STATE OF NEW YORK INSURANCE DEPARTMENT

REPORT ON EXAMINATION

OF THE

UNIMERICA LIFE INSURANCE COMPANY OF NEW YORK

CONDITION: DECEMBER 31, 2006

DATE OF REPORT: OCTOBER 12, 2007

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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

Eliot Spitzer
Governor

Eric R. Dinallo
Superintendent

October 12, 2007

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

Sir:

In accordance with instructions contained in Appointment No. 22632, dated April 3, 2007 and annexed hereto, an examination has been made into the condition and affairs of Unimerica Life Insurance Company of New York, hereinafter referred to as “the Company,” at its home office located at One Penn Plaza, New York, New York, 10119.

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, 2006 filed annual statement. (See item 5 of this report)

The Company violated Section 91.4(a)(2) of Department Regulation No. 33 when it failed to maintain records with sufficient detail to show how the Company was allocated general expenses from its parent and affiliates. (See item 3B of this report)

The Company violated Section 91.5(b) of Department Regulation No. 33 when it used an unapproved alternate method to allocate its net investment income. (See item 4 of this report)

The examiner recommends that the Company establish and maintain an independent, adequately resourced, and competently staffed internal audit function to provide management and the outside committee with ongoing assessments of the Company's risk management processes and the accompanying system of internal control. (See item 7 of this report)

The Company violated Section 1202(b)(2) of the New York Insurance Law when it failed to have its audit committee meet in 2003, 2004 and 2005; and in 2006 when it failed to nominate candidates for director, evaluate the performance of officers deemed by such committee to be principal officers or recommend to the board the selection and compensation of such principal officers. (See item 3C of this report)

The Company violated Section 2112(a) of the New York Insurance Law when it failed to appoint agents that wrote business on its behalf during the examination period. (See item 6A of this report)

2. SCOPE OF EXAMINATION

This is the first examination of the Company since it was licensed on April 8, 2003. This examination covers the period from April 8, 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
Officers' and employees' welfare and pension plans
Territory and plan of operation
Market conduct activities
Growth of Company
Business in force by states
Mortality and loss experience
Reinsurance
Accounts and records
Financial statements

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

3. DESCRIPTION OF COMPANY

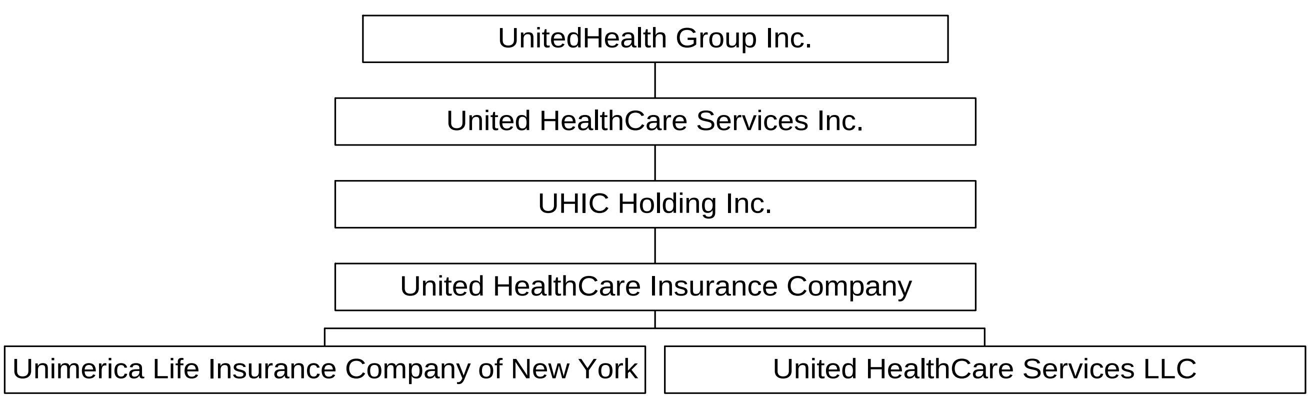
A. History

The Company was incorporated as a stock life insurance company under the laws of the State of New York on August 12, 1999, was licensed and commenced business on April 8, 2003 under the name United HealthCare Life Insurance Company of New York. On August 8, 2003, the Company changed to its present name, Unimerica Life Insurance Company of New York. Initial resources of $6,500,000, consisting of common capital stock of $2,000,000 and paid in and contributed surplus of $4,500,000, were provided through the sale of 2,000 shares of common stock (with a par value of $1,000 each) for $3,250 per share.

