STATE OF NEW YORK INSURANCE DEPARTMENT

REPORT ON EXAMINATION

OF THE

RIVERSOURCE LIFE INSURANCE COMPANY

OF NEW YORK

CONDITION: DECEMBER 31, 2009

DATE OF REPORT: JUNE 9, 2011

STATE OF NEW YORK INSURANCE DEPARTMENT

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EXAMINER: VINCENT TARGIA

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

Andrew M. Cuomo
Governor

James J. Wrynn
Superintendent

June 14, 2011

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

Sir:

In accordance with instructions contained in Appointment No. 30460, dated January 7, 2010 and annexed hereto, an examination has been made into the condition and affairs of RiverSource Life Insurance Company of New York, hereinafter referred to as "the Company," at its home office located at 20 Madison Avenue Extension, Albany, NY 12203-5326.

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

1. SCOPE OF EXAMINATION

The examination of the Company was a full scope examination as defined in the NAIC Financial Condition Examiners Handbook, 2009 Edition (the "Handbook"). The examination covers the three-year period from January 1, 2007 to December 31, 2009. 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, 2009 but prior to the date of this report (i.e., the completion date of the examination) were also reviewed.

In the course of the examination, a review was also made of the manner in which the Company conducts its business and fulfills its contractual obligations to policyholders and claimants. The results of this review are contained in item 6 of this report.

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 2007 through 2009, by the accounting firm of Ernst & Young, LLP ("E&Y"). The Company received an unqualified opinion in all of the years applicable. Certain audit workpapers of the accounting firm were reviewed and relied upon in conjunction with this examination. The Company has an internal audit department and a separate internal control department which was given the task of assessing the internal control structure and compliance with the Sarbanes-Oxley Act of 2002 ("SOX"). Where applicable, SOX workpapers and reports were reviewed and portions were relied upon for this examination.

The examiner reviewed the corrective actions taken by the Company with respect to the violations and recommendations 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.

2. DESCRIPTION OF COMPANY

A. History

The Company was incorporated under the laws of New York on July 10, 1972 as IDS Life Insurance Company of New York ("IDSNY"), a stock life insurance company, as a subsidiary of IDS Life Insurance Company ("IDS"), a Minnesota life insurer. The Company was licensed and commenced business on October 25, 1972. Initial resources of $4,000,000, consisting of common capital stock of $1,000,000 and paid in and contributed surplus of $3,000,000, were provided through the sale of 200,000 shares of common stock (with a par value of $5 each) for $20 per share.

On March 17, 2006, IDSNY and American Centurion Life Assurance Company ("ACL"), both subsidiaries of IDS at the time, executed an agreement and plan of merger, under which ACL would be merged with and into IDSNY. IDSNY was the surviving company and continued to exist as a domestic stock life insurance company. Simultaneously with the effect of the merger, the Company completed a name change to RiverSource Life Insurance Company of New York ("RSLNY"), as did its parent's from IDS to RiverSource Life Insurance Company ("RSL"). RSLNY remained domiciled in New York and continued to be a wholly owned subsidiary of RSL. The merger and name change was effective December 31, 2006.

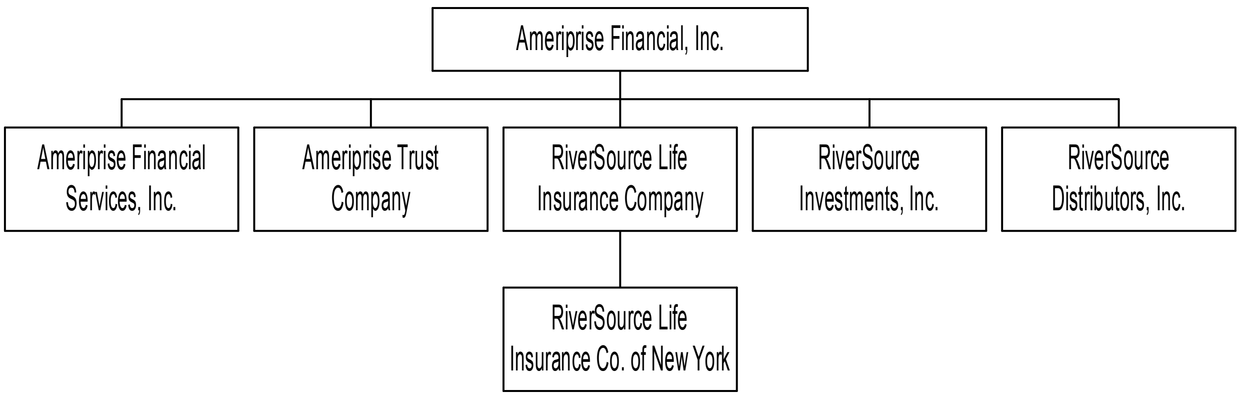
The Company's ultimate parent, Ameriprise Financial, Incorporated ("Ameriprise") was formerly a wholly owned subsidiary of American Express Company ("American Express"). On February 1, 2005, the American Express Board of Directors announced its intention to pursue the disposition of 100% of its shareholdings in Ameriprise through a tax-free distribution to American Express shareholders ("Separation"). Effective as of the close of business on September 30, 2005, American Express completed the Separation and the distribution of Ameriprise common shares to American Express shareholders ("Distribution"). In connection with the Distribution, Ameriprise entered into certain agreements with American Express to effect the Separation and to define the responsibility for obligations arising before and after the date of the Distribution, including, among others, obligations relating to transition services, taxes, and employees. The separation from American Express was completed in 2007.

