STATE OF NEW YORK INSURANCE DEPARTMENT

REPORT ON EXAMINATION

OF THE

AMERICAN CENTURION LIFE ASSURANCE COMPANY

AS OF

DECEMBER 31, 2002

DATE OF REPORT:	FEBRUARY 27, 2004
EXAMINER:	VINCENT TARGIA

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

George E. Pataki
Governor

Gregory V. Serio
Superintendent

February 27, 2004

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

Sir:

In accordance with instructions contained in Appointment No. 22062, dated June 19, 2003 and annexed hereto, an examination has been made into the condition and affairs of American Centurion Life Assurance Company, hereinafter referred to as “the Company,” at its home office located at 20 Madison Avenue Extension, Albany, New York.

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, 2002 filed annual 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 of its intention to provide sales management services to an affiliate at least 30 days prior thereto. (See item 3B of this report)

The Company violated Section 3227(c) of the New York Insurance Law by failing to pay interest on surrendered annuity contracts. (See item 6C of this report)

2. SCOPE OF EXAMINATION

The prior examination was conducted as of December 31, 1999. This examination covers the period from January 1, 2000 through December 31, 2002. As necessary, the examiner reviewed transactions occurring subsequent to December 31, 2002 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, 2002 to determine whether the Company's 2002 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 violations and the recommendation 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 March 4, 1969, with the name Fireman's Fund American Life Insurance Company of New York. The Company was licensed and commenced business on October 29, 1970. In 1986, the Company changed its name to American Centurion Life Assurance Company.

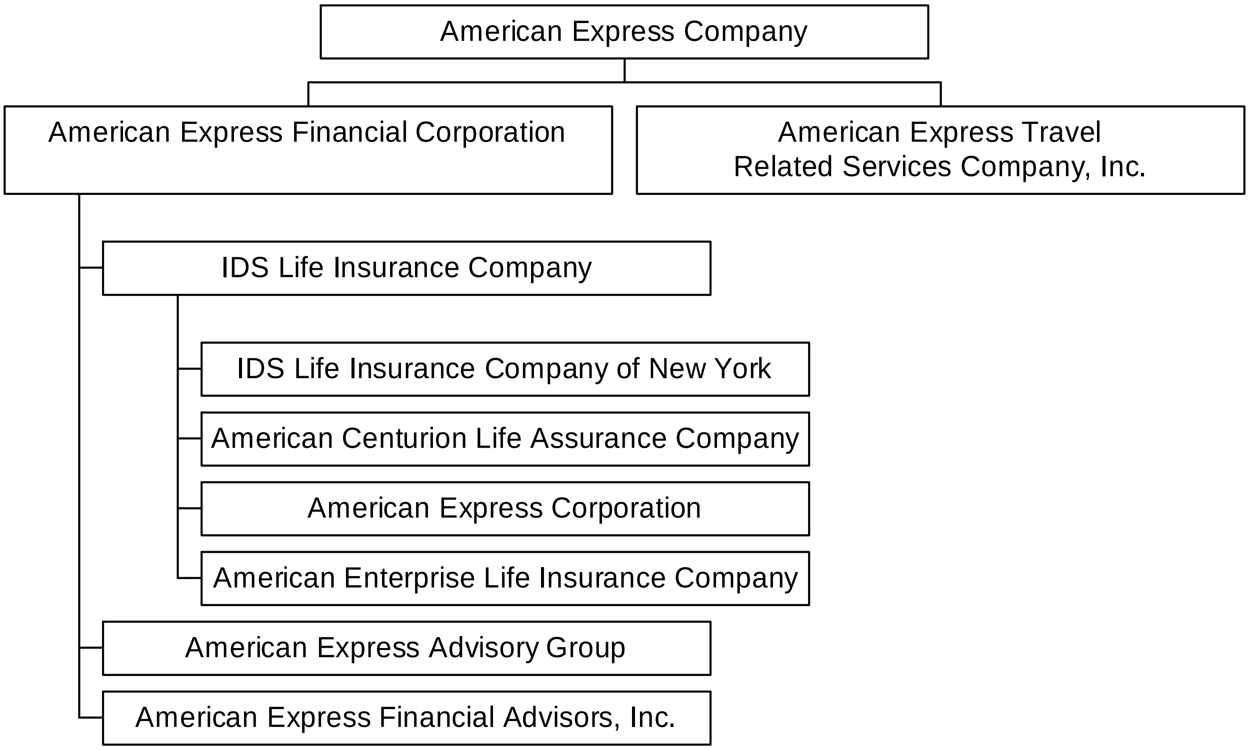
On January 1, 1995, IDS Life Insurance Company ("IDS") acquired all of the Company's issued and outstanding stock.

