STATE OF NEW YORK INSURANCE DEPARTMENT

REPORT ON EXAMINATION

OF THE

FIRST AMERITAS LIFE INSURANCE CORP. OF NEW YORK

CONDITION: DECEMBER 31, 2006

DATE OF REPORT: AUGUST 3, 2007

STATE OF NEW YORK INSURANCE DEPARTMENT

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AS OF

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EXAMINER: WILLIAM M. TARDOGNO

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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

August 3, 2007

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

Sir:

In accordance with instructions contained in Appointment No. 22556, dated October 30, 2006 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, Suite 304, 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, 2006 filed annual statement. (See item 5 of this report)

The examiner's review of the Company's market conduct activities did not reveal significant instances which deviated from the New York Insurance Law, Department regulations and circular letters and the operating rules of the Company. (See item 6 of this report)

2. SCOPE OF EXAMINATION

The prior examination was conducted as of December 31, 2002. This examination covers the period from January 1, 2003 through December 31, 2006. As necessary, the examiner reviewed transactions occurring subsequent to December 31, 2006 but prior to the date of this report (i.e., the completion date of the examination).

The examination comprised a verification of assets and liabilities as of December 31, 2006 to determine whether the Company's 2006 filed annual statement fairly presents its financial condition. The examiner reviewed the Company's income and disbursements necessary to accomplish such verification and utilized the National Association of Insurance Commissioners' Examiners Handbook or such other examination procedures, as deemed appropriate, in such review and in the review or audit of the following matters:

Company history
Management and control
Corporate records
Fidelity bond and other insurance
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 and recommendations 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. and was 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 changed its name to First Ameritas Life Insurance Corp. of New York ("FALIC") 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.

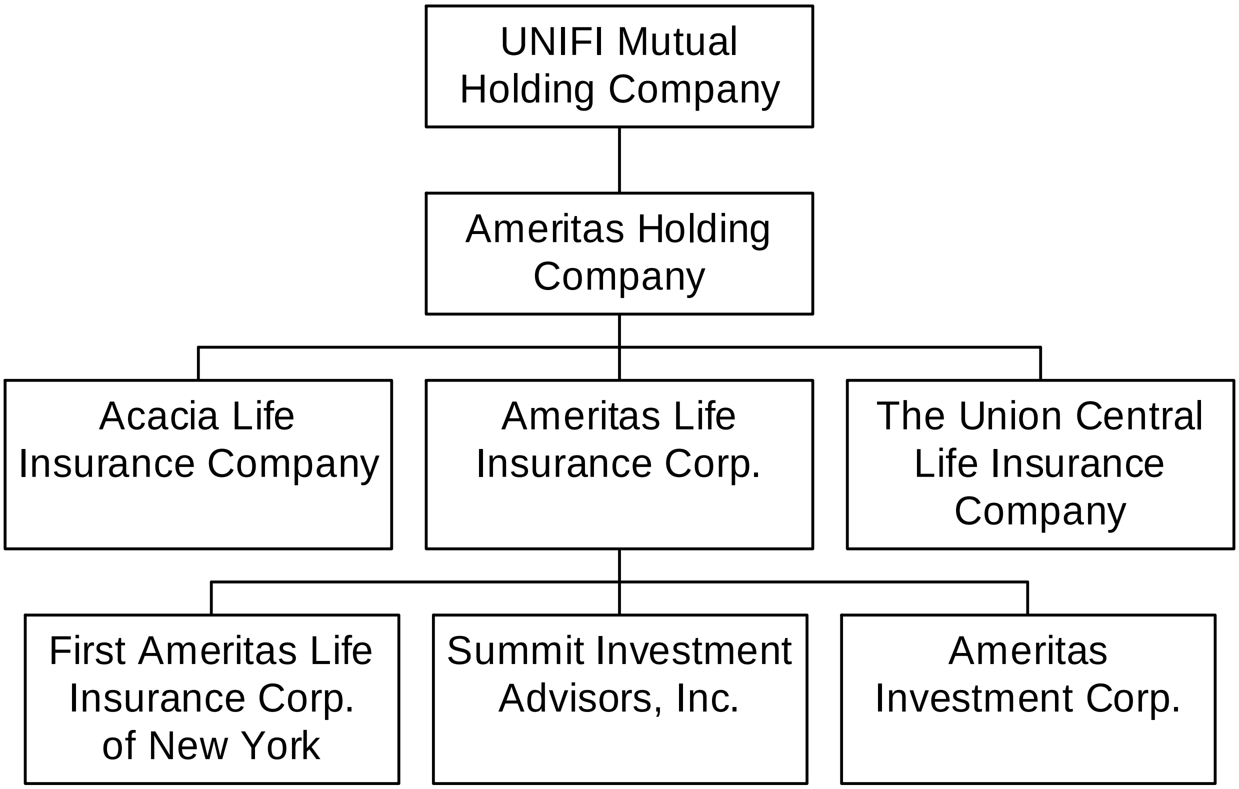
On January 7, 1997 Ameritas Bankers Assurance Company ("ABAC"), a domestic accident and health insurer, merged into the Company, with the Company being the survivor. Prior to the merger ABAC was a direct wholly owned subsidiary of Bankers Life Nebraska Company. As a result of the merger, the Company's gross paid in and contributed surplus increased to $6,800,000. As of December 31, 2006, the Company's capital and paid in contributed surplus totaled $2,000,000 and $6,800,000 respectively.

