



STATE OF NEW YORK INSURANCE DEPARTMENT
REPORT ON EXAMINATION
OF THE
INTRAMERICA LIFE INSURANCE COMPANY

CONDITION:

DECEMBER 31, 2008

DATE OF REPORT:

DECEMBER 30, 2009

STATE OF NEW YORK INSURANCE DEPARTMENT

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OF THE

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AS OF

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EXAMINER:

CHONG KIM

TABLE OF CONTENTS

<u>ITEM</u>	<u>PAGE NO.</u>
1. Scope of examination	2
2. Description of Company	3
A. History	3
B. Holding company	4
C. Management	6
D. Territory and plan of operation	8
E. Reinsurance	8
3. Significant operating results	9
4. Financial statements	11
A. Assets, liabilities, capital and surplus	11
B. Condensed summary of operations	12
C. Capital and surplus account	13
5. Market conduct activities	14
A. Advertising and sales activities	14
B. Underwriting and policy forms	14
C. Treatment of policyholders	14
6. Prior report summary and conclusions	15



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

David A. Paterson
Governor

James J Wrynn
Superintendent

December 30, 2009

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

Sir:

In accordance with instructions contained in Appointment No. 30625, dated October 23, 2008 and annexed hereto, an examination has been made into the condition and affairs of Intramerica Life Insurance Company, hereinafter referred to as "the Company," or "ILIC", at its home office located at 100 Motor Parkway, Suite 132, Hauppauge, NY 11788.

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. 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, 2008. As necessary, the examiner reviewed transactions occurring subsequent to December 31, 2008 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, 2008 to determine whether the Company's 2008 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 contained in the prior report on examination. The results of the examiner's review are contained in item 6 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.

2. DESCRIPTION OF COMPANY

A. History

The Company was incorporated as a stock life insurance company under the laws of New York in 1965 and licensed to do an insurance business in March 1966. Initial resources of \$2,800,000, consisting of common capital stock of \$600,000 and paid in and contributed surplus of \$2,200,000, were provided through the sale of 300,000 shares of common stock (with a par value of \$2 each) for \$9.33 per shares. In 1982, the par value was increased to \$5 per share; thereby increasing capital to \$1,500,000 with \$900,000 transferred from paid in surplus. In 1984, par value was increased to \$7 per share; increasing capital to \$2,100,000 with \$600,000 transferred from paid in surplus.

At its inception, the Company was a wholly owned subsidiary of Intramerica Life Corporation of New York. On June 30, 1968, Intramerica Life Corporation of New York was merged into Colonial Penn Group, Inc. (“Colonial”).

On December 31, 1985, the Department approved the acquisition of Colonial and the Company by FPL Group Capital, Inc. (“FPL”).

In April 1991, FPL and Leucadia National Corporation (“Leucadia”) entered into a stock purchase agreement in which Leucadia purchased all of the outstanding stock of Colonial. Pursuant to the term of the agreement, Leucadia assigned to its wholly owned subsidiary, Charter National Life Insurance Company (“Charter”), its rights and obligations under the agreement. In August 1991, Charter acquired all the outstanding stock of Colonial.

As part of the Department approval of Charter’s acquisition of Colonial and the Company, Charter agreed to merge or sell its wholly owned New York subsidiary, First Charter Life Insurance Company (“First Charter”). The Company and First Charter were merged as of November 1, 1992 and retained the name Intramerica Life Insurance Company.

On July 1, 1999, Allstate Life Insurance Company (“ALIC”) acquired all of the outstanding shares of the Company at \$7 a share.

