STATE OF NEW YORK INSURANCE DEPARTMENT

REPORT ON EXAMINATION

OF THE

JACKSON NATIONAL LIFE INSURANCE COMPANY OF NEW YORK

AS OF

DECEMBER 31, 2002

DATE OF REPORT:	JUNE 6, 2003
EXAMINER:	CHACKO THOMAS

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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

June 6, 2003

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

Sir:

In accordance with instructions contained in Appointment No. 21993, dated January 21, 2003 and annexed hereto, an examination has been made into the condition and affairs of Jackson National Life Insurance Company of New York, hereinafter referred to as "the Company" or "JNLNY" at its home office located at 2900 Westchester Avenue, Purchase, New York 10577.

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 Company had a significant increase in assets during the examination period due to an increase in the sales of annuities. General account assets have increased from $83,744,435 as of December 31, 1999 to $1,224,652,845 as of December 31, 2002. Jackson National Life Insurance Company ("JNL"), the Company's parent, made capital contributions during the examination period which accounted for $125 million of the increase. (See item 3A of this report)

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 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, 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
Officers' and employees' welfare and pension plans
Territory and plan of operation
Market conduct activities
Growth of Company
Business in force by states
Mortality and loss experience
Reinsurance
Accounts and records
Financial statements

The examiner reviewed the corrective actions taken by the Company with respect to the violation contained in the prior report on examination. The results of the examiner's review are contained in item 8 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

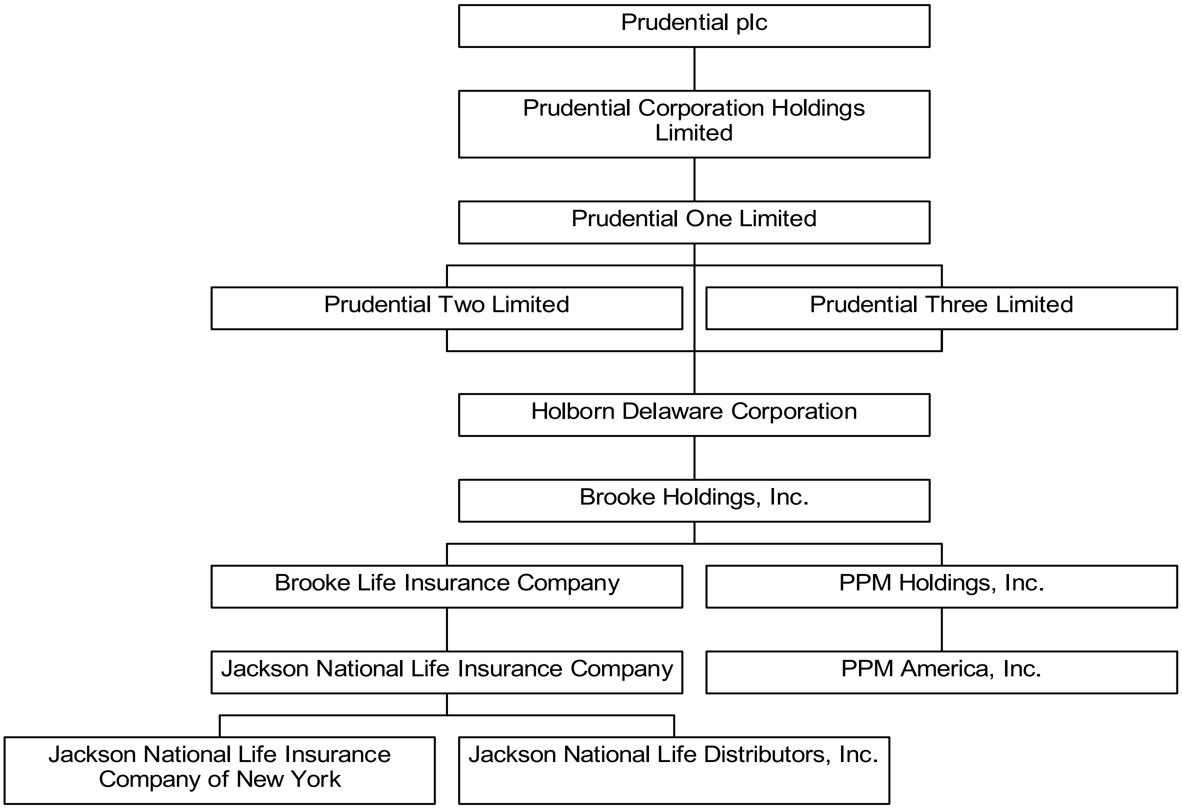
The Company was incorporated as a stock life insurance company under the laws of New York on July 11, 1995 under the name First Jackson National Life Insurance Company. The Company's parent, JNL provided initial resources of $8,000,000.

