STATE OF NEW YORK INSURANCE DEPARTMENT

REPORT ON FINANCIAL CONDITION EXAMINATION

OF THE

RELIASTAR LIFE INSURANCE COMPANY OF NEW YORK

CONDITION: DECEMBER 31, 2008

DATE OF REPORT: JUNE 30, 2010

STATE OF NEW YORK INSURANCE DEPARTMENT

REPORT ON FINANCIAL CONDITION EXAMINATION

OF THE

RELIASTAR LIFE INSURANCE COMPANY OF NEW YORK

AS OF

DECEMBER 31, 2008

DATE OF REPORT:	JUNE 30, 2010
EXAMINER:	SHARON E. SYBRANDT, CPA, CFE

TABLE OF CONTENTS

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

David Paterson
Governor

James J. Wrynn
Superintendent

May 13, 2010

Honorable James J. Wrynn
Superintendent of Insurance
Albany, New York 12257

Sir:

In accordance with instructions contained in Appointment No. 30497, dated March 12, 2010 and annexed hereto, an examination has been made into the condition and affairs of ReliaStar Life Insurance Company of New York, hereinafter referred to as "the Company," at its home office located at 1000 Woodbury Road, Woodbury, New York 11797.

Wherever "Department" appears in this report, it refers to the State of New York Insurance Department.

1. EXECUTIVE SUMMARY

The material findings, comments, violations and recommendations contained in this report are summarized below.

- The Department conducted a review of reserves as of December 31, 2008. During the review, the Department found that greater conservatism is needed in the assumptions and methodology used for asset adequacy analysis pursuant to Department Regulation No. 126. As some of the recommended changes were not implemented for the December 31, 2009 reserves, a resubmission was required and received. The certificates of reserve valuation for December 31, 2008 reserves and December 31, 2009 reserves are being held in abeyance until the Department completes its review of this resubmission to ensure that the necessary conservatism has been incorporated into the asset adequacy analysis. This review will be completed subsequent to the examination. The examiner recommends that, for future years, the Company compute reserves based upon appropriate assumptions and methodology in a manner acceptable to the Department. (See item 6D of this report)
- The Company violated Section 1505(d)(3) of the New York Insurance Law by not notifying the Superintendent in writing of agreements with affiliates at least thirty days before the effective dates of the agreements. A similar violation appeared in the prior report on examination. (See item 3D of this report)

2. SCOPE OF EXAMINATION

The examination of the Company was a full scope examination as defined in the *NAIC Financial Condition Examiners Handbook, 2008 Edition* (the "Handbook"). The examination covers the five-year period from January 1, 2004 to December 31, 2008. The examination was conducted observing the guidelines and procedures in the Handbook and, where deemed appropriate by the examiner, transactions occurring subsequent to December 31, 2008 but prior to the date of this report (i.e., the completion date of the examination) were also reviewed.

The examination was conducted on a risk focused basis in accordance with the provisions of the Handbook published by the National Association of Insurance Commissioners ("NAIC"). The Handbook guidance provides for the establishment of an examination plan based on the examiner's assessment of risk in the insurer's operations and utilizing that evaluation in formulating the nature and extent of the examination. The examiner planned and performed the examination to evaluate the current financial condition as well as identify prospective risks that may threaten the future solvency of the insurer. The examiner identified key processes, assessed the risks within those processes and evaluated the internal control systems and procedures used to mitigate those risks. The examination also included assessing the principles used and significant estimates made by management, evaluating the overall financial statement presentation, and determining management's compliance with Department statutes and guidelines, Statutory Accounting Principles as adopted by the Department and annual statement instructions.

Information about the Company's organizational structure, business approach and control environment were utilized to develop the examination approach. The Company's risks and management activities were evaluated incorporating the NAIC's nine branded risk categories. These categories are as follows:

- Pricing/Underwriting
- Reserving
- Operational
- Strategic
- Credit
- Market
- Liquidity
- Legal

- Reputational

The Company was audited annually, for the years 2004 through 2008, by the accounting firm of Ernst & Young, LLP. The Company received an unqualified opinion in all years. Certain audit workpapers of the accounting firm were reviewed and relied upon in conjunction with this examination. The Company has an internal audit department with an independent reporting line to the Company's Audit Committee within their Enterprise Risk Management unit which was given the task of designing the Company's audit strategies based upon risk. Although the Company is not subject to the Sarbanes-Oxley act of 2002 ("SOX"), certain business units that provide services to the Company are subject to SOX at the parent company level. Where applicable, SOX workpapers and reports were reviewed and portions were utilized in this examination

The examiner reviewed the corrective actions taken by the Company with respect to the financial violations 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 on June 11, 1917 under the name The Morris Plan Insurance Society, and commenced business on September 18, 1917. The name was changed to Bankers Security Life Insurance Society ("Bankers") in July 1946. In 1962, through an exchange of securities, Bankers merged with Postal Life Insurance Company of New York. In 1971, also by an exchange of securities, the Congressional Life Insurance Company merged into Bankers.

