STATE OF NEW YORK INSURANCE DEPARTMENT

REPORT ON EXAMINATION

OF THE

STANDARD LIFE INSURANCE COMPANY OF NEW YORK

CONDITION: DECEMBER 31, 2006

DATE OF REPORT: MARCH 5, 2008

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EXAMINER: LATI SMITH

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

Eliot Spitzer
Governor

Eric R. Dinallo
Superintendent

March 5, 2008

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

Sir:

In accordance with instructions contained in Appointment No. 22641, dated May 15, 2007, and annexed hereto, an examination has been made into the condition and affairs of the Standard Life Insurance Company of New York, hereinafter referred to as "the Company," at its home office located at 360 Hamilton Avenue, White Plains, New York 10601

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, 2003. This examination covers the period from January 1, 2004 through December 31, 2006. As necessary, the examiner reviewed transactions occurring subsequent to December 31, 2006 but prior to the date of this report (i.e., the completion date of the examination).

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

Company history
Management and control
Corporate records
Fidelity bond and other insurance
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

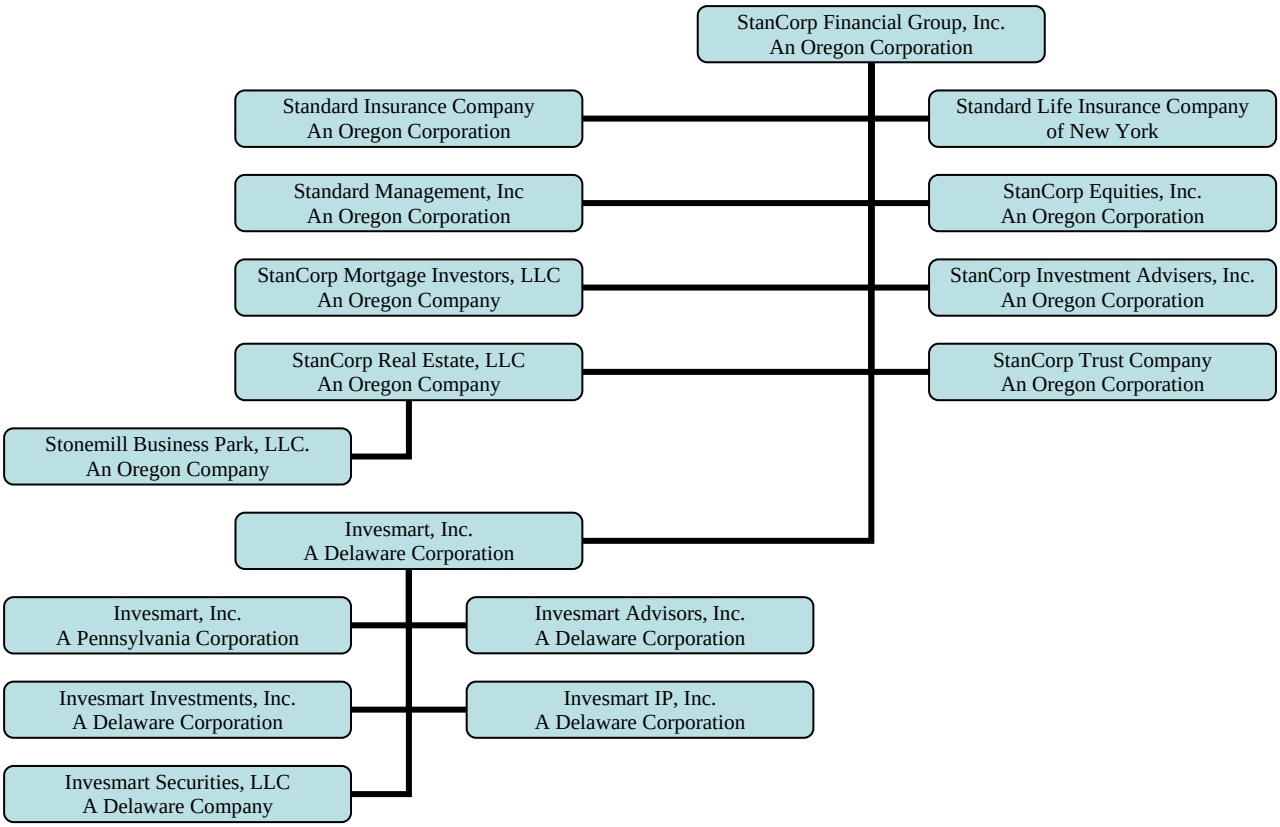
A. History

The Company was incorporated as a stock life insurance company under the laws of New York on April 24, 2000, was licensed and commenced business on October 25, 2000. Initial resources of $12,450,000, consisting of common capital stock of $2,000,000 and paid in and contributed surplus of $10,450,000 were provided through the sale of 200,000 shares of common stock (with a par value of $10 each) for $62.25 per share. During the period under examination the Company's parent contributed additional paid-in capital of $14 million on November 29, 2004, $5 million on December 7, 2005, and $4 million on December 14, 2006, for a total paid-in and contributed surplus of $33,450,000 at December 31, 2006.

B. Holding Company

The Company is a wholly owned subsidiary of StanCorp Financial Group, Inc. ("SFG") an Oregon 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:



SFG was incorporated under the laws of Oregon in 1998 as a holding company resulting from the demutualization of Standard Insurance Company. SFG completed its initial public offering of common stock on April 21, 1999. Through its subsidiaries, it is a provider of selected insurance and retirement plan products. It is the sole shareholder of Standard Life Insurance Company of New York. Other subsidiaries include Standard Insurance Company ("SIC"), StanCorp Mortgage Investors, LLC ("SMI"), StanCorp Real Estate, LLC, StanCorp Investment Advisers, Inc. ("SIA") and Standard Management, Inc.

SFG's largest subsidiary, SIC, was founded in 1906. It is domiciled in Oregon, and is licensed in 49 states, the District of Columbia, and the U.S. territories of Guam and the Virgin Islands. SIC offers insurance and investment products.

SMI originates, underwrites, and services small, fixed-rate commercial mortgage loans for the investment portfolios of SFG's subsidiaries. It also originates and services commercial mortgage loans for institutional investors.

