



STATE OF NEW YORK INSURANCE DEPARTMENT  
REPORT ON EXAMINATION  
OF THE  
SENTRY LIFE INSURANCE COMPANY OF NEW YORK

CONDITION:

DECEMBER 31, 2006

DATE OF REPORT:

MARCH 3, 2008

STATE OF NEW YORK INSURANCE DEPARTMENT  
REPORT ON EXAMINATION  
OF THE  
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AS OF  
DECEMBER 31, 2006

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EXAMINER:

VINCENT TARGIA

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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

March 3, 2008

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

Sir:

In accordance with instructions contained in Appointment No. 22673, dated July 31, 2007 and annexed hereto, an examination has been made into the condition and affairs of Sentry Life Insurance Company of New York, hereinafter referred to as "the Company," at its home office located at 220 Salina Meadows Parkway, Suite 255, Syracuse, New York 13212.

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 1505(b) of the New York Insurance Law by failing to maintain records with sufficient detail to support the reasonableness of the charges or fees paid related to the overhead expense and copy charges under its Administrative Agreement with SIAMCO. (See item 3B of this report)

The Company violated Section 3227 of the New York Insurance Law by failing to pay interest on surrendered annuity policies. (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
- 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

The examiner reviewed the corrective actions taken by the Company with respect to the violations, recommendations and/or 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

