STATE OF NEW YORK INSURANCE DEPARTMENT

REPORT ON EXAMINATION

OF THE

FIRST AMERITAS LIFE INSURANCE CORP. OF NEW YORK

AS OF

DECEMBER 31, 1999

DATE OF REPORT:	MARCH 30, 2001
EXAMINER:	MARK MCLEOD

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

March 30, 2001

Honorable Gregory V. Serio
Superintendent of Insurance
Albany, New York 12257

Sir:

In accordance with instructions contained in Appointment No. 21628, dated October 4, 2000 and annexed hereto, an examination has been made into the condition and affairs of First Ameritas Life Insurance Corp. of New York, hereinafter referred to as "the Company," at its home office located at 400 Rella Boulevard, Suffern, NY 10901.

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, 1999 filed statement. (See item 5 of this report)

The Company violated Section 1505(d)(3) of the New York Insurance Law by failing to notify the superintendent before entering into the agreement with Veritas Corp. (See item 3B of this report)

This report contains a violation Section 2122 of the New York Insurance Law and several violations of Department Regulation No. 34 and No. 34-A relating to the content of advertisements solicited in this State. (See item 6A of this report)

2. SCOPE OF EXAMINATION

The prior examination was conducted as of December 31, 1996. This examination covers the period from January 1, 1997 through December 31, 1999. As necessary, the examiner reviewed transactions occurring subsequent to December 31, 1999 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, 1999 to determine whether the Company's filed 1999 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 violations 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

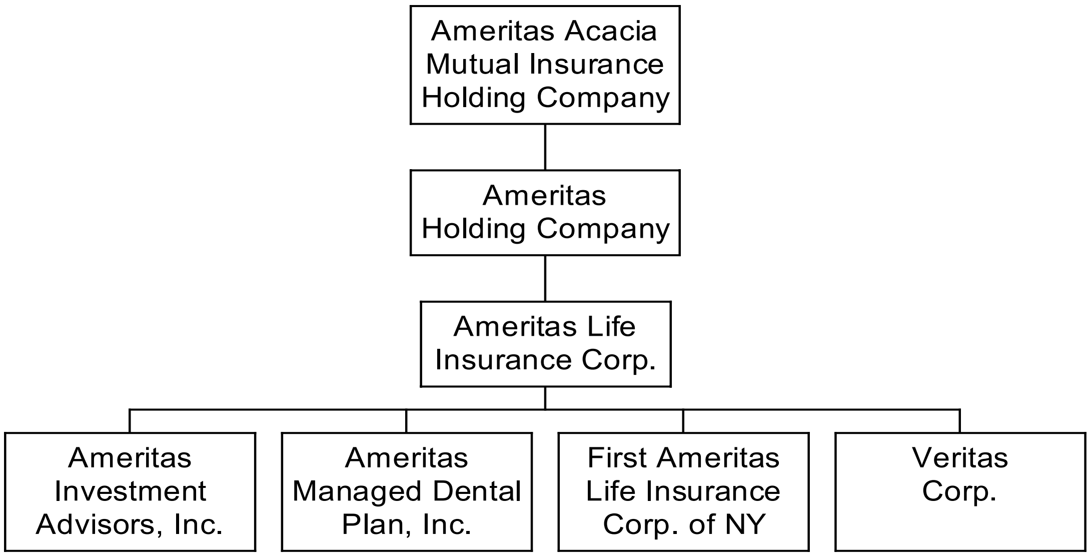
The Company was incorporated as a stock life insurance company under the laws of New York on April 1, 1993 under the name Great Ameritas Life Insurance Corp. The Company changed its name to First Ameritas Life Insurance Corp. of New York by an amendment and restatement of its charter on November 9, 1993. The Company was licensed and commenced business on May 17, 1994. Initial resources of $6,300,000 consisting of common capital stock of $2,000,000 and paid in and contributed surplus of $4,300,000, were provided through the sale of 2,000 shares of common stock (with a par value of $1,000 each) for $3,150 per share. In November 1994, paid in and contributed surplus increased as a result of a contribution of $500,000 from the Company's parent, Ameritas Life Insurance Corp. ("ALIC").

On January 1, 1997, Ameritas Bankers Assurance Company ("ABAC"), a domestic accident and health insurer, merged into the Company. ABAC was a direct wholly owned subsidiary of Bankers Life Nebraska Company. As a result of the merger, the Company's gross paid in and contributed surplus increased to $6,800,000.

