STATE OF NEW YORK INSURANCE DEPARTMENT

REPORT ON EXAMINATION

OF THE

PRESIDENTIAL LIFE INSURANCE COMPANY

AS OF DECEMBER 31, 2003

DATE OF REPORT:	APRIL 7, 2005
EXAMINER:	VICTOR U. AGBU

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

George E. Pataki
Governor

Howard Mills
Acting Superintendent

April 7, 2005

Howard Mills
Acting Superintendent of Insurance
Albany, New York 12257

Sir:

In accordance with instructions contained in Appointment No. 22130, dated January 15, 2004 and annexed hereto, an examination has been made into the condition and affairs of Presidential Life Insurance Company, hereinafter referred to as "the Company," at its home office located at 69 Lydecker Street, Nyack, New York 10960.

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 Department conducted a review of reserves as of December 31, 2003. This review included an examination of the related asset adequacy analysis in accordance with Department Regulation No. 126. During the review, concerns were raised regarding the duration of the supporting assets relative to the duration of liabilities and the risks this posed under increasing interest rate scenarios. In response, the Company established additional reserves in the amount of $60 million as of December 31, 2004 and has shortened its asset portfolio for approximately $800 million of its assets. The examiner recommends that the Company continue its restructuring of assets as agreed upon with the Department. (See item 5D of this report)

The Company violated Section 1411(a) of the New York Insurance Law by not obtaining board authorization or approval for its investment transactions. (See item 3C of this report)

The examiner recommends that the investment monitoring function, whereby the Company monitors investment activity and verifies that investments conform with the Company’s investment guidelines, currently performed by the investment committee, be performed independent of those making the investments for the Company. This recommendation is repeated from the prior report on examination. (See item 3C of this report)

The Company violated Section 2112(d) of the New York Insurance Law by failing to notify the Superintendent of the facts relative to the termination of the certificate of appointment of 23 agents. This is a repeat violation from the prior report on examination. (See item 6A of this report)

2. SCOPE OF EXAMINATION

The prior examination was conducted as of December 31, 2000. This examination covers the period from January 1, 2001 through December 31, 2003. As necessary, the examiner reviewed transactions occurring subsequent to December 31, 2003 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, 2003 to determine whether the Company's 2003 filed annual statement fairly presents its financial condition. The examiner reviewed the Company's income and disbursements necessary to accomplish such verification and utilized the National Association of Insurance Commissioners' Examiners Handbook or such other examination procedures, as deemed appropriate, in such review and in the review or audit of the following matters:

Company history
Management and control
Corporate records
Fidelity bond and other insurance
Territory and plan of operation
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 comment 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

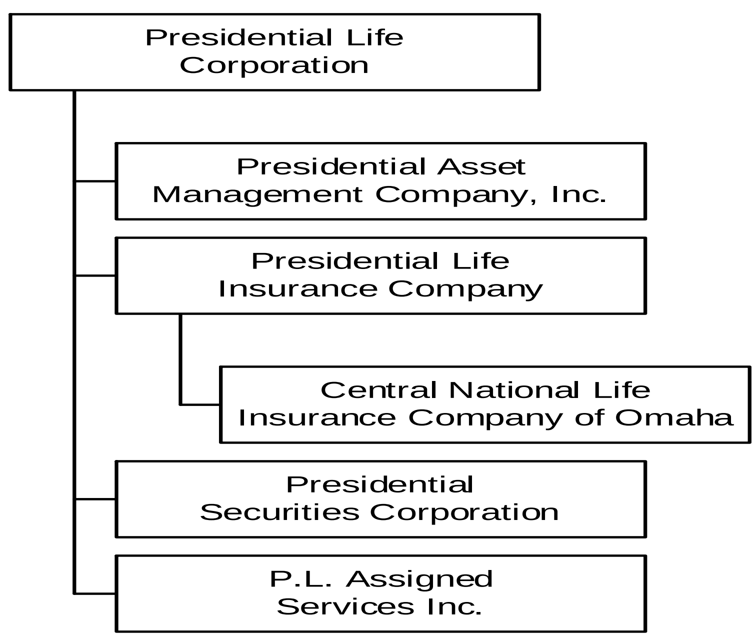
A. History

The Company was incorporated as a stock life insurance company under the laws of New York on May 17, 1965, and was licensed and commenced business on October 20, 1966. Initial resources of $2,850,000, consisting of common capital stock of $950,000 and paid in and contributed surplus of $1,900,000, were provided through the sale of 475,000 shares of common stock (with a par value of $2 each) for $6 per share. Prior to 1997, the Company increased the par value of its common stock five times. As of December 31, 2003, the Company reported common capital stock of $2,500,875, consisting of 475,000 shares at $5.265 per share, and gross paid in and contributed surplus of $45,641,953. During 2002, the Company's parent contributed $11,292,828 in the form of common stock to the Company's paid in and contributed surplus.

