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**NEWS RELEASE**

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**NY LIQUIDATION BUREAU ISSUES  
2007 AUDITED FINANCIAL STATEMENTS**

*Exhaustive Review of NYLB Finances Continues;  
Bureau Again Receives Unqualified “Clean” Opinion from Auditor*

The New York Liquidation Bureau, which manages more than 60 impaired or insolvent insurance companies in New York, has issued its 2007 Audited Financial Statements, New York State Insurance Superintendent Eric R. Dinallo and Special Deputy Superintendent in Charge Mark Peters announced today.

The statements received an unqualified, “clean” opinion from the independent auditor, the top-25 accounting firm of Amper, Politziner and Mattia, LLP.

Superintendent of Insurance Eric R. Dinallo said, “I believe these audits mark a significant milestone in the continuing reform of the New York Liquidation Bureau. The Bureau has made enormous strides to increase its efficiency, accountability and transparency, and the 2007 audit is further evidence of the NYLB’s progress.”

NYLB Special Deputy Superintendent Mark E. Peters said, “Although this is our centennial year, this audit represents only the second time that the New York Liquidation Bureau has been subjected to a thorough audit by an independent accounting firm. We issued the first such audit (for calendar year 2006) in October 2008. It is therefore especially gratifying that, for the second year in a row, the auditor has given the Bureau a “vote of confidence” in our financial reporting by issuing a ‘clean’ opinion.”

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The 2007 audit report represents the third stage of an ongoing exhaustive review of the NYLB that began in June 2008 with the issuance of a *Report on Internal Controls* (see <http://www.nylb.org/News.htm>). In October 2008, the NYLB issued its audit report for 2006, the first audited financial statements in its 99-year history (see [http://www.nylb.org/Documents/NYLB\\_Issues\\_First\\_Independent\\_Audit\\_10-29-08.pdf](http://www.nylb.org/Documents/NYLB_Issues_First_Independent_Audit_10-29-08.pdf)). NYLB will issue its 2008 Audited Financial Statements in the coming months.

The complete 2007 audit report may be viewed or downloaded at NYLB's Web site at [www.nylb.org/Documents/2007\\_Audit.pdf](http://www.nylb.org/Documents/2007_Audit.pdf). In addition to the year's financial data, the report includes a Management Discussion and Analysis section by Superintendent Dinallo that describes key performance indicators, audit highlights, and reviews significant steps taken in recent months to improve the NYLB's operations.

Among the highlights noted are the following:

- Reinsurance recoverables roughly doubled in 2007 from \$79.5 million to \$156 million due in large part to more aggressive commutation negotiations. The Bureau's Reinsurance Division and outside Third Party Administrators worked strenuously to reach favorable settlements with the reinsurers.
- In 2007 the Bureau's investment income rose by 64 percent due in part to strong yields on investments and improved management of financial data. Rising investment income redounds to the benefit of policyholders and other creditors in the form of increased dividends.
- The NYLB's portfolio of short-term investments and bonds is sensitive to interest rate fluctuations. In 2006 the portfolio was in a loss position (-\$4,751,330) but due to a rising interest rate environment the portfolio is in gain position (\$6,985,144).

The NYLB carries out the Superintendent of Insurance's duties as receiver of impaired or insolvent insurance companies in New York, managing more than 60 insolvent domestic estates or ancillaries with more than \$3 billion in assets. The Bureau, which is self-funded, provides a safety net for a particularly vulnerable segment of the public – New Yorkers who have suffered injuries or losses and are relying on an impaired insurer for compensation. The NYLB administers these New Yorkers' claims and, where there is coverage, makes payments to them from insurer assets and the State's insurance security funds. Over the past four years, such payments have totaled more than \$775 million.

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