On January 1, 2006 Ameritas Acacia Mutual Insurance Holding Company, the ultimate parent of FALIC, merged with Union Central Mutual Holding Company ("UCMH"), at the holding company level to form the UNIFI Mutual Holding Company ("UNIFI"). As a result of this merger, the Union Central Life Insurance Company ("Union Central"), an Ohio stock life insurance company became an affiliate of the Company.

B. Holding Company

First Ameritas Life Insurance Corp. of New York is a domestic stock life insurer. The Company is a wholly owned subsidiary of Ameritas Life Insurance Corp. ("ALIC"), a Nebraska stock life insurance company. ALIC is in turn a wholly owned subsidiary of Ameritas Holding Company, a Nebraska mutual holding company. The ultimate parent of the Company is UNIFI Mutual 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, 2006 follows:



The Company had six service agreements in effect with affiliates during the examination period.

Type of Agreement and Dept. File No.	Effective Date	Provider(s) of Service(s)	Recipient(s) of Service(s)	Specific Service(s) Covered	Income/ (Expense)* For Each Year of the Examination	
Investment Advisory Agreement 21387	4/22/94	Ameritas Investment Advisors, Inc.	The Company	Investment of assets	2003 2004 2005 2006	$ (87,985) $ (7,936) $ (73,658) $ (66,491)
Shared Personnel Agreement 29057	9/30/00	The Company	Ameritas Holding Co.	President of the Company devotes time to AHC projects and activities	2003 2004 2005 2006	$ 335,379 $ 361,700 $ 304,920 $ 310,740
Administrative Services Agreement 29185	1/1/01	Ameritas Life Insurance Corp. ("ALIC")	The Company	Administrative advertising, underwriting, policy issue, premium processing, customer service, claims, agents license information, management support	2003 2004 2005 2006	$(1,881,079) $(1,855,596) $(1,934,294) $(1,822,785)
Underwriting Agreement	1/1/01	Ameritas Investment Corp. ("AIC")	The Company	Distribution and underwriting	2003 2004 2005 2006	$ (76,000) 0 0 0
Administrative Services Agreement 34778	3/1/06	Union Central	The Company	Administrative, advertising, underwriting, policy issue, customer service, claims, agent licensing information, management support	2003 2004 2005 2006	N/A N/A N/A $ (128,681)
Marketing Services Agreement 34889	3/1/06	Union Central	The Company	Marketing support services	2003 2004 2005 2006	N/A N/A N/A $ (118,460)

* Amount of income or (expense) incurred by the Company

During the examination period, the Underwriting Agreement with AIC was in effect. However, from the year 2004 through the present, the services listed under such agreement were actually provided to the Company by ALIC through the Administrative Services Agreement effectuated January 1, 2001. Accordingly, the Company has not remitted payments to AIC since 2003.

It is noted that the Company's agreement with AIC has been dormant for more than three years. The Company has requested that the agreement stay in place through 2010 in case there is a need for the agreement. If the agreement remains dormant the Company will formally withdraw the agreement at the end of 2010.

