REPORT ON EXAMINATION

OF

THE AMERICAN FAMILY LIFE ASSURANCE

COMPANY OF NEW YORK

AS OF

DECEMBER 31, 1999

DATE OF REPORT	**MAY 18, 2001**
EXAMINER	**ELSAID ELBIALLY, AFE**

TABLE OF CONTENTS

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

May 18, 2001

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

Sir:

Pursuant to the provisions of the New York Insurance Law, and acting in accordance with the instructions contained in Appointment Number 21648, dated November 9, 2000, attached hereto, I have made an examination into the condition and affairs of the American Family Life Assurance Company of New York as of December 31, 1999, and respectfully submit the following report thereon.

The examination was conducted at the Company's home office located at One Marcus Boulevard, Albany, New York 12205.

Wherever the terms "Company" or "AFLAC-NY" appear herein without qualification, they should be understood to indicate The American Family Life Assurance Company of New York.

1. SCOPE OF EXAMINATION

The previous examination was conducted as of December 31, 1994. This examination covered the period from January 1, 1995, through December 31, 1999. Transactions occurring subsequent to this period were reviewed where deemed appropriate by the examiner.

The examination comprised a complete verification of assets and liabilities as of December 31, 1999, a review of income and disbursements to the extent deemed necessary to accomplish such verification, and utilized, to the extent considered appropriate, work performed by the Company's independent certified public accountants. A review or audit was made of the following items as called for in the Examiners Handbook of the National Association of Insurance Commissioners (NAIC):

Company history
Management and control
Corporate records
Fidelity bonds and other insurance
Officers' and employees' welfare and pension plan
Territory and plan of operation
Growth of the Company
Business in force by states
Mortality and loss experience
Reinsurance
Accounts and records
Financial statements
Market conduct activities

A review was also made to ascertain what action was taken by the Company with regard to comments and recommendations contained in the prior report on examination.

This report on examination is confined to financial statements and comments on those matters which involve departures from laws, regulations or rules, or which are deemed to require explanation or description.

2. DESCRIPTION OF COMPANY

The Company was incorporated under the laws of New York State on March 31, 1964. It was licensed, and commenced business on December 31, 1964, as the American Health and Life Insurance Company of New York; a wholly-owned subsidiary of American Health and Life Insurance Company, which in turn was owned by Commercial Credit Company. The Company was licensed to write life insurance, annuities and accident and health business.

On April 2, 1984, American Health and Life Insurance Company of New York was acquired and became a wholly-owned subsidiary of American Family Life Assurance Company of Columbus (the Parent). On December 11, 1984, the Company's name was changed to American Family Life Assurance Company of New York

The company received a total of $22,000,000 in surplus contributions from its parent during the period under examination as follows:

1995	$5,000,000
1996	$3,000,000
1997	$3,500,000
1998	$9,500,000
1999	$1,000,000
Total	$22,000,000

Subsequent to the examination period, the Company received, in year 2000, an additional surplus contribution from its Parent of $2,000,000.

As of December 31, 1999, the Company reported paid in capital in the amount of $2,000,000 from 10,000 shares of common shares issued to it's Parent. The Company's surplus of $15,864,299, as of December 31, 1999, was significantly in excess of its authorized control level Risk-Based capital, as determined pursuant to Section 1322 of the Insurance Law, in the amount of $2,135,633.

A Management and Controls

Pursuant to the Company's charter and by–laws, management of the Company is vested in a board of directors of not less than nine or more than seventeen members. The number of directors shall be determined from time to time by a vote of a majority of the entire board.

As of the examination date, the board of directors was comprised of twelve members.