B. Holding Company

The Company is a wholly-owned subsidiary of United HealthCare Insurance Company ("United HealthCare"), which is wholly owned by UHIC Holding Inc., which is, in turn, a wholly-owned subsidiary of United Healthcare Services, Inc. ("UHS"). UHS is in turn a wholly-owned subsidiary of UnitedHealth Group Incorporated ("UHG"). Together with its subsidiaries, UHG forms one of the largest health insurance, managed care and well-being companies in the United States. The main insurance operation of UHG is United HealthCare. United HealthCare Services LLC, a subsidiary of United HealthCare, performs claims administration services for the Company.

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 1 service agreement 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	(Expense) For Each Year of the Examination	
Administrative Services File No. 31504	8/7/03	UHS and United HealthCare Services LLC	The Company	Administrative service agreement - pooled agreement for combined billing operations, short term investment pool	2003	$ (10,917)
					2004	$ (54,454)
					2005	$(139,141)
					2006	$(519,148)

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

Section 91.4(a)(2) of Department Regulation No. 33 states, in part:

"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 . . . "

Since the Company commenced business, $723,600 in general operating expenses were allocated to the Company from its parent and affiliates in accordance with the filed administrative service agreement. The workpapers provided in support of the allocated expenses did not contain sufficient detail to demonstrate how the Company's share was determined. The Company explained that general expenses are charged by various business units that perform the function; within general ledger there is a unique product code for how expenses are charged. In addition, the Company stated that an internal review is performed to ensure a reasonable relationship to the expense and that a review of the current expense allocation system between UHG and its affiliates is being conducted. The examiner felt this response was not sufficient and made an additional request for more detailed records but that response was also unsatisfactory.

The Company violated Section 91.4(a)(2) of Department Regulation No. 33 when it failed to maintain records with sufficient detail to demonstrate how the Company was allocated general expenses from 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 13 directors. The number of directors shall be increased to not less than 13 within one year following the end of the calendar year in which the admitted assets of the Corporation exceeds one and one-half billion dollars. Directors are elected for a period of one year at the annual meeting of the stockholders held in April of each year. In addition, to the board of directors meeting immediately following the annual meeting of the shareholder, the board shall hold at least three (3) regularly scheduled meetings each year.

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

Name and Residence	Principal Business Affiliation	Year First Elected
Andrew W. Attivissimo* Woodbury, NY	Insurance Consultant	2002
Donald D. Gabay* New York, NY	Attorney Stroock & Stroock & Lavan	1999
Paul H. Gulstrand Eden Prairie, MN	President & Chairman of the Board Unimerica Life Insurance Company of New York	2004
Mark L. Helvick Corcoran, MN	Executive UnitedHealth Group Incorporated	2005
Richard A. Perrine* Edina, MN	Insurance Broker Hays Companies	2005
Jeffery W. Kagan Farmingville, NY	Vice President Unimerica Life Insurance Company of New York	1999
Charles T. Roehrick Eden Prairie, MN	Vice President - Finance and Assistant Treasurer Unimerica Life Insurance Company of New York	2005
Robert T. Secovine* Valatie, NY	Director Insurance Training Institute	1999
David L. Sparkman Eden Prairie, MN	Executive UnitedHealth Group Incorporated	2004

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

In March 2007, Charles T. Roehrick retired from the board and was replaced by John A. Way.

Section 1202(b)(2) of the New York Insurance Law states, in part:

> "The board of directors of a domestic life insurance company shall establish one or more committees comprised solely of directors who are not officers or employees of the company or of any entity controlling, controlled by, or under common control with the company and who are not beneficial owners of a controlling interest in the voting stock of the company or any such entity. Such committee or committees shall have responsibility for recommending the selection of independent certified public accountants, reviewing the company's financial condition, the scope and results of the independent audit and any internal audit, nominating candidates for director for election by shareholders or policyholders, evaluating the performance of officers deemed by such committee or committees to be principal officers of the company and recommending to the board of directors the selection and compensation of such principal officers . . ."