StanCorp Real Estate, LLC manages and develops real estate properties for SIC, and provides investment advice and other services to SIC and non-affiliated clients.

SIA is an SEC registered investment adviser, and provides performance analysis for the Company, and performance analysis, fund selection support and model portfolios for SIC and non-affiliated clients.

StanCorp Equities, Inc. is a broker dealer that provides brokerage services and distributes group variable annuity and group annuity contracts issued by SIC.

Standard Management, Inc. is a downstream holding company which is currently inactive.

The Company had 4 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	
1. Administrative Services #29166	8/24/00	Standard Insurance Company	The Company	Distribution/ producer mgmt, Administration, P/H services, IT, HR, legal	2004	$ (805,950)
					2005	$(1,194,559)
					2006	$(1,060,045)
2. Administrative Services #29180	8/24/00	The Company	Standard Insurance Company	Claims processing and payment services	2004	$7,492,099
					2005	$7,143,186
					2006	$8,511,257
3. Investment Services #27445H	8/24/00	Standard Insurance Company	The Company	Investment services	2004	$ (2,178)
					2005	$ (6,858)
					2006	$(47,840)
4. Non-Recourse Master Participation & Servicing Agreement #31874	12/1/04	StanCorp Mortgage Investors, LLC	The Company	Mortgage loan services	2004	$ (4,973)
					2005	$(19,924)
					2006	$(66,737)

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

The Company also participates in a consolidated federal income tax return with its parent and affiliates.

C. Management

The Company's by-laws provide that the board of directors shall be comprised of not less than 9 and not more than 15 directors. The number of directors shall be increased to not less than 13 within one year following the end of the calendar year in which the Company's admitted assets exceed $1.5 billion. Directors are elected for a period of one year at the annual meeting of the stockholders held in May of each year. As of December 31, 2006, the board of directors consisted of 10 members. Meetings of the board are held in February, May, August and November.

The 10 board members and their principal business affiliation, as of December 31, 2006, were as follows:

Name and Residence	Principal Business Affiliation	Year First Elected
Virginia L. Anderson* Seattle, Washington	President Safeco Insurance Foundation	2004
Regina M. Del Campo Hastings-on-Hudson	Supervisor, Disability Benefits Standard Life Insurance Company of New York	2001
Stanley R. Fallis* Scottsdale, AZ	Retired Chair & Chief Executive Officer Everen Clearing Corporation	2006
Wanda G. Henton* Smith's, Bermuda	Chair and Chief Executive Officer Lloyd Bridge Advisory Corporation	2004
Stanley J. Kulesa Mohegan Lake, NY	Assistant Vice President, Benefits Standard Life Insurance Company of New York	2000
J. Greg Ness Lake Oswego, OR	Chief Executive Officer Standard Life Insurance Company of New York President & Chief Executive Officer Standard Insurance Company	2004
Eric E. Parsons Portland, Oregon	Chairman Standard Life Insurance Company of New York President and Chief Executive Officer StanCorp Financial Group, Inc. and Standard Insurance Company	2002
Ralph R. Peterson* Highlands Ranch, CO	Chairman, President and Chief Executive Officer CH2M Hill Companies, LTD	2002

