

**Report on Examination**  
**of**  
**ING INSURANCE COMPANY**  
**OF AMERICA**

**Tampa, Florida**

**as of**

**December 31, 2003**

**By The**  
**State of Florida**  
**Office of Insurance Regulation**

## CONTENTS

SCOPE OF EXAMINATION.....	1
STATUS OF ADVERSE FINDINGS FROM PRIOR EXAMINATION.....	2
AUDIT COMMITTEE .....	2
ACTUARIAL METHODS .....	3
HISTORY .....	4
GENERAL .....	4
CAPITAL STOCK.....	4
PROFITABILITY.....	5
DIVIDENDS.....	5
MANAGEMENT.....	5
CONFLICT OF INTEREST PROCEDURE .....	6
CORPORATE RECORDS.....	6
AFFILIATED COMPANIES .....	7
SERVICES AGREEMENT .....	7
INVESTMENT ADVISORY AGREEMENT.....	7
RECIPROCAL SERVICES AGREEMENT .....	8
TAX ALLOCATION AGREEMENTS .....	8
PRINCIPAL UNDERWRITING AGREEMENT .....	8
FUND PARTICIPATION AGREEMENT .....	8
ORGANIZATIONAL CHART .....	9
FIDELITY BOND AND OTHER INSURANCE .....	10
PENSION, STOCK OWNERSHIP, AND INSURANCE PLANS .....	10
STATUTORY DEPOSITS .....	10
INSURANCE PRODUCTS AND RELATED PRACTICES.....	11
TERRITORY AND PLAN OF OPERATION .....	11
TREATMENT OF POLICYHOLDERS.....	11
REINSURANCE .....	11
CEDED.....	11

ACCOUNTS AND RECORDS .....	12
CUSTODIAL AGREEMENT .....	12
INTERNATIONAL SWAP DEALERS ASSOCIATION MASTER AGREEMENTS.....	12
RISK-BASED CAPITAL.....	13
INFORMATION SYSTEMS.....	13
FINANCIAL STATEMENTS PER EXAMINATION.....	14
ASSETS .....	15
LIABILITIES, SURPLUS AND OTHER FUNDS.....	16
SUMMARY OF OPERATIONS .....	17
CAPITAL & SURPLUS ACCOUNT .....	18
ASSETS – SEPARATE ACCOUNTS.....	19
LIABILITIES – SEPARATE ACCOUNTS.....	20
SUMMARY OF OPERATIONS – SEPARATE ACCOUNTS.....	21
COMMENTS ON FINANCIAL STATEMENTS.....	22
COMPARATIVE ANALYSIS OF CHANGES IN CAPITAL & SURPLUS .....	23
SUMMARY OF FINDINGS.....	24
COMPLIANCE WITH PREVIOUS RECOMMENDATIONS .....	24
CURRENT EXAMINATION COMMENTS AND CORRECTIVE ACTION.....	24
CONCLUSION .....	25

Tallahassee, Florida

April 26, 2005

Kevin M. McCarty, Commissioner  
Florida Office of Insurance Regulation  
200 East Gaines Street  
Tallahassee, Florida 32399-0326

Alfred W. Gross, Commissioner  
Virginia Bureau of Insurance  
Chair, NAIC Financial Condition (E) Committee  
P.O. Box 1157  
Richmond, Virginia 23218

Gentlemen:

Pursuant to your instructions, in compliance with Section 624.316, Florida Statutes ("F.S."), and in accordance with the practices and procedures promulgated by the National Association of Insurance Commissioners ("NAIC"), we have conducted an examination as of December 31, 2003, of the financial condition and corporate affairs of:

**ING INSURANCE COMPANY OF AMERICA  
2202 N. WESTSHORE BLVD. - #350  
TAMPA, FLORIDA 33607**

hereinafter generally referred to as the "Company." Such report of examination is herewith respectfully submitted.