B. Holding Company

The Company is a wholly owned subsidiary of ALIC, a Nebraska stock life insurance company. ALIC is a wholly owned subsidiary of Ameritas Holding Company ("AHC"), a Nebraska holding company. The ultimate parent of the Company is Ameritas Acacia Mutual Insurance Holding Company, a Nebraska holding company.

An organization chart reflecting the relationship between the Company and significant entities in its holding company system as of December 31, 1999 follows:



The Company has three filed and approved service agreements in effect as of December 31, 1999:

1. The Company has a service agreement with ALIC, by which ALIC provides services to the Company with respect to accounting, finance, administration, actuarial, law, underwriting, claims, and data processing.
2. The Company has an Investment Advisory Agreement with an affiliate, Ameritas Investment Advisors, Inc. ("AIA"), whereby AIA provides investment management services to the Company.
3. The Company has a federal tax allocation agreement with ALIC.

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

> "The following transactions between a domestic controlled insurer and any person in its holding company system may not be entered into unless the insurer has notified the superintendent in writing of its intention to enter into any such transaction at least thirty days prior thereto, or such shorter period as he may permit, and he has not disapproved it within such period . . .
> (2) reinsurance treaties or agreements;
> (3) rendering of services on a regular or systematic basis . . . "

In addition to the aforementioned agreements, the Company entered into various service agreements and a reinsurance agreement with its parent, Ameritas Life Insurance Corp., and received marketing services from an affiliate, Veritas Corp., none of which were filed with the Department. The agreements and services are as follows:

1. A marketing agreement between the Company, ALIC and Healthplan Services, Inc. with an effective date of January 1, 1998.
2. An amended and restated marketing and administrative agreement between the Company, ALIC and Healthplans Services, Inc., with an effective date of January 1, 1998.
3. An administrative agreement between the Company, ALIC, ReliaStar Life Insurance Company, and ReliaStar Bankers Security Life Insurance Company (which is now ReliaStar Life of New York), with an effective date of July 1, 1997.
4. A reinsurance agreement for group dental insurance benefits between Ameritas Life Insurance Corp., Ameritas Bankers Assurance Company (which merged with the Company on January 1, 1997), Reliance Standard Life Insurance Company and First Reliance Standard Life Insurance Company with an effective date of July 1, 1997.
5. A reinsurance agreement for group dental insurance benefits between Ameritas Life Insurance Corp., Ameritas Bankers Assurance Company (which merged with the Company on January 1, 1997), UNUM Life Insurance Company of America, and First Unum Life Insurance Company.
6. Veritas Corp., an affiliate, provides the Company with call center support and services on a regular basis. The Company's advertisements contain an "800" number that is answered by employees of Veritas Corp. There is no service agreement to cover the services provided by Veritas Corp.

The examiner recommends that the Company rewrite the agreements, referred to in items 1 through 5 above, so that each agreement includes only the Company and the vendor or third party.

The Company violated Section 1505(d)(3) of the New York Insurance Law by failing to notify the superintendent before entering into the agreement with Veritas Corp.

C. Management

The Company's by-laws provide that the board of directors shall be comprised of 13 directors. Directors are elected for a period of one year at the annual meeting of the stockholders held in March of each year. As of December 31, 1999, the board of directors consisted of 13 members. Meetings of the board are held quarterly.

The 13 board members and their principal business affiliation, as of December 31, 1999, were as follows:

Name and Residence	Principal Business Affiliation	Year First Elected
Lawrence J. Arth Lincoln, NE	Chairman of the Board and Chief Executive Officer Ameritas Life Insurance Corp.	1993
John P. Carsten * Albany, NY	Executive Director NYC Nurses Association	1993
Phyllis Carsten-Boyle Suffern, NY	Vice President – Group Operations First Ameritas Life Insurance Corp. of New York	1997
Robert J. Lanik * Lincoln, NE	President and Chief Executive Officer St. Elizabeth Community Health Center	1993
Kenneth C. Louis Lincoln, NE	President and Chief Executive Officer Ameritas Life Insurance Corp.	1993
JoAnn M. Martin Lincoln, NE	Vice President and Controller First Ameritas Life Insurance Corp. of New York	1993
David C. Moore Lincoln, NE	Vice President First Ameritas Life Insurance Corp. of New York	1993
David J. Myers * Lincoln, NE	Assistant to Superintendent Lincoln Public Schools	1993