On January 17, 1995, ReliaStar Financial Corporation ("RFC"), the parent of ReliaStar Life Insurance Company ("RLIC"), acquired USLICO Corporation, the ultimate parent of Bankers at that time, through an exchange of stock. RFC became Bankers ultimate parent. As a condition to the approval of the acquisition by the Department, RLIC agreed to merge another one of its New York subsidiaries, North Atlantic Life Insurance Company of America, with and into Bankers. The merger became effective on December 28, 1995. On August 19, 1996, Bankers changed its name to ReliaStar Bankers Security Life Insurance Company.

On July 1, 1997, through an exchange of securities, Security-Connecticut Corporation ("SCC") merged into RFC. SCC owned Security-Connecticut Life Insurance Company which, in turn, owned Lincoln Security Life Insurance Company ("Lincoln Security"), a domestic stock life insurer. On January 1, 1998, Lincoln Security was merged into the Company and the Company changed its name to ReliaStar Life Insurance Company of New York.

On September 1, 2000, ING America Insurance Holdings, Inc. ("ING AIH") acquired RFC. ING AIH is owned by ING Groep N.V., a global financial services company based in the Netherlands.

On April 1, 2002, First Golden America Life Insurance Company, an affiliate, was merged into the Company.

On December 31, 2002, RFC merged with and into Lion Connecticut Holdings, Inc. ("Lion"), a Connecticut holding and management company who then became the parent of RLIC within the ING Holding Company.

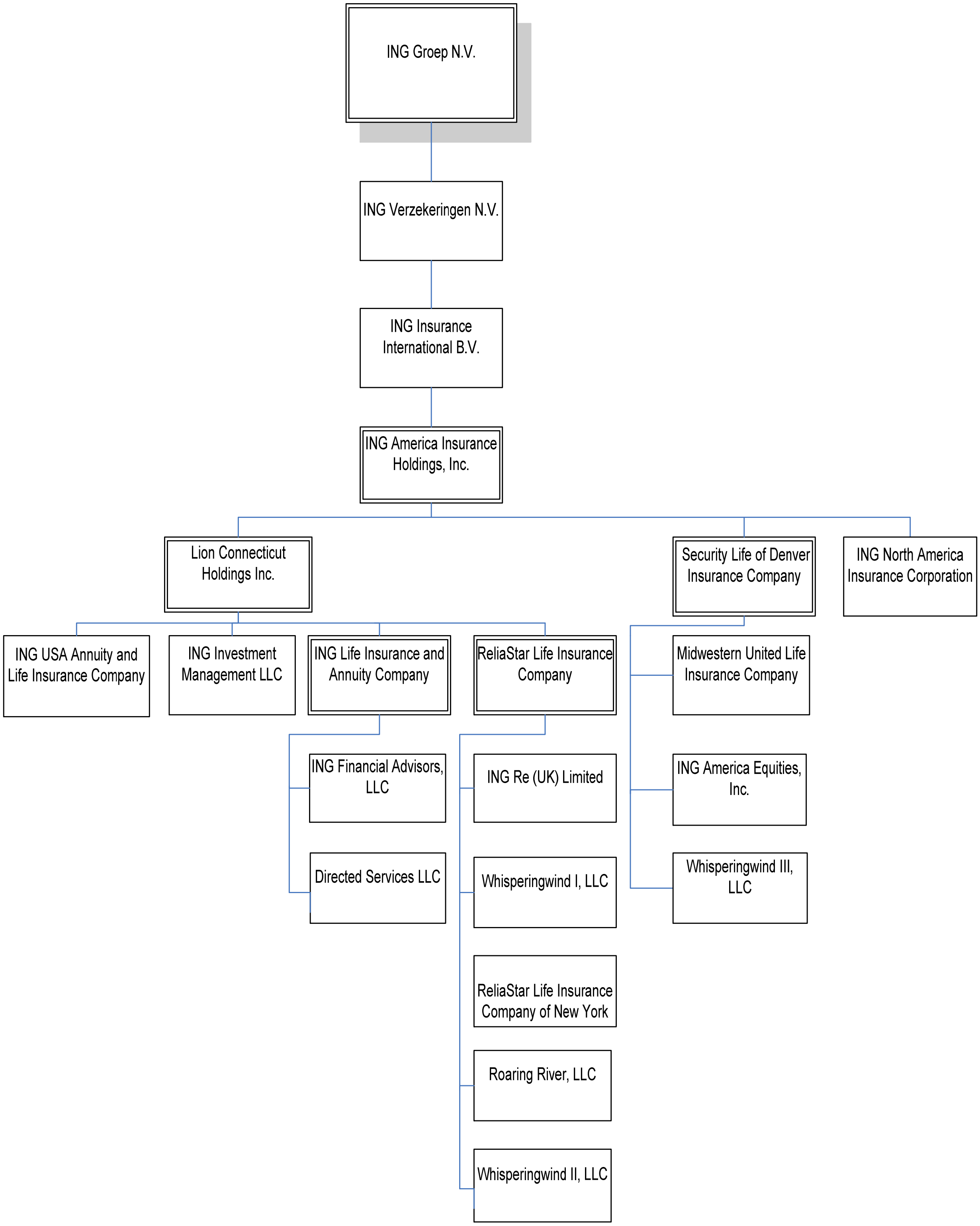
As of December 31, 2008, the Company reported capital stock in the amount of $2,755,726, consisting of 1,377,863 shares of common stock with a par value of $2 each, and paid in and contributed surplus of $228,881,164.