B. Holding Company

The Company is a wholly owned subsidiary of RSL, a Minnesota life insurer. RSL is in turn a wholly owned subsidiary of Ameriprise, a Delaware financial service corporation.

C. Organizational Chart

A condensed organization chart reflecting the relationship between the Company and significant entities in its holding company system as of December 31, 2009 follows:



D. Service Agreements

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

Type of Agreement and Dept. File No.	Effective Date	Provider(s) of Service(s)	Recipient(s) of Service(s)	Specific Service(s) Covered	Income/(Expense)* For Each Year of the Examination	
Custodian Agreement ** (No. 9527) Amended (No. 30783) Amended (No. 37108)	3/23/1984 1/3/2003 8/1/2007	American Express Trust Company Ameriprise Trust Company	The Company	Safekeeping and other usual custodial services pertaining to general and separate accounts	2009 2008 2007	$ (1,297) $(106,502) $(107,516)
Administrative Service Agreement Amended (No. 36044)	10/25/72 9/1/2008	RSL Ameriprise	The Company	Accounting, finance, financial reporting, general administrative and technical services, executive management and other support services.	2009 2008 2007	$(7,537,318) $(7,894,720) $(2,877,790)
Administrative Service Agreement (25511) Amended (No. 36045)	4/1/1998 9/1/2008	IDS RSL	The Company	Business analysis, project management, accounting, compliance support, insurance and annuity executive management, insurance and annuity product marketing, development and management.	2009 2008 2007	$(4,884,789) $(5,889,412) $(1,906,450)
Investment Management & Service and Agreement (No. 35165) Amended (No. 35165G)	10/1/2005 7/1/2008	RiverSource Investment, LLC	The Company	Investment management and asset-liability management services.	2009 2008 2007	$(2,045,569) $(1,433,470) $(1,348,313)
Loan Service Agreement (No. 29621) (No. 36046)	2/26/1996 9/1/2008	American Enterprise Life Insurance Company Ameriprise	The Company	Mortgage loan services.	2009 2008 2007	$(29,708) $(14,066) $(25,780)
Marketing Support Services Agreement (No. 36043)	1/1/2007	Ameriprise Financial Services, Inc.	The Company	Maintenance of a field organization includes establishing and maintaining a network of area sales offices, staffing of area offices, local marketing expenses, marketing and sales management and various marketing services.	2009 2008 2007	$(14,527,260) $(17,854,739) $(22,140,491)

Type of Agreement and Dept. File No.	Effective Date	Provider(s) of Service(s)	Recipient(s) of Service(s)	Specific Service(s) Covered	Income/(Expense)* For Each Year of the Examination	
Management Service and Marketing Support Agreement (No. 35163) Amended (No. 35163G)	11/1/2006 9/1/2008	The Company	RiverSource Investment, LLC	Certain transfer agent, shareholder servicing and support for the offer, sale and servicing of shares in connecting with separate account funds offered through variable products of the Company.	2009 2008 2007	$4,841,387 $7,196,830 $3,677,442
Principal Underwriting Agreement (No. 36039)	1/1/2007	RiverSource Distributors, Inc.	The Company	Distribution and sale of the variable annuities and variable life insurance products.	2009 2008 2007	$(1,095,778) $(1,772,420) $(2,186,238)
Revolving Credit Agreement (No. 37069)	8/1/2007	Ameriprise Financial, Inc.	RiverSource Life Insurance Co. of New York	Provides a revolving line of credit not to exceed $25 million or 5% of admitted assets excluding separate account business.	2009 2008 2007	No activity during the examination period
Variable Portfolio Funds Service Agreement (No. 38514)	10/1/2008	The Company	RiverSource Distributors, Inc.	Distribution and shareholder services to assist in the promotion, distribution and account servicing of Variable Portfolio Funds shares.	2009 2008 2007	$328,180 $0 $0
Wholesaling Service Agreement (No. 36041)	1/1/2007	RiverSource Distributors, Inc.	The Company	Services in connection with distribution of non-variable product including providing insurance distributors with product information, developing and dissemination approved sales material and related services.	2009 2008 2007	$(820,596) $(421,030) $(592,273)