## **SCOPE OF EXAMINATION**

This examination covered the period of January 1, 2001 through December 31, 2003. The Company was last examined by the Florida Office of Insurance Regulation (formerly, the Florida Department of Insurance) (the "Office") as of December 31, 2000.

Planning for the current examination began on March 9, 2004. The fieldwork commenced on April 22, 2004 and concluded on March 16, 2005. The examination included any material transactions and/or events occurring subsequent to the examination date and noted during the course of the examination.

This was an association zone statutory financial examination conducted in accordance with the NAIC Financial Examiners Handbook, Accounting Practices and Procedures Manual, and annual statement instructions as adopted by Rules 69O-137.001(4) and 69O-138.001, Florida Administrative Code ("F.A.C."), with due regard to the requirements of the insurance laws and rules of the State of Florida.

In this examination, emphasis was directed to the quality, value, and integrity of the statement assets and the determination of liabilities, as those balances affect the Company's solvency.

The examination included a review of corporate and other selected records deemed pertinent to the Company's operations and practices. In addition, the NAIC Insurance Regulatory Information System ("IRIS") ratio results, the A.M. Best Report, the Company's independent audit reports, and certain work papers prepared by the Company's independent certified public accountant ("CPA") were reviewed and utilized where applicable within the scope of this examination.

We valued and/or verified the amounts of the Company's assets and liabilities as reported by the Company in its 2003 annual statement. Transactions subsequent to December 31, 2003 were reviewed where relevant and deemed significant to the Company's financial condition.

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

After considering the Company's control environment and the materiality level set for this examination, we relied on work performed by the Company's CPA for examination procedures related to legal representation letters and certain internal controls.

### **STATUS OF ADVERSE FINDINGS FROM PRIOR EXAMINATION**

The following is a summary of significant adverse findings contained in the Office's prior examination report as of December 31, 2000, along with resulting action taken by the Company in connection therewith.

#### AUDIT COMMITTEE

The Company had not established an audit committee as required by Section 624.424(8), F.S. Resolution: On January 3, 2003, the Company communicated to the Office that it had begun to utilize the audit committee of ING America Insurance Holdings, Inc., an affiliate. However, there was no documentation of this in the minutes of the Company's board of directors meetings. Later, effective April 1, 2004, the Company's board of directors established its own audit committee.

## ACTUARIAL METHODS

The Office's actuary determined that the methods used by the Company to calculate individual reserves produced results that were less than the minimum reserves required by Section 625.121, F.S. While the amounts of these differences were immaterial, the Office directed the Company to satisfactorily demonstrate compliance with F.S. and actuarial standards of practice, or to revise its valuation software. Resolution: The Company complied with the directive, and satisfactorily demonstrated compliance with F.S. and actuarial standards of practice.

## HISTORY

### GENERAL

The Company was incorporated on January 3, 1990, and commenced business on January 12, 1990 under the laws of the State of Connecticut as a stock life insurer, operating as Aetna Insurance Company of America. On January 5, 2000, it changed its state of domicile from Connecticut to Florida. Effective December 13, 2000, the Company, its immediate parent ING Life Insurance and Annuity Company, and other Aetna financial services and international insurance businesses, were acquired by ING Groep, N.V. Prior to the acquisition, the Company was a member of the Aetna, Inc. group. On January 1, 2002, the Company's name was changed to ING Insurance Company of America.

As of December 31, 2003, the Company was authorized to transact the following insurance coverage in Florida, in accordance with Section 624.401(1), F.S.:

- Life
- Variable annuities
- Group life and annuities

During the examination period, the Company's articles of incorporation were amended to change the Company's name to ING Insurance Company of America, and its principal place of business to Tampa, Florida.

### CAPITAL STOCK

As of December 31, 2003, the Company's capitalization was as follows:

Number of authorized common capital shares	35,000
Number of shares issued and outstanding	25,500
Total common capital stock	\$2,550,000
Par value per share	\$100.00

At December 31, 2003, the Company was wholly owned by ING Life Insurance and Annuity Company, which was wholly owned by Lion Connecticut Holdings, Inc., which was wholly owned by ING America

Insurance Holdings, Inc., which is ultimately owned by ING Groep N.V., based in the Netherlands. A simplified organizational chart appears on page 9.