Initial resources of $3,000,000, consisting of common capital stock of $1,000,000 and paid in and contributed surplus of $2,000,000, were provided through the sale of 100,000 shares of common stock (with a par value of $10 each) for $30 per share. Contributions to the Company's surplus, prior to the examination period and a $10 million contribution in 2001, have increased the paid in and contributed surplus to $36,600,000 as of December 31, 2002.

B. Holding Company

The Company is a wholly owned subsidiary of IDS, a Minnesota life insurer. IDS is in turn a wholly owned subsidiary of American Express Financial Corporation ("AEFC"), a Delaware financial services corporation. The ultimate parent of the Company is American Express Company ("AEC"), a New York financial services company.

An organization chart reflecting the relationship between the Company and significant entities in its holding company system as of December 31, 2002 follows:



The Company had seven service agreements in effect 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
Investment Management Agreement	7/18/91	American Express Advisory Group	the Company	Investment management services and advice	2002-$(155,650) 2001-$(144,306) 2000-$(136,279)
Administrative Services Agreement	1/1/82	American Express Travel Related Services Company Inc. ("AETRSC")	the Company	Solicit applications, collect premiums, billing, payment, accounting and administrative services	2002-$(240,302) 2001-$(234,991) 2000-$(246,982)
Administrative Services Agreement	4/1/95	American Enterprise Life Insurance Company	the Company	Advisory, printing, policy and administration	2002-$(49,900) 2001-$(31,859) 2000-$(164,070)
Service and Cost Allocation Agreement	4/1/98	IDS Life Insurance Company of New York ("IDSNY")	the Company	Mail services, file maintenance, telecommunications, data communications	2002-$17,450 2001-$ 8,028 2000-$ 2,077
Marketing and Administrative Services Agreement	4/1/98	IDS	the Company	Actuarial, advisory, marketing, policyholder accounting, printing and other services	2002-$(1,795,677) 2001-$(1,586,923) 2000-$(2,296,983)
Administrative Services Agreement**	10/1/99	AETRSC through American Express Financial Advisors, Inc. ("AEFA")	the Company	Record keeping services, processing vendor payments	2002-$0 2001-$0 2000-$0
Mortgage Loan Servicing Agreement	2/26/96	IDS	the Company	Servicing of direct mortgage loans	2002-$(7,935) 2001-$(8,849)

*Amount of Income or (Expense) Incurred by the Company
**No services were received under this agreement until 2005, the Company expects to supersede and withdraw this agreement in 2005

The Company also had a tax allocation agreement in effect with IDS, IDSNY, AEFC and AEC.

The examiner had great difficulty obtaining accurate information with respect to the service agreements, the services provided and the amounts paid or received between companies. The Company provided numerous versions of the above table during and after the examination.

The examiner recommends that the Company maintain adequate documentation to accurately reflect the services and charges under its service agreements, and to maintain such in a manner as to be readily accessible for examination.

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 . . .
> (3) rendering of services on a regular or systematic basis . . . "

A review of services provided by the Company to affiliates indicated that the Company provided sales management services to IDSNY on a regular and systematic basis during the period under examination. An employee of the Company provided sales management services to IDSNY resulting in the allocation of a portion of the employee's salary to IDSNY. The income related to the IDSNY Service and Cost Allocation Agreement in the chart above resulted from the fact that these services were being provided by the Company but were not outlined in the agreement. The allocation of salary exceeded the amount charged by IDSNY to the Company for services that were outlined in the agreement resulting in net income received. The Company never submitted a service agreement to the Superintendent for the sales management services provided to IDSNY.