* Amount of Income or (Expense) Incurred by the Company
** Agreement terminated effective December 12, 2008 and services transferred to JP Morgan Chase Bank, N.A.

The Company participates in a federal income tax allocation agreement with its parent, RiverSource Life Insurance Company, and Ameriprise Financial, Inc.

E. Management

The Company's by-laws provide that the board of directors shall be comprised of not less than 13 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, 2009, the board of directors consisted of 10 members. Meetings of the board are held periodically, as fixed by resolution of the board.

The 10 board members and their principal business affiliation, as of December 31, 2009, were as follows:

Name and Residence	Principal Business Affiliation	Year First Elected
Gumer C. Alvero Minneapolis, MN	Senior Vice President – Annuities RiverSource Life Insurance Company of New York	2000
Timothy V. Bechtold Robinsdale, MN	President and Chief Executive Officer RiverSource Life Insurance Company of New York	1998
Maureen A. Buckley Loudonville, NY	Vice President and Chief Operating Officer RiverSource Life Insurance Company of New York	1998
Rodney P. Burwell* Wayzata, MN	Chairman Xerxes Corporation	1999
Robert R. Grew* New York, NY	Attorney – Retired Carter, Ledyard & Milburn LLP	1997
Ronald L. Guzior* Albany, NY	Partner Bollam, Sheedy, Torani & Co LLP, CPA's	2004
Jean B. Keffeler* Minneapolis, MN	Consultant	1999
Jeffrey McGregor Miami, FL	Senior Vice President RiverSource Distributors, Inc.	2008
Jeryl A. Millner Minneapolis, MN	Vice President – LFO Finance Ameriprise Financial, Inc.	2006
Thomas V. Nicolosi Greenwich, CT	Group Vice President Ameriprise Financial, Inc.	1996

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

During March, April and June 2009, the Company had one director resign, one director retire and one director pass away, respectively. While in the process of filling these three board vacancies, New York State amended its Insurance Law reducing the required number of directors on a board to not less than seven. As a result, the Board began the process to approve an amendment to its Charter and By-laws to reflect that the number of directors shall not be less than seven at its meeting held on October 29, 2009. On June 4, 2010, the Company amended its Charter and By-laws to reflect that the required number of directors shall not be less than seven. The Department approved the amended Charter and By-laws effective July 12, 2010.

On May 6, 2010, Timothy V. Bechtold and Rodney P. Burwell both resigned from the board and were replaced by Mark Gorham, reducing the number of directors to nine.

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, 2009:

Name	Title
Timothy V. Bechtold	President and Chief Executive Officer
Maureen A. Buckley*	Vice President and Chief Operating Officer
Thomas R. Moore	Secretary
Gumer C. Alvero	Senior Vice President – Annuities
David K. Stewart	Vice President and Controller
Walter S. Berman	Vice President and Treasurer
Kevin E. Palmer	Vice President and Chief Actuary

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

In May 2010, Timothy V. Bechtold resigned as President and Chief Executive Officer and was replaced by Maureen A. Buckley, and Walter S. Berman resigned as Vice President and Treasurer and was replaced by James L. Hamalainen.

3. 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 Delaware, New York and North Dakota. In 2009, 85.6% of life premiums, 84.9% of accident and health premiums, and 95.8% of annuity considerations were received from New York. Effective March 2010 and September 2010, the Company withdrew its Certificate of Authority from the States of North Dakota and Delaware, respectively.

A. Statutory and Special Deposits

As of December 31, 2009, the Company had a United States Treasury Bond in the amount of $309,473 on deposit with the State of New York, its domiciliary state, for the benefit of all policyholders, claimants and creditors of the Company.

