

REPORT ON EXAMINATION
OF THE
PARTNERRE INSURANCE COMPANY OF NEW YORK
AS OF
DECEMBER 31, 2000

DATE OF REPORT

SEPTEMBER 19, 2002

EXAMINER

GLENDAM. GALLARDO, CFE

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

September 19, 2002

Honorable Gregory Serio
Superintendent of Insurance
Albany, New York 12257

Sir:

Pursuant to the requirements of the New York Insurance Law, and in compliance with the instructions contained in Appointment Number 21778 dated September 18, 2001 attached hereto, I have made an examination into the condition and affairs of PartnerRe Insurance Company of New York as of December 31, 2000, and submit the following report thereon.

The examination was conducted at the Company's administrative offices located at One Greenwich Plaza, Greenwich, Connecticut 06830.

Wherever the designations "the Company" or "PRNY" appear herein without qualification, they should be understood to indicate the PartnerRe Insurance Company of New York. In addition, wherever the designations the "parent company" or "PRUS" appear herein without qualification, they should be understood to indicate Partner Reinsurance Company of the U.S.

Wherever the term "Department" appears herein without qualification, it should be understood to mean the New York Insurance Department.

1. SCOPE OF EXAMINATION

The prior examination was conducted as of December 31, 1994. This examination covers the five-year period from January 1, 1995 through December 31, 1999. The examination was subsequently updated to include year ending December 31, 2000. The examination was limited in scope to a review or audit of only those balance sheet items considered by this Department to require analysis, verification or description including: invested assets, inter-company balances, reinsurance, losses and loss adjustment expenses.

The examination included a review of income, disbursements and company records deemed necessary to accomplish such analysis or verification and utilized, to the extent considered appropriate, work performed by the Company's independent public accountants. A review or audit was also made of the following items as called for in the Examiners Handbook of the National Association of Insurance Commissioners:

- History of Company
- Management and control
- Corporate records
- Fidelity bond and other insurance
- Territory and plan of operation
- Growth of Company
- Business in force
- Reinsurance
- Accounts and records
- Financial statements

A review was also made to ascertain what action was taken by the Company with regard to comments and recommendations contained in the 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, which are deemed to require explanation or description.

2. DESCRIPTION OF COMPANY

The Company originally entered the United States in 1936, as a branch of the Winterthur Swiss Insurance Company of Winterthur, Switzerland. On October 1, 1989, the United States Branch was domesticated under the laws of New York with the transfer of all the assets and liabilities of the former Branch to the then newly formed Winterthur Reinsurance Corporation of America, (“WRCA”).

On October 23, 1998, pursuant to a share purchase agreement, PartnerRe U.S. Corporation (“PRUSC”), a holding company domiciled in Delaware, acquired all 300,000 issued and outstanding common shares of the Winterthur Reinsurance Corporation of America from Winterthur U.S. Holding, Inc. The share purchase agreement stipulated that an extraordinary dividend be disbursed to Winterthur U.S. Holding Inc. The dividends consisted of a cash dividend in the amount of \$225 million and stock dividends of two affiliated corporations, General Casualty and Unigard, that totaled \$58,888,579. These transactions were submitted to and approved by the Department.

Subsequent to the acquisition, PRUSC contributed the capital stock of Winterthur Reinsurance Corporation of America to Partner Reinsurance Company of the U.S., the latter becoming the parent company of WRCA. Concurrently at year-end 1998, Partner Reinsurance Company of the U.S. contributed \$13 million to Winterthur Reinsurance Corporation of America, which represented surplus paid in.

On January 22, 1999, the Company's board of directors, pursuant to a signed written consent, resolved to change the name of Winterthur Reinsurance Corporation of America to PartnerRe Insurance Company of New York.

Prior to 1999, PRNY maintained a Canadian Branch, which writings accounted for approximately 10% of the Company's business volume. On November 2, 1999, an agreement was executed to transfer the business of the Canadian Branch to an affiliate, SAFR-PartnerRe. The transfer was made effective January 1, 1999 (see Section C-Reinsurance of this report).

The Company's current authorized capital is \$6,000,000, consisting of 300,000 shares of issued and outstanding common stock with a par value of \$20 per share. Paid in and contributed surplus amounts to \$13,000,000.

