STATE OF NEW YORK INSURANCE DEPARTMENT

REPORT ON EXAMINATION

OF THE

ALLSTATE LIFE INSURANCE COMPANY OF NEW YORK

AS OF

DECEMBER 31, 2000

DATE OF REPORT: MARCH 1, 2002

EXAMINER: ANTHONY MAURO

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

March 1, 2002

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

Sir:

In accordance with instructions contained in Appointment No. 21735, dated June 12, 2001 and annexed hereto, an examination has been made into the condition and affairs of Allstate Life Insurance Company of New York, hereinafter referred to as “the Company” or “ALNY,” at its home office located at One Allstate Drive, Farmingville, New York 11738.

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, 2000 filed annual statement. (See item 5 of this report)

The Company violated Section 243.2(b) of Department Regulation No. 152 for not maintaining the application, including the policy forms and any other information necessary for reconstructing the solicitation, rating and underwriting of the contract or policy. (See item 8 of this report)

2. SCOPE OF EXAMINATION

The prior examination was conducted as of December 31, 1997. This examination covers the period from January 1, 1998 through December 31, 2000. As necessary, the examiner reviewed transactions occurring subsequent to December 31, 2000 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, 2000 to determine whether the Company's 2000 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 violations, recommendations and/or comments contained in the prior report on examination. The results of the examiner's review are contained in item 9 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 January 25, 1967 under the name Financial Life Insurance Company and commenced business on December 15, 1967. Initial resources of $3,000,000, consisting of $1,000,000 paid in capital and $2,000,000 paid in surplus, was provided through the sale of 40,000 shares of common stock, with a par value of $25, for $75 per share

As of December 31, 2000, the Company had $2,500,000 of common capital stock and paid in and contributed surplus of $36,511,449.

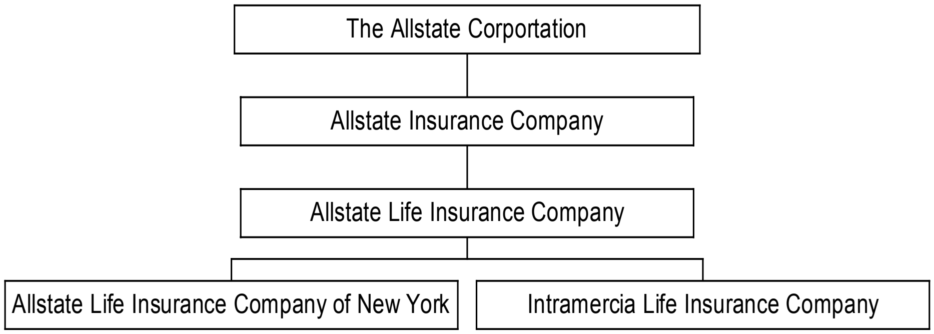
In March 1978, Pacific Mutual Life Insurance of Newport Beach, California, purchased the Company from Minnesota Mutual Life Insurance Company and changed the name to PM Life Insurance Company ("PM Life").

Allstate Insurance Company ("AIC") purchased the Company on December 16, 1983. At that time, the name of the Company was changed to Allstate Life Insurance Company of New York, its present name. Effective January 1, 1984, ownership of the Company was transferred from AIC to Allstate Life Insurance Company ("ALIC") through a transfer of all of the Company's capital stock shares.

B. Holding Company

The Company is a wholly owned subsidiary of ALIC, an Illinois corporation. ALIC is a wholly owned subsidiary of AIC. The ultimate parent is The Allstate Corporation.

An organization chart reflecting the relationship between the Company and significant entities in its holding company system as of December 31, 2000 follows:



The Company had eight service agreements in effect as of December 31, 2000.