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

C. Management

The Company's by-laws provide that the board of directors shall be comprised of 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, 2006, 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, 2006, were as follows:

Name and Residence	Principal Business Affiliation	Year First Elected
Lawrence J. Arth Lincoln, NE	Director, Chairman and Chief Executive Officer UNIFI Mutual Holding Company Ameritas Holding Company	1993
John P. Carsten* Albany, NY	Executive Director New York State Nurses Association Pension and Benefits Fund	1993
Phyllis J. Carsten-Boyle Suffern, NY	Vice President – Group Operations First Ameritas Life Insurance Corp. of New York	1993
Arnold D. Henkel Lincoln, NE	Senior Vice President - Individual Distribution First Ameritas Life Insurance Corp. of New York Ameritas Life Insurance Corp.	2005

Name and Residence	Principal Business Affiliation	Year First Elected
Robert G. Lange Lincoln, NE	Vice President, General Counsel and Assistant Secretary Ameritas Life Insurance Corp.	2005
Robert J. Lanik* Lincoln, NE	President and Chief Executive Officer St. Elizabeth Regional Medical Center	1993
JoAnn M. Martin Lincoln, NE	President and Chief Executive Officer Ameritas Life Insurance Corp.	2000
David J. Myers* Lincoln, NE	Assistant to Superintendent for General Administration and Communication Lincoln Public Schools	1993
Mitchell F. Politzer Suffern, NY	President and Chief Executive Officer First Ameritas Life Insurance Corp. of New York	2000
James E. Rembolt, Esquire* Lincoln, NE	Attorney Rembolt Ludtke, LLP	1993
Kim M. Robak* Lincoln, NE	Ruth Mueller Robak, LLC	2002
Edmund O. Sullivan* Fayetteville, NY	Retired	1997
Kenneth L. VanCleave Lincoln, NE	Vice President First Ameritas Life Insurance Corp. of New York Senior Vice President – Group Division Ameritas Life Insurance Corp.	2002

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

The examiner’s review of the minutes of the meetings of the board of directors and its committees indicated that meetings were well attended and that each director attended a majority of meetings.

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

Name	Title
Mitchell F. Politzer	President and Chief Executive Officer
William W. Lester	Senior Vice President and Treasurer
Robert C. Barth	Senior Vice President, Controller and Chief Accounting Officer
Arnold D. Henkel	Senior Vice President, Individual Distribution
Dale D. Johnson	Senior Vice President and Corporate Actuary
Robert Sands	Senior Vice President
Steven J. Valerius	Senior Vice President
Kenneth L. Van Cleave	Vice President
Phyllis J. Carsten-Boyle	Vice President – Group Operations
Raymond M. Gilbertson*	Vice President – Corporate Compliance
David A. Glazer	Vice President, Individual Sales Development
Kristal E. Hambrick	Vice President and Actuary
Thomas D. Higley	Vice President and Financial Actuary
Robert G. Lange	Vice President, Assistant Secretary and General Counsel
Raymond T. Picone	Vice President
Susan K. Wilkinson	Vice President, Planning
Russel J. Wiltgen	Vice President

* 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 New York only. In 2006, 99.59% of life and accident and health premiums were received from New York. Policies are written on a non-participating basis.

The Company primarily markets group dental and vision insurance plans through licensed agents and brokers. In addition it markets low-load universal life, term and variable life policies, and fixed and variable annuities. The Company also offered a new whole life product during the examination period.

The Company uses the captive agency force of its affiliate Union Central for the sale of its whole life insurance products. In 2002 the Company sold fee for service life insurance products but did not pay commissions on such life insurance products. The Company's life insurance products are sold as follows: 1) directly to the consumer through call centers; 2) through marketing centers and fee producers; or 3) through fee adviser referrals. Each sales channel is described below.

Direct Sales/Call Centers

Potential policyholders contact a call center from the "800" number published in the Company's advertisements. Potential policyholders are connected to an account representative at ALIC. Account representatives are salaried employees of ALIC. The account representatives that process New York applications are licensed and appointed with the Company.

Marketing Centers and Fee Producers

The Marketing Centers identify, develop, and solicit new markets for the Company's life insurance products. Each marketing center is licensed and appointed with the Company either as an agent or as a corporate general agency. Individuals are licensed and appointed under the marketing center as fee producers, via a fee producer contract. The Company pays compensation to the marketing center only. Fee producers receive compensation from the marketing center.

Fee Adviser Referrals

Fee advisers, such as CPAs, lawyers, etc., refer potential policyholders to the Company. Fee advisers are not licensed by and do not receive compensation from the Company. They receive compensation from their clients under a fee agreement for the professional services provided (e.g., accounting, tax planning, legal, etc.). Home office employees who are licensed agents write the applications.

The Company discontinued sales of variable life and annuity products effective July 26, 2004. The Company continues to maintain the in-force block of these variable contracts under the terms of the administrative agreement with ALIC. Under the terms of the approved selling agreement, AIC provides all services relating to the issuance of variable annuities, including the training of agents with respect to the Company's products. Although the agents are licensed by the Company, they are compensated by AIC. The Company reimburses expenses to AIC in accordance with the terms of the selling agreement.