The Company violated Section 1505(d)(3) of the New York Insurance Law by failing to notify the Superintendent in writing of its intention to provide sales management services to an affiliate at least 30 days prior thereto.

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 23 directors. Directors are elected for a period of one year at the annual meeting of the stockholders held in April of each year. As of December 31, 2002, the board of directors consisted of 14 members. Meetings of the board are held bi-annually.

The 14 board members and their principal business affiliation, as of December 31, 2002, were as follows:

Name and Residence	Principal Business Affiliation	Year First Elected
Gumer C. Alvero Minneapolis, MN	Vice President American Centurion Life Assurance Company	2000
Timothy V. Bechtold Robindale, MN	President American Centurion Life Assurance Company	1998
Maureen A. Buckley Loudonville, NY	Vice President and Chief Operating Officer American Centurion Life Assurance Company	1998
Rodney P. Burwell* Wayzata, MN	Chairman Xerxes Manufacturing Corporation	1999
Robert R. Grew* New York, NY	Partner Carter, Ledyard & Milburn, LLP	1997
Carol A. Holton Minneapolis, MN	President and Chief Executive Officer American Enterprise Life Insurance Company	2000
Jean B. Keffeler* Minneapolis, MN	Consultant	1999
Eric L. Marhoun St. Paul, MN	General Counsel and Secretary American Centurion Life Assurance Company	2000
Thomas R. McBurney* Minneapolis, MN	President McBurney Management Associates	1999
Edward J. Muhl* Westchester, PA	Vice Chairman Peterson Consulting LLC	1999
Thomas V. Nicolosi Greenwich, CT	Group Vice President American Express Company	1996
Stephen P. Norman Norwich, CT	Director American Express Company	1994

Name and Residence	Principal Business Affiliation	Year First Elected
Richard M. Starr New York, NY	Senior Attorney American Express Company	1996
Michael R. Woodward Oakfield, NY	Regional Vice President American Express Company	1989

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

In January 2003, Edward J. Muhl resigned from the board and was replaced by Ronald L. Guzlor in May 2003.

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, 2002:

Name	Title
Timothy V. Bechtold	President
Maureen A. Buckley*	Vice President and Chief Operating Officer
Eric L. Marhoun	General Counsel and Secretary
Gumer C. Alvero	Vice President – Annuities
Phillip C. Wentzel	Vice President and Controller
Lorraine R. Hart	Vice President – Investments

* 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 Alabama, Delaware and New York. In 2002, 96.4% of annuity premiums were received from New York. In 2002, 25.1%, 20.2%, and 15.1% of life premiums were received from California, New Jersey, and New York, respectively. Policies are written on a non-participating basis.

During the period under examination, the Company primarily marketed individual single and flexible premium deferred annuities on both a fixed and variable dollar basis.

Agency operations are conducted on a direct mail and general agency basis. The Company offers fixed and variable annuity contracts through independent agents and registered representatives in banks and broker dealer distribution channels and through direct mail to American Express cardmembers.

E. Reinsurance

As of December 31, 2002, the Company had one reinsurance treaty in effect with an authorized insurer. Under this indemnity reinsurance agreement (effective February 1, 1993), all insurance issued or renewed by the Company prior to the effective date was ceded on a 100% coinsurance basis.

The total face amount of life insurance ceded, as of December 31, 2002, was $119,440,000, which represents 99.8% 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, 1999	December 31, 2002	Increase (Decrease)
Admitted assets	$376,028,777	$504,995,041	$128,966,264
Liabilities	$339,279,646	$471,242,950	$131,963,304
Common capital stock	$ 1,000,000	$ 1,000,000	$ 0
Gross paid in and contributed surplus	26,600,000	36,600,000	10,000,000
Unassigned funds (surplus)	9,149,131	(3,847,909)	(12,997,040)
Total capital and surplus	$ 36,749,131	$ 33,752,091	$ (2,997,040)
Total liabilities, capital and surplus	$376,028,777	$504,995,041	$128,966,264

The increase in total assets resulted from the significant increase in fixed annuity business during the examination period.

The decrease in unassigned funds is due to the net losses experienced in each of the three years during the examination period.