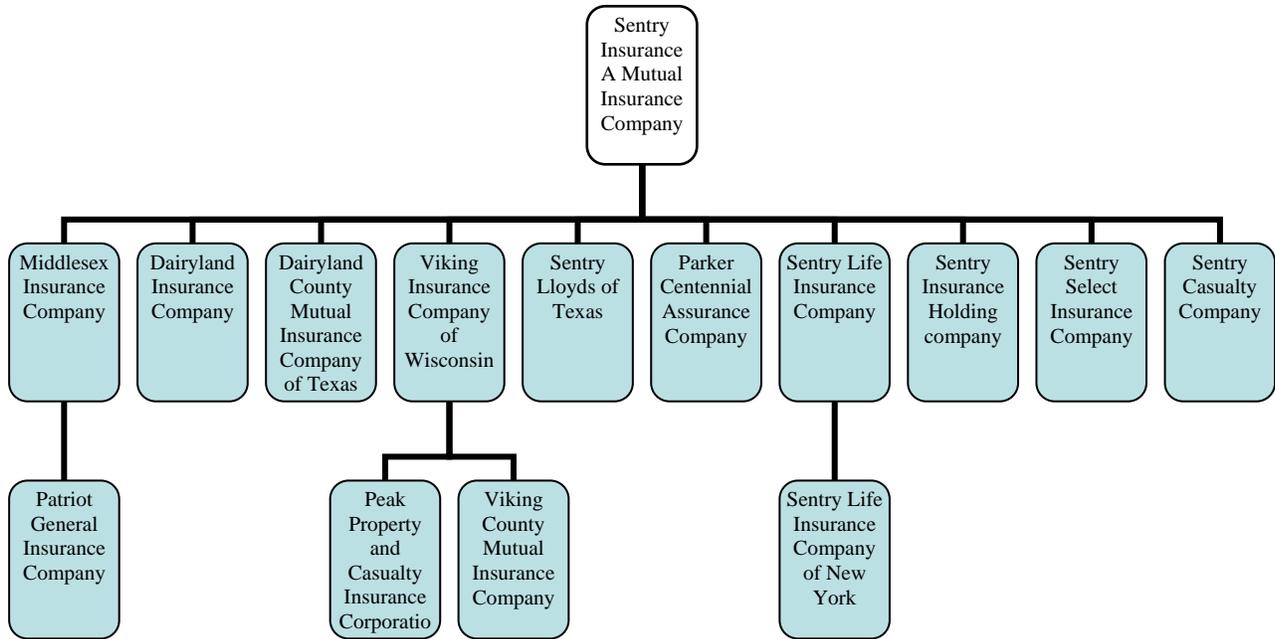
#### A. History

The Company was incorporated as a stock life insurance company under the laws of New York on May 23, 1966, was licensed on January 13, 1967 and commenced business on January 27, 1967. Initial resources of \$2,000,000, consisting of common capital stock of \$500,000 and paid in and contributed surplus of \$1,500,000, were provided through the sale of 50,000 shares of common stock (with a par value of \$10 each) for \$40 per share. In 1976, an additional \$2,000,000 was contributed to surplus. In 1977, capital was increased to \$1,000,000 as a result of an additional capital contribution of \$500,000, at the same time the par value of the common stock was increased from \$10 to \$20 per share. All of the Company's common shares are outstanding. As of December 31, 2006, the Company had common capital stock of \$1,000,000 and paid in and contributed surplus of \$3,500,000.

#### B. Holding Company

The Company is a wholly owned subsidiary of Sentry Life Insurance Company ("SLIC"), a Wisconsin life insurance company. SLIC is in turn a wholly owned subsidiary of the Company's ultimate parent, Sentry Insurance A Mutual Company ("SIAMCO"), a property and casualty insurance company licensed in New York.

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 three 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 (Amended 11/17/97, 3/1/00 & 12/1/03)	04/01/91	Sentry Insurance a Mutual Company	Sentry Life Insurance Company of New York	Technology & Office Services, Business Services including claims, accounting, audit, actuarial, policy and office administrative services.	2004 \$(737,553) 2005 \$(650,749) 2006 \$(702,460)
Investment Management (Amended 5/7/99, 3/4/02, 2/10/03 & 12/26/06)	10/31/91	Sentry Investment Management, Inc.	Sentry Life Insurance Company of New York	Investment management services	2004 (11,256) 2005 (10,500) 2006 (10,416)
Principal Underwriter and Distribution Agreement	08/15/05	Sentry Equity Services, Inc.	Sentry Life Insurance Company of New York	Broker-Dealer for sale and maintenance of records, variable annuity contracts; distribution of variable annuity contracts.	2004 (1,099) 2005 (562) 2006 (408)

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

The Company has a consolidated federal tax allocation agreement in effect with its ultimate parent, SIAMCO.

Section 1505 of the New York Insurance Law states, in part:

"(a) Transactions within a holding company system to which a controlled insurer is a party shall be subject to the following:

- (1) the terms shall be fair and equitable;
- (2) charges or fees for services performed shall be reasonable; and
- (3) expenses incurred and payments received shall be allocated to the insurer on an equitable basis in conformity with customary insurance accounting practices consistently applied.

(b) The books, accounts and records of each party to all such transactions shall be so maintained as to clearly and accurately disclose the nature and details of the transactions including such accounting information as is necessary to support the reasonableness of the charges or fees to the respective parties . . ."

A review of the monthly billing statements provided in support of the charges incurred under the Administrative Agreement between the Company and SIAMCO included various salaries that were partially allocated to the Company. The salary line of Exhibit 2 of the Company's filed 2006 annual statements represents approximately 70% of allocated expenses. Of that amount, approximately 73% was allocated from SIAMCO under the heading "case credit – hired services – life". The allocated portion of the salary expense for "case credit – hired services – life" SIAMCO employees are based on time studies completed by each SIAMCO employee that performs functions for SLONY related business. The salary allocation from SIAMCO to SLONY is based on an hourly rate and an overhead factor of 1.846.

Similarly, the billing statements included a monthly allocated expense for the Company's estimated copy charges, plus time and materials for SIAMCO employees overseeing the Company's printing processes.

However, the monthly billing records failed to include any documentation supporting the calculation of the overhead factor used in the salary calculation or the bases for calculation of the monthly estimated copy charges.

The Company violated Section 1505(b) of the New York Insurance Law by failing to maintain records with sufficient detail to support the reasonableness of the charges or fees paid related to the overhead expense and copy charges under its Administrative Agreement with SIAMCO.

