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FILER

VARIABLE ACCOUNT B AMERICAN INTL LIFE ASSUR CO OF NEW YORK

CIK: **805749** | IRS No.: **136101875** | State of Incorporation: **NY** | Fiscal Year End: **1231**
Type: **485BPOS** | Act: **33** | File No.: **333-48457** | Film No.: **05789719**

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Business Address
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As filed with the Securities and Exchange Commission on May 2, 2005

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM N-6

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933 [X]

Pre-effective Amendment No. []

Post-Effective Amendment No. [10]

and/or

REGISTRATION STATEMENT UNDER THE
INVESTMENT COMPANY ACT OF 1940 [X]

Amendment No. [5]

VARIABLE ACCOUNT B OF AMERICAN INTERNATIONAL
LIFE ASSURANCE COMPANY OF NEW YORK
(Exact Name of Registrant)

AMERICAN INTERNATIONAL LIFE ASSURANCE COMPANY OF NEW YORK
(Name of Depositor)

80 Pine Street
New York, New York 10005
(Address of Depositor's Principal Executive Offices) (Zip Code)

(713) 831-8470
Depositor's Telephone Number, including Area Code

Lauren W. Jones, Esq.
Deputy General Counsel
American General Life Companies, LLC
2929 Allen Parkway
Houston, Texas 77019-2191
(Name and Address of Agent for Service)

Approximate Date of Proposed Public Offering: Continuous

It is proposed that this filing will become effective (check appropriate box)

- [] immediately upon filing pursuant to paragraph (b)
[X] on May 2, 2005 pursuant to paragraph (b)
[] 60 days after filing pursuant to paragraph (a)(1)
[] on (date) pursuant to paragraph (a)(1) of Rule 485.

If appropriate, check the following box:

- [] This post-effective amendment designates a new effective date for a previously filed post-effective amendment.

EXECUTIVE ADVANTAGE (SM)

GROUP FLEXIBLE PREMIUM VARIABLE UNIVERSAL LIFE INSURANCE POLICIES (the "Policies") issued by American International Life Assurance Company of New York ("AI Life") through its Variable Account B

This prospectus is dated
May 2, 2005

American International Life Assurance Company of New York ("AI Life") is offering life insurance coverage under the Executive Advantage (SM) group flexible premium variable universal life policy (the "Policy"). The Policy provides insurance protection for individuals within groups under corporate owned or sponsored arrangements. Corporate owned arrangements are those where an employer (or trust established by an employer) purchases life insurance coverage

on their employees. The employer or trust is the Beneficiary. Sponsored arrangements are those instances where an employer, a financial institution or association allows us to sell insurance policies to its employees, depositors or members. The description of the Policy in this prospectus is fully applicable to your certificate and the word "Policy" includes any such certificate.

For information on how to contact AI Life, please see page 5.

The Index of Special Words and Phrases on page 50 will define many of the words and phrases that we use. All of the words and phrases listed in the Index will be underlined and written in bold the first time they appear in this prospectus.

This prospectus generally describes only the variable portions of the Policy. Please read this prospectus carefully and keep it for future reference.

The Guaranteed Account is part of our general account. You can use AI Life's Variable Account B ("Variable Account") to invest in the Executive Advantage variable investment options. Currently, the Executive Advantage variable investment options each purchase shares of a corresponding Fund of:

- .. AllianceBernstein Variable Products Series Fund, Inc. ("AllianceBernstein VPSF")
- .. American Century Variable Portfolios, Inc. ("American Century VP")
- .. Credit Suisse Trust ("Credit Suisse Trust")
- .. Fidelity(R) Variable Insurance Products ("Fidelity(R) VIP")
- .. Franklin Templeton Variable Insurance Products Trust ("Franklin Templeton VIP")
- .. Goldman Sachs Variable Insurance Trust ("Goldman Sachs VIT")
- .. J.P. Morgan Series Trust II ("JPMorgan ST II")
- .. FAM Variable Series Funds, Inc. ("Mercury")
- .. Neuberger Berman Advisers Management Trust ("Neuberger Berman AMT")
- .. PIMCO Variable Insurance Trust ("PIMCO VIT")
- .. The Universal Institutional Funds, Inc. ("UIF")
- .. VALIC Company I ("VALIC Co. I")
- .. Vanguard(R) Variable Insurance Fund ("Vanguard(R) VIF")

See "Variable Investment Options" on page 17 for a complete list of the variable investment options and the respective advisers and sub-advisers of the corresponding Funds. You should also read the prospectuses of the Funds underlying variable investment options that may interest you. You can request free copies from your AI Life representative or from our Administrative Center shown on page 5 of this prospectus.

Buying this Policy might not be a good way of replacing your existing insurance or adding more insurance if you already own a flexible premium variable life insurance Policy. You may wish to consult with your insurance representative or financial adviser.

Neither the Securities and Exchange Commission ("SEC") nor any state securities commission has approved or disapproved these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The Policies are not insured by the FDIC, The Federal Reserve Board or any similar agency. They are not a deposit or other obligation of, nor are they guaranteed or endorsed by, any bank or depository institution. An investment in a variable life insurance policy is subject to investment risks, including possible loss of principal invested.

The Policies are not available in all states. This prospectus does not offer the Policies in any jurisdiction where they cannot be lawfully sold. You should rely only on the information contained in this prospectus, or on sales materials we have approved or that we have referred you to. We have not authorized anyone to provide you with information that is different.

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CONTACT INFORMATION: Here is how you can contact us about the AI Life Executive Advantage Policies:

Administrative Center:	Home Office:
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American International Life Assurance Company of New York One ALICO Plaza 600 King Street, CLMK Wilmington, Delaware 19801 1-302-594-2352	American International Life Assurance Company of New York 80 Pine Street New York, New York 10005 1-212-770-2656

POLICY BENEFITS/RISKS SUMMARY

This summary describes the Policy's important benefits and risks. The sections in this prospectus following this summary discuss the Policy's benefits and other provisions in more detail.

POLICY BENEFITS

You may allocate your Account Value among the 45 variable investment options available under the Policy, each of which invests in an underlying Fund (each available portfolio is referred to in this prospectus as a "Fund" and collectively, the "Funds"), and the Guaranteed Account, which credits a specified rate of interest. Your Account Value will vary based on the investment performance of the variable investment options you choose and interest credited in the Guaranteed Account.

Death Benefit

- .. Death Benefit Proceeds: We pay the death benefit proceeds (reduced by any outstanding Policy loans and any accrued loan interest) to the Beneficiary when the Insured person dies. In your application to buy an Executive Advantage Policy, you tell us how much life insurance coverage you want. We call this the "Face Amount" of insurance.
- .. Death Benefit Options: You must choose one of the two Death Benefit Options when you apply for your Policy:
 - . Level Death Benefit Option or
 - . Increasing Death Benefit Option

For the Level Death Benefit Option, the death benefit will be the greater of:

- . Face Amount; or
- . Account Value on the date of death multiplied by the appropriate minimum death benefit factor.

You should consider this Death Benefit Option if you want to minimize your cost of insurance.

For the Increasing Death Benefit Option, the death benefit will be the greater of:

- . Face Amount plus the Account Value; or
- . Account Value on the date of death multiplied by the appropriate minimum death benefit factor.

You should consider this Death Benefit Option if you want your death benefit to increase with your Account Value.

Federal tax law may require us to increase payment under any of the above Death Benefit Options. See "Tax Qualification Options" on page 22.

.. Full Surrenders: At any time while the Policy is in force, you may surrender your Policy in full. If you do, we will pay you the Account Value, less any Policy loans and any accrued loan interest, and less any surrender charge that then applies. We call this amount your Net Cash Surrender Value. A surrender charge may apply. See "Surrender Charge" on page 41. You cannot reinstate a surrendered Policy. A full surrender may have adverse tax consequences.

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.. Partial Surrenders: We will not allow a partial surrender during the first Policy year or during the first 12 months following an increase in Face Amount. You may make two partial surrenders per year. A partial surrender must be at least \$500 but may not exceed 90% of your Policy's Net Cash Surrender Value. We may deduct the applicable surrender charge on a partial surrender. Currently, we do not assess a processing charge for partial surrenders. A partial surrender may have adverse tax consequences.

.. Transfers: Within certain limits, you may make transfers among the variable investment options and the Guaranteed Account. You may make up to twelve transfers of Account Value among the variable investment options in each Policy year without charge. We currently assess a \$25 charge for each transfer after the 12th transfer in a Policy year. There are special limits on transfers involving the Guaranteed Account.

.. Loans: You may take a loan from your Policy at any time after the first Policy year. The maximum loan amount you may take is 90% of your Policy's Net Cash Surrender Value. We charge you interest daily on any Outstanding Loan at a declared annual rate not in excess of 8%. The maximum net cost (the difference between the rate of interest charge on loans and the amount we credit on the equivalent amount held in the Loan Account) of a loan is 2% per year. You may increase your risk of lapse if you take a loan. Loans may have adverse tax consequences.

Premiums

.. Flexibility of Premiums: After you pay the initial premium, you can pay subsequent premiums at any time (prior to the Policy's maturity) and in any amount (but not less than \$50). You can select a premium payment plan to pay planned periodic premiums annually. You are not required to pay premiums according to the plan. Under certain circumstances, we may limit the amount of a premium payment or reject a premium payment.

.. Free Look: When you receive your Policy, the free look period begins. You may return your Policy during this period and receive a refund of the premiums paid.

The free look period generally expires the later of:

- . 10 days after you receive the Policy, or
- . 45 days after you sign Part I of the application.

The Policy

.. Ownership Rights: While the Insured person is living, you, as the Owner of the Policy, may exercise all of the rights and options described in the Policy. These rights include selecting and changing the Beneficiary, changing the Owner, and assigning the Policy.

.. Variable Account: You may direct the money in your Policy to any of the variable investment options of the Variable Account. Each variable investment option invests exclusively in one of the Mutual Funds listed in this prospectus.

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.. Guaranteed Account: You may place amounts in the Guaranteed Account where it earns interest at the rate of 4% annually. We may declare higher rates of interest, but are not obligated to do so.

.. Account Value: Account Value varies from day to day, depending on the investment performance of the variable investment options you choose, interest we credit to the Guaranteed Account, charges we deduct, and any other transactions (e.g., transfers, partial surrenders and loans).

.. Payment Options: There are several ways of receiving proceeds under the death benefit, surrender, and maturity provisions of the Policy, other than in a lump sum. More detailed information concerning these payment options is available on request from our Administrative Center.

.. Tax Benefits: The Policy is designed to afford the tax treatment normally accorded life insurance contracts under federal tax law. Generally, under federal tax law, the death benefit under a qualifying life insurance Policy is excludable from the gross income of the Beneficiary until there is a distribution. This means that under a qualifying life insurance Policy, cash value buildups on a tax deferred basis and transfers of cash value among the available investment options under the Policy may be made tax free. Under a qualifying life insurance Policy that is not a modified endowment contract ("MEC"), the proceeds from Policy loans would not be taxed. If the Policy is not a MEC, distributions after the 15th Policy year generally will be treated first as a return of basis or investment in the contract and then as taxable income. Moreover, loans will generally not be treated as distributions. Finally, neither distributions nor loans from a Policy that is not a MEC are subject to the 10% penalty tax.

Supplemental Benefits and Riders

We offer no supplemental benefits or riders with this Policy.

POLICY RISKS

Investment Risk

The Policy is not suitable as a short-term investment. We designed the Policy to meet long-term financial goals. In the Policy's early years, if the total charges exceed total premiums paid or if your investment choices perform poorly, your Policy may not have any cash surrender value. Any applicable surrender charge may be large enough in the Policy's early years so that if you fully surrender your Policy you may receive no cash surrender value. If you take multiple partial surrenders, your Account Value may not cover required charges and your Policy would lapse.

If you invest your Account Value in one or more variable investment options, then you will be subject to the risk that the investment performance of the variable investment options will be unfavorable. You will also be subject to the risk that the Account Value will decrease because of the unfavorable performance and the resulting higher insurance charges. You could lose everything you invest. You will also be subject to the risk that the investment performance of the variable investment options you choose may be less favorable than that of other variable investment options, and in order to keep the Policy in force may be required to pay more premiums than originally planned. We do not guarantee a minimum Account Value.

If you allocate Net Premiums to the Guaranteed Account, then we credit your Account Value (in the Guaranteed Account) with a declared rate of interest, but you assume the risk that the rate may decrease, although it will never be lower than a guaranteed minimum annual effective rate of 4%.

Risk of Lapse

If your Net Cash Surrender Value is not enough to pay the charges deducted against Account Value each month, your Policy may enter a 61-day Grace Period. We will notify you that the Policy will lapse (terminate without value) at the end of the Grace Period unless you make a sufficient payment. Your Policy may also lapse if outstanding Policy loans plus any accrued interest payable exceeds the Cash Surrender Value.

If we do not receive a sufficient premium before the end of the Grace Period, the Policy will terminate without value. We will send you a written notice within 30 days of the beginning of any Grace Period. The notice will state that you have 61 days from the due date of the premium to pay the necessary charges to avoid lapse of the Policy. If the Insured dies during the Grace Period, we will still pay the Life Insurance Proceeds to the Beneficiary. The amount we pay will reflect a reduction for the unpaid monthly deductions due on or before the date of the Insured's death.

Tax Risks

We anticipate that the Policy should generally be deemed a life insurance contract under federal tax law. However, due to limited guidance under the federal tax law, there is some uncertainty about the application of the federal tax law to the Policy, particularly if you pay the full amount of premiums permitted under the Policy. Please consult a tax adviser about these

consequences.

Depending on the total amount of premiums you pay, the Policy may be treated as a MEC under federal tax laws. If a Policy is treated as a MEC, then surrenders, partial surrenders, and loans under the Policy will be taxable as ordinary income to the extent there are earnings in the Policy. In addition, a 10% penalty tax may be imposed on surrenders, partial surrenders, and loans taken before you reach age 59 1/2.

You should consult a qualified tax adviser for assistance in all Policy-related tax matters. See "Federal Income Tax Considerations" on page 45.

Partial Surrender and Full Surrender Risks

The surrender charge under the Policy applies for the first 14 Policy years (and for a maximum of the first 14 Policy years after any increase in the Policy's Face Amount) in the event you surrender the Policy or decrease the Face Amount. The surrender charge may be considerable. Any Outstanding Loan balance reduces the amount available to you upon a partial or full surrender. It is possible that you will receive no Net Cash Surrender Value if you surrender your Policy in the first few Policy years. You should purchase the Policy only if you have the financial ability to keep it in force for a substantial period of time. You should not purchase the Policy if you intend to surrender all or part of the Account Value in the near future. We designed the Policy to meet long-term financial goals.

A partial surrender or full surrender may have adverse tax consequences.

Policy Loan Risks

A Policy loan, whether or not repaid, will affect Account Value over time because we subtract the amount of the loan from the variable investment options and/or Guaranteed Account as collateral, and this loan collateral does not participate in the investment performance of the variable investment options or receive any excess interest credited to the Guaranteed Account.

We reduce the amount we pay on the Insured person's death by the amount of any Policy loan and your Policy may lapse (terminate without value) if outstanding Policy loans plus any accrued interest payable reduce the Net Cash Surrender Value to zero.

If you surrender the Policy or allow it to lapse while a Policy loan remains outstanding, the amount of the loan, to the extent it has not previously been taxed, is treated as a distribution from the Policy and may be subject to federal income taxation.

PORTFOLIO RISKS

A discussion of the risks of each Fund may be found in it's prospectus. Please refer to the Funds' prospectuses for more information. You may request a copy of any or all of the Fund prospectuses by contacting us at the Administrative Center shown on page 5 of this prospectus.

There is no assurance that any of the Funds will achieve its stated investment objective.

TABLES OF CHARGES

The following tables describe the fees and expenses that are payable, when buying, owning and surrendering a Policy. No Policy Owner will be charged more than the amount we show under the "Maximum Guaranteed Charge" columns.

The first table describes the fees and expenses that are payable, at the time that you (1) buy a Policy, (2) surrender a Policy during the first 14 Policy years and the first 14 Policy years following an increase in the Policy's Face Amount, (3) change a Policy's Face Amount, or (4) transfer Account Value between investment options.

<TABLE>
<CAPTION>

Transaction Fees

Charge	When Charge is Deducted	Maximum Guaranteed Charge	Current Charge
<S> Premium Tax Charge	<C> Upon receipt of each premium payment	<C> 3.5%/1/ of each premium payment	<C> 0%/1/ of each premium payment
DAC Tax Charge	Upon receipt of each premium payment	1%	0%
Premium Expense Charge	Upon receipt of each premium payment	9% of the amount of each premium payment	9% of the amount of each premium payment
Surrender Charge			
Maximum Charge - for a 77 year old male, smoker with a Face Amount of \$100,000 for the first Policy year/2/	Upon a partial surrender or a full surrender of your Policy during the first 14 Policy years and during the first 14 Policy years following an increase in the Policy's Face Amount	\$39 per \$1,000 of Face Amount	\$0 per \$1,000 of Face Amount/2/
Minimum Charge - for a 18 year old female, nonsmoker with a Face Amount of \$100,000 for the first Policy year/2/	Upon a partial surrender or a full surrender of your Policy during the first 14 Policy years and during the first 14 Policy years following an increase in the Policy's Face Amount	\$8 per \$1,000 of Face Amount	\$0 per \$1,000 of Face Amount/2/
Example Charge - for a 45 year old male, non-smoker with a Face Amount of \$100,000 for the first Policy year/2/	Upon a partial surrender or a full surrender of your Policy during the first 14 Policy years and during the first 14 Policy years following an increase in the Policy's Face Amount	\$24 per \$1,000 of Face Amount	\$0 per \$1,000 of Face Amount/2/

</TABLE>

/1/ Premium tax rates vary by state and locality. For example, the highest premium tax rate, 3.5%, is in the state of Nevada, while the lowest premium tax rate, 0.75%, is in the state of Wyoming.

/2/ The Surrender Charge will vary based on the Insured person's sex, age, risk class, Policy year and Face Amount. The Surrender Charges shown in the table may not be typical of the charges you will pay. Page 3B of your Policy will indicate the guaranteed Surrender Charges applicable to your Policy. More detailed information concerning your Surrender Charge is available free of charge on request from our Administrative Center shown on page 5 of this prospectus.

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<TABLE>
<CAPTION>

Transaction Fees

Charge	When Charge is Deducted	Maximum Guaranteed Charge	Current Charge
<S> Partial Surrender Processing Fee	<C> Upon a partial surrender of your Policy	<C> The lesser of \$25 or 2% of the amount of the partial surrender	<C> \$0
Transfer Fee	Upon a transfer of Account Value	\$25 for each transfer/1/	\$25 for each transfer/1/
Policy Loan Interest Charge	Annually (on your Policy anniversary)	8.0% of the Outstanding Loan balance	8.0% of the Outstanding Loan balance
Policy Owner Additional Illustration Charge	Upon each request for a Policy illustration after the first in a Policy year	\$25	\$0
Flat Monthly Charge	Monthly, at the beginning of each Policy Month	\$10	\$7
First Year	Monthly, at the	\$25	\$0

Administrative Charge	beginning of each Policy month during the first Policy year		
Face Amount	Monthly, at the beginning of each Policy month for the 12 months immediately following the effective date of the increase	\$25	\$0

</TABLE>

/1/ The first 12 transfers in a Policy year are free of charge.

The next table describes the fees and expenses that you will pay periodically during the time that you own the Policy, not including Fund fees and expenses.

<TABLE>
<CAPTION>

Periodic Charges (other than Fund fees and expenses)			
Charge	When Charge is Deducted	Maximum Guaranteed Charge	Current Charge
<S> Cost of Insurance Charge/1/	<C>	<C>	<C>
Maximum Charge - for the first Policy year for a 70 year old male, smoker, guaranteed issue with a Face Amount of \$100,000	Monthly, at the beginning of each Policy month	\$4.74911 per \$1,000 of Net Amount at Risk/2/	\$2.3204 per \$1,000 of Net Amount at Risk
Minimum Charge - for the first Policy year for a 18 year old female, nonsmoker, medically underwritten, with a Face Amount of \$100,000	Monthly, at the beginning of each Policy month	\$0.08 per \$1,000 of Net Amount at Risk	\$0.0171 per \$1,000 of Net Amount at Risk
Example Charge - for the first Policy year for a 45 year old male, nonsmoker, medically underwritten with a Face Amount of \$100,000	Monthly, at the beginning of each Policy month	\$0.28758 per \$1,000 of Net Amount at Risk	\$0.0514 per \$1,000 of Net Amount at Risk
Mortality and Expense Risk Charge			
Policy years 1-4/3,4/	Daily	annual effective rate of 1.0%/4/	annual effective rate of 0.65%/4/

</TABLE>

/1/ The Cost of Insurance Charge will vary based on the Insured person's sex, age, rate class, Policy year, and the Face Amount. The Cost of Insurance Charges shown in the table may not be typical of the charges you will pay. Page 3C of your Policy will indicate the guaranteed Cost of Insurance Charge applicable to your Policy. More detailed information concerning your Cost of Insurance Charge is available on request from our Administrative Center. Also, before you purchase the Policy, we will provide you hypothetical illustrations of Policy values based upon the Insured person's age and rate class, the Death Benefit Option, Face Amount and planned periodic premiums. Please consult your insurance representative or contact AI Life for information about your Cost of Insurance Charge.

/2/ The Net Amount at Risk is the difference between the current death benefit under your Policy divided by 1.0032737 and your Account Value under the Policy.

/3/ After the 4th Policy year, the maximum Mortality and Expense Charge will be as follows:

<S>	<C>	<C>	<C>	<C>
Policy years 5-20	annual effective rate of 1.00%	(guaranteed)	and 0.20%	(current)
Policy years 21+	annual effective rate of 1.00%	(guaranteed)	and 0.15%	(current)

/4/ All percentages are calculated as a percent of Account Value invested in the Variable Account options.

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The next table describes the Fund fees and expenses that you will pay periodically during the time that you own the Policy. The table shows the maximum and minimum Total Annual Fund Operating Expenses before contractual waiver or reimbursement for any of the Funds for the fiscal year ended December 31, 2004. Current and future expenses for the Funds may be higher or lower than those shown.

Annual Fund Fees and Expenses (expenses that are deducted from the Fund assets)		
Charge	Maximum	Minimum
Total Annual Fund Operating Expenses for all of the Funds (expenses that are deducted from portfolio assets include management fees, distribution (12b-1) fees, and other expenses)/1/	1.81%	0.10%

Details concerning each Fund's specific fees and expenses are contained in the Funds' prospectuses .

/1/ Currently 17 of the Funds have contractual reimbursements or fee waivers. These reimbursements or waivers expire on April 30, 2006. The impact of contractual reimbursements or fee waivers is as follows:

Charge	Maximum	Minimum
Total Annual Fund Operating Expenses for all of the Funds After Contractual Reimbursement or Fee Waiver	1.79%	0.10%

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GENERAL INFORMATION

American International Life Assurance Company of New York

American International Life Assurance Company of New York ("AI Life") is a stock life insurance company initially organized under the laws of New York. AI Life's home office address is 80 Pine Street, New York, New York 10005. AI Life was incorporated in 1962. AI Life is a wholly owned subsidiary of American International Group, Inc. ("AIG"). AIG, a Delaware corporation, is a holding company which through its subsidiaries is primarily engaged in a broad range of insurance and insurance-related activities and financial services in the United States and abroad. AIG is a marketing name of AI Life and its affiliates. The commitments under the Policies are AI Life's, and AIG has no legal obligation to back those commitments.

AI Life is a member of the Insurance Marketplace Standards Association ("IMSA"). IMSA is a voluntary membership organization created by the life insurance industry to promote ethical market conduct for life insurance and annuity products. AI Life's membership in IMSA applies only to AI Life and not its products.

The Variable Account

We established the Variable Account as a separate investment account on June 5, 1986. It is used to support the Policy and other variable life insurance policies, and used for other permitted purposes. The Variable Account is registered with the SEC as a unit investment trust under the federal securities

laws and qualifies as a "Variable Account" within the meaning of these laws.

We own the assets in the Variable Account. The Variable Account is divided into subaccounts. The Variable Account may include other subaccounts which are not available under the Policy.

The assets in the Variable Account may not be used to pay any liabilities of AI Life other than those arising from the Policies, and AI Life is obligated to pay all amounts due the Policy Owners under the Policies.

Additional Information

We have filed a Statement of Additional Information (the "SAI") with the SEC which includes more information about your Policy. The back cover page of this prospectus describes how you can obtain a copy of the SAI.

Communication with AI Life

When we refer to "you," we mean the person who is authorized to take any action with respect to a Policy. Generally, this is the Owner named in the Policy. Where a Policy has more than one Owner, each Owner generally must join in any requested action, except for transfers and changes in the allocation of future premiums or changes among the investment options.

Administrative Center. The Administrative Center provides service to all Policy Owners. For applicants, your AI Life representative will tell you if you should use an address other than the Administrative Center address. All premium payments, requests, directions and other communications

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should be directed to the appropriate location. See AI Life's addresses under "Contact Information" on page 5 of this prospectus.

Applying for a Policy

To purchase a Policy, you must complete an application and submit it to us. You must specify certain information in the application, including the Face Amount and the Death Benefit Option. We may also require information to determine if the Insured is an acceptable risk to us. We may require a medical examination of the Insured and ask for additional information.

Our age requirement for the Insured. You may apply for a Policy to cover a person who is at least 18 but no more than 70 years of age.

The minimum Face Amount. The Face Amount must be at least \$50,000, for each Insured.

We require a minimum initial premium. We require that you pay a minimum initial premium before we will issue the Policy. You may pay the minimum initial premium when you submit the application or at a later date.

We will not issue a Policy until we have accepted the application. We reserve the right to reject an application for any reason or "rate" an Insured as a substandard risk.

When your coverage will be effective. Your Policy will become effective after:

- . We accept your application;
- . We receive an initial premium payment in an amount we determine; and
- . We have completed our review of your application to our satisfaction.

General. You should mail or express checks for premium payments and loan repayments directly to the appropriate address shown on your billing statement. If you do not receive a billing statement, send your premium directly to the Administrative Center.

You must make the following requests in writing:

- . transfer of Account Value;
- . loan;
- . full surrender;
- . partial surrender;
- . change of Beneficiary or contingent Beneficiary;
- . change of allocation percentages for premium payments;
- . change of allocation percentages for Policy deductions;
- . loan repayments or loan interest payments;
- . change of Death Benefit Option or manner of death benefit

payment;
change in Face Amount;

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- addition or cancellation of, or other action with respect to, election of a payment option for Policy proceeds; and
- tax withholding elections.

You should mail or express these requests to the Administrative Center address shown under "Contact Information" on page 5 of this prospectus. You should also communicate notice of the Insured person's death, and related documentation, to our Administrative Center address.

We have special forms which should be used for loans, assignments, partial and full surrenders, changes of Owner or Beneficiary, and all other contractual changes. You will be asked to return your Policy when you request a full surrender. You may obtain these forms from our Administrative Center or from your AI Life representative. Each communication must include your name, Policy number and, if you are not the Insured person, that person's name. We cannot process any requested action that does not include all required information.

Variable Investment Options

We divided the Variable Account into variable investment options, each of which invests in shares of a corresponding Fund. Currently, you may invest premium payments in variable investment options investing in the Funds listed in the following table. The name of each Fund describes its type (for example, money market fund, growth fund, equity fund, etc.) except for the Funds with a footnote 1 next to their names. For these Funds, whose name does not describe its type, we provide the information immediately following the table. Fund sub-advisers are shown in parenthesis.

<TABLE>
<CAPTION>

Variable Investment Options	Investment Adviser (Sub-adviser, if applicable)
<S> AllianceBernstein VPSF Americas Government Income Portfolio - Class A	<C> Alliance Capital Management, L.P.
AllianceBernstein VPSF Growth and Income Portfolio - Class A	Alliance Capital Management, L.P.
AllianceBernstein VPSF Growth Portfolio - Class A	Alliance Capital Management, L.P.
AllianceBernstein VPSF Large Cap Growth Portfolio - Class A	Alliance Capital Management, L.P.
AllianceBernstein VPSF Small Cap Growth Portfolio - Class A/1/	Alliance Capital Management, L.P.
American Century VP Income & Growth Fund	American Century Investment Management, Inc.
American Century VP International Portfolio	American Century Investment Management, Inc.
Credit Suisse Trust Emerging Markets Portfolio	Credit Suisse Asset Management, LLC
Credit Suisse Trust Global Small Cap Portfolio	Credit Suisse Asset Management, LLC
Credit Suisse Trust International Focus Portfolio	Credit Suisse Asset Management, LLC
Credit Suisse Trust Large Cap Value Portfolio	Credit Suisse Asset Management, LLC
Credit Suisse Trust Mid-Cap Growth Portfolio	Credit Suisse Asset Management, LLC
Credit Suisse Trust Small Cap Growth Portfolio	Credit Suisse Asset Management, LLC
Fidelity(R) VIP Balanced Portfolio - Initial Class	Fidelity Management & Research Company (FMR Co., Inc.) (Fidelity International Investment Advisors) (Fidelity International Investment Advisors (U.K.) Limited) (Fidelity Investments Japan Limited) (Fidelity Investments Money Management, Inc.) (Fidelity Management & Research (Far East) Inc.) (Fidelity Management & Research (U.K.) Inc.)

</TABLE>

(Footnotes found on page 18.)

<TABLE>
<CAPTION>

Variable Investment Options	Investment Adviser (Sub-adviser, if applicable)
<S> Fidelity(R) VIP Contrafund(R) Portfolio - Initial Class/2/	<C> Fidelity Management & Research Company (FMR Co., Inc.) (Fidelity International Investment Advisors) (Fidelity International Investment Advisors (U.K.) Limited) (Fidelity Investments Japan Limited) (Fidelity Management & Research (Far East) Inc.) (Fidelity Management & Research (U.K.) Inc.)
Fidelity(R) VIP Index 500 Portfolio - Initial Class	Fidelity Management & Research Company (FMR Co., Inc.) (Geode Capital Management, LLC)
Franklin Templeton VIP Templeton Developing Markets Securities Fund - Class 2	Templeton Asset Management Ltd.
Franklin Templeton VIP Templeton Foreign Securities Fund - Class 2	Templeton Investment Counsel, LLC
Franklin Templeton VIP Templeton Growth Securities Fund - Class 2	Templeton Global Advisors Limited
Goldman Sachs VIT CORE(SM) U.S. Equity Fund	Goldman Sachs Asset Management, L.P.
Goldman Sachs VIT International Equity Fund	Goldman Sachs Asset Management International
JPMorgan ST II Mid Cap Value Portfolio	J.P. Morgan Investment Management Inc.
JPMorgan ST II Small Company Portfolio	J.P. Morgan Investment Management Inc.
Mercury Basic Value V.I. Fund - Class I Shares/3/	Merrill Lynch Investment Managers, L.P., d/b/a Mercury Advisors
Mercury Fundamental Growth V.I. Fund - Class I Shares/4/	Merrill Lynch Investment Managers, L.P., d/b/a Mercury Advisors
Mercury Government Bond V.I. Fund - Class I Shares	Merrill Lynch Investment Managers, L.P., d/b/a Mercury Advisors
Mercury Value Opportunities V.I. Fund - Class I Shares	Merrill Lynch Investment Managers, L.P., d/b/a Mercury Advisors
Neuberger Berman AMT Partners Portfolio/5/	Neuberger Berman Management Inc. (Neuberger Berman, LLC)
PIMCO VIT High Yield Portfolio - Administrative Class	Pacific Investment Management Company LLC
PIMCO VIT Long-Term U.S. Government Portfolio - Administrative Class	Pacific Investment Management Company LLC
PIMCO VIT Real Return Portfolio - Administrative Class	Pacific Investment Management Company LLC
PIMCO VIT Short-Term Portfolio - Administrative Class	Pacific Investment Management Company LLC
PIMCO VIT Total Return Portfolio - Administrative Class	Pacific Investment Management Company LLC
UIF Core Plus Fixed Income Portfolio - Class I Shares	Morgan Stanley Investment Management Inc. d/b/a Van Kampen
UIF Emerging Markets Equity Portfolio - Class I Shares	Morgan Stanley Investment Management Inc. d/b/a Van Kampen
UIF High Yield Portfolio - Class I Shares	Morgan Stanley Investment Management Inc. d/b/a Van Kampen
UIF Mid Cap Growth Portfolio - Class I Shares	Morgan Stanley Investment Management Inc. d/b/a Van Kampen
UIF Money Market Portfolio - Class I Shares	Morgan Stanley Investment Management Inc. d/b/a Van Kampen
UIF Technology Portfolio - Class I Shares	Morgan Stanley Investment Management Inc. d/b/a Van Kampen
UIF U.S. Mid Cap Value Portfolio - Class I Shares	Morgan Stanley Investment Management Inc. d/b/a Van Kampen
VALIC Co. I International Equities Fund	VALIC* (AIG Global Investment Corp.)
VALIC Co. I Mid Cap Index Fund	VALIC* (AIG Global Investment Corp.)
VALIC Co. I Small Cap Index Fund	VALIC* (AIG Global Investment Corp.)
Vanguard(R) VIF Total Bond Market Index Portfolio	The Vanguard Group

</TABLE>

- /1/ The Fund type for AllianceBernstein VPSF Small Cap Growth Portfolio - Class A is growth equity.
 - /2/ The Fund type for Fidelity(R) VIP Contrafund(R) Portfolio - Initial Class is capital appreciation.
 - /3/ The Fund type for Mercury Basic Value V.I. Fund - Class I Shares is large cap value.
 - /4/ The Fund type for Mercury Fundamental Growth V.I. Fund - Class I Shares is large cap growth.
 - /5/ The Fund type for Neuberger Berman AMT Partners Portfolio is mid to large cap value.
- * "VALIC" means The Variable Annuity Life Insurance Company.

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From time to time, certain Fund names are changed. When we are notified of a name change, we will make changes so that the new name is properly shown. However, until we complete the changes, we may provide you with various forms, reports and confirmations that reflect a Fund's prior name.

You can learn more about the Funds, their investment policies, risks, expenses and all other aspects of their operations by reading their prospectuses. You should carefully read the Funds' prospectuses before you select any variable investment option. We do not guarantee that any Fund will achieve its objective. In addition, no single Fund or investment option, by itself, constitutes a balanced investment plan.

We have entered into various services agreements with most of the advisers or administrators for the Funds. We receive payments for the administrative services we perform such as proxy mailing and tabulation, mailing of fund related information and responding to Policy Owners' inquiries about the Funds. Currently, these payments range from 0.15% to 0.35% of the market value of the assets invested in the underlying Fund as of a certain date, usually paid at the end of each calendar quarter. From time to time some of these arrangements may be renegotiated so that we receive a greater payment than previously paid depending on our determination that the expenses that we are incurring are greater than we anticipated. These payments do not result in any additional charges under the Policies that are not described under "Charges Under the Policy" on page 38.

We also receive what is referred to as "12b-1 fees" from some of the Funds themselves. These fees are designed to help pay for our direct and indirect distribution costs for the Policies. These fees are generally equal to 0.25% of the daily market value of the assets invested in the underlying Fund.

Guaranteed Investment Option

Under the Policy, you may currently allocate your Account Value to the Guaranteed Account. In addition, if you request a loan, we will allocate part of your Account Value to the Loan Account which is part of the Guaranteed Account.

We may treat each allocation and transfer separately for purposes of crediting interest and making deductions from the Guaranteed Account.

All of your Account Value held in the Guaranteed Account will earn interest at a rate we determine in our sole discretion. This rate will never be less than 4% per year compounded annually. The Loan Account portion of your Account Value may earn a different interest rate than the remaining portion of your Account Value in the Guaranteed Account.

We will deduct any transfers, partial surrenders or any Policy expenses from the Guaranteed Account and your variable investment options on a pro rata basis, unless you provide other directions. No portion of the Loan Account may be used for this purpose.

If we must pay any part of the proceeds for a loan, partial surrender or full surrender from the Guaranteed Account, we may defer the payment for up to six months from the date we receive the written request. If we defer payment from the Guaranteed Account for 30 days or more, we will pay interest on the amount we deferred at a rate of 4% per year, compounded annually, until we make payment.

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Guaranteed Account Value

On any Valuation Date, the Guaranteed Account portion of your Policy Account Value equals:

- . the total of all Net Premium, allocated to the Guaranteed Account, plus
- . any amounts transferred to the Guaranteed Account, plus
- . interest credited on the amounts allocated and transferred to the Guaranteed Account, less
- . the amount of any transfers from the Guaranteed Account, less
- . the amount of any partial surrender, including the partial surrender charges, taken from the Guaranteed Account, less
- . the allocated portion of the monthly deduction deducted from the Guaranteed Account, plus
- . the amount of the Loan Account.

If you take a loan, we transfer the amount of the loan to the Loan Account held in the Guaranteed Account. The value of your Loan Account includes transfers to and from the Loan Account as you take and repay loans and interest credited on the Loan Account.

Voting Privileges

We are the legal owner of the Funds' shares held in the Variable Account. However, you may be asked to instruct us how to vote the Fund shares held in the various Funds that are attributable to your Policy at meetings of shareholders of the Funds. The number of votes for which you may give directions will be determined as of the record date for the meeting. The number of votes that you may direct related to a particular Fund is equal to (a) your Account Value invested in that Fund divided by (b) the net asset value of one share of that Fund. Fractional votes will be recognized.

We will vote all shares of each Fund that we hold of record, including any shares we own on our own behalf, in the same proportions as those shares for which we have received instructions from Owners participating in that Fund through the Variable Account.

If you are asked to give us voting instructions, we will send you the proxy material and a form for providing such instructions. Should we determine that we are no longer required to send the Owner such materials, we will vote the shares as we determine in our sole discretion.

In certain cases, we may disregard instructions relating to changes in a Fund's investment manager or its investment policies. We will advise you if we do and explain the reasons in our next report to Policy Owners. AI Life reserves the right to modify these procedures in any manner that the laws in effect from time to time allow.

Illustrations

We may provide you with illustrations for your Policy's death benefit, Account Value, and Net Cash Surrender Value based on hypothetical rates of return. Hypothetical illustrations also assume costs of insurance for a hypothetical person. These illustrations are illustrative only and should not be considered a representation of past or future performance. Your actual rates of return and actual charges may be higher or lower than these illustrations. The actual return on your Account Value will depend on factors such as the amounts you allocate to particular investment options, the amounts deducted for the Policy's fees and charges, the variable investment options' fees and charges, and your Policy loan and partial surrender history.

Before you purchase the Policy, we will provide you with what we refer to as a personalized illustration. A personalized illustration shows future benefits under the Policy based upon (1) the proposed Insured person's age and rate class and (2) your selection of a Death Benefit Option, Face Amount, planned periodic premiums and proposed investment options.

After you purchase the Policy and upon your request, we will provide a similar personalized illustration that takes into account your Policy's actual values and features as of the date the illustration is prepared. We reserve the

right to charge a \$25 fee for personalized illustrations prepared after the Policy is issued if you request us to do so more than once each year.

POLICY FEATURES

Death Benefits

Your Face Amount of insurance. In your application to buy a Executive Advantage Policy, you tell us how much life insurance coverage you want. We call this the "Face Amount" of insurance.

Investment performance affects the amount of your Policy's Account Value. We deduct all charges from your Account Value. The amount of the monthly charges may differ from month to month. However, as long as all applicable charges are paid timely each month, the Face Amount of insurance payable under your Policy is unaffected by investment performance. See "Monthly Deduction From Account Value" on page 38.

Your death benefit. You must choose one of the two Death Benefit Options at the time we issue your Policy.

- . Level Death Benefit Option or
- . Increasing Death Benefit Option.

For the Level Death Benefit Option, the death benefit will be the greater of:

- . Face Amount; or
- . Account Value on the date of death multiplied by the appropriate minimum death benefit factor.

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You should consider this Death Benefit Option if you want to minimize your cost of insurance.

For the Increasing Death Benefit Option, the death benefit will be the greater of:

- . Face Amount plus the Account Value; or
- . Account Value on the date of death multiplied by the appropriate minimum death benefit factor.

You should consider this Death Benefit Option if you want your death benefit to increase with your Account Value.

Life Insurance Proceeds. During the Policy term, we will pay the Life Insurance Proceeds to the Beneficiary after the Insured's death. To make payment, we must receive at our Administrative Center:

- . satisfactory proof of the Insured's death; and
- . the Policy.

Payment of Life Insurance Proceeds. We will pay the Life Insurance Proceeds generally within seven days after we receive the information we require. We will pay the Life Insurance Proceeds to the Beneficiary in one lump sum or, if elected, under a payment option. Payment of the Life Insurance Proceeds may also be affected by other provisions of the Policy.

We will pay interest on the Life Insurance Proceeds from the date of the Insured's death to the date of payment as required by applicable state law.

Amount of Life Insurance Proceeds. We will determine the Life Insurance Proceeds as of the date of the Insured's death. The Life Insurance Proceeds will equal:

- . the amount of the death benefit determined according to the Death Benefit Option selected; minus
- . the Outstanding Loan, if any, and accrued loan interest; minus
- . any overdue monthly deductions if the Insured dies during a Grace Period.

Tax Qualification Options

Section 7702 of the Code provides alternative testing procedures for

meeting the definition of life insurance. Each Policy must qualify under one of these two tests and you may select the test we use for ensuring your Policy meets the definition of life insurance.

Under both tests under Section 7702, there is a minimum death benefit required at all times. This is equal to the Account Value multiplied by the appropriate minimum death benefit factor. These factors depend on the tax qualification option and may be based on the Attained Age, sex and rate class of the Insured. A table of the applicable factors is located in the Policy.

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The two tax qualification options are:

- . Guideline Premium/Cash Value Corridor Test.
- . Cash Value Accumulation Test.

You must elect one of these tests when you apply for a Policy. After we issue your Policy, the choice may not be changed.

Changes in Death Benefit Options

If you have selected the Level Death Benefit Option you may change to the Increasing Death Benefit Option. You may also change from the Increasing Death Benefit Option to the Level Death Benefit Option.

How to request a change. You may change your Death Benefit Option by providing your agent with a written request or by writing us at our Administrative Center. We may require that you submit satisfactory evidence of insurability to us.

If you request a change from the Level Death Benefit Option to the Increasing Death Benefit Option, we will decrease the Face Amount by an amount equal to your Account Value on the date the change takes effect. However, we reserve the right to decline to make such a change if it would reduce the Face Amount below the minimum Face Amount.

If you request a change from the Increasing Death Benefit Option to the Level Death Benefit Option, we will increase the Face Amount by an amount equal to your Account Value on the date the change takes effect. Such decreases and increases in the Face Amount are made so that the Life Insurance Proceeds remain the same on the date the change takes effect.

Once approved, we will issue new Policy information pages and attach a copy of your application for change. We reserve the right to decline to make any changes that we determine would cause the Policy to fail to qualify as life insurance under our interpretation of the Code.

The change will take effect on the next Monthly Anniversary that coincides with or next follows the date we approve your request.

Tax consequences of changes in insurance coverage. Please read "Federal Income Tax Considerations" starting on page 45 of this prospectus to learn about possible tax consequences of changing your insurance coverage under your Policy.

Premium Payments

The Policy allows you to select the timing and amount of premium payments within limits. Send premium payments to our Administrative Center.

Restrictions on Premium. We may not accept any premium payment:

- . If it is less than \$50;

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- . If the premium would cause the Policy to fail to qualify as a life insurance contract as defined in Section 7702 of the Code, we will refund any portion of any premium that causes the Policy to fail. In addition, we will monitor the Policy and will attempt to notify you on a timely basis if your Policy is in jeopardy of becoming a modified endowment contract under the Code; or
- . If the premium would increase the amount of our risk under your Policy by an amount greater than that premium amount. In such cases, we may require satisfactory evidence of insurability before accepting that

premium.

Minimum Initial Premium. We will calculate the minimum initial premium. The amount is based on a number of factors, including the age, sex, and underwriting class of the proposed Insured and the desired Face Amount.

Planned Periodic Premium. When you apply for a Policy, you select a plan for paying annual level premiums. We will establish a minimum amount that may be used as the planned periodic premium. We may recalculate this minimum amount if the Face Amount of the Policy is increased or decreased.

You are not required to pay premiums in accordance with this plan. Rather, you can pay more or less than the planned periodic premium or skip a planned periodic premium entirely.

At any time you can change the amount and frequency of the planned periodic premium by sending a written notice to our Administrative Center.

Additional Premium. Additional premiums are premiums other than planned premiums. Additional premiums may be paid in any amount and at any time subject to the Code.

Depending on the Account Value at the time of an increase in the Face Amount and the amount of the increase requested, an additional premium may be needed to prevent your Policy from terminating.

Effect of Premium Payments. In general, paying all planned periodic premiums may not prevent your Policy from lapsing. In addition, if you fail to pay any planned periodic premium, your Policy will not necessarily lapse.

Your Policy will lapse only when the Net Cash Surrender Value on a Monthly Anniversary is less than the amount of that date's monthly deduction. This could happen if the Net Cash Surrender Value has decreased because:

- . of the negative return or insufficient return earned by one or more of the subaccounts you selected; or
- . of any combination of the following -- you have Outstanding Loans, you have taken partial surrenders, we have deducted Policy expenses, or you have made insufficient premium payments to offset the monthly deduction.

Grace Period. In order for insurance coverage to remain in force, the Net Cash Surrender Value on each Monthly Anniversary must be equal to or greater than the total monthly deductions for that

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Monthly Anniversary. If it is not, you have a Grace Period of 61 days during which the Policy will continue in force. The Grace Period begins on the Monthly Anniversary that the Net Cash Surrender Value is less than the total monthly deductions then due. If we do not receive a sufficient premium before the end of the Grace Period, the Policy will terminate without value.

We will send you a written notice within 30 days of the beginning of any Grace Period. The notice will state that a Grace Period of 61 days has begun.

The amount of premium required to prevent your Policy from terminating is equal to the amount needed to increase the Net Cash Surrender Value sufficiently to cover total monthly deductions for the next three (3) Monthly Anniversaries.

If the Insured dies during the Grace Period, we will still pay the Life Insurance Proceeds to the Beneficiary. The amount we pay will reflect a reduction for the unpaid monthly deductions due on or before the date of the Insured's death.

If your Policy lapses with an Outstanding Loan you may have taxable income.

Premium Allocations. In the application, you specify the percentage of Net Premium to be allocated to each subaccount and Guaranteed Account. However, until the period to examine and cancel expires, we invest this amount in the Money Market subaccount. On the first business day after the period expires, we will reallocate your Account Value based on the premium allocation percentages in your application.

For all subsequent premiums, we will use the allocation percentages you specified in the application until you change them. You can change the allocation percentages at any time by sending written notice to our Administrative Center. The change will apply to all premium received with or after your notice.

Allocation Rules. Your allocation instructions must meet the following requirements:

- . Each allocation percentage must be a whole number;
- . Any allocation to a subaccount must be at least 5%; and
- . the sum of your allocations must equal 100%.