## **PROFITABILITY**

The Company reported net premiums of \$21.1 million, \$26.6 million, and \$36.3 million in years 2003, 2002, and 2001, respectively; and net income of \$5.0 million, \$2.5 million, and \$1.1 million in those same years.

## **DIVIDENDS**

The Company did not pay any shareholder dividends during the period of this examination.

## **MANAGEMENT**

The annual shareholder meeting for the election of directors was held in accordance with Sections 607.0701 and 628.231, F.S. Directors serving as of December 31, 2003 were as shown below. Subsequent to the date of this examination, on February 4, 2004, the Company's parent corporation elected a fifth director.

### **Directors**

<b>Name</b>	<b>Principal Occupation</b>
Keith Gubbay Atlanta, Georgia	President of the Company
Thomas J. McInerney Atlanta, Georgia	Chief Executive Officer, ING US Financial Services
Mark A. Tullis Atlanta, Georgia	Chief of Staff, ING America Insurance Holdings, Inc.
David A. Wheat Atlanta, Georgia	Chief Financial Officer of the Company

The following senior officers were appointed by the Board of Directors in accordance with the Company's bylaws:

<b>Name</b>	<b>Title</b>
Keith Gubbay	President
Alan Baker	Senior Vice President
Boyd George Combs	Senior Vice President - Tax
Shaun P. Mathews	Senior Vice President
Stephen J. Preston	Senior Vice President
Jacques de Vaucleroy	Senior Vice President
David A. Wheat	Senior Vice President & Chief Financial Officer
David S. Pendergrass	Vice President and Treasurer
Paula Cludray-Engelke	Secretary

There were no committees of the Company's board of directors, as authorized by Section 607.0825, F.S.

#### **CONFLICT OF INTEREST PROCEDURE**

The Company adopted a policy statement requiring annual disclosure of conflicts of interest in accordance with Section 607.0832, F.S. No exceptions were noted during this examination.

#### **CORPORATE RECORDS**

The recorded minutes of the shareholder and Board of Directors meetings were reviewed for the period examined. The recorded minutes of the Board adequately documented its meetings and approval of Company transactions in accordance with Section 607.1601, F.S., including the authorization of investments as required by Section 625.304, F.S.

## **AFFILIATED COMPANIES**

The Company was a member of an insurance holding company system as defined by Rule 69O-143.045(3), F.A.C. Its latest holding company registration statement was filed with the State of Florida, as required by Section 628.801, F.S., and Rule 69O-143.046, F.A.C., on May 25, 2004.

The following agreements were in force between the Company and its affiliates:

### **SERVICES AGREEMENT**

ING North America Insurance Corporation performs a variety of services for the Company in return for reimbursement of its costs pursuant to a services agreement that became effective on January 1, 2001. Services include underwriting, licensing, policy owner assistance, claims processing, actuarial, legal, risk management, compliance, human resources, marketing, tax, reinsurance management, printing, mail, accounting, and finance services. Fees paid under the agreement amounted to \$1.2 million, \$2.0 million, and \$118,000 in years 2003, 2002, and 2001, respectively.

### **INVESTMENT ADVISORY AGREEMENT**

Pursuant to a March 31, 2001 investment advisory agreement, ING Investment Management, LLC ("IIM") makes recommendations to the Company regarding the direction and management of the Company's investments in accordance with the Company's investment guidelines. The agreement calls for IIM to provide various investment related services to the Company. Fees to IIM were \$446,000, \$1.2 million, and \$630,000 in years 2003, 2002, and 2001, respectively.