The Company's invested assets as of December 31, 2002, exclusive of Separate Accounts, were mainly comprised of bonds (82.0%), mortgage loans (10.3%) and cash and short-term investments (5.0%). The majority (95%) of the Company's bond portfolio, as of December 31, 2002, was comprised of investment grade obligations.

The following has been extracted from the Exhibits of Annuities in the filed annual statements for each of the years under review:

	Ordinary Annuities			Group Annuities		
	2000	2001	2002	2000	2001	2002
Outstanding, end of previous year	5,297	5,766	6,092	18,866	17,473	16,587
Issued during the year	803	654	1,726	534	119	10
Other net changes during the year	(334)	(328)	(448)	(1,927)	(1,005)	(1,037)
Outstanding, end of current year	5,766	6,092	7,370	17,473	16,587	15,560

The examiner acquired from the Company the supporting detail for its Exhibits of Annuities for the three-year period under review in order to select a sample for the review of treatment of policyholders. The amounts reported for ordinary annuity terminations and group annuity terminations in the filed annual statement differed from the supporting detail, in total for the three years by 241 contracts for ordinary annuities and by 721 contracts for group annuities. The Company could not provide a reconciliation of the differences.

The examiner recommends that the Company maintain proper documentation to support the number of contracts terminated as reported in the Exhibit of Annuities in its filed annual statement.

A similar recommendation was made in the prior report concerning the maintenance of proper documentation to support the number of contracts issued and terminated as reported in the annual statement.

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:

	2000	2001	2002
Ordinary:			
Life insurance	$ 452	$ 772	$ 716
Individual annuities	(7,216,375)	3,645,517	(799,680)
Total ordinary	$(7,215,923)	$3,646,289	$(798,964)
Credit life	$ 23,710	$ 13,074	$ 0
Group:			
Life	$ 5,164	$ 5,401	$ 7,994
Annuities	2,000,773	1,329,877	259,942
Total group	$ 2,005,937	$1,335,278	$ 267,936
Total	$(5,186,276)	$4,994,641	$(531,028)

There were errors in the reporting of the asset adequacy reserves that affected the net gain (loss) by line of business. The Company incorrectly allocated the total change in its asset adequacy reserves in 2000 to the individual annuity line instead of splitting the allocation between the individual and group annuity lines. As a result, during 2001 the Company made an adjustment in order to correct the discrepancy made in 2000.

The fluctuations in total net gain (loss) during the examination period were primarily a result of the fluctuation in the Company's asset adequacy reserve calculation related to the individual annuity line of business and the incorrect allocation of required additional reserves to the individual and group annuity lines. Additional actuarial reserves were required in the amounts of $8.5 million in 2000, $4.5 million in 2001 and $8.0 million in 2002. The asset adequacy reserve is based on yearly projections calculated by the Company's actuary.

5. FINANCIAL STATEMENTS

The following statements show the assets, liabilities, capital, surplus and other funds as of December 31, 2002, as contained in the Company's 2002 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, 2002 filed annual statement.

A. ASSETS, LIABILITIES, CAPITAL, SURPLUS AND OTHER FUNDS AS OF DECEMBER 31, 2002

Admitted Assets

Bonds	$393,601,996
Mortgage loans	
First liens	49,324,219
Cash and short term investments	23,846,789
Other invested assets	12,886,103
Receivable for securities	58,846
Federal and foreign income tax recoverable and interest thereon	467,243
Guaranty funds receivable or on deposit	25,468
Investment income due and accrued	4,584,629
Receivable from parent, subsidiaries and affiliates	33,858
Miscellaneous assets receivable	9,495
From Separate Accounts statement	20,156,396
Total admitted assets	$504,995,041

Liabilities, Capital, Surplus and Other Funds

Aggregate reserve for life policies and contracts	$432,228,114
Policy and contract claims	
Life	85,000
Commissions to agents due or accrued	(9,484)
General expenses due or accrued	(52,014)
Transfers to Separate Accounts due or accrued	(704,577)
Taxes, licenses and fees due or accrued	792,940
Federal and foreign income taxes	47,670
Amounts withheld or retained by company as agent or trustee	15,426
Remittances and items not allocated	1,383,687
Miscellaneous liabilities:	
Asset valuation reserve	629,733
Drafts outstanding	1,257,715
Payable for securities	15,412,344
From Separate Accounts statement	20,156,396
Total liabilities	$471,242,950
Common capital stock	$ 1,000,000
Gross paid in and contributed surplus	36,600,000
Unassigned funds (surplus)	(3,847,909)
Total capital, surplus and other funds	$ 33,752,091
Total liabilities, capital, surplus and other funds	$504,995,041