B. Direct Operations

The Company's principal products are variable deferred annuities and variable universal life insurance which are issued primarily to individuals. The Company also offers single and flexible premium fixed deferred annuities and immediate annuities. Life insurance products currently offered by the Company include both individual and joint universal life, on a fixed and variable basis, whole life and term products. The Company also markets disability income insurance.

The Company distributes products through two distinct distribution channels. The first channel, referred to as "inside distribution," is its retail financial planning channel. Financial advisors (agents), some of whom are employees of Ameriprise Financial Services, Inc. ("AFS") and some of whom are franchisees of AFS, work directly with clients in financial planning relationships. The second channel, referred to as "outside distribution," is a selling relationship with banks and financial institutions where agents of those firms distribute Company products to customers of those institutions.

The Company's agency operations for the "inside distribution" channel are conducted on a branch office basis. The Company has an agreement with its affiliate, AFS, which calls for

AFS to serve as the Company's branch manager. In accordance with the agreement, AFS recruits and trains agents, procures applications for insurance, engages managers and supervisors to provide sales motivation and supervision and maintains divisional offices. The Company is served by one of the national regions of AFS, headed by a regional sales manager.

The Company's agency operations for the "outside distribution" channel are conducted on a general agency basis. The Company offers fixed and variable annuity contracts through independent agents and registered representatives in unaffiliated regional and national financial institutions and regional and/or independent broker/dealers in the state of New York.

C. Reinsurance

As of December 31, 2009, the Company had reinsurance treaties in effect with 11 companies, of which 10 were authorized or accredited. The Company's life insurance business is reinsured on a coinsurance, modified coinsurance, and yearly renewable term basis. The Company's accident and health insurance business is reinsured on a coinsurance basis. Reinsurance is provided on an automatic and facultative basis.

The maximum retention limit for single life and joint life policies is $1,500,000. The total face amount of life insurance ceded as of December 31, 2009, was $6,490,644,080, which represents 59.6% of the total face amount of life insurance in force. Reserve credit taken for reinsurance ceded to unauthorized companies, totaling $1,435,984, was supported by letters of credit.

The Company had two treaties with one reinsurer to reinsure portions of its accident and health insurance business as of December 31, 2009. Effective January 1, 1996, the Company entered into a reinsurance agreement with Genworth Life Insurance Company of New York, whereby the Company cedes 50% of the risk on every long term care policy and rider written. Effective December 31, 2002, the Company discontinued writing long term care insurance.

The total face amount of life insurance assumed as of December 31, 2009, was $64,563,418.

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 (decline) during the period under review:

	December 31, 2006	December 31, 2009	Increase (Decrease)
Admitted assets	$4,757,138,105	$5,048,403,200	$291,265,095
Liabilities	$4,425,610,335	$4,764,063,426	$338,453,091
Common capital stock	$ 2,000,000	$ 2,000,000	$ 0
Gross paid in and contributed surplus	106,617,258	106,633,657	16,399
Incremental deferred tax assets	0	14,420,120	14,420,120
Separate accounts surplus special contingency reserve	750,000	750,000	0
Group life contingency reserve	437,378	38,981	(398,397)
Unassigned funds (surplus)	221,723,134	160,497,016	(61,226,118)
Total capital and surplus	$ 331,527,770	$ 284,339,774	$ (47,187,996)
Total liabilities, capital and surplus	$4,757,138,105	$5,048,403,200	$291,265,095

The increase in total admitted assets is primarily due to a $331 million increase in separate account assets that resulted from positive variable annuity net flows during the three year period. Similarly, the increase in total liabilities is also primarily attributable to the increase in separate account business over the examination period.

The $14 million increase in incremental deferred tax assets is due to the Company's election under SSAP No. 10R – Income Taxes, a temporary replacement of SSAP No. 10.

The $61 million decrease in unassigned funds was primarily due to dividends paid to the parent totaling $160 million and unfavorable changes in net unrealized capital losses and net deferred income taxes of $12 million. These amounts were partially offset by cumulative net earnings totaling $86 million and favorable changes in non-admitted assets and asset valuation reserve of $24 million.

The majority (57.8%) of the Company's admitted assets, as of December 31, 2009, was derived from separate accounts. The Company's invested assets as of December 31, 2009, exclusive of separate accounts, were mainly comprised of bonds (82.9%) and mortgage loans (9.0%).