The board meets once a year immediately following the annual meeting of the shareholders and as frequently as the dispatch of business shall require. During the five years under examination, the number of meetings of the board were as follows:

1995	4 meetings
1996	2 meetings
1997	1 meeting
1998	1 meeting
1999	1 meeting

The directors of the Company as of December 31, 1999 were as follows:

Name and Residence	Principal Business Affiliation
Daniel P. Amos Columbus, GA	Chief Executive Officer, AFLAC, Inc.
Paul S. Amos Columbus, GA	Chairman of the Board, AFLAC, Inc.
J. Brian Angel Berne, NY	Second Vice President & Regulatory Counsel, AFLAC of New York
Norman P. Foster Columbus, GA	Executive Vice President, AFLAC, Inc.
David Lynn Hewitt Clifton Park, New York	Senior Vice President, AFLAC New York
Kimberley Ann Hewitt Clifton Park, New York	Homemaker
Elizabeth J. Hudson Montclair, NJ	Senior Vice President, Ivillage
Kenneth S. Janke, Sr. Bloomsfields Hills, MI	President and Chief Executive Officer, National Association of Investor Corp.
Joey M. Loudermilk Columbus, GA	General Counsel, AFLAC, Inc.
E. Stephen Purdom Columbus, GA	Director, AFLAC, Inc.
Glenn Vaughn, Jr. Columbus, GA	Retired; former Chairman of Columbus Ledger-Enquirer
Robert L. Wright Alexandria, VA	Chairman and Chief Executive Officer, Dimensions International, Inc.

The minutes of all meetings of the Board of Directors' and committees thereof held during the examination period were reviewed. All meetings were well attended.

The examiners noted that the board of directors annually appointed an audit committee. However, the audit committee did not meet during the period under examination.

With regard to the duties of the audit committee, Section 1202(b)(2) of the New York Insurance Law, states in part that;

> " Such committee shall have responsibility for recommending the selection of independent certified public accountants, reviewing the company's financial condition, the scope and results of the independent audit and any internal audit, nominating candidates for director for election by shareholders or policyholders, evaluating the performance of officers deemed by such committee to be principal officers of the company and recommending to the board of directors the selection and compensation of such principal officers. "

It was noted that during the examination period, the audit committee did not directly recommended the slate of candidates for membership on the board of directors. Instead the members of the committee individually signed off on a list of directors that was provided to them by the general counsel of ultimate Parent, AFLAC Inc.

It is recommended that the audit committee be pro-active and act responsibly as envisioned by Section 1202(b)(2) of New York Insurance Law.

The board of directors on its first regular meeting after receiving the Department's Circular No. 9 (1999) adopted a resolution to fully comply with the requirements regarding procedure manuals.

The following is a listing of the principal officers of the Company as of December 31,1999:

Name	Title
Daniel Paul Amos	President
Kriss Cloninger, III	Executive Vice President
Ernest Stephen Purdom	Executive Vice President
David Lynn Hewitt	Senior Vice President
Joey Meredith Loudermilk	Senior Vice President, Secretary
Joseph Wilson Smith, Jr.	Senior Vice President
Monthon Chuaychoo	Vice President, Treasurer
Jennifer Patterson Pitts	Vice President
James Brian Angel	Second Vice President
Anne Hayes Pearce	Second Vice President
Daniel Frederick Skelley	Actuary

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 the following six states: New York, New Jersey, Connecticut, Massachusetts, North Dakota and Vermont. However, the Company did not write any business during the period under examination in either North Dakota or Vermont.

The total written premiums during the examination period were $97,029,975 as follows:

Life insurance	$ 1,403,830	1.45 %
Annuities	35,317	.04 %
Accident and health	$95,590,828	98.51 %

All life and annuity business was written in New York State.

The accident and health business was written in four states as follows:

New York	$61,922,354	64.8 %
New Jersey	21,580,490	22.5 %
Connecticut	7,426,526	7.8 %
Massachusetts	4,661,458	4.9 %
Total	$95,590,828	100.0 %

The written premiums of the accident and health line of business for each year under examination was as follows:

1995	$10,350,230
1996	11,897,613
1997	16,643,061
1998	23,501,736
1999	33,198,188
Total	$95,590,828

In 1984, the Company was purchased by American Life Assurance Company of Columbus (the ‘Parent’) and made a wholly owned subsidiary. At the time of purchase, the Company was doing business under the name American Health and Life Insurance Company of New York. Much of the life insurance and all of the annuities that are currently in force were issued prior to the purchase. The traditional life insurance product continued to be sold until 1993, after which, it was not actively marketed.