A review of the minutes of the audit committee revealed that the committee met only once during the examination period on July 17, 2006. The minutes of that meeting reflected that the committee selected the certified public accountant and reviewed the Company's financial condition. However, there was no evidence that the audit committee previously nominated candidates for director, evaluated the performance of officers deemed by such committee to be principal officers or recommended to the board the selection and compensation of such principal officers.

The Company violated Section 1202(b)(2) when it failed to have its audit committee meet in 2003, 2004 and 2005, and failed to nominate candidates for director, evaluate the performance of officers deemed by such committee to be principal officers or recommend to the board the selection and compensation of such principal officers in 2006.

Section 4.3 of the Company's by laws states, in part:

> "A regular meeting of the Board of Directors for the election of officers and for the transaction of such other business . . . shall be held . . . immediately following the annual meeting of the shareholder . . . the Board of Directors shall hold at least three (3) regularly scheduled meetings each year. Not more than one annual regular meeting shall be held in any one quarter of the year."

During the examination period, the Company held the annual meeting of the board of directors immediately following the annual meeting of the shareholder and each year in lieu of regular meetings three actions were taken under written consent of the board. Regular scheduling of board meetings is necessary to promote open discussion and better communication among directors, especially non-management directors that might otherwise have no regular forum for such discussions and communications. It is difficult to see how open discussion and better communication can be facilitated by holding all board meetings by unanimous written consent.

The examiner recommends that the Company's Board of Directors meet in person more frequently as necessary to promote open discussion and better communication among directors.

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

Name	Title
Paul H. Gulstrand	President
Jeffery W. Kagan	Vice President
Timothy F. Ryan	Secretary
Robert W. Oberrender	Treasurer
Charles T. Roehrick	Vice President – Finance and Assistant Treasurer
Ted A. Lyle	Vice President and Chief Actuary
Roger A. Weber*	Assistant Vice President

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

In March 2007, John A. Way replaced Charles T. Roehrick as vice president – finance and assistant treasurer.

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 does not have an annuity product for sale at this time.

The Company is licensed to transact business only in New York State. The Company offers group life insurance, group disability, medical stop-loss insurance, short and long-term disability and accidental death and dismemberment. The Company offers its product portfolio to all segments of the New York group life and group disability insurance market, which consists generally of employee groups. The Company's target market is employee groups in the 2-10,000 employee range. In 2006, all life premiums and accident and health premiums were received from New York. Policies are written on a non-participating basis.

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 5 companies, all of which were authorized or accredited. The Company's life, accident and health business is reinsured on a coinsurance basis. Reinsurance is provided on an automatic and/or facultative basis.

The maximum retention limit for individual life contracts is $500,000. The total face amount of life insurance ceded as of December 31, 2006, was $159,771,000 which represents 81% of the total face amount of life insurance in force.

4. SIGNIFICANT OPERATING RESULTS

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

The following table indicates the Company's financial growth (decline) during the period under review:

	December 31, 2003	December 31, 2006	Increase (Decrease)
Admitted assets	$6,826,529	$10,585,449	$3,758,920
Liabilities	$ 243,341	$ 4,263,148	$4,019,807
Common capital stock	$2,000,000	$ 2,000,000	$ 0
Gross paid in and contributed surplus	4,500,000	4,500,000	0
Unassigned funds (surplus)	83,188	(177,699)	(260,887)
Total capital and surplus	$6,583,188	$ 6,322,301	$ (260,887)
Total liabilities, capital and surplus	$6,826,529	$10,585,449	$3,758,920

The increase in liabilities during the examination period is due to the increase in reserves as the Company began to issue insurance contracts. In addition, there was a $1.8 million premium deficiency reserve established in accordance with Department Regulation No. 147 that caused the loss in the group life line in 2006.

The Company's invested assets as of December 31, 2006, were mainly comprised of bonds (69.7%), and cash and short-term investments (30.3%). The Company's entire bond portfolio, as of December 31, 2006, was comprised of investment grade obligations.