1) An agreement between ALNY and AIC dated July 1, 1989, that calls for AIC to provide: audit services; creation, development and distribution of national advertising; recruitment, training and contract compensation administration for soliciting agents; establishment and administration of cash management systems; purchase and maintenance of supplies, furniture and fixtures; legal services; and investment services.
2) An administrative service agreement between ALNY and AIC dated July 1, 1989, that calls for AIC to provide: actuarial; legal; development and maintenance of computer-related policy maintenance and accounting systems; preparation of tax returns; payroll and benefit plan processing; marketing; and investment services.
3) An underwriting agreement between ALNY and Allstate Life Financial Services ("ALFS"), an affiliated company, dated October 1, 1996, that calls for ALFS to provide marketing and distribution services regarding variable life insurance products.
4) A business operations and service agreement between ALNY and ALIC dated October 1, 1997 that calls for ALIC to provide policyholder, accounting and financial, underwriting and claim services.
5) A service agreement between ALNY and Lincoln Benefit Life Company ("LBL"), a subsidiary of ALIC, dated May 1, 1999, whereby LBL provides agent licensing and appointment services for ALNY.

6) A principal underwriting agreement between ALNY and Allstate Distributor's L.L.C., an affiliated broker/dealer, effective May 1, 1999, whereby Allstate Distributor's L.L.C. serves as principal underwriter for the sale of certain variable insurance contracts issued by ALNY.
7) An expense allocation agreement between ALNY and Intramerica Life Insurance Company, an affiliated New York domestic stock life insurance company, dated July 1, 1999, that calls for ALNY to make available; clerical services, office space and use of equipment at the office located in Farmingville, New York.
8) An administrative service agreement with Allstate Distributor's L.L.C. dated May 1, 2000 that calls for the Company to provide legal, management, sales support and certain administrative services.

In addition the Company has a tax allocation agreement with AIC and affiliates dated November 12, 1996, effective for consolidated federal income tax returns filed for tax years ending after 1995.

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 15 directors. Directors are elected annually at the annual meeting of the stockholders held on the fourth Tuesday of February. As of December 31, 2000, the board of directors consisted of 14 members. Meetings of the board are held during the year on such dates as determined by the board.

The board has one standing committee, the operations review committee, which is comprised entirely of five outside directors.

The 14 board members and their principal business affiliation, as of December 31, 2000, were as follows:

Name and Residence	Principal Business Affiliation	Year First Elected
Marcia Alazraki * Slingerlands, NY	Partner Kalkines, Arky, Zall and Bernstein LLP	1993
Margaret Dyer Winnetka, IL	Vice President Allstate Life Insurance Company	2000

Name and Residence	Principal Business Affiliation	Year First Elected
Marla Friedman Northbrook, IL	Vice President Allstate Life Insurance Company	1997
Vincent Fusco Dix Hills, NY	Vice President Allstate Life Insurance Company	1997
Cleveland Johnson, Jr. * Bay Shore, NY	Retired Mariga Communications Corp.	1983
John Lounds Long Grove, IL	Vice President Allstate Life Insurance Company	2000
J. Kevin McCarthy North Barrington, IL	Vice President Allstate Life Insurance Company	2000
Kenneth O'Brien * Merrick, NY	Chief Executive Officer O'Brien Asset Management, Inc.	1998
John Raben, Jr. * Riverside, CT	Vice President J.P. Morgan Securities, Inc.	1987
Sally Slacke * Kings Park, NY	President Slacke Test Boring, Inc.	1983
Michael Velotta Libertyville, IL	Vice President, Secretary and General Counsel Allstate Life Insurance Company of New York Allstate Life Insurance Company	1992
Steven Verney Wadsworth, IL	Vice President Allstate Life Insurance Company	2000
Patricia Wilson Barrington, IL	Assistant Vice President Allstate Life Insurance Company of New York Allstate Life Insurance Company	1997
Thomas Wilson, II Chicago, IL	President and Chairman Allstate Life Insurance Company of New York Allstate Life Insurance Company	1999

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

In July 2001, Steven E. Shebik was elected to the board replacing Steven Verney.