The majority (95.1%) of the Company's bond portfolio, as of December 31, 2009, 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:

	2007	2008	2009
Ordinary:			
Life insurance	$ 5,691,774	$ 7,727,444	$ 14,399,708
Individual annuities	20,267,595	(42,196,475)	76,699,390
Total ordinary	$25,959,369	$(34,469,031)	$ 91,099,098
Group:			
Life	$ 2,125,974	$ 833,066	$ (1,104,954)
Annuities	144,181	1,250,542	2,837,941
Total group	$ 2,270,155	$ 2,083,608	$ 1,732,987
Accident and health:			
Other	$ 5,695,559	$ (3,730,575)	$ 7,663,690
All other lines	$ 0	$ 0	$ 538,526
Total	$33,925,083	$(36,115,998)	$101,034,301

The improvement in net income for the ordinary life insurance line of business between 2008 and 2009 is due to decreased death and surrender benefits and a favorable change in net transfers to separate accounts partially offset by an increase in mortality reserves.

The decrease in net income between 2008 and 2007 is due to an increase in benefit reserves. The improvement in net income for the ordinary individual annuity line of business between 2008 and 2009 is due to a decrease in variable annuity guaranteed benefit reserves in 2009. Additionally, the implementation of Actuarial Guideline 43, variable annuity business, provided greater earnings in 2009 relative to 2008.

The net income for the group life line of business has decreased each year due primarily to increased death and surrender benefits and reserves.

The net loss for the accident and health line of business during 2008 is due to an increase in active life and claim reserves on guaranteed renewable contracts.

5. FINANCIAL STATEMENTS

The following statements show the assets, liabilities, capital and surplus as of December 31, 2009, as contained in the Company's 2009 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, 2009 filed annual statement.

A. Independent Accountants

The firm of Ernst & Young, LLP was retained by the Company to audit the Company's generally accepted accounting principles ("GAAP") basis statements of financial position as of December 31st of each year in the examination period, in addition to the related GAAP basis statements of operations, capital and surplus, and cash flows for the year then ended. GAAP accounting varies in certain respects from reporting practices prescribed or permitted by the Department and a Note reconciling the differences was included in the statements.

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

The Company has notified the Department of their intention to change their independent auditing firm from Ernst & Young, LLC to PricewaterhouseCoopers, LLC after the 2010 audit.

B. Net Admitted Assets

Bonds	$1,714,033,062
Common stocks	137,177
Mortgage loans on real estate – first liens	186,073,664
Cash, cash equivalents and short term investments	95,867,676
Contract loans	35,743,808
Receivable for securities	22,083,947
Derivative assets	14,789,923
Investment income due and accrued	22,224,372
Premiums and considerations:	
Uncollected premiums and agents' balances in the course of collection	200,838
Deferred premiums, agents' balances and installments booked but deferred and not yet due	706,445
Reinsurance – amounts recoverable from reinsurers	129,001
Net deferred tax asset	24,948,096
Receivables from parent, subsidiaries and affiliates	1,383,079
Bank owned life insurance	5,801,488
Miscellaneous assets	1,415,428
Prepaid reinsurance	1,958,927
From separate accounts, segregated accounts and protected cell accounts	2,920,906,269
Total admitted assets	$5,048,403,200

C. Liabilities, Capital and Surplus

Aggregate reserve for life policies and contracts	$1,717,003,419
Aggregate reserve for accident and health contracts	155,931,989
Liability for deposit-type contracts	5,511,085
Contract claims:	
Life	2,589,974
Accident and health	513,101
Premiums and annuity considerations for life and accident and health contracts received in advance	229,505
Contract liabilities not included elsewhere:	
Provision for experience rating refunds	123,461
Other amounts payable on reinsurance	311,346
Interest maintenance reserve	13,486,768
Commissions to agents due or accrued	15,164
General expenses due or accrued	3,819,117
Transfers to separate accounts due or accrued	(152,133,139)
Taxes, licenses and fees due or accrued, excluding federal income taxes	134,087
Current federal and foreign income taxes	8,072,148
Unearned investment income	444,127
Amounts withheld or retained by company as agent or trustee	21,629
Amounts held for agents' account	1,567
Remittances and items not allocated	1,523,563
Miscellaneous liabilities:	
Asset valuation reserve	1,795,135
Payable for securities	69,171,749
Derivative liabilities	12,403,803
Derivative collateral	2,300,493
From separate accounts statement	2,920,793,335
Total liabilities	$4,764,063,426
Common capital stock	$ 2,000,000
Gross paid in and contributed surplus	106,633,657
Incremental deferred tax asset	14,420,120
Separate accounts surplus special contingency reserve	750,000
Group life contingency reserve	38,981
Unassigned funds (surplus)	160,497,016
Total capital and surplus	$ 284,339,774
Total liabilities, capital and surplus	$5,048,403,200