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):

Group Life

Year	Issued	In Force
2003	$ 0	$ 0
2004	$ 0	$ 0
2005	$ 0	$ 0
2006	$197,073	$197,073

> Section 91.4(c) of Department Regulation No. 33 states, in part:
>
> "(2) Net investment income, after adjustment, if any, as permitted by the preceding paragraph shall be distributed to major annual statement lines of business either:
>
> (i) in proportion to the total mean policy reserves and liabilities of each of such major annual statement lines of business or
>
> (ii) in proportion to the total mean funds of each of such major annual statement lines of business.
>
> If the reserve method pursuant to subparagraph (i), above, is so used, it shall also be used in distributing net investment income to each secondary annual statement line of business. If the fund method pursuant to subparagraph (ii) above, is so used, either the reserve method or the fund method shall be used in distributing net investment income to each secondary annual statement line of business.
>
> (3) In lieu of the methods specified in the preceding paragraph, a life insurer may distribute net investment income by an investment year method if its use of such method complies with the rules stated in section 91.5."
>
> Section 91.5(b) of Department Regulation No. 33 states, in part:
>
> " . . . If the company's method includes deviations from the foregoing rules . . . such deviations or use require the approval of the superintendent as being equitable and as being necessary for reasons of feasibility before the method can be adopted."

The Company allocates its net investment income to the annual statement lines of business using an alternate method, which is based on the dollar of premium revenue, and the majority of the invested assets reflected the initial capital and surplus infusion. The Company utilized an alternative method to allocate net investment income to major annual statement lines of business. Such method is required to be filed with the Department prior to use by the Company. The Company's method of allocating net investment income was not filed with the Department.

The Company violated Section 91.5(b) of Department Regulation No. 33 when it used an unapproved alternate method to allocate its net investment income.

The examiner recommends that the Company submit its alternate method of allocating its net investment income to the superintendent for approval.

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:

	2003	2004	2005	2006
Group life:	$49,018	$15,616	$ 64,318	$(1,130,946)
Accident and health:				
Group	$ 0	$ 55	$ 39,367	$ 352,303
Other	0	0	0	414,094
Total accident and health	$ 0	$ 55	$ 39,367	$ 766,397
Total	$49,018	$15,671	$103,685	$ (364,549)

The loss on the group life line in 2006 is due to a $1.8 million premium deficiency reserve established in accordance with Department Regulation No. 147.

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	$ 6,642,432
Cash, cash equivalents and short term investments	2,883,125
Investment income due and accrued	62,252
Premiums and considerations:	
Uncollected premiums and agents' balances in the course of collection	320,227
Net deferred tax asset	649,112
State and premium tax receivable	28,301
Total admitted assets	$10,585,449

Liabilities, Capital and Surplus

Aggregate reserve for life policies and contracts	$ 1,820,059
Aggregate reserve for accident and health contracts	1,559,804
Contract claims: Life	68,842
Premiums and annuity considerations for life and accident and health Contracts received in advance	40,865
Contract liabilities not included elsewhere:	
Provision for experience rating refunds	125,176
Other amounts payable on reinsurance	27
Interest maintenance reserve	22,177
Commissions to agents due or accrued	38,182
General expenses due or accrued	71,006
Current federal and foreign income taxes	361,016
Miscellaneous liabilities:	
Asset valuation reserve	7,616
Payable to parent, subsidiaries and affiliates	141,485
Drafts outstanding	6,893
Total liabilities	$ 4,263,148

Common capital stock	$ 2,000,000
Gross paid in and contributed surplus	4,500,000
Unassigned funds (surplus)	(177,699)
Surplus	$ 4,322,301
Total capital and surplus	$ 6,322,301
Total liabilities, capital and surplus	$10,585,449