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, 2000:

Name	Title
Thomas Wilson, II	President and Chairman
Michael Velotta	Vice President, Secretary and General Counsel
James Zils	Treasurer
Casey Sylla	Chief Investment Officer
Patricia Wilson	Assistant Vice President
James Brazda*	Chief Administrative Officer

* 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 ten states, namely California, Delaware, Illinois, Missouri, Nebraska, New Jersey, New York, North Carolina, Pennsylvania, Texas and the District of Columbia. In 2000, 92.6% of life insurance premiums, 96.5% of accident and health insurance premiums, and 77.7% of annuity considerations were received from New York. In addition, 20% of annuity considerations were received from Nebraska; these considerations were entirely comprised of structured settlements.

The Company currently issues policies on a non-participating basis. However, the Company has a small block of participating policies, which were issued prior to AIC's acquisition of PM Life in 1983.

The Company's product portfolio includes whole life, term life, universal life, individual annuities, group annuities and group accident and health insurance. The Company offers its products through agents, (its core marketing channel), financial services firms, and direct response marketing (e.g., Sears credit card holders). Structured settlement annuities are written through specialized brokers.

The Company began writing structured settlements in October 1987. The policies are settlements for property and casualty claims from the Company's P&C affiliate or from other insurers.

The Company's agency operations are conducted through a single New York branch office divided into territories.

E. Reinsurance

As of December 31, 2000, the Company had reinsurance treaties in effect with six companies, of which four were authorized or accredited. The Company's life business is ceded on a coinsurance and yearly renewable term basis. Reinsurance is provided on an automatic and facultative basis.

The maximum retention limit for individual life policies is $250,000. The total face amount of life insurance ceded, as of December 31, 2000, was $1,592,962,411 which represents 10% of the total face amount of life insurance in force. Reserve credit taken for reinsurance ceded to unauthorized companies, totaling $38,523 was supported by letters of credit.

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, 1997	December 31, 2000	Increase
Admitted assets	$2,002,441,695	$3,164,803,200	$1,162,361,505
Liabilities	$1,817,822,584	$2,926,644,679	$1,108,822,095
Common capital stock	$ 2,000,000	$ 2,500,000	$ 500,000
Gross paid in and contributed surplus	36,511,449	36,511,449	0
Annuity mortality fluctuation fund	20,000	55,000	35,000
Unassigned funds (surplus)	146,087,662	199,092,072	53,004,410
Total capital and surplus	$ 184,619,111	$ 238,158,521	$ 53,539,410
Total liabilities, capital and surplus	$2,002,441,695	$3,164,803,200	$1,162,361,505

The Company's invested assets as of December 31, 2000, exclusive of Separate Accounts, were mainly comprised of bonds (87%) and mortgage loans (8.1%). The majority (97.6%) of the Company's bond portfolio, as of December 31, 2000, 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:

	1998	1999	2000
Ordinary:			
Life insurance	$ 8,426,925	$ 7,985,881	$11,446,599
Individual annuities	4,074,789	8,540,339	14,585,191
Supplementary contracts	127,910	115,958	2,267,827
Total ordinary	$12,629,624	$16,642,178	$28,299,617
Group:			
Life	$ (2,972)	$ (4,647)	$ (30,278)
Annuities	306,016	955,864	(3,120,342)
Total group	$ 303,044	$ 951,217	$ (3,150,620)
Accident and health:			
Group	$ 57,273	$ 47,202	$ (32,947)
Other	734,161	1,275,944	1,444,910
Total accident and health	$ 791,434	$ 1,323,146	$ 1,411,963
All other lines	$ 0	$ 0	$ (473,002)
Total	$13,724,101	$18,916,541	$26,087,958

The increase in gains reported for ordinary life insurance over the period is the result of increased sales and favorable mortality experience. The increase in gains reported for individual annuities over the period resulted from the acquisition of two blocks of annuity business. The increase in gains reported for supplementary contracts in 2000 resulted from an accounting change that reclassified certain pay out annuities that typically generate losses from supplemental contracts to group annuities. The loss reported for group annuities is a result of the aforementioned reclassification and the increase in new business expenses incurred to introduce the Putnam variable annuity in New York. Sales of the Putnam variable annuity exceeded $185 million in 2000. The loss reported in 2000 for "All other lines" was reported in error. Most of the loss should have been reported in the other accident and health line of business, which would have reduced the gain reported in that line.