The Company was a direct writer of life and health insurance and fixed annuities which have been 100% ceded to Colonial Penn Life Insurance Company (“Colonial Penn”) and Bankers Consec Life Insurance Company (“Consec Life”). The Company also wrote variable

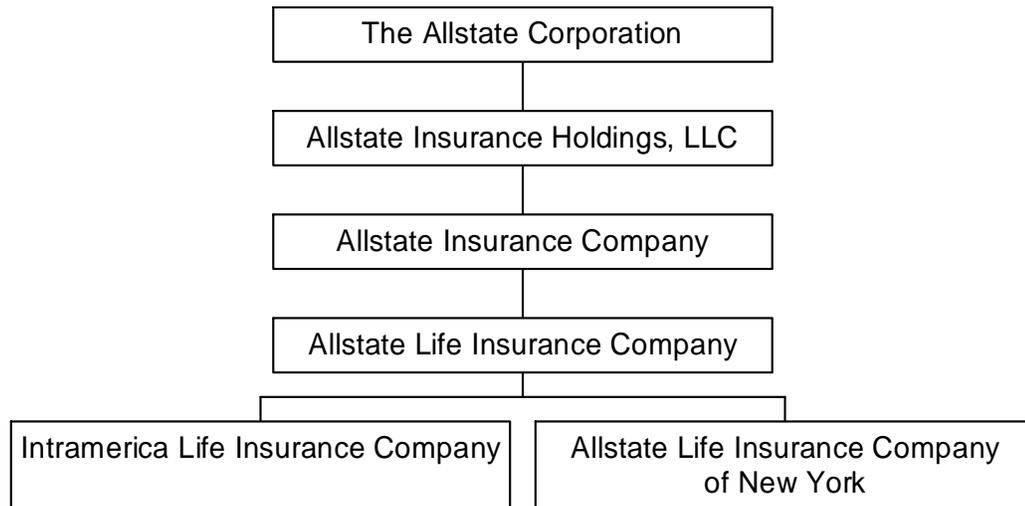
annuities through Scudder Kemper Investment, Inc. Since May 2000, the Company has not issued any new policies and is currently in run-off.

B. Holding Company

The Company is a wholly owned subsidiary of Allstate Life Insurance Company ("ALIC"), an Illinois insurance company. ALIC is in turn a wholly owned subsidiary of Allstate Insurance Company ("AIC"), an Illinois insurance company. The ultimate parent of the Company is The Allstate Corporation ("Allcorp"), a Delaware domiciled corporation.

Allcorp is the nation's largest publicly held personal lines insurer. Allcorp sells 13 major lines of insurance, such as auto, property and life and provides insurance products to approximately 17 million households.

An organization chart reflecting the relationship between the Company and certain significant affiliates as of December 31, 2008.



The Company had three 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 #29957	01/01/2002	ALFS, Inc (“ALFS”)	The Company	ALFS serves as an underwriter and distributor of variable insurance contracts issued by the Company. ILIC assumes financial and administrative responsibility for the expenses and services incurred by ALFS in connection with the contracts.	2004 \$0 2005 \$0 2006 \$0 2007 \$0 2008 \$0
Administrative Services Agreement File #26567	07/01/1999	Allstate Insurance Company (“AIC”) & the Allstate Corporation (“Allcorp”)	The Company	AIC agrees to provide a wide variety of services to Intramerica which include: accounting, data processing, tax, auditing, governmental, filings, administration of separate accounts, telecommunications, printing, purchasing, human resources, reinsurance administration, premium collection, underwriting, claims settlement, policyholder services, advertising, marketing, actuarial & legal services.	2004 \$(109,198) 2005 \$ (96,720) 2006 \$ (78,284) 2007 \$ (38,817) 2008 \$ (27,071)
Amendment File #32569	05/05/2005				
Investment Advisory Agreement File #26567	07/01/1999	AIC	The Company	AIC provides investment advisory and management services to the Company with respect to the investment portfolio maintained by the Company.	2004 \$(20,674) 2005 \$ (4,593) 2006 \$(12,669) 2007 \$(15,311) 2008 \$(13,770)
Assignment & Assumption Agreement	01/01/2002	Allstate Investment LLC (“AILLC”)	The Company	AILLC will assume all of AIC’s rights, title and interest in the Investment Advisory Agreement.	

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

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 21 directors. Directors are elected annually at the annual meeting of the stockholder on a date fixed each year by the board of directors or the President. As of December 31, 2008, the board of directors consisted of 14 members. A meeting of the board is held annually.