In 1997, the Company formally changed its name to Jackson National Life Insurance Company of New York and commenced writing business on May 18, 1998. JNL made contributions to paid in surplus of $15 million in 2000, $40 million in 2001 and $70 million in 2002. As of December 31, 2002, the Company's capital and paid in and contributed surplus were $2,000,000 and $141,000,000, respectively.

B. Holding Company

The Company is a wholly owned subsidiary of JNL. JNL is the United States operating arm of Prudential plc, ("Prudential") a multi-national financial services company headquartered in London, England. JNL is a wholly owned subsidiary of Brooke Life Insurance Company, of Lansing, Michigan, which was formed by Prudential shortly after it acquired JNL in 1986. The ultimate United States parent is Holborn Delaware Corporation. Prudential is one of the world's oldest and largest financial services companies with funds under management of approximately $250 billion. JNL, with nearly $48.4 billion under management, is Prudential's largest business outside the U.K. JNL is one of the largest individual annuity writers in the United States with approximately a 3% market share, based on direct premium written.

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



The Company had five service agreements with affiliates in effect as of December 31, 2002.

An administrative service agreement between JNL and the Company provides for JNL to perform certain administrative services for the Company including: accounting, tax and auditing; underwriting; claims; marketing and product development; functional support services; payroll functions; personnel functions; policyholder services; telephone access; and other support services.

An administrative service and expense allocation agreement between Jackson National Life Distributors, Inc. and the Company provides for the development, marketing and distribution services for the Company's products by Jackson National Life Distributors, Inc.

An investment advisory agreement between PPM America, Inc. and the Company whereby PPM America, Inc. provides investment advisory services to the Company.

An Intercompany Special Compensation Consolidation and Cost Allocation Agreement between JNL and the Company, that provides for preparation, distribution and payment for certain agents' and brokers' compensation. The Company agrees to provide said services for JNL's New York based agents and brokers who produce business outside of New York. Similarly, JNL agrees to provide the same services for the Company's agents and brokers based outside of New York who produce business in New York.

An amended and restated tax allocation agreement among Brooke Life Insurance Company, JNL and the Company provides for the Company's participation in a consolidated federal corporate income tax filing.

C. Management

The Company's by-laws provide that the number of directors shall not be less than nine, nor more than 21, and provides further that if admitted assets exceed $1.5 billion during any calendar year, then the number of directors shall be increased to not less than 13 within one year following the end of such calendar year. As of December 31, 2002, there were nine members on the board. Directors are elected at the annual shareholders' meeting, which is held on the fourth Tuesday in March of each year, to serve until the next annual meeting. Regular meetings of the board are held at least four times in each calendar year.

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

Name and Residence	Principal Business Affiliation	Year First Elected
Donald T. DeCarlo* Douglaston, NY	Partner Lord, Bissel & Brook	1999
James G. Golembiewski Lansing, MI	Vice President and Senior General Counsel Jackson National Life Insurance Company of New York	2000
Donald B. Henderson, Jr.* New York, NY	Partner LeBoeuf, Lamb, Greene & MacRae, LLP	1995
Andrew B. Hopping Lansing, MI	Chairman of the Board, Executive Vice President and Chief Financial Officer Jackson National Life Insurance Company of New York	1997

Name and Residence	Principal Business Affiliation	Year First Elected
Henry J. Jacoby* New York, NY	Consulting Engineer Henry J. Jacoby, Consultant	1995
Herbert G. May III Auburndale, MA	Chief Administrative Officer Jackson National Life Insurance Company of New York	2002
Thomas J. Meyer Lansing, MI	Senior Vice President and General Counsel Jackson National Life Insurance Company of New York	1995
David L. Porteous* Reed City, MI	President Porteous & White, P.C. Attorneys at Law	1995
Bradley J. Powell Atlanta, GA	Vice President-Institutional Marketing Group Jackson National Life Insurance Company of New York	2001

* 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, 2002:

Name	Title
Clark P. Manning	President
Andrew B. Hopping	Executive Vice President, Chief Financial Officer
Michael A. Wells	Chief Operating Officer
Herbert G. May III	Chief Administrative Officer
Thomas J. Meyer	Senior Vice President and General Counsel
James G. Golembiewski*	Vice President and Senior General Counsel

* 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, Delaware, Michigan and New York. In 2002, 95.4% of life insurance premiums and 96.7% of annuity considerations were written in New York. Annuity considerations represented 99.8% of the Company's total 2002 premiums and annuity considerations. All business is written on a non-participating basis.