## **RECIPROCAL SERVICES AGREEMENT**

On January 1, 2001, the Company entered into a reciprocal services agreement with certain affiliates. The agreement authorizes each party to provide and receive certain services to and from the others, such as underwriting, licensing and contracting, contract owner assistance, claims processing, actuarial, legal, risk management, compliance, human resources, marketing, tax, reinsurance management, management, printing, and mail services. The service providers are reimbursed for all direct costs and for an allocable portion of their indirect costs.

## **TAX ALLOCATION AGREEMENTS**

The results of the Company's operations are included in the consolidated Federal income tax return of ING Life Insurance and Annuity Company (ILIAC). Pursuant to a tax sharing agreement, the Company reimburses ILIAC for the amount that its regular Federal income tax would have been if the Company had filed a separate return. Additionally, the Company reimburses ING America Insurance Holdings, Inc. for the Company's share of any state or local tax reported on a consolidated basis, pursuant to a tax sharing agreement.

## **PRINCIPAL UNDERWRITING AGREEMENT**

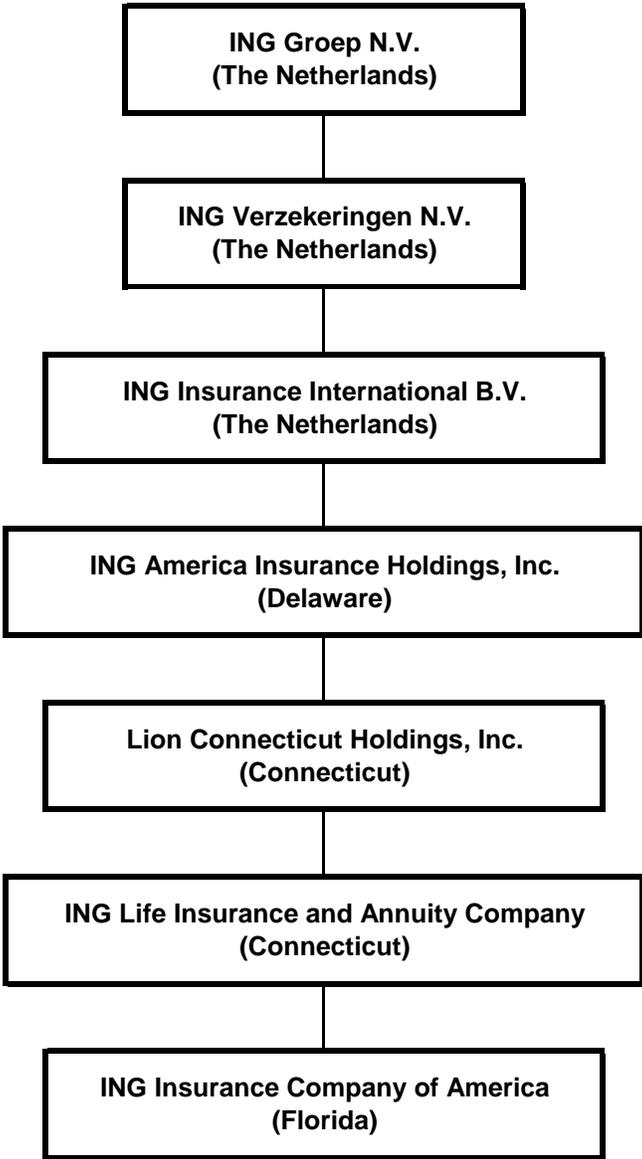
Pursuant to a November 17, 2000 agreement with the Company, ING Financial Advisors, LLC solicits variable annuity product applications on behalf of the Company, and is reimbursed for its actual costs.

## **FUND PARTICIPATION AGREEMENT**

On May 1, 1988, the Company contracted with Aeltus Investment Management, Inc., an affiliate, to manage and administer investment portfolios ("funds") on behalf of the Company and its variable annuity customers. Fund expenses are paid by the funds.

A simplified organizational chart as of December 31, 2003 reflecting the holding company system is shown below. Schedule Y of the Company's 2003 annual statement provided the names of all related companies in the holding company group.