B. Holding Company

The Company is a wholly owned subsidiary of Presidential Life Corporation ("PLC"), a Delaware corporation.

An organization chart reflecting the relationship between the Company and significant entities in its holding company system as of December 31, 2003 follows:



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

Type of Agreement	Effective Date	Provider(s) of Service(s)	Recipient(s) of Service(s)	Specific Service(s) Covered	Income/ (Expense)* For Each Year of the Examination
Master Service Agreement	7/1/97	the Company	PLC	Management, accounting, and investments	2001 $18,000 2002 $18,000 2003 $30,408
Master Service Agreement	10/25/91	the Company	P.L. Assigned	Management and accounting	$2,000 each year
Master Service Agreement	4/26/00	the Company	CNL	Management, accounting, and investments	$18,000 each year

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

C. Management

The Company's by-laws provide that the board of directors shall be comprised of not less than 13 and not more than 19 directors. Directors are elected for a period of one year at the annual meeting of the stockholders held, on a business day, in April or May of each year as the board of directors shall designate. As of December 31, 2003, the board of directors consisted of 17 members. Meetings of the board are held quarterly.

The 17 board members and their principal business affiliation, as of December 31, 2003, were as follows:

Name and Residence	Principal Business Affiliation	Year First Elected
Mark Abrams Irvington, NY	Senior Vice President Presidential Life Insurance Company	2003
Donald Barnes Nyack, NY	President Presidential Life Insurance Company	1997
Donna Brazile* Washington, DC	Director Brazile and Associates	2003

Name and Residence	Principal Business Affiliation	Year First Elected
David H. Freed* Upper Montclair, NJ	President and Chief Executive Officer Nyack Hospital	2003
Richard Giesser* Waban, MA	Former Chairman Massachusetts Port Authority	1989
Melvin L. Gold* Verona, NJ	Retired	1990
Alexis Herman* Washington, DC	Former US Secretary of Labor United States Government	2001
Jerome Johnson* Upper Nyack, NY	Retired Attorney	1973
W. Thomas Knight* Easton, MD	Attorney/Consultant Self employed	1993
Herbert Kurz Piermont, NY	Chairman of the Board Presidential Life Insurance Company	1965
George McGovern* Stevensville, MT	Self employed Professor of Politics and Government	1984
Paul F. Pape* Vero Beach, FL	Self employed Private Investor	1990
Lawrence Read* Alamo, CA	President Lube Management Corporation	2003
Stanley Rubin Monmouth Beach, NJ	Retired	1999
Jerold Scher Suffern, NY	Senior Vice President and Chief Actuary Presidential Life Insurance Company	1992
Irving Schwartz, MD* New York, NY	Physician Mt. Sinai Medical Center	1986
Marilyn Shenn Nyack, NY	Senior Vice President Presidential Life Insurance Company	2000

* 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, 2003:

Name	Title
Donald Barnes	President
Marilyn Shenn	Senior Vice President
Jerold Scher	Senior Vice President and Chief Actuary
Mark Abrams	Senior Vice President
Kathleen Dash*	Secretary
Charles J. Snyder	Treasurer

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

Section 1411(a) of the New York Insurance Law states:

> “No domestic insurer shall make any loan or investment, except as provided in subsection (h) hereof, unless authorized or approved by its board of directors or a committee thereof responsible for supervising or making such investment or loan. The committee's minutes shall be recorded and a report submitted to the board of directors at its next meeting.”

A review of the meetings of the board of directors indicated no instances where the investment transactions of the Company were presented to the board for approval.

The Company violated Section 1411(a) of the New York Insurance Law by not obtaining board authorization or approval for its investment transactions.

The investment committee is composed of three members who have the responsibility to monitor the investment activity of the Company. Two of the members of the investment committee also make the investments for the Company. As a result, the investment committee may not be objective in performing an evaluation of investment activities, which they are also responsible for performing. Due to the lack of segregation of duties between the actual investment function and the monitoring function, compliance with approved investment guidelines may not be detected on a timely basis.