Name and Residence	Principal Business Affiliation	Year First Elected
James F. Nissen * Lincoln, NE	Executive Vice President Wells Fargo Nebraska, N.A.	1993
Tonn M. Ostergard * Suffern, NY	President Crete Carrier Corporation	1993
James E. Rembolt * Suffern, NY	Partner Rembolt, Ludtke, Parker & Berger	1993
Donald R. Stading Lincoln, NE	Vice President, Secretary and General Counsel First Ameritas Life Insurance Corp. of New York	1999
Edmund G. Sullivan * Syracuse, NY	Senior Vice President – Corporate Development Unity Mutual Life Insurance Company	1997

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

In March 2000, Donald Stading resigned from the board and was replaced by Mitchell F. Politzer.

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, 1999:

Name	Title
Mitchell F. Politzer	President and Chief Executive Officer
William W. Lester	Treasurer
Phyllis Carsten-Boyle *	Vice President – Group Operations
Donald Reiser	Vice President – Individual Operations
Thomas D. Higley	Vice President
Kenneth R. Jones, Jr.	Vice President – Corporate Compliance and Assistant Secretary
David C. Moore	Vice President
Donald R. Stading	Vice President, Secretary and General Counsel
JoAnn M. Martin	Vice President and Controller

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

In July 2000, Raymond M. Gilbertson replaced Kenneth R. Jones, Jr. as Vice President of Corporate Compliance.

Section 1202(b)(1) of the New York Insurance Law states, in part:

> " . . . not less than one-third of the directors of a domestic stock life insurance company and not less than one-third of the members of each committee of the board of directors of a domestic life insurance company shall be persons who are not officers or employees of such company or of any entity controlling, controlled by, or under common control with such company and who are not beneficial owners of a controlling interest in the voting stock of such company or any such entity . . . "

The Executive committee has four members, of which only one is unaffiliated. The Finance committee has four members, of which only one is unaffiliated.

The Company violated Section 1202(b)(1) of the New York Insurance Law by having two committees of the board of directors that did not have at least one-third of the total members of the committees that were unaffiliated members.

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 only New York State. In 1999, 91% of individual life premiums and 100% of group accident and health premiums were received from New York. Policies are written on a non-participating basis. The Company markets individual whole life insurance, universal life insurance, term insurance and group dental insurance. Group dental insurance premiums comprise almost 95% of the Company's total premiums.

The Company does not use a captive agency force for the sale of its life insurance products and does not pay commissions on its life insurance products. The Company's life insurance products are sold: 1) directly to the consumer through call centers; 2) through marketing centers and fee producers; and 3) through fee adviser referrals. Of total life insurance sold, 65% is sold directly to the consumer through call centers, 22% is sold through marketing centers and fee producers, and 13% is sold through fee adviser referrals.

Through the direct distribution channel, potential policyholders contact the call center from the "800" number found in the Company's advertisements. Potential policyholders are connected to an account representative at Veritas Corp., a wholly-owned subsidiary of ALIC. The account representatives are salaried employees of ALIC who do not receive compensation dependent on sales. The account representatives that process New York applications are licensed and appointed with the Company.

The marketing centers and fee producers identify, develop, and solicit new markets for the Company's life insurance products. Compensation is payable to the marketing centers, which are licensed and appointed with the Company. Fee producers are appointed under a marketing center or directly with the Company. Fee producers do not receive any compensation from the Company or from the marketing centers, they are compensated by the client.

The third distribution channel is the fee adviser referrals. Potential policyholders are referred to the Company by fee advisers, such as CPA's, lawyers, etc. The fee advisers are not licensed and do not receive compensation from the Company. The fee advisers receive compensation from their clients under a fee agreement for the professional services provided (e.g., accounting, tax planning, legal, etc). Applications are written by home office employees who are licensed agents.

The Company's group health insurance products are sold through licensed agents and brokers.

E. Reinsurance

As of December 31, 1999, the Company had reinsurance treaties in effect with two companies, both of which were authorized or accredited. The Company's life and accident and health insurance are reinsured on a yearly renewable term basis. Reinsurance is provided on an automatic basis.