**ING INSURANCE COMPANY OF AMERICA  
ORGANIZATIONAL CHART  
DECEMBER 31, 2003**



## FIDELITY BOND AND OTHER INSURANCE

The Company's ultimate parent, ING Groep N.V., maintains fidelity bond coverage for itself and its subsidiaries. The amount of coverage is \$100 million for any one loss and \$200 million in aggregate losses, with a \$25 million deductible, which adequately provided for the suggested minimum amount of coverage for the Company as recommended by the NAIC.

## PENSION, STOCK OWNERSHIP, AND INSURANCE PLANS

There are no direct employees of the Company. Therefore, the Company has no employee benefit programs. However, eligible employees of Company affiliates participate in disability insurance, medical insurance, group term life insurance, tuition reimbursement, stock ownership, and retirement plans; and receive paid medical and holiday leave.

## STATUTORY DEPOSITS

The following securities were deposited with the State of Florida as required by Section 624.411, F.S., and with various state officials as required or permitted by law:

State	Description	Par Value	Market Value
AR	U.S. Treasury note, stripped, 2/15/05	\$1,196,000	\$764,722
AZ	U.S. Treasury note, 7.0%, 7/15/06	225,000	252,000
FL	U.S. Treasury note, 7.0%, 7/15/06	3,125,000	3,500,000
GA	U.S. Treasury note, stripped, 11/15/13	35,000	22,379
MA	U.S. Treasury note, stripped, 11/15/13	810,000	517,007
NC	U.S. Treasury note, stripped, 11/15/13	640,000	408,499
NM	U.S. Treasury note, stripped, 2/15/05	250,000	159,570
NV	U.S. Treasury note, 9.375%, 2/15/06	350,000	404,250
OH	U.S. Treasury note, 7.0%, 7/15/06	125,000	140,000
SC	U.S. Treasury note, 7.0%, 7/15/06	150,000	168,000
VA	U.S. Treasury note, stripped, 5/15/07	400,000	366,020
	Totals	<u>\$7,306,000</u>	<u>\$6,702,447</u>

## **INSURANCE PRODUCTS AND RELATED PRACTICES**

### **TERRITORY AND PLAN OF OPERATION**

The Company markets fixed and variable annuities, and has in recent years shifted its focus from individual to group products sold through a managed network of broker/dealers and dedicated career agents. At December 31, 2003, the Company was authorized to transact insurance in all U.S. states except New York, and in the District of Columbia.

### **TREATMENT OF POLICYHOLDERS**

The Company established procedures for handling written complaints in accordance with Section 626.9541(1)(j), F.S., and maintained a claims procedure manual that included detailed procedures for handling each type of claim.

## **REINSURANCE**

The reinsurance agreements reviewed were found to comply with NAIC standards with respect to the standard insolvency and arbitration clauses, transfer of risk, and reporting and settlement information deadlines.

### **CEDED**

The Company ceded insurance on a quota share basis to two unaffiliated, authorized reinsurers. The reinsurance contracts were reviewed by the Company's appointed actuary and were utilized in determining the ultimate loss opinion.

## **ACCOUNTS AND RECORDS**

An independent CPA audited the Company's statutory basis financial statements annually for years 2001, 2002, and 2003, pursuant to Section 624.424(8), F.S. Supporting work papers were prepared by the CPA as required by Rule 69O-137.002, F.A.C.

The Company's accounting records were maintained on a computerized system. Its balance sheet accounts were verified with the line items of its annual statement submitted to the Office.

The Company's statutory home office is located in Tampa, Florida. Its main administrative office is located in Atlanta, Georgia, where this examination was conducted.

The following agreements were in effect between the Company and non-affiliates:

### **CUSTODIAL AGREEMENT**

On March 1, 2001, the Company entered into a global custodial agreement with the Bank of New York to provide for the safekeeping of its securities. The agreement complies with the requirements of Rule 69O-143.042, F.A.C.