The examiner recommends that the investment monitoring function, whereby the Company monitors investment activity and verifies that investments conform with the

Company's investment guidelines, currently performed by the investment committee, be performed independent of those making the investments for the Company. This is a repeat recommendation from the prior report on examination.

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 all states and the District of Columbia except for New Hampshire. Policies are written on a non-participating basis.

The following tables show the percentage of direct premiums received, by state, and by major lines of business for the year 2003:

Life Insurance Premiums	
New York	37.4%
New Jersey	12.0
Subtotal	49.4%
All others	50.6
Total	100.0%

Annuity Considerations	
New York	43.8%
All others	56.2
Total	100.0%

Accident and Health Insurance Premiums	
New York	60.0%
Georgia	12.3
Subtotal	72.3
All others	27.7
Total	100.0%

Deposit Type Funds	
New York	21.0%
Florida	19.0
Subtotal	40.0%
All others	60.0
Total	100.0%

The Company currently offers individual annuities, as well as graded benefit life, disability and medical stop-loss insurance. As of March 2004, the Company exited the traditional life and universal life markets.

The Company's agency operations are conducted on a general agency basis.

E. Reinsurance

As of December 31, 2003, the Company had reinsurance treaties in effect with 17 companies, of which 14 were authorized or accredited. The Company's universal life and ordinary life insurance policies are ceded on a coinsurance, modified-coinsurance and 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, 2003, was $859,249,202, which represents 40.4% of the total face amount of life insurance in force. Reserve credit was taken for reinsurance ceded to unauthorized companies, totaling $1,284,498, all of which was supported by letters of credit.

The total face amount of life insurance assumed as of December 31, 2003, was $782,937,863, which represents Servicemen's Group Life Insurance ("SEGLI") and a retrocession from Transamerica Occidental.

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, 2000	December 31, 2003	Increase (Decrease)
Admitted assets	$2,795,554,000	$4,123,147,563	$1,327,593,563
Liabilities	$2,516,390,863	$3,913,344,063	$1,396,953,200
Common capital stock	$ 2,500,875	$ 2,500,875	$ 0
Gross paid in and contributed surplus	34,349,125	45,641,953	11,292,828
Variable annuity contingency reserve	89,341	62,140	(27,201)
Unassigned funds (surplus)	242,223,796	161,598,532	$ (80,625,264)
Total capital and surplus	$ 279,163,137	$ 209,803,500	$ (69,359,637)
Total liabilities, capital and surplus	$2,795,554,000	$4,123,147,563	$1,327,593,563

The Company's invested assets as of December 31, 2003, exclusive of Separate Accounts, were mainly comprised of bonds (87%) and other invested assets (8%).

The majority (92%) of the Company's bond portfolio, as of December 31, 2003, 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:

	2001	2002	2003
Ordinary:			
Life insurance	$ 890,350	$ (4,281,759)	$ (2,917,975)
Individual annuities	14,708,294	24,088,609	44,597,359
Supplementary contracts	1,225,708	1,349,417	570,733
Total ordinary	$16,824,352	$21,156,267	$42,250,117
Group:			
Life	$ 113,602	$ 5,387	$ 46,970
Annuities	1,272,752	1,063,680	(153,267)
Total group	$ 1,386,354	$ 1,069,067	$ (106,297)
Accident and health:			
Group	$ (436,909)	$ (96,037)	$ (1,876,278)
Other	1,495	(2,291)	1,831
Total accident and health	$ (435,414)	$ (98,328)	$ (1,874,447)
Total	$17,775,292	$22,127,006	$40,269,373

The Company introduced a single premium deferred annuity with a four year surrender charge in 2002 with a commission rate considerably lower than the individual annuity marketed in 2001 resulting in the increase in the individual annuity gain in 2002. The 2003 expenses for commissions and taxes were considerably down from 2002 resulting in additional profit in the individual annuity line of business in 2003. The ordinary life losses in 2002 and 2003 were a result of increased reserve strain. In 2002, the Company introduced a universal life policy that required them to put up a considerable amount of reserves in 2002 and 2003. The marketing of this product was discontinued during 2003 because of the increased losses. In 2003, the Company discovered that one of its agents in Georgia was issuing accident and health policies on the Company's behalf without the Company's consent. The Company had to pay claims arising out of these policies even though it never received any premium from the agent. These claim payments are the reason for the increased loss in the group accident and health line in 2003. The Company is in litigation with the agent regarding this issue.