B. CONDENSED SUMMARY OF OPERATIONS

	2003	2004	2005	2006
Premiums and considerations	$ 0	$122,763	$ 876,396	$3,336,334
Investment income	188,545	190,807	235,169	290,722
Commissions and reserve adjustments on reinsurance ceded	0	5,258	2,071	0
Total income	$188,545	$318,828	$1,113,636	$3,627,056
Benefit payments	$ 0	$ 0	$ 319,053	$ 258,611
Increase in reserves	0	97,574	368,575	2,913,714
Commissions	0	30,153	57,598	398,486
General expenses and taxes	115,703	169,416	208,218	630,137
Total deductions	$115,703	$297,143	$ 953,444	$4,200,948
Net gain (loss)	$ 72,842	$ 21,685	$ 160,192	$ (573,892)
Federal and foreign income taxes incurred	23,824	6,014	56,507	(209,343)
Net gain (loss) from operations Before net realized capital gains	$ 49,018	$ 15,671	$ 103,685	$ (364,549)
Net income (loss)	$ 49,018	$ 15,671	$ 103,685	$ (364,549)

C. CAPITAL AND SURPLUS ACCOUNT

	2003	2004	2005	2006
Capital and surplus, December 31, prior year	$6,539,456	$6,583,188	$6,597,742	$6,701,444
Net income	$ 49,018	$ 15,671	$ 103,685	$ (364,549)
Change in net deferred income tax	0	0	0	(13,363)
Change in non-admitted assets and related items	0	(776)	776	0
Change in reserve valuation basis	(5,286)	(341)	(759)	(1,231)
Net change in capital and surplus for the year	$ 43,732	$ 14,554	$ 103,702	$ (379,143)
Capital and surplus, December 31, current year	$6,583,188	$6,597,742	$6,701,444	$6,322,301

Subsequent to filing the 2006 annual statement the Company discovered an error in the treatment of deferred taxes. The Company reported in 2006 ($13,363) for change in net deferred income tax instead of ($649.112). In the 2007 annual statement, an adjustment was made to surplus in the amount of $635,750 to reflect the correction of this error.

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.

> Section 219.5(a) of Department Regulation No. 34-A states:
>
> "Each insurer shall maintain at its home office a complete file containing a specimen copy of every printed, published or prepared advertisement hereafter disseminated in this state, with a notation indicating the manner and extent of distribution and the form number of any policy advertised. In order to be complete, the file must contain all advertisements whether used by the company, its agents or solicitors or other persons. That portion of the advertising file which has been covered by a filed report on examination may be eliminated. "
>
> Section 215.17(a) of Department Regulation No. 34 states:
>
> "Advertising file. Each insurer shall maintain at its home or principal office a complete file containing every printed, published or prepared advertisement of its individual policies and typical printed, published or prepared advertisements of its blanket, franchise and group policies hereafter disseminated in this or any other state whether or not licensed in such other state, with a notation attached to each such advertisement which shall indicate the manner and extent of distribution and the form number of any policy advertised. Such file shall be subject to regular and periodical inspection by the department. All such advertisements shall be maintained in said file for a period of either four years or until the filing of the next regular report on examination of the insurer, whichever is the longer period of time. "

The Company did not maintain at its home office a complete file containing every advertisement related to its life and accident and health policies.

The Company violated Section 219.5(a) of Department Regulation No. 34-A by failing to maintain at its home office a complete file containing a specimen copy of every printed, published or prepared advertisement related to life insurance hereafter disseminated in this state, with a notation indicating the manner and extent of distribution and the form number of any policy advertised.

The Company violated Section 215.17(a) of Department Regulation No. 34 by failing to maintain at its home office a complete file containing a specimen copy of every printed, published or prepared advertisement related to accident and health insurance hereafter disseminated in this state, with a notation indicating the manner and extent of distribution and the form number of any policy advertised.

Section 2112(a) of the New York Insurance Law states, in part:

> "Every insurer . . . doing business in this state shall file a certificate of appointment in such form as the superintendent may prescribe in order to appoint insurance agents to represent such insurer . . . "

A review of 13 issued group life and stop loss policies, revealed that the agent of record was not appointed with the Company. However, a review of the agent's appointment letter and information from the Department's Licensing Information On-line Network (LION) system confirmed that the agents/brokers and agency were licensed/appointed with either UnitedHealthcare or United Healthcare Insurance Company of New York.

The Company violated Section 2112(a) of the New York Insurance Law when it failed to appoint agents that wrote business on its behalf during the examination period.