Crediting Premium. Your initial Net Premium will be credited to your Account Value as of the Policy Date. We will credit and invest subsequent Net Premiums on the date we receive the premium or notice of deposit at our Administrative Center. We will process premiums at the price next computed after receipt of premium. Premiums received by 4:00 p.m., Eastern Time, on a Valuation Date will be processed as of that day. Premiums received after 4:00 p.m., Eastern Time, on a Valuation Date will be processed as of the next Valuation Date.

If any premium requires us to accept additional risk, we will allocate this amount to the Money Market subaccount until we complete our underwriting. When accepted, and at the end of the period to examine and cancel the Policy, we will allocate it in accordance with your allocation percentages.

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Future premium payments. You may at any time change the investment options in which future premiums you pay will be invested. Your allocation must, however, be in whole percentages that total 100%.

The Policy allows you to choose how to invest your Account Value. Your Account Value will increase or decrease based on:

- . The returns earned by the subaccounts you select.
- . Interest credited on amounts allocated to the Guaranteed Account.

We will determine your Policy benefits based upon your Account Value. If your Account Value is insufficient, your Policy may terminate. If the Net Cash Surrender Value on a Monthly Anniversary is less than the amount of that date's monthly deduction, the Policy will be in default and a Grace Period will begin.

Determining the Account Value

On the Policy Date, your Account Value is equal to your initial Net Premium. If the Policy Date and the Issue Date are the same day, the Account Value is equal to your initial premium, less the premium expenses and monthly deduction.

On each Valuation Date thereafter, your Account Value is equal to:

- . Your Account Value held in the subaccounts; and
- . Your Account Value held in the Guaranteed Account.

Your Account Value will reflect:

- . the premiums you pay; and,
- . the returns earned by the subaccounts you select; and,
- . the interest credited on amounts allocated to the Guaranteed Account; and,
- . any loans or partial surrender; and,
- . the Policy expenses we deduct.

Account Value in the Subaccounts

We measure your Account Value in the subaccounts by the value of the subaccounts' accumulation units we credit to your Policy. When you allocate premiums or transfer part of your Account Value to a subaccount, we credit your Policy with accumulation units in that subaccount. The number of accumulation units equals the amount allocated to the subaccount divided by that subaccount's accumulation unit value for the Valuation Date when the allocation is effected.

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The number of subaccount accumulation units we credit to your Policy will:

- . increase when Net Premium is allocated to the subaccount, amounts are transferred to the subaccount and loan repayments are credited to the subaccount.
- . decrease when the allocated portion of the monthly deduction is taken from the subaccount, a loan is taken from the subaccount, an amount is transferred from the subaccount, or a partial surrender, including the partial surrender charges, is taken from the subaccount.

Accumulation Unit Values. A subaccount's accumulation unit value varies to reflect the return of the portfolio and may increase or decrease from one Valuation Date to the next. We arbitrarily set the accumulation unit value for each subaccount at \$10 when the subaccount was established. Thereafter, the accumulation unit value equals the accumulation unit value for the prior Valuation Period multiplied by the Net Investment Factor for the current Valuation Period.

Net Investment Factor. The net investment factor is an index we use to measure the investment return earned by a subaccount during a Valuation Period. It is based on the change in net asset value of the portfolio shares held by the subaccount, and reflects any dividend or capital gain distributions on the portfolio shares and may include the deduction of the daily mortality and expense risk charge.

Guaranteed Account Value. On any Valuation Date, the Guaranteed Account portion of your Policy Account Value equals:

- . the total of all Net Premium, allocated to the Guaranteed Account, plus
- . any amounts transferred to the Guaranteed Account, plus
- . interest credited on the amounts allocated and transferred to the Guaranteed Account, less
- . the amount of any transfers from the Guaranteed Account, less
- . the amount of any partial surrender, including the partial surrender charges, taken from the Guaranteed Account, less
- . the allocated portion of the monthly deduction deducted from the Guaranteed Account, plus
- . the amount of the Loan Account.

If you take a loan, we transfer the amount of the loan to the Loan Account held in the Guaranteed Account. The value of your Loan Account includes transfers to and from the Loan Account as you take and repay loans and interest credited on the Loan Account.

Net Account Value. The net Account Value on a Valuation Date is the Account Value less Outstanding Loans on that date.

Cash Surrender Value. The Cash Surrender Value on a Valuation Date is the Account Value reduced by any surrender charge that would be assessed if you surrendered the Policy on that date.

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Net Cash Surrender Value. The Net Cash Surrender Value on a Valuation Date is the amount you would receive on a surrender of your Policy and is equal to:

- . the Cash Surrender Value, less
- . the Outstanding Loan on that date.

Transfers

You may transfer Account Value among the subaccounts and to the Guaranteed Account after the period to examine and cancel. All transfer requests, except for those made under the dollar cost averaging program, must satisfy the following requirements:

- . Minimum amount of transfer -- You must transfer at least \$250 or, the balance in the subaccount or the Guaranteed Account, if less;
- . Form of transfer request -- You must make a written request unless you

have established prior authorization to make transfers by other means we make available;

- . Transfers from the Guaranteed Account -- The maximum you may transfer in a Policy year is equal to 25% of your Account Value in the Guaranteed Account (not including the Loan Account) as of the date the transfer takes effect.

Date We Process Your Transfer Request. We must receive your transfer request at our Administrative Center. We process transfers at the price next computed after we receive your transfer request. Transfer requests received by 4:00 p.m., Eastern Time, on a Valuation Date will be processed as of that day. Transfer requests received after 4:00 p.m., Eastern Time, on a Valuation Date will be processed as of the next Valuation Date.

Number of Permitted Transfers/Transfer Charge. We do not currently limit the number of transfers you may make. However, for each transfer in excess of 12 during a Policy year, we will charge you \$25 for each additional transfer. All transfers processed on the same business day will count as one transfer for purposes of determining the number of transfers you have made in a Policy year. Transfers in connection with the dollar cost averaging program will not count against the 12 free transfers in any Policy year. We reserve the right to increase or decrease the number of free transfers allowed in any Policy year.

Dollar Cost Averaging

Dollar cost averaging is a systematic method of investing at regular intervals. By investing at regular intervals, the cost of the securities is averaged over time and perhaps over various market cycles.

If you choose this program, we will make automatic monthly transfers of your Account Value from the Money Market subaccount into other subaccounts for a specified dollar amount or a specified number of months (not exceeding twenty-four months). Unless you tell us otherwise, we will allocate the transfer as you have specified in your most current premium allocation instructions. However, no less than 5% may be allocated to any one subaccount. You must have \$2,000 in the Money Market subaccount to elect dollar cost averaging. We will apply any additional premium payments you make

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after electing this program to the Money Market subaccount for purposes of dollar cost averaging your investment. You may maintain only one dollar cost averaging instruction with us at a time.

There is currently no charge for this program. Transfers in connection with dollar cost averaging will not count against your free transfers in a Policy year. We reserve the right to suspend or modify this program at any time.

Processing your automatic dollar cost averaging transfers. We will begin to process your automatic transfers:

- . On the first Monthly Anniversary following the end of the period to examine and cancel if you request dollar cost averaging when you apply for your Policy.
- . On the second Monthly Anniversary following receipt of your request at our Administrative Center if you elect the program after you apply for the Policy.

We will stop processing automatic transfers if:

- . The funds in the Money Market subaccount have been depleted;
- . We receive your written request at our Administrative Center to cancel future transfers;
- . We receive notification of death of the Insured; or
- . Your Policy goes into the Grace Period.

Dollar cost averaging may lessen the impact of market fluctuations on your investment. Using dollar cost averaging does not guarantee investment gains or protect against loss in a declining market.

Market Timing

The Policies are not designed for professional market timing organizations or other entities or individuals using programmed and frequent transfers involving large amounts. Market timing carries risks with it, including:

- . dilution in the value of Fund shares underlying investment options of other Policy owners;
- . interference with the efficient management of the Fund's portfolio; and
- . increased administrative costs.

We have policies and procedures that require us to monitor the Policies to determine if a Policy owner requests:

- . an exchange out of a variable investment option within two calendar weeks of an earlier exchange into that same variable investment option; or

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- . exchanges into or out of the same variable investment option more than twice in any one calendar quarter.

If either of the above transactions occurs, we will suspend such Policy owner's same day or overnight delivery transfer privileges (including website, e-mail and facsimile communications) with prior notice to prevent market timing efforts that could be harmful to other Policy owners or beneficiaries. Such notice of suspension will take the form of either a letter mailed to your last known address, or a telephone call from our Administrative Center to inform you that effective immediately, your same day or overnight delivery transfer privileges have been suspended. The suspension of Policy transfer privileges will last for no more than six months. Transfers under dollar cost averaging, automatic rebalancing or any other automatic transfer arrangements to which we have agreed are not affected by these procedures.

The procedures above will be followed in all circumstances and we will treat all Policy owners the same.

In addition, Policy owners incur a \$25 charge for each transfer in excess of 12 each Policy year.

Fund-Rejected Transfers

Some of the Funds have policies and procedures restricting transfers into the Fund. For this reason or for any other reason the Fund deems necessary, a Fund may reject a Policy owner's transfer request. Please read the Funds' prospectuses and supplements for information about restrictions on transfers.

Changing the Face Amount of Insurance

Changes in Face Amount. At any time after the first Policy anniversary while your Policy is in force you may request a change in the Face Amount. We will not make a change in Face Amount that causes your Policy to fail to qualify as life insurance under the Code.

Increases in Face Amount. Any request for an increase:

- . Must be for at least \$10,000;
- . May not be requested in the same Policy year as another request for an increase; and
- . May not be requested after the Insured is Attained Age 65.

A written application must be submitted to our Administrative Center along with satisfactory evidence of insurability. You must return the Policy so we can amend it to reflect the increase. The increase in Face Amount will become effective on the Monthly Anniversary on or next following the date the increase is approved, and the Account Value will be adjusted to the extent necessary to reflect a monthly deduction as of the effective date based on the increase in Face Amount. Increasing the Face Amount may increase the amount of premium you would need to pay to avoid a lapse of your Policy.

Decreases in Face Amount. Any request for a decrease:

- . Must be at least \$5,000;

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- . Must not cause the Face Amount after the decrease to be less than the

minimum Face Amount at which we would issue a Policy; and

- . During the first five Policy years, the Face Amount may not be decreased by more than 10% of the initial Face Amount. If the Face Amount is decreased during the first 14 Policy years or within 14 Policy years of an increase in Face Amount, a surrender charge may be applicable.

Consequences of a Change in Face Amount. Both increases and decreases in Face Amount may impact the surrender charge. In addition, an increase or decrease in Face Amount may impact the status of the Policy as a modified endowment contract.

Effective Date of Policy and Related Transactions

Valuation dates, times, and periods. We compute values under a Policy on each day that the New York Stock Exchange ("NYSE") is open for business. We call each such day a "valuation date" or a "business day."

We compute Policy values as of the time the NYSE closes on each Valuation Date, which usually is 4:00 p.m. Eastern time. We call this our "close of business." We call the time from the close of business on one Valuation Date to the close of business of the next Valuation Date a "Valuation Period." We are closed only on those holidays the NYSE is closed.

Fund Pricing. Each Fund produces a price per Fund share following each close of the NYSE and provides that price to us. We then determine the Fund value at which you may invest in the particular investment option, which reflects the change in value of each Fund reduced by the daily charge and any other charges that are applicable to your Policy.

Date of receipt. Generally we consider that we have received a premium payment or another communication from you on the day we actually receive it in full and proper order at any of the addresses shown on page 5 of this prospectus. If we receive it after the close of business on any Valuation Date, however, we consider that we have received it on the day following that Valuation Date. Any premium payments we receive after our close of business are held in our general account until the next business day.

Commencement of insurance coverage. After you apply for a Policy, it can sometimes take up to several weeks for us to gather and evaluate all the information we need to decide whether to issue a Policy to you and, if so, what the Insured person's premium class should be. We will not pay a death benefit under a Policy unless (a) it has been delivered to and accepted by the Owner and at least the initial premium has been paid, and (b) at the time of such delivery and payment, there have been no adverse developments in the Insured person's health or risk of death.

Issue Date; Policy months and years. We prepare the Policy only after we approve an application for a Policy and assign an appropriate premium class. The day we begin to deduct charges will appear on page 3 of your Policy and is called the "Issue Date." Policy months and years are measured from the Issue Date. To preserve a younger age at issue for the Insured person, we may assign an Issue Date to a Policy that is up to 6 months earlier than otherwise would apply.

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Monthly deduction days. Each charge that we deduct monthly is assessed against your Account Value at the close of business on the Issue Date and at the end of each subsequent Valuation Period that includes the first day of a Policy month. We call these "monthly deduction days."

Commencement of investment performance. We begin to credit an investment return to the Account Value resulting from your initial premium payment on the later of (a) the Issue Date, or (b) the date all requirements needed to place the Policy in force have been satisfied, including underwriting approval and receipt of the necessary premium. In the case of a back-dated Policy, we do not credit an investment return to the Account Value resulting from your initial premium payment until the date stated in (b) above.

Effective date of other premium payments and requests that you make. Premium payments (after the first) and transactions made in response to your requests and elections are generally effected at the end of the Valuation Period in which we receive the payment, request or election and based on prices and values computed as of that same time. Exceptions to this general rule are as follows:

- . Increases you request in the Face Amount of insurance, reinstatements of a Policy that has lapsed, and changes in Death Benefit Option take effect on the Policy's monthly deduction day on or next following our

approval of the transaction;

- . In most states, we may return premium payments, make a partial surrender or reduce the death benefit if we determine that such premiums would cause your Policy to become a modified endowment contract or to cease to qualify as life insurance under federal income tax law or exceed the maximum Net Amount at Risk;
- . If you exercise the right to return your Policy described on page 7 of this prospectus, your coverage will end when you deliver it to your AI Life representative, or if you mailed it to us, the day it is postmarked; and
- . If you pay a premium at the same time that you make a Policy request which requires our approval, your payment will be applied when received rather than following the effective date of the change requested so long as your Policy is in force and the amount paid will not cause you to exceed premium limitations under the Code. If we do not approve your Policy request, your premium payment will still be accepted in full or in part (we will return to you the portion of your premium payment that would be in violation of the maximum premium limitations under the Code). We will not apply this procedure to premiums you pay in connection with reinstatement requests.

Reports to Policy Owners

You will receive a confirmation within seven days of the transaction of:

- . the receipt of any premium;
- . any change of allocation of premiums;
- . any transfer between subaccounts;
- . any loan, interest repayment, or loan repayment;

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- . any partial surrender;
- . any return of premium necessary to comply with applicable maximum receipt of any premium payment;
- . any exercise of your right to cancel;
- . an exchange of the Policy;
- . full surrender of the Policy.

Within 30 days after each Policy anniversary we will send you an annual statement. The statement will show the Life Insurance Proceeds currently payable, and the current Account Value, Cash Surrender Value, and the Outstanding Loan. The statement will also show premiums paid, all charges deducted during the Policy year, and all transactions. We will also send to you annual and semi-annual reports of the Variable Account.

POLICY TRANSACTIONS

The transactions we describe below may have different effects on the Account Value, death benefit, Face Amount or cost of insurance. You should consider the net effects before requesting a Policy transactions. See "Policy Features," on page 21. Certain transactions also entail charges. For information regarding other charges, see "Charges Under the Policy" on page 38.

Withdrawing Policy Investments

Full surrender. You may at any time surrender your Policy in full. If you do, we will pay you the Account Value, less any Policy loans, plus any unearned loan interest, and less any surrender charge that then applies. We call this amount your "Net Cash Surrender Value." Because of the surrender charge, it is unlikely that a Executive Advantage Policy will have any Net Cash Surrender Value during at least the first year. A full surrender may have adverse tax consequences.

Partial surrender. You may, at any time after the first Policy year, make a partial surrender of your Policy's Net Cash Surrender Value. A partial surrender must be at least \$500. We will automatically reduce your Policy's Account Value by the amount of your withdrawal and any related charge. A partial surrender may have adverse tax consequences.

You may choose the investment option or options from which money that you

withdraw will be taken. Otherwise, we will allocate the partial surrender in the same proportions as then apply for deducting monthly charges under your Policy or, if that is not possible, in proportion to the amount of Account Value you then have in each investment option.

There is a maximum partial surrender processing fee equal to the lesser of 2% of the amount withdrawn or \$25 for each partial surrender you make. This charge currently is \$0.

Loans. You may request a loan against your Policy at any time after the first Policy year while the Policy has a Net Cash Surrender Value. We limit the minimum and maximum amount of loan you

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may take. If we issued the Policy under a corporate owned arrangement, unless we agree otherwise, a loan will be applied pro rata over all Insureds under the Policy.

You must submit a written request for a loan to the Administrative Center. Loans will be processed as of the date we receive the request at our Administrative Center. Loan proceeds generally will be sent to you within seven days.

Maximum Loan Amount. After the first Policy year the maximum loan amount is 90% of your Net Cash Surrender Value.

Interest. We charge interest daily on any Outstanding Loan at a declared annual rate not in excess of 8%. The maximum net cost (the difference between the rate of interest we charge on loans and the amount we credit on the equivalent amount held in the Loan Account) of a loan is 2% per year. Interest is due and payable at the end of each Policy year while a loan is outstanding. If interest is not paid when due, the amount of the interest is added to the loan and becomes part of the Outstanding Loan.

Loan Account. You may direct us to take an amount equal to the loan proceeds and any amount attributed to unpaid interest from any subaccount or from the Guaranteed Account. Otherwise, we will withdraw this amount from each subaccount on a pro rata basis. We transfer this amount to the Loan Account in the Guaranteed Account.

When a loan is repaid, an amount equal to the repayment will be transferred from the Loan Account to the subaccounts and Guaranteed Account in accordance with your allocation percentages in effect at the time of repayment.

Effect of a Loan. A loan, whether or not repaid, will have a permanent effect on the Life Insurance Proceeds and Account Value because the investment results of the subaccounts and current interest rates credited in the Guaranteed Account will apply only to the non-loaned portion of the Account Value. The longer the loan is outstanding, the greater this effect is likely to be. Depending on the investment results of the subaccounts or credited interest rates for the Guaranteed Account while the loan is outstanding, the effect could be favorable or unfavorable.

In addition, loans from modified endowment contracts may be treated for tax purposes as distributions of income.

If the Life Insurance Proceeds become payable while a loan is outstanding, the Outstanding Loan will be deducted in calculating the Life Insurance Proceeds.

If the Outstanding Loan exceeds the Cash Surrender Value on any Monthly Anniversary, the Policy will be in default. We will send you, and any assignee of record, notice of the default. You will have a 61-day Grace Period to submit a sufficient payment to avoid termination. The notice will specify the amount that must be repaid to prevent termination.

Outstanding Loan. The Outstanding Loan on a Valuation Date equals:

- . All loans that have not been repaid (including past due unpaid interest added to the loan), plus
- . accrued interest not yet due.

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Loan Repayment. You may repay all or part of your Outstanding Loan at any

time while the Insured is living and the Policy is in force. Loan repayments must be sent to our Administrative Center and will be credited as of the date received.

Maturity of your Policy

If the Insured person is living on the "Maturity Date" shown on page 3 of your Policy, we will pay you the Net Cash Surrender Value of the Policy, and the Policy will end.

Tax considerations

Please refer to "Federal Income Tax Considerations" on page 45 for information about the possible tax consequences to you when you receive any loan, surrender or other funds from your Policy. A Policy loan may cause the Policy to lapse which may result in adverse tax consequences.

POLICY PAYMENTS

Payment Options

The Policy offers a wide variety of optional ways of receiving proceeds payable under the Policy, such as on a surrender or death, other than in a lump sum. Any agent authorized to sell this Policy can explain these options upon request.

Change of payment option. You may give us written instructions to change any payment option previously elected at any time while the Policy is in force and before the start date of the payment option.

Tax impact. If a payment option is chosen, the Policy Owner or the Beneficiary may have tax consequences. The Policy Owner or the Beneficiary should consult with a qualified tax adviser before deciding whether to elect one or more payment options.

The Beneficiary

You name your Beneficiary when you apply for a Policy. The Beneficiary is entitled to the insurance benefits of the Policy. You may change the Beneficiary during the lifetime of the Insured person unless your previous designation of Beneficiary provides otherwise. In this case the previous Beneficiary must give us permission to change the Beneficiary and then we will accept your instructions. A new Beneficiary designation is effective as of the date you sign it, but will not affect any payments we may make before we receive it. If no Beneficiary is living when the Insured person dies, we will pay the insurance proceeds to the Owner or the Owner's estate.

Assignment of a Policy

You may assign (transfer) your rights in a Policy to someone else as collateral for a loan or for some other reason. We will not be bound by an assignment unless it is received in writing. You must provide us with two copies of the assignment. We are not responsible for any payment we make or any action we take before we receive a complete notice of the assignment in good order. We are also not responsible for the validity of the assignment. An absolute assignment is a change of ownership.

Because there may be unfavorable tax consequences, including recognition of taxable income and the loss of income tax-free treatment for any death benefit payable to the Beneficiary, you should consult a qualified tax adviser before making an assignment.

Payment of Proceeds

General. We will pay any death benefit, maturity benefit, Net Cash Surrender Value or loan proceeds within seven days after we receive the last required form or request (and any other documents that may be required for payment of a death benefit). If we do not have information about the desired manner of payment within 60 days after the date we receive notification of the Insured person's death, we will pay the proceeds as a single sum, normally within seven days thereafter.

Delay of Guaranteed Account option proceeds. We have the right, however, to defer payment or transfers of amounts out of our Guaranteed Account option for up to six months. We will allow interest, at a rate of at least 4% a year, on any Net Cash Surrender Value payment derived from Our Guaranteed Account that We defer for 10 days or more after We receive a request for it.

Delay for check clearance. We reserve the right to defer payment of that

portion of your Account Value that is attributable to a payment made by check for a reasonable period of time (not to exceed 15 days) to allow the check to clear the banking system.

Delay of Variable Account proceeds. We reserve the right to defer computation of values and payment of any death benefit, loan or other distribution that comes from that portion of your Account Value that is allocated to the Variable Account, if:

- . the NYSE is closed other than weekend and holiday closings;
- . trading on the NYSE is restricted;
- . an emergency exists as determined by the SEC or other appropriate regulatory authority such that disposal of securities or determination of the Account Value is not reasonably practicable; or
- . the SEC by order so permits for the protection of investors.

Transfers and allocations of Account Value among the investment options may also be postponed under these circumstances. If we need to defer calculation of Variable Account values for any of the foregoing reasons, all delayed transactions will be processed at the next values that we do compute.

Delay to challenge coverage. We may challenge the validity of your insurance Policy based on any material misstatements in your application or any application for a change in coverage. However,

- . We cannot challenge the Policy after it has been in effect, during the Insured person's lifetime, for two years from the date the Policy was issued or restored after termination. (Some states may require that we measure this time in another way. Some states may also require that we calculate the amount we are required to pay in another way.)

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- . We cannot challenge any Policy change that requires evidence of insurability (such as an increase in Face Amount) after the change has been in effect for two years during the Insured person's lifetime.

Delay required under applicable law. We may be required under applicable law to block a request for transfer or payment, including a Policy loan request, under a Policy until we receive instructions from the appropriate regulator.

ADDITIONAL RIGHTS THAT WE HAVE

We have the right at any time to:

- . transfer the entire balance in an investment option in accordance with any transfer request you make that would reduce your Account Value for that option to below \$500;
- . transfer the entire balance in proportion to any other investment options you then are using, if the Account Value in an investment option is below \$500 for any other reason;
- . replace the underlying Fund that any investment option uses with another Fund, subject to SEC and other required regulatory approvals;
- . add, delete or limit investment options, combine two or more investment options, or withdraw assets relating to the Policies from one investment option and put them into another, subject to SEC and other required regulatory approvals;
- . operate Variable Account under the direction of a committee or discharge such a committee at any time;
- . operate Variable Account, or one or more investment options, in any other form the law allows, including a form that allows us to make direct investments. Variable Account may be charged an advisory fee if its investments are made directly rather than through another investment company. In that case, we may make any legal investments we wish; or
- . make other changes in the Policy that in our judgment are necessary or appropriate to ensure that the Policy continues to qualify for tax treatment as life insurance, or that do not reduce any Net Cash Surrender Value, death benefit, Account Value, or other accrued rights or benefits.

We also have the right to make some variations in the terms and conditions

of a Policy. Any variations will be made only in accordance with uniform rules that we establish.

You will be notified as required by law if there are any material changes in the underlying investments of an investment option that you are using. We intend to comply with all applicable laws in making any changes and, if necessary, we will seek Policy Owner approval, SEC and regulatory approvals.

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CHARGES UNDER THE POLICY

Periodically, we will deduct expenses related to your Policy. We will deduct these:

- . from premium, Account Value and from subaccount assets; and
- . upon certain transactions.

The amount of these expenses are described in your Policy as either guaranteed or current. We will never charge more than the guaranteed amount. We may in our discretion deduct on a current basis less than the guaranteed amount.

Deductions From Premium

We may deduct a sales charge from each premium to cover costs associated with the issuance of the Policy as well as administrative services we perform. This charge will never exceed 9% of the premium.

The sales charge partially compensates us for the expense of selling and distributing the Policy, printing prospectuses, preparing sales literature and paying for other promotional activities. Some of these expenses or other administrative expenses may be assumed by an employer or group sponsor under some employer-owned, trust-owned, or sponsored arrangements. If so, in our sole discretion, we may offer the Policy with no sales charge or a reduced sales charge.

We may deduct a charge for taxes as an explicit percentage of premium based upon state and local tax rates within the Insured's state of residence. We may also deduct a charge for federal deferred acquisition cost ("DAC") taxes as an explicit percentage of premium at a rate not to exceed 1% of premium.

In place of the lump sum deductions described above for sales charges and taxes, we may offer optional methods of payment at the time you apply for a Policy.

Monthly Deduction From Account Value. On the Policy Date and each Monthly Anniversary thereafter, we make a deduction from the Account Value. The amount deducted on the Issue Date is for the Policy Date and any Monthly Anniversaries that have elapsed since the Policy Date. For this purpose, the Policy Date is treated as a Monthly Anniversary.

We will deduct charges on each Monthly Anniversary for:

- . The administration of your Policy.
- . The cost of insurance for your Policy.
- . The cost associated with mortality and expense risks.

Administrative Charge. This charge compensates us for administrative expenses associated with the Policy. These expenses relate to premium billing and collection, record keeping, processing claims, loans, Policy changes, reporting and overhead costs, processing applications, establishing Policy records,

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and sending regulatory mailings and responding to Policy owners' requests. This charge will be no more than \$10 per month for all Policy years. We may reduce this charge. The current charge is \$7.00 per month. There may be an additional monthly administrative charge during the first Policy year and the 12 months after an increase in Face Amount per Insured. This additional charge will not exceed \$25 a month per Insured.

Cost of Insurance Charge. This charge compensates us for providing insurance coverage. The charge depends on a number of factors, such as Attained

Age, sex and rate class of the Insured, and therefore will vary from Policy to Policy and from month to month. For any Policy the cost of insurance on a Monthly Anniversary is calculated by multiplying the cost of insurance rate for the Insured by the Net Amount at Risk under the Policy on that Monthly Anniversary.

Net Amount at Risk

The Net Amount at Risk is calculated as (a) minus (b) where:

- a. is the current death benefit at the beginning of the Policy month divided by 1.0032737; and
- b. is the current total Account Value.

However, if the death benefit is a percentage of the Account Value of the Policy, then the Net Amount at Risk is the death benefit minus the amount in the Account Value of the Policy at that time.

Rate Classes for Insureds. We currently rate Insureds in one of following basic rate classifications based on our underwriting:

- . nonsmoker;
- . smoker;
- . substandard for those involving a higher mortality risk
- . Unismoke/Unisex

At our discretion we may offer this Policy on a guaranteed issue basis.

We place the Insured in a rate class when we issue the Policy based on our underwriting determination. This original rate class applies to the initial Face Amount. When an increase in Face Amount is requested, we conduct underwriting before approving the increase (except as noted below) to determine whether a different rate class will apply to the increase. If the rate class for the increase has a lower guaranteed cost of insurance rates than the original rate class, the rate class for the increase also will be applied to the initial Face Amount. If the rate class for the increase has a higher guaranteed cost of insurance rates than the original rate class, the rate class for the increase will apply only to the increase in Face Amount, and the original rate class will continue to apply to the initial Face Amount.

If there have been increases in the Face Amount, we may use different cost of insurance rates for the increased portions of the Face Amount. For purposes of calculating the cost of insurance charge after the Face Amount has been increased, the Account Value will be applied to the initial Face Amount

first and then to any subsequent increases in Face Amount. If at the time an increase is requested, the Account Value exceeds the initial Face Amount (or any subsequently increased Face Amount) divided by 1.0032737, the excess will then be applied to the subsequent increase in Face Amount in the sequence of the increases.

In order to maintain the Policy in compliance with Section 7702 of the Code, under certain circumstances an increase in Account Value will cause an automatic increase in the Life Insurance Proceeds. The Attained Age and rate class for such increase will be the same as that used for the most recent increase in Face Amount (that has not been eliminated through a subsequent decrease in Face Amount).

The guaranteed cost of insurance charges at any given time for a substandard Policy with flat extra charges will be based on the guaranteed maximum cost of insurance rate for the Policy (including table rating multiples, if applicable), the current Net Amount at Risk at the time the deduction is made, plus the actual dollar amount of the flat extra charge.

Our current cost of insurance rates may be less than the guaranteed rates. Our current cost of insurance rates will be determined based on our expectations as to future mortality and persistency experience. These rates may change from time to time. In our discretion, the current charge may be increased in any amount up to the maximum guaranteed charge shown in the table.

Cost of insurance rates (whether guaranteed or current) for an Insured in a nonsmoker rate class are generally lower than rates for an Insured of the same age and sex in a smoker rate class. Cost of insurance rates (whether guaranteed or current) for an Insured in a nonsmoker or smoker rate class are generally lower than rates for an Insured of the same age and sex and smoking status in a

substandard rate class.

Legal Considerations Relating to Sex-Distinct Premiums and Benefits

Mortality tables for the Policy generally distinguish between males and females. Thus, premiums and benefits under the Policy covering males and females of the same age will generally differ.

We do, however, also offer the Policy based on unisex mortality tables if required by state law. Employers and employee organizations considering purchase of a Policy should consult their legal advisers to determine whether purchase of a Policy based on sex-distinct actuarial tables is consistent with Title VII of the Civil Rights Act of 1964 or other applicable law. Upon request, we may offer the Policy with unisex mortality tables to such prospective purchasers.

Deduction From Variable Account Assets

Mortality and Expense Risk Charge. We deduct a mortality and expense risk fee from your Account Value in the subaccounts for assuming certain mortality and expense risks under the Policy. This charge does not apply to the amounts you allocate to the Guaranteed Account. The current charge is at an annual effective rate of 0.65% of net assets for Policy years one through four, 0.20% for years five through twenty, and 0.15% thereafter. The guaranteed charge is at an annual effective rate of 1.00% of Variable Account assets. Although, we may increase or decrease the charge at our sole discretion, it is guaranteed not to exceed an annual effective rate of 1.00% of your Account Value in the subaccounts for the duration of your Policy.

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The mortality risk we assume is that the Insured under a Policy may die sooner than anticipated, and therefore we will pay an aggregate amount of Life Insurance Proceeds greater than anticipated. The expense risk we assume is that expenses incurred in issuing and administering all policies and the Variable Account will exceed the amounts realized from the administrative charges assessed against all policies. AI Life receives this charge to pay for these mortality and expense risks.

Deductions Upon Policy Transactions

Transfer Charge. We will charge a \$25 transfer charge on any transfer of Account Value among the subaccounts and the Guaranteed Account in excess of the 12 free transfers permitted each Policy year. If the charge is imposed, we will deduct it from the amount requested to be transferred before allocation to the new subaccount(s) and shown in the confirmation of the transaction. AI Life receives this charge to help pay for the expense of making the requested transfer.

Surrender Charge. If the Policy is surrendered or there is a decrease in Face Amount during the first 14 Policy years, we may deduct a surrender charge based on the initial Face Amount. If a Policy is surrendered or there is a decrease in Face Amount within 14 years after an increase in Face Amount, we will deduct a surrender charge based on the increase in Face Amount. The surrender charge will be deducted before any surrender proceeds are paid. AI Life receives this charge to help recover sales expenses.

Surrender Charge Calculation. In general, the surrender charge is based on the premiums you pay. The Surrender Charge will be no greater than the product of (1) times (2) times (3) where:

1. is equal to the Face Amount divided by \$1,000;
2. is equal to a surrender charge factor per \$1,000 based on the Insured's age, sex and underwriting class; and
3. is a factor based on the Policy year when the surrender occurs as described in the following table:

Policy Year	Factor
1	100%
2	100%
3	100%
4	100%
5	100%
6	90%
7	80%
8	70%
9	60%
10	50%
11	40%

Policy Year	Factor
-----	-----
12	30%
13	20%
14	10%
15+	0%

A table of the maximum initial surrender charge factors per \$1,000 of Face Amount is shown in Appendix A. We reserve the right to charge less than the maximum amount, no amount at all, or even a negative amount which would have the effect of increasing the Policy's Cash Surrender Value.

Surrender Charge Based On An Increase Or Decrease In Face Amount. An increase in Face Amount of the Policy may result in an additional surrender charge during the 14 Policy years immediately following the increase. The additional surrender charge period will begin on the effective date of the increase. If the Face Amount of the Policy is reduced before the end of the 14th Policy year or within 14 years immediately following a Face Amount increase, we may also deduct a pro rata share of any applicable surrender charge from your Account Value. Reductions will first be applied against the most recent increase in the Face Amount of the Policy. They will then be applied to prior increases in Face Amount of the Policy in the reverse order in which such increases took place, and then to the initial Face Amount of the Policy.

Partial Surrender Charge. We may deduct a partial surrender charge:

- . upon a partial surrender; and
- . if you decrease your Policy's Face Amount.

We deduct the partial surrender charge from the subaccounts or the Guaranteed Account in the same proportion as we deduct the amounts for your partial surrender.

Partial Surrender Charge Due to Decrease in Face Amount. We deduct an amount equal to the applicable surrender charge multiplied by a fraction (equal to the decrease in Face Amount divided by the Face Amount of the Policy prior to the decrease).

Partial Surrender Administrative Charge. We reserve the right to deduct an administrative charge upon a partial surrender of up to \$25 or 2% of amount surrendered, whichever is less in order to help pay for the expense of making a partial surrender. The current charge is \$0.

Discount Purchase Programs. The amount of the surrender charge and other charges under the Policy may be reduced or eliminated when sales of the Policy are made to individuals or to groups of individuals in a manner that in our opinion results in expense savings. For purchases made by our officers, directors and employees, those of an affiliate, or any individual, firm, or a company that has executed the necessary agreements to sell the Policy, and members of the immediate families of such officers, directors, and employees, we may reduce or eliminate the surrender charge. Any variation in charges under the Policy, including the surrender charge, administrative charge or mortality and expense risk charge, will reflect differences in costs or services and will not be unfairly discriminatory.

OTHER POLICY PROVISIONS

Right to Exchange

You may exchange this Policy to a flexible premium fixed benefit life insurance Policy on the life of the Insured without evidence of insurability. This exchange may be made:

- . within 24 months after the Issue Date while the Policy is in force; or
- . within 24 months of any increase in Face Amount of the Policy; or
- . within 60 days of the effective date of a material change in the investment Policy of a subaccount, or within 60 days of the notification of such change, if later. In the event of such a change, we will notify you and give you information on the options available.

When an exchange is requested, we accomplish the exchange by transferring all of the Account Value to the Guaranteed Account. There is no charge for this transfer. Once this option is exercised, the entire Account Value must remain in the Guaranteed Account for the remaining life of the new Policy. The Face Amount in effect at the time of the exchange will remain unchanged. The effective date, Issue Date and issue age of the Insured will remain unchanged. The Owner and Beneficiary are the same as were recorded immediately before the exchange.

More About Policy Charges

Purpose of our charges. The charges under the Policy are designed to cover, in total, our direct and indirect costs of selling, administering and providing benefits under the Policy. They are also designed, in total, to compensate us for the risks we assume and services that we provide under the Policy. These include:

- . mortality risks (such as the risk that Insured persons will, on average, die before we expect, thereby increasing the amount of claims we must pay);
- . sales risks (such as the risk that the number of Policies we sell and the premiums we receive net of withdrawals, are less than we expect, thereby depriving us of expected economies of scale);
- . regulatory risks (such as the risk that tax or other regulations may be changed in ways adverse to issuers of variable life insurance policies); and
- . expense risks (such as the risk that the costs of administrative services that the Policy requires us to provide will exceed what we currently project).

The current monthly insurance charge has been designed primarily to provide funds out of which we can make payments of death benefits under the Policy as the Insured person dies.

General. If the charges that we collect from the Policies exceed our total costs in connection with the Policies, we will earn a profit. Otherwise we will incur a loss. We reserve the right to increase the charges to the maximum amounts on Policies issued in the future.

Although the paragraphs above describe the primary purposes for which charges under the Policies have been designed, these purposes are subject to considerable change over the life of a Policy. We can retain or use the revenues from any charge for any purpose.

Account Value

Your Account Value. From each premium payment you make, we deduct the charges that we describe on page 38 under "Deductions from Premium." We invest the rest in one or more of the available investment options listed on page 17 of this prospectus. We call the amount that is at any time invested under your Policy (including any loan collateral we are holding for your Policy loans) your "Account Value."

Your investment options. We invest the accumulation value that you have allocated to any variable investment option in shares of a corresponding Fund. Over time, your accumulation value in any such investment option will increase or decrease in accordance with the investment experience of the Fund. Your accumulation value will also be reduced by Fund charges and certain other charges that we deduct from your Policy. We describe these charges beginning on page 38 under "Charges Under the Policy."

You can review other important information about the Mutual Funds that you can choose in the separate prospectuses for those Funds. You can request additional free copies of these prospectuses from your AI Life representative, from our Home Office or from the Administrative Center (both locations and the telephone numbers are shown under "Contact Information" on page 5 of this prospectus).

The Guaranteed Account. The Guaranteed Account is an account within the general account of the company. Our general account assets are used to support our insurance and annuity obligations other than those funded by Variable Accounts. Subject to applicable law, we have sole discretion over the investment of the assets of the general account.

We have not registered interests in the Guaranteed Account under the Securities Act of 1933 or as an investment company under the Investment Company

The staff of the SEC has not reviewed our disclosure on the Guaranteed Account. Our disclosure regarding the Guaranteed Account must comply with generally applicable provisions of the federal securities laws relating to the accuracy and completeness of statements made in a prospectus.

POLICY LAPSE AND REINSTATEMENT

Reinstatement

If the Policy has ended without value, you may reinstate Policy benefits while the Insured is alive if you:

- . Request reinstatement of Policy benefits within three years (unless otherwise specified by state law) from the end of the Grace Period;
- . Provide evidence of insurability satisfactory to us;

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- . Make a payment of an amount sufficient to cover (i) the total monthly administrative charges from the beginning of the Grace Period to the effective date of reinstatement; (ii) total monthly deductions for three months, calculated from the effective date of reinstatement; and (iii) the premium expense charge and any increase in surrender charges associated with this payment. We will determine the amount of this required payment as if no interest or investment performance were credited to or charged against your Account Value; and
- . Repay or reinstate any loan which existed on the date the Policy ended.

The effective date of the reinstatement of Policy benefits will be the next Monthly Anniversary which coincides with or next follows the date we approve your request. From the required payment we will deduct the premium expenses. The Account Value, loan and surrender charges that will apply upon reinstatement will be those that were in effect on the date the Policy lapsed.

We will start to make monthly deductions again as of the effective date of reinstatement. The monthly expense charge from the beginning of the Grace Period to the effective date of reinstatement will be deducted from the Account Value as of the effective date of reinstatement. No other charges will accrue for this period.

FEDERAL INCOME TAX CONSIDERATIONS

The following summarizes the current federal income tax law that applies to life insurance in general. This summary does not cover all situations. This summary is based upon our understanding of the current federal income tax laws and current interpretations by the Internal Revenue Service. We cannot predict whether the Code will change. The following discussion of federal income tax treatment is general in nature and is not intended as tax advice. You should consult with a competent tax adviser to determine the specific federal tax treatment of your Policy based on your individual factual situation.

Tax Status of the Policy

A Policy has certain tax advantages when it is treated as a "life insurance contract" under the Code. We believe that the Policy meets the definition of a life insurance contract under Section 7702 of the Code at issue. You bear the risk that the Policy may not meet the definition of a life insurance contract. You should consult your own tax adviser to discuss these risks.

AI Life

We are taxed as a life insurance company under the Code. For federal tax purposes, the Variable Account and its operations are considered to be part of our operations and are not taxed separately.

Diversification and Investor Control

The Code requires that we diversify the investments underlying variable insurance contracts. If the investments are not properly diversified and any remedial period has passed, Section 817(h) of the Code provides in general the contract is immediately disqualified from treatment as a life insurance contract for federal income tax purposes. Disqualification of the Policy as a life insurance contract would result in taxable income to you at the time that we allocate any earnings to your Policy. You would have taxable income even though you have not received any payments under the Policy.

Although we do not have direct control over the investments or activities of the portfolios in which the subaccount invests, we intend that each portfolio in which the subaccounts invest will be managed by its investment adviser in compliance with these diversification requirements.

A variable life insurance Policy could fail to be treated as a life insurance contract for tax purposes if the Owner of the Policy has such control over the investments underlying the Policy (e.g., by being able to transfer values among many portfolios with only limited restrictions) so as to be considered the Owner of the underlying investments. There is some uncertainty on this point because only limited guidance has been issued by the Treasury Department. If and when guidelines are issued, we may be required to impose limitations on your rights to control investment designations under the Policy. We do not know whether any such guidelines will be issued or whether any such guidelines would have retroactive effect. We, therefore, reserve the right to make changes that we deem necessary to insure that the Policy qualifies as a life insurance contract.

Tax Treatment of the Policy

Section 7702 of the Code sets forth a detailed definition of a life insurance contract for federal tax purposes. The Treasury Department has not issued final regulations so that the extent of the official guidance as to how Section 7702 is to be applied is quite limited. If a Policy were determined not to be a life insurance contract for purposes of Section 7702, that Policy would not qualify for the favorable tax treatment normally provided to a life insurance contract.

With respect to a Policy issued on the basis of a standard rate class, we believe that such a Policy should meet the Section 7702 definition of a life insurance contract.

With respect to a Policy that is issued on a substandard basis (i.e., a premium class involving higher than standard mortality risk), there is less certainty, in particular as to how the mortality and other expense requirements of Section 7702 are to be applied in determining whether such a Policy meets the definition of a life insurance contract set forth in Section 7702. Thus, it is not clear that such a Policy would satisfy Section 7702, particularly if you pay the full amount of premiums permitted under the Policy.

If subsequent guidance issued under Section 7702 leads us to conclude that a Policy does not (or may not) satisfy Section 7702, we will take appropriate and necessary steps for the purpose of bringing the Policy into compliance, but we can give no assurance that it will be possible to achieve that result. We expressly reserve the right to restrict Policy transactions if we determine such action to be necessary to qualify the Policy as a life insurance contract under Section 7702.

Tax Treatment of Policy Benefits In General

This discussion assumes that each Policy will qualify as a life insurance contract for federal income tax purposes under Section 7702. The Life Insurance Proceeds under the Policy should generally be excluded from the taxable gross income of the Beneficiary. In addition, the increases in a Policy's Account Value should not be taxed until there has been a distribution from the Policy such as a surrender, partial surrender or lapse with loan.

Pre-Death Distribution

The tax treatment of any distribution you receive before the Insured's death depends on whether the Policy is classified as a modified endowment contract.

Policies Not Classified as Modified Endowment Contracts

- . If you surrender the Policy or allow it to lapse, you will not be taxed except to the extent the amount you receive is in excess of the premiums you paid less the untaxed portion of any prior withdrawals. For this purpose, you will be treated as receiving any portion of the Net Cash Surrender Value used to repay Policy debt. The tax consequences of a surrender may differ if you take the proceeds under an income payment settlement option.

- . Generally, you will be taxed on a withdrawal to the extent the amount you receive exceeds the premiums you paid for the Policy less the untaxed portion of any prior withdrawals. However, under some limited circumstances, in the first 15 Policy years, all or a portion of a withdrawal may be taxed if the cash value exceeds the total premiums paid less the untaxed portions of any prior withdrawals, even if total withdrawals do not exceed total premiums paid.
- . Loans you take against the Policy are ordinarily treated as debt and are not considered distributions subject to tax.

Modified Endowment Contracts

- . The rules change if the Policy is classified as a modified endowment contract ("MEC"). The Policy could be classified as a MEC if premiums substantially in excess of scheduled premiums are paid or a decrease in the Face Amount of insurance is made. An increase in the Face Amount of insurance may also cause the Policy to be classified as a MEC. The rules on whether a Policy will be treated as a MEC are very complex and cannot be fully described in this summary. You should consult a qualified tax adviser to determine whether a Policy transaction will cause the Policy to be classified as a MEC. We will monitor your Policy and will attempt to notify you on a timely basis if your Policy is in jeopardy of becoming a MEC.
- . If the Policy is classified as a MEC, then amounts you receive under the Policy before the Insured's death, including loans and withdrawals, are included in income to the extent that the cash value before surrender charges exceeds the premiums paid for the Policy, increased by the amount of any loans previously included in income, and reduced by any untaxed amounts previously received other than the amount of any loans excludable from income. An assignment of a MEC is taxable in the same way. These rules also apply to pre-death distributions, including loans, made during the two-year period before the time that the Policy became a MEC.
- . Any taxable income on pre-death distributions (including full surrenders) is subject to a penalty of 10% unless the amount is received on or after age 59 1/2, on account of your becoming disabled or as a life annuity. It is presently unclear how the penalty tax provisions apply to the Policies owned by businesses.

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- . All MECs issued by us to you during the same calendar year are treated as a single Policy for purposes of applying these rules.

Interest on Loans

Except in special circumstances, interest paid on a loan under a Policy which is owned by an individual is treated as personal interest under the Code and thus will not be tax deductible. In addition, the deduction of interest that is incurred on any loan under a Policy owned by a taxpayer and covering the life of any individual who is an officer or employee of or who is financially interested in the business carried on by that taxpayer may also be subject to certain restrictions set forth in Section 264 of the Code. Before taking a loan, you should consult a tax adviser as to the tax consequences of such a loan. (Also Section 264 of the Code may preclude business owners from deducting premium payments.)

Policy Exchanges and Modifications

Depending on the circumstances, the exchange of a Policy, a change in the Death Benefit Option, a loan, a partial surrender, a surrender, a change in ownership, or an assignment of the Policy may have adverse federal income tax consequences. In addition, the federal, state and local transfer, and other tax consequences of ownership or receipt of Policy proceeds will depend on the circumstances of each Owner or Beneficiary.

Withholding

We are required to withhold federal income taxes on the taxable portion of any amounts received under the Policy unless you elect to not have any withholding or in certain other circumstances. You are not permitted to elect out of withholding if you do not provide a social security number or other taxpayer identification number. Special withholding rules apply to payments made to non-resident aliens.

You are liable for payment of federal income taxes on the taxable portion of any amounts received under the Policy. You may be subject to penalties under the estimated tax rules if your withholding and estimated tax payments are not

sufficient.