5. FINANCIAL STATEMENTS

The following statements show the assets, liabilities, capital, and surplus as of December 31, 2003, as contained in the Company's 2003 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, 2003 filed annual statement.

A. ASSETS, LIABILITIES, CAPITAL, AND SURPLUS AS OF DECEMBER 31, 2003

Admitted Assets

Bonds	$3,505,387137
Stocks:	
Preferred stocks	126,977,585
Common stocks	38,556,337
Mortgage loans	
First liens	9,142,291
Real estate	
Properties occupied by the company	379,599
Contract loans	18,262,173
Cash and short term investments	17,185,079
Other invested assets	322,027,307
Receivable for securities	412,610
Premiums and considerations:	
Uncollected premiums and agents' balances in course of collection	83,232
Deferred premiums, agents' balances and installments booked but not yet due	2,528,687
Reinsurance ceded:	
Amounts recoverable from reinsurers	537,462
Other amounts receivable under reinsurance contracts	228,417
Net deferred tax asset	16,543,865
Electronic data processing equipment and software	32,124
Investment income due and accrued	48,449,775
Receivable from parent, subsidiaries and affiliates	10,689,245
Reinsurance balances	3,274,474
From Separate Accounts statement	2,450,164
Total admitted assets	$4,123,147,563

Liabilities, Capital, and Surplus

Aggregate reserve for life policies and contracts	$3,477,629,120
Aggregate reserve for accident and health policies	1,215,573
Liability for deposit-type contracts	346,707,606
Policy and contract claims	
Life	5,249,193
Premiums and annuity considerations for life and accident and health policies and contracts received in advance	64,922
Policy and contract liabilities	
Interest maintenance reserve	23,698,394
Commissions to agents due or accrued	167,778
General expenses due or accrued	3,504,852
Taxes, licenses and fees due or accrued	(393,075)
Current federal and foreign income taxes	(10,696,586)
Unearned investment income	86,769
Amounts withheld or retained by company as agent or trustee	439,112
Amounts held for agents' account	15,516
Remittances and items not allocated	11,794,509
Miscellaneous liabilities:	
Asset valuation reserve	50,403,916
Payable to parent, subsidiaries and affiliates	105,163
Interest on policy and contract claims	327,225
Variable annuity mortality and GMDB reserve	90,876
Reserve for unpresented checks	483,035
From Separate Accounts statement	2,450,164
Total liabilities	$3,913,344,063
Common capital stock	$ 2,500,875
Gross paid in and contributed surplus	45,641,953
Aggregate write-ins for special surplus funds	62,140
Unassigned funds (surplus)	161,598,532
Total capital and surplus	$ 209,803,500
Total liabilities, capital, and surplus	$4,123,147,563

The NAIC Annual Statement Instructions state "On bonds purchased at a premium, the call feature producing the lowest amortized value should be used."

Paragraph 6 of SSAP No. 26 of the Accounting Practices and Procedure Manual states, in part:

> "Amortization of bond premium or discount shall be calculated using the scientific (constant yield) interest method taking into consideration specified interest and principal provisions over the life of the bond. Bonds containing call provisions shall be amortized to the call or maturity value/date which produces the lowest asset value (yield to worst)."

The Company's 2003 annual statement did not list in Schedule D, in the appropriate column, the information necessary to determine bonds with call features.

The Company failed to comply with the NAIC Annual Statement Instructions by not including in Schedule D the appropriate information regarding bonds with call features.

The examiner recommends that going forward the Company comply with both the Annual Statement Instructions and SSAP No. 26 by providing the required information on bonds with call features in Schedule D of the annual statement.