A. Management

Pursuant to the Company's charter and by-laws, management of the Company is vested in a board of directors consisting of not less than thirteen nor more than nineteen members. As of the examination date, the board of directors was comprised of thirteen members. The directors as of December 31, 2000 were as follows:

<u>Name and Residence</u>	<u>Principal Business Affiliation</u>
John N. Adimari Greenwich, CT	Executive Vice President & Chief Financial Officer Partner Reinsurance Company of the U.S. PartnerRe Insurance Company of New York
John B. DiBuduo Stamford, CT	Senior Vice President & Chief Technology Officer Partner Reinsurance Company of the U.S. PartnerRe Insurance Company of New York

<u>Name and Residence</u>	<u>Principle Business Affiliation</u>
Jean-Pierre J. Fillebeen New York, NY	Executive Vice President Partner Reinsurance Company of the U.S. PartnerRe Insurance Company of New York
Dennis G. Giannos Darien, CT	Senior Vice President Partner Reinsurance Company of the U.S. PartnerRe Insurance Company of New York
Cathy A. Hauck Darien, CT	Senior Vice President General Counsel & Corporate Secretary Partner Reinsurance Company of the U.S. PartnerRe Insurance Company of New York
Roger C. Jacobsen Cortlandt Manor, NY	Vice President Partner Reinsurance Company of the U.S. PartnerRe Insurance Company of New York
Robert N. MacGovern Bermuda	Director PartnerRe Insurance Company of New York
Scott D. Moore Darien, CT	President & Chief Executive Officer Partner Reinsurance Company of the U.S. PartnerRe Insurance Company of New York
John A. Murad Old Greenwich, CT	Executive Vice President & Chief Actuarial Officer Partner Reinsurance Company of the U.S. PartnerRe Insurance Company of New York
John J. Robilotta Sayville, NY	Vice President Partner Reinsurance Company of the U.S. PartnerRe Insurance Company of New York
Patrick A. Thiele Paget, Bermuda	Chairman of the Board Partner Reinsurance Company of the U.S. PartnerRe Insurance Company of New York
Robin M. Williams New York, NY	Executive Vice President & Chief Underwriting Officer Partner Reinsurance Company of the U.S. PartnerRe Insurance Company of New York
John B. Wong Ridgefield, CT	Senior Vice President & Controller Partner Reinsurance Company of the U.S. PartnerRe Insurance Company of New York

The minutes of all the meetings of the board of directors and committees thereof held during the examination period were reviewed. The investment transactions were presented before the board of directors and approved by the board.

The review of the minutes disclosed that from 1995 through 2000, most corporate actions taken by the Company's board of directors were by unanimous written consent without holding a regular meeting.

Section 708(b) of the New York Business Corporation Law ("BCL") permits corporate action to be taken without a meeting if all members of the board or committee consent in writing to the adoption of a resolution authorizing the action. When the Department allowed insurers to amend their by-laws to carry out the intention and use of Section 708(b), it also emphasized that the board of directors would be permitted to exercise such ability to act only in very limited emergency situations.

It is the Department's position that to give broader effect to this provision would conflict with the provisions in the New York Insurance Law governing meetings of the board, which purpose is to permit directors to make informed decisions about matters affecting the public interest based upon deliberations and an exchange of information and ideas at such meetings.

Examination review indicated that the board of directors was holding regular meetings during 2001. It is recommended that the Company continue holding annual and regular meetings of its board of directors and exercise the ability to take corporate actions via unanimous written consents only in very limited emergency situations as stated in its by-laws.

As of December 31, 2000, the principal officers of the Company were as follows:

<u>Name</u>	<u>Title</u>
Scott D. Moore	President & Chief Executive Officer
John N. Adimari	Executive Vice President & Chief Financial Officer
Robin M. Williams	Executive Vice President & Chief Underwriting Officer
John A. Murad	Executive Vice President & Chief Actuarial Officer
Cathy A. Hauck	Senior Vice President, General Counsel & Corporate Secretary
Dennis G. Giannos	Senior Vice President
Marvin Pestcoe	Executive Vice President
Jean-Pierre Fillebeen	Executive Vice President
Peter A. Nikitaidis	Senior Vice President
John B. Wong	Senior Vice President & Controller
John B. DiBuduo	Senior Vice President & Chief Technology Officer