### **INTERNATIONAL SWAP DEALERS ASSOCIATION MASTER AGREEMENTS**

The Company entered into separate agreements with two securities brokers to enable it to participate in the derivatives market and hedge or otherwise manage investment risks. One such agreement was with Soloman Swapco, Inc. dated April 30, 2001; the other was with Goldman Sachs Mitsui Marine Derivative Products, L.P. dated January 28, 2002. None of the Company's investments at December 31, 2003 consisted of derivatives.

## **RISK-BASED CAPITAL**

The Company reported its risk-based capital at an adequate level.

## **INFORMATION SYSTEMS**

During the period of this examination, the insurance departments of the states of Colorado, Georgia, Iowa, Oklahoma, and Texas conducted statutory financial examinations of various Company affiliates as of December 31, 2001. In conjunction with those examinations, INS Services, Inc. ("INS") reviewed the Company's information systems controls and assessed their adequacy. INS assessed the overall control risk as medium for those policies and procedures in place from December 31, 2001 through May 2, 2003, and concluded that the design of most control policies and procedures were sufficient to achieve control objectives consistent with the requirements of the Evaluation of Controls in Information Systems questionnaire. Since the Company utilizes the same information systems as the examined affiliates, the INS findings were equally applicable to the Company.

## **FINANCIAL STATEMENTS PER EXAMINATION**

The following pages contain statements of the Company's financial position at December 31, 2003, as determined by this examination, and the results of its operations for the year then ended as reported by the Company.

**ING INSURANCE COMPANY OF AMERICA**  
**ASSETS**  
**DECEMBER 31, 2003**

Classification	Per Company	Examination Adjustments	Per Examination
Bonds	\$128,199,832	\$0	\$128,199,832
Cash and short-term investments	4,786,195	0	4,786,195
Contract loans	274,226	0	274,226
	<u>133,260,253</u>	<u>0</u>	<u>133,260,253</u>
Investment income due and accrued	1,347,888	0	1,347,888
Uncollected premiums and agents' balances in the course of collection	(318,114)	0	(318,114)
Amounts recoverable from reinsurers (reinsurance)	363,752	0	363,752
Other amounts receivable under reinsurance contracts	128,653	0	128,653
Net deferred tax asset	713,932	0	713,932
Aggregate write-ins for other than invested assets	1,141,345	0	1,141,345
Total assets excluding separate accounts	<u>136,637,709</u>	<u>0</u>	<u>136,637,709</u>
Separate account assets	<u>660,722,518</u>	<u>0</u>	<u>660,722,518</u>
Totals	<u><u>\$797,360,227</u></u>	<u><u>\$0</u></u>	<u><u>\$797,360,227</u></u>