The 14 board members and their principal business affiliation, as of December 31, 2008, were as follows:

<u>Name and Residence</u>	<u>Principal Business Affiliation</u>	<u>Year First Elected</u>
Marcia Alazraki* Slingerlands, NY	Attorney Manatt, Phelps & Phillips, LLP	1999
Michael Boyle Winnetka, IL	Vice President Allstate Life Insurance Company	2007
Fredrick Cripe North Barrington, IL	Chairman, President and Chief Executive Officer IntramERICA Life Insurance Company	2008
Robert Holden Phoenixville, PA	Vice President and Chief Operation Officer Allstate Life Insurance Company	2008
Cleveland Johnson, Jr.* Bay Shore, NY	Retired Mariga Communication Corporation	1999
Susan Lees Deerfield, IL	Vice President, General Counsel and Secretary IntramERICA Life Insurance Company	2008
John Lounds Long Grove, IL	Vice President Allstate Life Insurance Company	2000
Kenneth O'Brien* Merrick, NY	Chief Executive Officer O'Brien Asset Management, Inc.	1999
John Pintozzi Chicago, IL	Vice President Allstate Life Insurance Company	2005
John Raben, Jr.* Riverside, CT	Retired JP Morgan Chase	1999

<u>Name and Residence</u>	<u>Principal Business Affiliation</u>	<u>Year First Elected</u>
Phyllis Slater* Floral Park, NY	Chief Executive Officer Hill Slater, Inc.	2002
Kevin Slawin Northbrook, IL	Senior Vice President Allstate Life Insurance Company	2004
John Smith Lake Forest, IL	Vice President Allstate Life Insurance Company	2008
Douglas Welch Glenview, IL	Vice President Allstate Life Insurance Company	2005

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

In March 2009, Kevin Slawin and Douglas Welch were not re-elected to the Board because they are no longer with the Company, and Matthew Easley was elected to fill one of these vacancies. In May 2009, Steven Verney, the Company's Treasurer, was elected to the Board in accordance with the Company's by-laws.

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, 2008:

<u>Name</u>	<u>Title</u>
Frederick Cripe	Chairman, President, and Chief Executive Officer
Steven Verney	Treasurer
Susan Lees	Vice President, General Counsel and Secretary
Errol Cramer	Assistant Vice President and Appointed Actuary
Samuel Pilch	Group Vice President and Controller
Kevin Tiernan	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 25 states and Puerto Rico. In 2008, 98.7% of premiums were from life business, 0.9% of premiums were from annuity business and 0.4% of premiums were from accident and health business. Premiums were mainly received from New York (58.3%), New Jersey (14.3%), Florida (9.5%), Pennsylvania (2.4%), and North Carolina (2.0%).

E. Reinsurance

As of December 31, 2008, the Company had reinsurance treaties in effect with two authorized companies: Bankers Consec Life Insurance Company (“Bankers Consec”) and Colonial Penn Life Insurance Company (“Colonial Penn”). The Company cedes 100% of its life, accident and health, and fixed annuity business on a coinsurance basis. Reinsurance is provided on an indemnity basis. The total face amount of life insurance ceded as of December 31, 2008, was \$29,620,769 which represents 100% of the total face amount of life insurance in force.

The Company did not assume any insurance business during the period under examination.

3. 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 decline during the period under review:

	December 31, <u>2008</u>	December 31, <u>2003</u>	<u>(Decrease)</u>
Admitted assets	\$ <u>28,639,560</u>	\$ <u>60,363,897</u>	\$ <u>(31,724,337)</u>
Liabilities	\$ <u>19,829,740</u>	\$ <u>40,088,244</u>	\$ <u>(20,258,504)</u>
Common capital stock	\$ 2,100,000	\$ 2,100,000	\$ 0
Gross paid in and contributed surplus	700,000	700,000	0
Unassigned funds (surplus)	<u>6,009,820</u>	<u>17,475,653</u>	<u>(11,465,833)</u>
Total capital and surplus	\$ <u>8,809,820</u>	\$ <u>20,275,653</u>	\$ <u>(11,465,833)</u>
Total liabilities, capital and surplus	\$ <u>28,639,560</u>	\$ <u>60,363,897</u>	\$ <u>(31,724,337)</u>

The majority (61%) of the Company's admitted assets, as of December 31, 2008, were derived from separate accounts.