B. Territory and Plan of Operation

The Company is licensed to conduct business in the District of Columbia and in forty-one states except the following:

Alaska	New Hampshire
Arkansas	North Carolina
Hawaii	Tennessee
Maine	Virginia
Missouri	Wyoming

The Company is an accredited reinsurer in an additional nine states. Since its inception the Company has been engaged in the business of reinsurance. Effective January 1, 1999, the Company entered into a 100% Quota Share Reinsurance Agreement under which all new and renewal reinsurance business for underwriting years 1999 and subsequent is ceded to its parent company, PRUS.

As of the examination date, the Company was authorized to transact the kinds of insurance as defined in the following numbered paragraphs of Section 1113(a) of the New York Insurance Law:

<u>Paragraph</u>	<u>Line of Business</u>
3(i)	Accident and health
4	Fire
5	Miscellaneous property damage
6	Water damage
7	Burglary and theft
8	Glass
9	Boiler and machinery
10	Elevator
11	Animal
12	Collision
13	Personal injury liability
14	Property damage liability
15	Workers' Compensation and Employers' Liability
16	Fidelity and Surety
17	Credit
19	Motor vehicle and aircraft physical damage
20	Marine
21	Marine Protection and Indemnity

The Company is also licensed to write such workers' compensation insurance as may be incidental to coverages contemplated under paragraphs 20 and 21 of Section 1113(a), including insurances described in the Longshoremen's and Harbor Workers' Compensation Act, and the kinds of reinsurance as defined in Section 4102(c) of the New York Insurance Law.

Based on the lines of business for which the Company is licensed, and the Company's current capital structure, and pursuant to the requirements of Articles 13 and 41 of the New York Insurance Law, PartnerRe Insurance Company of New York is required to maintain a minimum surplus to policyholders in the amount of \$35,000,000.

The Company produces its business through reinsurance brokers and intermediaries.

C. Reinsurance

The Company's business operations consist exclusively of the assumption of insurance initially underwritten by primary insurers or by ceding reinsurers.

Extra Contractual Obligations Clause

The examination review of several of the Company's assumption agreements noted that such agreements contained an extra contractual obligation clause ("ECO"). The Office of the General Counsel has issued an opinion regarding ECO clauses that are included in reinsurance agreements. The opinion concluded that Section 1102(b) of the New York State Insurance Law bars a New York domestic reinsurer from issuing a reinsurance agreement that may include indemnification of a ceding insurer's extra contractual obligations, whether the risk insured against is located in New York State or outside New York, unless the reinsurance agreement contains a savings clause. A savings clause states the following:

"in no event shall coverage to be provided to the extent that such coverage is not permitted under New York law."

It is recommended that the Company incorporate in all of its assumption reinsurance agreements the savings clause required by the Department, or alternatively delete the ECO from the agreements.

The Schedule F data as contained in the Company's Annual Statements filed for the years within the examination period was found to accurately reflect the reinsurance transactions except for the reporting of a loss portfolio transfer as described below.

The examiner reviewed all ceded reinsurance contracts effected as of the examination date. These contracts all contained the required standard clauses including the insolvency clause meeting the requirements of Section 1308 of the New York Insurance Law.

Loss Portfolio Transfer

On December 31, 1998, the Company entered into a loss portfolio transfer agreement with an affiliate, Partner Reinsurance Company Ltd., a reinsurance company domiciled in Bermuda. Pursuant to the agreement the Company transferred all of its net loss and loss adjustment expense reserves for accident years 1998 and prior, except for business written through the Canadian Branch. The consideration paid for this agreement was \$259,309,841, which was equal to the net liabilities transferred at that date. The transferred losses are fully collateralized by a Regulation 114 trust established by Partner Reinsurance Company Ltd. (Bermuda) for the benefit of the Company. This was approved by the Department.

Although the Company properly accounted for its loss portfolio transfer in its balance sheet by reporting loss reserves on a gross basis, it incorrectly reported this activity in Schedule F-Part 3 of its annual statement. Pursuant to Regulation 108, loss portfolio transfers should be excluded from this Schedule.

It is recommended that the Company exclude its loss portfolio transfer activity from Schedule F-Part 3 in future annual statement filings.