In 1991, the Company began concentrating on the sale of accident and health insurance. In the senior citizen market, Medicare Supplement, Long-Term Care and Home Health Care products were sold, while supplemental accident and health products (Accident, Disability, Intensive Care, Specified Disease and Hospital Indemnity) were sold in the group market via payroll deductions. Beginning in mid-1995, sales in the senior market were sharply curtailed. The Company's marketing emphasis is currently in the group supplemental accident and health market.

The Company sells its products through independent general agents. The Company had 1,216 appointed general agents as of December 31, 1999.

The Company had net income in year 2000 for the third year in a row after losses for each year from 1991 through 1997. 1999 premium income increased 41.3 % over 1998. 2000 premium income increased 32.5 % over 1999.

C Reinsurance

The Company does not assume any reinsurance business and had three ceded reinsurance treaties in effect as of the examination date. All were with authorized reinsurers.

As of the examination date, the Company had one reinsurance treaty ceding life and accidental death coverage in excess of a $50,000 Company retention per person. The reinsurer's liability for excess over the retention is limited to $50,000 per person with an annual aggregate maximum of $1,961,000.

In addition, the Company maintained excess of loss coverage, as follows:

i. Special Accident Plan for Common Carrier Benefits Excess of Loss, with a Company retention of $100,000 per person. The reinsurer's coverage for the excess over the retention is limited to $100,000 per person.

ii. Catastrophe Excess Reinsurance Agreement with a retention limit of $200,000 per event.

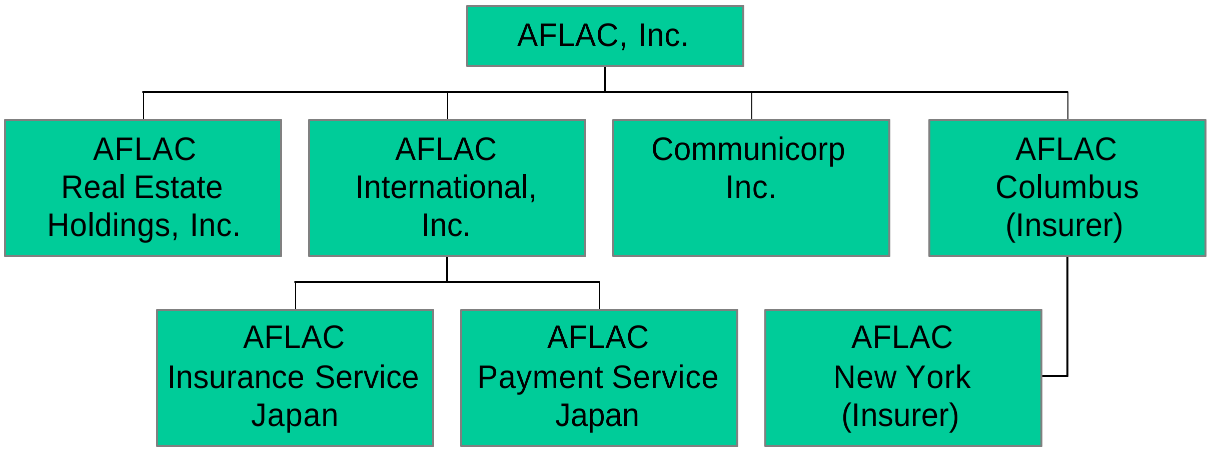
The liability of the reinsurer is limited to the following:

Maximum Benefit per person:	$100,000.00	Common Carrier
Maximum Benefit per Loss Occurrence:	$2,000,000.00	
Annual Aggregate Limit:	$4,000,000.00	

The examiner reviewed all ceded reinsurance contracts effected during the examination period. These contracts all contained the required standard clauses including insolvency clauses, which met the requirements of Section 1308 of the New York Insurance Law.