D. Condensed Summary of Operations

	2007	2008	2009
Premiums and considerations	$691,508,829	$587,212,857	$589,486,346
Investment income	111,404,359	96,276,810	110,113,294
Net gain from operations from separate accounts	2,429	(30,107)	24,793
Commissions and reserve adjustments on reinsurance ceded	629	368	2,271,372
Miscellaneous income	57,672,129	62,158,234	59,895,716
Total income	$860,588,375	$745,618,162	$761,791,520
Benefit payments	$563,747,574	$481,679,281	$391,552,788
Increase in reserves	(138,719,629)	15,600,930	134,867,533
Commissions	31,495,391	28,100,502	27,216,454
General expenses and taxes	35,739,343	41,967,522	35,919,546
Increase in loading on deferred and uncollected premium	311,864	(96,535)	198,790
Net transfers to (from) Separate Accounts	303,595,906	211,667,940	38,548,262
Miscellaneous deductions	6,356,381	5,106,885	2,935,770
Total deductions	$802,526,830	$784,026,525	$631,239,143
Net gain (loss)	$ 58,061,545	$(38,408,363)	$130,552,377
Federal and foreign income taxes incurred	24,136,462	(2,292,365)	29,518,076
Net gain (loss) from operations before net realized capital gains	$ 33,925,083	$(36,115,998)	$101,034,301
Net realized capital gains (losses)	101,915	2,070,776	(14,845,267)
Net income	$ 34,026,998	$(34,045,222)	$ 86,189,034

E. Capital and Surplus Account

	2007	2008	2009
Capital and surplus, December 31, prior year	$331,527,770	$274,277,073	$215,625,051
Net income	$ 34,026,998	$ (34,045,222)	$ 86,189,034
Change in net unrealized capital gains (losses)	(115,176)	26,260,091	(30,783,023)
Change in net deferred income tax	1,604,651	17,257,374	(25,629,973)
Change in non-admitted assets and related items	(2,999,461)	(693,018)	12,618,693
Change in reserve valuation basis	0	0	106,006
Change in asset valuation reserve	2,740,124	422,237	11,673,178
Surplus (contributed to), withdrawn from separate accounts during period	(32,786)	13,252	(1,523)
Other changes in surplus in separate accounts statement	32,786	(13,252)	1,523
Cumulative effect of changes in accounting principles	0	0	496,252
Surplus adjustments:			
Surplus adjustments – paid in	19,378	9,568	(12,547)
Dividends to stockholders	(83,000,000)	(77,000,000)	0
Prior period adjustments	(9,527,211)	9,136,948	14,057,102
Net change in capital and surplus for the year	$ (57,250,697)	$ (58,652,022)	$ 68,714,723
Capital and surplus, December 31, current year	$274,277,073	$215,625,051	$284,339,774

F. Reserves

The Department conducted a review of reserves as of December 31, 2009. During the review, the Department determined that the Company's exposure to risks from its variable annuity guarantee block of business is increasing each year. In light of the amount of this business in relation to total business and the size of the Company, the examiner recommends that the Company continue to carefully monitor its exposure to risks from its variable annuity guarantee block of business.

G. Notes to Financial Statements

Payable to parent, subsidiaries, and affiliates

The Company disclosed in the 2009 filed annual statement, Notes to Financial Statement Item #10D, that payables to affiliates of $3.4 million was reported as a component of "General expenses due or accrued." The NAIC Annual Statement Instructions provides that unreimbursed expenditures on behalf of the reporting entity by a parent, affiliates or subsidiaries; or for amounts owed through other intercompany transactions "be recognized as a liability and identified on page 3, line 24.4, Payable to Parent, Subsidiaries and Affiliates."

The examiner recommends that the Company prepare future annual statements in accordance with NAIC Annual Statement Instructions.

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.