**ING INSURANCE COMPANY OF AMERICA**  
**LIABILITIES, SURPLUS & OTHER FUNDS**  
**DECEMBER 31, 2003**

<b>Liabilities</b>	<b>Per Company</b>	<b>Examination Adjustments</b>	<b>Per Examination</b>
Aggregate reserve for life contracts	\$79,392,328	\$0	\$79,392,328
Liability for deposit-type contracts	1,446,625	0	1,446,625
Contract claims: Life	26,539	0	26,539
Interest maintenance reserve	1,692,237	0	1,692,237
Commissions to agents due or accrued	66,589	0	66,589
Transfers to separate accounts due or accrued	(20,237,222)	0	(20,237,222)
Taxes, licenses and fees due or accrued	1,076,602	0	1,076,602
Current federal and foreign income taxes	1,734,649	0	1,734,649
Amounts withheld by company as agent or trustee	148,060	0	148,060
Amounts held for agents' account	14,101	0	14,101
Remittances and items not allocated	1,259,975	0	1,259,975
Asset valuation reserve	1,071,402	0	1,071,402
Payable to parent, subsidiaries and affiliates	249,330	0	249,330
Drafts outstanding	222,157	0	222,157
Aggregate write-ins for liabilities	229,204	0	229,204
Total liabilities excluding separate accounts	<u>68,392,576</u>	<u>0</u>	<u>68,392,576</u>
Separate account liabilities	<u>660,722,518</u>	<u>0</u>	<u>660,722,518</u>
Total liabilities	<u>729,115,094</u>	<u>0</u>	<u>729,115,094</u>
<b>Capital &amp; Surplus</b>			
Gross paid in and contributed surplus	62,083,072	0	62,083,072
Unassigned funds (surplus)	<u>3,612,061</u>	<u>0</u>	<u>3,612,061</u>
Surplus	65,695,133	0	65,695,133
Common capital stock	<u>2,550,000</u>	<u>0</u>	<u>2,550,000</u>
Totals of capital stock and surplus	<u>68,245,133</u>	<u>0</u>	<u>68,245,133</u>
Totals of liabilities, capital stock, & surplus	<u><u>\$797,360,227</u></u>	<u><u>\$0</u></u>	<u><u>\$797,360,227</u></u>

**ING INSURANCE COMPANY OF AMERICA  
SUMMARY OF OPERATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2003**

Premiums and annuity considerations		\$21,095,698
Net investment income		7,231,972
Amortization of interest maintenance reserve		198,242
Income from fees associated with separate accounts		7,064,589
Aggregate write-ins for miscellaneous income		<u>1,065,290</u>
		36,655,791
Annuity benefits	\$19,912,205	
Surrender benefits and withdrawals for life contracts	85,792,331	
Interest and adjustments on contract or deposit-type contract funds	656,839	
Increase in aggregate reserves for life and A&H contracts	<u>(24,325,373)</u>	
	82,036,002	
Commissions on premiums	1,821,012	
General insurance expenses	1,367,891	
Insurance taxes, licenses and fees	470,105	
Net transfers to or (from) separate accounts net of reinsurance	(54,738,504)	
Aggregate write-ins for deductions	<u>962,471</u>	<u>31,918,977</u>
Net gain from operations before income taxes & capital gains		4,736,814
Federal and foreign income taxes		<u>(153,217)</u>
Net gain from operations before realized capital gains		4,890,031
Net realized capital gains		<u>69,235</u>
Net income		<u><u>\$4,959,266</u></u>

**ING INSURANCE COMPANY OF AMERICA  
CAPITAL & SURPLUS ACCOUNT  
FOR THE YEAR ENDED DECEMBER 31, 2003**

Capital and surplus - December 31, 2002	\$63,663,777
Net income	4,959,266
Change in net unrealized capital gains or (losses)	25,193
Change in net deferred income tax	(872,870)
Change in nonadmitted assets and related items	678,814
Change in asset valuation reserve	<u>(209,047)</u>
Capital and surplus - December 31, 2003	<u><u>\$68,245,133</u></u>

**SEPARATE ACCOUNTS OF  
ING INSURANCE COMPANY OF AMERICA  
ASSETS  
DECEMBER 31, 2003**

Classification	Per Company	Examination Adjustments	Per Examination
Bonds	\$73,371,667	\$0	\$73,371,667
Common stocks	584,434,524	0	584,434,524
Cash and cash equivalents	(25,859)	0	(25,859)
Short-term investments	2,065,000	0	2,065,000
	<u>659,845,332</u>	<u>0</u>	<u>659,845,332</u>
Investment income due and accrued	877,186	0	877,186
Totals	<u><u>\$660,722,518</u></u>	<u><u>\$0</u></u>	<u><u>\$660,722,518</u></u>