### C. Management

The Company's by-laws provide that the board of directors shall be comprised of nine directors; provided the number of directors will increase to not less than 13 within one year following the end of the calendar year in which admitted assets of the Company exceed one and one-half billion dollars. Directors are elected for a period of three years at the annual meeting of the stockholders held in May of each year. As of December 31, 2006, the board of directors consisted of nine members. Meetings of the board are held quarterly.

The nine 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>
Steven R. Boehike Stevens Point, WI	Retired Vice President Sentry Insurance A Mutual Company	1992
Dennis R. Cabrey* East Syracuse, NY	Dentist Self-employed	1998
James C. Clawson Stevens Point, WI	Executive Vice President Sentry Insurance A Mutual Company	2004
Paul A. Doxsee Stevens Point, WI	President and Chief Operating Officer Sentry Life Insurance Company of New York	2003
Larry R. Leatherman* Fayetteville, NY	Director of Operations Bristol Meyers Squibb Company	1995
William J. Lohr Stevens Point, WI	Treasurer Sentry Life Insurance Company of New York	1999
John D. Marshall* Liverpool, NY	Accountant Testone, Marshall & Discenza, LLP	1997
William M. O'Reilly Stevens Point, WI	Secretary Sentry Life Insurance Company of New York	1997
Dale R. Schuh Stevens Point, WI	Chairman of the Board, President and Chief Executive Officer Sentry Insurance A Mutual Company	1990

\* 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:

<u>Name</u>	<u>Title</u>
Paul A. Doxsee*	President and Chief Operating Officer
William M. O'Reilly	Secretary
William J. Lohr	Treasurer
David A. Derksen	Actuary

\* 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 three states, namely Minnesota, New York and North Dakota. In 2006, all accident and health premiums and annuity considerations and 84.9% of life premiums were received from New York. Policies were written on a non-participating basis through year-end 1996. In March of 1996, the Company received a permit pursuant to Section 4231(f) of the New York Insurance Law to issue participating whole life policies and contracts in New York and began issuing such policies in 1997. The Company currently writes both participating and non-participating whole life policies.

During the examination period, the Company primarily sold individual life insurance, group life and health insurance and group pension products. The individual life line includes whole life and term life insurance products. The group life and health line consists mainly of term life, dental, and indemnity insurance products. The group pension products consist of Separate Account variable annuity contracts used for the purpose of funding pension and/or profit sharing plans. In connection with the group annuity product (401k plans), the Company increased investment offerings to plan participants in 2006. With the plan additions, there are 27 investment options available to plan sponsors. The plan participants have a variety of investment

options available ranging from a money market account to aggressive stock funds, as well as a guaranteed interest fund.

Effective January 1999, the Company discontinued writing universal life insurance.

Effective January 2000, the Company exited the small group medical insurance market by non-renewing its remaining business starting with anniversary dates on or after January 1, 2000.

Effective December 1, 2004, the Company discontinued marketing its individual variable annuity products.

The Company's agency operations are conducted through a combination of salaried sales representatives and an independent general agency system.

#### E. Reinsurance

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

The maximum retention limit for individual life contracts is \$50,000. The total face amount of life insurance ceded, as of December 31, 2006, was \$26,792,187, which represents 26.6% of the total face amount of life insurance in force. Of the total face amount of life insurance reinsured, 83.3% is with SLIC, the Company's parent, an unauthorized insurer. Reserve credit taken for reinsurance ceded to unauthorized companies, totaling \$63,728, was partially supported by funds withheld and the establishment of a liability for reinsurance in unauthorized companies.

#### 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, <u>2003</u>	December 31, <u>2006</u>	Increase (Decrease)
Admitted assets	<u>\$42,787,072</u>	<u>\$52,066,927</u>	<u>\$9,279,855</u>
Liabilities	<u>\$36,254,455</u>	<u>\$44,659,165</u>	<u>\$8,404,710</u>
Common capital stock	\$ 1,000,000	\$ 1,000,000	\$ 0
Gross paid in and contributed surplus	3,500,000	3,500,000	0
Special reserve	3,099	3,378	279
Group contingency reserve	55,150	47,278	(7,872)
Unassigned funds (surplus)	<u>1,974,368</u>	<u>2,857,106</u>	<u>882,738</u>
Total capital and surplus	<u>\$ 6,532,617</u>	<u>\$ 7,407,762</u>	<u>\$ 875,145</u>
Total liabilities, capital and surplus	<u>\$42,787,072</u>	<u>\$52,066,926</u>	<u>\$9,279,854</u>

The increase in admitted assets and liabilities were mainly due to growth in the Company's group annuity (pension) separate accounts.