B. CONDENSED SUMMARY OF OPERATIONS

	2000	2001	2002
Premiums and considerations	$58,844,575	$53,342,025	$59,021,814
Investment income	25,662,767	25,506,661	29,029,342
Miscellaneous income	355,371	442,312	431,936
Total income	$84,862,713	$79,290,998	$88,483,092
Benefit payments	$38,213,858	$34,437,844	$32,296,931
Increase in reserves	37,357,089	31,749,283	54,121,496
Commissions	1,650,046	1,312,456	1,275,825
General expenses and taxes	4,260,877	3,769,868	2,846,787
Net transfers to (from) Separate Accounts	6,958,288	1,861,239	(2,943,541)
Total deductions	$88,440,158	$73,130,690	$87,597,498
Net gain (loss)	$ (3,577,445)	$ 6,160,307	$ 885,594
Federal and foreign income taxes incurred	1,608,833	1,165,666	1,416,621
Net gain (loss) from operations before net realized capital gains	$ (5,186,278)	$ 4,994,641	$ (531,027)
Net realized capital gains (losses)	(3)	(6,950,473)	(4,823,349)
Net income	$ (5,186,281)	$ (1,955,832)	$ (5,354,376)

The fluctuation in the net income during the period under examination was a result of the fluctuations in the "increase in reserves" and "net realized capital losses." The increase in reserves was significantly affected during 2002 by the Company's increase in premiums and the additional actuarial reserves based on the Company's actuarial projection concerning its asset adequacy reserve. The significant increases in net realized capital losses during 2001 and 2002 were a result of planned initiatives undertaken by the Company during 2001 to reduce the level of its risk portfolio by taking charges across its investment portfolio. Although net realized capital losses decreased in 2002 as compared to 2001, the significant losses were driven by the investment portfolio repositioning and the overall lower interest rate environment.

C. CAPITAL AND SURPLUS ACCOUNT

	2000	2001	2002
Capital and surplus, December 31, prior year	$ 36,749,131	$26,743,265	$37,653,964
Net income	$ (5,186,281)	$ (1,955,832)	$ (5,354,376)
Change in net unrealized capital gains (losses)	(3,908,581)	4,097,818	(1,658,566)
Change in net deferred income tax	0	0	(173,011)
Change in non-admitted assets and related items	4,389	(2,988,616)	(8,741,780)
Change in asset valuation reserve	(915,393)	1,757,328	2,549,831
Cumulative effect of changes in accounting principles	0	0	9,476,030
Surplus adjustments:			
Paid in	0	10,000,000	0
Net change in capital and surplus	$(10,005,866)	$10,910,698	$ (3,900,872)
Capital and surplus, December 31, current year	$ 26,743,265	$37,653,963	$33,752,092

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

> "No interest need be payable pursuant to this section unless the amount of such interest is at least twenty-five dollars or if the payment of benefits by the insurer has been deferred pursuant to other provisions of this chapter."

The examiner reviewed a sample of 25 surrendered annuity policy files. Five of the contracts reviewed required interest to be paid on the surrendered amount in accordance with Section 3227(c) of the New York Insurance Law. All five contracts involved replacements where the Company initiated conservation efforts. The Company failed to pay interest on all five of the payments that required interest.

The Company violated Section 3227(c) of the New York Insurance Law by failing to pay interest on surrendered annuity contracts. The examiner recommends that the Company review all annuity surrenders since January 1, 2000 and pay interest where required.

D. Response to Supplement No. 1 to Department Circular Letter No. 19 (2000)

Supplement No. 1 to Circular Letter No. 19 (2000) (the "Supplement"), issued by the Department on June 22, 2000, notified all licensed life insurers that the Department was investigating allegations of race-based underwriting of life insurance by its licensees. The Supplement directed, pursuant to Section 308 of the New York Insurance Law, each domestic and foreign life insurer to review its past and present underwriting practices regarding race-based underwriting and to report its findings to the Department, no later than August 15, 2000.