Contracts Issued in Connection With Tax Qualified Pension Plans

Prior to purchase of a Policy in connection with a qualified plan, you should examine the applicable tax rules relating to such plans and life insurance thereunder in consultation with a qualified tax adviser.

Possible Charge for AI Life's Taxes

At the present time, we do not deduct any charges for any federal, state, or local income taxes. However, we do currently deduct charges for state and federal premium based taxes and the federal DAC tax. We reserve the right in the future to deduct a charge for any such tax or other economic burden resulting from the application of the tax laws that we determine to be properly attributable to the Variable Account or to the Policy.

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LEGAL PROCEEDINGS

AI Life is a party to various lawsuits and proceedings arising in the ordinary course of business. Many of these lawsuits and proceedings arise in jurisdictions that permit damage awards disproportionate to the actual damages incurred. Based upon information presently available, AI Life believes that the total amounts that will ultimately be paid, if any, arising from these lawsuits and proceedings will not have a material adverse effect on AI Life's results of operations and financial position.

The principal underwriter and distributor of the Policies, American General Equity Services Corporation ("AGESC"), offers general securities. As a consequence, AGESC is engaged in certain legal matters related to its previous line of business. AGESC believes that none of these legal matters are of any materiality. More information about AGESC can be found in the SAI.

FINANCIAL STATEMENTS

The Financial Statements of AI Life and the Variable Account can be found in the SAI. Please see the back cover of this prospectus for information on how to obtain a copy of the SAI.

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INDEX OF SPECIAL WORDS AND PHRASES

We have capitalized some special terms we use in this document. We have defined these terms here.

Account Value. The total amount in the Variable Account and Guaranteed Account attributable to your Policy.

Administrative Center. One ALICO Plaza, 600 King Street, CLMK, Wilmington, Delaware 19801.

Attained Age. The Insured's age as of the Policy Date plus the number of completed Policy years since the Policy Date.

Beneficiary. The person(s) who is entitled to the Life Insurance Proceeds under the Policy.

Cash Surrender Value. Account Value less any applicable surrender charge that would be deducted upon surrender.

Code. The Internal Revenue Code of 1986, as amended.

Face Amount. The amount of insurance specified by the Owner and the base for calculating the death benefit.

Grace Period. The period of time beginning on a Monthly Anniversary during which the Policy will continue in force even though your Net Cash Surrender Value is less than the total monthly deduction then due.

Guaranteed Account. An account within the general account which consists of all of our assets other than the assets of the Variable Account and any of our other separate investment accounts.

Insured. A person whose life is covered under the Policy. At the time of

application, the Insured must be 70 years of age or younger, unless we agree otherwise.

Issue Date. The date the Policy is actually issued. It may be later than the Policy Date.

Life Insurance Proceeds. The amount payable to a Beneficiary if the Insured dies while coverage under the Policy is in force.

Loan Account. The portion of the Account Value held in the Guaranteed Account as collateral for loans.

Monthly Anniversary. The same day as the Policy Date for each succeeding month. If the day of the Monthly Anniversary is the 29th, 30th, or 31st and a month has no such day, the Monthly Anniversary is deemed to be the last day of that month.

Net Cash Surrender Value. The Cash Surrender Value less any Outstanding Loan.

Net Premium. Any premium paid less any expense charges deducted from the premium payment.

Outstanding Loan. The total amount of Policy loans, including both principal and accrued interest.

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Owner. The person who purchased the Policy as shown in the application, unless later changed.

Policy Date. The date as of which we have received the initial premium and an application in good order. If a Policy is issued, life insurance coverage is effective as of the Policy Date.

Valuation Date. Each day the New York Stock Exchange is open for trading.

Valuation Period. A period commencing with the close of trading on the New York Stock Exchange (generally 4 p.m., Eastern Time) on any Valuation Date and ending as of the close of the New York Stock Exchange on the next succeeding Valuation Date.

Variable Account. Variable Account B, a separate investment account of ours.

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APPENDIX A

Maximum Initial Surrender Charge Per \$1,000 of Initial Specified Face Amount

Issue Age	Sex	Smoker Status	Surrender Charge
25	Male	Nonsmoker	\$14.00
35	Male	Nonsmoker	17.00
45	Male	Nonsmoker	24.00
55	Male	Nonsmoker	35.00
65	Male	Nonsmoker	36.00
75	Male	Nonsmoker	37.00
25	Male	Smoker	16.00
35	Male	Smoker	21.00
45	Male	Smoker	29.00
55	Male	Smoker	37.00
65	Male	Smoker	37.00
75	Male	Smoker	38.00
25	Female	Nonsmoker	13.00
35	Female	Nonsmoker	16.00
45	Female	Nonsmoker	21.00
55	Female	Nonsmoker	30.00
65	Female	Nonsmoker	36.00
75	Female	Nonsmoker	36.00
25	Female	Smoker	14.00
35	Female	Smoker	18.00
45	Female	Smoker	24.00
55	Female	Smoker	33.00
65	Female	Smoker	36.00
75	Female	Smoker	37.00
25	Unisex	Unismoke	14.00
35	Unisex	Unismoke	18.00

45	Unisex	Unismoke	25.00
55	Unisex	Unismoke	36.00
65	Unisex	Unismoke	37.00
75	Unisex	Unismoke	37.00

THIS DOCUMENT IS NOT PART OF ANY PROSPECTUS.

[LOGO] AIG AMERICAN GENERAL

Privacy Notice

AIG American General knows that your privacy is important. You have received this notice as required by law and because you are now or may be a customer of one of our companies. This notice will advise you of the types of Nonpublic Personal Information we collect, how we use it, and what we do to protect your privacy.

"Nonpublic Personal Information" refers to personally identifiable information that is not available to the public.

"Employees, Representatives, Agents, and Selected Third Parties" refers to individuals or entities who act on our behalf.

- . Our Employees, Representatives, Agents, and Selected Third Parties may collect Nonpublic Personal Information about you, including information:
 - . Given to us on applications or other forms;
 - . About transactions with us, our affiliates, or third parties;
 - . From others, such as credit reporting agencies, employers, and federal and state agencies.
- . The types of Nonpublic Personal Information we collect depends on the products we offer to you and may include your: name; address; Social Security Number; account balances; income; assets; insurance premiums; coverage and beneficiaries; credit reports; marital status; and payment history. We may also collect Nonpublic Personal Health Information, such as medical reports, to underwrite insurance policies, process claims, or for other related functions.
- . We restrict access to Nonpublic Personal Information to those Employees, Representatives, Agents, or Selected Third Parties who provide products or services to you and who have been trained to handle Nonpublic Personal Information as described in this Notice.
- . We have policies and procedures that direct our Employees, Representatives, Agents and Selected Third Parties acting for us, on how to protect and use Nonpublic Personal Information.
- . We have physical, electronic, and procedural safeguards in place that were designed to protect Nonpublic Personal Information.
- . We do not share Nonpublic Personal Information about you except as allowed by law.
- . We may disclose all types of Nonpublic Personal Information that we collect, including information regarding your transactions or experiences with us, when needed, to:
 - (i) Affiliated AIG American General companies, including the American International Group Inc. family of companies, and Employees, Representatives, Agents, and Selected Third Parties as permitted by law; or
 - (ii) other organizations with which we have joint marketing agreements as permitted by law.
- . The types of companies and persons to whom we may disclose Nonpublic Personal Information as permitted by law include: banks; attorneys; trustees; third-party administrators; insurance agents; insurance companies; insurance support organizations; credit reporting agencies; registered broker-dealers; auditors; regulators; and reinsurers.
- . We do not share your Nonpublic Personal Health Information unless authorized by you or allowed by law.
- . Our privacy policy applies, to the extent required by law, to our agents and representatives when they are acting on behalf of AIG American General.

- . You will be notified if our privacy policy changes.
- . Our privacy policy applies to current and former customers.

This Privacy Notice is given to you for your information only. You do not need to call or take any action.

This Privacy Notice is provided on behalf of the following companies:

AGC Life Insurance Company, AIG Life Insurance Company of Puerto Rico, AIG Life Insurance Company, AIG Life of Bermuda, Ltd., AIG Premier Insurance Company, American General Assurance Company, American General Equity Services Corporation, American General Indemnity Company, American General Life and Accident Insurance Company, American General Life Insurance Company, American General Property Insurance Company of Florida, American General Property Insurance Company, American General Securities Incorporated, American International Life Assurance Company of New York, Delaware American Life Insurance Company, Pacific Union Assurance Company, The United States Life Insurance Company in the City of New York, USLIFE Credit Life Insurance Company of Arizona

California, New Mexico and Vermont Residents Only:

Following the law of your state, we will not disclose nonpublic personal financial information about you to nonaffiliated third parties (other than as permitted by law) unless you authorize us to make that disclosure. Your authorization must be in writing. If you wish to authorize us to disclose your nonpublic personal financial information to nonaffiliated third parties, you may write to us at: American General Service Center, P.O. Box 4373, Houston, Texas 77210-4373.

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LOGO [AIG AMERICAN GENERAL]

HEADING [American International Life Assurance Company of New York]

For additional information about the Executive Advantage Policies and the Variable Account, you may request a copy of the Statement of Additional Information (the "SAI"), dated May 2, 2005. We have filed the SAI with the SEC and have incorporated it by reference into this prospectus. You may obtain a free copy of the SAI and the Policy or Fund prospectuses if you write us at our Administrative Center, which is located at 600 King Street, CLMK, Wilmington, Delaware 19801 or call us at 1-212-770-2656. You may also obtain the SAI from an insurance representative through which the Policies may be purchased. Additional information about the Executive Advantage Policies, including personalized illustrations of death benefits, cash surrender values, and account values is available without charge to individuals considering purchasing a Policy, upon request to the same address or phone number printed above. We may charge current Policy owners \$25 per illustration if they request more than one personalized illustration in a Policy year.

Information about the Variable Account, including the SAI, can also be reviewed and copied at the SEC's Public Reference Room in Washington, D.C. Inquiries on the operations of the Public Reference Room may be made by calling the SEC at 1-202-942-8090. Reports and other information about the Variable Account are available on the SEC's Internet site at <http://www.sec.gov> and copies of this information may be obtained, upon payment of a duplicating fee, by writing the Public Reference Section of the SEC, 450 Fifth Street, N.W., Washington, D.C. 20549-0102.

Policies issued by:

American International Life Assurance Company of New York
A member company of American International Group, Inc.
80 Pine Street, New York, New York 10005

Executive Advantage Group Flexible Premium Variable Life Insurance
Policy Form Number 21GVULU997NY (unisex)
21GVULD997NY (sex distinct)

Available only in the state of New York

Distributed by American General Equity Services Corporation
Member NASD
A member company of American International Group, Inc.

The underwriting risks, financial obligations and support functions associated with the products issued by American International Life Assurance Company of New York are solely its responsibility. American International Life Assurance Company of New York is responsible for its own financial condition and contractual obligations.

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Membership in IMSA applies only to American International Life Assurance
Company of New York and not to its products. ICA File No. 811-4865-01]

AMERICAN INTERNATIONAL LIFE ASSURANCE COMPANY OF NEW YORK
VARIABLE ACCOUNT B

EXECUTIVE ADVANTAGE (SM)

GROUP FLEXIBLE PREMIUM VARIABLE LIFE INSURANCE POLICIES

ISSUED BY

AMERICAN INTERNATIONAL LIFE ASSURANCE COMPANY OF NEW YORK

AFFLUENT AND CORPORATE MARKETS GROUP

ONE ALICO PLAZA, 600 KING STREET, CLMK, WILMINGTON, DELAWARE 19801

TELEPHONE: 1-302-594-2352

STATEMENT OF ADDITIONAL INFORMATION

DATED MAY 2, 2005

This Statement of Additional Information ("SAI") is not a prospectus. It should be read in conjunction with the prospectus for American International Life Assurance Company of New York Variable Account B (the "Separate Account" or "Variable Account B") dated May 2, 2005, describing the Executive Advantage group flexible premium variable life insurance policies (the "Policy" or "Policies"). The Policy prospectus sets forth information that a prospective investor should know before investing. For a copy of the Policy prospectus, and any prospectus supplements, contact American International Life Assurance Company of New York ("AI Life") at the address or telephone number given above. Terms used in this SAI have the same meanings as are defined in the Policy prospectus.

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GENERAL INFORMATION

AI Life

We are American International Life Assurance Company of New York ("AI Life"). AI Life is a stock life insurance company initially organized under the laws of New York. We were incorporated in 1962. AI Life is an indirect, wholly-owned subsidiary of American International Group, Inc. ("AIG"). AIG, a Delaware corporation, is a holding company which through its subsidiaries is primarily engaged in a broad range of insurance and insurance-related activities and financial services in the United States and abroad. AIG American General is a marketing name of AI Life and its affiliates. The commitments under the Policies are AI Life's, and AIG has no legal obligation to back those commitments.

AI Life is a member of the Insurance Marketplace Standards Association ("IMSA"). IMSA is a voluntary membership organization created by the life insurance industry to promote ethical market conduct for life insurance and annuity products. AI Life's membership in IMSA applies only to AI Life and not its products.

Variable Account B

We hold the Fund shares in which any of your accumulation value is invested in Variable Account B. Variable Account B is registered as a unit investment trust with the Securities and Exchange Commission ("SEC") under the Investment Company Act of 1940. We created the Separate Account on June 5, 1986.

For record keeping and financial reporting purposes, Variable Account B is divided into 79 separate "divisions," 45 of which are available under the Policies offered by the Policy prospectus as variable "investment options." Eight of these 45 divisions and the remaining 34 divisions are offered under other AI Life policies. We hold the Fund shares in which we invest your accumulation value for an investment option in the division that corresponds to that investment option.

The assets in Variable Account B are our property. The assets in the Separate Account may not be used to pay any liabilities of AI Life other than those arising from the Policies. AI Life is obligated to pay all amounts under the Policies due the Policy owners. We act as custodian for the Separate Account's assets.

SERVICES

AI Life and AIG are parties to a service and expense agreement. Under the service and expense agreement, AIG provides services to AI Life and certain other life insurance companies under the AIG holding company system at cost. Those services include data processing systems, customer services, product development, actuarial, internal auditing, accounting and legal services. During 2004, 2003 and 2002, AI Life paid AIG for these services \$1,334,552, \$2,715,940 and \$3,557,044, respectively.

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In 2003, American General Life Companies, LLC ("AGLC") started paying for almost all of AI Life's expenses and allocating these charges back to AI Life. Previously, most of these expenses, such as payroll expenses, were paid by AI Life directly. AI Life, AGLC and AIG are parties to a services agreement. AI Life and AGLC are both wholly-owned subsidiaries of AIG and therefore affiliates of one another. AGLC is a Delaware limited liability company established on August 30, 2002. Prior to that date, AGLC was a Delaware business trust. Its address is 2727-A Allen Parkway, Houston, Texas 77019-2191. Under the services agreement, AGLC provides shared services to AI Life and certain other life insurance companies under the AIG holding company system at cost. Those services include data processing systems, customer services, product development, actuarial, internal auditing, accounting and legal services. During 2004 and 2003, AI Life paid AGLC \$12,339,355 and \$8,300,434 for these services respectively.

We have not designed the Policies for professional market timing organizations or other entities or individuals using programmed and frequent transfers involving large amounts. We currently have no contractual agreements or any other formal or informal arrangements with any entity or individual permitting such transfers and receive no compensation for any such contract or arrangement.

DISTRIBUTION OF THE POLICIES

American General Equity Services Corporation ("AGESC"), #1 Franklin Square, Springfield, Illinois 62713, a Delaware corporation and an affiliate of AI Life, is the principal underwriter and distributor of the Policies for the Separate Account under a Distribution Agreement between AGESC and AI Life. AGESC also acts as principal underwriter for AI Life's other separate accounts and for the separate accounts of certain AI Life affiliates. AGESC is a registered broker-dealer under the Securities Exchange Act of 1934, as amended and a member of the National Association of Securities Dealers, Inc. ("NASD"). AGESC, as the

principal underwriter and distributor, is not paid any fees on the Policies.

The Policies are offered on a continuous basis.

We and AGESC have sales agreements with various broker-dealers and banks under which the Policies will be sold by registered representatives of the broker-dealers or employees of the banks. These registered representatives and employees are also required to be authorized under applicable state regulations as life insurance agents to sell variable life insurance. The broker-dealers are ordinarily required to be registered with the SEC and must be members of the NASD.

Commissions may be paid based on premiums paid for Policies sold. Other expense reimbursements, allowances, and overrides may also be paid. Registered representatives who meet certain productivity and profitability standards may be eligible for additional compensation. Additional payments may be made for administrative or other services not directly related to the sale of the Policies.

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We pay compensation directly to broker-dealers and banks for promotion and sales of the Policies. The compensation may vary with the sales agreement, but is generally not expected to exceed:

- . 24% of premiums paid in the first Policy year up to the Target Premium and 4% of premiums in excess of the Target Premium;
- . 11% of premiums paid in Policy years 2 through 4 up to the Target Premium and 4% of premiums in excess of the Target Premium;
- . 4% of premiums paid in Policy years 5 through 7 up to the Target Premium and 4% of premiums in excess of the Target Premium;
- . 3% of premiums paid in Policy years 8 through 15 up to the Target Premium and 2% of premiums in excess of the Target Premium;
- . 2% of premiums paid beginning in the 16th Policy year up to the Target Premium and 2% of premiums paid beginning in the 16th Policy year in excess of the Target Premium;
- . Trail commission of 0.20% annual in Policy years 8 through 15, of each Policy's accumulation value (reduced by any outstanding loans); and
- . Trail commission of 0.10% annual beginning in the 16th Policy year, of each Policy's accumulation value (reduced by any outstanding loans).

Target Premium is the maximum amount of premium to which the first year commission rate applies.

PERFORMANCE INFORMATION

From time to time, we may quote performance information for the divisions of the Separate Account in advertisements, sales literature, or reports to owners or prospective investors.

We may quote performance information in any manner permitted under applicable law. We may, for example, present such information as a change in a hypothetical owner's cash value or death benefit. We also may present the yield or total return of the division based on a hypothetical investment in a Policy. The performance information shown may cover various periods of time, including periods beginning with the commencement of the operations of the division or the Fund in which it invests. The performance information shown may reflect the deduction of one or more charges, such as the premium charge, and we generally expect to exclude costs of insurance charges because of the individual nature of these charges. We also may present the yield or total return of the investment option in which a division invests.

We may compare a division's performance to that of other variable life separate accounts or investment products, as well as to generally accepted indices or analyses, such as those

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provided by research firms and rating services. In addition, we may use performance ratings that may be reported periodically in financial publications, such as Money Magazine, Forbes, Business Week, Fortune, Financial Planning and

The Wall Street Journal. We also may advertise ratings of AI Life's financial strength or claims-paying ability as determined by firms that analyze and rate insurance companies and by nationally recognized statistical rating organizations.

ADDITIONAL INFORMATION ABOUT THE POLICIES

Gender neutral policies. Congress and the legislatures of various states have from time to time considered legislation that would require insurance rates to be the same for males and females of the same age, premium class and tobacco user status. In addition, employers and employee organizations should consider, in consultation with counsel, the impact of Title VII of the Civil Rights Act of 1964 on the purchase of life insurance policies in connection with an employment-related insurance or benefit plan. In a 1983 decision, the United States Supreme Court held that, under Title VII, optional annuity benefits under a deferred compensation plan could not vary on the basis of gender. In general, we do not offer the Policies for sale in situations which, under current law, require gender-neutral premiums or benefits.

Cost of insurance rates. Because of specified amount increases, different cost of insurance rates may apply to different increments of specified amount under your Policy. If so, we attribute your accumulation value proportionately to each increment of specified amount to compute our net amount at risk.

Certain arrangements. Most of the advisers or administrators of the Funds make certain payments to us, on a quarterly basis, for certain administrative, Policy, and policy owner support expenses. These amounts will be reasonable for the services performed and are not designed to result in a profit. These amounts will not be paid by the Funds or Policy owners.

Guaranteed Investment Option

Under the Policy, you may currently allocate your Account Value to the Guaranteed Account. In addition, if you request a loan, we will allocate part of your Account Value to the Loan Account which is part of the Guaranteed Account.

We may treat each allocation and transfer separately for purposes of crediting interest and making deductions from the Guaranteed Account.

All of your Account Value held in the Guaranteed Account will earn interest at a rate we determine in our sole discretion. This rate will never be less than 4% per year compounded annually. The Loan Account portion of your Account Value may earn a different interest rate than the remaining portion of your Account Value in the Guaranteed Account.

We will deduct any transfers, partial surrenders or any policy expenses from the Guaranteed Account and your variable investment options on a pro rata basis, unless you provide other directions. No portion of the Loan Account may be used for this purpose.

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If we must pay any part of the proceeds for a loan, partial surrender or full surrender from the Guaranteed Account, we may defer the payment for up to six months from the date we receive the written request. If we defer payment from the Guaranteed Account for 30 days or more, we will pay interest on the amount we deferred at a rate of 4% per year, compounded annually, until we make payment.

Adjustments to Death Benefit

Suicide. If the insured person commits suicide during the first two Policy years, we will limit the proceeds payable to the total of all premiums that have been paid to the time of death minus any outstanding Policy loans (plus credit for any unearned interest) and any partial surrenders.

A new two-year period begins if you increase the specified amount. You can increase the specified amount only if the insured person is living at the time of the increase. In this case, if the insured person commits suicide during the first two years following the increase, we will refund the monthly insurance deductions attributable to the increase. The death benefit will then be based on the specified amount in effect before the increase.

Wrong age or gender. If the age or gender of the insured person was misstated on your application for a Policy (or for any increase in benefits), we will adjust any death benefit to be what the monthly insurance charge deducted for the current month would have purchased based on the correct information.

Death during grace period. We will deduct from the insurance proceeds any monthly charges that remain unpaid because the insured person died during a grace period.

Actuarial matters have been examined by A. Hasan Qureshi who is an actuary of AI Life. His opinion on actuarial matters is filed as an exhibit to the registration statement we have filed with the SEC in connection with the Policies.

MATERIAL CONFLICTS

We are required to track events to identify any material conflicts from using investment portfolios for both variable life and variable annuity separate accounts. The boards of the Funds, AI Life, and other insurance companies participating in the Funds have this same duty. There may be a material conflict if:

- . state insurance law or federal income tax law changes;
- . investment management of an investment portfolio changes; or

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- . voting instructions given by owners of variable life insurance Policies and variable annuity contracts differ.

The investment portfolios may sell shares to certain qualified pension and retirement plans qualifying under Code Section 401. These include cash or deferred arrangements under Code Section 401(k). Therefore, there is a possibility that a material conflict may arise between the interests of owners in general, or certain classes of owners, and these retirement plans or participants in these retirement plans.

If there is a material conflict, we have the duty to determine appropriate action, including removing the portfolios involved from our variable investment options. We may take other action to protect Policy owners. This could mean delays or interruptions of the variable operations.

When state insurance regulatory authorities require us, we may ignore instructions relating to changes in an investment portfolio's adviser or its investment policies. If we do ignore voting instructions, we give you a summary of our actions in the next semi-annual report to owners.

Under the Investment Company Act of 1940, we must get your approval for certain actions involving our Separate Account. In this case, you have one vote for every \$100 of value you have in the variable investment options. We cast votes credited to amounts in the variable investment options not credited to Policies in the same proportion as votes cast by owners.

FINANCIAL STATEMENTS

PricewaterhouseCoopers LLP ("PWC"), located at 1201 Louisiana Street, Suite 2900, Houston, Texas 77002, is the independent registered public accounting firm for AI Life. AIG uses PWC as its corporate-wide auditing firm.

Separate Account Financial Statements

The statement of net assets as of December 31, 2004 and the related statement of operations for the year then ended and statements of changes in net assets for the two years ended December 31, 2004 of the Separate Account, appearing herein, have been audited by PWC, independent registered public accounting firm, on the authority of such firm as experts in accounting and auditing, as set forth in their report appearing elsewhere herein.

AI Life Financial Statements

The balance sheets of AI Life at December 31, 2004 and 2003 (restated) and the related statements of income, shareholder's equity, cash flows and comprehensive income for the three years ended December 31, 2004, appearing herein, have been audited by PWC, independent registered public accounting firm, on the authority of such firm as experts in accounting and auditing, as set forth in their report appearing elsewhere herein.

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Index to Financial Statements

You should consider the financial statements of AI Life that we include in this SAI primarily as bearing on the ability of AI Life to meet its obligations under the Policies.

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[LOGO] AIG AMERICAN GENERAL

Variable Account B
Variable Universal Life Insurance

2004
Annual Report

December 31, 2004

American International Life Assurance Company of New York
A member company of American International Group, Inc.

[LETTERHEAD] PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Suite 2900
1201 Louisiana
Houston, TX 77002-5678
Telephone (713) 356-4000

Report of Independent Registered Public Accounting Firm

To the Board of Directors of American International Life Assurance Company of New York and Policy Owners of American Life Assurance Company of New York
Variable Account B

In our opinion, the accompanying statement of net assets, including the schedule of investments, and the related statements of operations and of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of each of the Sub-accounts listed in Note A of American International Life Assurance Company of New York Variable Account B (the "Separate Account") at December 31, 2004, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended and the financial highlights for each of the four years in the period then ended, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as "financial statements") are the responsibility of the Separate Account's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities at December 31, 2004 by correspondence with the investment companies, provide a reasonable basis for our opinion.

As discussed in Note H to the financial statements, the Separate Account has restated net investment income (loss) and capital gain distributions from mutual funds for certain Sub-accounts for the year ended December 31, 2003, and the

related investment income ratio for the years ended December 31, 2003, 2002 and 2001.

PRICEWATERHOUSECOOPERS LLP

April 29, 2005

VA B-1

AMERICAN INTERNATIONAL LIFE ASSURANCE COMPANY OF NEW YORK
VARIABLE ACCOUNT B

STATEMENT OF NET ASSETS
December 31, 2004

<TABLE>
<CAPTION>

Sub-accounts	Investment securities - at fair value	Due from (to) American International Life Assurance Company of New York	Net Assets
<S>	<C>	<C>	<C>
AIM V.I. Capital Appreciation Fund - Series I	\$ 108,625	\$ --	\$ 108,625
AIM V.I. International Growth Fund - Series I	105,078	5	105,083
AllianceBernstein Global Bond Portfolio - Class A	15,013	--	15,013
AllianceBernstein Growth and Income Portfolio - Class A	916,250	--	916,250
AllianceBernstein Growth Portfolio - Class A	891,073	--	891,073
AllianceBernstein Premier Growth Portfolio - Class A	250,462	--	250,462
AllianceBernstein Real Estate Investment Portfolio - Class A	2,710	(8)	2,702
AllianceBernstein Small Cap Growth Portfolio - Class A	169,302	--	169,302
AllianceBernstein Technology Portfolio - Class A	263,419	(1)	263,418
AllianceBernstein Total Return Portfolio - Class A	62,097	1	62,098
AllianceBernstein Utility Income Portfolio - Class A	238	(2)	236
American Century VP Capital Appreciation Fund - Class I	2,530	--	2,530
American Century VP Income & Growth Fund - Class I	20,013	--	20,013
Anchor Series Trust Capital Appreciation Portfolio - Class 1	4,196	(1)	4,195
Anchor Series Trust Growth Portfolio - Class 1	2,490	--	2,490
Anchor Series Trust Natural Resources Portfolio - Class 1	1,926	(4)	1,922
Dreyfus Stock Index Fund, Inc. - Initial shares	1,278,719	--	1,278,719
Dreyfus VIF Small Company Stock Portfolio - Initial shares	86,908	2	86,910
Fidelity VIP Asset Manager Portfolio - Initial Class	470,746	7	470,753
Fidelity VIP Balanced Portfolio - Initial Class	--	--	--
Fidelity VIP Contrafund Portfolio - Initial Class	2,443,810	4	2,443,814
Fidelity VIP Growth Portfolio - Initial Class	1,331,177	(2)	1,331,175
Fidelity VIP High Income Portfolio - Initial Class	210,028	--	210,028
Fidelity VIP Investment Grade Bond Portfolio - Initial Class	108,577	1	108,578
Fidelity VIP Money Market Portfolio - Initial Class	238,017	(1)	238,016
Fidelity VIP Overseas Portfolio - Initial Class	141,487	9	141,496
Franklin Templeton - Templeton Foreign Securities Fund - Class 2	1,368,073	(2)	1,368,071
Franklin Templeton - Templeton Global Asset Allocation Fund - Class 1	5,428	--	5,428
JPMorgan Bond Portfolio	591	6	597
JPMorgan Mid Cap Value Portfolio	1,093,710	--	1,093,710
JPMorgan U.S. Large Cap Core Equity Portfolio	821	4	825
Merrill Lynch Value Opportunities V.I. Fund - Class I	536,650	(1)	536,649
Neuberger Berman AMT Limited Maturity Bond Portfolio - Class I	4,402	--	4,402
Neuberger Berman AMT Partners Portfolio - Class I	604	2	606
Oppenheimer Global Securities Fund/VA - Non-Service Shares	46,827	(3)	46,824
Oppenheimer Main Street Fund/VA - Non-Service Shares	29,871	--	29,871
PIMCO VIT High Yield Portfolio - Administrative Class	238,028	(8)	238,020
PIMCO VIT Long-Term U.S. Government Portfolio - Administrative Class	839,889	(2)	839,887
SunAmerica - Aggressive Growth Portfolio - Class 1	624	(2)	622
SunAmerica - SunAmerica Balanced Portfolio - Class 1	4,778	--	4,778
SunAmerica Alliance Growth Portfolio	13,485	2	13,487
SunAmerica Global Bond Portfolio	1,999	(6)	1,993
SunAmerica Growth-Income Portfolio	28,327	--	28,327
SunAmerica MFS Mid-Cap Growth Portfolio	6,745	(1)	6,744
UIF Money Market Portfolio - Class I	263,138	191	263,329
Van Eck Worldwide Emerging Markets Fund	67,399	1	67,400
Van Eck Worldwide Hard Assets Fund	59,765	--	59,765

</TABLE>

See accompanying notes.

VA B-2

AMERICAN INTERNATIONAL LIFE ASSURANCE COMPANY OF NEW YORK
VARIABLE ACCOUNT B

STATEMENT OF OPERATIONS
For the Year Ended December 31, 2004

<TABLE> <CAPTION>	A	B	A+B=C	D	E	F	C+D+E+F
Sub-accounts	Dividends from mutual funds	Mortality and expense risk and administrative charges	Net investment income (loss)	Net realized gain (loss) on investments	Capital gain distributions from mutual funds	Net change in unrealized appreciation (depreciation) of investments	Increase (decrease) in net assets resulting from operations
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
AIM V.I. Capital Appreciation Fund - Series I	\$ --	\$ (861)	\$ (861)	\$ (3,575)	\$ --	\$ 10,341	\$ 5,905
AIM V.I. International Growth Fund - Series I	616	(891)	(275)	(5,034)	--	25,172	19,863
AllianceBernstein Global Bond Portfolio - Class A	794	(125)	669	25	278	225	1,197
AllianceBernstein Growth and Income Portfolio - Class A	7,477	(7,547)	(70)	555	--	85,173	85,658
AllianceBernstein Growth Portfolio - Class A	--	(7,190)	(7,190)	(35,741)	--	146,998	104,067
AllianceBernstein Premier Growth Portfolio - Class A	--	(2,167)	(2,167)	(21,606)	--	39,974	16,201
AllianceBernstein Real Estate Investment Portfolio - Class A	56	(18)	38	95	--	596	729
AllianceBernstein Small Cap Growth Portfolio - Class A	--	(1,347)	(1,347)	(632)	--	21,589	19,610
AllianceBernstein Technology Portfolio - Class A	--	(2,288)	(2,288)	(38,108)	--	49,351	8,955
AllianceBernstein Total Return Portfolio - Class A	1,477	(562)	915	(283)	--	4,137	4,769
AllianceBernstein Utility Income Portfolio - Class A	1	--	1	1	--	15	17
American Century VP Capital Appreciation Fund - Class I	--	(17)	(17)	(2)	--	204	185
American Century VP Income & Growth Fund - Class I	267	(141)	126	114	--	1,954	2,194
Anchor Series Trust Capital Appreciation Portfolio - Class 1	--	(32)	(32)	1,317	--	(920)	365
Anchor Series Trust Growth Portfolio - Class 1	13	(19)	(6)	1,150	--	(909)	235
Anchor Series Trust Natural Resources Portfolio - Class 1	11	(13)	(2)	628	48	(350)	324
Dreyfus Stock Index Fund, Inc. - Initial shares	21,645	(10,436)	11,209	(13,840)	--	114,140	111,509
Dreyfus VIF Small Company Stock Portfolio - Initial shares	--	(766)	(766)	4,027	5,170	3,378	11,809
Fidelity VIP Asset Manager Portfolio - Initial Class	12,483	(4,158)	8,325	(11,764)	--	23,798	20,359
Fidelity VIP Contrafund Portfolio - Initial Class	7,218	(16,592)	(9,374)	20,931	--	296,224	307,781
Fidelity VIP Growth Portfolio - Initial Class	3,519	(12,121)	(8,602)	(65,599)	--	102,122	27,921
Fidelity VIP High Income Portfolio - Initial Class	16,160	(1,772)	14,388	(5,746)	--	8,053	16,695
Fidelity VIP Investment Grade Bond Portfolio - Initial Class	4,172	(933)	3,239	549	3,001	(3,168)	3,621
Fidelity VIP Money Market Portfolio - Initial Class	2,896	(2,168)	728	--	--	--	728
Fidelity VIP Overseas Portfolio - Initial Class	1,412	(1,152)	260	(2,356)	--	18,528	16,432
Franklin Templeton - Templeton Foreign Securities Fund - Class 2	12,084	(8,760)	3,324	15,156	--	188,511	206,991
Franklin Templeton - Templeton Global Asset Allocation Fund - Class 1	101	(29)	72	83	--	570	725
JPMorgan Bond Portfolio	26	(5)	21	(1)	14	(12)	22
JPMorgan Mid Cap Value Portfolio	2,734	(7,060)	(4,326)	13,565	4,705	167,275	181,219
JPMorgan U.S. Large Cap Core Equity Portfolio	5	(6)	(1)	(1)	--	72	70
Merrill Lynch Value Opportunities V.I. Fund - Class I	--	(3,516)	(3,516)	6,807	59,549	4,837	67,677
Neuberger Berman AMT Limited Maturity Bond Portfolio - Class I	158	(22)	136	(6)	--	(122)	8
Neuberger Berman AMT Partners							

Portfolio - Class I	--	(4)	(4)	17	--	86	99
Oppenheimer Global Securities Fund/VA - Non-Service Shares	370	(296)	74	2,221	--	4,792	7,087
Oppenheimer Main Street Fund/VA - Non-Service Shares	245	(216)	29	135	--	2,238	2,402
PIMCO VIT High Yield Portfolio - Administrative Class	14,080	(1,608)	12,472	543	--	5,258	18,273
PIMCO VIT Long-Term U.S. Government Portfolio - Administrative Class	23,654	(5,789)	17,865	531	21,858	7,994	48,248
SunAmerica - Aggressive Growth Portfolio - Class 1	--	(4)	(4)	--	--	88	84
SunAmerica - SunAmerica Balanced Portfolio - Class 1	70	(27)	43	(34)	--	277	286
SunAmerica Alliance Growth Portfolio	41	(93)	(52)	(80)	--	1,040	908
SunAmerica Global Bond Portfolio	--	(16)	(16)	148	23	(43)	112
SunAmerica Growth-Income Portfolio	186	(192)	(6)	69	--	2,656	2,719
SunAmerica MFS Mid-Cap Growth Portfolio	--	(50)	(50)	(131)	--	1,013	832
UIF Money Market Portfolio - Class I	5,158	(6,047)	(889)	--	--	--	(889)
Van Eck Worldwide Emerging Markets Fund	409	(605)	(196)	2,503	--	10,200	12,507
Van Eck Worldwide Hard Assets Fund	203	(475)	(272)	1,279	--	10,213	11,220

See accompanying notes.

VA B-3

AMERICAN INTERNATIONAL LIFE ASSURANCE COMPANY OF NEW YORK
VARIABLE ACCOUNT B

STATEMENT OF CHANGES IN NET ASSETS

<TABLE>
<CAPTION>

	Sub-accounts			
	AIM V.I. Capital Appreciation Fund - Series I	AIM V.I. International Growth Fund - Series I	AllianceBernstein Global Bond Portfolio - Class A	AllianceBernstein Growth and Income Portfolio - Class A
<S>	<C>	<C>	<C>	<C>
For the Year Ended December 31, 2004				
OPERATIONS:				
Net investment income (loss)	\$ (861)	\$ (275)	\$ 669	\$ (70)
Net realized gain (loss) on investments	(3,575)	(5,034)	25	555
Capital gain distributions from mutual funds	--	--	278	--
Net change in unrealized appreciation (depreciation) of investments	10,341	25,172	225	85,173
Increase (decrease) in net assets resulting from operations	5,905	19,863	1,197	85,658
PRINCIPAL TRANSACTIONS:				
Net premiums and transfers from (to) other Sub-accounts or fixed rate option	29,341	11,271	533	102,258
Administrative charges	--	--	--	--
Cost of insurance	(13,967)	(9,063)	(687)	(64,710)
Policy loans	(1,449)	(1,872)	--	(12,115)
Death benefits	--	(12,839)	--	--
Withdrawals	(472)	(1,535)	--	(3,474)
Increase (decrease) in net assets resulting from principal transactions	13,453	(14,038)	(154)	21,959
TOTAL INCREASE (DECREASE) IN NET ASSETS	19,358	5,825	1,043	107,617
NET ASSETS:				
Beginning of year	89,267	99,258	13,970	808,633
End of year	\$108,625	\$105,083	\$15,013	\$916,250

For the Year Ended December 31, 2003

OPERATIONS:				
Net investment income (loss)	\$ (672)	\$ (266)	\$ 97	\$ 1,075
Net realized gain (loss) on investments	(5,976)	(6,042)	12	(7,180)
Capital gain distributions from mutual funds	--	--	--	--
Net change in unrealized appreciation (depreciation) of investments	27,743	28,885	698	193,876
Increase (decrease) in net assets resulting from operations	21,095	22,577	807	187,771
PRINCIPAL TRANSACTIONS:				
Net premiums and transfers from (to) other Sub-accounts or fixed rate option	29,114	29,991	11,709	109,854
Administrative charges	--	--	--	--
Cost of insurance	(15,920)	(10,141)	(354)	(61,948)
Policy loans	(304)	(878)	--	10,169
Death benefits	--	--	--	--
Withdrawals	(15,392)	(13,576)	--	(14,565)
Increase (decrease) in net assets resulting from principal transactions	(2,502)	5,396	11,355	43,510
TOTAL INCREASE (DECREASE) IN NET ASSETS	18,593	27,973	12,162	231,281
NET ASSETS:				
Beginning of year	70,674	71,285	1,808	577,352
End of year	\$ 89,267	\$ 99,258	\$13,970	\$808,633

</TABLE>

See accompanying notes.

VA B-4

AMERICAN INTERNATIONAL LIFE ASSURANCE COMPANY OF NEW YORK
VARIABLE ACCOUNT B

STATEMENT OF CHANGES IN NET ASSETS - CONTINUED

<TABLE>

<CAPTION>

	Sub-accounts			
	AllianceBernstein Growth Portfolio - Class A	AllianceBernstein Premier Growth Portfolio - Class A	AllianceBernstein Real Estate Investment Portfolio - Class A	AllianceBernstein Small Cap Growth Portfolio - Class A
<S>	<C>	<C>	<C>	<C>
For the Year Ended December 31, 2004				
OPERATIONS:				
Net investment income (loss)	\$ (7,190)	\$ (2,167)	\$ 38	\$ (1,347)
Net realized gain (loss) on investments	(35,741)	(21,606)	95	(632)
Capital gain distributions from mutual funds	--	--	--	--
Net change in unrealized appreciation (depreciation) of investments	146,998	39,974	596	21,589
Increase (decrease) in net assets resulting from operations	104,067	16,201	729	19,610
PRINCIPAL TRANSACTIONS:				
Net premiums and transfers from (to) other Sub-accounts or fixed rate option	165,863	49,849	24	20,257
Administrative charges	--	--	--	--
Cost of insurance	(78,925)	(24,299)	(323)	(8,983)
Policy loans	(27,517)	(10,330)	--	(241)
Death benefits	--	(17,170)	--	--
Withdrawals	(11,219)	(11,634)	--	(1,705)
Increase (decrease) in net assets resulting from principal transactions	48,202	(13,584)	(299)	9,328
TOTAL INCREASE (DECREASE) IN NET ASSETS	152,269	2,617	430	28,938
NET ASSETS:				
Beginning of year	738,804	247,845	2,272	140,364
End of year	\$ 891,073	\$250,462	\$2,702	\$169,302

For the Year Ended December 31, 2003

OPERATIONS:

Net investment income (loss)	\$ (5,418)	\$ (1,907)	\$ (8)	\$ (930)
Net realized gain (loss) on investments	(143,889)	(35,151)	47	(1,103)
Capital gain distributions from mutual funds	--	--	--	--
Net change in unrealized appreciation (depreciation) of investments	333,595	85,601	546	47,578
	-----	-----	-----	-----
Increase (decrease) in net assets resulting from operations	184,288	48,543	585	45,545
	-----	-----	-----	-----

PRINCIPAL TRANSACTIONS:

Net premiums and transfers from (to) other Sub-accounts or fixed rate option	113,357	76,614	272	26,143
Administrative charges	--	--	--	--
Cost of insurance	(78,666)	(27,416)	(185)	(7,943)
Policy loans	(21,590)	(20,079)	--	(5,474)
Death benefits	--	--	--	--
Withdrawals	(44,844)	(35,321)	--	(408)
	-----	-----	-----	-----
Increase (decrease) in net assets resulting from principal transactions	(31,743)	(6,202)	87	12,318
	-----	-----	-----	-----
TOTAL INCREASE (DECREASE) IN NET ASSETS	152,545	42,341	672	57,863

NET ASSETS:

Beginning of year	586,259	205,504	1,600	82,501
	-----	-----	-----	-----
End of year	\$ 738,804	\$247,845	\$2,272	\$140,364
	=====	=====	=====	=====

</TABLE>

See accompanying notes.

VA B-5

AMERICAN INTERNATIONAL LIFE ASSURANCE COMPANY OF NEW YORK
VARIABLE ACCOUNT B

STATEMENT OF CHANGES IN NET ASSETS - CONTINUED

<TABLE>

<CAPTION>

	Sub-accounts			
	AllianceBernstein Technology Portfolio - Class A	AllianceBernstein Total Return Portfolio - Class A	AllianceBernstein Utility Income Portfolio - Class A	American Century VP Capital Appreciation Fund - Class I
<S>	<C>	<C>	<C>	<C>
For the Year Ended December 31, 2004				
OPERATIONS:				
Net investment income (loss)	\$ (2,288)	\$ 915	\$ 1	\$ (17)
Net realized gain (loss) on investments	(38,108)	(283)	1	(2)
Capital gain distributions from mutual funds	--	--	--	--
Net change in unrealized appreciation (depreciation) of investments	49,351	4,137	15	204
	-----	-----	-----	-----
Increase (decrease) in net assets resulting from operations	8,955	4,769	17	185
	-----	-----	-----	-----
PRINCIPAL TRANSACTIONS:				
Net premiums and transfers from (to) other Sub-accounts or fixed rate option	57,050	7,678	205	571
Administrative charges	--	--	--	--
Cost of insurance	(30,814)	(4,423)	(16)	(383)
Policy loans	(10,893)	(1,249)	--	--
Death benefits	(12,577)	--	--	--
Withdrawals	(12,585)	10,050	--	--
	-----	-----	-----	-----
Increase (decrease) in net assets resulting from principal transactions	(9,819)	(8,044)	189	188
	-----	-----	-----	-----
TOTAL INCREASE (DECREASE) IN NET ASSETS	(864)	(3,275)	206	373
NET ASSETS:				
Beginning of year	264,282	65,373	30	2,157
	-----	-----	-----	-----
End of year	\$263,418	\$62,098	\$236	\$2,530
	=====	=====	=====	=====

For the Year Ended December 31, 2003

OPERATIONS:

Net investment income (loss)	\$ (1,769)	\$ 1,058	\$ (1)	\$ 44
Net realized gain (loss) on investments	(41,188)	(14)	(4)	--
Capital gain distributions from mutual funds	--	--	--	--
Net change in unrealized appreciation (depreciation) of investments	120,320	8,741	10	300
	-----	-----	-----	-----
Increase (decrease) in net assets resulting from operations	77,363	9,785	5	344
	-----	-----	-----	-----

PRINCIPAL TRANSACTIONS:

Net premiums and transfers from (to) other Sub-accounts or fixed rate option	92,244	7,603	--	577
Administrative charges	--	--	--	--
Cost of insurance	(32,527)	(4,317)	(8)	(336)
Policy loans	(20,557)	--	--	--
Death benefits	--	--	--	--
Withdrawals	(24,445)	--	--	--
	-----	-----	-----	-----

Increase (decrease) in net assets resulting from principal transactions	14,715	3,286	(8)	241
	-----	-----	-----	-----
TOTAL INCREASE (DECREASE) IN NET ASSETS	92,078	13,071	(3)	585

NET ASSETS:

Beginning of year	172,204	52,302	33	1,572
	-----	-----	-----	-----
End of year	\$264,282	\$65,373	\$ 30	\$2,157
	=====	=====	=====	=====

</TABLE>

See accompanying notes.