The Company's invested assets as of December 31, 2006, exclusive of separate accounts, were mainly comprised of bonds (91.1%) and contract loans (4.9%). The Company's total 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>2004</u>	<u>2005</u>	<u>2006</u>
Ordinary:			
Life insurance	\$646,030	\$ 626,978	\$680,910
Individual annuities	(95,959)	(56,870)	(91,858)
Supplementary contracts	<u>6,141</u>	<u>6,152</u>	<u>5,727</u>
Total ordinary	<u>\$556,212</u>	<u>\$ 576,260</u>	<u>\$594,779</u>
Group:			
Life	\$ 14,487	\$ 242,577	\$ 16,710
Annuities	<u>(80,624)</u>	<u>(55,601)</u>	<u>(50,460)</u>
Total group	<u>\$ (66,137)</u>	<u>\$ 186,976</u>	<u>\$ (33,750)</u>
Accident and health:			
Group	\$161,770	\$ 262,958	\$243,576
Other	<u>18,729</u>	<u>5,709</u>	<u>(5,421)</u>
Total accident and health	<u>\$180,499</u>	<u>\$ 268,667</u>	<u>\$238,155</u>
Total	<u>\$670,574</u>	<u>\$1,031,903</u>	<u>\$799,184</u>

## 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	\$25,738,418
Cash, cash equivalents and short term investments	1,081,154
Contract loans	1,377,251
Receivable for securities	48,910
Investment income due and accrued	446,965
Premiums and considerations:	
Uncollected premiums and agents' balances in the course of collection	34,115
Deferred premiums, agents' balances and installments booked but deferred and not yet due	103,802
Reinsurance:	
Amounts recoverable from reinsurers	5,200
Current federal and foreign income tax recoverable and interest thereon	59,597
Net deferred tax asset	18,780
Accounts receivable – other	4,057
Funds in transit	100,736
From Separate Accounts, Segregated Accounts and Protected Cell Accounts	<u>23,047,943</u>
 Total admitted assets	 <u>\$52,066,927</u>

Liabilities, Capital and Surplus

Aggregate reserve for life policies and contracts	\$20,981,739
Aggregate reserve for accident and health contracts	52,001
Contract claims:	
Life	47,860
Accident and health	39,123
Provision for policyholders' dividends and coupons payable in following calendar year – estimated amounts:	
Dividends not yet apportioned	60
Contract liabilities not included elsewhere:	
Surrender values on cancelled contracts	19
Commissions to agents due or accrued	14,913
General expenses due or accrued	9,586
Taxes, licenses and fees due or accrued, excluding federal income taxes	82,127
Amounts withheld or retained by company as agent or trustee	6,115
Remittances and items not allocated	86,729
Miscellaneous liabilities:	
Asset valuation reserve	73,572
Reinsurance in unauthorized companies	3,485
Funds held under reinsurance treaties with unauthorized reinsurers	100,000
Payable to parent, subsidiaries and affiliates	106,966
Escheat funds	7,095
Interest on policy funds	73
From Separate Accounts statement	<u>23,047,702</u>
 Total liabilities	 <u>\$44,659,165</u>
 Common capital stock	 \$ 1,000,000
Special Reserve	3,378
Gross paid in and contributed surplus	3,500,000
Group contingency reserve	47,278
Unassigned funds (surplus)	<u>2,857,106</u>
 Total capital and surplus	 <u>\$ 7,407,762</u>
 Total liabilities, capital and surplus	 <u>\$52,066,926</u>