B. CONDENSED SUMMARY OF OPERATIONS

	2001	2002	2003
Premiums and considerations	$644,643,331	$ 777,688,123	$243,432,099
Investment income	232,391,856	259,872,056	283,565,338
Commissions and reserve adjustments on reinsurance ceded	2,951,968	2,019,523	1,079,085
Miscellaneous income	342,319	294,303	911,815
Total income	$880,329,474	$1,039,874,005	$528,988,337
Benefit payments	$194,683,680	$ 212,567,498	$244,831,327
Increase in reserves	608,794,396	750,013,726	200,979,598
Commissions	24,195,055	21,145,518	9,703,908
General expenses and taxes	26,746,212	29,927,243	21,897,480
Increase in loading on deferred and uncollected premium	100,043	228,385	(41,090)
Net transfers to (from) Separate Accounts	(229,560)	(410,338)	(150,457)
Increase in mortality reserve	4,567	5,392	(1,293)
Total deductions	$854,294,393	$1,013,477,424	$477,219,473
Net gain (loss) from operations before net realized capital gains	$ 26,035,081	$ 26,396,581	$ 51,768,864
Federal and foreign income taxes incurred	8,259,789	4,269,575	11,499,491
Net gain from operations after dividends to policyholders and before federal income taxes	$ 17,775,292	$ 22,127,006	$ 40,269,373
Net realized capital gains (losses)	(76,801,367)	(110,318,550)	(21,568,439)
Net income	$ (59,026,075)	$ (88,191,544)	$ 18,700,934

The Company wrote-down a significant amount of its bonds and preferred stocks due to impairment in value in 2001 and 2002. Additional write-downs were taken by the Company in 2003, but to a much lesser extent.

C. CAPITAL AND SURPLUS ACCOUNT

	2001	2002	2003
Capital and surplus, December 31, prior year	$279,163,137	$245,403,463	$200,352,412
Net income	$ (59,026,075)	$ (88,191,544)	$ 18,700,934
Change in net unrealized capital gains (losses)	40,650,478	(8,754,045)	15,840,813
Change in net deferred income tax	0	15,735,818	(5,831,135)
Change in non-admitted assets and related items	90,473	81,884	55,783
Change in liability for reinsurance in unauthorized companies	7,034	0	0
Change in asset valuation reserve	12,178,416	18,144,826	(9,315,307)
Cumulative effect of changes in accounting principles	0	6,639,182	0
Capital changes Paid in	0	11,292,828	0
Dividends to stockholders	(27,660,000)	0	0
Additional actuarial reserves – asset/liability analysis	0	0	(10,000,000)
Net change in capital and surplus	$ (33,759,674)	$ (45,051,051)	$ 9,451,088
Capital and surplus, December 31, current year	$245,403,463	$200,352,412	$209,803,500

D. RESERVES

The Department conducted a review of reserves as of December 31, 2003. This review included an examination of the related asset adequacy analysis in accordance with Department Regulation No. 126. During the review, concerns were raised regarding the duration of the supporting assets relative to the duration of liabilities and the risks this posed under increasing interest rate scenarios. In response, the Company established additional reserves in the amount of $60 million as of December 31, 2004 and has shortened its asset portfolio for approximately $800 million of its assets.

The examiner recommends that the Company continue its restructuring of assets as agreed upon with the Department.

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

> "Every insurer . . . doing business in this state shall, upon termination of the certificate of appointment . . . of any insurance agent licensed in this state, . . . file with the superintendent within thirty days a statement, in such form as the superintendent may prescribe, of the facts relative to such termination for cause. . . . "

The review of terminated agents revealed that in 23 cases the Superintendent was not informed of the facts relative to the termination of the certificates of appointment.

The Company violated Section 2112(d) of the New York Insurance Law by failing to notify the Superintendent of the facts relative to the termination of the certificates of appointment of 23 agents. This is a repeat violation from the prior report on examination. (See item 7H of this report)

Section 51.6(b) of Department Regulation No. 60 states, in part:

> "Where a replacement has occurred or is likely to occur, the insurer replacing the life insurance policy or annuity contract shall . . .
> (3) Examine any proposal used, including the sales material used in the sale of the proposed life insurance policy or annuity contract, and the "Disclosure Statement," and ascertain that they are accurate and meet the requirements of the Insurance Law and this Part . . . "

Subsequent to the period covered by the examination but prior to the date of this report, the examiner became aware of certain replacements written by the Company as a result of an examination of another insurer. In those cases, the Company replaced existing single premium deferred annuity contracts with single premium immediate annuities. The Disclosure Statements for such cases indicated that if the single premium deferred annuities had been annuitized with the existing carrier, the monthly benefit payments would have been lower than the monthly benefits provided under the single premium immediate annuities issued by the Company. Based upon information subsequently obtained and supplied by the Company, it was apparent that the Company did not verify the accuracy of some of the statements made on the Disclosure Statements at the time the replacements were processed.

The Company violated Section 51.6(b)(3) of Department Regulation No. 60 for not ascertaining that certain Disclosure Statements were accurate.