VA B-6

AMERICAN INTERNATIONAL LIFE ASSURANCE COMPANY OF NEW YORK
VARIABLE ACCOUNT B

STATEMENT OF CHANGES IN NET ASSETS - CONTINUED

<TABLE>

<CAPTION>

Sub-accounts

	American Century VP Income & Growth Fund - Class I	Anchor Series Trust Capital Appreciation Portfolio - Class 1	Anchor Series Trust Growth Portfolio - Class 1	Anchor Series Trust Natural Resources Portfolio - Class 1
	-----	-----	-----	-----

<S>

For the Year Ended December 31, 2004

OPERATIONS:

Net investment income (loss)	\$ 126	\$ (32)	\$ (6)	\$ (2)
Net realized gain (loss) on investments	114	1,317	1,150	628
Capital gain distributions from mutual funds	--	--	--	48
Net change in unrealized appreciation (depreciation) of investments	1,954	(920)	(909)	(350)
	-----	-----	-----	-----
Increase (decrease) in net assets resulting from operations	2,194	365	235	324
	-----	-----	-----	-----

PRINCIPAL TRANSACTIONS:

Net premiums and transfers from (to) other Sub-accounts or fixed rate option	662	2,246	1,756	1,005
Administrative charges	--	--	--	--
Cost of insurance	(1,554)	(468)	--	(74)
Policy loans	--	(4,387)	(4,253)	(1,918)
Death benefits	--	--	--	--
Withdrawals	--	--	--	--
	-----	-----	-----	-----

Increase (decrease) in net assets resulting from principal transactions	(892)	(2,609)	(2,497)	(987)
	-----	-----	-----	-----
TOTAL INCREASE (DECREASE) IN NET ASSETS	1,302	(2,244)	(2,262)	(663)

NET ASSETS:

Beginning of year	18,711	6,439	4,752	2,585
	-----	-----	-----	-----
End of year	\$20,013	\$ 4,195	\$ 2,490	\$ 1,922
	=====	=====	=====	=====

For the Year Ended December 31, 2003

OPERATIONS:

Net investment income (loss)	\$ (24)	\$ (39)	\$ 10	\$ 12 +
Net realized gain (loss) on investments	(22)	(1,465)	(1,261)	(228)
Capital gain distributions from mutual funds	--	--	--	16 +
Net change in unrealized appreciation (depreciation) of investments	4,220	3,077	2,368	983
	-----	-----	-----	-----

Increase (decrease) in net assets resulting from operations

	4,174	1,573	1,117	783
	-----	-----	-----	-----

PRINCIPAL TRANSACTIONS:

Net premiums and transfers from (to) other Sub-accounts or fixed rate option	890	524	(49)	173
Administrative charges	--	--	--	--
Cost of insurance	(1,425)	(511)	(25)	(63)
Policy loans	--	--	--	--
Death benefits	--	--	--	--
Withdrawals	(34)	--	--	--
	-----	-----	-----	-----

Increase (decrease) in net assets resulting from principal transactions

	(569)	13	(74)	110
	-----	-----	-----	-----

TOTAL INCREASE (DECREASE) IN NET ASSETS

	3,605	1,586	1,043	893
--	-------	-------	-------	-----

NET ASSETS:

Beginning of year	15,106	4,853	3,709	1,692
	-----	-----	-----	-----
End of year	\$18,711	\$ 6,439	\$ 4,752	\$ 2,585
	=====	=====	=====	=====

</TABLE>

See accompanying notes.

VA B-7

AMERICAN INTERNATIONAL LIFE ASSURANCE COMPANY OF NEW YORK
VARIABLE ACCOUNT B

STATEMENT OF CHANGES IN NET ASSETS - CONTINUED

<TABLE>

<CAPTION>

Sub-accounts

	Dreyfus VIF Small Company Stock Portfolio - Initial shares	Fidelity VIF Asset Manager Portfolio Initial Class	Fidelity VIF Balanced Portfolio - Initial Class
	-----	-----	-----

<S>

For the Year Ended December 31, 2004

OPERATIONS:

Net investment income (loss)	\$ 11,209	\$ (766)	\$ 8,325	\$ --
Net realized gain (loss) on investments	(13,840)	4,027	(11,764)	--
Capital gain distributions from mutual funds	--	5,170	--	--
Net change in unrealized appreciation (depreciation) of investments	114,140	3,378	23,798	--
	-----	-----	-----	-----

Increase (decrease) in net assets resulting from operations

	111,509	11,809	20,359	--
	-----	-----	-----	-----

PRINCIPAL TRANSACTIONS:

Net premiums and transfers from (to) other Sub-accounts or fixed rate option	211,723	14,717	72,710	--
Administrative charges	--	--	--	--
Cost of insurance	(100,218)	(10,084)	(41,983)	--
Policy loans	(37,132)	3,538	(33,622)	--
Death benefits	--	(20,610)	--	--
Withdrawals	(24,015)	--	(13,273)	--
	-----	-----	-----	-----

Increase (decrease) in net assets resulting from

principal transactions	50,358	(12,439)	(16,168)	--
TOTAL INCREASE (DECREASE) IN NET ASSETS	161,867	(630)	4,191	--
NET ASSETS:				
Beginning of year	1,116,852	87,540	466,562	--
End of year	\$1,278,719	\$ 86,910	\$470,753	\$ --

For the Year Ended December 31, 2003

OPERATIONS:				
Net investment income (loss)	\$ 5,926	\$ (696)	\$ 10,171	\$ 114,224
Net realized gain (loss) on investments	(28,635)	745	(4,127)	116,793
Capital gain distributions from mutual funds	--	--	--	--
Net change in unrealized appreciation (depreciation) of investments	257,571	27,025	59,872	361,583
Increase (decrease) in net assets resulting from operations	234,862	27,074	65,916	592,600
PRINCIPAL TRANSACTIONS:				
Net premiums and transfers from (to) other Sub-accounts or fixed rate option	227,029	38,849	85,270	(5,103,992)
Administrative charges	--	--	--	(6,264)
Cost of insurance	(98,576)	(12,533)	(41,672)	(331,587)
Policy loans	6,578	(127)	(2,736)	--
Death benefits	--	--	--	--
Withdrawals	(41,598)	(27,158)	(2,551)	--
Increase (decrease) in net assets resulting from principal transactions	93,433	(969)	38,311	(5,441,843)
TOTAL INCREASE (DECREASE) IN NET ASSETS	328,295	26,105	104,227	(4,849,243)
NET ASSETS:				
Beginning of year	788,557	61,435	362,335	4,849,243
End of year	\$1,116,852	\$ 87,540	\$466,562	\$ --

</TABLE>

See accompanying notes.

VA B-8

AMERICAN INTERNATIONAL LIFE ASSURANCE COMPANY OF NEW YORK
VARIABLE ACCOUNT B

STATEMENT OF CHANGES IN NET ASSETS - CONTINUED

<TABLE>
<CAPTION>

	Sub-accounts			
	Fidelity VIP Contrafund Portfolio - Initial Class	Fidelity VIP Growth Portfolio - Initial Class	Fidelity VIP High Income Portfolio - Initial Class	Fidelity VIP Investment Grade Bond Portfolio - Initial Class
<S>	<C>	<C>	<C>	<C>
For the Year Ended December 31, 2004				
OPERATIONS:				
Net investment income (loss)	\$ (9,374)	\$ (8,602)	\$ 14,388	\$ 3,239
Net realized gain (loss) on investments	20,931	(65,599)	(5,746)	549
Capital gain distributions from mutual funds	--	--	--	3,001
Net change in unrealized appreciation (depreciation) of investments	296,224	102,122	8,053	(3,168)
Increase (decrease) in net assets resulting from operations	307,781	27,921	16,695	3,621
PRINCIPAL TRANSACTIONS:				
Net premiums and transfers from (to) other Sub-accounts or fixed rate option	309,626	193,578	25,321	11,567
Administrative charges	(3,098)	--	--	--
Cost of insurance	(202,314)	(98,930)	(13,148)	(8,244)
Policy loans	1,676	(53,482)	(6,678)	(1,378)
Death benefits	(43,837)	(18,366)	--	--

Withdrawals	(1,492)	(76,212)	(7,457)	(314)
Increase (decrease) in net assets resulting from principal transactions	60,561	(53,412)	(1,962)	1,631
TOTAL INCREASE (DECREASE) IN NET ASSETS	368,342	(25,491)	14,733	5,252
NET ASSETS:				
Beginning of year	2,075,472	1,356,666	195,295	103,326
End of year	\$2,443,814	\$1,331,175	\$210,028	\$108,578
For the Year Ended December 31, 2003				
OPERATIONS:				
Net investment income (loss)	\$ (4,352)	\$ (7,114)	\$ 10,092	\$ 2,670
Net realized gain (loss) on investments	(3,738)	(48,210)	(2,960)	629
Capital gain distributions from mutual funds	--	--	--	1,249
Net change in unrealized appreciation (depreciation) of investments	206,565	368,070	31,052	(611)
Increase (decrease) in net assets resulting from operations	198,475	312,746	38,184	3,937
PRINCIPAL TRANSACTIONS:				
Net premiums and transfers from (to) other Sub-accounts or fixed rate option	1,771,302	205,438	27,485	21,501
Administrative charges	(761)	--	--	--
Cost of insurance	(75,100)	(98,041)	(13,196)	(9,381)
Policy loans	(2,512)	(7,841)	4,357	695
Death benefits	--	--	--	--
Withdrawals	(52,777)	(26,431)	--	(2,078)
Increase (decrease) in net assets resulting from principal transactions	1,640,152	73,125	18,646	10,737
TOTAL INCREASE (DECREASE) IN NET ASSETS	1,838,627	385,871	56,830	14,674
NET ASSETS:				
Beginning of year	236,845	970,795	138,465	88,652
End of year	\$2,075,472	\$1,356,666	\$195,295	\$103,326

</TABLE>

See accompanying notes.

VA B-9

AMERICAN INTERNATIONAL LIFE ASSURANCE COMPANY OF NEW YORK
VARIABLE ACCOUNT B

STATEMENT OF CHANGES IN NET ASSETS - CONTINUED

	Sub-accounts			
	Fidelity VIP Money Market Portfolio - Initial Class	Fidelity VIP Overseas Portfolio - Initial Class	Franklin Templeton - Templeton Foreign Securities Fund - Class 2	Franklin Templeton - Templeton Global Asset Allocation Fund - Class 1
<S>	<C>	<C>	<C>	<C>
For the Year Ended December 31, 2004				
OPERATIONS:				
Net investment income (loss)	\$ 728	\$ 260	\$ 3,324	\$ 72
Net realized gain (loss) on investments	--	(2,356)	15,156	83
Capital gain distributions from mutual funds	--	--	--	--
Net change in unrealized appreciation (depreciation) of investments	--	18,528	188,511	570
Increase (decrease) in net assets resulting from operations	728	16,432	206,991	725
PRINCIPAL TRANSACTIONS:				
Net premiums and transfers from (to) other Sub-accounts or fixed rate option	53,964	20,582	147,273	2,457

Administrative charges	--	--	(1,978)	--
Cost of insurance	(31,005)	(12,277)	(107,324)	(818)
Policy loans	(1,711)	2,232	--	--
Death benefits	--	--	(7,894)	--
Withdrawals	(49,769)	(6,082)	--	--
	-----	-----	-----	-----
Increase (decrease) in net assets resulting from principal transactions	(28,521)	4,455	30,077	1,639
	-----	-----	-----	-----
TOTAL INCREASE (DECREASE) IN NET ASSETS	(27,793)	20,887	237,068	2,364
NET ASSETS:				
Beginning of year	265,809	120,609	1,131,003	3,064
	-----	-----	-----	-----
End of year	\$238,016	\$141,496	\$1,368,071	\$5,428
	=====	=====	=====	=====
For the Year Ended December 31, 2003				
OPERATIONS:				
Net investment income (loss)	\$ 257	\$ (171)	\$ (2,004)	\$ 110
Net realized gain (loss) on investments	--	(3,290)	1,077	33
Capital gain distributions from mutual funds	--	--	--	--
Net change in unrealized appreciation (depreciation) of investments	--	38,950	96,098	559
	-----	-----	-----	-----
Increase (decrease) in net assets resulting from operations	257	35,489	95,171	702
	-----	-----	-----	-----
PRINCIPAL TRANSACTIONS:				
Net premiums and transfers from (to) other Sub-accounts or fixed rate option	44,588	21,209	1,060,351	978
Administrative charges	--	--	(474)	--
Cost of insurance	(31,595)	(11,177)	(24,045)	(719)
Policy loans	3	(664)	--	--
Death benefits	--	--	--	--
Withdrawals	1,948	(2,531)	--	(106)
	-----	-----	-----	-----
Increase (decrease) in net assets resulting from principal transactions	14,944	6,837	1,035,832	153
	-----	-----	-----	-----
TOTAL INCREASE (DECREASE) IN NET ASSETS	15,201	42,326	1,131,003	855
NET ASSETS:				
Beginning of year	250,608	78,283	--	2,209
	-----	-----	-----	-----
End of year	\$265,809	\$120,609	\$1,131,003	\$3,064
	=====	=====	=====	=====

</TABLE>

See accompanying notes.

VA B-10

AMERICAN INTERNATIONAL LIFE ASSURANCE COMPANY OF NEW YORK
VARIABLE ACCOUNT B

STATEMENT OF CHANGES IN NET ASSETS - CONTINUED

<TABLE>

<CAPTION>

	Sub-accounts				
	JPMorgan Bond Portfolio	JPMorgan Mid Cap Value Portfolio	JPMorgan U.S. Large Cap Core Equity Portfolio	Merrill Lynch Value Opportunities V.I. Fund Class I	Neuberger Berman AMT Limited Maturity Bond Portfolio - Class I
	<C>	<C>	<C>	<C>	<C>
<S>					
For the Year Ended December 31, 2004					
OPERATIONS:					
Net investment income (loss)	\$ 21	\$ (4,326)	\$ (1)	\$ (3,516)	\$ 136
Net realized gain (loss) on investments	(1)	13,565	(1)	6,807	(6)
Capital gain distributions from mutual funds	14	4,705	--	59,549	--
Net change in unrealized appreciation (depreciation) of investments	(12)	167,275	72	4,837	(122)
	-----	-----	-----	-----	-----
Increase (decrease) in net assets resulting from operations	22	181,219	70	67,677	8
	-----	-----	-----	-----	-----
PRINCIPAL TRANSACTIONS:					
Net premiums and transfers from (to) other					

Sub-accounts or fixed rate option	247	117,772	501	58,806	3,669
Administrative charges	--	(1,596)	--	(798)	--
Cost of insurance	(312)	(86,607)	(437)	(43,092)	(870)
Policy loans	--	--	--	--	--
Death benefits	--	(6,369)	--	(3,134)	--
Withdrawals	--	--	--	--	--
Increase (decrease) in net assets resulting from principal transactions	(65)	23,200	64	11,782	2,799
TOTAL INCREASE (DECREASE) IN NET ASSETS	(43)	204,419	134	79,459	2,807
NET ASSETS:					
Beginning of year	640	889,291	691	457,190	1,595
End of year	\$ 597	\$1,093,710	\$ 825	\$536,649	\$4,402
For the Year Ended December 31, 2003					
OPERATIONS:					
Net investment income (loss)	\$ 3 +	\$ (1,595)	\$ 33	\$ (527)	\$ 49
Net realized gain (loss) on investments	--	1,041	(2)	723	(3)
Capital gain distributions from mutual funds	3 +	--	--	--	--
Net change in unrealized appreciation (depreciation) of investments	4	68,375	97	45,510	(27)
Increase (decrease) in net assets resulting from operations	10	67,821	128	45,706	19
PRINCIPAL TRANSACTIONS:					
Net premiums and transfers from (to) other Sub-accounts or fixed rate option	599	841,099	532	421,505	1,467
Administrative charges	--	(380)	--	(192)	--
Cost of insurance	(139)	(19,249)	(456)	(9,829)	(803)
Policy loans	--	--	--	--	--
Death benefits	--	--	--	--	--
Withdrawals	--	--	--	--	(146)
Increase (decrease) in net assets resulting from principal transactions	460	821,470	76	411,484	518
TOTAL INCREASE (DECREASE) IN NET ASSETS	470	889,291	204	457,190	537
NET ASSETS:					
Beginning of year	170	--	487	--	1,058
End of year	\$ 640	\$ 889,291	\$ 691	\$457,190	\$1,595

</TABLE>

See accompanying notes.

VA B-11

AMERICAN INTERNATIONAL LIFE ASSURANCE COMPANY OF NEW YORK
VARIABLE ACCOUNT B

STATEMENT OF CHANGES IN NET ASSETS - CONTINUED

<TABLE>

<CAPTION>

	Sub-accounts				
	Neuberger Berman AMT Partners Portfolio - Class I	Oppenheimer Global Securities Fund/VA - Non-Service Shares	Oppenheimer Main Street Fund/VA - Non-Service Shares	PIMCO VIT High Yield Portfolio - Administrative Class	PIMCO VIT Long-Term U.S. Government Portfolio - Administrative Class
<S>	<C>	<C>	<C>	<C>	<C>
For the Year Ended December 31, 2004					
OPERATIONS:					
Net investment income (loss)	\$ (4)	\$ 74	\$ 29	\$ 12,472	\$ 17,865
Net realized gain (loss) on investments	17	2,221	135	543	531
Capital gain distributions from mutual funds	--	--	--	--	21,858
Net change in unrealized appreciation (depreciation) of investments	86	4,792	2,238	5,258	7,994
Increase (decrease) in net assets resulting from operations	99	7,087	2,402	18,273	48,248
PRINCIPAL TRANSACTIONS:					

Net premiums and transfers from (to) other					
Sub-accounts or fixed rate option	332	13,135	1,140	29,484	110,576
Administrative charges	--	--	--	(361)	(1,297)
Cost of insurance	(304)	(2,385)	(2,785)	(19,598)	(70,318)
Policy loans	--	(1,558)	--	--	--
Death benefits	--	--	--	(1,453)	(5,179)
Withdrawals	--	--	--	--	--
	-----	-----	-----	-----	-----
Increase (decrease) in net assets resulting from principal transactions	28	9,192	(1,645)	8,072	33,782
	-----	-----	-----	-----	-----
TOTAL INCREASE (DECREASE) IN NET ASSETS	127	16,279	757	26,345	82,030
NET ASSETS:					
Beginning of year	479	30,545	29,114	211,675	757,857
	-----	-----	-----	-----	-----
End of year	\$ 606	\$46,824	\$29,871	\$238,020	\$839,887
	=====	=====	=====	=====	=====
For the Year Ended December 31, 2003					
OPERATIONS:					
Net investment income (loss)	\$ 31	\$ (129)	\$ 12	\$ 3,005	\$ 3,439 +
Net realized gain (loss) on investments	--	(213)	(167)	90	34
Capital gain distributions from mutual funds	--	--	--	--	11,737 +
Net change in unrealized appreciation (depreciation) of investments	76	10,255	6,280	6,912	(1,996)
	-----	-----	-----	-----	-----
Increase (decrease) in net assets resulting from operations	107	9,913	6,125	10,007	13,214
	-----	-----	-----	-----	-----
PRINCIPAL TRANSACTIONS:					
Net premiums and transfers from (to) other					
Sub-accounts or fixed rate option	354	12,495	1,329	206,377	761,735
Administrative charges	--	--	--	(92)	(330)
Cost of insurance	(311)	(2,163)	(2,586)	(4,617)	(16,762)
Policy loans	--	--	--	--	--
Death benefits	--	--	--	--	--
Withdrawals	--	--	(33)	--	--
	-----	-----	-----	-----	-----
Increase (decrease) in net assets resulting from principal transactions	43	10,332	(1,290)	201,668	744,643
	-----	-----	-----	-----	-----
TOTAL INCREASE (DECREASE) IN NET ASSETS	150	20,245	4,835	211,675	757,857
NET ASSETS:					
Beginning of year	329	10,300	24,279	--	--
	-----	-----	-----	-----	-----
End of year	\$ 479	\$30,545	\$29,114	\$211,675	\$757,857
	=====	=====	=====	=====	=====

</TABLE>

See accompanying notes.

VA B-12

AMERICAN INTERNATIONAL LIFE ASSURANCE COMPANY OF NEW YORK
VARIABLE ACCOUNT B

STATEMENT OF CHANGES IN NET ASSETS - CONTINUED

<TABLE>

<CAPTION>

	Sub-accounts			
	SunAmerica - Aggressive Growth Portfolio - Class 1	SunAmerica - SunAmerica Balanced Portfolio - Class 1	SunAmerica Alliance Growth Portfolio	SunAmerica Global Bond Portfolio
	<C>	<C>	<C>	<C>
<S>				
For the Year Ended December 31, 2004				
OPERATIONS:				
Net investment income (loss)	\$ (4)	\$ 43	\$ (52)	\$ (16)
Net realized gain (loss) on investments	--	(34)	(80)	148
Capital gain distributions from mutual funds	--	--	--	23
Net change in unrealized appreciation (depreciation) of investments	88	277	1,040	(43)
	-----	-----	-----	-----
Increase (decrease) in net assets resulting from operations	84	286	908	112
	-----	-----	-----	-----
PRINCIPAL TRANSACTIONS:				
Net premiums and transfers from (to) other Sub-accounts or				

fixed rate option	143	2,454	2,514	1,324
Administrative charges	--	--	--	--
Cost of insurance	(121)	(728)	(1,900)	(43)
Policy loans	--	--	--	(3,077)
Death benefits	--	--	--	--
Withdrawals	--	--	--	--
	-----	-----	-----	-----
Increase (decrease) in net assets resulting from principal transactions	22	1,726	614	(1,796)
	-----	-----	-----	-----
TOTAL INCREASE (DECREASE) IN NET ASSETS	106	2,012	1,522	(1,684)
NET ASSETS:				
Beginning of year	516	2,766	11,965	3,677
	-----	-----	-----	-----
End of year	\$ 622	\$4,778	\$13,487	\$ 1,993
	=====	=====	=====	=====

For the Year Ended December 31, 2003

OPERATIONS:				
Net investment income (loss)	\$ 32	\$ 62	\$ (45)	\$ (31)
Net realized gain (loss) on investments	--	(38)	(5)	140
Capital gain distributions from mutual funds	--	--	--	--
Net change in unrealized appreciation (depreciation) of investments	26	301	2,423	7
	-----	-----	-----	-----
Increase (decrease) in net assets resulting from operations	58	325	2,373	116
	-----	-----	-----	-----
PRINCIPAL TRANSACTIONS:				
Net premiums and transfers from (to) other Sub-accounts or fixed rate option	366	982	2,743	124
Administrative charges	--	--	--	--
Cost of insurance	(46)	(642)	(1,797)	(70)
Policy loans	--	--	--	--
Death benefits	--	--	--	--
Withdrawals	--	(100)	--	--
	-----	-----	-----	-----
Increase (decrease) in net assets resulting from principal transactions	320	240	946	54
	-----	-----	-----	-----
TOTAL INCREASE (DECREASE) IN NET ASSETS	378	565	3,319	170
NET ASSETS:				
Beginning of year	138	2,201	8,646	3,507
	-----	-----	-----	-----
End of year	\$ 516	\$2,766	\$11,965	\$ 3,677
	=====	=====	=====	=====

</TABLE>

See accompanying notes.

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AMERICAN INTERNATIONAL LIFE ASSURANCE COMPANY OF NEW YORK
VARIABLE ACCOUNT B

STATEMENT OF CHANGES IN NET ASSETS - CONTINUED

	Sub-accounts				
	SunAmerica Growth-Income Portfolio	SunAmerica MFS Mid-Cap Growth Portfolio	UIF Money Market Portfolio - Class I	Van Eck Worldwide Emerging Markets Fund	Van Eck Worldwide Hard Assets Fund
	<C>	<C>	<C>	<C>	<C>
<S>					
For the Year Ended December 31, 2004					
OPERATIONS:					
Net investment income (loss)	\$ (6)	\$ (50)	\$ (889)	\$ (196)	\$ (272)
Net realized gain (loss) on investments	69	(131)	--	2,503	1,279
Capital gain distributions from mutual funds	--	--	--	--	--
Net change in unrealized appreciation (depreciation) of investments	2,656	1,013	--	10,200	10,213
	-----	-----	-----	-----	-----
Increase (decrease) in net assets resulting from operations	2,719	832	(889)	12,507	11,220
	-----	-----	-----	-----	-----
PRINCIPAL TRANSACTIONS:					
Net premiums and transfers from (to) other Sub-accounts or fixed rate option	5,396	556	(701,192)	9,520	4,285

Administrative charges	--	--	(1,120)	--	--
Cost of insurance	(4,068)	(1,437)	(42,403)	(3,355)	(3,005)
Policy loans	--	--	--	(512)	(3,146)
Death benefits	--	--	(1,765)	(15,302)	--
Withdrawals	--	--	--	(6,418)	--
	-----	-----	-----	-----	-----
Increase (decrease) in net assets resulting from principal transactions	1,328	(881)	(746,480)	(16,067)	(1,866)
	-----	-----	-----	-----	-----
TOTAL INCREASE (DECREASE) IN NET ASSETS	4,047	(49)	(747,369)	(3,560)	9,354
NET ASSETS:					
Beginning of year	24,280	6,793	1,010,698	70,960	50,411
	-----	-----	-----	-----	-----
End of year	\$28,327	\$ 6,744	\$ 263,329	\$ 67,400	\$59,765
	=====	=====	=====	=====	=====
For the Year Ended December 31, 2003					
OPERATIONS:					
Net investment income (loss)	\$ 179	\$ (149)	\$ (1,890)	\$ (288)	\$ (78)
Net realized gain (loss) on investments	(12)	(239)	--	--	692
Capital gain distributions from mutual funds	--	--	--	--	--
Net change in unrealized appreciation (depreciation) of investments	4,454	1,670	--	23,796	13,297
	-----	-----	-----	-----	-----
Increase (decrease) in net assets resulting from operations	4,621	1,282	(1,890)	23,508	13,911
	-----	-----	-----	-----	-----
PRINCIPAL TRANSACTIONS:					
Net premiums and transfers from (to) other Sub-accounts or fixed rate option	5,873	3,227	459,114	23,280	1,899
Administrative charges	--	--	(1,797)	--	--
Cost of insurance	(3,847)	(1,330)	(51,389)	(3,601)	(2,697)
Policy loans	--	--	--	(295)	7,192
Death benefits	--	--	--	--	--
Withdrawals	--	--	--	(1,631)	(40)
	-----	-----	-----	-----	-----
Increase (decrease) in net assets resulting from principal transactions	2,026	1,897	405,928	17,753	6,354
	-----	-----	-----	-----	-----
TOTAL INCREASE (DECREASE) IN NET ASSETS	6,647	3,179	404,038	41,261	20,265
NET ASSETS:					
Beginning of year	17,633	3,614	606,660	29,699	30,146
	-----	-----	-----	-----	-----
End of year	\$24,280	\$ 6,793	\$1,010,698	\$ 70,960	\$50,411
	=====	=====	=====	=====	=====

</TABLE>

+ Net investment income (loss) and capital gain distributions from mutual funds for the respective Sub-accounts have been restated due to a misclassification of short-term capital gains in prior years. See Note H for further disclosure.

See accompanying notes.

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AMERICAN INTERNATIONAL LIFE ASSURANCE COMPANY OF NEW YORK
VARIABLE ACCOUNT B
NOTES TO FINANCIAL STATEMENTS

Note A - Organization

Variable Account B (the "Account") was established by American International Life Assurance Company of New York (the "Company") on June 5, 1986 to fund individual and group flexible premium variable universal life insurance policies issued by the Company. The Executive AdvantageSM policy is currently offered by the Account. Gallery Life, Gemstone Life, Polaris Life and the Variable Universal Life Policy are no longer offered. The Company is an indirect, wholly-owned subsidiary of American International Group, Inc. The Account is registered with the Securities and Exchange Commission as a unit investment trust pursuant to the provisions of the Investment Company Act of 1940, as amended.

The Account is divided into "Sub-accounts", which invest in independently managed mutual fund portfolios ("Funds"). The Funds available to policy owners through the various Sub-accounts are as follows:

AIM Variable Insurance Funds:

AIM V.I. Capital Appreciation Fund - Series I
AIM V.I. International Growth Fund - Series I

AllianceBernstein Variable Products Series Fund, Inc.:
AllianceBernstein Americas Government Income Portfolio - Class A (1)
AllianceBernstein Global Bond Portfolio - Class A
AllianceBernstein Growth and Income Portfolio - Class A
AllianceBernstein Growth Portfolio - Class A
AllianceBernstein Premier Growth Portfolio - Class A
AllianceBernstein Real Estate Investment Portfolio - Class A
AllianceBernstein Small Cap Growth Portfolio - Class A (2)
AllianceBernstein Technology Portfolio - Class A
AllianceBernstein Total Return Portfolio - Class A
AllianceBernstein Utility Income Portfolio - Class A

American Century Variable Portfolios, Inc. ("American Century"):
American Century VP Capital Appreciation Fund - Class I
American Century VP Income & Growth Fund - Class I
American Century VP International Fund - Class I (1)

Anchor Series Trust:
Anchor Series Trust Capital Appreciation Portfolio - Class 1
Anchor Series Trust Growth Portfolio - Class 1
Anchor Series Trust Natural Resources Portfolio - Class 1

Credit Suisse Trust ("Credit Suisse"):
Credit Suisse Emerging Markets Portfolio (1)
Credit Suisse Global Post-Venture Capital Portfolio (1)
Credit Suisse International Focus Portfolio (1)
Credit Suisse Large Cap Value Portfolio (1)
Credit Suisse Mid-Cap Growth Portfolio (1) (3)
Credit Suisse Small Cap Growth Portfolio (1)

Dreyfus Stock Index Fund, Inc. - Initial shares

Dreyfus Variable Investment Fund ("Dreyfus VIF"):
Dreyfus VIF Small Company Stock Portfolio - Initial shares

Fidelity(R)Variable Insurance Products ("Fidelity VIP"):
Fidelity(R)VIP Asset ManagerSM Portfolio - Initial Class
Fidelity(R)VIP Balanced Portfolio - Initial Class
Fidelity(R)VIP Contrafund(R)Portfolio - Initial Class
Fidelity(R)VIP Growth Portfolio - Initial Class
Fidelity(R) VIP High Income Portfolio - Initial Class
Fidelity(R)VIP Index 500 Portfolio - Initial Class (1)
Fidelity(R)VIP Investment Grade Bond Portfolio - Initial Class
Fidelity(R)VIP Money Market Portfolio - Initial Class
Fidelity(R)VIP Overseas Portfolio - Initial Class

Franklin Templeton Variable Insurance Products Trust ("Franklin Templeton"):
Franklin Templeton - Templeton Developing Markets Securities Fund -
Class 2 (1)
Franklin Templeton - Templeton Foreign Securities Fund - Class 2
Franklin Templeton - Templeton Global Asset Allocation Fund - Class 1
Franklin Templeton - Templeton Growth Securities Fund - Class 2 (1)

Goldman Sachs Variable Insurance Trust:
Goldman Sachs CORESM U.S. Equity Fund (1)
Goldman Sachs International Equity Fund (1)

J.P. Morgan Series Trust II:
JPMorgan Bond Portfolio
JPMorgan Mid Cap Value Portfolio
JPMorgan Small Company Portfolio (1)
JPMorgan U.S. Large Cap Core Equity Portfolio

Merrill Lynch Variable Series Funds, Inc.:
Merrill Lynch Basic Value V.I. Fund - Class I (1)
Merrill Lynch Fundamental Growth V.I. Fund - Class I (1)
Merrill Lynch Government Bond V.I. Fund - Class I (1)
Merrill Lynch Value Opportunities V.I. Fund - Class I (4)

Neuberger Berman Advisers Management Trust ("Neuberger Berman AMT"):
Neuberger Berman AMT Limited Maturity Bond Portfolio - Class I
Neuberger Berman AMT Partners Portfolio - Class I

Oppenheimer Variable Account Funds:
Oppenheimer Global Securities Fund/VA - Non-Service Shares
Oppenheimer Main Street Fund/VA - Non-Service Shares

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AMERICAN INTERNATIONAL LIFE ASSURANCE COMPANY OF NEW YORK
VARIABLE ACCOUNT B
NOTES TO FINANCIAL STATEMENTS - CONTINUED

PIMCO Variable Insurance Trust:

PIMCO VIT High Yield Portfolio - Administrative Class
PIMCO VIT Long-Term U.S. Government Portfolio - Administrative Class
PIMCO VIT Real Return Portfolio - Administrative Class (1)
PIMCO VIT Short-Term Portfolio - Administrative Class (1)
PIMCO VIT Total Return Portfolio - Administrative Class (1)

SunAmerica Series Trust ("SunAmerica"):

SunAmerica - Aggressive Growth Portfolio - Class 1
SunAmerica - SunAmerica Balanced Portfolio - Class 1
SunAmerica Alliance Growth Portfolio
SunAmerica Global Bond Portfolio
SunAmerica Growth-Income Portfolio
SunAmerica Marsico Growth Portfolio (1)
SunAmerica MFS Mid-Cap Growth Portfolio

The Universal Institutional Funds, Inc. ("UIF"):

UIF Core Plus Fixed Income Portfolio - Class I (1)
UIF Emerging Markets Equity Portfolio - Class I (1)
UIF High Yield Portfolio - Class I (1)
UIF Mid Cap Growth Portfolio - Class I (1)
UIF Money Market Portfolio - Class I
UIF Technology Portfolio - Class I (1)
UIF U.S. Mid Cap Value Portfolio - Class I (1)

VALIC Company I:

VALIC Company I - International Equities Fund (1)
VALIC Company I - Mid Cap Index Fund (1)
VALIC Company I - Small Cap Index Fund (1)

Van Eck Worldwide Insurance Trust ("Van Eck"):

Van Eck Worldwide Emerging Markets Fund
Van Eck Worldwide Hard Assets Fund

Vanguard(R)Variable Insurance Fund ("Vanguard VIF"):

Vanguard(R)VIF Total Bond Market Index Portfolio (1)
Vanguard(R)VIF Total Stock Market Index Portfolio (1)

- (1) Sub-accounts had no activity.
- (2) Effective May 1, 2004, AllianceBernstein Quasar Portfolio changed its name to AllianceBernstein Small Cap Growth Portfolio.
- (3) Effective May 1, 2004, Credit Suisse Emerging Growth Portfolio changed its name to Credit Suisse Mid-Cap Growth Portfolio.
- (4) Effective July 26, 2004, Merrill Lynch Small Cap Value V.I. Fund changed its name to Merrill Lynch Value Opportunities V.I. Fund.

AIG SunAmerica Asset Management Corp., an affiliate of the Company, serves as the investment advisor to Anchor Series Trust and SunAmerica Series Trust.

The Variable Annuity Life Insurance Company, an affiliate of the Company, serves as the investment advisor to VALIC Company I.

In addition to the Sub-accounts above, policy owners may allocate funds to a fixed account that is part of the Company's general account. Policy owners should refer to the prospectus and prospectus supplements for a complete description of the available Funds and the fixed account.

The assets of the Account are segregated for the Company's other assets. The operations of the Account are part of the Company.

Net premiums from the policies are allocated to the Sub-accounts and invested in the Funds in accordance with policy owner instructions. The premiums are recorded as principal transactions in the Statement of Changes in Net Assets.

Note B - Summary of Significant Accounting Policies and Basis of Presentation

The accompanying financial statements of the Account have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP"). The accounting policies followed by the Account and the methods of applying those principles are presented below.

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AMERICAN INTERNATIONAL LIFE ASSURANCE COMPANY OF NEW YORK
VARIABLE ACCOUNT B
NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note B - Summary of Significant Accounting Policies and Basis of Presentation - Continued

Use of estimates - The preparation of financial statements in conformity with

GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of income and expenses during the year. Actual results could differ from those estimates.

Security valuation - The investment in shares of Funds are stated at the net asset value of the respective portfolios as determined by the Funds, which value their securities at fair value.

Security transactions and related investment income - Security transactions which represent purchases and sales of investments are accounted for on the trade date at fair value. Realized gains and losses from security transactions are determined on the basis of first-in first-out. Dividend income and distributions of capital gains are recorded on the ex-dividend date and reinvested upon receipt.

Policy loans - When a policy loan is made, the loan amount is transferred to the Company from the policy owner's selected investment Sub-account(s), and held as collateral. Interest on this collateral amount is credited to the policy. Loan repayments are invested in the policy owner's selected investment Sub-account(s), after they are first used to repay all loans taken from the declared fixed interest account option.

Federal income taxes - The Company is taxed as a life insurance company under the Internal Revenue Code and includes the Account in determining its federal income tax liability. As a result, the Account is not taxed as a "Regulated Investment Company" under subchapter M of the Internal Revenue Code. Under existing federal income tax law, the investment income and capital gains from sales of investments realized by the Account are not taxable. Therefore, no federal income tax provision has been made.

Accumulation unit - This is a measuring unit used to calculate the policy owner's interest. Such units are valued daily to reflect investment performance and the prorated daily deduction for mortality and expense risk charges.

Note C - Policy Charges

Deductions from premium payments - The deductions from each premium payment are for state premium taxes and for other expenses associated with selling and distributing the policy. A summary of sales charges for each policy follows:

Policies	Sales Charges
Variable Universal Life Policy	5% of each premium payment plus the state specific premium taxes.
Executive Advantage	The maximum charge is 9% of each premium payment.
Gemstone Life	5% of each premium payment up to the target premium amount plus 2% of any premium paid in excess of the target premium amount for policy years 1-10. 3% of each premium payment up to the target premium amount plus 2% of any premium paid in excess of the target premium amount beginning in policy year 11. The maximum charge is 8% of each premium payment.

Variable Account charges - Daily charges for mortality and expense risks assumed by the Company are assessed through the daily unit value calculation. A summary of the charges by policy follows:

<TABLE>
<CAPTION>

Policies	Mortality and Expense Risk Current Annual Rate	Mortality and Expense Risk Maximum Annual Rate	Mortality and Expense Risk Minimum Annual Rate in Policy Year 11 and Greater
<S> Variable Universal Life Policy	<C> 0.90%	<C> 0.90%	<C> 0.50%
Executive Advantage	0.75%	1.00%	N/A
Gemstone Life	0.75%	0.90%	0.35%

</TABLE>

Note C - Policy Charges - Continued

Other charges paid to the Company by redemption of units outstanding include deductions for administrative charges, acquisition and underwriting charges, cost of insurance, supplemental benefits or riders, transfer fees and surrender charges.

Monthly administrative charges are paid to the Company for the administrative services provided under the current policies.

The Company may deduct an additional monthly expense charge for expenses associated with acquisition and underwriting of your policy.

Since determination of both the insurance rate and the Company's net amount at risk depends upon several factors, the cost of insurance deduction may vary from month to month. Policy accumulation value, specified amount of insurance and certain characteristics of the insured person are among the variables included in the calculation for the monthly cost of insurance deduction.

Monthly charges are deducted if the policy owner selects additional supplemental benefits or riders for certain policies. The charges for any rider selected will vary by policy within a range based on either the personal characteristics of the insured person or the specific coverage chosen under the rider.

A transfer charge of \$25 may be assessed for each transfer in excess of twelve each policy year. Transfer requests are subject to the Company's published rules concerning market timing. A policy owner who violates these rules will for a period of time (typically six months), have certain restrictions placed on transfers.

A surrender charge may be applicable to certain withdrawal amounts and is payable to the Company. The amount of the surrender charge is based on a table of charges and the premiums paid under the policy or the face amount of the policy (including increases and decreases in the face amount of the policy). For any partial surrender, the Company may charge a maximum transaction fee per policy equal to the lesser of 2% of the amount withdrawn or \$25.

A loan may be requested against the policy while the policy has a net cash surrender value. The daily interest charge on the loan is paid to the Company for the expenses of administering and providing policy loans. The interest charge is collected through any loan repayment from the policyholder.

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AMERICAN INTERNATIONAL LIFE ASSURANCE COMPANY OF NEW YORK
 VARIABLE ACCOUNT B
 NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note D - Security Purchases and Sales

For the year ended December 31, 2004, the aggregate cost of purchases and proceeds from the sales of investments were:

<TABLE>
 <CAPTION>

Sub-accounts	Cost of Purchases	Proceeds from Sales
<S>	<C>	<C>
AIM V.I. Capital Appreciation Fund - Series I	\$ 22,964	\$ 10,373
AIM V.I. International Growth Fund - Series I	5,767	20,081
AllianceBernstein Global Bond Portfolio - Class A	1,072	294
AllianceBernstein Growth and Income Portfolio - Class A	67,420	45,544
AllianceBernstein Growth Portfolio - Class A	115,830	74,818
AllianceBernstein Premier Growth Portfolio - Class A	27,910	43,662
AllianceBernstein Real Estate Investment Portfolio - Class A	55	315
AllianceBernstein Small Cap Growth Portfolio - Class A	13,174	5,193
AllianceBernstein Technology Portfolio - Class A	33,900	46,005
AllianceBernstein Total Return Portfolio - Class A	4,769	11,898
AllianceBernstein Utility Income Portfolio - Class A	202	13
American Century VP Capital Appreciation Fund - Class I	485	313
American Century VP Income & Growth Fund - Class I	611	1,385
Anchor Series Trust Capital Appreciation Portfolio - Class 1	1,948	4,589
Anchor Series Trust Growth Portfolio - Class 1	1,758	4,263
Anchor Series Trust Natural Resources Portfolio - Class 1	982	1,923
Dreyfus Stock Index Fund, Inc. - Initial shares	184,680	123,020
Dreyfus VIF Small Company Stock Portfolio - Initial shares	15,884	23,919
Fidelity VIP Asset Manager Portfolio - Initial Class	60,485	68,327
Fidelity VIP Contrafund Portfolio - Initial Class	289,145	237,957
Fidelity VIP Growth Portfolio - Initial Class	106,095	168,107
Fidelity VIP High Income Portfolio - Initial Class	29,332	16,867

Fidelity VIP Investment Grade Bond Portfolio - Initial Class	13,592	5,729
Fidelity VIP Money Market Portfolio - Initial Class	67,953	95,746
Fidelity VIP Overseas Portfolio - Initial Class	16,973	12,261
Franklin Templeton - Templeton Foreign Securities Fund - Class 2	150,837	117,435
Franklin Templeton - Templeton Global Asset Allocation Fund - Class 1	2,191	480
JPMorgan Bond Portfolio	180	212
JPMorgan Mid Cap Value Portfolio	118,169	94,590
JPMorgan U.S. Large Cap Core Equity Portfolio	325	263
Merrill Lynch Value Opportunities V.I. Fund - Class I	115,016	47,201
Neuberger Berman AMT Limited Maturity Bond Portfolio - Class I	3,411	452
Neuberger Berman AMT Partners Portfolio - Class I	208	185
Oppenheimer Global Securities Fund/VA - Non-Service Shares	24,276	15,012
Oppenheimer Main Street Fund/VA - Non-Service Shares	723	2,348
PIMCO VIT High Yield Portfolio - Administrative Class	41,869	21,321
PIMCO VIT Long-Term U.S. Government Portfolio - Administrative Class	150,058	76,553
SunAmerica - Aggressive Growth Portfolio - Class 1	19	-
SunAmerica - SunAmerica Balanced Portfolio - Class 1	2,254	446
SunAmerica Alliance Growth Portfolio	1,157	595
SunAmerica Global Bond Portfolio	1,289	3,078
SunAmerica Growth-Income Portfolio	3,677	2,354
SunAmerica MFS Mid-Cap Growth Portfolio	14	944
UIF Money Market Portfolio - Class I	5,161	752,549
Van Eck Worldwide Emerging Markets Fund	4,579	20,843
Van Eck Worldwide Hard Assets Fund	1,794	3,920

</TABLE>

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AMERICAN INTERNATIONAL LIFE ASSURANCE COMPANY OF NEW YORK
VARIABLE ACCOUNT B
NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note E - Investments

The following is a summary of fund shares owned as of December 31, 2004.

<TABLE>
<CAPTION>

Sub-accounts	Shares	Net Asset Value	Value of Shares at Fair Value	Cost of Shares Held
<S>	<C>	<C>	<C>	<C>
AIM V.I. Capital Appreciation Fund - Series I	4,787	\$22.69	\$ 108,625	\$ 106,532
AIM V.I. International Growth Fund - Series I	5,315	19.77	105,078	88,998
AllianceBernstein Global Bond Portfolio - Class A	1,101	13.63	15,013	14,011
AllianceBernstein Growth and Income Portfolio - Class A	38,050	24.08	916,250	808,691
AllianceBernstein Growth Portfolio - Class A	48,693	18.30	891,073	947,644
AllianceBernstein Premier Growth Portfolio - Class A	10,685	23.44	250,462	260,090
AllianceBernstein Real Estate Investment Portfolio - Class A	131	20.66	2,710	1,652
AllianceBernstein Small Cap Growth Portfolio - Class A	14,532	11.65	169,302	147,557
AllianceBernstein Technology Portfolio - Class A	17,251	15.27	263,419	305,481
AllianceBernstein Total Return Portfolio - Class A	3,279	18.94	62,097	57,415
AllianceBernstein Utility Income Portfolio - Class A	13	18.17	238	226
American Century VP Capital Appreciation Fund - Class I	330	7.66	2,530	2,311
American Century VP Income & Growth Fund - Class I	2,734	7.32	20,013	16,959
Anchor Series Trust Capital Appreciation Portfolio - Class 1	127	33.05	4,196	3,334
Anchor Series Trust Growth Portfolio - Class 1	90	27.56	2,490	2,142
Anchor Series Trust Natural Resources Portfolio - Class 1	61	31.37	1,926	1,469
Dreyfus Stock Index Fund, Inc. - Initial shares	41,396	30.89	1,278,719	1,233,236
Dreyfus VIF Small Company Stock Portfolio - Initial shares	3,835	22.66	86,908	66,272
Fidelity VIP Asset Manager Portfolio - Initial Class	31,700	14.85	470,746	483,114
Fidelity VIP Contrafund Portfolio - Initial Class	91,804	26.62	2,443,810	1,994,381
Fidelity VIP Growth Portfolio - Initial Class	41,586	32.01	1,331,177	1,548,724
Fidelity VIP High Income Portfolio - Initial Class	30,004	7.00	210,028	218,714
Fidelity VIP Investment Grade Bond Portfolio - Initial Class	8,195	13.25	108,577	104,452
Fidelity VIP Money Market Portfolio - Initial Class	238,017	1.00	238,017	238,017
Fidelity VIP Overseas Portfolio - Initial Class	8,076	17.52	141,487	140,909
Franklin Templeton - Templeton Foreign Securities Fund - Class 2	95,336	14.35	1,368,073	1,083,463
Franklin Templeton - Templeton Global Asset Allocation Fund - Class 1	257	21.11	5,428	4,482
JPMorgan Bond Portfolio	49	12.17	591	592
JPMorgan Mid Cap Value Portfolio	42,196	25.92	1,093,710	858,060
JPMorgan U.S. Large Cap Core Equity Portfolio	60	13.59	821	727
Merrill Lynch Value Opportunities V.I. Fund - Class I	20,506	26.17	536,650	486,302
Neuberger Berman AMT Limited Maturity Bond Portfolio - Class I	343	12.82	4,402	4,522
Neuberger Berman AMT Partners Portfolio - Class I	33	18.32	604	493
Oppenheimer Global Securities Fund/VA - Non-Service Shares	1,587	29.51	46,827	34,345
Oppenheimer Main Street Fund/VA - Non-Service Shares	1,433	20.84	29,871	26,559
PIMCO VIT High Yield Portfolio - Administrative Class	28,337	8.40	238,028	225,858
PIMCO VIT Long-Term U.S. Government Portfolio - Administrative Class	75,057	11.19	839,889	833,892
SunAmerica - Aggressive Growth Portfolio - Class 1	61	10.19	624	546
SunAmerica - SunAmerica Balanced Portfolio - Class 1	341	14.00	4,778	4,601
SunAmerica Alliance Growth Portfolio	715	18.87	13,485	13,386
SunAmerica Global Bond Portfolio	172	11.60	1,999	1,945

SunAmerica Growth-Income Portfolio	1,186	23.89	28,327	25,243
SunAmerica MFS Mid-Cap Growth Portfolio	744	9.07	6,745	5,070
UIF Money Market Portfolio - Class I	263,138	1.00	263,138	263,138
Van Eck Worldwide Emerging Markets Fund	4,431	15.21	67,399	40,588
Van Eck Worldwide Hard Assets Fund	3,255	18.36	59,765	37,499

</TABLE>

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AMERICAN INTERNATIONAL LIFE ASSURANCE COMPANY OF NEW YORK
VARIABLE ACCOUNT B
NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note F - Summary of Changes in Units

Summary of Changes in Units for the years ended December 31, 2004 and 2003.