1) Section 51.6(b) of Department Regulation No. 60 states, in part:

> "Where a replacement has occurred or is likely to occur, the insurer replacing the life insurance policy or annuity contract shall . . .
> (7) Where the required forms are not received with the application, or if the forms do not meet the requirements of this Part or are not accurate, within ten days from the date of receipt of the application either have any deficiencies corrected or reject the application and so notify the applicant of such rejection and the reason therefor. In such cases, the insurer shall maintain any material used in the proposed sale . . . "

The examiner reviewed 48 replacement files which included 15 life insurance policies and 33 annuity contracts. The examiner determined that in 2 cases (4.2%), the Company did not provide full and clear information on which the applicant could make a decision in his or her best interest. In these instances, one or more of the required replacement forms was presented to the applicant after the application was taken. During the review, the examiner requested that the Company explain why the application was not declined as required by Section 51.6(b)(7) of Department Regulation No. 60. The Company responded by stating that it has 10 days within receipt of the application in which to allow the agent to go back to the applicant and provide the necessary Disclosure after the application has already been signed.

It is the Department's position that the 10-day period allowed in Section 51.6(b)(7) of Department Regulation No. 60 was not intended to allow the agent to go back and obtain the necessary Disclosure after an application has already been accepted. The required replacement forms must be completed on or before the time the application is taken, without exception.

The examiner recommends that the Company notify its employees and field force that the intent of the 10-day period allowed in Section 51.6(b)(7) of Department Regulation No. 60 was intended for errors where the required replacement forms were obtained and presented to the applicant on a timely basis in accordance with the Regulation, but due to clerical error the forms were not submitted to the insurer along with the application.

2) Section 243.2(b) of Department Regulation No. 152 states, in part:

> "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 . . .
> A policy record shall include . . .
> (iv) Other information necessary for reconstructing the solicitation, rating, and underwriting of the contract or policy . . .
> (8) Any other record for six calendar years from its creation or until after the filing of a report on examination or the conclusion of an investigation in which the record was subject to review."

The examiner reviewed 33 annuity replacement transactions. In 4 cases (12%), the Company failed to maintain evidence that it complied with Section 51.6(b)(4) of Department Regulation No. 60 by furnishing a copy of the proposal, including the sales material used in the sale of the proposed life insurance policy or annuity contract, and the completed Disclosure Statement to the replaced insurer. All 4 cases were sold through the inside distribution channel.

The Company violated Section 243.2(b) of Department Regulation No. 152 by failing to maintain copies of the notification letters mailed to replaced insurers to demonstrate that the Company complied with Section 51.6(b)(4) of Department Regulation No. 60.

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.

7. PRIOR REPORT SUMMARY AND CONCLUSIONS

Following are the combined recommendations and violations that were contained in the prior financial and market conduct reports on examination and the subsequent actions taken by the Company in response to each citation:

Item	Description
A	The examiner recommends that the Company maintain adequate documentation that accurately reflects the services and charges under its service agreements, and to maintain such in a manner as to be readily available for examination. A similar recommendation appeared in the prior report on examination.
	A review of the Company's allocation processes and the documentation maintained to support the system used to allocate expenses as well as the charges under its service agreements revealed that the Company maintained the documentation in a manner that was readily available for examination.
B	The examiner recommends that the Company replace those directors who fail to attend a majority of the meetings.
	A review of the minutes to the meetings of the Company's board of directors revealed that the meetings were generally well attended.
C	The Company violated Section 91.4(a)(3) of Department Regulation No. 33 by failing to maintain records for allocating expenses between companies and lines of business, in a manner that permits ready identification between the item allocated and the basis on which it was allocated and by failing to maintain its records in a manner that is readily accessible for examination.
	A review of the Company's allocation processes and supporting documentation indicated that the Company maintained records in a manner that permitted ready identification between the items allocated and the basis on which it was allocated in a manner that was readily accessible for examination.
D	The Company violated Section 219.4(h) of Department Regulation No. 34-A by using the phrase "low cost" or similar terminology to describe expense fees, insurance charges, riders, or its policies and contracts available for sale during the examination period without being able to substantiate such statements.
	A review indicated that the Company did not use the phrase "low cost" or similar terminology to describe expense fees, insurance charges, riders, for any of its policies and contracts available for sale during the current examination period.