D. Holding Company System

The following chart depicts the Company in relationship to its affiliates within the holding company system as of December 31, 1999:



At December 31, 1999, The Company maintained the following agreements with its parent, AFLAC of Columbus:

i. Shared Facilities Agreement

This agreement, executed in 1984, provided for various shared expenses for personnel, property and services to be allocated between the two Companies in a fair and equitable manner and in conformity with New York Insurance Department Regulations.

ii. Administrative Service Agreement

This agreement, executed in 1990, provided for computer services to be supplied to the Company by its Parent. Said services included leasing of computer time, running regularly scheduled processing cycles to support general insurance functions, technical support, software support and normal/reasonable programming services.

iii. Sales and Marketing Agreement

This agreement, executed in 1993, provided for the Company to supply certain services on behalf of its parent relative to the parent operations in various New England states and in Japan. The services provided are consultative advice in connection with the development of a sale and marketing plan of AFLAC's life and health insurance products and consultative advice in the recruitment and training of an agency force.

iv. Consolidated Tax Allocation Agreement

The Company, in 1992, executed this agreement with its immediate parent, AFLAC of Columbus and ultimate parent, AFLAC, Incorporated.

v. Amended 1985 Stock Option Plan

The Company's employees in 1994, began participating in the Amended 1985 Stock Option Plan of its ultimate parent, AFLAC, Incorporated.

All of the above agreements and amendments thereof were approved by the New York Insurance Department.

In addition, the Company notified the Insurance Department of its business relationship with its affiliate Communicorp, Inc. ("Communicorp"). Communicorp provides the Company with design and printing services related to its policy and advertising materials.

E Investment Activities

The Company's invested assets as of December 31, 1999 consisted of the following:

Bonds	$34,366,441	94.8 %
Cash	1,640,173	4.5 %
Policy loans	236,888	.7 %

Bonds are by far, the largest asset category, comprising 86 % of the total assets of the Company as of December 31, 1999. The next largest asset category is cash. These two asset categories combined comprised 90 % of total net admitted assets and 99 % of total invested assets as of December 31, 1999.

The Company's investment objectives focused on maintaining quality and liquidity in the portfolio. All of the Company's bonds (100.0 %) are investment grade bonds (rated BBB or better). Bonds rated A or better comprise 99 % of the portfolio.

A review of the custodian agreement dated August 27, 1999 between the Company and its custodial bank revealed that the agreement did not contain all protective covenants and provisions required by New York Insurance Department guidelines as a minimum necessary safeguards and controls.

It is recommended that the custodian agreement with the Company's custodial bank be revised to fully comply with all requirements of New York State Insurance Department custodial guidelines.

F. Internal Controls

A review of the cash, policy loans and system controls revealed the following:

i. All checks issued are endorsed with a facsimile signature stamp regardless of amount. Such a policy is not in the Company's best interest with regard to preservation of its assets.

It is recommended that the Company implement a policy whereby the signature of two officers, at least one being handwritten, be required for checks that exceed a prudent amount as set by the Company.

ii. The unused checks and the software for signing the checks are kept in a cartridge and are locked in an individual's desk.

It is recommended that the Company use proper safeguards for storing unused checks and the software for signing the checks.

iii. There is no separation of duties of two employees who can individually do any combination of the following duties:

- Act as a custodian of unused checks.
- Verify the check log.
- Input a check request.
- Print checks.
- Prepare the cash disbursement journal.

A proper separation of duties is in the best interest of the Company. Therefore, it is recommended that the Company adopt procedures to properly separate the duties of its employees.

iv. Responsibility for approving policy loans and for disbursing the funds is not clearly separated.

It is recommended that the Company implement a procedure whereby a manager must sign off on all loan requests prior to processing.

G <u>Accounts and Records</u>

AFLAC-NY's parent company, AFLAC of Columbus, maintains its mainframe computer in Georgia. Through the terms of an administrative service agreement, AFLAC-NY employees have terminals with access to the Parent's mainframe computer.