<TABLE>
<CAPTION>

Sub-accounts	Accumulation Unit Issued	Accumulation Units Redeemed	Net Increase (Decrease)
<S>	<C>	<C>	<C>
2004			
1 AIM V.I. Capital Appreciation Fund - Series I	2,288	(1,028)	1,260
3 AIM V.I. Capital Appreciation Fund - Series I	324	(296)	28
1 AIM V.I. International Growth Fund - Series I	879	(2,233)	(1,354)
3 AIM V.I. International Growth Fund - Series I	94	(42)	52
1 AllianceBernstein Global Bond Portfolio - Class A	36	(47)	(11)
1 AllianceBernstein Growth and Income Portfolio - Class A	3,699	(2,836)	863
1 AllianceBernstein Growth Portfolio - Class A	7,449	(4,809)	2,640
1 AllianceBernstein Premier Growth Portfolio - Class A	3,719	(5,043)	(1,324)
3 AllianceBernstein Premier Growth Portfolio - Class A	165	(198)	(33)
3 AllianceBernstein Real Estate Investment Portfolio - Class A	1	(18)	(17)
1 AllianceBernstein Small Cap Growth Portfolio - Class A	1,758	(938)	820
1 AllianceBernstein Technology Portfolio - Class A	3,522	(4,373)	(851)
3 AllianceBernstein Technology Portfolio - Class A	81	(45)	36
1 AllianceBernstein Total Return Portfolio - Class A	645	(1,362)	(717)
3 AllianceBernstein Utility Income Portfolio - Class A	24	(2)	22
3 American Century VP Capital Appreciation Fund - Class I	67	(41)	26
3 American Century VP Income & Growth Fund - Class I	67	(158)	(91)
3 Anchor Series Trust Capital Appreciation Portfolio - Class 1	173	(459)	(286)
3 Anchor Series Trust Growth Portfolio - Class 1	111	(376)	(265)
3 Anchor Series Trust Natural Resources Portfolio - Class 1	32	(105)	(73)
1 Dreyfus Stock Index Fund, Inc. - Initial shares	8,583	(7,494)	1,089
3 Dreyfus Stock Index Fund, Inc. - Initial shares	7,302	(4,061)	3,241
1 Dreyfus VIF Small Company Stock Portfolio - Initial shares	1,241	(2,226)	(985)
3 Dreyfus VIF Small Company Stock Portfolio - Initial shares	39	(149)	(110)
1 Fidelity VIP Asset Manager Portfolio - Initial Class	3,819	(4,968)	(1,149)
3 Fidelity VIP Asset Manager Portfolio - Initial Class	358	(92)	266
1 Fidelity VIP Contrafund Portfolio - Initial Class	4,425	(4,031)	394
2 Fidelity VIP Contrafund Portfolio - Initial Class	20,225	(15,937)	4,288
3 Fidelity VIP Contrafund Portfolio - Initial Class	403	(340)	63
1 Fidelity VIP Growth Portfolio - Initial Class	10,805	(14,175)	(3,370)
3 Fidelity VIP Growth Portfolio - Initial Class	108	(283)	(175)
1 Fidelity VIP High Income Portfolio - Initial Class	2,000	(2,107)	(107)
3 Fidelity VIP High Income Portfolio - Initial Class	--	(59)	(59)
1 Fidelity VIP Investment Grade Bond Portfolio - Initial Class	910	(770)	140
3 Fidelity VIP Investment Grade Bond Portfolio - Initial Class	--	(57)	(57)
1 Fidelity VIP Money Market Portfolio - Initial Class	4,194	(6,502)	(2,308)
3 Fidelity VIP Money Market Portfolio - Initial Class	410	(243)	167
1 Fidelity VIP Overseas Portfolio - Initial Class	1,543	(1,183)	360
2 Franklin Templeton - Templeton Foreign Securities Fund - Class 2	13,478	(10,642)	2,836
3 Franklin Templeton - Templeton Global Asset Allocation Fund - Class 1	213	(69)	144
3 JPMorgan Bond Portfolio	20	(25)	(5)
2 JPMorgan Mid Cap Value Portfolio	10,406	(8,510)	1,896
3 JPMorgan U.S. Large Cap Core Equity Portfolio	58	(50)	8
2 Merrill Lynch Value Opportunities V.I. Fund - Class I	5,406	(4,257)	1,149
3 Neuberger Berman AMT Limited Maturity Bond Portfolio - Class I	333	(79)	254
3 Neuberger Berman AMT Partners Portfolio - Class I	33	(29)	4
3 Oppenheimer Global Securities Fund/VA - Non-Service Shares	2,352	(1,484)	868
3 Oppenheimer Main Street Fund/VA - Non-Service Shares	110	(282)	(172)
2 PIMCO VIT High Yield Portfolio - Administrative Class	2,818	(2,129)	689
2 PIMCO VIT Long-Term U.S. Government Portfolio - Administrative Class	10,858	(7,988)	2,870

</TABLE>

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AMERICAN INTERNATIONAL LIFE ASSURANCE COMPANY OF NEW YORK
VARIABLE ACCOUNT B
NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note F - Summary of Changes in Units - Continued

Summary of Changes in Units for the years ended December 31, 2004 and 2003.

<TABLE>
<CAPTION>

Sub-accounts	Accumulation Unit Issued	Accumulation Units Redeemed	Net Increase (Decrease)
<S>	<C>	<C>	<C>
2004 - continued			
3 SunAmerica - Aggressive Growth Portfolio - Class 1	17	(14)	3
3 SunAmerica - SunAmerica Balanced Portfolio - Class 1	277	(81)	196
3 SunAmerica Alliance Growth Portfolio	296	(216)	80
3 SunAmerica Global Bond Portfolio	75	(234)	(159)
3 SunAmerica Growth-Income Portfolio	601	(451)	150
3 SunAmerica MFS Mid-Cap Growth Portfolio	95	(242)	(147)
2 UIF Money Market Portfolio - Class I	171	(72,679)	(72,508)
1 Van Eck Worldwide Emerging Markets Fund	750	(2,456)	(1,706)
1 Van Eck Worldwide Hard Assets Fund	304	(444)	(140)
2003			
1 AIM V.I. Capital Appreciation Fund - Series I	2,627	(3,093)	(466)
3 AIM V.I. Capital Appreciation Fund - Series I	714	(313)	401
1 AIM V.I. International Growth Fund - Series I	2,247	(1,544)	703
3 AIM V.I. International Growth Fund - Series I	127	(53)	74
1 AllianceBernstein Global Bond Portfolio - Class A	1,000	(108)	892
1 AllianceBernstein Growth and Income Portfolio - Class A	5,980	(3,890)	2,090
1 AllianceBernstein Growth Portfolio - Class A	12,619	(15,319)	(2,700)
1 AllianceBernstein Premier Growth Portfolio - Class A	7,136	(7,494)	(358)
3 AllianceBernstein Premier Growth Portfolio - Class A	218	(219)	(1)
3 AllianceBernstein Real Estate Investment Portfolio - Class A	9	(5)	4
1 AllianceBernstein Small Cap Growth Portfolio - Class A	3,299	(1,558)	1,741
1 AllianceBernstein Technology Portfolio - Class A	6,461	(5,224)	1,237
3 AllianceBernstein Technology Portfolio - Class A	88	(54)	34
1 AllianceBernstein Total Return Portfolio - Class A	762	(431)	331
3 AllianceBernstein Utility Income Portfolio - Class A	--	(1)	(1)
3 American Century VP Capital Appreciation Fund - Class I	79	(45)	34
3 American Century VP Income & Growth Fund - Class I	109	(181)	(72)
3 Anchor Series Trust Capital Appreciation Portfolio - Class 1	75	(67)	8
3 Anchor Series Trust Growth Portfolio - Class 1	--	(3)	(3)
3 Anchor Series Trust Natural Resources Portfolio - Class 1	13	(6)	7
1 Dreyfus Stock Index Fund, Inc. - Initial shares	12,611	(8,588)	4,023
3 Dreyfus Stock Index Fund, Inc. - Initial shares	5,433	(1,014)	4,419
1 Dreyfus VIF Small Company Stock Portfolio - Initial shares	1,902	(1,948)	(46)
3 Dreyfus VIF Small Company Stock Portfolio - Initial shares	277	(181)	96
1 Fidelity VIP Asset Manager Portfolio - Initial Class	5,043	(2,476)	2,567
3 Fidelity VIP Asset Manager Portfolio - Initial Class	163	(105)	58
2 Fidelity VIP Balanced Portfolio - Initial Class	--	(502,529)	(502,529)
1 Fidelity VIP Contrafund Portfolio - Initial Class	4,890	(5,429)	(539)
2 Fidelity VIP Contrafund Portfolio - Initial Class	153,975	(3,420)	150,555
3 Fidelity VIP Contrafund Portfolio - Initial Class	532	(317)	215
1 Fidelity VIP Growth Portfolio - Initial Class	16,091	(11,540)	4,551
3 Fidelity VIP Growth Portfolio - Initial Class	434	(70)	364
1 Fidelity VIP High Income Portfolio - Initial Class	3,132	(1,307)	1,825
3 Fidelity VIP High Income Portfolio - Initial Class	--	(61)	(61)
1 Fidelity VIP Investment Grade Bond Portfolio - Initial Class	1,041	(334)	707
3 Fidelity VIP Investment Grade Bond Portfolio - Initial Class	15	(47)	(32)
1 Fidelity VIP Money Market Portfolio - Initial Class	5,681	(4,418)	1,263
3 Fidelity VIP Money Market Portfolio - Initial Class	481	(637)	(156)
1 Fidelity VIP Overseas Portfolio - Initial Class	2,000	(1,329)	671

</TABLE>

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AMERICAN INTERNATIONAL LIFE ASSURANCE COMPANY OF NEW YORK
VARIABLE ACCOUNT B
NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note F - Summary of Changes in Units - Continued

Summary of Changes in Units for the years ended December 31, 2004 and 2003.

<TABLE>
<CAPTION>

Sub accounts	Accumulation Units Issued	Accumulation Units Redeemed	Net Increase (Decrease)
<S>	<C>	<C>	<C>
2003 - continued			
2 Franklin Templeton - Templeton Foreign Securities Fund - Class 2	102,824	(2,284)	100,540

3 Franklin Templeton - Templeton Global Asset Allocation Fund - Class 1	98	(84)	14
3 JPMorgan Bond Portfolio	53	(13)	40
2 JPMorgan Mid Cap Value Portfolio	82,259	(1,827)	80,432
3 JPMorgan U.S. Large Cap Core Equity Portfolio	70	(62)	8
2 Merrill Lynch Value Opportunities V.I. Fund - Class I	41,129	(913)	40,216
3 Neuberger Berman AMT Limited Maturity Bond Portfolio - Class I	134	(87)	47
3 Neuberger Berman AMT Partners Portfolio - Class I	42	(38)	4
3 Oppenheimer Global Securities Fund/VA - Non-Service Shares	1,798	(268)	1,530
3 Oppenheimer Main Street Fund/VA - Non-Service Shares	171	(321)	(150)
2 PIMCO VIT High Yield Portfolio - Administrative Class	20,565	(457)	20,108
2 PIMCO VIT Long-Term U.S. Government Portfolio - Administrative Class	77,118	(1,713)	75,405
3 SunAmerica - Aggressive Growth Portfolio - Class 1	47	(2)	45
3 SunAmerica - SunAmerica Balanced Portfolio - Class 1	118	(90)	28
3 SunAmerica Alliance Growth Portfolio	386	(237)	149
3 SunAmerica Global Bond Portfolio	13	(6)	7
3 SunAmerica Growth-Income Portfolio	715	(453)	262
3 SunAmerica MFS Mid-Cap Growth Portfolio	562	(234)	328
2 UIF Money Market Portfolio - Class I	46,087	(6,774)	39,313
1 Van Eck Worldwide Emerging Markets Fund	1,915	661	2,576
1 Van Eck Worldwide Hard Assets Fund	1,224	(664)	560

Footnotes

- 1 Variable Universal Life Policy product.
- 2 Executive Advantage product.
- 3 Gemstone Life product.

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AMERICAN INTERNATIONAL LIFE ASSURANCE COMPANY OF NEW YORK
VARIABLE ACCOUNT B
NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note G - Financial Highlights

A summary of units outstanding, unit values, and net assets for the variable life policies and the investment income ratios, expense ratios (excluding expenses of the underlying sub-accounts) and total returns for the years ended December 31, 2004, 2003, 2002 and 2001, are as follows:

Sub accounts	Units	Unit Value	Net Assets	Investment Income Ratio (a)	Expense Ratio (b)	Total Return (c)
<S>	<C>	<C>	<C>	<C>	<C>	<C>
2004						
1 AIM V.I. Capital Appreciation Fund - Series I	8,433	\$11.13	\$ 93,850	0.00%	0.90%	5.67%
3 AIM V.I. Capital Appreciation Fund - Series I	1,627	9.08	14,775	0.00%	0.75%	5.83%
1 AIM V.I. International Growth Fund - Series I	7,913	12.91	102,164	0.60%	0.90%	22.89%
3 AIM V.I. International Growth Fund - Series I	257	11.36	2,919	0.60%	0.75%	23.08%
1 AllianceBernstein Global Bond Portfolio - Class A	1,033	14.53	15,013	5.48%	0.90%	8.65%
1 AllianceBernstein Growth and Income Portfolio - Class A	34,355	26.67	916,250	0.87%	0.90%	10.46%
1 AllianceBernstein Growth Portfolio - Class A	46,104	19.33	891,073	0.00%	0.90%	13.71%
1 AllianceBernstein Premier Growth Portfolio - Class A	19,467	12.15	236,499	0.00%	0.90%	7.65%
3 AllianceBernstein Premier Growth Portfolio - Class A	1,746	8.00	13,963	0.00%	0.75%	7.81%
3 AllianceBernstein Real Estate Investment Portfolio - Class A	128	21.09	2,702	2.24%	0.75%	34.61%
1 AllianceBernstein Small Cap Growth Portfolio - Class A**	13,947	12.14	169,302	0.00%	0.90%	13.53%
1 AllianceBernstein Technology Portfolio - Class A	17,048	15.34	261,510	0.00%	0.90%	4.51%
3 AllianceBernstein Technology Portfolio - Class A	261	7.30	1,908	0.00%	0.75%	4.67%
1 AllianceBernstein Total Return Portfolio - Class A	5,196	11.95	62,098	2.32%	0.90%	8.10%
3 AllianceBernstein Utility Income Portfolio - Class A	26	8.98	236	0.56%	0.75%	23.40%
3 American Century VP Capital Appreciation Fund - Class I	288	8.79	2,530	0.00%	0.75%	6.78%
3 American Century VP Income & Growth Fund - Class I	1,878	10.66	20,013	1.38%	0.75%	12.15%
3 Anchor Series Trust Capital Appreciation Portfolio - Class 1	432	9.71	4,195	0.00%	0.75%	8.30%
3 Anchor Series Trust Growth Portfolio - Class 1	241	10.33	2,490	0.36%	0.75%	10.03%
3 Anchor Series Trust Natural Resources Portfolio - Class 1	109	17.60	1,922	0.47%	0.75%	24.11%
1 Dreyfus Stock Index Fund, Inc. - Initial shares	57,223	20.13	1,152,047	1.79%	0.90%	9.65%
3 Dreyfus Stock Index Fund, Inc. - Initial shares	12,822	9.88	126,672	2.01%	0.75%	9.81%
1 Dreyfus VIF Small Company Stock Portfolio - Initial shares	5,313	14.71	78,155	0.00%	0.90%	17.46%
3 Dreyfus VIF Small Company Stock Portfolio - Initial shares	670	13.07	8,755	0.00%	0.75%	17.63%
1 Fidelity VIP Asset Manager Portfolio - Initial Class	27,038	17.23	465,963	2.66%	0.90%	4.52%
3 Fidelity VIP Asset Manager Portfolio - Initial Class	442	10.84	4,790	2.66%	0.75%	4.68%
1 Fidelity VIP Contrafund Portfolio - Initial Class	18,673	16.81	313,817	0.35%	0.90%	14.44%
2 Fidelity VIP Contrafund Portfolio - Initial Class	154,843	13.55	2,097,585	0.31%	0.75%	14.61%
3 Fidelity VIP Contrafund Portfolio - Initial Class	2,572	12.60	32,412	0.35%	0.75%	14.61%
1 Fidelity VIP Growth Portfolio - Initial Class	77,484	17.01	1,317,724	0.26%	0.90%	2.45%
3 Fidelity VIP Growth Portfolio - Initial Class	1,617	8.32	13,451	0.26%	0.75%	2.61%
1 Fidelity VIP High Income Portfolio - Initial Class	15,962	12.71	202,940	7.97%	0.90%	8.61%
3 Fidelity VIP High Income Portfolio - Initial Class	564	12.57	7,088	7.97%	0.75%	8.77%
1 Fidelity VIP Investment Grade Bond Portfolio - Initial Class	6,278	16.50	103,602	3.94%	0.90%	3.52%
3 Fidelity VIP Investment Grade Bond Portfolio - Initial Class	401	12.41	4,976	3.94%	0.75%	3.67%

1 Fidelity VIP Money Market Portfolio - Initial Class	17,073	13.14	224,411	1.15%	0.90%	0.30%
3 Fidelity VIP Money Market Portfolio - Initial Class	1,317	10.33	13,605	1.15%	0.75%	0.45%
1 Fidelity VIP Overseas Portfolio - Initial Class	8,981	15.76	141,496	1.08%	0.90%	12.62%
2 Franklin Templeton - Templeton Foreign Securities Fund - Class 2	103,376	13.23	1,368,071	0.97%	0.75%	17.64%
3 Franklin Templeton - Templeton Global Asset Allocation Fund - Class 1	411	13.20	5,428	2.38%	0.75%	15.07%
3 JPMorgan Bond Portfolio	50	11.94	597	4.18%	0.75%	3.51%
3 JPMorgan Mid Cap Value Portfolio	82,328	13.28	1,093,710	0.28%	0.75%	20.16%
3 JPMorgan U.S. Large Cap Core Equity Portfolio	88	9.40	825	0.72%	0.75%	8.67%
2 Merrill Lynch Value Opportunities V.I. Fund - Class I***	41,365	12.97	536,649	0.00%	0.75%	14.12%
3 Neuberger Berman AMT Limited Maturity Bond Portfolio - Class I	398	11.05	4,402	5.27%	0.75%	0.03%
3 Neuberger Berman AMT Partners Portfolio - Class I	53	11.51	606	0.01%	0.75%	18.09%
3 Oppenheimer Global Securities Fund/VA - Non-Service Shares	3,802	12.31	46,824	0.96%	0.75%	18.27%
3 Oppenheimer Main Street Fund/VA - Non-Service Shares	2,915	10.25	29,871	0.83%	0.75%	8.64%
2 PIMCO VIT High Yield Portfolio - Administrative Class	20,797	11.45	238,020	6.26%	0.75%	8.72%

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AMERICAN INTERNATIONAL LIFE ASSURANCE COMPANY OF NEW YORK
VARIABLE ACCOUNT B
NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note G - Financial Highlights - Continued

A summary of units outstanding, unit values, and net assets for the variable life policies and the investment income ratios, expense ratios (excluding expenses of the underlying sub-accounts) and total returns for the years ended December 31, 2004, 2003, 2002 and 2001, are as follows:

Sub-accounts	Units	Unit Value	Net Assets	Investment Income Ratio (a)	Expense Ratio (b)	Total Return (c)

<S>	<C>	<C>	<C>	<C>	<C>	<C>
2004 - continued						
2 PIMCO VIT Long-Term U.S. Government Portfolio - Administrative Class	78,275	\$10.73	\$839,887	2.96%	0.75%	6.76%
3 SunAmerica - Aggressive Growth Portfolio - Class 1	71	8.81	622	0.00%	0.75%	15.91%
3 SunAmerica - SunAmerica Balanced Portfolio - Class 1	507	9.42	4,778	1.85%	0.75%	5.98%
3 SunAmerica Alliance Growth Portfolio	1,608	8.39	13,487	0.32%	0.75%	7.14%
3 SunAmerica Global Bond Portfolio	175	11.37	1,993	0.00%	0.75%	3.19%
3 SunAmerica Growth-Income Portfolio	2,930	9.67	28,327	0.71%	0.75%	10.70%
3 SunAmerica MFS Mid-Cap Growth Portfolio	1,043	6.47	6,744	0.00%	0.75%	13.24%
2 UIF Money Market Portfolio - Class I	25,537	10.31	263,329	0.81%	0.75%	0.03%
1 Van Eck Worldwide Emerging Markets Fund	5,442	12.39	67,400	0.59%	0.90%	24.76%
1 Van Eck Worldwide Hard Assets Fund	3,853	15.51	59,765	0.37%	0.90%	22.87%
2003						
1 AIM V.I. Capital Appreciation Fund - Series I	7,173	10.53	75,545	0.00%	0.90%	28.36%
3 AIM V.I. Capital Appreciation Fund - Series I	1,599	8.58	13,722	0.00%	0.75%	28.55%
1 AIM V.I. International Growth Fund - Series I	9,267	10.51	97,361	0.56%	0.90%	27.91%
3 AIM V.I. International Growth Fund - Series I	205	9.23	1,897	0.56%	0.75%	28.10%
1 AllianceBernstein Global Bond Portfolio - Class A	1,044	13.38	13,970	1.26%	0.75%	12.25%
1 AllianceBernstein Growth and Income Portfolio - Class A	33,492	24.14	808,633	1.03%	0.90%	31.32%
1 AllianceBernstein Growth Portfolio - Class A	43,464	17.00	738,804	0.00%	0.90%	33.85%
1 AllianceBernstein Premier Growth Portfolio - Class A	20,791	11.29	234,646	0.00%	0.90%	22.56%
3 AllianceBernstein Premier Growth Portfolio - Class A	1,779	7.42	13,199	0.00%	0.75%	22.74%
3 AllianceBernstein Real Estate Investment Portfolio - Class A	145	15.67	2,272	2.70%	0.75%	38.26%
1 AllianceBernstein Small Cap Growth Portfolio - Class A	13,127	10.69	140,364	0.00%	0.90%	47.57%
1 AllianceBernstein Technology Portfolio - Class A	17,899	14.68	262,716	0.00%	0.90%	42.79%
3 AllianceBernstein Technology Portfolio - Class A	225	6.98	1,566	0.00%	0.75%	43.01%
1 AllianceBernstein Total Return Portfolio - Class A	5,913	11.06	65,373	2.58%	0.75%	17.99%
3 AllianceBernstein Utility Income Portfolio - Class A	4	7.28	30	4.68%	0.75%	18.99%
3 American Century VP Capital Appreciation Fund - Class I	262	8.23	2,157	0.00%	0.75%	19.57%
3 American Century VP Income & Growth Fund - Class I	1,969	9.50	18,711	1.30%	0.75%	28.39%
3 Anchor Series Trust Capital Appreciation Portfolio - Class 1	718	8.97	6,439	0.00%	0.75%	31.26%
3 Anchor Series Trust Growth Portfolio - Class 1	506	9.39	4,752	0.54%	0.75%	28.95%
3 Anchor Series Trust Natural Resources Portfolio - Class 1	182	14.18	2,585	0.66% +	0.75%	46.61%
1 Dreyfus Stock Index Fund, Inc. - Initial shares	56,134	18.36	1,030,662	1.46%	0.90%	27.21%
3 Dreyfus Stock Index Fund, Inc. - Initial shares	9,581	9.00	86,190	1.77%	0.75%	27.41%
1 Dreyfus VIF Small Company Stock Portfolio - Initial shares	6,298	12.52	78,872	0.12%	0.90%	41.66%
3 Dreyfus VIF Small Company Stock Portfolio - Initial shares	780	11.11	8,668	0.10%	0.75%	41.87%
1 Fidelity VIP Asset Manager Portfolio - Initial Class	28,187	16.49	464,743	3.36%	0.90%	16.92%
3 Fidelity VIP Asset Manager Portfolio - Initial Class	176	10.36	1,819	3.36%	0.75%	17.09%
2 Fidelity VIP Balanced Portfolio - Initial Class	-	11.28	-	5.87%	0.75%	16.85%
1 Fidelity VIP Contrafund Portfolio - Initial Class	18,279	14.69	268,435	0.11%	0.90%	27.31%
2 Fidelity VIP Contrafund Portfolio - Initial Class	150,555	11.82	1,779,453	0.11%	0.75%	18.19%
3 Fidelity VIP Contrafund Portfolio - Initial Class	2,509	11.00	27,584	0.11%	0.75%	27.50%

1 Fidelity VIP Growth Portfolio - Initial Class	80,854	16.60	1,342,138	0.24%	0.90%	31.66%
3 Fidelity VIP Growth Portfolio - Initial Class	1,792	8.11	14,528	0.24%	0.75%	31.86%
1 Fidelity VIP High Income Portfolio - Initial Class	16,069	11.71	188,101	6.88%	0.90%	26.13%
3 Fidelity VIP High Income Portfolio - Initial Class	623	11.55	7,194	6.88%	0.75%	26.31%
1 Fidelity VIP Investment Grade Bond Portfolio - Initial Class	6,138	15.94	97,841	3.70% +	0.90%	4.26%
3 Fidelity VIP Investment Grade Bond Portfolio - Initial Class	458	11.97	5,485	3.70%	0.75%	4.42%
1 Fidelity VIP Money Market Portfolio - Initial Class	19,381	13.10	253,980	1.00%	0.90%	0.09%
3 Fidelity VIP Money Market Portfolio - Initial Class	1,150	10.28	11,829	1.00%	0.75%	0.24%

</TABLE>

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AMERICAN INTERNATIONAL LIFE ASSURANCE COMPANY OF NEW YORK
VARIABLE ACCOUNT B
NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note G - Financial Highlights - Continued

A summary of units outstanding, unit values, and net assets for the variable life policies and the investment income ratios, expense ratios (excluding expenses of the underlying sub-accounts) and total returns for the years ended December 31, 2004, 2003, 2002 and 2001, are as follows:

<TABLE>

<CAPTION>

Sub-accounts	Units	Unit Value	Net Assets	Investment Income Ratio (a)	Expense Ratio (b)	Total Return (c)
<S>	<C>	<C>	<C>	<C>	<C>	<C>
2003 - continued						
1 Fidelity VIP Overseas Portfolio - Initial Class	8,621	\$13.99	\$ 120,609	0.72%	0.90%	42.09%
2 Franklin Templeton - Templeton Foreign Securities Fund - Class 2	100,540	11.25	1,131,003	0.00%	0.75%	12.49%
3 Franklin Templeton - Templeton Global Asset Allocation Fund - Class 1	267	11.47	3,064	2.14%	0.75%	31.32%
3 JPMorgan Bond Portfolio	55	11.54	640	0.82% +	0.75%	2.94%
2 JPMorgan Mid Cap Value Portfolio	80,432	11.06	889,291	0.00%	0.75%	10.56%
3 JPMorgan U.S. Large Cap Core Equity Portfolio	80	8.65	691	0.33%	0.75%	27.18%
2 Merrill Lynch Value Opportunities V.I. Fund - Class I	40,216	11.37	457,190	0.13%	0.75%	13.68%
3 Neuberger Berman AMT Limited Maturity Bond Portfolio - Class I	144	11.04	1,595	4.86%	0.75%	1.66%
3 Neuberger Berman AMT Partners Portfolio - Class I	49	9.74	479	0.00%	0.75%	34.08%
3 Oppenheimer Global Securities Fund/VA - Non-Service Shares	2,934	10.41	30,545	0.94%	0.75%	41.95%
3 Oppenheimer Main Street Fund/VA - Non-Service Shares	3,087	9.43	29,114	0.97%	0.75%	25.77%
2 PIMCO VIT High Yield Portfolio - Administrative Class	20,108	10.53	211,675	3.21%	0.75%	5.27%
2 PIMCO VIT Long-Term U.S. Government Portfolio - Administrative Class	75,405	10.05	757,857	1.27% +	0.75%	0.50%
3 SunAmerica - Aggressive Growth Portfolio - Class 1	68	7.60	516	0.00%	0.75%	27.53%
3 SunAmerica - SunAmerica Balanced Portfolio - Class 1	311	8.89	2,766	1.80%	0.75%	14.26%
3 SunAmerica Alliance Growth Portfolio	1,528	7.83	11,965	0.26%	0.75%	24.87%
3 SunAmerica Global Bond Portfolio	334	11.02	3,677	0.00%	0.75%	2.78%
3 SunAmerica Growth-Income Portfolio	2,780	8.73	24,280	1.02%	0.75%	24.70%
3 SunAmerica MFS Mid-Cap Growth Portfolio	1,190	5.71	6,793	0.00%	0.75%	36.21%
2 UIF Money Market Portfolio - Class I	98,045	10.31	1,010,698	0.58%	0.75%	-0.20%
1 Van Eck Worldwide Emerging Markets Fund	7,148	9.93	70,960	0.09%	0.90%	52.81%
1 Van Eck Worldwide Hard Assets Fund	3,993	12.63	50,411	0.36%	0.90%	43.78%
2002						
1 AIM V.I. Capital Appreciation Fund - Series I	7,639	8.21	62,680	0.00%	0.90%	-25.03%
3 AIM V.I. Capital Appreciation Fund - Series I	1,198	6.67	7,994	0.00%	0.75%	-24.92%
1 AIM V.I. International Growth Fund - Series I	8,564	8.21	70,342	0.61%	0.90%	-16.43%
3 AIM V.I. International Growth Fund - Series I	131	7.21	943	1.13%	0.75%	-16.30%
1 AllianceBernstein Global Bond Portfolio - Class A	152	11.92	1,808	1.18%	0.75%	15.87%
1 AllianceBernstein Growth and Income Portfolio - Class A	31,402	18.39	577,352	0.67%	0.90%	-22.75%
1 AllianceBernstein Growth Portfolio - Class A	46,164	12.70	586,259	0.00%	0.90%	-28.72%
1 AllianceBernstein Premier Growth Portfolio - Class A	21,149	9.21	194,749	0.00%	0.90%	-31.27%
3 AllianceBernstein Premier Growth Portfolio - Class A	1,780	6.04	10,755	0.00%	0.75%	-31.16%
3 AllianceBernstein Real Estate Investment Portfolio - Class A	141	11.33	1,600	5.41%	0.75%	0.00%
1 AllianceBernstein Small Cap Growth Portfolio - Class A	11,386	7.25	82,501	0.00%	0.90%	-32.38%
1 AllianceBernstein Technology Portfolio - Class A	16,662	10.28	171,274	0.00%	0.90%	-42.23%
3 AllianceBernstein Technology Portfolio - Class A	191	4.88	930	0.00%	0.75%	-42.14%
1 AllianceBernstein Total Return Portfolio - Class A	5,582	9.37	52,302	2.64% +	0.75%	-11.39%
3 AllianceBernstein Utility Income Portfolio - Class A	5	6.12	33	5.15%	0.75%	0.00%
3 American Century VP Capital Appreciation Fund - Class I	228	6.88	1,572	0.00%	0.75%	-21.79%
3 American Century VP Income & Growth Fund - Class I	2,041	7.40	15,106	1.00%	0.75%	-19.97%
3 Anchor Series Trust Capital Appreciation Portfolio - Class 1	710	6.83	4,853	0.00%	0.75%	-23.23%
3 Anchor Series Trust Growth Portfolio - Class 1	509	7.28	3,709	0.70%	0.75%	-22.75%
3 Anchor Series Trust Natural Resources Portfolio - Class 1	175	9.67	1,692	1.37% +	0.75%	7.54%
1 Dreyfus Stock Index Fund, Inc. - Initial shares	52,111	14.43	752,111	1.37%	0.90%	-23.06%
3 Dreyfus Stock Index Fund, Inc. - Initial shares	5,162	7.06	36,446	2.42%	0.75%	-22.94%
1 Dreyfus VIF Small Company Stock Portfolio - Initial shares	6,344	8.84	56,082	0.24%	0.90%	-20.43%
3 Dreyfus VIF Small Company Stock Portfolio - Initial shares	684	7.83	5,353	0.43%	0.75%	0.00%
1 Fidelity VIP Asset Manager Portfolio - Initial Class	25,620	14.10	361,292	3.71%	0.90%	-9.55%

AMERICAN INTERNATIONAL LIFE ASSURANCE COMPANY OF NEW YORK
 VARIABLE ACCOUNT B
 NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note G - Financial Highlights - Continued

A summary of units outstanding, unit values, and net assets for the variable life policies and the investment income ratios, expense ratios (excluding expenses of the underlying sub-accounts) and total returns for the years ended December 31, 2004, 2003, 2002 and 2001, are as follows:

<TABLE>

<CAPTION>

Sub-accounts	Units	Unit Value	Net Assets	Investment Income Ratio (a)	Expense Ratio (b)	Total Return (c)
<S>	<C>	<C>	<C>	<C>	<C>	<C>
2002 - continued						
3 Fidelity VIP Asset Manager Portfolio - Initial Class	118	\$ 8.84	\$ 1,043	4.72%	0.75%	-9.41%
2 Fidelity VIP Balanced Portfolio - Initial Class	502,529	9.65	4,849,243	2.47%	0.75%	-9.40%
1 Fidelity VIP Contrafund Portfolio - Initial Class	18,818	11.53	217,059	0.75%	0.90%	-10.16%
3 Fidelity VIP Contrafund Portfolio - Initial Class	2,294	8.62	19,786	0.80%	0.75%	-10.03%
1 Fidelity VIP Growth Portfolio - Initial Class	76,303	12.61	962,015	0.25%	0.90%	-30.73%
3 Fidelity VIP Growth Portfolio - Initial Class	1,428	6.15	8,780	0.39%	0.75%	-30.63%
1 Fidelity VIP High Income Portfolio - Initial Class	14,244	9.28	132,204	9.57%	0.90%	2.52%
3 Fidelity VIP High Income Portfolio - Initial Class	684	9.15	6,261	8.54%	0.75%	2.67%
1 Fidelity VIP Investment Grade Bond Portfolio - Initial Class	5,431	15.29	83,037	3.82%	0.90%	9.35%
3 Fidelity VIP Investment Grade Bond Portfolio - Initial Class	490	11.47	5,615	4.69%	0.75%	9.52%
1 Fidelity VIP Money Market Portfolio - Initial Class	18,118	13.09	237,209	1.76%	0.90%	0.78%
3 Fidelity VIP Money Market Portfolio - Initial Class	1,306	10.26	13,399	1.89%	0.75%	0.93%
1 Fidelity VIP Overseas Portfolio - Initial Class	7,950	9.85	78,283	0.92%	0.90%	-20.99%
3 Franklin Templeton - Templeton Global Asset Allocation Fund - Class 1	253	8.74	2,209	2.79%	0.75%	-4.88%
3 JPMorgan Bond Portfolio	15	11.21	170	0.57%	0.75%	7.99%
3 JPMorgan U.S. Large Cap Core Equity Portfolio	72	6.80	487	0.06%	0.75%	0.00%
3 Neuberger Berman AMT Limited Maturity Bond Portfolio - Class I	97	10.86	1,058	2.91%	0.75%	4.55%
3 Neuberger Berman AMT Partners Portfolio - Class I	45	7.27	329	0.73%	0.75%	0.00%
3 Oppenheimer Global Securities Fund/VA - Non-Service Shares	1,404	7.33	10,300	1.21%	0.75%	-22.72%
3 Oppenheimer Main Street Fund/VA - Non-Service Shares	3,237	7.50	24,279	0.85%	0.75%	-19.40%
3 SunAmerica - Aggressive Growth Portfolio - Class 1	23	5.96	138	0.26%	0.75%	-25.25%
3 SunAmerica - SunAmerica Balanced Portfolio - Class 1	283	7.78	2,201	2.24%	0.75%	-15.83%
3 SunAmerica Alliance Growth Portfolio	1,379	6.27	8,646	0.27%	0.75%	-31.80%
3 SunAmerica Global Bond Portfolio	327	10.72	3,507	2.80% +	0.75%	5.13%
3 SunAmerica Growth-Income Portfolio	2,518	7.00	17,633	0.98%	0.75%	-21.74%
3 SunAmerica MFS Mid-Cap Growth Portfolio	862	4.19	3,614	0.00%	0.75%	-47.56%
2 UIF Money Market Portfolio - Class I	58,732	10.33	606,660	1.66%	0.75%	0.00%
1 Van Eck Worldwide Emerging Markets Fund	4,572	6.50	29,699	0.15%	0.90%	-3.77%
1 Van Eck Worldwide Hard Assets Fund	3,433	8.78	30,146	0.90%	0.90%	-3.70%
2001						
1 AIM V.I. Capital Appreciation Fund - Series I	7,840	10.95	85,814	0.00% +	0.90%	-23.97%
3 AIM V.I. Capital Appreciation Fund - Series I	398	8.89	3,537	0.00% +	0.75%	-11.11%
1 AIM V.I. International Growth Fund - Series I	7,967	9.83	78,299	0.33% +	0.90%	-24.22%
3 AIM V.I. International Growth Fund - Series I	15	8.61	133	0.00%	0.75%	-13.89%
1 AllianceBernstein Global Bond Portfolio - Class A	185	10.28	1,905	0.00%	0.75%	-1.17%
1 AllianceBernstein Growth and Income Portfolio - Class A	34,130	23.80	812,322	0.60% +	0.90%	-0.55%
1 AllianceBernstein Growth Portfolio - Class A	48,410	17.82	862,517	0.28% +	0.90%	-24.16%
1 AllianceBernstein Premier Growth Portfolio - Class A	22,482	13.40	301,200	0.00% +	0.90%	-17.95%
3 AllianceBernstein Premier Growth Portfolio - Class A	977	8.78	8,575	0.00%	0.75%	-12.21%
1 AllianceBernstein Small Cap Growth Portfolio - Class A	10,539	10.72	112,936	0.00% +	0.90%	-13.54%
1 AllianceBernstein Technology Portfolio - Class A	16,526	17.79	294,053	0.00% +	0.90%	-25.91%
3 AllianceBernstein Technology Portfolio - Class A	115	8.43	973	0.00%	0.75%	-15.69%
1 AllianceBernstein Total Return Portfolio - Class A	9,901	10.57	104,693	1.59% +	0.75%	1.35%
3 American Century VP Capital Appreciation Fund - Class I	202	8.80	1,774	0.00%	0.75%	-11.98%
3 American Century VP Income & Growth Fund - Class I	1,837	9.25	16,996	0.00%	0.75%	-7.50%
3 Anchor Series Trust Capital Appreciation Portfolio - Class 1	144	8.90	1,279	0.00%	0.75%	-11.01%
3 Anchor Series Trust Growth Portfolio - Class 1	134	9.42	1,261	0.08% +	0.75%	-5.76%
3 Anchor Series Trust Natural Resources Portfolio - Class 1	55	9.00	491	0.02% +	0.75%	-10.05%

</TABLE>

Note G - Financial Highlights - Continued

A summary of units outstanding, unit values, and net assets for the variable life policies and the investment income ratios, expense ratios (excluding expenses of the underlying sub-accounts) and total returns for the years ended December 31, 2004, 2003, 2002 and 2001, are as follows:

<TABLE>

<CAPTION>

Sub-accounts	Units	Unit Value	Net Assets	Investment Income Ratio (a)	Expense Ratio (b)	Total Return (c)
<S>	<C>	<C>	<C>	<C>	<C>	<C>
2001 - continued						
1 Dreyfus Stock Index Fund, Inc. - Initial shares	54,823	\$18.76	\$1,028,405	1.09% +	0.90%	-12.97%
3 Dreyfus Stock Index Fund, Inc. - Initial shares	857	9.16	7,857	0.53% +	0.75%	-8.37%
1 Dreyfus VIF Small Company Stock Portfolio - Initial shares	4,996	11.11	55,507	0.06%	0.90%	-2.42%
1 Fidelity VIP Asset Manager Portfolio - Initial Class	23,801	15.59	371,071	4.03% +	0.90%	-4.95%
3 Fidelity VIP Asset Manager Portfolio - Initial Class	63	9.76	619	0.00%	0.75%	-2.37%
2 Fidelity VIP Balanced Portfolio - Initial Class	355,903	10.65	3,790,682	0.00%	0.75%	6.51%
1 Fidelity VIP Contrafund Portfolio - Initial Class	15,808	12.84	202,971	0.70% +	0.90%	-13.04%
3 Fidelity VIP Contrafund Portfolio - Initial Class	1,710	9.59	16,390	0.00%	0.75%	-4.15%
1 Fidelity VIP Growth Portfolio - Initial Class	76,052	18.20	1,384,279	0.07% +	0.90%	-18.39%
3 Fidelity VIP Growth Portfolio - Initial Class	550	8.86	4,874	0.00%	0.75%	-11.37%
1 Fidelity VIP High Income Portfolio - Initial Class	12,213	9.05	110,566	12.92%	0.90%	-12.53%
3 Fidelity VIP High Income Portfolio - Initial Class	743	8.91	6,619	0.00%	0.75%	-10.91%
1 Fidelity VIP Investment Grade Bond Portfolio - Initial Class	4,556	13.98	63,703	4.81%	0.90%	7.49%
3 Fidelity VIP Investment Grade Bond Portfolio - Initial Class	235	10.47	2,463	0.00%	0.75%	4.71%
1 Fidelity VIP Money Market Portfolio - Initial Class	20,242	12.99	262,961	4.12%	0.90%	3.25%
3 Fidelity VIP Money Market Portfolio - Initial Class	1,264	10.16	12,848	0.71%	0.75%	1.64%
1 Fidelity VIP Overseas Portfolio - Initial Class	11,401	12.46	142,091	5.34% +	0.90%	-21.88%
3 Franklin Templeton - Templeton Global Asset Allocation Fund - Class 1	42	9.19	389	0.00%	0.75%	-8.15%
3 JPMorgan Bond Portfolio	7	10.38	68	4.13% +	0.75%	3.80%
3 Neuberger Berman AMT Limited Maturity Bond Portfolio - Class I	60	10.39	625	0.00%	0.75%	3.92%
3 Oppenheimer Global Securities Fund/VA - Non-Service Shares	45	9.49	427	0.00%	0.75%	-5.10%
3 Oppenheimer Main Street Fund/VA - Non-Service Shares	2,411	9.30	22,438	0.00%	0.75%	-6.95%
3 SunAmerica - Aggressive Growth Portfolio - Class 1	8	7.98	67	0.00% +	0.75%	-20.25%
3 SunAmerica - SunAmerica Balanced Portfolio - Class 1	257	9.24	2,374	0.81% +	0.75%	-7.58%
3 SunAmerica Alliance Growth Portfolio	1,181	9.19	10,858	0.00%	0.75%	-8.08%
3 SunAmerica Global Bond Portfolio	87	10.20	890	2.95%	0.75%	1.97%
3 SunAmerica Growth-Income Portfolio	1,885	8.95	16,872	0.05% +	0.75%	-10.51%
3 SunAmerica MFS Mid-Cap Growth Portfolio	9	7.99	69	0.00% +	0.75%	-20.07%
1 Van Eck Worldwide Emerging Markets Fund	4,106	6.75	27,717	0.00%	0.90%	-2.70%
1 Van Eck Worldwide Hard Assets Fund	3,795	9.12	34,602	1.12%	0.90%	-11.25%

</TABLE>

Footnotes

- 1 Variable Universal Life Policy product.
- 2 Executive Advantage product.
- 3 Gemstone Life product.

(a) These amounts represent the dividends, excluding capital gain distributions from mutual funds, received by the Sub-account from the underlying mutual fund, net of management fees assessed by the fund manager, divided by the average net assets. These ratios exclude those expenses, such as mortality and expense risk charges, that result in direct reduction in the unit value. The recognition of investment income by the Sub-account is affected by the timing of the declaration of dividends by the underlying fund in which the Sub-accounts invest.

(b) These amounts represent the annualized policy expenses of the Account, consisting primarily of mortality and expense risk charges, for each year indicated. These ratios include only those expenses that result in a direct reduction to unit values. Charges made directly to policy owner accounts through the redemption of units and expenses of the underlying fund have been excluded.

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AMERICAN INTERNATIONAL LIFE ASSURANCE COMPANY OF NEW YORK
 VARIABLE ACCOUNT B
 NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note G - Financial Highlights - Continued

(c) These amounts represent the total return for the years indicated, including changes in the value of the underlying Sub-account, and reflect deductions for those expenses that result in a direct reduction to unit values. The

total return does not include policy charges deducted directly from account values. For the years ended December 31, 2002 and 2001, no total return was calculated if the Sub-account became an available investment option during the year. For the years ended December 31, 2004 and 2003, a total return was calculated using the initial unit value for the Sub-account if the Sub-account became an available investment option during the year and the underlying Fund was not available at the beginning of the year.

+ The investment income ratio has been restated due to a misclassification in prior years of short-term and/or long-term capital gains between dividends from mutual funds and capital gain distributions from mutual funds. See Note H for further disclosure.

** Formerly AllianceBernstein Quasar Portfolio.

*** Formerly Merrill Lynch Small Cap Value V.I. Fund.

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AMERICAN INTERNATIONAL LIFE ASSURANCE COMPANY OF NEW YORK
VARIABLE ACCOUNT B
NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note H - Restatement

During the preparation of these 2004 financial statements, the Company identified certain misclassifications of long-term and short-term capital gains within several Sub-accounts. Specifically, for the years ended December 31, 2003 and 2002, the Company classified short-term capital gains as dividends from mutual funds. Prior to the year ended December 31, 2002, the Company classified long-term and short-term capital gains as dividends from mutual funds. GAAP requires long-term and short-term capital gains to be classified as capital gain distributions from mutual funds. Accordingly, for the effected Sub-accounts, the Company restated net investment income (loss) and capital gain distributions from mutual funds for the year ended December 31, 2003. The related investment income ratio was also restated for the years ended December 31, 2003, 2002 and 2001, to be comparative. The restated balances for net investment income (loss) and capital gain distribution from mutual funds have been identified in the Statement of Changes in Net Assets and the related investment income ratio amounts have been disclosed in Note G - Financial Highlights.