E. Reinsurance

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

The maximum retention limit for individual life contracts is $100,000. The total face amount of life insurance ceded as of December 31, 2006, was $263,403,080, which represents 77% of the total face amount of life insurance in force. Reserve credit was not taken for reinsurance ceded to unauthorized companies.

In 2006, the Company ceded approximately $134,000 in accident and health premiums to one authorized reinsurer pursuant to a treaty effectuated in 1995.

As of December 31, 2006, the Company assumed accident and health insurance from two insurers. The Company received approximately $1,000,000 in premiums under these reinsurance contracts.

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, 2002	December 31, 2006	Increase (Decrease)
Admitted assets	$36,309,599	$35,519,884	$ (789,715)
Liabilities	$20,799,030	$15,608,054	$(5,190,976)
Common capital stock	$ 2,000,000	$ 2,000,000	$ 0
Gross paid in and contributed surplus	6,800,000	6,800,000	0
Unassigned funds (surplus)	6,710,569	11,111,830	4,401,261
Total capital and surplus	$15,510,569	$19,911,830	$ 4,401,261
Total liabilities, capital and surplus	$36,309,599	$35,519,884	$ (789,715)

The Company's invested assets as of December 31, 2006, exclusive of separate accounts, were mainly comprised of bonds (89.9%), and cash and short-term investments (9.0%).

The Company's entire bond portfolio, as of December 31, 2006, was comprised of investment grade obligations.

The following has been extracted from the Exhibits of Accident and Health Insurance in the filed annual statements for each of the years under review:

Group

	2003	2004	2005	2006
Outstanding, end of previous year	208	204	183	180
Issued during the year	16	5	17	13
Other net changes during the year	(20)	(26)	(20)	(23)
Outstanding, end of current year	204	183	180	170

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
Ordinary:				
Life insurance	$ (626,145)	$ (412,806)	$ (552,883)	$(1,027,986)
Individual annuities	(400,218)	12,281	14,503	2,976
Supplementary contracts	0	0	0	8,583
Total ordinary	$(1,026,363)	$ (400,525)	$ (538,380)	$(1,016,427)
Accident and health:				
Group	$ 1,400,275	$1,166,849	$1,441,976	$ 1,420,549
Total accident and health	$ 1,400,275	$1,166,849	$1,441,976	$ 1,420,549
All other lines	$ 0	$ 0	$ 0	$ 323,681
Total	$ 373,912	$ 766,324	$ 903,596	$ 727,803

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:

	2003	2004	2005	2006
Premiums earned	100.0%	100.0%	100.0%	100.0%
Incurred losses	74.3%	74.9%	74.2%	72.9%
Commissions	4.9	6.1	4.8	5.0
Expenses	13.7	13.2	13.6	13.6
	92.9%	94.2%	92.6%	91.5%
Underwriting results	7.1%	5.8%	7.4%	8.5%

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	$29,619,912
Mortgage loans on real estate	
First liens	95,517
Cash, cash equivalents and short term investments	2,979,509
Contract loans	270,522
Investment income due and accrued	428,506
Premiums and considerations:	
Uncollected premiums and agents' balances in the course of collection	1,188,801
Deferred premiums, agents' balances and installments booked but deferred and not yet due	124,598
Reinsurance:	
Amounts recoverable from reinsurers	6,932
Other amounts receivable under reinsurance contracts	3,540
Amounts receivable relating to uninsured plans	17,367
Net deferred tax asset	241,608
Receivables from parent, subsidiaries and affiliates	115,023
From Separate Accounts, Segregated Accounts and Protected Cell Accounts	428,049
Total admitted assets	$35,519,884

Liabilities, Capital and Surplus

Aggregate reserve for life policies and contracts	$ 9,770,161
Aggregate reserve for accident and health contracts	1,032,758
Liability for deposit-type contracts	273,428
Contract claims - Accident and health	1,432,643
Premiums and annuity considerations for life and accident and health contracts received in advance	63,924
Commissions to agents due or accrued	125,508
General expenses due or accrued	229,599
Transfers to Separate Accounts due or accrued	(384)
Taxes, licenses and fees due or accrued, excluding federal income taxes	147,874
Current federal and foreign income taxes	387,799
Amounts withheld or retained by company as agent or trustee	557
Amounts held for agents' account	62,780
Remittances and items not allocated	1,349,208
Miscellaneous liabilities:	
Asset valuation reserve	91,786
Payable to parent, subsidiaries and affiliates	212,366
From Separate Accounts statement	428,049
Total liabilities	$15,608,054
Common capital stock	$ 2,000,000
Gross paid in and contributed surplus	6,800,000
Unassigned funds (surplus)	11,111,830
Total capital and surplus	$19,911,830
Total liabilities, capital and surplus	$35,519,884