B. CONDENSED SUMMARY OF OPERATIONS

	<u>2004</u>	<u>2005</u>	<u>2006</u>
Premiums and considerations	\$5,760,089	\$6,222,855	\$ 8,057,628
Investment income	1,965,276	1,877,152	1,888,183
Commissions and reserve adjustments on reinsurance ceded	4,794	4,760	6,847
Miscellaneous income	<u>257,920</u>	<u>276,975</u>	<u>336,050</u>
 Total income	 <u>\$7,988,079</u>	 <u>\$8,381,742</u>	 <u>\$10,288,708</u>
Benefit payments	\$3,520,817	\$8,349,039	\$ 4,872,271
Increase in reserves	(983,435)	(596,904)	1,058,794
Commissions	123,145	113,131	107,529
General expenses and taxes	1,005,658	821,773	857,402
Increase in loading on deferred and uncollected premium	(941)	(374)	487
Net transfers to (from) Separate Accounts	<u>3,350,535</u>	<u>(1,815,034)</u>	<u>2,155,295</u>
 Total deductions	 <u>\$7,015,779</u>	 <u>\$6,871,631</u>	 <u>\$ 9,051,779</u>
Net gain (loss)	\$ 972,300	\$1,510,111	\$ 1,236,929
Dividends	16	27	60
Federal and foreign income taxes incurred	<u>301,709</u>	<u>478,184</u>	<u>437,686</u>
Net gain (loss) from operations before net realized capital gains	\$ 670,575	\$1,031,900	\$ 799,183
Net realized capital gains (losses)	<u>20,151</u>	<u>2,347</u>	<u>(7,855)</u>
 Net income	 <u>\$ 690,726</u>	 <u>\$1,034,247</u>	 <u>\$ 791,327</u>

The steady increase in premiums and considerations during the examination period was a result of the Company's focus on developing sales through its direct writers, specifically with regard to its group annuities and group life. The largest increase in premiums has come from group annuities, with a 53% increase from 2004 to 2006. This line of business represented 79%, 77% and 86% of the Company's total premiums in 2004, 2005 and 2006, respectively.

The large fluctuation in benefit payments in 2005 as compared to 2004 and 2006 is a result of seven group annuity contract terminations in 2005, the largest of which received \$1.9 million in benefits.

The significant fluctuation in net transfers to (from) separate accounts in 2005 as compared to 2004 and 2006 is a result of the increased withdrawal activity for the group annuity accounts during the year.

C. CAPITAL AND SURPLUS ACCOUNT

	<u>2004</u>	<u>2005</u>	<u>2006</u>
Capital and surplus, December 31, prior year	\$ <u>6,532,617</u>	\$ <u>6,850,738</u>	\$ <u>7,264,159</u>
Net income	\$ 690,726	\$1,034,247	\$ 791,327
Change in net deferred income tax	(59,812)	(4,184)	(4,859)
Change in non-admitted assets and related items	54,060	(11,048)	3,073
Change in liability for reinsurance in unauthorized companies	136,917	0	(3,485)
Change in asset valuation reserve	(28,771)	(20,601)	(17,478)
Surplus (contributed to), withdrawn from Separate Accounts during period	0	(208)	0
Other changes in surplus in Separate Accounts statement	0	215	26
Dividends to stockholders	<u>(475,000)</u>	<u>(585,000)</u>	<u>(625,000)</u>
Net change in capital and surplus for the year	\$ <u>318,120</u>	\$ <u>413,421</u>	\$ <u>143,605</u>
Capital and surplus, December 31, current year	\$ <u>6,850,737</u>	\$ <u>7,264,159</u>	\$ <u>7,407,764</u>

## 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.

Section 3227 of the New York Insurance Law states in part the following:

“(a) Interest ... shall be payable by life insurers ... upon (1) the value of policies surrendered by policyholders for cash values, including the rollover of annuity funds to other entities ... (b) The interest calculated on amounts described in paragraph one ... of subsection (a) hereof shall be calculated from the date the documentation necessary to complete the transaction is received by the insurer and shall be payable if the funds are not mailed or delivered by the insurer within ten working days of said receipt. (c) No interest need be payable ... unless the amount of such interest is at least twenty-five dollars ...”