The maximum retention limit for individual life contracts is $100,000. The total face amount of life insurance ceded as of December 31, 1999, was $33,986,435, which represents 25% 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 during the period under review:

	December 31, 1996	December 31, 1999	Increase
Admitted assets	$7,569,150	$17,089,691	$9,520,541
Liabilities	$ 953,945	$ 3,887,979	$2,934,034
Common capital stock	$2,000,000	$ 2,000,000	$ 0
Gross paid in and contributed surplus	4,800,000	6,800,000	2,000,000
Unassigned funds (surplus)	(184,795)	4,401,712	4,586,507
Total capital and surplus	$6,615,205	$13,201,712	$6,586,507
Total liabilities, capital and surplus	$7,569,150	$17,089,691	$9,520,541

The Company's invested assets as of December 31, 1999 were mainly comprised of cash and short term investments (62%) and bonds (35%).

The Company's entire bond portfolio as of December 31, 1999 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:

	1997	1998	1999
Ordinary life insurance	$ 34,023	$ 51,589	$ (158,508)
Group accident and health	$432,652	$ 941,737	$1,206,941
All other lines	$ 59,244	$ 87,635	$ 82,934
Total	$525,919	$1,080,961	$1,131,367

All other lines represents claims services the Company provides for Seagrams Inc., an unaffiliated company.

The Company incurred a loss in the ordinary life line in 1999 due to the increase in surrenders, an increase in salary expenses, and the Company's first reported death claim.

The following ratios, applicable to the accident and health business of the Company, have been extracted from Schedule H for each of the indicated years:

	1997	1998	1999
Premiums earned	100.0%	100.0%	100.0%
Incurred losses	71.1%	64.7%	61.6%
Commissions	4.4	6.5	6.6
Expenses	18.7	18.9	17.7
	94.2%	90.1%	85.9%
Underwriting results	5.8%	9.9%	14.1%

5. FINANCIAL STATEMENTS

The following statements show the assets, liabilities, capital, surplus and other funds as of December 31, 1999, as contained in the Company's 1999 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, 1999 filed statement.

A. ASSETS, LIABILITIES, CAPITAL, SURPLUS AND OTHER FUNDS AS OF DECEMBER 31, 1999

Admitted Assets

Bonds	$ 5,954,700
Mortgage loans	
First liens	374,154
Policy loans	61,113
Cash and short term investments	10,260,725
Reinsurance ceded	
Amounts recoverable from reinsurers	17,260
Life insurance premiums and annuity considerations deferred and uncollected on in force business	59,811
Accident and health premiums due and unpaid	232,636
Investment income due and accrued	129,292
Total admitted assets	$17,089,691

Liabilities, Capital, Surplus and Other Funds

Aggregate reserve for life policies and contracts	$ 2,096,231
Policy and contract claims	
Accident and health	1,222,434
Premiums and annuity considerations received in advance	74,802
Commissions to agents due or accrued	11,042
General expenses due or accrued	101,120
Taxes, licenses and fees due or accrued	60,000
Federal income taxes due or accrued	33,184
Amounts withheld or retained by company as agent or trustee	3,753
Amounts held for agents' account	19,247
Remittances and items not allocated	113,809
Miscellaneous liabilities:	
Asset valuation reserve	20,101
Payable to parent, subsidiaries and affiliates	132,256
Total liabilities	$ 3,887,979
Common capital stock	$ 2,000,000
Gross paid in and contributed surplus	6,800,000
Unassigned funds (surplus)	4,401,712
Total capital, surplus and other funds	$13,201,712
Total liabilities, capital, surplus and other funds	$17,089,691

B. CONDENSED SUMMARY OF OPERATIONS

	1997	1998	1999
Premiums and considerations	$7,918,647	$11,358,684	$10,980,992
Investment income	781,750	864,250	875,890
Commissions and reserve adjustments on reinsurance ceded	39,711	48,990	48,017
Miscellaneous income	183,624	243,534	348,203
Total income	$8,923,731	$12,515,457	$12,253,102
Benefit payments	$5,357,231	$7,164,618	$6,628,193
Increase in reserves	408,899	348,298	415,796
Commissions	331,577	716,644	692,954
General expenses and taxes	1,945,673	2,521,592	2,730,722
Increase in loading and cost of collection	(3,573)	1,437	(202)
Total deductions	$8,039,808	$10,752,589	$10,467,463
Net gain	$ 883,924	$ 1,762,868	$ 1,785,639
Federal income taxes	358,005	681,909	654,272
Net income	$ 525,919	$ 1,080,959	$ 1,131,367

C. CAPITAL AND SURPLUS ACCOUNT

	1997	1998	1999
Capital and surplus, December 31, prior year	$10,367,494	$10,938,834	$12,041,021
Net income	$ 525,919	$ 1,080,959	$ 1,131,367
Change in nonadmitted assets and related items	47,159	28,553	36,458
Change in asset valuation reserve	(1,738)	(7,325)	(7,134)
Net change in capital and surplus	$ 571,340	$ 1,102,186	$ 1,160,691
Capital and surplus, December 31, current year	$10,938,834	$12,041,021	$13,201,712

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 all 23 of the advertisements contained in the Company’s advertising files and the sales activities of the agency force including trade practices, solicitation and the replacement of insurance policies.