5. FINANCIAL STATEMENTS

The following statements show the assets, liabilities, capital, surplus and other funds as of December 31, 2000, as contained in the Company's 2000 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, 2000 filed annual statement.

A. ASSETS, LIABILITIES, CAPITAL, SURPLUS AND OTHER FUNDS AS OF DECEMBER 31, 2000

Admitted Assets

Bonds	$2,225,651,646
Stocks:	
Preferred stocks	33,663,938
Common stocks	9,146,379
Mortgage loans	207,975,977
Policy loans	31,672,066
Cash and short term investments	44,315,241
Other invested assets	2,716,568
Receivable for securities	3,955,927
Escrow funds held by service agents	1,868,349
Less: liability for escrow funds held by service agents	(1,868,349)
Deferred basis adjustments on futures	213,540
Reinsurance ceded: commissions and expense allowances due	2,534
Guaranty funds received or on deposit	138,942
Life insurance premiums and annuity considerations deferred and uncollected on in force business	8,011,868
Accident and health premiums due and unpaid	596,637
Investment income due and accrued	32,420,971
Receivable from parent, subsidiaries and affiliates	489,965
Advanced benefits	3,411,337
Accounts receivable	329,790
From Separate Accounts statement	560,089,873
Total admitted assets	$3,164,803,200

Liabilities, Capital, Surplus and Other Funds

Aggregate reserve for life policies and contracts	$2,134,684,850
Aggregate reserve for accident and health policies	334,895
Supplementary contracts without life contingencies	6,985,236
Policy and contract claims:	
Life	5,463,927
Accident and health	1,322,293
Policyholders’ dividend and coupon accumulations	41,069
Provision for policyholders’ dividends and coupons payable in following calendar year – estimated amounts: Dividends apportioned for payment	79,989
Premiums and annuity considerations received in advance	270,536
Liability for premium and other deposit funds:	
Policyholder premiums	73
Other contract deposit funds	50,000,000
Interest maintenance reserve	2,093,893
Commissions to agents due or accrued	2,585,466
General expenses due or accrued	300,686
Transfers to Separate Accounts due or accrued	24,623,935
Taxes, licenses and fees due or accrued	2,194,267
Federal income taxes due or accrued	11,919,004
Remittances and items not allocated	11,128,713
Miscellaneous liabilities:	
Asset valuation reserve	9,663,409
Payable to parent, subsidiaries and affiliates	4,804,160
Payable for securities	32,406
Collateral for security lending	86,850,629
Reserve for checks issued and outstanding	8,987,308
Unfunded post-retirement benefit	575,601
Liability for severance costs	174,536
Reserve for checks written off	608,451
Accounts payable	494,016
Deferred basis adjustments on futures	234,679
Discontinued ops reserves	100,780
From Separate Accounts statement	560,089,873
Total liabilities	$2,926,644,679
Common capital stock	$ 2,500,000
Gross paid in and contributed surplus	36,511,449
Annuity mortality fluctuation fund	55,000
Unassigned funds (surplus)	199,092,072
Total capital, surplus and other funds	$ 238,158,521
Total liabilities, capital, surplus and other funds	$3,164,803,200