The main accounting system is ABC, which stands for the Account, Budget and Cost system. This is the system that generates the general ledger, trial balance and the annual statement reports. In addition, AFLAC - Columbus maintains the following five computer sub-systems:

i. Life 70 –This is the Company's agents and policyholder information sub system. It handles agents' commissions as well as premium accounting. This system feeds into the CDS sub-system so that the various checks such as commission checks and premium refund checks can be issued.

ii. CDS -This is the cash disbursement sub-system that is used to issue checks. It is updated on a daily basis.

iii. Payroll -This is the sub-system used to pay AFLAC's employees including AFLAC-NY.

iv. Camra -This is the investment sub-system. It calculates and generates investment income reports. Its information feeds into the ABC system once a month.

iv. Claims -This is the sub-system of claims. It accounts for claims and interfaces with the CDS sub-system that issues checks on a daily basis.

The five sub-systems are integrated with the ABC main frame system to post proper amounts to various general ledger accounts. Also, some of these sub-systems are integrated with other sub-systems.

The Company's accounting systems fairly represented the business transactions for the period under examination. The examiners were able to review and verify the detail reports of these sub-systems. No discrepancies were noted.

However, the Company failed to provide the examiners with some detailed supporting documentation of weekly/monthly postings on some general ledger accounts. The Company stated that the sub-systems feed the information into the general ledger accounts through the integration process.

In addition, the Company did not fully comply with the requirements of Part 243.2 of Department Regulation No. 152. The Company failed to keep the detailed inventory of commissions to agents due and accrued.

It is recommended that the Company fully comply with Part 243.2 of Department Regulation No. 152 (11 NYCRR 243.2(b)(7)) that imposes upon the Company the obligation to maintain in readable, accessible form all records until, at least, the filing of the report on examination dealing with the period for which those records are relevant.

3. FINANCIAL STATEMENTS

A. Balance Sheet

The following shows the assets, liabilities and surplus as determined by this examination as of December 31, 1999. This statement is the same as the balance sheet included by the Company in its annual statement filed with the Department as of December 31, 1999.

Assets	Ledger Assets	Non-Ledger Assets	Not-Admitted Assets	Admitted Assets
Bonds	$34,366,441			$34,366,441
Policy loans	239,309		$ 2,421	236,888
Cash and short-term investments	1,640,173			1,640,173
Electronic data processing Equipment	144,684		144,684	0
Life premiums Deferred and uncollected		$ 54,617		54,617
A&H premiums due and Unpaid		5,304,642	2,540,717	2,763,925
Investment income due & accrued		756,193		756,193
Other assets not Admitted	4,437,765		4,437,765	0
Aggregate write-ins for all other assets	52,723	18,682	71,405	0
Total assets	$40,881,095	$6,134,134	$7,196,992	$39,818,237

Liabilities:

Aggregate reserve for life policies	$5,586,575
Aggregate reserve for A&H policies	6,492,722
Policy and contract claims:	
Life	10,000
Accident and health	7,633,748
Advance premiums	458,844
Deposit funds	708
Commission to agents due & accrued	961,491
General expenses due and accrued	1,226,039
Taxes licenses and fees due or accrued	144,300
Amounts withheld or retained by company	50,008
Amounts held for agent's account	30,389
Remittances and items not allocated	1,086,616
Miscellaneous liabilities:	
Asset valuation reserve	57,621
Payable to parent subsidiaries and affiliates	214,877
Total Liabilities	$23,953,938

Surplus:

Common capital stock	$ 2,000,000
Gross paid in and contributed surplus	28,331,688
Unassigned funds (surplus)	(14,467,389)
Total Capital and Surplus	$15,864,299
Total Liabilities, Capital and Surplus	$39,818,237

Note:

The Internal Revenue Service has completed its audits of the consolidated tax returns filed on behalf of the Company through tax year 1994. The examiner is unaware of any potential exposure of the Company to any further tax assessment and no liability has been established herein relative to such contingency.