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. 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. INTERNAL AUDIT

Internal audit is an integral part of corporate governance that also includes the audit committee, the board of directors, senior management and the external auditors. In particular, internal auditors and audit committees are mutually supportive. Consideration of the work of internal auditors is essential for the audit committee to gain a complete understanding of the Company's operations. Internal audit identifies strategic, operational and financial risks facing the organization and assesses controls put in place by management to mitigate those risks.

In the case of the Company, duties normally delegated to an audit committee are the fiduciary responsibility of the outside committee which is comprised of the Company's unaffiliated directors. In response to the examination planning questionnaire, the Company provided information regarding the UnitedHealth Group's internal audit function. The information provided states, in part:

> "UnitedHealth Group (UHG) Internal Audit function is a component of the Business Risk Services (BRS) Group. A national accounting/auditing firm (Ernst & Young), under the direction of the UHG Vice-President of BRS and General Auditor (Bill Bojan), executes the independent monitoring activities of this function. The extent, frequency and scope of these activities are determined by the General Auditor and approved by the UnitedHealth Group Audit Committee."

Based on the information provided in response to the Department's planning requests, it appears that the Company does not have its own internal audit function.

The examiner recommends that the Company establish and maintain an independent, adequately resourced, and competently staffed internal audit function to provide management and the outside committee with ongoing assessments of the Company's risk management processes and the accompanying system of internal control. To the extent that audits performed by an affiliate on a functional basis are intended to encompass the activities of the Company, it should be clear from the audit workpapers that Company transactions or activities are specifically included in the samples reviewed by internal audit.

8. SUMMARY AND CONCLUSIONS

Following are the violations, recommendations and comment contained in this report:

Item	Description	Page No(s).
A	The Company violated Section 91.4(a)(2) of Department Regulation No. 33 when it failed to maintain records with sufficient detail to demonstrate how the Company was allocated general expenses from its parent and affiliates.	5
B	The Company violated Section 1202(b)(2) of the New York Insurance Law when it failed to have its audit committee meet in 2003, 2004 and 2005 and failed to nominate candidates for director, evaluate the performance of officers deemed by such committee to be principal officers or recommend to the board the selection and compensation of such principal officers in 2006.	7
C	The examiner recommends that the Company's Board of Directors meet in person more frequently as necessary to promote open discussion and better communication among directors.	7 – 8
D	The Company violated Section 91.5(b) of Department Regulation No. 33 when it used an unapproved alternate method to allocate its net investment income.	11
E	The examiner recommends that the Company submit its alternate method of allocating its net investment income to the superintendent for approval.	11
F	Subsequent to filing the 2006 annual statement the Company discovered an error in the treatment of deferred taxes. The Company reported in 2006 ($13,363) for change in net deferred income tax instead of ($649.112). In the 2007 annual statement, an adjustment was made to surplus in the amount of $635,750 to reflect the correction of this error.	15

Item	Description	Page No(s).
G	The Company violated Section 219.5(a) of Department Regulation No. 34-A by failing to maintain at its home office a complete file containing a specimen copy of every printed, published or prepared advertisement related to life insurance hereafter disseminated in this state, with a notation indicating the manner and extent of distribution and the form number of any policy advertised.	16 – 17
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I	The Company violated Section 2112(a) of the New York Insurance Law when it failed to appoint agents that wrote business on its behalf during the examination period.	17
J	The examiner recommends that the Company establish and maintain an independent, adequately resourced, and competently staffed internal audit function to provide management and the outside committee with ongoing assessments of the Company's risk management processes and the accompanying system of internal control. To the extent that audits performed by an affiliate on a functional basis are intended to encompass the activities of the Company, it should be clear from the audit workpapers that Company transactions or activities are specifically included in the samples reviewed by internal audit.	18

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 ____________________

APPOINTMENT NO. __*22632*__

STATE OF NEW YORK

INSURANCE DEPARTMENT

I, __***ERIC R. DINALLO***__*, Acting 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

UNIMERICA 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 __*3rd*__ *day of* __*April*__*, 2007*

__*ERIC R. DINALLO*__
Acting Superintendent of Insurance

Acting Superintendent