B. CONDENSED SUMMARY OF OPERATIONS

	1998	1999	2000
Premiums and considerations	$266,950,262	$318,881,032	$679,228,571
Investment income	134,876,184	148,980,669	177,032,563
Commissions and reserve adjustments on reinsurance ceded	137,826	133,854	141,751
Miscellaneous income	5,145,695	6,643,332	9,120,325
Total income	$407,109,967	$474,638,886	$865,523,210
Benefit payments	$145,124,698	$174,774,838	$222,813,878
Increase in reserves	174,250,397	196,445,008	347,114,372
Commissions	20,209,203	23,587,412	38,678,249
General expenses and taxes	29,645,785	24,582,205	26,994,455
Increase in loading and cost of collection	123,297	68,861	(326,222)
Net transfers to (from) Separate Accounts	13,039,840	22,078,064	187,832,653
Miscellaneous deductions	2,960,234	2,710,153	3,421,305
Total deductions	$385,353,455	$444,246,540	$826,528,689
Net gain	$ 21,756,512	$ 30,392,346	$ 38,994,521
Dividends	75,153	75,430	67,199
Federal income taxes	7,957,259	11,400,377	12,839,363
Net gain from operations before net realized capital gains	$ 13,724,100	$ 18,916,539	$ 26,087,959
Net realized capital (losses)	(74,963)	(149,328)	0
Net income	$ 13,649,137	$ 18,767,210	$ 26,087,959

C. CAPITAL AND SURPLUS ACCOUNT

	1998	1999	2000
Capital and surplus, December 31, prior year	$184,619,111	$196,416,004	$214,738,167
Net income	$ 13,649,137	$ 18,767,210	$ 26,087,959
Change in net unrealized capital (losses)	0	0	(3,743,680)
Change in nonadmitted assets and related items	(1,132,947)	288,387	921,350
Change in asset valuation reserve	(719,296)	(1,233,434)	154,720
Capital changes Transferred from surplus	0	500,000	0
Net change in capital and surplus	$ 11,796,893	$ 18,322,163	$ 23,420,350
Capital and surplus, December 31, current year	$196,416,004	$214,738,167	$238,158,518

D. RESERVE FOR CHECKS ISSUED AND OUTSTANDING

The Company reclassified negative cash balances to the liability "reserve for checks issued and outstanding" on the 2000 annual statement in the amount of $608,451. The negative cash balances should be reported on the asset page of the annual statement in accordance with NAIC annual statement instructions.

The examiner recommends that the Company report negative cash balances on the asset page of the annual statement. This is a repeat recommendation from the prior report on examination.

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 219.5(a) of Department Regulation No. 34-A states, in part:

> "Each insurer shall maintain at its home office a complete file containing a specimen copy of every printed, published or prepared advertisement hereafter disseminated in this state, with a notation indicating the manner and extent of distribution . . . "

The Company did not maintain in its advertising file a notation indicating the manner and extent of distribution of each advertisement.

The Company violated Section 219.5(a) of Department Regulation No. 34-A by not maintaining in its advertising files a notation indicating the manner and extent of distribution of each advertisement.

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.

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 was incorporated under the name Financial Life Insurance Company ("Financial") and commenced business in 1967 and was purchased by AIC in 1983. In response to the Supplement, the Company reported that it reviewed the rate charts, policy files and applications for the block of policies issued prior to its acquisition by AIC in 1983. In addition, the Company stated it reviewed its records relating to the business directly issued by it. The Company concluded that no underwriting practices based on race, creed or national origin were involved.

The examiner requested the workpapers that supported the statements made to the Department in response to the Supplement. The Company stated it performed an "informal" review with regard to the policies it issued prior to its acquisition by AIC. As a result, the examiner could not verify the Company's response to the Supplement. The examiner performed a limited review of the Company's records relating to the policies issued prior to acquisition by AIC.

Based on the examiner' limited review of the Company's records, the examiner concluded that the Company's response regarding its past and present underwriting practices complied with the requirements of the Supplement.

7. REMITTANCES AND ITEMS NOT ALLOCATED

The Company reported a liability of $11,128,713 as of December 31, 2000. A sample of the ledger accounts that comprised the liability was reviewed. The Company was asked to provide supporting documentation and additional explanations for the account balances that comprised the liability as of December 31, 2000. The Company's response revealed the following: 1) the Company could not provide supporting documentation for six of 15 accounts requested; 2) the Company failed to indicate how often the accounts are reconciled; 3) the Company failed to provide aging schedules; and 4) the Company failed to explain why items dating back to 1998 were not get cleared from the accounts by year-end 2000.