Assumption and Novation Agreement

Effective January 1, 1999, the Company entered into an assumption and novation agreement whereby the Company transferred all the assets and liabilities of certain surety contracts to its parent company, PRUS. The agreement was submitted to the Department for review and non-disapproval pursuant to Section 1505(d) of the New York Insurance Law.

On November 2, 1999, the Company executed an agreement to transfer the business of the Canadian Branch to SAFR-Partner Re, France, an affiliate of the company. The Company failed to notify the Department of its intention to enter into this transaction as required by Section 1505(d) of the New York Insurance Law. The matter was brought to the Company's attention, and all pertinent documentation was subsequently submitted to the Department.

It is recommended that in the future, the Company make certain that all transactions subject to Section 1505 of the New York Insurance Law be submitted to the Department for review as required by such section.

The following is a description of the Company's ceded reinsurance program in effect as of the examination date:

Quota Share Reinsurance Agreement

As of the examination date, the Company ceded 100% of its business for underwriting years 1999

and subsequent to its parent company, PRUS. The agreement was effective on January 1, 1999 and was submitted to the Department for review and non-disapproval pursuant to Section 1505(d) of the New York Insurance Law.

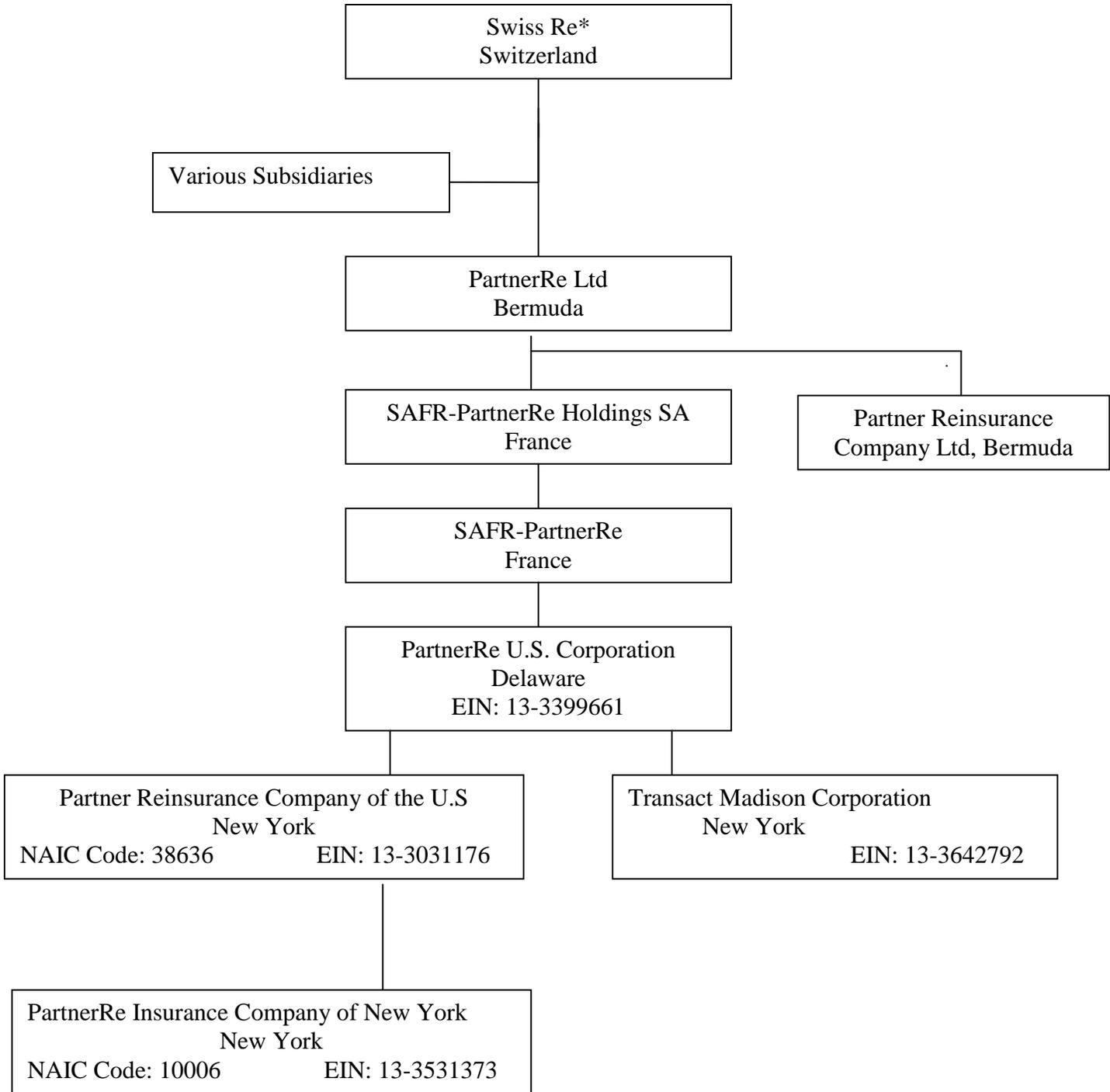
Stop Loss Reinsurance Agreement

The Company is a party to a stop loss reinsurance agreement that was effective January 1, 2000. The agreement covers losses for accident year 2000 on business that was assumed in 1998 and prior, and was not ceded under the loss portfolio transfer previously described herein. Under the terms of this contract, Partner Reinsurance Company Ltd. is liable for all loss occurrences which exceed a loss ratio of 76% subject to a maximum of 40% of the Company's net earned premium in excess of the 76% loss ratio retention by the Company. The agreement was submitted to the Department for review and non-disapproval pursuant to Section 1505(d) of the New York Insurance Law.

D. Holding Company System

The Company is a wholly-owned subsidiary of Partner Reinsurance Company of the U.S. As a member of a holding company system, the Company files registration statements pursuant to the requirements of Article 15 of the New York Insurance Law and Department Regulation 52. All pertinent files were reviewed and no problem areas were encountered.

The following is a chart of the holding company system:



SwissRe owns directly and indirectly approximately 27% of the common stock of PartnerRe Ltd