The examiner reviewed 30 surrendered annuity policy files, of which 5 required the Company to pay interest on the surrendered amount. In all 5 instances (100%) the Company

failed to pay interest on the surrendered policies as required by Section 3227 of the New York Insurance Law.

The Company violated Section 3227 of the New York Insurance Law by failing to pay interest on surrendered annuity policies.

The examiner recommends that the Company review all annuity policies that were surrendered between January 1, 2004 thru present and pay interest on those policies as required by Section 3227 of the New York Insurance Law.

## 7. PRIOR REPORT SUMMARY AND CONCLUSIONS

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

<u>Item</u>	<u>Description</u>
A	<p>The Company is in the process of drafting a service agreement that incorporates relevant provisions from both the Broker-Dealer agreement and the Underwriter agreement. When that agreement is finalized, it will be filed with the Department and the current Broker-Dealer and Underwriter agreements will be terminated.</p> <p>The Company terminated both the Broker-Dealer and Underwriter Agreements with Sentry Equity Services, Inc. on August 15, 2005. In its place, the Company entered into a Principal Underwriter and Distribution Agreement with Sentry Variable Account I and Sentry Equity Services, LLP on August 15, 2005. The Agreement was filed with the Department.</p>
B	<p>The Company violated Section 1411(a) of the New York Insurance Law by failing to have the board of directors authorize or approve each individual investment transaction.</p> <p>The Company's board of directors approved the investment report at its quarterly meetings. The investment report contained an investment transaction listing of each individual acquisition and disposition for the quarter.</p>
C	<p>The Company violated Section 3207(b) of the New York Insurance Law by issuing policies to juveniles for amounts of life insurance in excess of the limits allowed by such section.</p> <p>The Company did not issue any policies to juveniles during the examination period under review.</p>

<u>Item</u>	<u>Description</u>
D	<p>The examiner recommends that the Company establish and maintain an independent, adequately resourced, and competently staffed internal audit function to provide management and the audit 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.</p> <p>The Company utilized the internal audit department of its ultimate parent, SIAMCO. Certain audits performed by SIAMCO partially covered activities or operations relevant to the Company. The audits are relevant to the Company because they pertained to services which the Company purchases from SIAMCO and/or SLIC. Various officers and/or directors of the Company are provided with the audit reports at the time of release.</p>

## 8. SUMMARY AND CONCLUSIONS

Following are the violations contained in this report:

<u>Item</u>	<u>Description</u>	<u>Page No(s).</u>
A	The Company violated Section 1505(b) of the New York Insurance Law by failing to maintain records with sufficient detail to support the reasonableness of the charges or fees paid related to the overhead expense and copy charges under its Administrative Agreement with SIAMCO.	6
B	The Company violated Section 3227 of the New York Insurance Law by failing to pay interest on surrendered annuity policies.	17
C	The examiner recommends that the Company review all annuity policies that were surrendered between January 1, 2004 thru present and pay interest on those policies as required by Section 3227 of the New York Insurance Law.	17



APPOINTMENT NO. 22673

**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:

**VINCENT TARGIA**

*as a proper person to examine into the affairs of the*

**SENTRY LIFE INSURANCE COMPANY OF NEW YORK**

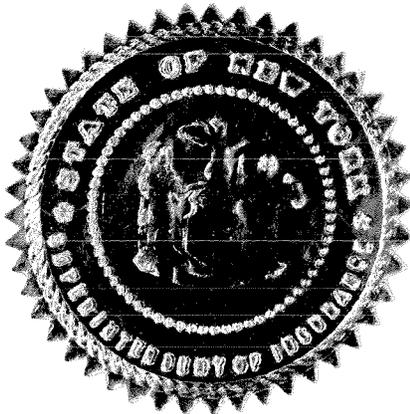
*and to make a report to me in writing of the condition of the said*

**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 31<sup>st</sup> day of July, 2007*



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

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

*Superintendent*