Item	Description
E	The Company violated Section 3211(b)(2) of the New York Insurance Law by failing to fully disclose to whole life policyholders the required language concerning the policyholder's right to any cash surrender value or nonforfeiture benefit under the policy. A review indicated that the Company implemented the necessary changes to its whole life premium notices in August 2010.
F	The examiner recommends that the Company print on the front of the payment notice, not the back of the notice, the required disclosure language that if the consumer does not pay the premium within 31 days of the due date of the policy, it will terminate, except as to the rights required to be disclosed. A review indicated that the Company implemented the necessary changes to its whole life premium notices in August 2010.
G	The examiner recommends that the Company increase the font size used for the disclosures on the back side of its whole life premium notices in order to provide sufficient notice to the consumer. A review indicated that the Company implemented the necessary changes to its whole life premium notices in August 2010.
H	The Company violated Section 243.2(b) of Department Regulation No. 152 by failing to maintain billing cycle registers or similar documentation for the TRAD and Vantage UL policy administration systems in order to demonstrate that the Company complies with Section 3211(a) of the New York Insurance Law, as well as its own written procedures for sending out notices, with regard to the time frames that premium due notices, reminder notices and lapse or termination notices are generated from the policy administration system and mailed to policyholders. A review indicated that the Company is now maintaining billing cycle registers that demonstrate that the Company is in compliance with Section 3211(a) of the New York Insurance Law, as well as its own written procedures for sending out notices, with regard to the time frames that premium due notices, reminder notices and lapse or termination notices are generated from the policy administration system and mailed to policyholders.

Item	Description
I	The Company violated Section 53-3.6(a)(1)(viii) of Department Regulation No. 74 by disseminating annual reports to universal life policyholders that failed to disclose, where applicable, that the policy's cash surrender value is such that it would not maintain insurance in-force until the end of the next reporting period unless further premium payments are made assuming guaranteed issue, mortality and expense loads. A review indicated that the annual reports disseminated to universal life policyholders include the required disclosures on policyholder statements.
J	The Company violated Section 53-3.6(b) of Department Regulation No. 74 by disseminating annual reports to universal life policyholders that did not include an in-force illustration or contain the required language concerning the insured's right to request an illustration without charge. A review indicated that the annual reports disseminated to universal life policyholders include the required disclosures on policyholder statements.
K	The Company violated Section 54.11(a) of Department Regulation No. 77 by failing to disclose to its variable universal life policyholders that if, based upon the billed or other appropriate identified premium, an assumed net investment rate of return of not greater than eight percent per annum, and current mortality charge and expense, the policy value would become exhausted at a duration within the 10 years following the statement date and coverage might then terminate, subject to the grace period provision, unless additional premiums are paid. A review indicated that the required disclosures now appear on variable universal life policyholder statements.
L	The Company violated Section 54.11(a) of Department Regulation No. 77 by failing to include the notice specified in Section 54.10(d) of Department Regulation No. 77 that illustrations of benefits, including death benefits, policy values, and cash surrender values are available upon request. A review indicated that the required disclosures now appear on variable universal life policyholder statements.

Item	Description
M	The Company violated Section 4228(f)(1)(B) of the New York Insurance Law by permitting its branch manager, Ameriprise Financial, to pay compensation to its agents under the advisor retention program without filing the compensation plan with the Department. A review indicated that the Company adjusted the journal entry for the compensation paid to New York Ameriprise Financial advisors that was erroneously allocated to the Company, and in addition provided training to its staff members to mitigate the potential for any future occurrence.

8. SUMMARY AND CONCLUSIONS

Following are the recommendation and violations contained in this report:

Item	Description	Page No(s).
A	The examiner recommends that the Company continue to carefully monitor its exposure to risks from its variable annuity guarantee block of business.	19
B	The examiner recommends that the Company prepare future Annual Statements in accordance with NAIC Annual Statement Instructions.	20
C	The examiner recommends that the Company notify its employees and field force that the intent of the 10-day period allowed in Section 51.6(b)(7) of Department Regulation No. 60 was intended for errors where the required replacement forms were obtained and presented to the applicant on a timely basis in accordance with the Regulation, but due to clerical error the forms were not submitted to the insurer along with the application.	22
D	The Company violated Section 243.2(b) of Department Regulation No. 152 by failing to maintain copies of the notification letters mailed to replaced insurers to demonstrate that the Company complied with Section 51.6(b)(4) of Department Regulation No. 60.	22

Respectfully submitted,

____
Vincent Targia
Associate Insurance Examiner

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

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

____
Vincent Targia

Subscribed and sworn to before me

this__________ day of ____________________

APPOINTMENT NO. 30460

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:

VINCENT TARGIA

as a proper person to examine into the affairs of the

RIVERSOURCE 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 7th day of January, 2010

JAMES J. WRYNN
Superintendent of Insurance

Superintendent