The Company is party to several agreements with members of its holding company system as follows:

Tax Allocation Agreement

The Company is party to a tax allocation agreement with PartnerRe U.S. Corporation and its immediate parent company PRUS. The agreement was originally filed with the Department on March 25, 1998 and was amended on December 24, 1998 to include the Company as one of the parties to the agreement. The original filing and subsequent amendment were submitted to the Department for review and non-disapproval as required by Section 1505(d)(2) of the New York Insurance Law.

The examination review of the federal income tax liability disclosed that certain provisions of the tax allocation agreement were not being followed. Provision 4 of the agreement states that the Company shall remit to PRUSC with sufficient time the amount of estimated federal income tax installments owed on the consolidated income tax returns. The review of the calculation of the liability and related workpapers showed however, that such provision was not followed as stated in the agreement. In addition, Section 5a of the agreement provides for a method to apply loss carry over (credits) when computing the liability. It was noted that these credits were not properly applied to the entities that are parties to the agreement. It was noted that the Company subsequently corrected both errors. These amounts were not material to the Company's balance sheet.

It is recommended that the Company comply with all the provisions included in its tax allocation agreement.

Service Agreement with Partner Reinsurance Company of the U.S.

Effective December 24, 1998, the Company entered into a service agreement with its parent, PRUS. The agreement was established to provide PRNY with all the necessary office space, service and other resources including, but not limited to personnel, tax, legal, financial and investment planning, claims, underwriting, information technology, etc. with respect to PRNY's business operations. The agreement was submitted to the Department for review and non-disapproval as required by Section 1505(d)(3) of the New York Insurance Law.

The review of the service fee charged to PRNY for services rendered indicated that the fee was based on an allocation resulting from an analysis of the business operation of both companies PRUS and PRNY, which was conducted by PRUS management. The costs of services for the finance, legal and claims departments were determined and agreed to by the controller, chief financial officer and general counsel to be allowed on a 60%/40% basis. The actuarial department, information technology and executive costs were allocated at a 75/25% and a 95/5% basis respectively. These percentages were then applied to the projected budget expense for salary costs.