Pursuant to Section 308 of the New York Insurance Law, the Company submitted in a timely manner a report of the findings of its review of past and present underwriting practices regarding race-based underwriting made in accordance with the requirements of the Supplement.

The Company reported that it reviewed business it issued directly, as well as business it acquired as a result of assumption, merger, acquisition, consolidation and purchase. The business issued directly by the Company as well as the business acquired by the Company consists almost entirely of annuity contracts where no underwriting occurred. The Company's review also included an examination of the underwriting of the very few life insurance policies retained by the Company as the result of an acquisition. The Company's review of directly issued and acquired business was performed by senior managers of the Company and covered relevant documents such as rate charts, mortality tables, underwriting manuals, underwriting practices, agent contracts, applications, policy forms, compensation schedules and board minutes.

In summary, the Company found no evidence of any race-based underwriting practices.

An analysis of the Company's response to the Supplement and other factors indicated that the Company's review of its past and present underwriting practices complied with the requirements of the Supplement.

7. PRIOR REPORT SUMMARY AND CONCLUSIONS

Following are the violations and the recommendation 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 1505(d)(3) of the New York Insurance Law when it utilized an affiliate to service its mortgage loans without the required prior notification to the Superintendent. The Company received Department approval to utilize an affiliate to service its mortgage loans.
B	The Company violated Section 308(a) of the New York Insurance Law when it failed to give notification to the Department within 30 days of the amendment to its tax allocation agreement, as advised by Department Circular Letter No. 33 (1979). The Company received Department approval to amend its tax allocation agreement on November 1, 2000.
C	The examiner recommends that the Company maintain the proper documentation to support the number of contracts issued and terminated as reported in its filed annual statement. During the examination, the Company was able to provide the proper documentation to support the number of annuity contracts issued but was not able to provide the proper documentation to support the number of annuity decreases as reported in its filed annual statement.
D	The Company violated Sections 219.4(a)(1) and 219.4(c) of Department Regulation No. 34-A by using the terms “savings plan,” “savings,” and “Guaranteed Safety,” in advertisements that are deemed to be misleading and capable of being deceptive. During the examination the Company did not use the terms “savings plan,” “savings,” and “Guaranteed Safety,” in its advertisements.

Item	Description
E	The Company violated Section 219.4(t) of Department Regulation No. 34-A by using a version of a direct mail application form that was different from the version approved by the Department. During the period under review the Company did not use direct mail application forms that were different from the forms approved by the Department.

8. SUMMARY AND CONCLUSIONS

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

Item	Description	Page No(s).
A	The examiner recommends that the Company maintain adequate documentation to accurately reflect the services and charges under its service agreements, and to maintain such in a manner as to be readily accessible for examination.	6 – 7
B	The Company violated Section 1505(d)(3) of the New York Insurance Law by failing to notify the Superintendent in writing of its intention to provide sales management services to an affiliate at least 30 days prior thereto.	7
C	The examiner recommends that the Company maintain the proper documentation to support the number of annuity contracts terminated as reported in the annual statement. A similar recommendation was made in the prior report concerning the maintenance of proper documentation to support the number of contracts issued and terminated as reported in its filed annual statement.	12
D	The Company violated Section 3227(c) of the New York Insurance Law by failing to pay interest on surrendered annuity contracts.	18 – 19
E	The examiner recommends that the Company review all annuity surrenders since January 1, 2000 and pay interest where required.	18 – 19

Respectfully submitted,

/s/ ______________________

Vincent Targia
Associate Insurance Examiner

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

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

/s/ ______________________

Vincent Targia

Subscribed and sworn to before me

this__________ day of ____________________

APPOINTMENT NO. 22062

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:*

VINCENT TARGIA

as a proper person to examine into the affairs of the

AMERICAN CENTURION LIFE ASSURANCE 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 19th day of June, 2003

GREGORY V. SERIO
Superintendent of Insurance

Superintendent