



NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES
MARKET CONDUCT REPORT ON EXAMINATION
OF THE
INTRAMERICA LIFE INSURANCE COMPANY

CONDITION:

DECEMBER 31, 2013

DATE OF REPORT:

JUNE 30, 2016

NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES

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EXAMINER:

IJEOMA NDIKA

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NEW YORK STATE
DEPARTMENT *of*
FINANCIAL SERVICES

Andrew M. Cuomo
Governor

Maria T. Vullo
Superintendent

May 3, 2018

Honorable Maria T. Vullo
Superintendent of Financial Services
New York, New York 10004

Madam:

In accordance with instructions contained in Appointment No. 31415, dated January 15, 2016, and annexed hereto, an examination has been made into the condition and affairs of Intramerica Life Insurance Company, hereinafter referred to as “the Company,” at its home office located at 878 Veterans Memorial Highway, Hauppauge, NY 11788.

Wherever “Department” appears in this report, it refers to the New York State Department of Financial Services.

The report indicating the results of this examination is respectfully submitted.

1. EXECUTIVE SUMMARY

The material violation and recommendation contained in this report are summarized below:

- The Company violated Section 243.3(c) of 11 NYCRR 243 (Insurance Regulation 152) when it failed to establish and maintain a records retention plan that includes a description of the types of records being retained, the method of retention, and the safeguards established to prevent alteration of the records. (See item 5 of this report)
- The examiner recommends that the Company establish a formal written records retention plan and have such plan reviewed and approved by its board of directors. (See item 5 of this report)

2. SCOPE OF EXAMINATION

This examination covers the period from January 1, 2010, through December 31, 2013. As necessary, the examiner reviewed matters occurring subsequent to December 31, 2013 but prior to the date of this report (i.e., the completion date of the examination).

The examination comprised a review of market conduct activities and utilized the National Association of Insurance Commissioners' Market Regulations Handbook or such other examination procedures, as deemed appropriate, in such review.

The examiner reviewed the prior report on examination which did not contain any violations, recommendations or comments.

This report on examination is confined to comments on 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 in 1965, and was licensed in March 1966. At inception, the Company was a wholly owned subsidiary of Intramerica Life Corporation of New York. On June 30, 1968, Intramerica Life Corporation 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 terms of the agreement, Leucadia assigned to its wholly owned subsidiary, Charter National Life Insurance Company (“Charter”), its rights and obligations under the purchase agreement. In August 1991, Charter acquired all 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.

B. 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 twenty-five states. In 2013, 98.5% of premiums were from life business, 1.1% of premiums were from annuity business and 0.4% of premiums were from accident and health business. Premiums were mainly received from New York (72.1%), New Jersey (8.9%), Florida (6.4%) and North Carolina (1.5%).

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 and Bankers Conesco Life Insurance Company. The Company also wrote variable annuities through Scudder Kemper Investments, Inc. Since May 2000, the Company has not issued any new policies and is currently in run-off.

4. 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.

5. RECORDS RETENTION PLAN

Section 243.3(c) of 11 NYCRR 243 (Insurance Regulation 152) states:

“An insurer shall establish and maintain a records retention plan. The plan shall include a description of the types of records being retained, the method of retention, and the safeguards established to prevent alteration of the records. Such plan shall be provided to the superintendent upon request. The insurer shall certify the accuracy of any records that are provided in accordance with its record retention plan.”

The examiner requested a copy of the Company’s records retention plan. In its response, the Company stated, “There was no formal retention plan in place during the exam period. All records were either retained indefinitely or in accordance with NY Law.”

The Company failed to establish and maintain a records retention plan that includes a description of the types of records being retained, the method of retention, and the safeguards established to prevent alteration of the records.

The Company violated Section 243.3(c) of 11 NYCRR 243 (Insurance Regulation 152) when it failed to establish and maintain a records retention plan that includes a description of the types of records being retained, the method of retention, and the safeguards established to prevent alteration of the records.

The examiner recommends that the Company establish a formal written records retention plan and have such plan reviewed and approved by its board of directors.

6. SUMMARY AND CONCLUSIONS

Following is the violation and recommendation contained in this report:

<u>Item</u>	<u>Description</u>	<u>Page No(s).</u>
A	The Company violated Section 243.3(c) of 11 NYCRR 243 (Insurance Regulation 152) when it failed to establish and maintain a records retention plan that includes a description of the types of records being retained, the method of retention, and the safeguards established to prevent alteration of the records.	6
B	The examiner recommends that the Company establish a formal written records retention plan and have such plan reviewed and approved by its board of directors.	6

Respectfully submitted,

_____/s/
Ijeoma Ndika
Senior Insurance Examiner

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

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

_____/s/
Ijeoma Ndika

Subscribed and sworn to before me
this _____ day of _____

APPOINTMENT NO. 31415

NEW YORK STATE

DEPARTMENT OF FINANCIAL SERVICES

I, **SHIRIN EMAMI**, Acting Superintendent of Financial Services of the State of New York, pursuant to the provisions of the Financial Services Law and the Insurance Law, do hereby appoint:

IJEOMA NDIKA

as a proper person to examine the affairs of the

INTRAMERICA LIFE INSURANCE COMPANY

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

COMPANY

with such other information as she shall deem requisite.

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

this 21st day of January, 2016

SHIRIN EMAMI

Acting Superintendent of Financial Services

By:



MARK MCLEOD

ASSISTANT CHIEF - LIFE BUREAU