This analysis does not conform to the requirements of Department Regulation 30, Part 109.2(b)(1), which requires that when a direct allocation of expenses is not made, salaries, with certain exceptions, shall be allocated on whichever of the bases listed therein. The Company should also maintain records on the methods and bases followed in allocating joint expenses as required by Part 106.6 of Department Regulation 30. It is recommended that the Company comply with Part 109.2(b)(1) of Department Regulation 30 and follow Part 106.6 which requires insurers to keep records on the methods and allocation bases used by the Company.

Further, as explained above, the service fee paid by PRNY to its parent was based on the PRUS 's projected budgeted expense for salaries. This examination noted that this charge was not adjusted to reflect the actual expenses incurred by PRUS during the year. It is recommended that the service fee paid by PRNY be adjusted at the end of each period so that it is based on actual charges.

E. Significant Operating Ratios

The following ratios have been computed as of December 31, 2000, based upon the results of this examination:

Net premiums written to surplus as regards policyholders	*
Liabilities to liquid assets (cash and invested assets less investments in affiliates)	82%
Premiums in course of collection to surplus as regards policyholders	37%

*This ratio was not calculated because the Company is currently ceding 100% of its net writings to its parent company, Partner Reinsurance Company of the U.S. The remaining ratios fell within the benchmark ranges set forth in the Insurance Regulatory Information System of the National Association of Insurance Commissioners.

The underwriting ratios presented below are on an earned/incurred basis and encompass the four-year period covered by this examination:

	<u>Amounts</u>	<u>Ratios</u>
Losses	\$610,439,173	65.23%
Loss adjustment expenses incurred	66,072,979	7.06
Other underwriting expenses incurred	287,277,830	30.67
Net underwriting loss	<u>(28,021,187)</u>	<u>(2.96)</u>
Premiums earned	<u>\$935,768,795</u>	<u>100.00%</u>

F. Accounts and Records

(i) Underwriting and Investment Exhibit Part 4-Expenses

During the review of the Company's operating expenses and fees paid to its parent company for services provided by the parent company under the agreement described in Section D of this report, it was noted that the service fee was reported in the Miscellaneous line of the Underwriting & Investment Exhibit Part 4-Expenses, as a one-line item. Annual statement instructions for the Underwriting & Investment Exhibit Part 4-Expenses, states that a company that pays an affiliated entity for the management, administration, or service of all or part of its business or operations shall allocate these costs to the appropriate expense classification items such as salaries, rent, postage, etc., as if the costs had been borne directly by the company. Management, administration or service fees should not be reported as a one-line item expense.

It is recommended that the Company comply with annual statement instructions when completing its Underwriting and Investment Exhibit Part 4-Expenses and allocate its service fee and unallocated loss adjustment expenses to the appropriate expense account item.

(ii) Funds Held by or Deposited with Reinsured Companies

The examination review of the captioned account disclosed that the Company reported certain balances representing installment premiums receivable as “funds held by or deposited with reinsured companies” rather than as agents’ balances booked and deferred but not yet due. Although, the dollar value of these balances were not significant enough to warrant an examination change, it is nevertheless recommended that the Company properly classify its agents’ balances and funds held accounts in accordance with annual statement instructions.

G. Abandoned Property Law

The examination review of the Company’s compliance with the captioned law disclosed that the Company did not file abandoned property reports with the New York State Comptroller as required by Section 1316 of the New York Abandoned Property Law. Pursuant to the law, these filings and reports should be submitted by April 1st each year. Upon knowledge of this requirement, the Company filed the 2001 report in early 2002. It is recommended that the Company continue filing these reports as required by Section 1316 of the New York Abandoned Property Law.

3. FINANCIAL STATEMENTS

A. Balance Sheet

The following shows the assets, liabilities and surplus as regards policyholders as determined by this examination as of December 31, 2000 and as reported by the Company:

<u>Assets</u>	<u>Ledger Assets</u>	<u>Non-Ledger Assets</u>	<u>Assets Not Assets</u>	<u>Net Admitted Assets</u>
Bonds	\$87,465,389			\$87,465,389
Common stocks	39,650	\$(6,376)		33,274
Cash and short-term investments	13,950,349			13,950,349
Premiums and agents' balances in course of collection (after deducting ceded balances of \$20,563,271)	10,527,045			10,527,045
Funds held by or deposited with reinsured companies	18,706,507			18,706,507
Reinsurance recoverable on loss and loss adjustment expense payment	15,742,516			15,742,516
Electronic data processing equipment	3,684			3,684
Interest, dividends and real estate income due and accrued	_____	<u>1,202,576</u>	_____	<u>1,202,576</u>
Total assets	<u>\$146,435,140</u>	<u>\$1,196,200</u>	<u>\$_____0</u>	<u>\$147,631,340</u>