**SEPARATE ACCOUNTS OF  
ING INSURANCE COMPANY OF AMERICA  
LIABILITIES  
DECEMBER 31, 2003**

Classification	Per Company	Examination Adjustments	Per Examination
Aggregate reserve for contracts	\$639,740,902	\$0	\$639,740,902
Liability for deposit-type contracts	799,619	0	799,619
Other transfers to general account due or accrued	20,181,994	0	20,181,994
Aggregate write-ins for liabilities	<u>3</u>	<u>0</u>	<u>3</u>
Totals	<u><u>\$660,722,518</u></u>	<u><u>\$0</u></u>	<u><u>\$660,722,518</u></u>

**SEPARATE ACCOUNTS OF  
ING INSURANCE COMPANY OF AMERICA  
SUMMARY OF OPERATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2003**

Net premiums and annuity considerations		\$17,947,218
Aggregate write-ins for other transfers to separate accounts		<u>4,802,630</u>
Total transfers to separate accounts		22,749,848
Transfers (withdrawals) on account of deposit-type contracts		(329,529)
Net investment income and capital gains and losses		<u>124,193,202</u>
		146,613,521
Annuity benefits	\$19,020,495	
Surrender benefits and withdrawals for life contracts	79,418,110	
Aggregate write-ins for other transfers from separate accounts	336,159	
Net transfer of reserves from (to) separate accounts	(23,883,074)	
Aggregate write-ins for other transfers from separate accounts	<u>2,182,610</u>	
	77,074,300	
Fees associated with charges for investment management	7,064,589	
Increase in aggregate reserves	62,631,532	
Increase (decrease) in liability for deposit-type contracts	<u>(156,900)</u>	<u>146,613,521</u>
Net gain from operations		<u><u>\$0</u></u>

## COMMENTS ON FINANCIAL STATEMENTS

<b>Aggregate Reserve and Contract Claims</b>	<b>\$79,418,867</b>
--	---------------------

<b>Aggregate Reserve – Special Accounts</b>	<b>\$639,740,902</b>
---	----------------------

The Company's actuary rendered an opinion that the amounts carried in the Company's balance sheet as of December 31, 2003 reasonably provided for all contract reserve and contract claim reserve obligations of the Company under the terms of its contracts and agreements. The Office actuary reviewed work papers provided by the Company and concurred with this opinion.

**ING INSURANCE COMPANY OF AMERICA  
COMPARATIVE ANALYSIS OF CHANGES IN CAPITAL & SURPLUS  
DECEMBER 31, 2003**

The following is a reconciliation of capital and surplus between that reported by the Company and as determined by the examination.

Capital & surplus, December 31, 2003 - per annual statement			\$68,245,133
	<u>Per Company</u>	<u>Per Exam</u>	<u>Increase (Decrease) In Surplus</u>
Assets	\$797,360,227	\$797,360,227	\$0
Liabilities	\$729,115,094	\$729,115,094	\$0
Net change in capital & surplus			<u>0</u>
Capital & surplus, December 31, 2003 - per examination			<u><u>\$68,245,133</u></u>

## **SUMMARY OF FINDINGS**

### **COMPLIANCE WITH PREVIOUS RECOMMENDATIONS**

The Company has taken the necessary actions to comply with the comments contained in the December 31, 2000 examination report issued by the Office.

### **CURRENT EXAMINATION COMMENTS AND CORRECTIVE ACTION**

There were no significant findings resulting from the current examination as of December 31, 2003.

## CONCLUSION

The customary insurance examination practices and procedures as promulgated by the NAIC have been followed in ascertaining the financial condition of **ING Insurance Company of America** as of December 31, 2003, consistent with the insurance laws of the State of Florida.

Per examination findings, the Company's total surplus was \$68,245,133, which was in compliance with Section 624.408, F.S.

In addition to the undersigned, Walter F. Banas, Financial Examiner/Analyst II, Kenneth V. Carroll, Financial Examiner/Analyst II, Stephen Feliu, Financial Examiner/Analyst I, Kerry A. Krantz, Actuary, and Ming Zhu, Actuarial Analyst, participated in this examination.

Respectfully submitted,

---

Richard J. Schaaf, CPA  
Financial Specialist  
Florida Office of Insurance Regulation