B. Holding Company

The Company is a wholly-owned subsidiary of RLIC, an insurance company domiciled in the State of Minnesota, which, in turn, is a wholly owned subsidiary of Lion. Lion is a wholly-owned subsidiary of ING Groep N.V.

C. <u>Organizational Chart</u>

An organization chart reflecting the relationship between the Company and significant entities in its holding company system as of December 31, 2008 follows:



D. Service Agreements

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

Type of Agreement and Department File Number	Effective Date	Provider(s) of Service(s)	Recipient(s) of Service(s)	Specific Service(s) Covered	Income/ (Expense)* For Each Year of the Examination
Administrative Service Agreement - File No. 29998 Amendment - File No. 29998G	03/01/2003 Amended 08/01/2004	ING USA Annuity and Life Insurance Company, ING Life Insurance and Annuity Company, RLIC, Security Life of Denver Insurance Company, ING Financial Advisers LLC ("INGFA") and ING North America Insurance Corporation	The Company	Underwriting, producer licensing, policyowner and claims processing, actuarial and financial management, information services, legal, risk management, compliance, human resource, marketing and sales promotion, tax, reinsurance management and administration, real estate management, corporate accounting, finance and treasury, etc.	2008 - $(50,509,256) 2007 - $(41,827,337) 2006 - $(44,691,530) 2005 - $(36,357,297) 2004 - $(26,632,760)
Paymaster Agreement	01/01/2004	The Company	ING Financial Partners, Inc. ("INGFP")	The Company shall act as paymaster for compensation payable for sales of ING variable products.	2008 - $0 2007 - $0 2006 - $0 2005 - $0 2004 - $0

Type of Agreement and Department File Number	**Effective Date**	**Provider(s) of Service(s)**	**Recipient(s) of Service(s)**	**Specific Service(s) Covered**	**Income/ (Expense)* For Each Year of the Examination**
Paymaster Agreement	07/01/2004	The Company	ING Financial Advisers, LLC ("INGFA")	The Company shall act as paymaster on behalf of INGFA for compensation payable to INGFA representatives for sales of ING variable products.	2008 - $0 2007 - $0 2006 - $0 2005 - $0 2004 - $0
Paymaster Agreement File No. 35055 Amendment File No. 38285	01/01/2006 Amended 12/31/2007	RLIC	The Company	RLIC shall act as paymaster on behalf of the Company for compensation payable to INGFP registered representatives for the sale of ING variable products.	2008 - $(14,013) 2007 - $(26,091) 2006 - $(37,394)
Service Agreement	11/08/1996	The Company	Directed Services LLC	Recordkeeping, disaster recovery program and use of facilities reasonably necessary in conduct of insurance operations.	2008 - $1,224,813 2007 - $898,972 2006 - $468,861 2005 - $138,250 2004 - $76,011
Investment Advisory Agreement - File No. 29217 Amendment - File No. 29217G.	01/01/2001 Amended 09/01/2003	ING Investment Management LLC ("IIM")	The Company	Investment advisory services, reinvestment management and servicing of assets, asset liability management, administrative consulting, accounting, etc.	2008 - $(2,462,584) 2007 - $(2,402,863) 2006 - $(2,618,489) 2005 - $(2,573,259) 2004 - $(1,282,505)