B. **Underwriting and Investment Exhibit:**

Capital and Surplus increased $10,344,881 during the period under examination, January 1, 1995 through December 31,1999, detailed as follows:

Statement of Income

Underwriting Income

Premiums and annuity considerations			$101,460,668
Deductions:			
Claims			
Death benefits	$ 423,037		
Annuity benefits	150,155		
Disability benefits	47,583,788		
Surrender benefits	728,300		
Increase in aggregate reserve	2,959,980	$51,845,260	
Commissions on premiums		33,519,270	
General administrative expenses		30,753,255	
Total underwriting deductions			$116,117,785
Net underwriting loss			$(14,657,117)
Net investment income earned		$8,611,788	
Other income		97,960	
Net realized capital gains		765,631	
Net investment gain			$9,475,379
Net loss before federal income taxes			$(5,181,738)
Federal income taxes			0
Net loss			$(5,181,738)

Capital and Surplus Account

Capital and Surplus per report on examination as of December 31, 1994			$5,519,418
	Increases in Surplus	Decreases in Surplus	
Net loss		$5,181,738	
Contributed capital	$22,000,000		
Net unrealized capital gains	250,026		
Change in non-admitted assets		6,647,716	
Change in asset valuation	.	75,691	
Total gains and losses	$22,250,026	$11,905,145	
Net increase in surplus			$10,344,881
Capital and Surplus per report on examination as of December 31,1999			$15,864,299

4. AGGREGATE RESERVES AND UNPAID CLAIMS

The examination liability of $19,723,045 is the same as the amount reported by the Company as of the examination date. The examination analysis was conducted in accordance with generally accepted actuarial principles and practices and was based on statistical information contained in the Company’s internal records and in its filed annual statements.

The liability of $19,723,045 consisted of the following components:

Aggregate reserve for life policies and contracts	$5,586,575
Aggregate reserve for accident and health policies	6,492,722
Life policy and contract claims	10,000
Accident and health policy and contract claims	7,633,748

5. MARKET CONDUCT ACTIVITIES

In the course of this examination, a review was made of the manner in which the Company conducts its business and fulfills its contractual obligations to policyholders and claimants. The review was general in nature and is not to be construed to encompass the more precise scope of a market conduct examination.

The general review was directed at practices of the Company in the following major areas:

A) Sales and advertising
B) Underwriting
C) Rating
D) Claims

Claims

No problems were noted except that the Company starts its claims processing prior to assigning a claim number. This procedure does not provide full control and accountability for all claims, which are received by the Company.

It is recommended that the Company assign a claim number to all claims before processing them.

In addition, the Company required claims processing assistance from its parent (AFLAC of Columbus) for a few weeks in March 2001. This action was taken because the Company turnaround time for claims processing increased from an average of 3 days to 10-12 days.

The backlog situation was a direct result of staffing vacancies, which have since been filled. The Company assured the examiner that it has adequate staffing to handle the incoming claims volume, and does not anticipate the need for taking similar action on a regular basis.

6. COMPLIANCE WITH PRIOR REPORT ON EXAMINATION

The prior report contained fifteen comments and recommendations detailed as follows (page numbers refer to the prior report on examination):

ITEM NO.		PAGE NO.
A	The Company violated Section 1505(d) of New York Insurance Law when it failed to notify the Superintendent prior to entering into transactions within the holding company system. The Company complied with this recommendation.	6
B	The Company violated Section 1505(b) of the New York Insurance Law when it failed to maintain records of all inter-company transactions which clearly and accurately disclose the nature and details of the transaction as is necessary to support the reasonableness of the charges or fees to the respective parties. The Company complied with this recommendation. It now maintains records to support its inter company transactions.	6
C	The Company violated Section 1201(a)(5)(B)(vi) of the New York Insurance Law when it did not have at least three directors on the Board of Directors who are residence of New York. The Company complied with this recommendation. It now maintains three directors as members of its Board of Directors who are residents of New York State.	7
D	The Company's total capital and surplus decreased by $5,203,594 during the period under examination. The Company's capital and surplus increased by $10,344,881 during the period under this examination.	11
E	The Company received a surplus contribution from its parent of $5,000,000 in 1995, $3,000,000 in 1996 and $3,500,000 in 1997. In addition, the Company received $9,500,000 in 1998 and $1,000,000 in 1999.	11