The Company's invested assets as of December 31, 2008, exclusive of separate accounts, were comprised of bonds (80.5%) and cash and short-term investment (19.5%). The majority (95.4%) of the bond portfolio, as of December 31, 2008, was comprised of NAIC Class 1 obligations and the remainder (4.6%) consisted of NAIC Class 2 obligations. For the separate accounts, the Company reported total assets of \$17.4 million which consisted of individual variable annuity business.

The following is the net gain from operations by line of business after federal income taxes but before realized capital gains reported for each of the years under examination in the Company's filed annual statements:

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Ordinary:					
Individual annuities	<u>\$689,588</u>	<u>\$493,480</u>	<u>\$499,946</u>	<u>\$486,050</u>	<u>\$333,803</u>
Total	<u>\$689,588</u>	<u>\$493,480</u>	<u>\$499,946</u>	<u>\$486,050</u>	<u>\$333,803</u>

4. 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. ASSETS, LIABILITIES, CAPITAL AND SURPLUS AS OF DECEMBER 31, 2008

Admitted Assets

Bonds	\$ 8,826,290
Common stocks	1,731
Cash, cash equivalents and short term investments	2,136,357
Receivable for securities	623
Investment income due and accrued	146,575
Other amounts receivable under reinsurance contracts	12,822
Net deferred tax asset	39,072
Aggregate write-ins for other than invested assets	
Advanced benefits	85
From Separate Accounts, Segregated Accounts and Protected Cell Accounts	<u>17,476,005</u>
Total admitted assets	<u>\$28,639,560</u>

Liabilities, Capital and Surplus

Aggregate reserve for life policies and contracts	\$ 2,212,764
Interest maintenance reserve	16,757
General expenses due or accrued	49,000
Taxes, licenses and fees due or accrued, excluding federal income taxes	3,270
Current federal and foreign income taxes	31,974
Amounts withheld or retained by company as agent or trustee	50
Miscellaneous liabilities:	
Asset valuation reserve	8,101
Payable to parent, subsidiaries and affiliates	23,687
Reserve for uncashed checks	8,133
From Separate Accounts statement	<u>17,476,005</u>
Total liabilities	<u>\$19,829,740</u>
Common capital stock	\$ 2,100,000
Gross paid in and contributed surplus	700,000
Unassigned funds (surplus)	<u>6,009,820</u>
Total capital and surplus	<u>\$ 8,809,820</u>
Total liabilities, capital and surplus	<u>\$28,639,560</u>

B. CONDENSED SUMMARY OF OPERATIONS

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Premiums and considerations	\$ 226,319	\$ 175,300	\$ 120,876	\$ 55,781	\$ 12,850
Investment income	1,155,383	741,778	725,477	612,282	453,998
Miscellaneous income	<u>250,349</u>	<u>206,911</u>	<u>215,158</u>	<u>228,900</u>	<u>178,704</u>
Total income	\$ <u>1,632,051</u>	\$ <u>1,123,989</u>	\$ <u>1,061,510</u>	\$ <u>896,964</u>	\$ <u>645,552</u>
Benefit payments	\$10,292,659	\$2,458,784	\$3,750,996	\$2,226,761	\$4,008,473
Increase in reserves	465,059	(188,730)	(1,634,393)	409,084	495,088
General expenses and taxes	311,369	261,785	233,239	211,951	185,246
Net transfers to (from) separate accounts	(10,409,520)	(1,970,028)	(1,895,187)	(2,528,023)	(4,368,219)
Miscellaneous deductions	<u>23</u>	<u>485</u>	<u>2,003</u>	<u>1,550</u>	<u>104</u>
Total deductions	\$ <u>659,590</u>	\$ <u>562,296</u>	\$ <u>456,659</u>	\$ <u>321,323</u>	\$ <u>320,692</u>
Net gain (loss)	\$ 972,461	\$ 561,693	\$ 604,852	\$ 575,641	\$ 324,861
Federal and foreign income taxes incurred	<u>282,873</u>	<u>68,213</u>	<u>104,905</u>	<u>89,591</u>	<u>(8,942)</u>
Net gain (loss) from operations before net realized capital gains	\$ <u>689,588</u>	\$ <u>493,480</u>	\$ <u>499,947</u>	\$ <u>486,050</u>	\$ <u>333,803</u>
Net income	\$ <u><u>689,588</u></u>	\$ <u><u>493,480</u></u>	\$ <u><u>499,947</u></u>	\$ <u><u>486,050</u></u>	\$ <u><u>333,803</u></u>