The adjustments described above had no impact on the Company's net assets or the increase (decrease) in net assets resulting from operations for any period. A summary of the adjustments made and their effect on the financial statements is presented below:

<TABLE>
<CAPTION>

Sub-accounts	For the Year Ended December 31, 2003			
	Net Investment Income (Loss)		Capital Gain Distributions from Mutual Funds	
	Originally stated	Restated	Originally stated	Restated
<S>	<C>	<C>	<C>	<C>
Anchor Series Trust Natural Resources Portfolio - Class 1	\$ 20	\$ 12	\$ 8	\$ 16
Fidelity VIP Investment Grade Bond Portfolio - Initial Class	3,525	2,670	394	1,249
JPMorgan Bond Portfolio	5	3	1	3
PIMCO VIT Long-Term U.S. Government Portfolio - Administrative Class	10,551	3,439	4,625	11,737

<TABLE>
<CAPTION>

Sub-accounts	Investment Income Ratio					
	For the Year Ended December 31, 2003		For the Year Ended December 31, 2002		For the Year Ended December 31, 2001	
	Originally stated	Restated	Originally stated	Restated	Originally stated	Restated
<S>	<C>	<C>	<C>	<C>	<C>	<C>
1 AIM V.I. Capital Appreciation Fund - Series I	n/a	n/a	n/a	n/a	7.81%	0.00%
3 AIM V.I. Capital Appreciation Fund - Series I	n/a	n/a	n/a	n/a	7.78%	0.00%
1 AIM V.I. International Growth Fund - Series I	n/a	n/a	n/a	n/a	3.01%	0.33%
1 AllianceBernstein Growth and Income Portfolio - Class A	n/a	n/a	n/a	n/a	5.05%	0.60%
1 AllianceBernstein Growth Portfolio - Class A	n/a	n/a	n/a	n/a	14.49%	0.28%
1 AllianceBernstein Premier Growth Portfolio - Class A	n/a	n/a	n/a	n/a	4.89%	0.00%
1 AllianceBernstein Small Cap Growth Portfolio - Class A	n/a	n/a	n/a	n/a	3.45%	0.00%
1 AllianceBernstein Technology Portfolio - Class A	n/a	n/a	n/a	n/a	7.63%	0.00%
1 AllianceBernstein Total Return Portfolio - Class A	n/a	n/a	3.58%	2.64%	4.38%	1.59%

3 Anchor Series Trust Growth Portfolio - Class 1	n/a	n/a	n/a	n/a	7.60%	0.08%
3 Anchor Series Trust Natural Resources Portfolio - Class 1	1.01%	0.66%	2.69%	1.37%	0.49%	0.02%
1 Dreyfus Stock Index Fund, Inc. - Initial shares	n/a	n/a	n/a	n/a	1.60%	1.09%
3 Dreyfus Stock Index Fund, Inc. - Initial shares	n/a	n/a	n/a	n/a	0.78%	0.53%
1 Fidelity VIP Asset Manager Portfolio - Initial Class	n/a	n/a	n/a	n/a	5.55%	4.03%
1 Fidelity VIP Contrafund Portfolio - Initial Class	n/a	n/a	n/a	n/a	3.18%	0.70%
1 Fidelity VIP Growth Portfolio - Initial Class	n/a	n/a	n/a	n/a	6.90%	0.07%
1 Fidelity VIP Investment Grade Bond Portfolio - Initial Class	4.59%	3.70%	n/a	n/a	n/a	n/a
1 Fidelity VIP Overseas Portfolio - Initial Class	n/a	n/a	n/a	n/a	13.77%	5.34%
3 JPMorgan Bond Portfolio	1.26%	0.82%	n/a	n/a	4.75%	4.13%
2 PIMCO VIT Long-Term U.S. Government Portfolio - Administrative Class	3.15%	1.27%	n/a	n/a	n/a	n/a
3 SunAmerica - Aggressive Growth Portfolio - Class 1	n/a	n/a	n/a	n/a	15.74%	0.00%

</TABLE>

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AMERICAN INTERNATIONAL LIFE ASSURANCE COMPANY OF NEW YORK
VARIABLE ACCOUNT B
NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note H - Restatement - Continued

<TABLE>
<CAPTION>

Sub-accounts	Investment Income Ratio					
	For the Year Ended December 31, 2003		For the Year Ended December 31, 2002		For the Year Ended December 31, 2001	
	Originally stated	Restated	Originally stated	Restated	Originally stated	Restated
<S>	<C>	<C>	<C>	<C>	<C>	<C>
3 SunAmerica - SunAmerica Balanced Portfolio - Class 1	n/a	n/a	n/a	n/a	1.18%	0.81%
3 SunAmerica Global Bond Portfolio	n/a	n/a	3.97%	2.80%	n/a	n/a
3 SunAmerica Growth-Income Portfolio	n/a	n/a	n/a	n/a	0.46%	0.05%
3 SunAmerica MFS Mid-Cap Growth Portfolio	n/a	n/a	n/a	n/a	10.90%	0.00%

</TABLE>

Footnotes

- 1 Variable Universal Life Policy product.
- 2 Executive Advantage product.
- 3 Gemstone Life product.

n/a The investment income ratio did not change.

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AMERICAN INTERNATIONAL LIFE ASSURANCE
COMPANY OF NEW YORK
(a wholly-owned subsidiary of
American International Group, Inc.)

REPORT ON AUDITS OF FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2004, 2003 AND 2002

[LETTERHEAD] PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Suite 2900
1201 Louisiana
Houston, TX 77002-5678
Telephone (713) 356-4000

Report of Independent Registered Public Accounting Firm

To the Shareholder and Board of Directors
American International Life Assurance Company of New York:

In our opinion, the accompanying balance sheets as of December 31, 2004 and 2003

and the related statements of income, shareholder's equity, cash flows and comprehensive income present fairly, in all material respects, the financial position of American International Life Assurance Company of New York (an indirect wholly-owned subsidiary of American International Group, Inc.) at December 31, 2004 and 2003, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2004, in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 2 to the financial statements, the Company changed its method of accounting and reporting for certain nontraditional long-duration contracts in 2004.

As discussed in Note 15 to the financial statements, the Company has restated its financial statements as of December 31, 2003 and 2002 and for the years then ended.

PRICEWATERHOUSECOOPERS LLP

Houston, Texas
April 29, 2005

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AMERICAN INTERNATIONAL LIFE ASSURANCE COMPANY OF NEW YORK
BALANCE SHEETS
(in thousands)

<TABLE>
<CAPTION>

	December 31, 2004	December 31, 2003
		(Restated)
<S>	<C>	<C>
Assets		
Investments:		
Fixed maturities:		
Bonds available for sale, at fair value (cost: 2004 - \$7,509,178; 2003 - \$7,282,256)	\$ 8,083,232	\$ 7,791,941
Equity securities available for sale, at fair value (cost: 2004 - \$1,837; 2003 - \$994)	1,807	1,652
Mortgage loans on real estate	368,752	414,008
Policy loans	11,258	11,115
Other long-term investments	55,608	79,779
Short-term investments, at cost (approximates fair value)	15,157	93,935
	-----	-----
Total investments	8,535,814	8,392,430
Cash	2,282	2,275
Investment income due and accrued	119,047	116,023
Reinsurance assets	46,974	37,266
Deferred policy acquisition costs	65,126	85,908
Amounts due from related parties	9,396	17,525
Other assets	16,264	8,629
Assets held in separate accounts	204,782	216,087
	-----	-----
Total assets	\$ 8,999,685	\$ 8,876,143
	=====	=====

</TABLE>

See accompanying notes to financial statements.

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AMERICAN INTERNATIONAL LIFE ASSURANCE COMPANY OF NEW YORK
BALANCE SHEETS
(in thousands, except share amounts)

<TABLE>
<CAPTION>

	December 31, 2004	December 31, 2003
		(Restated)
<S>	<C>	<C>
Liabilities		
Policyholders' contract deposits	\$ 4,913,931	\$ 5,059,693
Future policy benefits for life and accident and health insurance contracts	2,565,402	2,347,473
Reserve for unearned premiums	1,425	5,338
Policy and contract claims	75,310	61,034
Income taxes payable	81,688	58,520
Derivative liabilities, at fair value	21,933	19,448
Amounts due to related parties	18,200	-
Other liabilities	47,634	185,825
Liabilities related to separate accounts	204,782	216,087
	-----	-----
Total liabilities	7,930,305	7,953,418
	-----	-----
Shareholder's equity		
Common stock, \$200 par value; 16,125 shares authorized, issued and outstanding	3,225	3,225
Additional paid-in capital	238,025	238,025
Accumulated other comprehensive income	294,796	249,925
Retained earnings	533,334	431,550
	-----	-----
Total shareholder's equity	1,069,380	922,725
	-----	-----
Total liabilities and shareholder's equity	\$ 8,999,685	\$ 8,876,143
	=====	=====

</TABLE>

See accompanying notes to financial statements

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AMERICAN INTERNATIONAL LIFE ASSURANCE COMPANY OF NEW YORK
STATEMENTS OF INCOME
(in thousands)

<TABLE>

<CAPTION>

	Years ended December 31,		
	2004	2003	2002
		(Restated)	(Restated)
<S>	<C>	<C>	<C>
Revenues:			
Premiums and other considerations	\$ 424,185	\$ 390,408	\$ 216,291
Net investment income	548,964	545,549	536,071
Realized capital gains (losses)	(15,833)	743	(95,214)
	-----	-----	-----
Total revenues	957,316	936,700	657,148
	-----	-----	-----
Benefits and expenses:			
Death and other benefits	365,809	324,239	305,223
Increase in future policy benefits	159,285	161,385	(3,319)
Interest credited on policyholder contract deposits	209,198	221,986	280,974
Insurance acquisition and other operating expenses	66,543	79,891	53,790
	-----	-----	-----
Total benefits and expenses	800,835	787,501	636,668
	-----	-----	-----
Income before income taxes	156,481	149,199	20,480
	-----	-----	-----
Income taxes:			
Current	61,033	32,870	27,028
Deferred	(6,389)	19,573	(19,351)
	-----	-----	-----
Total income tax expense	54,644	52,443	7,677
	-----	-----	-----
Net income before cumulative effect of accounting change	101,837	96,756	12,803
Cumulative effect of accounting change, net of tax	(53)	-	-
	-----	-----	-----
Net income	\$ 101,784	\$ 96,756	\$ 12,803
	=====	=====	=====

</TABLE>

AMERICAN INTERNATIONAL LIFE ASSURANCE COMPANY OF NEW YORK
STATEMENTS OF SHAREHOLDERS' EQUITY
(in thousands)

<TABLE>
<CAPTION>

	Years ended December 31,		
	2004	2003	2002
		(Restated)	(Restated)
<S>	<C>	<C>	<C>
Common stock			
Balance at beginning and end of year	\$ 3,225	\$ 3,225	\$ 3,225
Additional paid-in capital			
Balance at beginning of year	238,025	238,025	197,025
Capital contributions from parent	-	-	41,000
Balance at end of year	238,025	238,025	238,025
Accumulated other comprehensive income			
Balance at beginning of year	249,925	164,210	39,124
Adjustment (See Note 15)	-	-	28,470
Balance, as adjusted	249,925	164,210	67,594
Change in net unrealized appreciation of investments - net of reclassifications	71,158	136,176	159,465
Deferred income tax expense on above changes	(26,218)	(46,313)	(53,088)
Change in net derivative losses arising from cash flow hedging activities	(107)	(6,381)	(15,017)
Deferred income tax benefit on above changes	38	2,233	5,256
Balance at end of year	294,796	249,925	164,210
Retained earnings			
Balance at beginning of year	431,550	334,794	333,626
Adjustment (See Note 15)	-	-	(11,635)
Balance, as adjusted	431,550	334,794	321,991
Net income	101,784	96,756	12,803
Balance at end of year	533,334	431,550	334,794
Total shareholder's equity	\$ 1,069,380	\$ 922,725	\$ 740,254

</TABLE>

See accompanying notes to financial statements

AMERICAN INTERNATIONAL LIFE ASSURANCE COMPANY OF NEW YORK
STATEMENTS OF CASH FLOWS
(in thousands)

<TABLE>
<CAPTION>

	Years ended December 31,		
	2004	2003	2002
		(Restated)	(Restated)
<S>	<C>	<C>	<C>
Cash flows from operating activities:			
Net income	\$ 101,784	\$ 96,756	\$ 12,803
Adjustments to reconcile net income to net cash provided by operating activities:			
Change in insurance reserves	228,292	185,168	(139,000)
Change in accounting principles	53	-	-
Change in reinsurance assets	(9,708)	6,859	151,731
Change in deferred policy acquisition costs	28,063	42,441	(40,814)
Interest credited to policyholder contracts	209,198	221,986	280,974
Change in other policyholders' contracts	(10,870)	19,270	(167,313)
Change in investment income due and accrued	(3,024)	(1,634)	(17,535)

Realized capital (gains) losses	15,833	(743)	95,214
Change in income taxes - net	(3,012)	(4,211)	(13,036)
Change in reserves for commissions, expenses and taxes	(1,622)	260	(2,058)
Amortization of premiums and discounts on securities	(18,423)	(22,912)	(15,106)
Change in other assets and liabilities - net	(107,665)	47,466	135,188
	-----	-----	-----
Net cash provided by operating activities	428,899	590,706	281,048
	-----	-----	-----
Cash flows from investing activities:			
Sale of fixed maturities	1,660,282	2,143,951	1,642,037
Cost of fixed maturities, matured or redeemed	387,337	441,382	759,609
Sale of equity securities	2,842	13,053	12,499
Sale of real estate	-	-	36,098
Purchase of fixed maturities	(2,262,149)	(2,759,575)	(3,447,345)
Purchase of equity securities	(2,935)	(3,263)	(519)
Purchase of real estate	(2,110)	721	-
Mortgage loans funded	(46,726)	(87,200)	(30,695)
Repayments of mortgage loans	91,915	37,641	48,014
Change in policy loans	(143)	(755)	(148)
Change in short-term investments	78,778	(61,658)	36,342
Change in other long-term investments	4,272	20,893	369
Other - net	3,835	(3,676)	(49,806)
	-----	-----	-----
Net cash used in investing activities	(84,802)	(258,486)	(993,545)
	-----	-----	-----
Cash flows from financing activities:			
Deposits on policyholder contracts	156,631	260,495	1,109,206
Withdrawals on policyholder contracts	(500,721)	(590,440)	(437,721)
Capital contribution from parent	-	-	41,000
	-----	-----	-----
Net cash provided by (used in) financing activities	(344,090)	(329,945)	712,485
	-----	-----	-----
Change in cash	7	2,275	(12)
Cash at beginning of year	2,275	-	12
	-----	-----	-----
Cash at end of year	\$ 2,282	\$ 2,275	\$ -
	=====	=====	=====

</TABLE>

See accompanying notes to financial statements

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AMERICAN INTERNATIONAL LIFE ASSURANCE COMPANY OF NEW YORK
STATEMENTS OF COMPREHENSIVE INCOME
(in thousands)

<TABLE>

<CAPTION>

	Years ended December 31,		
	2004	2003	2002
		(Restated)	(Restated)
<S>	<C>	<C>	<C>
Net income	\$ 101,784	\$ 96,756	\$ 12,803
Other comprehensive income			
Change in net unrealized appreciation of investments - net of reclassifications	71,158	136,176	159,465
Deferred income tax expense on above changes	(26,218)	(46,313)	(53,088)
Change in net derivative losses arising from cash flow hedging activities	(107)	(6,381)	(15,017)
Deferred income tax benefit on above changes	38	2,233	5,256
	-----	-----	-----
Other comprehensive income	44,871	85,715	96,616
	-----	-----	-----
Comprehensive income	\$ 146,655	\$ 182,471	\$ 109,419
	=====	=====	=====

</TABLE>

See accompanying notes to financial statements.

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AMERICAN INTERNATIONAL LIFE ASSURANCE COMPANY OF NEW YORK
NOTES TO FINANCIAL STATEMENTS

1. Nature of Operations

American International Life Assurance Company of New York (the "Company") is part of the Domestic Life Insurance Division (the "Life Division") of American International Group, Inc. ("AIG"), its ultimate parent. The Company, domiciled in New York, has been doing business since 1962 as a provider of individual and group life insurance, fixed, variable and terminal funding annuities, and structured settlement contracts. The Company is licensed to sell life and accident and health insurance in the District of Columbia and all states except Arizona, Connecticut and Maryland. The Company is also licensed in American Samoa, U.S. Virgin Islands, Canada and Guam.

2. Summary of Significant Accounting Policies

(a) Basis of Presentation: The financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. These estimates and assumptions are particularly significant with respect to investments, deferred policy acquisition costs and future policy benefits. Ultimate results could differ from those estimates.

(b) Statutory Accounting: The Company is required to file financial statements with state regulatory authorities. State insurance laws and regulations prescribe accounting practices for calculating statutory net income and equity. In addition, state regulators may permit statutory accounting practices that differ from prescribed practices. The use of such permitted practices by the Company did not have a material effect on statutory capital and surplus at December 31, 2004. Statutory net income and capital and surplus of the Company are as follows (in thousands):

	2004	2003
Statutory net income	\$ 94,673	\$ 89,931
Statutory capital and surplus	\$ 565,893	\$ 496,240

The more significant differences between GAAP and statutory accounting principles are that under GAAP: (a) acquisition costs related to acquiring new business are deferred and amortized (generally in proportion to the present value of expected gross profits from surrender charges and investment, mortality and expense margins), rather than being charged to operations as incurred; (b) future policy benefits are based on management's best estimates of mortality, interest and withdrawals generally representing the Company's experience, which may differ from those based on statutory mortality and interest requirements without consideration of withdrawals; (c) certain assets (principally furniture and equipment, agents' debit balances, computer software and certain other receivables) are reported as assets rather than being charged to retained earnings; (d) acquisitions are accounted for using the purchase method of accounting rather than being accounted for as equity investments; and (e) fixed maturity investments are carried at fair value rather than amortized cost. In addition, statutory accounting principles require life insurance companies to establish an asset valuation reserve ("AVR") and an interest maintenance reserve ("IMR"). The AVR is designed to address the credit-related risk for bonds, preferred stocks, derivative instruments and mortgages and market risk for common stocks, real estate and other invested assets. The IMR is composed of related realized gains and losses that result from interest rate fluctuations. These realized gains and losses, net of tax, are amortized into income over the expected remaining life of the asset sold or the liability released.

2. Summary of Significant Accounting Policies - (continued):

(c) Insurance Contracts: The insurance contracts accounted for in these financial statements include primarily long-duration contracts. Long-duration contracts include limited payment, endowment, guaranteed renewable term life, universal life and investment contracts. Long-duration contracts generally require

the performance of various functions and services over a period of more than one year. The contract provisions generally cannot be changed or canceled by the insurer during the contract period; however, most new contracts written by the Company allow the insurer to revise certain elements used in determining premium rates or policy benefits, subject to guarantees stated in the contracts.

- (d) Investments: Fixed maturities classified as available-for-sale are recorded at fair value. Interest income with respect to fixed maturity securities is accrued currently. Included in fixed maturities available for sale are collateralized mortgage obligations ("CMOs"). Premiums and discounts arising from the purchase of CMOs are treated as yield adjustments over their estimated lives. Common and non-redeemable preferred stocks are carried at fair value. Dividend income is generally recognized on ex-dividends dates. Short-term investments consists of interest bearing cash accounts and money market instruments, and are carried at cost, which approximates fair value.

Unrealized gains and losses from investments in equity securities and fixed maturities available for sale are reflected as a separate component of comprehensive income, net of related deferred acquisition cost amortization and deferred income taxes in shareholder's equity.

Realized capital gains and losses are determined principally by specific identification. The Company evaluates its investments for impairment. As a matter of policy, the determination that a security has incurred an other-than-temporary decline in value and the amount of any loss recognition requires the judgement of the Companies management and a continual review of its investment.

In general, a security is considered a candidate for impairment if it meets any of the following criteria: (a) Trading at a significant (25 percent or more) discount to par, amortized cost (if lower) or cost for an extended period of time (nine months or longer); (b) The occurrence of a discrete credit event resulting in (i) the issuer defaulting on a material outstanding obligation; or (ii) the issuer seeking protection from creditors under the bankruptcy laws or any similar laws intended for the court supervised reorganization of insolvent enterprises; or (iii) the issuer proposing a voluntary reorganization pursuant to which creditors are asked to exchange their claims for cash or securities having a fair value substantially lower than par value of their claims; or (c) In the opinion of the Companies management, it is possible that the Company may not realize a full recovery on its investment, irrespective of the occurrence of one of the foregoing events.

Once a security has been identified as impaired, the amount of such impairment is determined by reference to that security's contemporaneous market price, and recorded as a realized capital loss.

Mortgage loans on real estate are carried at the unpaid principal balance less unamortized loan origination fees and costs and net of an allowance for uncollectible loans. The allowance for losses covers estimated losses based on our assessment of risk factors such as potential non-payment or non-monetary default. The allowance is primarily based on a loan-specific review. Loans for which the Company determines that collection of all amounts due under the contractual terms is not probable are considered to be impaired. The Company generally looks to the underlying collateral for repayment of impaired loans. Therefore, impaired loans are reported at the lower of amortized cost or fair value of the underlying collateral, less estimated cost to sell. There was no allowance for uncollectible loans at December 31, 2004 and 2003.

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2. Summary of Significant Accounting Policies - (continued):

- (d) Investments- (continued):

Policy loans are carried at the aggregate unpaid principal balance. There is no allowance for policy loans, as these loans serve to reduce the death benefits paid when the death claim is made and the balances are effectively collateralized by the cash surrender value of the policy.

Other long-term investments consist primarily of limited partnerships and other investments not classified elsewhere herein. Partnerships in which the Company holds less than a five percent interest are carried at fair value and the change in fair value is recognized as a component of other comprehensive income. Partnerships in which the Company holds a five percent or more interest are also carried at fair value and the change in fair value is recorded in net investment income, consistent with the equity method of accounting.

Securities held under collateral agreements consists primarily of invested collateral with respect to the Company's securities lending program. The Company has entered into a securities lending agreement with an affiliated lending agent, which authorizes the agent to lend securities held in the Company's portfolio to a list of authorized borrowers. The Company receives primarily cash collateral in an amount in excess of the market value of securities loaned. The affiliated lending agent monitors the daily market value of securities loaned with respect to the collateral value and obtains additional collateral when necessary to ensure that collateral is maintained at a minimum of 102% of the value of the loaned securities. Such collateral is not available for the general use of the Company. Income earned on the collateral, net of interest paid on the securities lending agreements and the related management fees paid to administer the program, is recorded as investment income in the statements of income and comprehensive income.

Throughout the year, the Company enters into dollar roll repurchase agreements, which involve the sale (delivery) of mortgage-backed securities ("MBS") and the repurchase of substantially the same pool of securities at a specific price in the future. Such transactions typically involve highly-rated government agency securities and are short-term in nature, typically with a period of 30 days. These dollar roll agreements are utilized by the Company as a financing strategy to enhance the return on its MBS portfolio. At December 31, 2004 and 2003, the Company had no dollar roll agreements outstanding.

Interest on fixed maturity securities and performing mortgage loans is recorded as income when earned and is adjusted for any amortization of premium or discount. Interest on delinquent mortgage loans is recorded as income when received. Dividends are recorded as income on ex-dividend dates.

Income on mortgage-backed securities is recognized using a constant effective yield based on estimated prepayments of the underlying mortgages. If actual prepayments differ from estimated prepayments, a new effective yield is calculated and the net investment in the security is adjusted accordingly. The adjustment is recognized in net investment income.

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2. Summary of Significant Accounting Policies - (continued):

- (e) Deferred Acquisition Costs ("DAC"): DAC consists of commissions and other costs that vary with and are primarily related to the production or acquisition of new business. Policy acquisition costs for traditional life insurance products are generally deferred and amortized over the premium paying period of the policy. Policy acquisition costs related to universal life and investment-type products (non-traditional products) are deferred and amortized, with interest, in relation to the incidence of estimated gross profits ("EGPs") to be realized over the estimated lives of the contracts. EGPs are composed of net investment income, net realized investment gains and losses, mortality and expense margins and surrender charges. The Company reviews, for recoverability, the carrying amount of DAC at least annually. Management considers estimated future gross profits or future premiums, expected mortality, interest earned and credited rates, persistency, and expenses in determining whether the carrying amount is recoverable. Any amounts deemed unrecoverable are charged to expense.

With respect to the Company's variable life and annuity contracts, the assumption for the long-term annual net growth of the separate and variable account assets used by the Company in the determination of DAC amortization is approximately 10% (the "long-term growth rate assumption"). The Company uses a "reversion to the mean" methodology which allows the Company to maintain this 10% long-term growth rate assumption, while also

giving consideration to the effect of short-term swings in the equity markets. For example, if performance were 15% during the first year following the introduction of a product, the DAC model would assume that market returns for the following five years (the "short-term growth rate assumption") would approximate 9%, resulting in an average annual growth rate of 10% during the life of the product. Similarly, following periods of below 10% performance, the model will assume a short-term growth rate higher than 10%. A DAC adjustment will occur if management considers the short-term growth rate (i.e., the growth rate required to revert to the mean 10% growth rate over a five-year period) to be unachievable. The use of a reversion to the mean assumption is common within the industry; however, the parameters used in the methodology are subject to judgment and vary among companies.

DAC is adjusted with respect to non-traditional products as a result of changes in the net unrealized gains or losses on debt and equity securities available for sale. That is, as fixed maturity and equity securities available for sale are carried at aggregate fair value, an adjustment is made to deferred policy acquisition costs equal to the change in amortization that would have been recorded if such securities had been sold at their stated aggregate fair value and the proceeds reinvested at current yields. The adjustment, net of tax, is included with the change in net unrealized gains or losses on fixed maturity and equity securities available for sale that is recorded directly to other comprehensive income.

- (f) Income Taxes: The Company joins in a consolidated federal income tax return with AIG and its domestic subsidiaries. The Company and AIG have a written tax allocation agreement whereby AIG agrees not to charge the Company a greater portion of the consolidated tax liability than would have been paid by the Company if it had filed a separate return. Additionally, AIG agrees to reimburse the Company for any tax benefits, if any, arising out of its net losses and tax credits within ninety days after the filing of that consolidated tax return for the year in which these losses and tax credits are utilized. Deferred federal income taxes are provided for temporary differences related to the expected future tax consequences of events that have been recognized in the Company's financial statements or tax returns, at the enacted tax rates expected to be in effect when the temporary differences reverse. The effect of a tax rate change is recognized in income in the period of enactment. State income taxes are included in income tax expense.

A valuation allowance for deferred tax assets is provided if it is more likely than not that some portion of the deferred tax asset will not be realized. An increase or decrease in a valuation allowance that results from a change in circumstances that causes a change in judgment about the realizability of the related deferred tax asset is included in income.

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2. Summary of Significant Accounting Policies - (continued):

- (g) Premium Recognition and Related Benefits and Expenses: Most receipts for annuities and interest-sensitive life insurance policies are classified as deposits instead of revenue. Revenues for these contracts consist of mortality, expense, and surrender charges and are included in premiums and other considerations. Policy charges that compensate the Company for future services are deferred and recognized in income over the period earned, using the same assumptions used to amortize DAC.

Premiums for traditional life insurance products are recognized when due. A liability for future policy benefits is recorded using the net level premium method.

For limited payment contracts, primarily the Company's life contingent annuities and terminal funding contracts, net premiums are recorded as revenue when due and the difference between the gross premium and the net premium is deferred and recognized in income in a constant relationship to the amount of expected future benefit payments. Reserves for these contracts are based on estimates of the cost of future policy benefits.

Premiums on accident and health premiums are reported as earned over the contract term. The portion of accident and health premiums which is not earned at the end of a reporting period is recorded as reserves for unearned premiums.

- (h) Policy and Contract Claims: Policy and contract claims include amounts representing: (1) the actual in-force amounts for reported life claims and an estimate of incurred but unreported claims; and, (2) an estimate, based upon prior experience, for accident and health reported and incurred but unreported losses. The methods of making such estimates and establishing the resulting reserves are continually reviewed and updated and any adjustments resulting therefrom are reflected in income currently.
- (i) Separate and Variable Accounts: Separate and variable accounts represent funds for which investment income and investment gains and losses accrue directly to the policyholders who bear the investment risk, except to the extent of minimum guarantees made by the Company with respect to certain accounts. Each account has specific investment objectives, and the assets are carried at fair value. The assets of each account are legally segregated and are not subject to claims which arise out of any other business of the Company. Investment income, realized investment gains (losses) and policyholder account deposits and withdrawals related to separate accounts are excluded from the statements of income, comprehensive income and cash flows. The Company receives administrative fees for managing the funds and other fees for assuming mortality and certain expense risks. Such fees are included in premiums and other considerations in the statements of income.
- (j) Guaranteed Minimum Death Benefits: A majority of the Company's variable annuity products are issued with a death benefit feature which provides that, upon the death of a contractholder, the contractholder's beneficiary will receive the greater of (1) the contractholder's account value, or (2) a guaranteed minimum death benefit (the "GMDB") that varies by product. These benefits have issue age and other restrictions to reduce mortality risk exposure. The Company bears the risk that death claims following a decline in the financial markets may exceed contractholder account balances, and that the fees collected under the contract are insufficient to cover the costs of the benefit to be provided. The Company limits this risk through the use of reinsurance arrangements. Prior to January 1, 2004, the Company expensed GMDB-related benefits in the period incurred, and therefore did not provide reserves for future benefits. Effective January 1, 2004, the Company does provide reserves for future GMDB-related benefits pursuant to the adoption of Statement of Position 03-01, Accounting and Reporting by Insurance Enterprises for Certain Non-traditional Long-Duration Contracts and for Separate Accounts" ("SOP 03-01"). The GMDB liability is determined each period end by estimating the expected value of death benefits in excess of the projected account balance and recognizing the excess ratably over the accumulation period based on total expected assessments. Changes in liabilities

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2. Summary of Significant Accounting Policies - (continued):

(j) Guaranteed Minimum Death Benefits - (continued):

for minimum guarantees are included in guaranteed minimum death benefits in the statement of income. The company regularly evaluates estimates used and adjusts the additional liability balance, with a related charge or credit to guaranteed minimum death benefits expense, if actual experience or other evidence suggests that earlier assumptions should be revised.

(k) Reinsurance: The Company generally limits its exposure to loss on any single insured to \$2.5 million by ceding additional risks through reinsurance contracts with other insurers. On an exception basis, the Company can increase its exposure to loss on any single insured up to \$5 million. The Company diversifies its risk of reinsurance loss by using a number of reinsurers that have strong claims-paying ability ratings. If the reinsurer could not meet its obligations, the Company would reassume the liability, as the Company remains primarily liable to the policyholder.

Reinsurance assets include the balances due from both reinsurance and insurance companies under the terms of the Company's reinsurance arrangements for ceded unearned premiums, future policy benefits for life and accident and health insurance contracts, policyholder contract deposits and policy

and contract claims.

- (1) Derivatives: The Company takes positions from time to time in certain derivative financial instruments in order to mitigate the impact of changes in interest rates or equity markets on cash flows or certain policyholder liabilities. Financial instruments used by the Company for such purposes include interest rate swaps and foreign currency swaps.

The Company recognizes all derivatives in the balance sheet at fair value. The financial statement recognition of the change in the fair value of a derivative depends on a number of factors, including the intended use of the derivative and the extent to which it is effective as part of a hedge transaction.

On the date the derivative contract is entered into, the Company designates the derivative as a fair value hedge or a cash flow hedge. It is a fair value hedge if it hedges subsequent changes in the fair value of a recognized asset or liability or of an unrecognized firm commitment ("fair value" hedge). It is a cash flow hedge if it hedges a forecasted transaction or the variability of cash flows to be received or paid related to a recognized asset or liability ("cash flow" hedge). The gain or loss in the fair value of a derivative that is designated, qualifies and is highly effective as a fair value hedge is recorded in current period earnings, along with the loss or gains on the hedged item attributed to the hedged risk. The gain or loss in the fair value of a derivative that is designated, qualifies and is highly effective as a cash flow hedge is recorded in other comprehensive income until earnings are affected by the variability of cash flows.

The Company documents all relationships between hedging instruments and hedged items, as well as its risk-management objectives and strategy for undertaking various hedge transactions. This process includes linking all derivatives that are designated as hedges to specific assets or liabilities on the balance sheet, or specific firm commitments. The Company also assesses, both at the hedge's inception and on an ongoing basis, whether the derivatives used in hedging transactions are highly effective in offsetting changes in fair values of hedged items.

During 2004, there were no hedges that were discontinued or otherwise no longer qualify as hedges. The impact of fair value adjustments on derivatives which do not qualify for hedge accounting and any ineffectiveness resulting from hedging activities have been recorded in net realized capital gains (losses).

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2. Summary of Significant Accounting Policies - (continued):

- (m) Reclassifications: Certain prior year items have been reclassified to conform with the current period presentation.
- (n) Recently Issued Accounting Standards: In January 2003, FASB issued Interpretation No. 46, "Consolidation of Variable Interest Entities" ("FIN46"). FIN46 changes the method of determining whether certain entities should be consolidated in the Company's financial statements. An entity is subject to FIN46 and is called a Variable Interest Entity ("VIE") if it has (i) equity that is insufficient to permit the entity to finance its activities without additional subordinated financial support from other parties, or (ii) equity investors that cannot make significant decisions about the entity's operations, or do not absorb the expected losses or receive the expected returns of the entity. A VIE is consolidated by its primary beneficiary, which is the party that has a majority of the expected losses or a majority of the expected residual returns of the VIE, or both. All other entities not considered VIEs are evaluated for consolidation under existing guidance. In December 2003, the FASB issued a revision to Interpretation No. 46 ("FIN46R").

The provisions of FIN46R are to be applied immediately to VIEs created after January 31, 2003, and to VIEs in which the Company obtains an interest after that date. For VIEs in which the Company holds a variable interest that it acquired before February 1, 2003, FIN46R was applied as of December 31, 2003. For any VIEs that must be consolidated under FIN46R that were created before February 1, 2003, the assets, liabilities and noncontrolling interest of the VIE would be initially measured

at their carrying amounts with any difference between the net amount added to the balance sheet and any previously recognized interest being recognized as the cumulative effect of an accounting change.

The adoption of FIN46R did not have a material impact on the Company's results of operations or financial condition.

The following VIE activities are not consolidated by the Company under FIN46R:

- (i) The Company uses VIEs primarily in connection with certain guaranteed investment contract programs (GIC Programs). In the GIC Programs, the Company provides guaranteed investment contracts to VIEs which are not controlled by the Company, and in which the Company does not have a direct variable interest, as defined under FIN46R, in the entity. The VIE issues notes or bonds which are sold to third party institutional investors. The Company has no obligation to the investors in the notes or bonds. The proceeds from the securities issued by the VIE are invested by the VIE in the GICs. The Company uses their proceeds to invest in a diversified portfolio of securities, primarily investment grade bonds. Both the assets and the liabilities of the Company arising from these GIC Programs are presented in the Company's balance sheet.
- (ii) The Company manages collateralized bond and loan obligation trusts (collectively, collateralized debt obligation trust or CDO trust). As asset manager, the Company receives fees for management of the assets held in the CDO trust, which support the issuance of securities sold by the CDO trust. The Company may take minority equity and/or fixed-income security interest in the CDO trust. The Company has entered into such arrangements to expand its asset management activities. Third-party investors have recourse only to the CDO trust, and have no recourse to the Company. The Company does not consolidate these CDO trusts, pursuant to FIN46R.

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2. Summary of Significant Accounting Policies - (continued):

(n) Recently Issued Accounting Standards - (continued):

- (iii) The Company also invests in assets of VIEs. These VIEs are established by unrelated third parties. Investments include collateralized mortgage backed securities and similar securities backed by pools of mortgages, consumer receivables or other assets. The investment in these VIEs allows the Company to purchase assets permitted by insurance regulations while maximizing their return on these assets. These VIEs are not consolidated by the Company, pursuant to FIN46R.

In July 2003, the American Institute of Certified Public Accountants ("AICPA") issued SOP 03-01. This statement is effective as of January 1, 2004 and requires the Company to recognize a liability for GMDB, as discussed above, related to its variable annuity and variable life contracts and modifies certain disclosures and financial statement presentations for these products. The one-time cumulative accounting change upon adoption was \$53,000, after taxes, and recorded in the first quarter of 2004. In addition, under SOP 03-01, variable annuity assets held in separate accounts continue to be measured at fair value and reported in summary total on the Company's financial statements, with an equivalent summary total reported for related liabilities, if the separate account arrangement meets certain specified conditions. Assets underlying the Company's interest in a separate account (separate account seed money) do not qualify for separate account accounting and reporting. The Company is required to "look through" the separate account for the purposes of accounting for its interest therein, and account for and classify separate account seed money based on its nature as if the assets of the separate account underlying the Company's interest were held directly by the general account rather than through the separate account structure. The adoption of SOP 03-01 did not have a material impact on the Company's separate accounts or separate account seed money.

In March 2004, the EITF of the FASB reached a final consensus on Issue 03-01, "Meaning of Other-Than-Temporary Impairment and its Application to Certain Investments." This Issue establishes impairment models for determining whether to record impairment losses associated with investments in certain equity and debt securities. It also requires income to be accrued on a level-yield basis following an impairment of debt securities, where reasonable estimates of the timing and amount of future cash flows can be made. The Company's policy is generally to record income only as cash is received following an impairment of a debt security. In September 2004, the FASB issued Staff Position ("FSP") EITF 03-01-1, which defers the effective date of a substantial portion of EITF 03-01, from the third quarter of 2004, as originally required by the EITF, until such time as FASB issues further implementation guidance, which is expected sometime in 2005. The Company will continue to monitor developments concerning this Issue and is currently unable to estimate the potential effects of implementing EITF 03-01 on the Company's financial position or results of operations.

In June 2004, the FASB issued FSP No. 97-1, "Situations in Which Paragraphs 17(b) and 20 of FASB Statement No. 97, Accounting and Reporting by Insurance Enterprises for Certain Long-Duration Contracts and for Realized Gains and Losses from the Sale of Investments, Permit or Require Accrual of an Unearned Revenue Liability." FSP 97-1 clarifies the accounting for unearned revenue liabilities of certain universal-life type contracts under SOP 03-01. The Company's adoption of FSP 97-1 on July 1, 2004 did not change the accounting for unearned revenue liabilities and, therefore, had no impact on the Company's financial position or results of operations. In September 2004, the AICPA SOP 03-01 Implementation Task Force issued a Technical Practice Aid ("TPA") to clarify certain aspects of SOP 03-01. The Company is currently evaluating the effect of the implementation of this TPA in its operations on the Company's financial position or results of operations.

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2. Summary of Significant Accounting Policies - (continued):

(n) Recently Issued Accounting Standards - (continued):

In December 2004, the FASB issued Statement No. 123 (revised 2004) ("FAS 123R"), "Share-Based Payment." FAS 123R replaces FASB Statement No. 123 ("FAS 123"), "Accounting for Stock-based Compensation," and supersedes APB Opinion No. 25, "Accounting for Stock Issued to Employees." FAS 123, as originally issued in 1995, established as preferable a fair-value-based method of accounting for share-based payment transactions with employees. On January 1, 2003, AIG adopted the recognition provisions of FAS 123. The effect of the compensation costs, as determined consistent with FAS 123, was not computed on a subsidiary basis, but rather on a consolidated basis for all subsidiaries of AIG and, therefore, are not presented herein. FAS 123R is effective for the annual periods beginning after June 15, 2005. AIG and the Company are currently assessing the impact of FAS 123R and believe the impact will not be material to AIG's or the Company's results of operations.

3. Investment Information

(a) Net Investment Income: An analysis of net investment income is as follows (in thousands):

<TABLE>
<CAPTION>

	Years ended December 31,		
	2004	2003	2002
		(Restated)	(Restated)
<S>	<C>	<C>	<C>
Fixed maturities	\$ 512,526	\$ 510,472	\$ 490,780
Equity securities	2,556	331	860
Mortgage loans	30,851	31,058	31,862
Policy loans	780	744	738
Cash and short-term investments	488	903	2,029
Other long-term investments	6,339	8,131	13,014
Total investment income	553,540	551,639	539,283
Investment expenses	(4,576)	(6,090)	(3,212)

3. Investment Information - (continued):

(c) Amortized Cost and Fair Value of Fixed Maturities and Equity Securities: The amortized cost and fair value of investments in fixed maturities and equity securities at December 31, 2004 and 2003 are as follows (in thousands):

<TABLE>
<CAPTION>

2004	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
<S>	<C>	<C>	<C>	<C>
Fixed maturities:				
U.S. Government and government agencies and authorities	\$ 80,881	\$ 14,737	\$ 5	\$ 95,613
Foreign Governments	35,934	3,289	19	39,204
States, municipalities and political subdivisions	65,719	7,953	603	73,069
Mortgage-backed securities	899,067	46,010	4,119	940,958
All other corporate	6,427,577	535,919	29,108	6,934,388
Total fixed maturities	\$ 7,509,178	\$ 607,908	\$ 33,854	\$ 8,083,232
Equity securities	\$ 1,837	\$ 140	\$ 170	\$ 1,807

</TABLE>

<TABLE>
<CAPTION>

2003	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
<S>	(Restated) <C>	(Restated) <C>	(Restated) <C>	(Restated) <C>
Fixed maturities:				
U.S. Government and government agencies and authorities	\$ 84,724	\$ 18,337	\$ 19	\$ 103,042
Foreign Governments	25,664	2,450	-	28,114
States, municipalities and political subdivisions	41,841	7,748	-	49,589
Mortgage-backed securities	895,528	40,151	1,532	934,147
All other corporate	6,234,499	487,843	45,293	6,677,049
Total fixed maturities	\$ 7,282,256	\$ 556,529	\$ 46,844	\$ 7,791,941
Equity securities	\$ 994	\$ 658	\$ -	\$ 1,652

</TABLE>

The amortized cost and fair value of fixed maturities available for sale at December 31, 2004, by contractual maturity, are shown below (in thousands). Actual maturities could differ from contractual maturities because certain borrowers have the right to call or prepay obligations with or without call or prepayment penalties.

	Amortized Cost	Fair Value
Fixed maturity securities, excluding mortgage-backed securities:		
Due in one year or less	\$ 178,254	\$ 181,698
Due after one year through five years	945,610	995,123
Due after five years through ten years	1,932,865	2,070,009
Due after ten years	3,553,382	3,895,444
Mortgage-backed securities	899,067	940,958
Total fixed maturity securities	\$ 7,509,178	\$ 8,083,232

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3. Investment Information - (continued):

(d) Net Unrealized Gains (Losses) on Fixed Maturities and Equity Securities: Net unrealized gains (losses) on fixed maturities and equity securities included in accumulated other comprehensive income at December 31 are as follows (in thousands):

<TABLE>
<CAPTION>

	2004	2003	2002
	-----	-----	-----
		(Restated)	(Restated)
<S>	<C>	<C>	<C>
Gross unrealized gains	\$ 608,048	\$ 557,187	\$ 501,298
Gross unrealized losses	(34,024)	(46,844)	(171,686)
Deferred policy acquisition costs	(105,770)	(113,247)	(68,692)
Deferred income tax expense	(161,051)	(134,833)	(88,520)
	-----	-----	-----
Net unrealized gains on securities	\$ 307,203	\$ 262,263	\$ 172,400
	=====	=====	=====

</TABLE>

- (e) Fixed Maturities Below Investment Grade: At December 31, 2004 and 2003, the fixed maturities held by the Company that were below investment grade had an aggregate amortized cost of \$531,122,642 and \$596,986,014, respectively, and an aggregate market value of \$553,047,938 and \$597,928,332, respectively.
- (f) Non-income Producing Assets: Non-income producing assets were insignificant to the Company's Statement of Income.
- (g) Investments Greater than 10% of Equity: There were no individual investment securities in which the market value exceeded 10% of the Company's total shareholders' equity at December 31, 2004.
- (h) Statutory Deposits: Securities with a carrying value of \$6,458,281 and \$6,520,968 were deposited by the Company under requirements of regulatory authorities as of December 31, 2004 and 2003, respectively.
- (i) Mortgage Loans: At December 31, 2004, mortgage loans were collateralized by properties located in 8 geographic regions, with loans totaling approximately 49% of the aggregate carrying value of the portfolio secured by properties located in the Northeast region, 19% by properties located in the West region, 11% by properties located in the Mid-Atlantic region and 6% in the Mid-West region. No more than 5% of the portfolio was secured by properties in any other region.

At December 31, 2004, the type of property collateralizing the mortgage loan portfolio was approximately 33% for office, 20% for residential, 19% for retail, 17% for hotel/motel, 6% for industrial, and 5% other.

4. Deferred Policy Acquisition Costs

The following reflects the deferred policy acquisition costs (commissions, direct solicitation and other costs) which will be amortized against future income and the related current amortization charged to income, excluding certain amounts deferred and amortized in the same period (in thousands):

<TABLE>
<CAPTION>

	Years ended December 31,		
	2004	2003	2002
	-----	-----	-----
<S>	<C>	<C>	<C>
Balance at beginning of year	\$ 85,908	\$ 173,205	\$ 198,453
Acquisition costs deferred	2,883	4,713	59,400
Amortization charged to income	(31,142)	(47,455)	(15,160)
Effect of net unrealized gains/losses	7,477	(44,555)	(68,692)
Deferred policy acquisition costs transfer for terminated reinsurance	-	-	(796)
	-----	-----	-----
Balance at end of year	\$ 65,126	\$ 85,908	\$ 173,205
	=====	=====	=====

</TABLE>

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4. Deferred Policy Acquisition Costs - (continued):

During 2002, the Company terminated a YRT reinsurance treaty with an affiliate relating to certain group accident and health business. The Company released deferred policy acquisition costs totaling \$796,000 recorded with respect to this treaty.

5. Policyholder Contract Deposits and Future Policy Benefits

(a) The analysis of the policyholder contract deposit liabilities and future policy benefits at December 31, 2004 and 2003 follows (in thousands):

	2004	2003
	-----	-----
Policyholder contract deposits:		
Annuities	\$ 4,356,244	\$ 4,467,621
Guaranteed investment contracts (GICs)	356,245	393,674
Universal life	113,913	112,732
Corporate-owned life insurance	34,111	32,516
Other investment contracts	53,418	53,150
	-----	-----
	\$ 4,913,931	\$ 5,059,693
	=====	=====
	2004	2003
	-----	-----
Future policy benefits:		
Ordinary life	\$ 18,946	\$ 19,951
Group life	26,849	23,304
Life contingent annuities	1,347,729	1,150,861
Terminal funding	1,120,582	1,121,810
Accident and health	51,296	31,547
	-----	-----
	\$ 2,565,402	\$ 2,347,473
	=====	=====

(b) The liability for policyholder contract deposits has been established based on the following assumptions:

- (i) Interest rates credited on deferred annuities vary by year of issuance and range from 3.0 percent to 6.25 percent. Credited interest rate guarantees are generally for a period of one year. Withdrawal charges generally range from 0 percent to 6.0 percent grading to zero over a period of 0 to 7 years.
- (ii) GICs have market value withdrawal provisions for any funds withdrawn other than benefit responsive payments. Interest rates credited generally range from 3.0 percent to 7.6 percent and maturities range from 3 to 7 years. The vast majority of these GICs mature within 5 years.
- (iii) Interest rates on corporate-owned life insurance business are guaranteed at 4.0 percent and the weighted average rate credited in 2004 was 5.58 percent.
- (iv) The universal life funds, exclusive of corporate-owned life insurance business, have credited interest rates of 4.5 percent to 5.55 percent and guarantees ranging from 4.0 percent to 5.5 percent depending on the year of issue. Additionally, universal life funds are subject to surrender charges that amount to 3.0 percent of the fund balance and grade to zero over a period not longer than 20 years.

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5. Policyholder Contract Deposits and Future Policy Benefits - (continued):

(c) The liability for future policy benefits has been established based upon the following assumptions:

- (i) Interest rates (exclusive of immediate/terminal funding annuities), which vary by year of issuance and products, range from 3.0 percent to 8.0 percent. Interest rates on immediate/terminal funding annuities are at a maximum of 7.62 percent and grade to not less than 3.78 percent.
- (ii) Mortality and withdrawal rates are based upon actual experience modified to allow for variations in policy form. The weighted average lapse rate for individual life, including surrenders, approximated 9.2 percent.