Type of Agreement and Department File Number	Effective Date	Provider(s) of Service(s)	Recipient(s) of Service(s)	Specific Service(s) Covered	Income/ (Expense)* For Each Year of the Examination
Master Participation Agreement and Mortgage Loan Servicing Agreement Amendment File No. 029218	07/27/1993 Amended 02/08/1994 Amended 10/01/2001	IIM	The Company and other participants named therein	Mortgage loan servicing.	Fees paid through the investment advisory agreement

The Company participates in a Tax Sharing Agreement with ING AIH and other members of the affiliated group.

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 . . . ."

The Company failed to file with the Department, at least thirty days prior to their effective date, two paymaster agreements with affiliates: (1) Paymaster Agreement with INGFP dated January 1, 2004 and (2) Paymaster Agreement with INGFA dated as of July 1, 2004. In addition, although the Company provided services under the agreements, the Company did not receive any payments related to these agreements.

The Company violated Section 1505(d)(3) of the New York Insurance Law by not notifying the Superintendent in writing of agreements with affiliates at least thirty days before the effective dates of the agreements. A similar violation appeared in the prior report on examination.

In December 2008, the Company's parent, RLIC, made an investment in the Company in the amount of $90,000,000 through a receivable from parent. The Company obtained the Superintendent's prior approval for the $90,000,000 surplus contribution.

E. Management

The Company's by-laws provide that the board of directors shall be comprised of not less than 13 and not more than 22 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, 2008, the board of directors consisted of 13 members. Meetings of the board are held quarterly.

The 13 board members and their principal business affiliation, as of December 31, 2008, were as follows:

Name and Residence	Principal Business Affiliation	Year First Elected
Donald W. Britton Atlanta, GA	President and Chief Executive Officer, ReliaStar Life Insurance Company of New York	2005
Robert P. Browne Atlanta, GA	Vice President, ReliaStar Life Insurance Company of New York	2005
Carol V. Coleman* New York, NY	Founder and Senior Partner, Coleman & Company LLC	2005
Brian D. Comer Weatogue, CT	Senior Vice President, ReliaStar Life Insurance Company of New York	2003
Richard M. Conley* Plymouth, MN	Retired	1998
James R. Gelder* Austin, TX	Retired	1999
Ivan J. Gilreath Minneapolis, MN	Senior Vice President, ReliaStar Life Insurance Company of New York	2008

Name and Residence	Principal Business Affiliation	Year First Elected
James F. Lille* Gansevoort, N.V.	Retired	2003
Howard L. Rosen West Chester, PA	Vice President, ReliaStar Life Insurance Company of New York	2005
Catherine H. Smith Northford, CT	Director, ReliaStar Life Insurance Company of New York	2004
Charles B. Updike* Westport, NY	Partner, Schoeman, Updike & Kaufman	1990
Ross M. Weale* South Salem, NY	President, Waccabuc Enterprises, Inc.	1984
David A. Wheat Duluth, GA	Executive Vice President and Chief Financial Officer, ReliaStar Life Insurance Company of New York	2003

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

In January 2009, Robert P. Browne, Howard L. Rosen and Catherine H. Smith resigned from the board and were replaced by Richard K. Lau, Daniel P. Mulheran, Sr. and Thomas R. Voglewede. In December 2009, David A. Wheat resigned from the board and was replaced by Ewout L. Steenbergen.

The following is a listing of the principal officers of the Company as of December 31, 2008:

Name	Title
Donald W. Britton	President and Chief Executive Officer
David S. Pendergrass	Senior Vice President and Treasurer
Joy M. Benner	Secretary
Francis de Regnaucourt	Vice President and Appointed Actuary
Judith Ginter*	Vice President, Compliance
David A. Wheat	Executive Vice President and Chief Financial Officer

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

In December 2009, David A. Wheat resigned as Executive Vice President and Chief Financial Officer. In January 2010, Ewout L. Steenbergen replaced David A. Wheat as Executive Vice President and Chief Financial Officer.