ITEM NO.		PAGE NO.
F	The Company had significant losses, in each year of the examination period, on its accident and health business. The Company's losses continued each year from 1995 to 1997; however, the Company had positive net income in the last three years in a row from 1998 to 2000.	12
G	The Company violated Section 1313(f) of the New York Insurance Law when it had advertisements containing a statement of the financial condition of the holding company system that did not separate statement of the condition of the company. The Company complied with this recommendation. .	17
H	The Company violated Section 2122(a)(2) of the New York Insurance Law for utilizing brochures and forms, which called attention to an unauthorized insurer. The Company complied with this recommendation.	18
I	The Company violated Section 215.17(a) of Department Regulation No. 34A for failing to include the required notations indicating the manner and extent of distribution of advertisements in the advertising file. The Company complied with this recommendation. It maintained a complete advertisement file during the period under this examination.	18
J	The Company violated Section 3201(b)(1) of the New York Insurance Law when it used application forms that were neither filed with nor approved by the Superintendent. The Company complied with this recommendation.	19
K	The Company violated Section 216.4(a) of Department Regulation No. 64 for failing to inform the claimant that it had received notification of a claim within 15 business days. The Company complied with this recommendation.	19
L	The Company violated Section 216.6(c) of Department Regulation No. 64 for failing to pay or deny claims within 15 business days.	19

ITEM NO.		PAGE NO.
	The Company complied with this recommendation.	
M	The Company violated Section 91.4(c)(2) of Department Regulation No. 33 when it used a method to allocate net investment income to major annual statement lines of business not prescribed by Department Regulation No. 33.	20
	The company complied with this recommendation.	
N	The Company violated Section 1507(a) of the New York Insurance Law by maintaining its bonds and stocks under a custodial agreement between the parent and the custodian.	20
	The Company complied with this recommendation. It transferred its bonds and stocks to be maintained under a new custodian agreement between the Company and an appropriate bank. However, the custodian agreement did not contain all protective covenants and provisions required by the New York Insurance Department custodial guidelines for minimum necessary safeguards and controls. See comment No. B in this report.	
O	The examiner recommends that the Company maintain records in a manner so that the examiners are able to complete the necessary verifications upon examination.	21
	The Company did not fully comply with this recommendation. A similar comment is included in this report under item No G.	

7. SUMMARY OF COMMENTS AND RECOMMENDATIONS

ITEM NO.		PAGE NO.
A	**Management and Controls**	
	It is recommended that the audit committee be pro-active and act responsibly as envisioned by Section 1202(b)(2) of New York Insurance Law.	6
B	**Investment Activities**	
	It is recommended that the agreement with the Company's custodial bank be revised to fully comply with all requirements of New York Insurance Department custodial guidelines.	13
C	**Internal Controls**	
1	It is recommended that the Company implement a policy whereby the signature of two officers, at least one being handwritten, be required for checks that exceed a reasonable amount as set by the Company.	14
2	It is recommended that the Company use proper safeguards for storing unused checks and the software for signing the checks.	14
3	It is recommended that the Company adopt procedures to properly separate the duties of its employees.	15
4	It is recommended that the Company implement a procedure whereby a manager must sign off on all loan requests prior to processing.	15
D	**Accounts and Records**	
	It is recommended that the Company fully comply with Part 243.2 of Department Regulation No. 152. (11 NYCRR 243.2(b)(7)). This regulation imposes upon the Company the obligation to maintain in readable, accessible form, all records until, at least, the filing of the report on examination dealing with the period for which those records are relevant.	17
E	**Claims**	
	It is recommended that the Company assign a claim number to all claims before processing them.	22

Appointment No. 21648

STATE OF NEW YORK
INSURANCE DEPARTMENT

I, NEIL D. LEVIN *, Superintendent of Insurance of the State of New York, pursuant to the provisions of the Insurance Law, do hereby appoint:*

Elsaid ElBially

as a proper person to examine into the affairs of the

American Family Life Assurance 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 the name and affixed the official Seal of this Department, at the City of New York,

this 9th *day of* November *2000*

NEIL D. LEVIN
Superintendent of Insurance

(by) Gregory Serio
First Deputy Superintendent