Name and Residence	Principal Business Affiliation	Year First Elected
John S. Rivello Hawthorne, NY	Supervisor, Disability Benefits Standard Life Insurance Company of New York	2006
Michael G. Thorne* Seattle Washington	Retired Director and Chief Executive Officer Washington State Ferry System	2002

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

In October 2007 Regina Del Campo resigned from the board and was replaced by Marian J. Barbarino.

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
J. Greg Ness	President & Chief Executive Officer
Cindy J. McPike	Chief Financial Officer
Kim W. Ledbetter	Chief Investment Officer
Neal W. King	Chief Operating Officer
Sally A. Manafi	Appointed Actuary
Robert M. Erickson	Controller
Allison T. Stumbo	Secretary
Deborah D. Ferguson	Vice President, Internal Auditing
Stanley J Kulesa*	Assistant Vice President, Benefits

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

In June 2007, Cindy J. McPike resigned as Chief Financial Officer and the position is vacant as of the date of this report.

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 only in New York State. Policies are written on a non-participating basis.

During the examination period, the Company sold group life, group long and short term disability, group accidental death and dismemberment, and group dental insurance.

The following table shows direct premium income received by product line for the year 2006:

Group life	$17,982,921
Group disability	36,513,213
Group accidental death and dismemberment	1,046,681
Dental	338,664
Statutory DBL	10,948,534
Total	$66,830,013

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

E. Reinsurance

As of December 31, 2006, the Company had reinsurance treaties in effect with 8 companies, of which 3 were authorized or accredited. The Company's life and accident and health business is reinsured 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 60% of face value. The total face amount of life insurance ceded as of December 31, 2006, was $3,220,351,228, which represents 40.39% of the total face amount of life insurance in force.

The Company ceded premiums for its group accident and health insurance business to 4 reinsurers. As of December 31, 2006, the Company ceded $16,762,415 of premiums under these reinsurance contracts, representing 33.6% of the accident and health insurance premiums in force.

There was no insurance assumed as of December 31, 2006 and no reserve credit was taken for reinsurance ceded to unauthorized companies.

4. SIGNIFICANT OPERATING RESULTS

Indicated below is significant information concerning the operations of the Company during the period under examination as extracted from its filed annual statements. Failure of items to add to the totals shown in any table in this report is due to rounding.

The following table indicates the Company's financial growth during the period under review:

	December 31, 2003	December 31, 2006	Increase
Admitted assets	$12,787,452	$99,013,329	$86,225,877
Liabilities	$ 7,391,207	$68,266,018	$60,874,811
Common capital stock	$2,000,000	$ 2,000,000	$0
Gross paid in and contributed surplus	10,450,000	33,450,000	23,000,000
Unassigned funds (surplus)	(7,053,755)	(4,702,689)	2,351,066
Total capital and surplus	$ 5,396,245	$30,747,311	$25,351,066
Total liabilities, capital and surplus	$12,787,452	$99,013,329	$86,225,877

The Company's invested assets as of December 31, 2006 were mainly comprised of mortgage loans (49.4%), bonds (44.4%) and cash and short-term investments (6.1%). As of December 31, 2003 the Company's invested assets consisted of bonds (47%), mortgage loans (34%), and cash and short-term investments (19%). The significant change in asset mix is the result of the Company's effort to attain its target investment portfolio composition of approximately 50% to 70% fixed maturity securities and 30% to 50% commercial mortgages.

The majority (98.7%) of the Company's bond portfolio, as of December 31, 2006, was comprised of investment grade obligations. All loans in the mortgage portfolio were in good standing.

The Company started writing group accident and health business in 2001 and life insurance business in 2002 and its assets, liabilities and surplus have increased in proportion to increases in premiums.