4. TERRITORY AND PLAN OF OPERATIONS

The Company is authorized to write life insurance, annuities and accident and health insurance as defined in paragraphs 1, 2 and 3 of Section 1113(a) of the New York Insurance Law.

The Company is licensed to transact business in all states, the District of Columbia, the Cayman Islands, and the Dominican Republic. Policies are written on a participating and non-participating basis. Participating business approximates less than 2% of the Company's ordinary life insurance in force and less than 3% of premium income.

The following tables show the percentage of direct premiums received, by state, and by major lines of business for the year 2008:

Life Insurance Premiums		Annuity Considerations	
New York	64.5%	New York	94.3%
New Jersey	5.4	New Jersey	3.2
Connecticut	4.5	Florida	0.9
Pennsylvania	2.8	Virginia	0.5
Florida	2.6	Pennsylvania	0.3
Subtotal	79.8%	Subtotal	99.2%
All others	20.2	All others	0.8
Total	100.0%	Total	100.0%

Accident and Health Insurance Premiums		All Premiums	
New York	30.7%	New York	80.8%
California	9.7	New Jersey	4.0
Florida	6.1	Florida	1.7
Texas	6.0	Connecticut	1.7
New Jersey	5.2	California	1.3
Subtotal	57.7%	Subtotal	89.5%
All others	42.3	All others	10.5
Total	100.0%	Total	100.0%

A. Statutory and Special Deposits

As of December 31, 2008, the Company had $1,500,000 of United States Treasury Notes on deposit with the State of New York, its domiciliary state, for the benefit of all policyholders, claimants and creditors of the Company. As per confirmations received from the following states which were reported in Schedule E of the 2008 filed annual statement an additional $1,836,000 was being held by the states of Massachusetts, North Carolina, New Mexico, Arkansas and Georgia.

B. Direct Operations

The Company principally provides and distributes life insurance and related financial services products including individual life and annuities, group life and health products and services, and qualified group annuity contracts. The Company offers a wide range of individual life insurance products, including term, universal life, second-to-die universal life, variable universal life, and fixed and variable annuities through a network of independent agents and financial professionals.

Variable universal life and fixed universal life products represent a significant portion of the individual life premium volume. In addition to alternative investment options, these products provide certain benefits associated with traditional life insurance such as death benefits and cash values.

Fixed annuities and variable annuities offered by the Company are long-term savings vehicles in which the contract owner deposit's are recorded and maintained in the general account for fixed annuities and in a separate account established for the contract owner in the case of variable annuities. The Company sells variable annuity contracts offering one or more of the following guaranteed benefits: (1) guaranteed minimum death benefits and (2) guaranteed living benefits.

Group life and health product agents target the sale of employee benefits and related financial services to medium and large corporate employers and affinity groups. In addition, the Company sells individual and payroll-deduction products to employees of its corporate clients including group and individual life insurance and non-medical group insurance products.

The Company offered deferred group annuity contracts primarily to small businesses. However, the Company is not actively marketing these contracts.

The Company's retail life agency operations are conducted on a general agency basis either with independent general agents or independent personal producing agents. The employee benefits division distributes worksite payroll deduction life and health insurance products through general agents, brokers and consultants, primarily to employers and their employees.

C. Reinsurance

As of December 31, 2008, the Company had ceded reinsurance treaties in effect with 30 companies, of which 20 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 $300,000. The total face amount of life insurance ceded as of December 31, 2008, was $28,677,930,652, which represents 54.7% of the total face amount of life insurance in force. Reserve credit taken for reinsurance ceded to unauthorized companies and reinsurance recoverables from unauthorized companies, totaling $34,490,230, was supported by letters of credit

The total face amount of life insurance assumed as of December 31, 2008, was $4,871,218,715.

5. SIGNIFICANT OPERATING RESULTS

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

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

	December 31, 2003	December 31, 2008	Increase (Decrease)
Admitted assets	$2,595,107,941	$3,207,470,782	$ 612,362,841
Liabilities	$2,316,445,320	$2,985,507,203	$ 669,061,883
Common capital stock	$ 2,755,726	$ 2,755,726	$ 0
Gross paid in and contributed surplus	138,881,164	228,881,164	90,000,000
Aggregate write-ins for deferred gain on reinsurance	0	79,303,399	79,303,399
Unassigned funds (surplus)	137,025,731	(88,976,710)	(226,002,441)
Total capital and surplus	$ 278,662,621	$ 221,963,579	$ (56,699,042)
Total liabilities, capital and surplus	$2,595,107,941	$3,207,470,782	$ 612,362,841

The Company's invested assets as of December 31, 2008, exclusive of separate accounts, were mainly comprised of bonds (86%), mortgage loans (6%), policy loans (5%), other invested assets (2%) and cash and short-term investments (1%).