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, recommendations and the comment 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 recommends that all directors attend the board meetings and that the Company take steps to remove any director who is unable or unwilling to perform the duties required of a director. The meetings of the board of directors were well attended.
B	The examiner recommends that the Company have its officers and directors complete conflict of interest questionnaires. All officers and directors completed conflict of interest questionnaires.
C	The examiner recommends that the investment monitoring function, whereby the Company monitors investment activity and verifies that investments conform with the Company's investment guidelines, currently performed by the investment committee, be performed independent of those making the investments for the Company. The investment committee is composed of three members who have the responsibility to monitor the investment activity of the Company. Two of the members of the investment committee also make the investments for the Company. This recommendation is repeated in this report on examination. (See item 3C of this report)
D	The examiner recommends that the Company revise the custodian agreement with Irvington Trust to include the indemnification clause suggested by Circular Letter No. 13 (1976). An amendment to the custodial agreement was executed to include the indemnification clause in July 2002.
E	Comment that the Company's liabilities were understated by $145,883 due to a reinsurance reporting error. The above comment refers to a reserve credit taken by the Company prior to obtaining a letter of credit from a bank. All reserve credits taken during the period under examination were supported by letters of credit.

Item	Description
F	The Company violated Section 127.3(a) of Department Regulation No. 102 for taking reserve credits by reducing its liabilities in its 2000 annual statement and failing to have the reinsurance agreement with American National Insurance Company of Galveston, Texas signed by December 31, 2000. The reinsurance agreement is no longer inforce and the Company has changed it's procedures to ensure that this violation is not repeated.
G	The Company violated Section 2112(a) of the New York Insurance Law when it failed to file certificates of appointment for its agents. A review revealed that the Company filed certificates of appointment for its agents.
H	The Company violated Section 2112(d) of the New York Insurance Law when it failed to notify the Superintendent of the facts relative to the termination of the certificates of appointment of its agents. The Company did not file all terminations with the Department. A repeat violation of Section 2112(d) of the New York Insurance Law appears in this report on examination.
I	The Company violated Section 51.6(e) of Department Regulation No. 60 when it failed to file replacement procedures by the effective date of the Regulation. The replacement procedures have been filed.
J	The examiner recommends that the Company develop a disaster recovery plan. The Company is in the process of developing a disaster recovery plan.

A privacy examination of the Company was conducted as of June 30, 2002. The examiner recommended in the privacy report on examination that the Company include privacy language in all amended or renewed third party service agreements and in all new third party service agreements. One third party service agreement has been executed by the Company since the privacy examination and it includes appropriate privacy language.

8. SUMMARY AND CONCLUSIONS

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

Item	Description	Page No(s).
A	The Company violated Section 1411(a) of the New York Insurance Law by not obtaining board authorization for its investment transactions.	7
B	The examiner recommends that the investment monitoring function, whereby the Company monitors investment activity and verifies that investments conform with the Company's investment guidelines, currently performed by the investment committee, be performed independent of those making the investments for the Company.	7 – 8
C	The examiner recommends that going forward the Company comply with the NAIC Annual Statement Instructions and SSAP No. 26 of the Accounting Practices and Procedures Manual by providing information on call features of bonds.	14
D	The Company has restructured $800 million in assets and has set up an additional $60 million in reserves.	16
E	The examiner recommends that the Company continue its restructuring of assets as agreed upon with the Department.	16
F	The Company violated Section 2112(d) of the New York Insurance Law by failing to notify the Superintendent of the facts relative to the termination of the certificate of appointment of 23 agents.	17
G	The Company violated Section 51.6(b)(3) of Department Regulation No. 60 for not ascertaining that certain Disclosure Statements were accurate.	17 – 18

Respectfully submitted,

/s/
Victor U. Agbu
Senior Insurance Examiner

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

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

/s/
Victor U. Agbu

Subscribed and sworn to before me

this__________ day of ____________________

APPOINTMENT NO. 22130

STATE OF NEW YORK

INSURANCE DEPARTMENT

I, GREGORY V. SERIO, Superintendent of Insurance of the State of New York, pursuant to the provisions of the Insurance Law, do hereby appoint:

VICTOR AGBU

as a proper person to examine into the affairs of the

PRESIDENTIAL LIFE INSURANCE COMPANY

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 15th day of January, 2004

GREGORY V. SERIO
Superintendent of Insurance

Superintendent