1. Section 2122(a)(2) of the New York Insurance Law states:

> “No insurance agent, insurance broker or other person, shall, by any advertisement or public announcement in this state, call attention to any unauthorized insurer or insurers.”

Three of the Company’s advertisements call attention to its parent, Ameritas Life Insurance Corp., an unauthorized insurer.

The Company violated Section 2122(a)(2) of the New York Insurance Law by calling attention to an unauthorized insurer in three of its insurance advertisements.

2. Section 215.6(a)(3) of Department Regulation No. 34 states:

> “No advertisement shall contain any description of a policy limitation, exception, or reduction, worded in a positive manner to imply that it is a benefit, such as, describing a waiting period as a "benefit builder," or stating "even preexisting conditions are covered after two years." Words and phrases used in an advertisement to describe such policy limitations, exceptions and reductions shall fairly and accurately describe the negative features of such limitations, exceptions and reductions of the policy offered.”

One of the Company’s advertisements (AD035-NY-Blank) described health insurance exclusions with the following statement: “By limiting or excluding seldom-used procedures, premiums better reflect the kind of coverage insureds typically use.” Two other advertisements (GR221 Rev. 2-99 and GR221 Rev. 12-99) described health insurance exclusions with this statement: “Those procedures that are seldom (if ever) used are excluded, so employer groups won’t be paying extra for services they’re not likely to use.”

The Company violated Section 215.6(a)(3) of Department Regulation No. 34 by describing a policy limitation or exception in a positive manner in three health advertisements.

3. Section 215.13(a) of Department Regulation No. 34 states, in part:

> “The name of the actual insurer and the form number or numbers advertised shall be identified and made clear in all of its advertisements. . . . ”

Five advertisements did not include the form number(s) of the policy advertised. In addition, one of the five advertisements listed the names of Ameritas Life Insurance Corp., the Company’s parent, and Ameritas Managed Dental Plan, Inc., an affiliate, but did not include the name of the Company.

In another health advertisement the name of the Company’s parent, Ameritas Life Insurance Corp was listed, however the name of the Company was not.

The Company violated Section 215.13(a) of Department Regulation No. 34 by failing to list the name of the Company who is the actual insurer or the number of the policy form offered by the Company in several health advertisements.

4. Section 219.4(a)(1) of Department Regulation No. 34-A states, in part:

> “Advertisements shall be truthful and not misleading in fact or in implication. The format and content of an advertisement of a life insurance policy or annuity contract shall be sufficiently complete and clear so that it is neither misleading nor deceptive, nor has the capacity or tendency to mislead or deceive. . . . ”

One of the Company’s advertisements indicates that the premiums for its term life insurance policies are level for 10 or 20 years, but fails to indicate that premiums are only guaranteed for five years.

The Company violated Section 219.4(a)(1) of Department Regulation No. 34-A by using one advertisement for term life policies that was misleading.

5. Section 219.4(x) of Department Regulation No. 34-A states:

> "An advertisement shall not emphasize investment or tax features and omit or minimize insurance features."

An advertisement referred to universal life insurance as being similar to having an interest-bearing, tax-deferred account with life insurance benefits attached.

The Company violated Section 219.4(x) of Department Regulation No. 34-A by emphasizing the investment and tax features of its universal life polices and minimizing the insurance features of the policy.

B. Underwriting and Policy Forms

The examiner reviewed a sample of new underwriting files, both issued and declined, and the applicable policy forms.

The Company's Schedule of Benefits and Table of Dental Procedures used in the Company's group health policies contain deviations from the policy forms filed and approved by the superintendent. Although the Company filed Optional and Variable information along with the policy forms, the Schedule of Benefits and Table of Dental Procedures were not bracketed to indicate that this text could be modified.

The examiner recommends that the Company review all its group health policy forms that include variable text and re-file these policy forms with the variable text in brackets as required.

