations contained in the prior report on examination of American Centurion Life Assurance Company (“the Company”) and the subsequent actions taken by the Company in response to each citation

- A The examiner recommends that the Company maintain adequate documentation to accurately reflect the services and charges under its service agreements, and to maintain such in a manner as to be readily accessible for examination.

The Company continued to have difficulty providing accurate and timely information regarding services and charges under its service agreements during the current examination. The recommendation is repeated in this report on examination.

- B The Company violated Section 1505(d)(3) of the New York Insurance Law by failing to notify the Superintendent in writing of its intention to provide sales management services to an affiliate at least 30 days prior thereto.

The prior report violation was the result of a managerial employee of American Centurion Life Assurance Company having supervisory responsibility for employees of both American Centurion Life Assurance Company and IDS Life Insurance Company of New York. The Company took corrective action by moving the manager to the payroll of IDS Life Insurance Company of New York and billing American Centurion Life Assurance Company for the services performed for that company in accordance with an approved service agreement on file with the Department. With the merger and consolidation of the two New York legal entities at December 31, 2006, this is no longer an issue.

- C The examiner recommends that the Company maintain the proper documentation to support the number of annuity contracts terminated as reported in the annual statement. A similar recommendation was made in the prior report concerning the maintenance of proper documentation to support the number of contracts issued and terminated as reported in its filed annual statement.

The examiner’s review and analysis of data files provided by the Company indicates that the Company maintained proper documentation to support the number of policies and contracts reported in the annual statement in the Exhibit of Life Insurance and the Exhibit of Annuities.

7. SUMMARY AND CONCLUSIONS

Following are the violation and recommendations contained in this report:

<u>Item</u>	<u>Description</u>	<u>Page No(s).</u>
A	The examiner recommends that the Company maintain adequate documentation that accurately reflects the services and charges under its service agreements, and to maintain such in a manner as to be readily available for examination. A similar recommendation appeared in the prior report on examination.	13
B	The examiner recommends that the Company replace those directors who fail to attend a majority of the meetings.	14
C	The Company violated Section 91.4(a)(3) of Department Regulation No. 33 by failing to maintain records for allocating expenses between companies and lines of business, in a manner that permits ready identification between the item allocated and the basis on which it was allocated and by failing to maintain its records in a manner that is readily accessible for examination.	21

Respectfully submitted,

_____/s/_____
Eden M. Sunderman
Associate Insurance Examiner

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

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

_____/s/_____
Eden M. Sunderman

Subscribed and sworn to before me

this _____ day of _____ 2007.

APPOINTMENT NO. 22572

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:

EDEN SUNDERMAN

as a proper person to examine into the affairs of the

RIVERSOURCE 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 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 30th day of October, 2006



ERIC R. DINALLO
Superintendent of Insurance

A handwritten signature in black ink, appearing to read "Eric R. Dinallo", written over a horizontal line.

Superintendent