The majority (95.0%) of the Company's bond portfolio, as of December 31, 2008, was comprised of investment grade obligations.

The increase in gross paid in and contributed surplus is due to a capital infusion from the parent of $90,000,000. Aggregate write-ins for deferred gain on reinsurance is due to deferred gain on reinsurance resulting in an after-tax statutory gain amortized straight-line over thirty years. The change in unassigned funds (surplus) is primarily due to the net loss of ($196,907,212).

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	2007	2008
Ordinary:					
Life insurance	$ 2,061,386	$21,443,561	$21,802,857	$(10,726,977)	$ 16,680,624
Individual annuities	6,065,897	11,175,630	5,228,427	6,209,123	(203,584,403)
Supplementary contracts	1,804,384	3,179,418	3,130,699	3,152,530	3,645,866
Total ordinary	$ 9,931,667	$35,798,609	$30,161,983	$ (1,365,324)	$(183,257,913)
Group:					
Life	$11,413,125	$ 1,573,409	$(20,514,047)	$ (183,805)	$ 1,361,885
Annuities	(897,191)	1,873,964	254,518	(167,429)	(470,932)
Total group	$10,515,934	$ 3,447,373	$(20,259,529)	$ (351,234)	$ 890,953
Accident and health:					
Group	$ 2,271,398	$ 2,271,369	$ (5,541,473)	$ (1,532,490)	$ (9,597,619)
Other	(1,706,398)	(5,487,747)	14,329,624	(4,683,869)	(2,612,449)
Total accident and health	$ 565,000	$ (3,216,378)	$ 8,788,151	$ (6,216,359)	$ (12,210,068)
All other lines	$ 0	$ 0	$ 0	$ 0	$ (250,313)
Total	$21,012,601	$36,029,604	$18,690,605	$ (7,932,917)	$(194,827,341)

The lower statutory earnings from the retail variable annuity business reflect the higher Department Regulation No. 128 reserves of approximately $205 million as a result of market deterioration.

6. FINANCIAL STATEMENTS

The following statements show the assets, liabilities, capital and surplus as of December 31, 2008, as contained in the Company's 2008 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, 2008 filed annual statement.

A. Independent Accountants

The firm of Ernst & Young LLP was retained by the Company to audit the Company's combined statutory basis statements of financial position of the Company as of December 31st of each year in the examination period, and the related statutory-basis statements of operations, capital and surplus, and cash flows for the year then ended.

Ernst & Young LLP concluded that the statutory financial statements presented fairly, in all material respects, the financial position of the Company at the respective audit dates. Balances reported in these audited financial statements were reconciled to the corresponding years' annual statements with no discrepancies noted.

B. Net Admitted Assets

Bonds	$1,786,737,645
Stocks:	
Preferred stocks	1,210,188
Common stocks	1,483,971
Mortgage loans on real estate:	
First liens	122,321,769
Cash, cash equivalents and short term investments	19,872,923
Contract loans	101,514,368
Other invested assets	34,101,808
Receivable for securities	1,595,441
Aggregate write-ins for invested assets, S&P options and futures	494,764
Investment income due and accrued	18,982,725
Premiums and considerations:	
Uncollected premiums and agents' balances in the course of collection	(58,176,012)
Deferred premiums, agents' balances and installments booked but deferred and not yet due	16,371,800
Reinsurance:	

Amounts recoverable from reinsurers	8,481,612
Funds held by or deposited with reinsured companies	283,775
Other amounts receivable under reinsurance contracts	54,663,068
Amounts receivable relating to uninsured plans	60,367
Current federal and foreign income tax recoverable and interest thereon	3,374,156
Net deferred tax asset	19,981,196
Guaranty funds receivable or on deposit	237,458
Receivables from parent, subsidiaries and affiliates	92,905,772
From separate accounts, segregated accounts and protected cell accounts	980,971,988
Total admitted assets	$3,207,470,782