C. Treatment of Policyholders

The examiner reviewed a sample of various types of claims, surrenders, changes and lapses. The examiner also reviewed the various controls involved, checked the accuracy of the computations and traced the accounting data to the books of account.

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

7. PRIOR REPORT SUMMARY AND CONCLUSIONS

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

Item	Description
A	The Company violated Section 1202(b)(2) of the New York Insurance Law by not having its audit and compensation committee fulfill certain required duties. A review indicated that the audit and compensation committee of the Company fufilled all of its required duties.
B	The Company violated Section 1202(b)(2) of the New York Insurance Law by paying a bonus to a principal officer which was not in accordance with a plan recommended by a committee of the board and approved by the board of directors. A review indicated all bonuses are paid in accordance with the plan recommended by the audit and compensation committee and approved by the board of directors.
C	The Company violated Section 4211(a) of the New York Insurance Law by failing to file a notice of election with the Department at least ten days before the day of the election of directors. The Company now files its notice of election with the Department ten days before the election of directors.
D	The Company violated Section 4211(b) of the New York Insurance Law by electing a successor to the board of directors without filing a written notice of the election with the Department. The Company now files its notices of election of successors to the board of directors with the Department
E	The Company violated Section 325(a) of the New York Insurance Law by failing to maintain its audit and compensation committee's minutes and general ledger at its principal office in New York. The Company now maintains the minutes of the audit and compensation committee and its general ledger at its principal office in Suffern, New York.

Item	Description
F	The Company violated Section 219.4(p) of Department Regulation No. 34-A by using the name of its parent company in advertisements creating the impression that its parent would have responsibility for the financial obligation under the Company's policies. The Company corrected these advertisements. This report contains a violation of Section 2122(a)(2) of the New York Insurance Law for calling attention to its parent, an unlicensed insurer.
G	The Company violated Section 3201(b)(1) of the New York Insurance Law by using its parent's policy forms which were not approved by the Department. A review of policy forms revealed that the policy forms used by the Company have been approved by the Department.
H	The Company violated Section 2611(a) of the New York Insurance Law by requesting or requiring applicants to be subject to an HIV related test without receiving the written informed consent of such applicants prior to such testing and without providing general information about AIDS and the transmission of HIV infection. A review indicated that the Company regularly requires the written informed consent of the applicants prior to testing.

8. SUMMARY AND CONCLUSIONS

Following are the violations and the recommendation contained in this report:

Item	Description	Page No(s).
A	The examiner recommends that the Company rewrite the agreements so that each agreement includes only the Company and the vendor or third party.	6 – 7
B	The Company violated Section 1505(d)(3) of the New York Insurance Law by failing to notify the superintendent before entering into the agreement with Veritas Corp.	6 – 7
C	The Company violated Section 1202(b)(1) of the New York Insurance Law by having two committees of the board of directors without the minimum number of unaffiliated members.	9
D	The Company violated Section 2122(a)(2) of the New York Insurance Law by calling attention to an unauthorized insurer in three of its advertisements.	16
E	The Company violated Section 215.6(a)(3) of Department Regulation No. 34 by describing a policy limitation or exception in a positive manner in three health advertisements.	16 - 17
F	The Company violated Section 215.13(a) of Department Regulation No. 34 by failing to list the name of the Company or the policy form number in several health advertisements.	17
G	The Company violated Section 219.4(a) of Department Regulation No. 34-A by using three advertisements for term life policies that were misleading.	17
H	The Company violated Section 219.4(x) of Department Regulation No. 34-A by emphasizing the investment and tax features of its universal life policy and minimizing the insurance features of the policy.	18
I	The examiner recommends that the Company review all its group health policy forms that include variable text and re-file these policy forms with the variable text in brackets.	18

Respectfully submitted,

____
Mark McLeod
Senior Insurance Examiner

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

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

____
Mark McLeod

Subscribed and sworn to before me

this__________ day of ____________________2001.

APPOINTMENT NO. 21628

STATE OF NEW YORK

INSURANCE DEPARTMENT

I, NEIL D. LEVIN , Superintendent of Insurance of the State of New York, pursuant to the provisions of the Insurance Law, do hereby appoint:

MARK McLEOD

as a proper person to examine into the affairs of the

FIRST AMERITAS LIFE INSURANCE CORP. 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 4th day of October, 2000

NEIL D. LEVIN
Superintendent of Insurance

*by **GREGORY V. SERIO***
First Deputy Superintendent