The Company sells primarily fixed and variable annuities. The Company's products are sold through three distribution channels: independent agents and brokers (Deal Direct); financial institutions (IMG); and broker-dealers.

E. Reinsurance

As of December 31, 2002, the Company had reinsurance treaties in effect with seven companies, all of which were authorized or accredited. The Company's life insurance policies are ceded on a yearly renewable term or coinsurance basis. Reinsurance is provided on both an automatic and facultative basis.

The Company's maximum retention limit for individual life contracts is $200,000 per life. The total face amount of life insurance ceded as of December 31, 2002, was $312,080,779, which represents 81.7% of the total 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	$160,768,432	$1,357,687,344	$1,196,918,912
Liabilities	$148,586,297	$1,261,718,358	$1,113,132,061
Common capital stock	$ 2,000,000	$ 2,000,000	$ 0
Gross paid in and contributed surplus	16,000,000	141,000,000	125,000,000
Unassigned funds (surplus)	(5,817,865)	(47,031,014)	(41,213,149)
Total capital and surplus	$ 12,182,135	$ 95,968,986	$ 83,786,851
Total liabilities, capital and surplus	$160,768,432	$1,357,687,344	$1,196,918,912

The Company's invested assets as of December 31, 2002, exclusive of Separate Accounts, were comprised of bonds (95.1%) and cash and short-term investments (4.9%). The majority (94%) of the Company's bond portfolio, as of December 31, 2002, was comprised of investment grade obligations. The increase in admitted assets and total capital and surplus is due to the capital contribution of $125 million by the parent and the increased sales of the annuity products during the examination period.

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

Ordinary Annuities

	2000	2001	2002
Outstanding, end of previous year	1,545	3,803	5,636
Issued during the year	2,341	1,976	3,822
Other net changes during the year	(83)	(143)	(343)
Outstanding, end of current year	3,803	5,636	9,115

The increase in sales of ordinary annuities in 2002 is due to the marketing of a new variable annuity product with a number of investment choices.

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	$ (719,763)	$ (638,107)	$ (71,386)
Individual annuities	(5,194,501)	(6,334,213)	345,326
Total ordinary	$(5,914,264)	$ (6,972,320)	$ 273,940
Group annuities	$ (81,651)	$ (6,307,295)	$(6,118,262)
Total	$(5,995,915)	$(13,279,615)	$(5,844,322)

The Company commenced writing business in 1998 and has experienced surplus strain as a result of new business expenses in all of its lines of business. The reduction in the loss for the life insurance line of business for 2002 was primarily due to the lower general expense allocation resulting from an expense study in 2002. The gain in the individual annuity line of business in 2002 was primarily due to refinements to the variable annuity guaranteed minimum death benefit valuation that resulted in a $7.7 million reduction in reserves. Significant growth in 2001 and 2002 group annuity sales was a major contributor to the strain on surplus. As first year production increases outstripped any benefit from the reversal of strain from prior years, the group annuity line continued to generate significant losses.

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	$1,146,427,428
Common stocks	10,141
Cash and short term investments	58,706,549
Reinsurance ceded:	
Commissions and expense allowances due	8,693
Electronic data processing equipment and software	810
Federal and foreign income tax recoverable and interest thereon	2,458,000
Life insurance premiums and annuity considerations deferred and uncollected on in force business	114,952
Investment income due and accrued	16,890,300
Receivable from parent, subsidiaries and affiliates	35,972
From Separate Accounts statement	133,034,499
Total admitted assets	$1,357,687,344

Liabilities, Capital, Surplus and Other Funds

Aggregate reserve for life policies and contracts	$1,128,915,771
Policy and contract claims:	
Life	1,367,979
Premiums and annuity considerations for life and accident and health policies and contracts received in advance	5,794
Commissions to agents due or accrued	252,188
General expenses due or accrued	501,460
Transfers to Separate Accounts due or accrued	(6,333,943)
Taxes, licenses and fees due or accrued	1,525,797
Federal and foreign income taxes	1,336,745
Amounts withheld or retained by company as agent or trustee	199,033
Remittances and items not allocated	913,035
From Separate Accounts statement	133,034,499
Total liabilities	$1,261,718,358
Common capital stock	$ 2,000,000
Gross paid in and contributed surplus	141,000,000
Unassigned funds (surplus)	(47,031,014)
Total capital, surplus and other funds	$ 95,968,986
Total liabilities, capital, surplus and other funds	$1,357,687,344