C. Liabilities, Capital and Surplus

Aggregate reserve for life policies and contracts	$1,761,515,754
Aggregate reserve for accident and health contracts	38,199,008
Liability for deposit-type contracts	70,756,458
Contract claims:	
Life	29,046,871
Accident and health	3,904,590
Policyholders' dividends and coupons due and unpaid	39,448
Provision for policyholders' dividends and coupons payable in following calendar year – estimated amounts	
Dividends apportioned for payment	891,314
Premiums and annuity considerations for life and accident and health contracts received in advance	1,383,395
Contract liabilities not included elsewhere:	
Provision for experience rating refunds	482,048
Commissions to agents due or accrued	752,600
General expenses due or accrued	1,671,588
Transfers to separate accounts due or accrued	(39,777,036)
Taxes, licenses and fees due or accrued, excluding federal income taxes	1,322,256
Unearned investment income	3,109,832
Amounts withheld or retained by company as agent or trustee	1,188,372
Amounts held for agents' account	666,237
Remittances and items not allocated	8,138,340
Borrowed money and interest thereon	73,832,857
Miscellaneous liabilities:	
Asset valuation reserve	17,409,133
Reinsurance in unauthorized companies	4,562,496
Payable to parent, subsidiaries and affiliates	17,770,278
Payable for securities	102,983
Aggregate write-ins for liabilities:	
Other contingency reserves	4,108,551
Unclaimed property	1,894,214
Futures	1,163,065

Summary of remaining write-ins	400,563
From Separate Accounts statement	980,971,988
Total liabilities	$2,985,507,203
Common capital stock	$ 2,755,726
Aggregate write-ins for other than special surplus funds	
Deferred gain on reinsurance	79,303,399
Gross paid in and contributed surplus	228,881,164
Unassigned funds (surplus)	(88,976,710)
Surplus	$ 219,207,853
Total capital and surplus	$ 221,963,579
Total liabilities, capital and surplus	$3,207,470,782

D. Reserves

The Department conducted a review of reserves as of December 31, 2008. During the review, the Department found that greater conservatism is needed in the assumptions and methodology used for asset adequacy analysis pursuant to Department Regulation No. 126. As some of the recommended changes were not implemented for the December 31, 2009 reserves, a resubmission was required and received. The certificates of reserve valuation for December 31, 2008 reserves and December 31, 2009 reserves are being held in abeyance until the Department completes its review of this resubmission to ensure that the necessary conservatism has been incorporated into the asset adequacy analysis. This review will be completed subsequent to the examination.

The examiner recommends that, for future years, the Company compute reserves based upon appropriate assumptions and methodology in a manner acceptable to the Department.

E. Condensed Summary of Operations

	2004	2005	2006	2007	2008
Premiums and considerations	$279,013,075	$360,323,319	$424,009,036	$451,902,152	$ 538,590,775
Investment income	118,981,194	116,055,718	113,785,453	118,268,668	112,779,237
Net gain from operations from Separate Accounts	0	0	0	328,415	0
Commissions and reserve Adjustments on reinsurance ceded	9,073,992	7,193,439	5,475,296	58,670,919	72,109,392
Miscellaneous income	12,686,075	12,658,497	15,683,470	20,635,424	27,355,643
Total income	$419,754,336	$496,230,973	$558,953,255	$649,805,578	$ 750,835,047
Benefit payments	$279,595,296	$277,107,197	$279,148,120	$303,120,952	$ 310,605,086
Increase in reserves	27,701,497	15,097,319	39,990,580	(3,185,030)	171,323,681
Commissions	32,807,929	31,997,895	41,702,436	54,765,785	54,535,099
General expenses and taxes	46,025,245	56,384,134	60,512,994	58,978,323	65,558,269
Increase in loading on deferred and uncollected premiums	147,042	20,594	1,354,947	181,794	(848,997)
Net transfers to (from) separate accounts	(11,794,765)	71,080,763	125,313,100	184,650,074	297,888,144
Miscellaneous deductions	2,298,327	144,309	(8,217,384)	41,727,213	41,455,580
Total deductions	$376,780,571	$451,832,211	$539,804,793	$640,239,111	$ 940,516,862
Net gain (loss)	$ 42,973,765	$ 44,398,762	$ 19,148,462	$ 9,566,467	$(189,681,815)
Dividends	578,878	654,868	668,970	914,775	843,694
Federal and foreign income taxes Incurred	21,382,286	7,714,294	(211,113)	16,584,609	4,301,832
Net gain (loss) from operations before net realized capital gains	$ 21,012,601	$ 36,029,600	$ 18,690,605	$ (7,932,917)	$(194,827,341)
Net realized capital gains (losses)	(2,438,148)	(431,355)	(810,837)	(4,838,527)	(2,079,871)
Net income	$ 18,574,453	$ 35,598,245	$ 17,879,768	$ (12,771,444)	$(196,907,212)