The following indicates, for each of the years listed below, the amount of life insurance issued and in force by type (in thousands of dollars):

	Individual Whole Life		Individual Term		Group Life	
Year	Issued	In Force	Issued	In Force	Issued & Increases	In Force
2004	$ 0	$ 0	$ 0	$ 0	$1,898,294	$2,578,924
2005	$1,089	$ 820	$3,836	$2,261	$3,512,260	$5,858,230
2006	$ 424	$1,111	$3,057	$3,321	$2,340,893	$7,969,025

Net investment income was distributed to major annual statement lines of business in accordance with the mean reserve method.

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:

	2004	2005	2006
Ordinary:			
Life insurance	$ 0	$ (135,203)	$ (62,927)
Total ordinary	$ 0	$ (135,203)	$ (62,927)
Group:			
Life	$ 482,969	$ 389,887	$ 548,480
Total group	$ 482,969	$ 389,887	$ 548,480
Accident and health:			
Group	$(3,954,248)	$1,704,885	$3,378,254
Total accident and health	$(3,954,248)	$1,704,885	$3,378,254
Total	$(3,471,279)	$1,959,569	$3,863,807

The net loss from operations in the accident and health line of business increased from $(3,077,364) in 2003 to $(3,954,248) in 2004. This is due to an increase in the disability payments made in 2004. In 2005 and 2006, premiums increased with growth in the business and accident and heath claims experience was more favorable.

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:

	2004	2005	2006
Premiums earned	100.0%	100.0%	100.0%
Incurred losses	107.8%	95.5%	95.3%
Commissions	6.4	5.3	6.4
Expenses	47.3	27.8	19.0
	161.5%	128.6%	120.7%
Underwriting results	(61.5)%	(28.6)%	(20.7)%

2004 was the Company's fourth complete year of business. Underwriting losses were high as the amount of premiums received was small compared to the recurring business expenses incurred and other start-up costs. In 2005 and 2006, underwriting losses decreased due to increases in premiums from expanded business writings and the stabilization of start-up costs.

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	$41,055,355
Mortgage loans on real estate:	
First liens	45,677,690
Cash, cash equivalents and short term investments	5,676,467
Investment income due and accrued	820,839
Premiums and considerations:	
Uncollected premiums and agents' balances in the course of collection	3,078,233
Deferred premiums, agents' balances and installments booked but deferred and not yet due	4,830
Accrued retrospective premiums	225,792
Reinsurance:	
Amounts recoverable from reinsurers	1,015,402
Other amounts receivable under reinsurance contracts	860,751
Amounts receivable relating to uninsured plans	19,059
Current federal and foreign income tax recoverable and interest thereon	291,806
Net deferred tax asset	236,539
Electronic data processing equipment and software	3,409
Other assets	47,157
Total admitted assets	$99,013,329

Liabilities, Capital and Surplus

Aggregate reserve for life policies and contracts	$ 6,062,012
Aggregate reserve for accident and health contracts	50,684,417
Liability for deposit-type contracts	1,098,094
Contract claims:	
Life	2,168,217
Accident and health	1,540,508
Premiums and annuity considerations for life and accident and health contracts received in advance	48,144
Contract liabilities not included elsewhere:	
Provision for experience rating refunds	301,721
Other amounts payable on reinsurance	1,620,308
Commissions to agents due or accrued	760,271
General expenses due or accrued	2,949,708
Taxes, licenses and fees due or accrued, excluding federal income taxes	7,887
Amounts withheld or retained by company as agent or trustee	62,472
Remittances and items not allocated	197,488
Miscellaneous liabilities:	
Asset valuation reserve	595,465
Payable to parent, subsidiaries and affiliates	52,148
Liability for amounts held under uninsured accident and health plans	5,034
Other liabilities	112,124
Total liabilities	$68,266,018
Common capital stock	$ 2,000,000
Gross paid in and contributed surplus	33,450,000
Unassigned funds (surplus)	(4,702,689)
Surplus	$28,747,311
Total capital and surplus	$30,747,311
Total liabilities, capital and surplus	$99,013,329