Liabilities

Losses		\$164,479,383
Reinsurance payable on paid loss and loss adjustment expenses		10,966,599
Loss adjustment expenses		17,814,355
Other expenses		(18,518)
Federal and foreign income taxes		3,173,001
Unearned premiums		3,992,326
Funds held by company under reinsurance treaties		584,395
Remittances and items not allocated		(592,654)
Provision for reinsurance		2,166,400
Net adjustments in assets and liabilities due to foreign exchange rate		767,463
Payable to parent, subsidiaries and affiliates		896,721
Loss portfolio transfer		<u>(140,749,344)</u>
Total liabilities		\$63,480,127
Common capital stock	\$6,000,000	
Gross paid in and contributed surplus	13,000,000	
Unassigned funds (surplus)	<u>65,151,213</u>	
Surplus as regards policyholders		<u>84,151,213</u>
Total liabilities and surplus		<u>\$147,631,340</u>

Note: The Internal Revenue Service has never conducted an audit of the Company's consolidated federal income tax returns. The examiner is unaware of any potential exposure of the Company for tax assessment and no liability has been established herein for any such contingency.

B. Underwriting and Investment Exhibit

Surplus as regards policyholders decreased \$120,764,563 during the six-year examination period January 1, 1995 through December 31, 2000, detailed as follows:

Underwriting Income

Premiums earned		\$935,768,795
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Deductions:

Losses incurred	\$610,439,173	
Losses expenses incurred	66,072,979	
Other underwriting expenses incurred	<u>287,277,830</u>	

Total underwriting deductions		<u>963,789,982</u>
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Net underwriting losses		\$(28,021,187)
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Investment Income

Net investment income earned	\$136,095,562	
Net realized capital gains	<u>110,213,948</u>	

Net investment gain		246,309,510
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Other losses

Net loss from agents' balances charged off	\$(343,137)	
Net loss from Canadian branch transfer	<u>(4,156,371)</u>	

Total other losses		<u>(4,499,508)</u>
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Net income before dividends to policyholders and federal and foreign income taxes		\$213,788,815
Dividends to policyholders		<u>0</u>

Net income after dividends to policyholders but before federal and foreign income taxes		\$213,788,815
Federal & foreign income taxes incurred		<u>8,380,794</u>

Net income		<u>\$205,408,021</u>
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Capital and Surplus Account

Surplus as regards policyholders, December 31, 1994 per report on examination			\$204,915,776
	<u>Gains in Surplus</u>	<u>Losses in Surplus</u>	
Net income	\$205,408,021	\$	
Net realized capital losses		4,925,538	
Change in non-admitted assets	1,574,555		
Change in liability for reinsurance		768,000	
Change in foreign exchange		4,835,758	
Surplus paid in	13,000,000		
Dividends to stockholders		280,500,000	
Extraordinary amounts for prior period taxes	1,170,736		
Transfer of stock ownership	<u> </u>	<u>50,888,579</u>	
Total gains and losses	<u>\$221,153,312</u>	<u>\$341,917,875</u>	
Net decrease in surplus as regards policyholders			<u>(120,764,563)</u>
Surplus as regards policyholders, December 31, 2000, per report on examination			<u>\$84,151,213</u>

4. LOSSES AND LOSS ADJUSTMENT EXPENSES

The examination liabilities for losses and loss adjustment expenses in the amounts of \$164,479,383 and \$17,814,355 respectively are the same as the amounts reported by the Company as of December 31, 2000. The examination reserves were the result of an analysis conducted by the Department's actuary performed in accordance with generally accepted actuarial principles and practices and were based on statistical information contained in the Company's internal records and in its filed annual statements.