F. Capital and Surplus Account

	2004	2005	2006	2007	2008
Capital and surplus, December 31, prior year	$278,662,621	$260,863,379	$279,895,545	$278,211,547	$286,949,958
Net income	$18,574,453	$35,598,245	$17,879,768	$(12,771,444)	$(196,907,212)
Change in net unrealized capital gains (losses)	1,458,027	1,201,376	2,006,714	2,388,735	(841,751)
Change in net unrealized foreign exchange capital gain (loss)	473,332	727,624	891,488	630,515	(56,784)
Change in net deferred income tax	11,259,880	(4,527,153)	(5,541,659)	2,565,597	61,934,619
Change in non-admitted assets and related items	(7,891,658)	6,436,720	8,055,725	(3,888,648)	(52,659,537)
Change in liability for reinsurance in unauthorized companies	(870,327)	(981,446)	2,962,073	(537,976)	(4,009,057)
Change in asset valuation reserve	(1,558,660)	1,376,800	(454,388)	(1,891,938)	(710,204)
Surplus (contributed to), withdrawn from Separate Accounts during period	0	0	0	2,500,000	0
Other changes in surplus in Separate Accounts statement	0	0	116,281	(2,616,281)	0
Surplus adjustments:					
Paid in	0	0	0	0	90,000,000
Change in surplus as a result of reinsurance	0	0	0	41,039,851	38,263,547
Dividends to stockholders	(27,200,000)	(20,800,000)	(27,600,000)	(18,680,000)	0
Aggregate write ins for gains and losses in surplus					
Premium deficiency reserves	(12,044,289)	0	0	0	0
Net change in capital and surplus for the year	$ (17,799,242)	$ 19,032,166	$ (1,683,998)	$ 8,738,411	$ (64,986,379)
Capital and surplus, December 31, current year	$260,863,379	$279,895,545	$278,211,547	$286,949,958	$221,963,579

7. PRIOR REPORT SUMMARY AND CONCLUSIONS

Following are the financial violations 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 for receiving services from various affiliates prior to having filed a revised agreement for such services with the Superintendent. A similar violation appears in this report. (See Section 2D of this report)
B	The Company violated Section 1505(d)(1) of the New York Insurance Law by not complying with the conditions set forth in the non-disapproval letter for the reciprocal loan agreement with ING AIH. For the exam period, the annual renewals of the Reciprocal Loan Agreement with ING AIH were submitted to the Department and non-disapproval letters received.
C	The Company violated Section 1505(d)(2) of the New York Insurance Law by not notifying the Superintendent in writing of amendments to reinsurance agreements with affiliates at least 30 days before the effective dates of the amended agreements. A similar violation appeared in the prior report on examination. The Company filed the reinsurance amendments and agreements with affiliates at least 30 days before the effective dates.

8. SUMMARY AND CONCLUSIONS

Following are the violation and recommendation contained in this report:

Item	Description	Page No(s).
A	The Company violated Section 1505(d)(3) of the New York Insurance Law by not notifying the Superintendent in writing of agreements with affiliates at least thirty days before the effective dates of the agreements. A similar violation appeared in the prior report on examination.	10
B	The examiner recommends that, for future years, the Company compute reserves based upon appropriate assumptions and methodology in a manner acceptable to the Department.	21

Respectfully submitted,

Sharon E. Sybrandt
Examiner-in-Charge

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

Sharon E. Sybrandt, being duly sworn, deposes and says that the foregoing report, subscribed by her, is true to the best of his knowledge and belief.

Sharon E. Sybrandt

Subscribed and sworn to before me
this 28th day of April 2010

COMMONWEALTH OF PENNSYLVANIA
NOTARIAL SEAL
CHERYL R. GARMAN, Notary Public
Camp Hill Boro, Cumberland County
My Commission Expires May 20, 2012

APPOINTMENT NO. 30497

STATE OF NEW YORK

INSURANCE DEPARTMENT

I, JAMES J. WRYNN, Superintendent of Insurance of the State of New York, pursuant to the provisions of the Insurance Law, do hereby appoint:

SHARON SYBRANDT

as a proper person to examine into the affairs of the

RELIASTAR 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 she 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 March, 2010

STATE OF NEW YORK ★ SUPERINTENDENT OF INSURANCE ★ EXCELSIOR

JAMES J. WRYNN
Superintendent of Insurance

Superintendent