B. CONDENSED SUMMARY OF OPERATIONS

	2003	2004	2005	2006
Premiums and considerations	$30,067,837	$22,598,894	$25,661,731	$25,351,566
Investment income	1,522,661	1,549,667	1,565,797	1,555,423
Commissions and reserve adjustments on reinsurance ceded	129,930	91,812	82,234	69,184
Miscellaneous income	82,303	63,844	37,482	17,725
Total income	$31,802,731	$24,304,216	$27,347,244	$26,993,898
Benefit payments	$23,461,872	$19,956,822	$21,084,200	$22,680,899
Increase in reserves	4,314,509	(823,287)	(468,185)	(3,745,011)
Commissions	1,219,067	1,313,689	1,157,938	1,473,143
General expenses and taxes	3,771,151	3,580,201	3,942,259	4,373,125
Increase in loading on deferred and uncollected premiums	(11,105)	(89,802)	(22,877)	335,841
Net transfers to (from) Separate Accounts	(1,998,456)	(897,562)	(59,787)	6,525
Miscellaneous deductions	26	30	(770)	0
Total deductions	$30,757,064	$23,040,091	$25,632,778	$25,124,523
Net gain (loss)	$ 1,045,667	$ 1,264,125	$ 1,714,466	$ 1,869,375
Federal and foreign income taxes incurred	671,756	497,800	810,872	1,141,571
Net income	$ 373,911	$ 766,325	$ 903,594	$ 727,804

C. CAPITAL AND SURPLUS ACCOUNT

	2003	2004	2005	2006
Capital and surplus, December 31, prior year	$15,510,569	$15,981,681	$16,676,242	$17,535,790
Net income	$ 373,911	$ 766,325	$ 903,594	$ 727,804
Change in net deferred income tax	275,164	55,219	231,978	522,961
Change in non-admitted assets and related items	(167,829)	(129,901)	(252,509)	23,417
Change in asset valuation reserve	(10,134)	2,918	(23,515)	15,047
Correction of error, net of tax	0	0	0	1,086,812
Net change in capital and surplus for the year	$ 471,112	$ 694,561	$ 859,548	$ 2,376,041
Capital and surplus, December 31, current year	$15,981,681	$16,676,242	$17,535,790	$19,911,831

6. MARKET CONDUCT ACTIVITIES

The examiner reviewed various elements of the Company’s market conduct activities affecting policyholders, claimants, and beneficiaries to determine compliance with applicable statutes and regulations and the operating rules of the Company.

A. Advertising and Sales Activities

The examiner reviewed a sample of the Company’s advertising files and the sales activities of the agency force including trade practices, solicitation and the replacement of insurance policies.

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

B. Underwriting and Policy Forms

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

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

C. Treatment of Policyholders

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

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

7. PRIOR REPORT SUMMARY AND CONCLUSIONS

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

Item	Description
A	The examiner recommended that the Company withdraw its agreement with Pathmark, since the agreement has been dormant for more than three years, and the same services are covered under the agreement with ALIC. The Company terminated its agreement with Pathmark during April 2004.
B	The examiner recommended that the Company either: cease utilizing the services of the affiliates; file agreements with the Department to permit these services; or amend the agreement that is on file with the Department to include these affiliates as party to the agreement. The Company ceased making payments to subcontractors directly and instead pays Ameritas for services performed by subcontractors in accordance with its administrative services agreement.
C	The Company violated Section 215.17(a) of Department Regulation No. 34 and Section 219.5(a) of Department Regulation No. 34-A by not maintaining at its home office a complete advertising file and by not maintaining the manner and extent of distribution of its advertisements. The Company maintains a complete advertising file in the home office in New York.
D	The Company violated Section 219.4(p) of Department Regulation No. 34-A by failing to indicate in its advertisements the name of the city where it has its home office. The Company includes on its advertisements the name of the city where it has its home office.

Respectfully submitted,

/s/
William M. Tardogno
Senior Insurance Examiner

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

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

/s/
William M. Tardogno

Subscribed and sworn to before me

this__________ day of ____________________

APPOINTMENT NO. 22556

STATE OF NEW YORK

INSURANCE DEPARTMENT

I, HOWARD MILLS, Superintendent of Insurance of the State of New York, pursuant to the provisions of the Insurance Law, do hereby appoint:

WILLIAM TARDOGNO

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 30th day of October, 2006

HOWARD MILLS
Superintendent of Insurance

Superintendent