C. CAPITAL AND SURPLUS ACCOUNT

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Capital and surplus, December 31, prior year	<u>\$20,275,653</u>	<u>\$11,004,774</u>	<u>\$11,501,122</u>	<u>\$12,005,057</u>	<u>\$8,495,555</u>
Net income	\$ 689,588	\$ 493,480	\$ 499,947	\$ 486,050	\$ 333,803
Change in net deferred income tax	(21,580)	(63,670)	(39,053)	(42,897)	(52,143)
Change in non-admitted assets and related items	52,931	63,604	39,180	42,965	34,331
Change in asset valuation reserve	8,182	2,934	3,861	4,381	(1,728)
Dividends to stockholders	<u>(10,000,000)</u>	<u>0</u>	<u>0</u>	<u>(4,000,000)</u>	<u>0</u>
Net change in capital and surplus for the year	<u>\$ (9,270,879)</u>	<u>\$ 496,348</u>	<u>\$ 503,935</u>	<u>\$ (3,509,502)</u>	<u>\$ 314,263</u>
Capital and surplus, December 31, current year	<u>\$11,004,774</u>	<u>\$11,501,122</u>	<u>\$12,005,057</u>	<u>\$ 8,495,555</u>	<u>\$8,809,819</u>

5. 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 did not review a sample of the Company's advertising files nor the sales activities of the Company because the Company ceased these operations in May of 2000.

B. Underwriting and Policy Forms

The examiner did not review a sample of new underwriting files because the Company has not underwritten any new business since May of 2000.

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.

6. PRIOR REPORT SUMMARY AND CONCLUSIONS

Following are the violations contained in the prior report on examination and the subsequent actions taken by the Company in response to each citation:

<u>Item</u>	<u>Description</u>
A	<p>The Company violated Section 325(a) of the New York Insurance Law by failing to maintain its books of account at its principal office in this state.</p> <p>The Company has kept and maintained its books of account at the principal office in this state for the examination period.</p>
B	<p>The Company violated its filed service agreement for not maintaining the records constituting its books of account with the terms of such agreement.</p> <p>The Company has kept and maintained the records constituting its books of account in accordance with the terms of the filed service agreement for the examination period.</p>

Respectfully submitted,

_____/s/_____
Chong Kim
Senior Insurance Examiner

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

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

_____/s/_____
Chong Kim

Subscribed and sworn to before me
this _____ day of _____

APPOINTMENT NO. 30265

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:

CHONG KIM

as a proper person to examine into the affairs of the

INTRAMERICA LIFE INSURANCE COMPANY

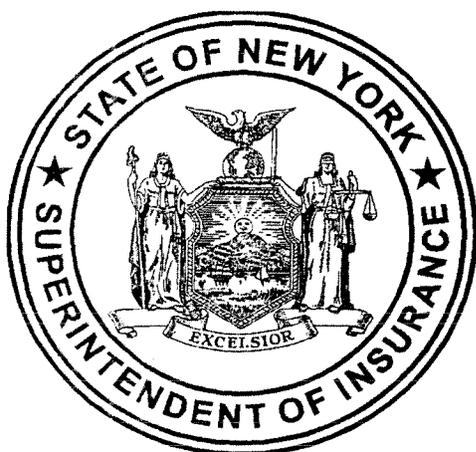
and to make a report to me in writing of the condition of the said

COMPANY

with such other information as he shall deem requisite.

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

this 23rd day of October, 2008



ERIC R. DINALLO
Superintendent of Insurance

Eric Dinallo
Superintendent