5. COMPLIANCE WITH PRIOR REPORT ON EXAMINATION

The prior report on examination contained five comments and recommendations as follows:

<u>ITEM</u>	<u>PAGE NO.</u>
<p>A. <u>Reinsurance</u></p> <p>i. It is recommended that the Company report its actual unauthorized reinsurance recoverable in its quarterly statement as stipulated by Circular Letter No. 15 (1975).</p> <p>The Company complied with this recommendation.</p> <p>ii. It is recommended that the Company obtain the necessary language in its ceded reinsurance contracts in order to be in compliance with the New York Insurance Law.</p> <p>The Company complied with this recommendation.</p>	<p>7-8</p>
<p>B. <u>Holding Company System</u></p> <p>It is recommended that all agreements between the Company and its affiliates be filed in accordance with Section 1505 of the New York Insurance Law.</p> <p>With the exception of a transfer and assumption agreement associated with the business produced by the Company's Canadian Branch, the Company complied with this recommendation.</p>	<p>10-12</p>
<p>C. <u>Accounts and Records</u></p> <p>i. It is recommended that the Company test its disaster recovery plan as soon as it is implemented.</p> <p>The Company recently completed the implementation of a new disaster recovery plan, which is expected to be tested in the year 2002.</p> <p>ii. It is recommended that the Company accrue its expenses pertaining to the Department's examination as these expenses are incurred.</p> <p>The Company complied with this recommendation.</p>	<p>14</p>

6. SUMMARY OF COMMENTS AND RECOMMENDATIONS

<u>ITEM</u>	<u>PAGE NO.</u>
A. <u>Management</u>	
<p style="margin-left: 40px;">It is recommended that the Company continue holding annual and regular meetings of its board of directors and exercise the ability to take corporate actions via unanimous written consents only in very limited emergency situations as stated in its by-laws.</p>	6
B. <u>Reinsurance</u> <u>Extra Contractual Obligations Clause</u>	
<p style="margin-left: 40px;">i. It is recommended that the Company incorporate in all of its assumption reinsurance agreements the savings clause required by the Department, or alternatively delete the ECO clause from the agreements.</p>	9
<p style="margin-left: 40px;">ii. It is recommended that the Company exclude its loss portfolio</p>	11
<p style="margin-left: 40px;">iii.</p> <p style="margin-left: 80px;">transfer activity from Schedule F-Part 3 in future annual statement filings.</p>	11
C. <u>Holding Company System</u> <u>Tax Allocation Agreement</u>	
<p style="margin-left: 40px;">It is recommended that the Company comply with all the provisions included in its tax allocation agreement.</p>	14
<p style="margin-left: 40px;"><u>Service Agreement</u></p>	
<p style="margin-left: 40px;">i. It is recommended that the Company comply with Part 109.2(b)(1) of Department Regulation 30 and follow Part 106.6 which requires insurers to keep records on the methods and allocation bases used by the Company.</p>	15
<p style="margin-left: 40px;">ii. It is recommended that the service fee paid by PRNY be adjusted at the end of each period so that it is based on actual charges.</p>	16

<u>ITEM</u>	<u>PAGE NO.</u>
D. <u>Accounts and Records</u>	
<u>Underwriting and Investment Exhibit Part 4-Expenses</u>	
It is recommended that the Company comply with annual statement instructions when completing its Underwriting and Investment Exhibit Part 4-Expenses and allocate its service fee and unallocated loss adjustment expense to the appropriate expense account item.	17
<u>Funds Held by or Deposited with Reinsured Companies</u>	
It is recommended that the Company properly classify its agents' balances and funds held accounts in accordance with annual statement instructions.	18
E. <u>Abandoned Property Law</u>	
It is recommended that the Company continue filing these reports as required by Section 1316 of the New York Abandoned Property Law.	18

Appointment No. 21778

STATE OF NEW YORK
INSURANCE DEPARTMENT

I, GREGORY V. SERIO, Superintendent of Insurance of the State of New York,
pursuant to the provisions of the Insurance Law, do hereby appoint:

Glenda Gallardo

as proper person to examine into the affairs of the

PARTNERRE INSURANCE COMPANY OF NEW YORK

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

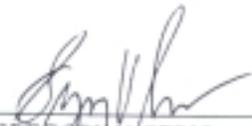
Company

with such other information as she shall deem requisite.

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

this 18th day of September, 2001




GREGORY V. SERIO
Superintendent of Insurance