The examiner recommends that the Company monitor and periodically reconcile the accounts that comprise the liability "Remittances and items not allocated," prepare aging schedules for the accounts comprising the liability, and investigate and clear old items.

8. RECORD MAINTENANCE

Section 243.2 of Department Regulation No. 152 states, in part:

> (a) In addition to any other requirement . . . every insurer shall maintain its claims, rating, underwriting marketing, complaint, financial, and producer licensing records, and such other records subject to examination by the superintendent, in accordance with the provisions of this Part.
> (b) Except as otherwise required by law or regulation, an insurer shall maintain:
> (1) A policy record for each insurance contract or policy for six calendar years after the date the policy is no longer in force or until after the filing of the report on examination in which the record was subject to review, whichever is longer . . .
> (ii) The application, including any application form or enrollment form for coverage under any insurance contract or policy;
> (iii) The contract or policy forms issued including the declaration pages, endorsements, riders, and termination notices of the contract or policy. Binders shall be retained if a contract or policy was not issued; and
> (iv) Other information necessary for reconstructing the solicitation, rating, and underwriting of the contract or policy. . . . "

In connection with the review of the Company's reserves, the examiner requested 71 policy application files. The applications were furnished in their original paper form. In four cases the Company was unable to supply the original application file. For these four cases, the examiner requested that the Company reconstruct the files in lieu of the original files. In all of the cases, the Company was unable to reconstruct the applications in such a manner that allowed the examiner to verify the rating and underwriting of the contract or policy.

The Company violated Section 243.2(b) of Department Regulation No. 152 for not maintaining the application, including the policy forms and any other information necessary for reconstructing the solicitation, rating and underwriting of the contract or policy.

9. PRIOR REPORT SUMMARY AND CONCLUSIONS

Following are the violations, recommendations and comments 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's futures account was in the name of Allstate Life Insurance Company. The Company's accounts are now in its own name.
B	The Company reclassified negative cash balances to the liability "Reserve for checks issued and outstanding" on the 1997 annual statement in the amount of $4,163,558. The negative cash balances should be reported on the asset page. The examiner recommended that the Company report negative cash balances on the asset page of the annual statement. The Company still reclassified negative cash to the liability "Reserve for checks issued and outstanding" for each of the years under review.
C	The Company violated Section 219.4(p) of Department Regulation No. 34-A for not having the Company's home office address on all its advertisements. The Company now includes its home office address on advertisements.
D	The Company violated Section 219.4(a)(1) of Department Regulation No. 34-A when it mislead the public by stating in an advertisement that past Department audits of Allstate Life Insurance Company of New York have always been favorable. The Company no longer makes statements regarding Department audits in its advertising.

10. SUMMARY AND CONCLUSIONS

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

Item	Description	Page No(s).
A	The Company reclassified negative cash balances to the liability "reserve for checks issued and outstanding" on the 2000 annual statement in the amount of $608,451. The examiner recommends that the Company report negative cash balances on the asset page of the annual statement in accordance with the NAIC annual statement instructions.	15
B	The Company violated Section 219.5(a) of Department Regulation No. 34-A by not maintaining in its advertising file a notation indicating the manner and extent of distribution of each advertisement.	16
C	The examiner recommends that the Company monitor and periodically reconcile the accounts that comprise the liability "Remittances and items not allocated," prepare aging schedules for the accounts comprising the liability, and investigate and clear old items.	18
D	The Company violated Section 243.2(b) of Department Regulation No. 152 for not maintaining the application, including the policy forms and any other information necessary for reconstructing the solicitation, rating and underwriting of the contract or policy.	19

Respectfully submitted,

_______/s/___________
Anthony Mauro
Senior Insurance Examiner

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

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

_______/s/___________
Anthony Mauro

Subscribed and sworn to before me

this_________ day of __________________2002.

APPOINTMENT NO. 21735

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:*

ANTHONY MAURO

as a proper person to examine into the affairs of the

ALLSTATE 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 12th day of June ,2001

GREGORY V. SERIO
Superintendent of Insurance

Superintendent