B. CONDENSED SUMMARY OF OPERATIONS

	2000	2001	2002
Premiums and considerations	$124,955,766	$377,297,280	$663,948,423
Deposit–type funds	86,489,533	0	0
Investment income	11,330,976	24,623,737	55,128,275
Commissions and reserve adjustments on reinsurance ceded	221,170	140,456	104,440
Miscellaneous income	4,464,213	1,989,132	2,142,656
Total income	$227,461,658	$404,050,605	$721,323,794
Benefit payments	$ 11,835,453	$ 28,314,960	$ 51,327,491
Increase in reserves	114,499,123	332,318,777	607,625,206
Commissions	15,082,154	24,879,503	41,271,966
General expenses and taxes	3,353,625	3,583,082	6,743,102
Increase in loading on deferred and uncollected premium	(23,818)	5,517	3,198
Net transfers to (from) Separate Accounts	91,753,636	33,481,381	17,701,153
Total deductions	$236,500,173	$422,583,220	$724,672,116
Net gain (loss)	$ (9,038,515)	$ (18,532,615)	$ (3,348,322)
Federal and foreign income taxes incurred	(3,042,600)	(5,253,000)	2,496,000
Net gain (loss) from operations before net realized capital gains	$ (5,995,915)	$ (13,279,615)	$ (5,844,322)
Net realized capital gains (losses)	0	(360,475)	(12,351,584)
Net income	$ (5,995,915)	$ (13,640,090)	$ (18,195,906)

C. CAPITAL AND SURPLUS ACCOUNT

	2000	2001	2002
Capital and surplus, December 31, prior year	$12,182,135	$ 20,456,866	$ 45,610,553
Net income	$ (5,995,915)	$(13,640,090)	$(18,195,906)
Change in net unrealized capital gains (losses)	0	0	(1,759,692)
Change in non-admitted assets and related items	(237,473)	(171,156)	(2,409,272)
Change in reserve valuation basis	0	0	(1,352,899)
Change in asset valuation reserve	(491,881)	(1,056,335)	1,708,163
Cumulative effect of changes in accounting Principles		21,267	2,458,000
Surplus adjustments:			
Paid in	15,000,000	40,000,000	70,000,000
Change in reserve on account of change in valuation basis–CARVM allowance	0	0	(89,961)
Net change in capital and surplus	$ 8,274,731	$ 25,153,686	$ 50,358,433
Capital and surplus, December 31, current year	$20,456,866	$ 45,610,553	$ 95,968,986

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.

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 reviewed its past and present underwriting practices. This review included an examination of internal underwriting manuals, rate books and guidelines, mortality tables, policy forms, board of director meeting minutes, producer agreements and compensation schedules. The Company also stated that it never assumed business from any other company. In summary, the Company's findings were that it has never marketed policies with premium rates, face amounts or non-forfeiture values that reflect race.

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. DEPARTMENT REGULATION NO. 33

Section 90.7(a) of Department Regulation No. 33 states, in part:

> "General expense items must be itemized and entered in sufficient detail to indicate their precise nature . . .
> (3) . . . whenever the personnel or facilities of one company are used in the activities of two or more companies, each company shall assign its share of the expense to the same expense classification as if it had incurred the entire expense. . . ."

The Company failed to allocate inter-company expenses to the proper lines of Exhibit 2 of the 2002 filed annual statement. The Company reported most of its expenses as administrative charges instead of itemizing the expenses to the proper expense classification.

The Company violated Section 90.7(a)(3) of Department Regulation No. 33 by failing to allocate inter-company expenses to the proper lines of Exhibit 2 of the 2002 filed annual statement.

8. PRIOR REPORT SUMMARY AND CONCLUSIONS

Following is the violation contained in the prior report on examination and the subsequent action taken by the Company in response to the citation:

Item	Description
A	The Company violated Section 3201(b)(1) of the New York Insurance Law by using a policy form that was not filed with or approved by the Department. The Company instructed all field offices to use only New York approved forms. This examination did not reveal any instances where an unapproved form was used.

9. SUMMARY AND CONCLUSIONS

Following is the violation contained in this report:

Item	Description	Page No(s).
A	The Company violated Section 90.7(a)(3) of Department Regulation No. 33 by failing to allocate inter-company expenses to the proper lines of Exhibit 2 of the 2002 filed annual statement.	17

Respectfully submitted,

_______/s/__________________
Chacko Thomas
Senior Examiner

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

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

_______/s/__________________
Chacko Thomas

Subscribed and sworn to before me

this__________ day of ____________________

APPOINTMENT NO. 21993

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:

CHACKO THOMAS

as a proper person to examine into the affairs of the

JACKSON NATIONAL 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 21st day of January, 2003

GREGORY V. SERIO
Superintendent of Insurance

Superintendent