B. CONDENSED SUMMARY OF OPERATIONS

	2004	2005	2006
Premiums and considerations	$17,700,185	$37,925,320	$44,431,170
Investment income	669,297	1,984,726	3,858,240
Commissions and reserve adjustments on reinsurance ceded	3,851,312	8,238,177	8,431,771
Miscellaneous income	2,995	56	0
Total income	$22,223,789	$48,148,279	$56,721,181
Benefit payments	$ 7,752,183	$14,609,287	$18,704,310
Increase in reserves	9,210,756	20,322,718	22,450,281
Commissions	1,206,291	2,017,942	2,900,817
General expenses and taxes	7,091,281	9,341,053	8,261,266
Increase in loading on deferred and uncollected premium	92,297	35,224	(94,537)
Miscellaneous deductions	568,591	0	2,686
Total deductions	$25,921,399	$46,326,224	$52,224,823
Net gain (loss)	$ (3,697,610)	$ 1,822,055	$ 4,496,358
Federal and foreign income taxes incurred	(226,330)	(137,514)	632,551
Net gain (loss) from operations before net realized capital gains	$ (3,471,280)	$ 1,959,569	$ 3,863,807
Net realized capital gains (losses)	0	(5,042)	(37,162)
Net income	$ (3,471,280)	$ 1,954,527	$ 3,826,645

C. CAPITAL AND SURPLUS ACCOUNT

	2004	2005	2006
Capital and surplus, December 31, prior year	$ 5,396,245	$16,304,013	$24,151,846
Net income	$ (3,471,280)	$ 1,954,527	$ 3,826,645
Change in net deferred income tax	880,949	(819,041)	(939,270)
Change in non-admitted assets and related items	(468,584)	1,893,107	20,648
Change in asset valuation reserve	(33,318)	(180,761)	(312,558)
Surplus adjustments: Paid in	14,000,000	5,000,000	4,000,000
Net change in capital and surplus for the year	$10,907,767	$ 7,847,833	$ 6,595,465
Capital and surplus, December 31, current year	$16,304,012	$24,151,846	$30,747,311

During the period under examination the Company received three capital infusions from its parent totaling $23 million, broken out by year in the chart above. This accounts to a large extent for the Company's increase in capital and surplus for the respective years under review.

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 Company violated Section 1505(b) of the New York Insurance Law by failing to maintain records which disclose the details and calculation of fees charged under service agreements with an affiliate. The review of a sample of fees charged under service agreements with affiliates indicated that the Company maintains records disclosing the supporting details and calculation of such fees.
B	The Company violated Section 91.4(a)(2) of Department Regulation No. 33 by failing to maintain records with sufficient detail to show how the Company allocated its general expenses. The Company maintains records with sufficient detail to show how the Company allocated its general expenses.
C	The Company violated Section 91.4(c) of Department Regulation No. 33 by failing to use an approved method of allocation of net investment income. The Company allocated net investment income using the mean reserve method.
D	The Company violated Section 1217 of the New York Insurance Law by paying vouchers that did not identify the services rendered. The review of paid vouchers revealed that the Company identified the services rendered.
E	The examiner recommends that the Company follow the annual statement instructions in the reporting of expenses on exhibit 2 of the annual statement. Per the 2006 annual statement instructions, the Company reported its expenses on the correct lines of Exhibit 2.

Respectfully submitted,

/s/
Lati Smith
Senior Insurance Examiner

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

Lati Smith, being duly sworn, deposes and says that the foregoing report, subscribed by her, is true to the best of her knowledge and belief.

/s/
Lati Smith

Subscribed and sworn to before me

this_____ day of _____

APPOINTMENT NO. 22641

STATE OF NEW YORK

INSURANCE DEPARTMENT

*I, **ERIC R. DINALLO**, Superintendent of Insurance of the State of New York, pursuant to the provisions of the Insurance Law, do hereby appoint:*

LATI SMITH

as a proper person to examine into the affairs of the

STANDARD LIFE INSURANCE COMPANY OF NEW YORK

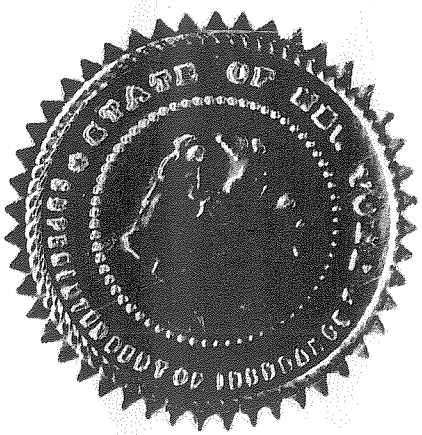
and to make a report to me in writing of the condition of the said

COMPANY

with such other information as he shall deem requisite.

In Witness Whereof, I have hereunto subscribed by name and affixed the official Seal of the Department at the City of New York

this 15th day of May, 2007



ERIC R. DINALLO
Superintendent of Insurance

Superintendent