6. Reserves for Guaranteed Benefits

Details concerning the Company's guaranteed minimum death benefit (GMDB) exposure as of December 31, 2004 were as follows:

Return of Net Deposits

Plus a Minimum Return

	(dollars in millions)
Account value	\$ 190
Net amount at risk (a)	11
Average attained age of contract holders	66
Range of GMDB increase rates (b)	0.00%-10.00%

(a) Net amount at risk represents the guaranteed benefit exposure in excess of the current account value if all contract holders died at the same balance sheet date.

(b) Reinsured with top rated carriers.

The following summarizes the reserve for guaranteed benefits on variable contracts, which is reflected in the general account and reported in reserves for fixed annuity contracts on the consolidated balance sheet:

	(In thousands)
Balance at January 1, 2004 (b)	\$ 81
Guaranteed benefits incurred	225
Guaranteed benefits paid	(256)
Balance at December 31, 2004	\$ 50

(b) Included is the one-time cumulative effect of accounting change resulting from the adoption of SOP 03-01.

The following assumptions and methodology were used to determine the reserve for guaranteed benefits at December 31, 2004:

- Data used was 1,000 stochastically generated investment performance scenarios.
- Mean investment performance assumption was 10%.
- Volatility assumption was 16%.
- Mortality was assumed to be 87.5% of the 1983a table.
- Lapse rates vary by contract type and duration and range from 5% to 25% with an average of 15%.
- The discount rate was 8%.

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7. Income Taxes

(a) Income tax liabilities were as follows (in thousands):

	Years ended December 31,	
	2004	2003
		(Restated)
Current tax receivables	\$ 26,343	\$ 29,720
Net deferred tax liabilities	(108,031)	(88,240)
Income taxes payable	\$ (81,688)	\$ (58,520)

The components of deferred tax assets and liabilities were as follows (in thousands):

	Years ended December 31,	
	2004	2003
		(Restated)
Deferred tax assets:		
Policy reserves	\$ 60,539	\$ 49,977
Other	2,137	8,815
	62,676	58,792
Deferred tax liabilities:		
Net unrealized gains on debt and equity securities available for sale	\$ 154,790	\$ 128,539
Deferred policy acquisition costs	5,546	10,897
Basis differential of investments	6,546	3,613
Other	3,825	3,983
	170,707	147,032
Net deferred tax liabilities	\$ (108,031)	\$ (88,240)

- (b) Under prior federal income tax law, one-half of the excess of a life insurance company's income from operations over its taxable investment income was not taxed, but was set aside in a special tax account designated as "Policyholders' Surplus". At December 31, 2004, the Company had approximately \$2.9 million of policyholders' surplus on which no deferred tax liability has been recognized, as federal income taxes are not required unless this amount is distributed as a dividend or recognized under other specified conditions. The Company does not believe that any significant portion of the account will be taxed in the foreseeable future. If the entire policyholders' surplus account became taxable at the current federal income tax rates, the tax would be approximately \$1,008,000. The American Jobs Creation Act of 2004 modified federal income tax law to allow life insurance companies to distribute amounts from policyholders' surplus during 2005 and 2006 without incurring federal income tax on the distributions. The Company is evaluating this new law and expects to eliminate its policyholders' surplus balance during these two years.
- (c) The provision for income taxes differs from the amount of income tax determined by applying the applicable U.S. statutory federal income tax rate of 35% to pretax income as a result of the following differences (in thousands):

<TABLE>
<CAPTION>

	Years ended December 31,		
	2004	2003	2002
		(Restated)	(Restated)
<S>	<C>	<C>	<C>
Income tax expense at statutory percentage of GAAP pretax income	\$ 54,768	\$ 52,220	\$ 7,168
State income tax	510	892	815
Prior year true-ups	(696)	(549)	(495)
Other	62	(120)	189
	-----	-----	-----
Income tax expense	\$ 54,644	\$ 52,443	\$ 7,677
	=====	=====	=====

</TABLE>

F-23

7. Income Taxes - (continued):

- (d) The Internal Revenue Service (IRS) is currently examining the Parent's tax return for the tax years 1991 to 2002. Although the final outcome of any issues raised in examination is uncertain, the Parent Company believes that the ultimate liability, including interest, will not materially exceed amounts recorded in the consolidated financial statements. The Company has a written agreement with AIG under which each subsidiary agrees to pay AIG an amount equal to the consolidated federal income tax expense, multiplied by the ratio that the subsidiary's separate return tax liability bears to the consolidated tax liability, plus one hundred percent of the excess of the subsidiary's separate return tax liability over the allocated consolidated tax liability. AIG agrees to pay each subsidiary for the tax benefits, if any, of net operating losses and tax credits which are not usable by the subsidiary but which are used by other members of the consolidated group.

8. Commitments and Contingencies

The Company is party to various lawsuits and proceedings arising in the ordinary course of business. Based upon information presently available, the Company believes that the total amounts that will ultimately be paid, if any, arising from these lawsuits and proceedings will not have a material adverse effect on the Company's results of operations and financial position. However, it should be noted that the frequency of large damage awards, including large punitive damage awards, that bear little or no relation to actual economic damages incurred by plaintiffs in some jurisdictions continues to create the potential for an unpredictable judgment in any given suit.

The Company's ultimate parent, AIG, pursuant to various filings with the SEC, has reported that its Annual Report on Form 10-K for the fiscal year ended December 31, 2004 could not be filed within the prescribed time period due to management changes, as

well as AIG's ongoing internal review of the accounting for certain transactions, which review was commenced in connection with regulatory inquiries announced by AIG and described in Current Reports on Forms 8-K filed with the SEC by AIG, including those filed on February 14, 2005, March 15, 2005 and March 30, 2005. In the opinion of the Company's management, based on the current status of these inquiries, it is not likely that any of these inquiries will have a material adverse effect on the Company's consolidated financial condition or results of operations.

The Company had \$27.5 million and \$25.8 million of unfunded commitments for its investments in limited partnerships at December 31, 2004 and 2003, respectively.

9. Derivative Financial Instruments

(a) Use of Derivative Financial Instruments:

The Company's use of derivative financial instruments is generally limited to interest rate and currency swap agreements, and, at times, options to enter into interest rate swap agreements (call and put swaptions). The Company is neither a dealer nor a trader in derivative financial instruments.

Hedge accounting requires a high correlation between changes in fair values or cash flows of the derivative financial instrument and the specific item being hedged, both at inception and throughout the life of the hedge. For fair value hedges, gains and losses on both the derivative and the hedged item attributable to the risk being hedged are recognized in earnings. For both cash flow hedges and foreign currency hedges, to the extent the hedge is effective, gains and losses on both the derivative and the hedged item attributable to the risk being hedged are recognized as a component of other comprehensive income in shareholder's equity. Any ineffective portion of both cash flow hedges and foreign currency hedges are reported in net realized investment gains (losses).

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9. Derivative Financial Instruments - (continued):

(b) Interest Rate and Currency Swap Agreements:

Interest rate swap agreements are used to convert specific investment securities from a floating to a fixed rate basis, or vice versa, and to hedge against the risk of declining interest rates on anticipated security purchases. Interest rate swaps in which the Company agrees to pay a fixed rate and receive a floating rate are accounted for as fair value hedges. Interest rate swaps in which the Company agrees to pay a floating rate and receive a fixed rate are accounted for as cash flow hedges.

Currency swap agreements are used to convert cash flows from specific investment securities denominated in foreign currencies into U.S. dollars at specific exchange rates and to hedge against currency rate fluctuation on anticipated security purchases.

The difference between amounts paid and received on swap agreements is recorded on an accrual basis as an adjustment to net investment income or interest expense, as appropriate, over the periods covered by the agreements. The related amount payable to or receivable from counterparties is included in derivative liabilities or assets.

The fair values of swap agreements are recognized in the balance sheets if the hedged investments are carried at fair value or if they hedge anticipated purchases of such investments. In this event, changes in the fair value of a swap agreement are reported in net unrealized gains on securities included in other accumulated comprehensive income in shareholder's equity, consistent with the treatment of the related investment security.

For swap agreements hedging anticipated investment purchases, the net swap settlement amount or unrealized gain or loss is deferred and included in the measurement of the anticipated transaction when it occurs.

Swap agreements generally have terms of two to ten years. Any gain or loss from early termination of a swap agreement is deferred and amortized into income over the remaining term of the related investment. If the underlying investment is

extinguished or sold, any related gain or loss on swap agreements is recognized in income.

Interest rate and currency swap agreements at December 31 were as follows (in millions):

	2004 -----	2003 -----
Liability Swaps		
Interest rate swap agreements to receive floating rate:		
Notional amount	\$ 175	\$ 175
Fair value	(4)	(10)
Asset Swaps		
Currency swap agreements (receive U.S. dollars/pay Canadian dollars):		
Notional amount (in U.S. dollars)	\$ 30	\$ 30
Fair value	(13)	(9)
Currency swap agreements (receive U.S. dollars/pay Euro dollars):		
Notional amount (in U.S. dollars)	\$ 5	\$ 5
Fair Value	(2)	(1)
Currency swap agreements (receive U.S. dollars/pay Australian dollars):		
Notional amount (in U.S. dollars)	\$ 5	\$ -
Fair Value	(.3)	-

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9. Derivative Financial Instruments - (continued):

(c) Risks Inherent In the Use of Derivatives:

Risks inherent in the use of derivatives include market risk, credit risk in the event of non-performance by counterparties, and mismatch risk. Exposure to market risk is mitigated by the fact that all derivatives contracts are executed as effective hedges, the financial effects of which are offset by another financial instrument (investment securities or index-based policy liabilities.) Counterparty credit exposure is limited by entering into agreements with affiliated counterparties or unaffiliated counterparties having high credit ratings. Affiliated counterparties are guaranteed by AIG and unaffiliated counterparty credit ratings are monitored on a regular basis.

Mismatch risk is the risk that hedges are executed improperly or become ineffective over the term of the contracts. Procedures have been implemented at AIG Global Investment Group, the Company's affiliated investment advisor, and within the Life Division to prevent and detect such mismatches.

10. Fair Value of Financial Instruments

Statement of Financial Accounting Standards No. 107 "Disclosures about Fair Value of Financial Instruments" ("FASB 107") requires disclosure of fair value information about financial instruments for which it is practicable to estimate such fair value. In the measurement of the fair value of certain of the financial instruments, where quoted market prices were not available, other valuation techniques were utilized. These fair value estimates are derived using internally developed valuation methodologies based on available and observable market information.

The fair value and carrying amounts of financial instruments are as follows (in thousands):

2004 ----	Fair Value -----	Carrying Amount -----
Cash and short-term investments	\$ 17,439	\$ 17,439
Fixed maturities	8,083,232	8,083,232
Equity securities	1,807	1,807
Mortgage and policy loans	402,558	380,010
Investment contracts	4,977,664	4,712,489
Other long-term investments	55,608	55,608
Assets and liabilities related to separate accounts	204,782	204,782
Derivative liabilities	21,933	21,933
	Fair	Carrying

2003	Value	Amount
----	-----	-----
		(Restated)
Cash and short-term investments	\$ 96,210	\$ 96,210
Fixed maturities	7,791,941	7,791,941
Equity securities	1,652	1,652
Mortgage and policy loans	466,478	425,123
Investment contracts	4,947,379	4,861,295
Other long-term investments	79,779	79,779
Assets and liabilities related to separate accounts	216,087	216,087
Derivative liabilities	19,448	19,448

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10. Fair Value of Financial Instruments - (continued):

- (b) The following methods and assumptions were used by the Company in estimating the fair value of the financial instruments presented:

Cash and short-term investments: The carrying amounts reported in the balance sheet for these instruments approximate fair value.

Fixed maturity securities: Fair value is based principally on independent pricing services, broker quotes and other independent information. For securities that do not have readily determinable market prices, the Company estimates their fair value with internally prepared valuations (including those based on estimates of future profitability). Otherwise, the Company uses its most recent purchases and sales of similar unquoted securities, independent broker quotes or comparison to similar securities with quoted prices when possible to estimate the fair value of those securities.

Equity securities: Fair values for equity securities were based upon quoted market prices.

Mortgage loans on real estate and policy loans: Where practical, the fair values of loans on real estate were estimated using discounted cash flow calculations based upon the Company's current incremental lending rates for similar type loans. The fair value of policy loans were estimated to approximate carrying value.

Investment contracts: For guaranteed investment contracts, income annuities and other similar contracts without life contingencies, estimated fair values are derived using discounted cash flow calculations based upon interest rates currently being offered for similar contracts consistent with those remaining for the contracts being valued.

Other long-term investments: Fair value of other invested assets is based upon the fair value of the net assets of these investments as determined by the general partners.

Assets and liabilities related to separate accounts: Separate and variable accounts are carried at the quoted market value of the underlying securities. The liabilities for these accounts are equal to the account assets.

Derivatives: Fair values for derivative assets and liabilities were based upon quoted market prices.

11. Shareholder's Equity

- (a) The Company may not distribute dividends to its Parent without prior approval of regulatory agencies. Generally, this limits the payment of such dividends to an amount which, in the opinion of the regulatory agencies, is warranted by the financial condition of the Company. The maximum shareholder dividend, which can be paid without prior regulatory approval, is limited to an amount that is based on restrictions relating to statutory surplus. There were no dividends paid in 2004 or 2003.
- (b) The Company received a cash capital contribution from its parent in the amount of \$41 million in 2002.

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12. Employee Benefits

Effective January 1, 2002, substantially all of the Company's employees participate in various benefit plans sponsored by AIG, including a noncontributory qualified defined benefit retirement plan, various stock option and purchase plans, a 401(k) plan and a post retirement benefit program for medical care and life insurance. AIG's U.S. plans do not separately identify projected benefit obligations and plan assets attributable to employees of participating affiliates.

13. Reinsurance

(a) The Company reinsures portions of its life and accident and health insurance risks with unaffiliated companies. Life insurance risks are reinsured primarily under coinsurance and yearly renewable term treaties. Accident and health insurance risks are reinsured primarily under coinsurance, excess of loss and quota share treaties. Amounts recoverable from reinsurers are estimated in a manner consistent with the assumptions used for the underlying policy benefits and are presented as a component of reinsurance assets. A contingent liability exists with respect to reinsurance ceded to the extent that any reinsurer is unable to meet the obligations assumed under the reinsurance agreements.

The Company also reinsures portions of its life and accident and health insurance risks with affiliated companies (see Note 14). The effect of all reinsurance contracts, including reinsurance assumed, is as follows (in thousands, except percentages):

<TABLE>
<CAPTION>

December 31, 2004	Life Insurance in Force	Premiums and Other Considerations			
		Life	Accident and Health	Annuity	Total
<S>	<C>	<C>	<C>	<C>	<C>
Gross Premiums	40,437,034	158,880	48,518	246,866	454,264
Assumed - Nonaffiliated	1,045,988	2,353	-	-	2,353
Assumed - Affiliated	299	-	-	-	-
Total Assumed	1,046,287	2,353	-	-	2,353
Ceded - Nonaffiliated	576,871	2,602	7,075	317	9,994
Ceded - Affiliated	785	(58)	22,496	-	22,438
Total Ceded	577,656	2,544	29,571	317	32,432
Net Premiums	40,905,665	158,689	18,947	246,549	424,185
Percentage of Amount Assumed to Net	2.6%	1.5%	0%	0%	0.6%

</TABLE>

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13. Reinsurance (continued):

<TABLE>
<CAPTION>

December 31, 2003	Life Insurance in Force	Premiums and Other Considerations			
		Life	Accident and Health	Annuity	Total
<S>	<C>	<C>	<C>	<C>	<C>
Gross Premiums	37,356,256	144,772	42,957	237,875	425,604
Assumed - Nonaffiliated	1,105,544	3,433	230	-	3,663
Assumed - Affiliated	500	-	-	-	-
Total Assumed	1,106,044	3,433	230	-	3,663
Ceded - Nonaffiliated	610,020	3,009	13,845	397	17,251
Ceded - Affiliated	845	1,593	20,015	-	21,608
Total Ceded	610,865	4,602	33,860	397	38,859
Net Premiums	37,851,435	143,603	9,327	237,478	390,408
Percentage of Amount Assumed to Net	2.9%	2.4%	2.5%	0%	0.9%

</TABLE>

<TABLE>

December 31, 2002	Premiums and Other Considerations				
	Life Insurance in Force	Life	Accident and Health	Annuity	Total
<S>	<C>	<C>	<C>	<C>	<C>
Gross Premiums	37,923,271	125,430	36,095	85,083	246,608
Assumed - Nonaffiliated	20,539,992	1,762	(230)	-	1,532
Assumed - Affiliated	965	95	-	-	95
Total Assumed	20,540,957	1,857	(230)	-	1,627
Ceded - Nonaffiliated	776,580	2,733	10,887	399	14,019
Ceded - Affiliated	19,405,975	26	17,899	-	17,925
Total Ceded	20,182,555	2,759	28,786	399	31,944
Net Premiums	38,281,673	124,528	7,079	84,684	216,291
Percentage of Amount Assumed to Net	53.7%	1.5%	(3.2)%	0%	0.8%

</TABLE>

- (b) Reinsurance recoveries, which reduced death and other benefits, approximated \$19,552,000 and \$25,960,000 respectively, for the years ended December 31, 2004 and 2003.

The Company's reinsurance arrangements do not relieve it from its direct obligation to its insureds. Thus, a credit exposure exists with respect to reinsurance ceded to the extent that any reinsurer is unable to meet the obligations assumed under the reinsurance agreements.

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14. Transactions with Related Parties

- (a) The Company is party to several reinsurance agreements with its affiliates covering certain life and accident and health insurance risks. Premium income and commission ceded to affiliates amounted to \$22,438,000 and \$3,411,000, respectively, for the year ended December 31, 2004. Premium income and commission ceded for 2003 amounted to \$21,607,000 and \$2,397,000, respectively. Premium income and commission ceded for 2002 amounted to \$17,925,000 and \$2,473,000, respectively. Premium income and commission expense assumed from affiliates aggregated \$0 and \$0, respectively, for 2004, compared to \$0 and \$0, respectively, for 2003, and \$95,000 and \$3,000, respectively, for 2002.

In 2003, the Company commuted a ceded reinsurance treaty with Lexington Insurance Company that was fully offset by commuting an assumed reinsurance treaty with Metropolitan Life Insurance Company, resulting in no net impact to the Company's results of operations or financial position.

- (b) The Company provides life insurance coverage to employees of the Parent and its domestic subsidiaries in connection with the Parent's employee benefit plans. The statement of income includes \$13,302,000 in premiums relating to this business for 2004, \$11,399,000 for 2003, and \$4,042,000 for 2002.
- (c) The Company is party to several cost sharing agreements with its affiliates. Generally, these agreements provide for the allocation of costs upon either the specific identification basis or a proportional cost allocation basis which management believes to be reasonable. For the years ended December 31, 2004, 2003 and 2002, the Company was charged \$13,126,000, \$10,589,000 and \$6,556,000, respectively, for expenses attributed to the Company but incurred by affiliates. During the same period, the Company received reimbursements from affiliates aggregating \$0, \$0 and \$7,648,000, respectively, for costs incurred by the Company but attributable to affiliates.
- (d) The Company's insurance policy obligations are guaranteed by National Union Fire Insurance Company of Pittsburgh ("National Union"), a subsidiary of AIG. This guarantee is unconditional and irrevocable as to outstanding obligations, and the Company's contractholders have the right to enforce the guarantee directly against National Union. While National Union does not publish financial statements, it does file statutory annual and quarterly reports with the Pennsylvania Insurance Department, where such reports are available to the public.

15. Restatement

Certain financial statement components as of December 31, 2003 and 2002 and for the years then ended have been restated. These restatements relate to the corrections of a general allowance for mortgage loans inappropriately set up prior to 2002, an overstatement of reserves in 2002, cash flow information related to certain deposit-type products and other miscellaneous components.

A summary of the adjustments made and their effect on the financial statements is presented below (in thousands):

<TABLE>

<CAPTION>

	As of and for the year ended December 31, 2003		As of and for the year ended December 31, 2002	
	-----		-----	
	As originally Stated	Restated	As originally stated	Restated
	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>
Balance Sheets				

Mortgage loans on real estate	\$ 395,008	\$ 414,008		
Amounts due from related parties	14,425	17,525		
Total assets	8,846,820	8,876,143		
Income taxes payable	51,450	58,520		
Other liabilities	183,925	185,825		
Total liabilities	7,937,225	7,953,418		
Accumulated other comprehensive income	250,575	249,925		
Retained earnings	417,770	431,550		
Total liabilities and shareholders' equity	8,846,820	8,876,143		

Statements of Income

Net investment income	542,949	545,549	\$ 540,971	\$ 536,071
Realized capital gains (losses)	1,143	743	(142,314)	(95,214)
Death and other benefits	310,501	324,239	324,161	305,223
Insurance acquisition and other operating expenses	81,664	79,891	41,144	53,790
Deferred income tax expense	23,473	19,573	(36,936)	(19,351)
Net income (loss)	103,994	96,756	(19,850)	12,803

Statements of Shareholders' Equity

Change in net unrealized appreciation of investments - net of reclassifications	134,876	136,176	205,565	159,465
Deferred income tax expense on above changes	(45,858)	(46,313)	(69,223)	(53,088)
Accumulated other comprehensive income	250,575	249,925	165,705	164,210
Retained earnings	417,770	431,550	313,776	334,794
Total shareholders' equity	909,595	922,725	720,731	740,254

</TABLE>

15. Restatement - (continued)

<TABLE>

<CAPTION>

	As of and for the year ended December 31, 2003		As of and for the year ended December 31, 2002	
	-----		-----	
	As originally Stated	Restated	As originally stated	Restated
	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>
Statements of Cash Flows				

Change in other policyholders' contracts	(69,434)	19,270	947,993	(167,313)
Interest credited to policyholder contracts	-	221,986	-	280,974

Change in income taxes - net	(311)	(4,211)	(30,621)	(13,036)
Change in deferred policy acquisition costs	42,741	42,441	(42,114)	(40,814)
Realized capital (gains) losses	(1,143)	(743)	142,314	95,214
Change in other assets and liabilities - net	51,566	47,466	124,488	135,188
Net cash provided by operating activities	295,154	590,706	1,100,242	281,048
Change in other long-term investments	24,693	20,893	(3,431)	369
Net cash used in investing activities	(254,686)	(258,486)	(997,345)	(993,545)
Net policyholder by account deposits/withdrawals	(38,193)	-	(143,909)	-
Deposits on policyholders contracts	-	260,495	-	1,109,206
Withdrawals on policyholder contracts	-	(590,440)	-	(437,721)
Net cash provided by (used in) financing activities	(38,193)	(329,945)	(102,909)	712,485

</TABLE>

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PART C: OTHER INFORMATION

Item 26. Exhibits

- (a) Board of Directors Resolution.
- (1) Certificate of Resolution for American International Life Assurance Company of New York pursuant to the Board of Directors' meeting dated June 5, 1986, authorizing the establishment of separate accounts for the issuance and sale of variable life insurance contracts. (1)
- (b) Custodian Agreements. Inapplicable
- (c) Underwriting Contracts.
- (1) Distribution Agreement between American International Life Assurance Company of New York and American General Equity Services Corporation, effective May 1, 2003. (5)
- (2) Form of Selling Group Agreement. (7)
- (d) Contracts.
- (1) Form of Group Flexible Premium Variable Life Insurance Policy - Non-Participating (Policy Form No. 21GVULD997). (2)
- (2) Form of Group Flexible Premium Variable Life Insurance Certificate (Certificate Form No. 26GVULD997). (2)
- (e) Applications.
- (1) Form of Application for Group Flexible Premium Variable Life Insurance Policy, Form No. 24COLI400NY. (5)
- (2) Form of Supplemental Application for Life Insurance, Form No. 24GVSUP997NY. (Filed herewith)
- (3) Form of Subaccount Transfer Request form. (Filed herewith)
- (4) Form of Premium Allocation form. (Filed herewith)
- (5) Form of Loan/Surrender Request form. (Filed herewith)
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- (6) Form of Dollar Cost Averaging Request form. (Filed herewith)
- (7) Form of Change Request form. (Filed herewith)
- (8) Form of Reallocation and Rebalancing Request form. (Filed herewith)
- (f) Depositor's Certificate of Incorporation and By-Laws.
- (1) Amended and Restated Bylaws of American International Life Assurance Company of New York, adopted July 25, 2002. (5)
- (2) Charter of American International Life Assurance Company of New York, dated March 5, 1962, filed with the State of New York Insurance Department on March 16, 1962. (1)
- (3) Certificate of Amendment of the Certificate of Incorporation of American International Life Assurance Company of New York, dated

February 4, 1972. (1)

- (4) Certificate of Amendment of the Certificate of Incorporation of American International Life Assurance Company of New York, dated January 18, 1985. (1)
- (5) Certificate of Amendment of the Certificate of Incorporation of American International Life Assurance Company of New York, dated June 1, 1987. (1)
- (6) Certificate of Amendment of the Certificate of Incorporation of American International Life Assurance Company of New York, dated March 22, 1989. (1)
- (7) Certificate of Amendment of the Certificate of Incorporation of American International Life Assurance Company of New York, dated June 27, 1991. (1)

(g) Reinsurance Contracts. Inapplicable

(h) Participation Agreements.

- (1) (a) Form of Participation Agreement by and between VALIC Company I, The Variable Annuity Life Insurance Company and American International Life Assurance Company of New York. (5)
- (2) (a) Form of Participation Agreement among Morgan Stanley Universal Funds, Inc., Morgan Stanley Asset Management Inc., Miller Anderson & Sherrerd, LLP and AI Life Assurance Company of New York. (4)

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- (2) (b) Form of Amendment to Participation Agreement among The Universal Institutional Funds, Inc. (formerly Morgan Stanley Universal Funds, Inc.), Morgan Stanley Investment Management Inc. (formerly Morgan Stanley Asset Management Inc.), Morgan Stanley Investments LP (formerly Miller Anderson & Sherrerd, LLP) and American International Life Assurance Company of New York. (5)
- (3) (a) Form of Participation Agreement among Alliance Variable Products Series Fund, Inc., Alliance Fund Distributors, Inc. and American International Life Assurance Company of New York. (5)
- (4) (a) Form of Participation Agreement by and between Franklin Templeton Products Trust, Franklin Templeton Distributors, Inc. and American International Life Assurance Company of New York. (6)
- (4) (b) Form of Participation Agreement Amendment by and between Franklin Templeton Products Trust, Franklin Templeton Distributors, Inc. and American International Life Assurance Company of New York. (Filed herewith)
- (5) (a) Form of Shareholder Services Agreement by and between American Century Investment Services, Inc. and American International Life Assurance Company of New York. (6)
- (6) (a) Form of Participation Agreement by and among Credit Suisse Warburg Pincus Trust, Credit Suisse Asset Management, LLC, Credit Suisse Asset Management Securities, Inc. and American International Life Assurance Company of New York. (6)
- (7) (a) Form of Administrative Services Agreement by and among Credit Suisse Asset Management, LLC and American International Life Assurance Company of New York. (6)
- (8) (a) Form of Participation Agreement by and among Merrill Lynch Variable Series Funds, Inc., FAM Distributors, Inc. and American International Life Assurance Company of New York. (6)
- (9) (a) Form of Participation Agreement by and among Vanguard Variable Insurance Fund, The Vanguard Group, Inc., Vanguard Marketing Corporation and American International Life Assurance Company of New York. (6)

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- (10) (a) Form of Fund Participation Agreement by and between J.P. Morgan Series Trust II and American International Life Assurance Company of New York. (6)
- (11) (a) Form of Participation Agreement by and among PIMCO Variable Insurance Trust, PIMCO Funds Distributors LLC and American International Life Assurance Company of New York. (6)
- (12) (a) Form of Participation Agreement by and among Variable Insurance Products Fund, Fidelity Distributors Corporation and American International Life Assurance Company of New York. (6)
- (13) (a) Form of Participation Agreement by and among Variable Insurance Products Fund II, Fidelity Distributors Corporation and American International Life Assurance Company of New York. (6)
- (14) (a) Form of Participation Agreement by and among Variable Insurance Products Fund III, Fidelity Distributors Corporation and American International Life Assurance Company of New York. (6)
- (15) (a) Form of Participation Agreement by and among Goldman Sachs Variable Insurance Trust, Goldman, Sachs & Co., and American International Life Assurance Company of New York. (Filed herewith)
- (16) (a) Form of Fund Participation Agreement by and among Neuberger & Berman Advisers Management Trust, Advisers Managers Trust, Neuberger & Berman Management Incorporated and American International Life Assurance Company of New York. (Filed herewith)
- (16) (b) Form of Amendment to Fund Participation Agreement by and among Neuberger & Berman Advisers Management Trust, Advisers Managers Trust, Neuberger & Berman Management Incorporated and American International Life Assurance Company of New York. (Filed herewith)

(i) Administrative Contracts.

- (1) Form of Service and Expense Agreement dated February 1, 1974, between American International Group, Inc. and various affiliate subsidiaries, including American International Life Assurance Company of New York. (5)
- (2) Form of Addendum No. 1 to Service and Expense Agreement dated February 1, 1974, between American International Group, Inc. and various affiliate subsidiaries,

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including American International Life Assurance Company of New York, dated May 21, 1975. (5)

- (3) Form of Addendum No. 2 to Service and Expense Agreement dated February 1, 1974, between American International Group, Inc. and various affiliate subsidiaries, including American International Life Assurance Company of New York, dated September 23, 1975. (5)
- (4) Form of Addendum No. 6 to Service and Expense Agreement dated February 1, 1974, between American International Group, Inc. and various affiliate subsidiaries, including American International Life Assurance Company of New York, dated June 9, 1981. (5)
- (5) Form of Addendum No. 24 to Service and Expense Agreement dated February 1, 1974, between American International Group, Inc. and various affiliate subsidiaries, including American International Life Assurance Company of New York, dated December 30, 1998. (5)
- (6) Form of Addendum No. 28 to Service and Expense Agreement dated February 1, 1974, among American International Group, Inc. and various affiliate subsidiaries, including American International Life Assurance Company of New York and American General Life Companies, effective January 1, 2002. (5)
- (7) Form of Addendum No. 30 to Service and Expense Agreement dated February 1, 1974, among American International Group, Inc. and various affiliate subsidiaries, including American International

Life Assurance Company of New York and American General Life Companies, LLC, effective January 1, 2002. (7)

- (8) Form of Addendum No. 32 to Service and Expense Agreement dated February 1, 1974, among American International Group, Inc. and various affiliate subsidiaries, including American International Life Assurance Company of New York, American General Life Companies, LLC and American General Equity Services Corporation, effective May 1, 2004. (Filed herewith)
- (j) Other Material Contracts. None
- (k) Legal Opinion.
 - (1) Opinion and Consent of Kenneth D. Walma, Vice President and Counsel, American International Life Assurance Company of New York. (3)
- (l) Actuarial Opinion.

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- (1) Opinion and Consent of American International Life Assurance Company of New York's actuary. (3)
- (2) Opinion and Consent of American International Life Assurance Company of New York's actuary. (5)
- (m) Calculation. None
- (n) Other Opinions.
 - (1) Consent of Independent Registered Public Accounting Firm, PricewaterhouseCoopers LLP. (Filed herewith)
- (o) Omitted Financial Statements. None
- (p) Initial Capital Agreements. None
- (q) Redeemability Exemption.
 - (1) Memorandum Regarding Procedures including Issuance, Transfer and Redemption Procedures for Variable Universal Life Insurance Policies Pursuant to Rule 6e-3(T)(b)(12)(iii) under the Investment Company Act of 1940. (Filed herewith)

-
- (1) Incorporated by reference to Post-Effective Amendment No. 4 to Form S-6 Registration Statement (File No. 033-90686) of Variable Account B of American International Life Assurance Company of New York filed on October 27, 1998.
 - (2) Incorporated by reference to initial filing of Form S-6 Registration Statement (File No. 333-48457) of Variable Account B of American International Life Assurance Company of New York filed on March 23, 1998.
 - (3) Incorporated by reference to Post-Effective Amendment No. 5 to Form S-6 Registration Statement (File No. 333-48457) of Variable Account B of American International Life Assurance Company of New York filed on May 1, 2002.
 - (4) Incorporated by reference to Post-Effective Amendment No. 1 to Form N-4 Registration Statement (File No. 333-63412) of Variable Account A of American International Life Assurance Company of New York filed on December 28, 2001.
 - (5) Incorporated by reference to Post-Effective Amendment No. 7 to Form N-6 Registration Statement (File No. 333-48457) of Variable Account B of American International Life Assurance Company of New York filed on April 25, 2003.

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- (6) Incorporated by reference to Post-Effective Amendment No. 8 to Form N-6 Registration Statement (File No. 333-48457) of Variable Account B of American International Life Assurance Company of New York filed on June 16, 2003.
- (7) Incorporated by reference to Post-Effective Amendment No. 8 to Form N-4 Registration Statement (File No. 333-63412) of Variable Account A of

Item 27. Directors and Officers of the Depositor

Name and Principal Business Address -----	Positions and Offices with Depositor American International Life Assurance Company of New York -----
Rodney O. Martin, Jr. 2929 Allen Parkway Houston, TX 77019	Director and Chairman of the Board of Directors
M. Bernard Aidinoff Sullivan and Cromwell 125 Broad Street New York, NY 10004	Director
David J. Dietz 830 Third Avenue New York, NY 10022	Director, President and Chief Executive Officer
Marion E. Fajen 5608 N. Water Bury Rd. Des Moines, IA 50312	Director
Patrick J. Foley 569 N. Country Club Dr. Lake Worth, FL 33462	Director
Cecil C. Gamwell, III 419 W. Beach Rd. Charleston, RI 02813	Director
Jack R. Harnes 70 Pine Street New York, NY 10270	Director

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Name and Principal Business Address -----	Positions and Offices with Depositor American International Life Assurance Company of New York -----
David L. Herzog 2929 Allen Parkway Houston, TX 77019	Director
John I. Howell Indian Rock Corp. 263 Glenville Rd., 2nd Floor Greenwich, CT 06831	Director
Donald P. Kanak, Jr. 70 Pine Street New York, NY 10270	Director
Ernest T. Patrikis 70 Pine Street New York, NY 10270	Director
Gary D. Reddick 2929 Allen Parkway Houston, TX 77019	Director, Chief Administrative Officer and Executive Vice President
Martin J. Sullivan 70 Pine Street New York, NY 10270	Director
Christopher J. Swift 2929 Allen Parkway Houston, TX 77019	Director, Chief Financial Officer and Executive Vice President
Thomas L. Booker 2727 Allen Parkway Houston, TX 77019	President - Structured Settlements/SPIA Profit Center
Stephen A. Gold 70 Pine Street New York, NY 10270	Chief Executive Officer

Name and Principal Business Address -----	Positions and Offices with Depositor American International Life Assurance Company of New York -----
Jeffrey H. Carlson 2727-A Allen Parkway Houston, TX 77019	Chief Information Officer and Senior Vice President
David R. Armstrong 3600 Route 66 Neptune, NJ 07754-1580	Senior Vice President
Erik A. Baden 2929 Allen Parkway Houston, TX 77019	Senior Vice President
Wayne A. Barnard 2929 Allen Parkway Houston, TX 77019	Senior Vice President
Robert M. Beuerlein 2727-A Allen Parkway Houston, TX 77019	Senior Vice President
Patricia A. Bosi 3600 Route 66 Neptune, NJ 07754-1580	Senior Vice President
James A. Galli 830 Third Avenue New York, NY 10022	Senior Vice President
Robert M. Goldbloom 70 Pine Street New York, NY 10270	Senior Vice President
William F. Guterding 830 Third Avenue New York, NY 10022	Senior Vice President
Robert F. Herbert, Jr. 2727-A Allen Parkway Houston, TX 77019	Senior Vice President, Treasurer and Comptroller

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Name and Principal Business Address -----	Positions and Offices with Depositor American International Life Assurance Company of New York -----
S. Douglas Israel 2929 Allen Parkway Houston, TX 77019	Senior Vice President
Kyle L. Jennings 2929 Allen Parkway Houston, TX 77019	Senior Vice President
Althea R. Johnson 2929 Allen Parkway Houston, TX 77019	Senior Vice President
Simon J. Leech 2727-A Allen Parkway Houston, TX 77019	Senior Vice President
Mark R. McGuire 2727-A Allen Parkway Houston, TX 77019	Senior Vice President
Laura W. Milazzo 2727 Allen Parkway Houston, TX 77019	Senior Vice President
A. Hasan Qureshi 1 ALICO Plaza 600 King Street	Senior Vice President - Corporate Markets

Wilmington, DE 19801

James P. Steele Senior Vice President
205 E. 10th Avenue
Amarillo, TX 79101

Robert E. Steele Senior Vice President
205 E. 10th Avenue
Amarillo, TX 79101

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Name and Principal Business Address

Positions and Offices with Depositor
American International Life Assurance Company
of New York

Edward F. Bacon Vice President
2727-A Allen Parkway
Houston, TX 77019

Joan M. Bartel Vice President
2727 Allen Parkway
Houston, TX 77019

Walter E. Bednarski Vice President
3600 Route 66
Neptune, NJ 07754-1580

Michael B. Boesen Vice President
2727-A Allen Parkway
Houston, TX 77019

David R. Brady Vice President
70 Pine Street
New York, NY 10270

Stephen J. Brenneman Vice President
1 Alico Plaza
600 King Street
Wilmington, DE 19801

Robert W. Busby Vice President
3600 Route 66
Neptune, NJ 07754-1580

Joseph S. Cella Vice President
70 Pine Street
New York, NY 10270

Robert W. Chesner Vice President
2929 Allen Parkway
Houston, TX 77019

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Name and Principal Business Address

Positions and Offices with Depositor
American International Life Assurance Company
of New York

Donna F. Fahey Vice President
3600 Route 66
Neptune, NJ 07754-1580

Farideh N. Farrokhi Vice President
2727-A Allen Parkway
Houston, TX 77019

Kevin P. Fitzpatrick Vice President
1 Chase Manhattan Plaza
New York, NY 10005

Richard L. Gravette Vice President
2727-A Allen Parkway
Houston, TX 77019

Kenneth J. Griesemer Vice President
6363 Forest Park Rd.
Dallas, TX 75235

Joel H. Hammer 1 Chase Manhattan Place New York, NY 10005	Vice President
Neal C. Hasty 6363 Forest Park Rd. Dallas, TX 75235	Vice President
Thomas M. Hoffman 70 Pine Street New York, NY 10270	Vice President - Human Resources
Keith C. Honig 1999 Avenue of the Stars Los Angeles, CA 90067	Vice President
David S. Jorgensen 2727-A Allen Parkway Houston, TX 77019	Vice President

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Name and Principal Business Address -----	Positions and Offices with Depositor American International Life Assurance Company of New York -----
---	---

Gary J. Kleinman 1 Chase Manhattan Place New York, NY 10005	Vice President
Frank A. Kophamel 3600 Route 66 Neptune, NJ 07754	Vice President
Randy J. Marash 3600 Route 66 Neptune, NJ 07754	Vice President
W. Larry Mask 2929 Allen Parkway Houston, TX 77019	Vice President
Gordon S. Massie 2929 Allen Parkway Houston, TX 77019	Vice President
Richard D. McFarland 2727-A Allen Parkway Houston, TX 77019	Vice President
Richard A. Mercante 175 Water Street New York, NY 10038	Vice President - Investments
Deanna Osmonson 2727 Allen Parkway Houston, TX 77019	Vice President and Chief Compliance Officer
Rembert R. Owen, Jr. 2929 Allen Parkway Houston, TX 77019	Vice President
Kirsten M. Pedersen 2727 Allen Parkway Houston, TX 77019	Vice President

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Name and Principal Business Address -----	Positions and Offices with Depositor American International Life Assurance Company of New York -----
---	---

Dale W. Sachtleben 1 Franklin Square Springfield, IL 62713	Vice President
Kristin E. Sather 1 Chase Manhattan Place New York, NY 10005	Vice President

Tom L. Scott Vice President
2929 Allen Parkway
Houston, TX 77019

Richard W. Scott Vice President
2929 Allen Parkway
Houston, TX 77019

T. Clay Spires Vice President
2727-A Allen Parkway
Houston, TX 77019

Richard P. Vegh Vice President
3600 Route 66
Neptune, NJ 07754

Susan J. Wilhite Vice President
One Woodfield Lake
Schaumburg, IL 60173

Elizabeth M. Tuck Secretary
70 Pine Street
New York, NY 10270

Lauren W. Jones Assistant Secretary
2929 Allen Parkway
Houston, TX 77019

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Item 28. Persons Controlled by or Under Common Control with the Depositor or the Registrant

The Depositor is an indirect wholly-owned subsidiary of American International Group, Inc. ("AIG"). Set forth below is an organizational chart for AIG filed with the SEC on March 15, 2004 as Exhibit 21 to the Form 10-K. Footnotes to the organizational chart below are located at the end of Item 28. The current organizational chart for AIG can be found as Exhibit 21 in Form 10-K filed in 2005, SEC file number 001-08787.

SUBSIDIARIES OF AIG

<TABLE>

<CAPTION>

	Jurisdiction of Incorporation or Organization -----	% of Voting Securities Owned by its Immediate Parent (2) -----
<S>	<C>	<C>
American International Group, Inc. (1)	Delaware	(3)
AIG Aviation, Inc.	Georgia	100%
AIG Bulgaria Insurance and Reinsurance Company EAD	Bulgaria	100%
AIG Capital Corporation	Delaware	100%
AIG Consumer Finance Group, Inc.	Delaware	100%
AIG Bank Polska S.A.	Poland	97.23%
AIG Credit S.A.	Poland	80%
Compania Financiera Argentina S.A.	Argentina	92.7%
AIG Global Asset Management Holdings Corp.	Delaware	100%
AIG Capital Partners, Inc.	Delaware	100%
AIG Global Investment Corp.	New Jersey	100%
John McStay Investment Counsel, L.P.	Texas	82.84%
International Lease Finance Corporation	California	64.85% (4)
AIG Claim Services, Inc.	Delaware	100%
AIG Credit Corp.	Delaware	100%
A.I. Credit Corp.	New Hampshire	100%
Imperial Premium Finance, Inc.	California	100%
Imperial Premium Finance, Inc.	Delaware	100%
AIG Equity Sales Corp.	New York	100%
AIG Federal Savings Bank	Delaware	100%
AIG Finance Holdings, Inc.	New York	100%
AIG Finance (Hong Kong) Limited	Hong Kong	100%
AIG Financial Advisor Services, Inc.	Delaware	100%
AIG Financial Advisor Services (Europe), S.A.	Luxembourg	100%
AIG Financial Products Corp.	Delaware	100%
AIG Matched Funding Corp.	Delaware	100%
Banque AIG	France	90% (5)
AIG Funding, Inc.	Delaware	100%
AIG Global Real Estate Investment Corp.	Delaware	100%
AIG Global Trade & Political Risk Insurance Company	New Jersey	100%

A.I.G. Golden Insurance Ltd.	Israel	50.01%
AIG Life Insurance Company	Delaware	79% (6)
AIG Life Insurance Company of Canada	Canada	100%
AIG Life Insurance Company of Puerto Rico	Puerto Rico	100%

</TABLE>

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SUBSIDIARIES OF AIG

<TABLE>
<CAPTION>

	Jurisdiction of Incorporation or Organization	% of Voting Securities Owned by its Immediate Parent(2)
	-----	-----
<S>	<C>	<C>
AIG Marketing, Inc	Delaware	100%
AIG Mema, Inc.	Delaware	100%
Tata AIG General Insurance Company Limited	India	26%
AIG Private Bank Ltd.	Switzerland	100%
AIG Retirement Services, Inc.	Delaware	100% (7)
SunAmerica Life Insurance Company	Arizona	100%
SunAmerica Investments, Inc.	Georgia	70% (8)
AIG Advisor Group, Inc.	Maryland	100%
Advantage Capital Corporation	New York	100%
FSC Securities Corporation	Delaware	100%
Sentra Securities Corporation	California	100%
Spelman & Co., Inc.	California	100%
SunAmerica Securities, Inc.	Delaware	100%
AIG SunAmerica Life Assurance Company	Arizona	100% (9)
Saamsun Holdings Corp.	Delaware	100%
SAM Holdings Corporation	California	100%
AIG SunAmerica Asset Management Corp.	Delaware	100%
AIG SunAmerica Capital Services. Inc.	Delaware	100%
Sun Royal Holdings Corporation	California	100%
Royal Alliance Associates, Inc.	Delaware	100%
First SunAmerica Life Insurance Company	New York	100%
AIG Risk Management, Inc.	New York	100%
AIG Technologies, Inc.	New Hampshire	100%
AIGTI, Inc.	Delaware	100%
AIG Trading Group Inc.	Delaware	100%
AIG International, Inc.	Delaware	100%
AIU Insurance Company	New York	52% (10)
AIU North America, Inc.	New York	100%
American General Corporation	Texas	100%
American General Bancassurance Services, Inc.	Illinois	100%
AGC Life Insurance Company	Missouri	100%
AIG Assurance Canada	Canada	100% (11)
AIG Life of Bermuda, Ltd.	Bermuda	100%
American General Life and Accident Insurance Company	Tennessee	100%
American General Life Insurance Company	Texas	100%
American General Annuity Service Corporation	Texas	100%
AIG Enterprise Services, LLC	Delaware	100%
American General Equity Services Corporation	Delaware	100%
American General Life Companies, LLC	Delaware	100%
The Variable Annuity Life Insurance Company	Texas	100%
VALIC Retirement Services Company	Texas	100%
VALIC Trust Company	Texas	100%
American General Property Insurance Company	Tennessee	51.85% (12)
American General Property Insurance Company of Florida	Florida	100%

</TABLE>

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SUBSIDIARIES OF AIG

<TABLE>
<CAPTION>

	Jurisdiction of Incorporation or Organization	% of Voting Securities Owned by its Immediate Parent(2)
	-----	-----
<S>	<C>	<C>
AIG Annuity Insurance Company	Texas	100%

The United States Life Insurance Company in the City of New York	New York	100%
American General Finance, Inc.	Indiana	100%
AGF Investment Corp.	Indiana	100%
American General Auto Finance, Inc.	Delaware	100%
American General Finance Corporation	Indiana	100%
Crossroads Mortgage, Inc.	Tennessee	100%
ENM, Inc.	Tennessee	100%
MorEquity, Inc.	Nevada	100%
Wilmington Finance, Inc.	Delaware	100%
Merit Life Insurance Co.	Indiana	100%
Yosemite Insurance Company	Indiana	100%
CommoLoCo, Inc.	Puerto Rico	100%
American General Financial Services of Alabama, Inc.	Alabama	100%
HSA Residential Mortgage Services of Texas, Inc.	Delaware	100%
American General Investment Management Corporation	Delaware	100%
American General Realty Investment Corporation	Texas	100%
American General Assurance Company	Illinois	100%
American General Indemnity Company	Illinois	100%
USLIFE Credit Life Insurance Company of Arizona	Arizona	100%
Knickerbocker Corporation	Texas	100%
American Home Assurance Company	New York	100%
AIG Hawaii Insurance Company, Inc.	Hawaii	100%
American Pacific Insurance Company, Inc.	Hawaii	100%
American International Insurance Company	New York	100%
American International Insurance Company of California, Inc.	California	100%
American International Insurance Company of New Jersey	New Jersey	100%
Minnesota Insurance Company	Minnesota	100%
American International Realty Corp.	Delaware	31.5% (13)
Pine Street Real Estate Holdings Corp.	New Hampshire	31.47% (13)
Transatlantic Holdings, Inc.	Delaware	33.61% (14)
Transatlantic Reinsurance Company	New York	100%
Putnam Reinsurance Company	New York	100%
Trans Re Zurich	Switzerland	100%
American International Insurance Company of Delaware	Delaware	100%
American International Life Assurance Company of New York	New York	77.52% (15)
American International Reinsurance Company, Ltd.	Bermuda	100%
AIG Edison Life Insurance Company	Japan	90% (16)
American International Assurance Company, Limited	Hong Kong	100%
American International Assurance Company (Australia) Limited	Australia	100%
American International Assurance Company (Bermuda) Limited	Bermuda	100%
American International Assurance Co. (Vietnam) Limited	Vietnam	100%
Tata AIG Life Insurance Company Limited	India	26%
Nan Shan Life Insurance Company, Ltd.	Taiwan	95%

</TABLE>

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SUBSIDIARIES OF AIG

<TABLE>
<CAPTION>

	Jurisdiction of Incorporation or Organization	% of Voting Securities Owned by its Immediate Parent(2)
<S>	<C>	<C>
American International Underwriters Corporation	New York	100%
American International Underwriters Overseas, Ltd.	Bermuda	100%
AIG Europe (Ireland) Limited	Ireland	100%
AIG Europe (U.K.) Limited	England	100%
AIG Brasil Companhia de Seguros	Brazil	50%
Universal Insurance Co., Ltd.	Thailand	100%
La Seguridad de Centroamerica, Compania de Seguros S.A.	Guatemala	100%
American International Insurance Company of Puerto Rico	Puerto Rico	100%
A.I.G. Colombia Seguros Generales S.A.	Colombia	100%
American International Underwriters GmbH	Germany	100%
Underwriters Adjustment Company, Inc.	Panama	100%
American Life Insurance Company	Delaware	100%
AIG Life (Bulgaria) Z.D. A.D	Bulgaria	100%
ALICO, S.A	France	100%
American Life Insurance Company (Kenya) Limited	Kenya	66.67%
Pharaonic American Life Insurance Company	Egypt	71.63%
AIG Life Insurance Company (Switzerland) Ltd.	Switzerland	100%
American Security Life Insurance Company, Ltd.	Lichtenstein	100%
Birmingham Fire Insurance Company of Pennsylvania	Pennsylvania	100%
China America Insurance Company, Ltd.	Delaware	50%
Commerce and Industry Insurance Company	New York	100%
Commerce and Industry Insurance Company of Canada	Ontario	100%
Delaware American Life Insurance Company	Delaware	100%
Hawaii Insurance Consultants, Ltd.	Hawaii	100%

HSB Group, Inc.	Delaware	100%
The Hartford Steam Boiler Inspection and Insurance Company	Connecticut	100%
The Allen Insurance Company, Ltd.	Bermuda	100%
The Hartford Steam Boiler Inspection and Insurance Company of Connecticut	Connecticut	100%
HSB Engineering Insurance Limited	England	100%
The Boiler Inspection and Insurance Company of Canada	Canada	100%
The Insurance Company of the State of Pennsylvania	Pennsylvania	100%
Landmark Insurance Company	California	100%
Mt. Mansfield Company, Inc.	Vermont	100%
National Union Fire Insurance Company of Pittsburgh, Pa	Pennsylvania	100%
American International Specialty Lines Insurance Company	Alaska	70% (17)
Lexington Insurance Company	Delaware	70% (17)
GE Property & Casualty Insurance Company	Pennsylvania	100%
GE Casualty Insurance Company	Pennsylvania	100%
GE Indemnity Insurance Company	Pennsylvania	100%
GE Auto & Home Assurance Company	Pennsylvania	100%
Bayside Casualty Insurance Company	New Jersey	100%
JI Accident & Fire Insurance Co. Ltd.	Japan	50%
National Union Fire Insurance Company of Louisiana	Louisiana	100%
National Union Fire Insurance Company of Vermont.....	Vermont	100%

</TABLE>

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SUBSIDIARIES OF AIG

<TABLE>
<CAPTION>

	Jurisdiction of Incorporation or Organization	% of Voting Securities Owned by its Immediate Parent (2)
<S>	<C>	<C>
21st Century Insurance Group.....	California	33.03% (18)
21st Century Insurance Company	California	100%
21st Century Casualty Company	California	100%
21st Century Insurance Company of Arizona	Arizona	100%
Starr Excess Liability Insurance Company, Ltd.	Delaware	100%
Starr Excess Liability Insurance International Ltd.	Ireland	100%
NHIG Holding Corp.	Delaware	100%
Audubon Insurance Company.....	Louisiana	100%
Audubon Indemnity Company.....	Mississippi	100%
Agency Management Corporation.....	Louisiana	100%
The Gulf Agency, Inc.	Alabama	100%
New Hampshire Insurance Company	Pennsylvania	100%
AIG Europe, S.A	France	(19)
AI Network Corporation	Delaware	100%
American International Pacific Insurance Company	Colorado	100%
American International South Insurance Company	Pennsylvania	100%
Granite State Insurance Company	Pennsylvania	100%
New Hampshire Indemnity Company, Inc.	Pennsylvania	100%
AIG National Insurance Company, Inc.	New York	100%
Illinois National Insurance Co.	Illinois	100%
New Hampshire Insurance Services, Inc.	New Hampshire	100%
AIG Star Life Insurance Co., Ltd	Japan	100%
Pharaonic Insurance Company, S.A.E	Egypt	89.98%
The Philippine American Life and General Insurance Company	Philippines	99.78%
Pacific Union Assurance Company.....	California	100%
Philam Equitable Life Assurance Company, Inc.	Philippines	95.31%
The Philippine American General Insurance Company, Inc.	Philippines	100%
Philam Insurance Company, Inc.	Philippines	100%
Risk Specialist Companies, Inc.	Delaware	100%
United Guaranty Corporation	North Carolina	36.31% (20)
United Guaranty Insurance Company	North Carolina	100%
United Guaranty Mortgage Insurance Company.....	North Carolina	100%
United Guaranty Mortgage Insurance Company of North Carolina	North Carolina	100%
United Guaranty Partners Insurance Company	Vermont	80%
United Guaranty Residential Insurance Company of North Carolina	North Carolina	100%
United Guaranty Residential Insurance Company.....	North Carolina	75.03% (21)
United Guaranty Commercial Insurance Company of North Carolina.....	North Carolina	100%
United Guaranty Mortgage Indemnity Company.....	North Carolina	100%
United Guaranty Credit Insurance Company.....	North Carolina	100%
United Guaranty Services, Inc.	North Carolina	100%

</TABLE>

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- (1) All subsidiaries listed are consolidated in the financial statements of AIG filed in its Form 10-K in 2004, SEC file number 001-08787. Certain subsidiaries have been omitted from the tabulation. The omitted subsidiaries, when considered in the aggregate as a single subsidiary, do not constitute a significant subsidiary.
- (2) Percentages include directors' qualifying shares.
- (3) The common stock is owned approximately 11.9 percent by Starr International Company, Inc., 1.8 percent by C. V. Starr & Co., Inc. and 2.0 percent by The Starr Foundation.
- (4) Also owned 35.15 percent by National Union Fire Insurance Company of Pittsburgh, Pa.
- (5) Also owned 10 percent by AIG Matched Funding Corp.
- (6) Also owned 21 percent by Commerce and Industry Insurance Company.
- (7) Formerly known as AIG SunAmerica Inc.
- (8) Also owned 30 percent by AIG Retirement Services. Inc.
- (9) Formerly known as Anchor National Life Insurance Company.
- (10) Also owned 8 percent by The Insurance Company of the State of Pennsylvania, 32 percent by National Union Fire Insurance Company of Pittsburgh, Pa. and 8 percent by Birmingham Fire Insurance Company of Pennsylvania.
- (11) Indirect wholly-owned subsidiary.
- (12) Also owned 48.15 percent by American General Life and Accident Insurance Company.
- (13) Also owned by 11 other AIG subsidiaries.
- (14) Also owned 26.06 percent by AIG.
- (15) Also owned 22.48 percent by American Home Assurance Company.
- (16) Also owned 10 percent by a subsidiary of American Life Insurance Company.
- (17) Also owned 20 percent by The Insurance Company of the State of Pennsylvania and 10 percent by Birmingham Fire Insurance Company of Pennsylvania.
- (18) Also owned 16.85 percent by American Home Assurance Company, 6.34 percent by Commerce and Industry Insurance Company and 6.34 percent by New Hampshire Insurance Company.
- (19) 100 percent to be held with other AIG companies.
- (20) Also owned 45.88 percent by National Union Fire Insurance Company of Pittsburgh, Pa., 16.95 percent by New Hampshire Insurance Company and 0.86 percent by The Insurance Company of the State of Pennsylvania.
- (21) Also owned 24.97 percent by United Guaranty Residential Insurance Company of North Carolina.

The Registrant is a separate account of American International Life Assurance Company of New York (Depositor).

Item 29. Indemnification

To the full extent authorized by law, the corporation shall indemnify any person made, or threatened to be made, a party to an action or proceeding, whether criminal or civil, by reason of the fact that he, his testator or intestate is or was a director or officer of the corporation or serves or served in any capacity any other corporation at the request of the corporation. Nothing contained herein shall affect any rights to indemnification to which corporate personnel other than directors and officers may be entitled by contract or otherwise under law.

Item 30. Principal Underwriters

(a) Other Activity. Registrant's principal underwriter, American General Equity Services Corporation, also acts as principal underwriter for Variable Account A of American International Life Assurance Company of New York, which offers interests in variable annuities. American General Equity Services Corporation also acts as principal underwriter for certain other separate accounts of American International Life Assurance Company of New York affiliates.

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(b) Management.

Name and Principal Business Address -----	Positions and Offices with Underwriter American General Equity Services Corporation -----
Rodney O. Martin, Jr. 2929 Allen Parkway Houston, TX 77019	Director and Chairman of the Board of Directors
Mark R. McGuire 2727 Allen Parkway Houston, TX 77019	Director and Senior Vice President
Ernest T. Patrikis	Director

70 Pine Street
New York, NY 10270

Gary D. Reddick
2929 Allen Parkway
Houston, TX 77019

Director

Richard J. Miller
2929 Allen Parkway
Houston, TX 77019

President and Chief Executive Officer

Robert F. Herbert, Jr.
2727-A Allen Parkway
Houston, TX 77019

Vice President

Lucille S. Martinez
2727 Allen Parkway
Houston, TX 77019

Vice President, Treasurer and Controller

Deanna D. Osmonson
2727 Allen Parkway
Houston, TX 77019

Vice President, Chief Compliance Officer and
Anti-Money Laundering Compliance Officer

Elizabeth M. Tuck
70 Pine Street
New York, NY 10270

Secretary

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Name and Principal
Business Address

Positions and Offices with Underwriter
American General Equity Services Corporation

Edward F. Andrzejewski
70 Pine Street
New York, NY 10270

Tax Officer

Amy M. Cinquegrana
2929 Allen Parkway
Houston, TX 77019

Assistant Secretary

Lauren W. Jones
2929 Allen Parkway
Houston, TX 77019

Assistant Secretary

David M. Robinson
2929 Allen Parkway
Houston, TX 77019

Assistant Secretary

John D. Fleming
2929 Allen Parkway
Houston, TX 77019

Assistant Treasurer

Barbara J. Moore
2919 Allen Parkway
Houston, TX 77019

Assistant Tax Officer

T. Clay Spires
2727-A Allen Parkway
Houston, TX 77019

Assistant Tax Officer

(c) Compensation From the Registrant.

Name of Principal Underwriter	Net Underwriting Discounts and Commissions	Compensation on Events Occasioning the Deduction of a Deferred Sales Load	Brokerage Commissions	Other Compensation
American General Equity Services Corporation	0	0	0	0

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Item 31. Location of Accounts and Records

All records referenced under Section 31(a) of the 1940 Act, and Rules 31a-1 through 31a-3 thereunder, are maintained and in the custody of American International Life Assurance Company of New York at its principal executive

office located at 70 Pine Street, New York, New York 10270 or at its offices located at 2727-A Allen Parkway, Houston, Texas 77019-2191 or One ALICO Plaza, 600 King Street, Wilmington, Delaware 19801.

Item 32. Management Services Inapplicable

Item 33. Fee Representation

American International Life Assurance Company of New York hereby represents that the fees and charges deducted under the Policy, in the aggregate, are reasonable in relation to the services rendered, the expenses expected to be incurred, and risks assumed by American International Life Assurance Company of New York.

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POWERS OF ATTORNEY

Each person whose signature appears below hereby appoints Robert F. Herbert, Jr., Gary D. Reddick and Kyle L. Jennings and each of them, any one of whom may act without the joinder of the others, as his/her attorney-in-fact to sign on his/her behalf and in the capacity stated below and to file all amendments to this Registration Statement, which amendment or amendments may make such changes and additions to this Registration Statement as such attorney-in-fact may deem necessary or appropriate.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933 and the Investment Company Act of 1940, the Registrant, Variable Account B of American International Life Assurance Company of New York, certifies that it meets all of the requirements for effectiveness of this amended Registration Statement under Rule 485(b) under the Securities Act of 1933 and has duly caused this amended Registration Statement to be signed on its behalf by the undersigned, duly authorized, in the City of Houston, and State of Texas on the 29th day of April, 2005.

VARIABLE ACCOUNT B OF AMERICAN INTERNATIONAL LIFE ASSURANCE COMPANY OF NEW YORK (Registrant)

BY: AMERICAN INTERNATIONAL LIFE ASSURANCE COMPANY OF NEW YORK (On behalf of the Registrant and itself)

BY: ROBERT F. HERBERT, JR. ROBERT F. HERBERT, JR. SENIOR VICE PRESIDENT, TREASURER AND COMPTROLLER

[SEAL]

ATTEST: LAUREN W. JONES LAUREN W. JONES ASSISTANT SECRETARY

Pursuant to the requirements of the Securities Act of 1933, this amended Registration Statement has been signed below by the following persons in the capacities and on the dates indicated.

Table with 3 columns: Signature, Title, Date. Rows include Rodney O. Martin, Jr., David J. Dietz, Christopher J. Swift, and M. Bernard Aidinoff.

MARION E. FAJEN ----- MARION E. FAJEN	Director	April 29, 2005
PATRICK J. FOLEY ----- PATRICK J. FOLEY	Director	April 29, 2005
CECIL C. GAMWELL III ----- CECIL C. GAMWELL III	Director	April 29, 2005
JACK R. HARNES ----- JACK R. HARNES	Director	April 29, 2005

Signature -----	Title -----	Date -----
DAVID L. HERZOG ----- DAVID L. HERZOG	Director	April 29, 2005
JOHN I. HOWELL ----- JOHN I. HOWELL	Director	April 29, 2005
DONALD P. KANAK, JR. ----- DONALD P. KANAK, JR.	Director	April 29, 2005
ERNEST T. PATRIKIS ----- ERNEST T. PATRIKIS	Director	April 29, 2005
GARY D. REDDICK ----- GARY D. REDDICK	Director	April 29, 2005
MARTIN J. SULLIVAN ----- MARTIN J. SULLIVAN	Director	April 29, 2005

EXHIBIT INDEX

Item 26. Exhibits

- (e) (2) Form of Supplemental Application for Life Insurance, Form No. 24GVSUP997NY.
- (e) (3) Form of Subaccount Transfer Request form.
- (e) (4) Form of Premium Allocation form.
- (e) (5) Form of Loan/Surrender Request form.
- (e) (6) Form of Dollar Cost Averaging Request form.
- (e) (7) Form of Change Request form.
- (e) (8) Form of Reallocation and Rebalancing Request form.
- (h) (4) (b) Form of Participation Agreement Amendment by and between Franklin Templeton Products Trust, Franklin Templeton Distributors, Inc. and American International Life Assurance Company of New York.
- (h) (15) (a) Form of Participation Agreement by and among Goldman Sachs Variable Insurance Trust, Goldman, Sachs & Co., and American International Life Assurance Company of New York.
- (h) (16) (a) Form of Fund Participation Agreement by and among Neuberger & Berman Advisers Management Trust, Advisers Managers Trust, Neuberger & Berman Management Incorporated and American International Life Assurance Company of New York.
- (h) (16) (b) Form of Amendment to Fund Participation Agreement by and among Neuberger & Berman Advisers Management Trust, Advisers Managers Trust, Neuberger & Berman Management

Incorporated and American International Life Assurance
Company of New York.

- (i) (8) Form of Addendum No. 32 to Service and Expense Agreement dated February 1, 1974, among American International Group, Inc. and various affiliate subsidiaries, including American International Life Assurance

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Company of New York, American General Life Companies, LLC and American General Equity Services Corporation, effective May 1, 2004.

- (n) (1) Consent of Independent Registered Public Accounting Firm, PricewaterhouseCoopers LLP.

- (q) (1) Memorandum Regarding Procedures including Issuance, Transfer and Redemption Procedures for Variable Universal Life Insurance Policies Pursuant to Rule 6e-3(T) (b) (12) (iii) under the Investment Company Act of 1940.

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American International Life Assurance Company of New York
80 Pine Street, NY, New York 10005

PLEASE PRINT ALL ANSWERS

Supplemental Application For Life Insurance

1. Proposed Insured	Last Name	First Name	Middle Initial	2. Date of Birth	3. Social Security Number

4. Allocation of premium (Must be in 1% increments and no less than 5% to any one fund. Total must equal 100%.)					
Guaranteed Account				_____	%
AllianceBernstein Variable Products Series Fund, Inc					
Americas Government Income Portfolio				_____	%
Growth Portfolio				_____	%
Growth & Income Portfolio				_____	%
Premier Growth Portfolio				_____	%
Small Cap Growth Portfolio				_____	%
American Century Variable Portfolios, Inc.					
VP Income & Growth Fund				_____	%
VP International Fund				_____	%
Credit Suisse Trust					
Emerging Markets Portfolio				_____	%
Global Post-Venture Capital Portfolio				_____	%
International Focus Portfolio				_____	%
Large Cap Value Portfolio				_____	%
Mid-Cap Growth Portfolio				_____	%
Small Cap Growth Portfolio				_____	%
Fidelity Variable Insurance Products Fund					
VIP Balanced Portfolio				_____	%
VIP Contrafund Portfolio				_____	%
VIP II Index 500 Portfolio				_____	%
Franklin Templeton Variable Insurance Products Trust					
Developing Markets Securities Fund - Class 2				_____	%
Growth Securities Fund - Class 2				_____	%
Foreign Securities Fund - Class 2				_____	%
Goldman Sachs Variable Insurance Trust					
CORE U.S. Equity Fund				_____	%
International Equity Fund				_____	%

J.P. Morgan Series Trust II		
Mid Cap Value Portfolio	_____	%
Small Company Portfolio	_____	%
Merrill Lynch Variable Series Funds, Inc.		
Basic Value V.I. Fund	_____	%
Fundamental Growth V.I. Fund	_____	%
Government Bond V.I. Fund	_____	%
Value Opportunities V.I. Fund	_____	%
Morgan Stanley Universal Institutional Funds		
Core Plus Fixed Income Portfolio	_____	%
Emerging Markets Equity Portfolio	_____	%
High Yield Portfolio	_____	%
Mid Cap Growth Portfolio	_____	%
Money Market Portfolio	_____	%
Technology Portfolio	_____	%
U.S. Mid Cap Value Portfolio	_____	%
Neuberger Berman Advisers Management Trust		
AMT Partners Portfolio	_____	%
PIMCO Variable Insurance Trust		
High Yield Portfolio	_____	%
Long-Term U.S. Government Bond Portfolio	_____	%
Real Return Portfolio	_____	%
Short-Term Portfolio	_____	%
Total Return Bond Portfolio	_____	%
Vanguard Variable Insurance Fund		
Total Bond Market Index Portfolio	_____	%
Total Stock Market Index Portfolio	_____	%
VALIC Company I		
International Equities Fund	_____	%
Mid Cap Index Fund	_____	%
Small Cap Index Fund	_____	%

NOTE: The Net Premium will be allocated to the Morgan Stanley Money Market Fund until the end of the Right to Examine This Certificate period.

- | | | | |
|----|--|-----|-----|
| 5. | Dollar Cost Averaging (Minimum of \$2,000 must be allocated to the Morgan Stanley Money Market Fund.
If elected you must complete the Dollar Cost Averaging Plan Request Form.) | YES | NO |
| | | [] | [] |
| 6. | (a) Did the Owner receive current prospectuses? | [] | [] |
| | (b) Does the Owner understand that:
The death benefit may increase or decrease | [] | [] |

depending on investment performance?

The cash value may increase or decrease

[] []

depending on investment performance?

The Certificate will lapse if the cash surrender value becomes insufficient to cover the total monthly deductions?

[] []

(c) Does the Owner believe that this Certificate will meet insurance needs and financial objectives?

[] []

24GVSUP997NY, page 1 of 2

7. Suitability What is the Owner's:

Approximate net worth	_____
Income earned	_____
Income unearned	_____
Number of dependents	_____
Marginal tax bracket	_____

Investment Objective(s) (check all that apply): Growth _____ Growth and Income _____ Income _____ Capital Appreciation _____ Speculation _____

I, the Owner, represent that the statements and answers in this supplemental application are written as made by me and are complete and true to the best of my knowledge and belief.

Signed on _____, 20__

Signature of Owner

at _____, State of _____

Signature of Soliciting Agent

Signature of Proposed Insured if not Owner

24GVSUP997NY, page 2 of 2

[LOGO] AIG The AIG Life Companies (U.S.)

 Executive Advantage (SM)

SUBACCOUNT TRANSFER REQUEST

Policy Number: _____ Policyholder: _____
 (Last Name, First Name, Middle Name)

Insured: _____ Social Security No.: _____ - _____ - _____
 (Last Name, First Name,
 Middle Name)

- . Restrictions on Subaccount Transfers are shown in the Certificate and Certificate Information pages.
- . The Policyholder may make 12 free transfers during a Certificate Year. A \$25 transfer charge may be imposed on each subsequent transfer.
- . Transfers from the Guaranteed Account may be made to a Subaccount(s) only during the 60 day period that is 30 days before and 30 days after the end of each Certificate Anniversary.
- . Transfers must be in whole dollars or whole percentages.

Circle + for transfer into fund. Circle (-) for transfer out of fund.

	Amount	Percent
	-----	-----
Guaranteed Account	+ (-)	\$ _____ %
AllianceBernstein Variable Product		
Series Fund, Inc.		
Americas Government Income	+ (-)	\$ _____ %
Growth Portfolio	+ (-)	\$ _____ %
Growth and Income Portfolio	+ (-)	\$ _____ %
Premier Growth Portfolio	+ (-)	\$ _____ %
Small Cap Growth Portfolio	+ (-)	\$ _____ %
American Century Variable Portfolios, Inc.		
VP Income & Growth Fund	+ (-)	\$ _____ %
VP International Fund	+ (-)	\$ _____ %

Credit Suisse Trust				
Emerging Markets Portfolio	+ (-)	\$ _____	_____	%
Global Post-Venture Capital Portfolio	+ (-)	\$ _____	_____	%
International Focus Portfolio	+ (-)	\$ _____	_____	%
Large Cap Value Portfolio	+ (-)	\$ _____	_____	%
Mid-Cap Growth Portfolio	+ (-)	\$ _____	_____	%
Small Cap Growth Portfolio	+ (-)	\$ _____	_____	%
Fidelity Variable Insurance Products				
VIP Balanced Portfolio	+ (-)	\$ _____	_____	%
VIP Contrafund Portfolio	+ (-)	\$ _____	_____	%
VIP Index 500 Portfolio	+ (-)	\$ _____	_____	%
Franklin Templeton Variable Insurance Products Trust				
Developing Markets Securities - Class 2	+ (-)	\$ _____	_____	%
Growth Securities - Class 2	+ (-)	\$ _____	_____	%
Foreign Securities - Class 2	+ (-)	\$ _____	_____	%
Goldman Sachs Variable Insurance Trust				
CORE U.S. Equity Fund	+ (-)	\$ _____	_____	%
International Equity Fund	+ (-)	\$ _____	_____	%
J.P. Morgan Series Trust II				
Mid Cap Value Portfolio	+ (-)	\$ _____	_____	%
Small Company Portfolio	+ (-)	\$ _____	_____	%
Merrill Lynch Variable Series Funds				
Basic Value V.I. Fund	+ (-)	\$ _____	_____	%
Fundamental Growth V.I. Fund	+ (-)	\$ _____	_____	%
Government Bond V.I. Fund	+ (-)	\$ _____	_____	%
Value Opportunities V.I. Fund	+ (-)	\$ _____	_____	%
Morgan Stanley Universal Institutional Funds				
Core Plus Fixed Income Portfolio	+ (-)	\$ _____	_____	%
Emerging Markets Equity Portfolio	+ (-)	\$ _____	_____	%
High Yield Portfolio	+ (-)	\$ _____	_____	%
Mid Cap Growth Portfolio	+ (-)	\$ _____	_____	%
Money Market Portfolio	+ (-)	\$ _____	_____	%
Technology Portfolio	+ (-)	\$ _____	_____	%
U.S. Mid Cap Value Portfolio	+ (-)	\$ _____	_____	%
NeubergerBerman Advisers Management Trust				
AMT Partners Portfolio	+ (-)	\$ _____	_____	%
PIMCO Variable Insurance Trust				
High Yield Portfolio	+ (-)	\$ _____	_____	%
Long Term U.S. Government Portfolio	+ (-)	\$ _____	_____	%
Real Return Portfolio	+ (-)	\$ _____	_____	%
Short-Term Portfolio	+ (-)	\$ _____	_____	%

Total Return Bond Portfolio	+ (-)	\$ _____	_____ %
Vanguard Variable Insurance Fund			
Total Bond Market Index Portfolio	+ (-)	\$ _____	_____ %
Total Stock Market Index Portfolio	+ (-)	\$ _____	_____ %
VALIC Company I			
International Equities Fund	+ (-)	\$ _____	_____ %
Mid Cap Index Fund	+ (-)	\$ _____	_____ %
Small Cap Index Fund	+ (-)	\$ _____	_____ %

As Policyholder, I represent that the statements and answers in this Subaccount Transfer request are written as made by me and are complete and true to the best of my knowledge and belief.

Signature of Insured

Signature of Policyholder (if other than Insured)

_____, 20__
Date Signed

Transfer, Executive Advantage(SM), 02/05

[LOGO] AIG The AIG Life Companies (U.S.)

Executive Advantage (SM)

 PREMIUM ALLOCATION

Policy Number: _____ Policyholder: _____
 (Last Name, First Name, Middle Name)

Insured: _____ Social Security No.: _____ - _____ - _____
 (Last Name, First Name, Middle Name)

[] I revoke my current Premium Allocation and direct that all future premiums be invested as described below.

 Allocation of Premium (Must be in 1% increments and no less than 5% to any one fund. Total must equal 100%.)

	Percent
Guaranteed Account	----- _____ %
AllianceBernstein Variable Product Series Fund, Inc.	
Americas Government Income	_____ %
Growth Portfolio	_____ %
Growth and Income Portfolio	_____ %
Premier Growth Portfolio	_____ %
Small Cap Growth Portfolio	_____ %
American Century Variable Portfolios, Inc.	
VP Income & Growth Fund	_____ %
VP International Fund	_____ %
Credit Suisse Trust	
Emerging Markets Portfolio	_____ %
Global Post-Venture Capital Portfolio	_____ %
International Focus Portfolio	_____ %
Large Cap Value Portfolio	_____ %
Mid-Cap Growth Portfolio	_____ %
Small Cap Growth Portfolio	_____ %
Fidelity Variable Insurance Products	
VIP Balanced Portfolio	_____ %
VIP Contrafund Portfolio	_____ %

VIP Index 500 Portfolio	_____	%
Franklin Templeton Variable Insurance Products Trust		
Developing Markets Securities - Class 2	_____	%
Growth Securities - Class 2	_____	%
Foreign Securities - Class 2	_____	%
Goldman Sachs Variable Insurance Trust		
CORE U.S. Equity Fund	_____	%
International Equity Fund	_____	%
J.P. Morgan Series Trust II		
Mid Cap Value Portfolio	_____	%
Small Company Portfolio	_____	%
Merrill Lynch Variable Funds		
Basic Value V.I. Fund	_____	%
Fundamental Growth V.I. Fund	_____	%
Government Bond V.I. Fund	_____	%
Value Opportunities V.I. Fund	_____	%
Morgan Stanley Universal Institutional Funds		
Core Plus Fixed Income Portfolio	_____	%
Emerging Markets Equity Portfolio	_____	%
High Yield Portfolio	_____	%
Mid Cap Growth Portfolio	_____	%
Money Market Portfolio	_____	%
Technology Portfolio	_____	%
U.S. Mid Cap Value Portfolio	_____	%
NeubergerBerman Advisers Management Trust		
AMT Partners Portfolio	_____	%
PIMCO Variable Insurance Trust		
High Yield Portfolio	_____	%
Long Term U.S. Government Portfolio	_____	%
Real Return Portfolio	_____	%
Short-Term Portfolio	_____	%
Total Return Bond Portfolio	_____	%
Vanguard Variable Insurance Fund		
Total Bond Market Index Portfolio	_____	%
Total Stock Market Index Portfolio	_____	%
VALIC Company I		
International Equities Fund	_____	%
Mid Cap Index Fund	_____	%
Small Cap Index Fund	_____	%

Dollar Cost Averaging Election (Minimum of \$2,000 must be allocated) Yes No

to the Money Market Account)

Policyholder must complete a Dollar Cost Averaging Request form. [] []

Policy will be issued with a Dollar Cost Averaging Rider.

As Policyholder, I represent that:

- a) the statements and answers in this Premium Allocation are written as made by me and are complete and true to the best of my knowledge and belief.
 - b) I have received copies of the current prospectuses.
 - c) I understand that the Death Benefit and Cash Surrender Value may increase or decrease depending on investment performance.
 - d) I understand that the Policy will lapse if Net Cash Surrender Value becomes insufficient to cover monthly deductions.
 - e) I believe that this Policy will meet my insurance needs and financial objectives.
-

Signature of Insured

Signature of Policyholder (if
other than Insured)

_____, 20____
Date Signed

Premium Allocation, Executive Advantage(SM), 05/03

[LOGO] AIG The AIG Life Companies (U.S.)

Executive Advantage (SM)

 LOAN / SURRENDER REQUEST

Policy Number: _____ Policyholder: _____
 (Last Name, First Name, Middle Name)

Insured: _____ Social Security No.: _____ - _____ - _____
 (Last Name, First Name, Middle Name)

 LOAN REQUEST

- . Interest will accrue daily on any outstanding loan at an annual interest rate as indicated in the specifications.
- [] Maximum Amount Available (may vary by Subaccount)
- [] \$ _____ in cash or maximum amount available, if less

SURRENDER REQUEST

- [] Full surrender (original policy or lost policy affidavit must be enclosed)
- [] Partial surrender in the amount of \$ _____ or for _____% of cash surrender value
- . No more than two (2) surrenders may be made during each Certificate Year.
- . An expense charge and/or a surrender charge may be assessed according to the Certificate.
- . You can direct below how the loan or partial surrender will be deducted from the unloaned portion of the Guaranteed Account and the Subaccounts. If you provide no directions, the loan or partial surrender amount will be deducted from the unloaned portion of the Guaranteed Account and the Subaccounts on a pro rata basis.

	Amount	Percent
	-----	-----
Guaranteed Account	\$ _____	_____ %
AllianceBernstein Variable Product Series Fund, Inc.		
Americas Government Income	\$ _____	_____ %
Growth Portfolio	\$ _____	_____ %

Growth and Income Portfolio	\$ _____	_____	⊘
Premium Growth Portfolio	\$ _____	_____	⊘
Small Cap Growth Portfolio	\$ _____	_____	⊘
American Century Variable Portfolios, Inc.			
VP Income & Growth Fund	\$ _____	_____	⊘
VP International Fund	\$ _____	_____	⊘
Credit Suisse Trust			
Emerging Markets Portfolio	\$ _____	_____	⊘
Global Post-Venture Capital Portfolio	\$ _____	_____	⊘
International Focus Portfolio	\$ _____	_____	⊘
Large Cap Value Portfolio	\$ _____	_____	⊘
Mid-Cap Growth Portfolio	\$ _____	_____	⊘
Small Cap Growth Portfolio	\$ _____	_____	⊘
Fidelity Variable Insurance Products			
VIP Balanced Portfolio	\$ _____	_____	⊘
VIP Contrafund Portfolio	\$ _____	_____	⊘
VIP Index 500 Portfolio	\$ _____	_____	⊘
Franklin Templeton Variable Insurance Products Trust			
Developing Markets Securities Fund - Class 2	\$ _____	_____	⊘
Growth Securities Fund - Class 2	\$ _____	_____	⊘
Foreign Securities Fund - Class 2	\$ _____	_____	⊘
Goldman Sachs Variable Insurance Trust			
CORE U.S. Equity Fund	\$ _____	_____	⊘
International Equity Fund	\$ _____	_____	⊘
J.P. Morgan Series Trust II			
Mid Cap Value Portfolio	\$ _____	_____	⊘
Small Company Portfolio	\$ _____	_____	⊘
Merrill Lynch Variable Series Funds			
Basic Value V.I. Fund	\$ _____	_____	⊘
Fundamental Growth V.I. Fund	\$ _____	_____	⊘
Government Bond V.I. Fund	\$ _____	_____	⊘
Value Opportunities V.I. Fund	\$ _____	_____	⊘
Morgan Stanley Universal Institutional Funds			
Core Plus Fixed Income Portfolio	\$ _____	_____	⊘
Emerging Markets Equity Portfolio	\$ _____	_____	⊘
High Yield Portfolio	\$ _____	_____	⊘
Mid Cap Growth Portfolio	\$ _____	_____	⊘
Money Market Portfolio	\$ _____	_____	⊘
Technology Portfolio	\$ _____	_____	⊘
U.S. Mid Cap Value Portfolio	\$ _____	_____	⊘

NeubergerBerman Advisers Management Trust AMT Partners Portfolio	\$ _____	_____	%
PIMCO Variable Insurance Trust High Yield Portfolio	\$ _____	_____	%
Long Term U.S. Government Portfolio	\$ _____	_____	%
Real Return Portfolio	\$ _____	_____	%
Short-Term Portfolio	\$ _____	_____	%
Total Return Bond Portfolio	\$ _____	_____	%
Vanguard Variable Insurance Fund Total Bond Market Index Portfolio	\$ _____	_____	%
Total Stock Market Index Portfolio	\$ _____	_____	%
VALIC Company I International Equities Fund	\$ _____	_____	%
Mid Cap Index Fund	\$ _____	_____	%
Small Cap Index Fund	\$ _____	_____	%

Loan / Surrender, Executive Advantage (SM), 02/05, Page 1 of 2

As Policyholder, I represent that the statements and answers in this Loan / Surrender request are written as made by me and are complete and true to the best of my knowledge and belief. In the event of a full surrender, I surrender all rights to this policy and state that no bankruptcy or insolvency proceeding is pending with respect to me.

Signature of Insured

Signature of Policyholder (if other than Insured)

_____, 20__
Date Signed

Loan / Surrender, Executive Advantage (SM), 05/03, Page 2 of 2

[LOGO] AIG The AIG Life Companies (U.S.)

 Executive Advantage (SM)

DOLLAR COST AVERAGING REQUEST

Policy Number: _____ Policyholder: _____
 (Last Name, First Name, Middle Name)

Insured: _____ Social Security No.: _____ - _____ - _____
 (Last Name, First Name,
 Middle Name)

 For the purpose of Dollar Cost Averaging, I hereby authorize monthly transfers from my Money Market Subaccount into other Subaccounts as indicated below. Allocations must be in 1% increments and no less than 5% to any one account. The total must equal 100%.

	Percent

Guaranteed Account	_____ %
AllianceBernstein Variable Product Series Fund, Inc.	
Americas Government Income	_____ %
Growth Portfolio	_____ %
Growth and Income Portfolio	_____ %
Premium Growth Portfolio	_____ %
Small Cap Growth Portfolio	_____ %
American Century Variable Portfolios, Inc.	
VP Income & Growth Fund	_____ %
VP International Fund	_____ %
Credit Suisse Trust	
Emerging Markets Portfolio	_____ %
Global Post-Venture Capital Portfolio	_____ %
International Focus Portfolio	_____ %
Large Cap Value Portfolio	_____ %
Mid-Cap Growth Portfolio	_____ %
Small Cap Growth Portfolio	_____ %
Fidelity Variable Insurance Products	
VIP Balanced Portfolio	_____ %
VIP Contrafund Portfolio	_____ %

VIP Index 500 Portfolio	_____	⊘
Franklin Templeton Variable Insurance Products Trust		
Developing Markets Securities - Class 2	_____	⊘
Growth Securities - Class 2	_____	⊘
Foreign Securities - Class 2	_____	⊘
Goldman Sachs Variable Insurance Trust		
CORE U.S. Equity Fund	_____	⊘
International Equity Fund	_____	⊘
J.P. Morgan Series Trust II		
Mid Cap Value Portfolio	_____	⊘
Small Company Portfolio	_____	⊘
Merrill Lynch Variable Series Funds		
Basic Value V.I. Fund	_____	⊘
Fundamental Growth V.I. Fund	_____	⊘
Government Bond V.I. Fund	_____	⊘
Value Opportunities V.I. Fund	_____	⊘
Morgan Stanley Universal Institutional Funds		
Core Plus Fixed Income Portfolio	_____	⊘
Emerging Markets Equity Portfolio	_____	⊘
High Yield Portfolio	_____	⊘
Mid Cap Growth Portfolio	_____	⊘
Money Market Portfolio	_____	⊘
Technology Portfolio	_____	⊘
U.S. Mid Cap Value Portfolio	_____	⊘
NeubergerBerman Advisers Management Trust		
AMT Partners Portfolio	_____	⊘
PIMCO Variable Insurance Trust		
High Yield Portfolio	_____	⊘
Long Term U.S. Government Portfolio	_____	⊘
Real Return Portfolio	_____	⊘
Short-Term Portfolio	_____	⊘
Total Return Bond Portfolio	_____	⊘
Vanguard Variable Insurance Fund		
Total Bond Market Index Portfolio	_____	⊘
Total Stock Market Index Portfolio	_____	⊘
VALIC Company I		
International Equities Fund	_____	⊘
Mid Cap Index Fund	_____	⊘
Small Cap Index Fund	_____	⊘

Select one transfer option:

- \$ _____ per month. Automatic transfers will continue until my balance in the Money Market Subaccount is depleted.
- Entire current balance in the Money Market Subaccount over _____ months (maximum 24).

I understand that If I elect Dollar Cost Averaging in conjunction with my Application, automatic transfers will be effective as of the first Monthly Anniversary following the end of the Free Look Period. Otherwise, automatic transfers will be effective as of the second Monthly Anniversary following your receipt of my request. I understand that the use of Dollar Cost Averaging does not guarantee investment gains or protect against loss in a declining market.

I understand that automatic transfers will remain in effect until one of the following occurs:

1. My balance in the Money Market Subaccount is depleted;
2. You receive my written request to cancel future transfers;
3. You receive notification of the Insured's death;
4. The Policy ends without value; or
5. I submit a new Dollar Cost Averaging Request form.

As Policyholder, I represent that the statements and answers in this Dollar Cost Averaging request are written as made by me and are complete and true to the best of my knowledge and belief.

Signature of Insured

Signature of Policyholder (if other than Insured)

_____, 20____
Date Signed

[] Other: (Please explain in detail and attach copy of relevant court order.)

7. BENEFICIARY CHANGE

It is hereby requested that the Primary and/or Contingent Beneficiaries be amended to read as follows:

PRIMARY

(Name	SSN/Tax I.D.	Relationship	%)
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CONTINGENT

(Name	SSN/Tax I.D.	Relationship	%)
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It is understood and agreed that, unless otherwise directed, proceeds will be paid in equal shares to any Primary Beneficiaries who survive the Insured. But, if none survives, proceeds will be paid in equal shares to any Contingent Beneficiaries who survive the Insured, otherwise to the estate of the Policyholder.

Change Request, Executive Advantage (SM), 05/01

Side 1 of 2

8. TRANSFER OF OWNERSHIP

As Policyholder of the above designated Policy, I request that all benefits, rights, and privileges incident to ownership of this Policy be vested in the new Policyholder named below.

(New Policyholder)

(Signature)

(Relationship to Insured)

(New Policyholder SSN/Tax I.D.)

Mailing address of new Policyholder:

Telephone number of new Policyholder: (____) _____

All future correspondence and notices, unless otherwise specified, will be sent to the "Mailing Address" indicated above. CAUTION: This change of ownership does not change the existing beneficiary designation.

9. PREMIUM FREQUENCY AND AMOUNT CHANGE

Change payment

frequency to: [] Monthly [] Quarterly [] Semi-Annual [] Annual

Change amount of planned periodic premium to: \$ _____

Policy coverage may be affected by changes to planned periodic premium amounts. All changes are subject to approval by AIG Life Companies (U.S.). Please refer to your contract for additional information.

As Policyholder, I represent that the statements and answers in this Change request are written as made by me and are complete and true to the best of my knowledge and belief.

Signature of Insured

Signature of Owner (if other than Insured)

_____, 20__
Date Signed

Change Request, Executive Advantage(SM), 01/01/01

Side 2 of 2

[LOGO]

The AIG Life Companies (U.S.)

Executive Advantage (SM)

REALLOCATION and REBALANCING REQUEST

Insured: _____ Policyholder: _____
(Last Name, First Name, Middle Name) (Last Name, First Name, Middle Name)

Policy Number: _____ Social Security No.: _____ - _____ - _____

- . Restrictions on Subaccount Transfers are shown in the Certificate and Certificate Information pages.
. The Policyholder may make 12 free transfers during a Certificate Year. A \$25 transfer charge may be imposed on each subsequent transfer.
. Transfers from the Guaranteed Account may be made to a Subaccount(s) only during the 60 day period that is 30 days before and 30 days after the end of each Certificate Anniversary.
. Transfers must be in whole dollars or whole percentages.

Please rebalance the subaccounts to achieve the percentages indicated below. I understand that the subaccounts will only achieve these percentages on the date the transfers occur. Future charges and investment results will cause the balances to change. This form will also change future premium payments to be allocated as indicated below, until changed by the Owner.

Table with 2 columns: Account Name and Percent. Rows include Guaranteed Account, AllianceBernstein Variable Product Series Fund, Inc. (Americas Government Income, Growth Portfolio, Growth and Income Portfolio, Premier Growth Portfolio, Small Cap GrowthPortfolio), and American Century Variable Portfolios, Inc. (VP Income & Growth Fund, VP International Fund).

Credit Suisse Trust		
Emerging Markets Portfolio	_____	⊘
Global Post-Venture Capital Portfolio	_____	⊘
International Focus Portfolio	_____	⊘
Large Cap Value Portfolio	_____	⊘
Mid-Cap Growth Portfolio	_____	⊘
Small Cap Growth Portfolio	_____	⊘
Fidelity Variable Insurance Products		
VIP Balanced Portfolio	_____	⊘
VIP Contrafund Portfolio	_____	⊘
VIP Index 500 Portfolio	_____	⊘
Franklin Templeton Variable Insurance Products Trust		
Developing Markets Securities - Class 2	_____	⊘
Growth Securities - Class 2	_____	⊘
Foreign Securities - Class 2	_____	⊘
Goldman Sachs Variable Insurance Trust		
CORE U.S. Equity Fund	_____	⊘
International Equity Fund	_____	⊘
J.P. Morgan Series Trust II		
Mid Cap Value Portfolio	_____	⊘
Small Company Portfolio	_____	⊘
Merrill Lynch Variable Series Funds		
Basic Value V.I. Fund	_____	⊘
Fundamental Growth V.I. Fund	_____	⊘
Government Bond V.I. Fund	_____	⊘
Value Opportunities V.I. Fund	_____	⊘
Morgan Stanley Universal Institutional Funds		
Core Plus Fixed Income Portfolio	_____	⊘
Emerging Markets Equity Portfolio	_____	⊘
High Yield Portfolio	_____	⊘
Mid Cap Growth Portfolio	_____	⊘
Money Market Portfolio	_____	⊘
Technology Portfolio	_____	⊘
U.S. Mid Cap Value Portfolio	_____	⊘
NeubergerBerman Advisers Management Trust		
AMT Partners Portfolio	_____	⊘
PIMCO Variable Insurance Trust		
High Yield Portfolio	_____	⊘
Long Term U.S. Government Portfolio	_____	⊘
Real Return Portfolio	_____	⊘
Short-Term Portfolio	_____	⊘
Total Return Bond Portfolio	_____	⊘

Vanguard Variable Insurance Fund
Total Bond Market Index Portfolio
Total Stock Market Index Portfolio

_____%
_____%

VALIC Company I
International Equities Fund
Mid Cap Index Fund
Small Cap Index Fund

_____%
_____%
_____%

Signature of Insured

Signature of Policyholder (if
other than Insured)

_____, 20__
Date Signed

Rebalance, Executive Advantage (SM), 02/05

Amendment to Participation Agreement
As of May 3, 2004
by and among
Franklin Templeton Variable Insurance Products Trust
Franklin/Templeton Distributors, Inc.
American International Life Assurance Company of New York

Franklin Templeton Variable Insurance Products Trust (the "Trust"), Franklin/Templeton Distributors, Inc. (the "Underwriter," and together with the Trust, "we" or "us") and AIG Life Insurance Company ("you"), on your behalf and on behalf of certain Accounts, have previously entered into a Participation Agreement dated May 1, 2000 (the "Agreement"). The parties now desire to amend the Agreement in this amendment (the "Amendment").

Except as modified hereby, all other terms and conditions of the Agreement shall remain in full force and effect. Unless otherwise indicated, the terms defined in the Agreement shall have the same meaning in this Amendment.

A M E N D M E N T

For good and valuable consideration, the receipt of which is hereby acknowledged, the parties agree to amend the Agreement as follows:

1. Section 2.1.6 of the Agreement is hereby amended to add the following sentence at the end of the section:

"Without limiting the foregoing, you agree that in recommending to a Contract owner the purchase, sale or exchange of any subaccount units under the Contracts, you shall have reasonable grounds for believing that the recommendation is suitable for such Contract owner."

2. A new Section 2.1.12 is hereby added to the Agreement as follows:

"2.1.12 As covered financial institutions we, only with respect to Portfolio shareholders, and you each undertake and agree to comply, and to take full responsibility in complying with any and all applicable laws, regulations, protocols and other requirements relating to money laundering including, without limitation, the International Money Laundering Abatement and Anti-Terrorist Financing Act of 2001 (Title III of the USA PATRIOT Act)."

3. Section 3 of the Agreement is hereby deleted in its entirety and replaced with the following Section 3:

"3. Purchase and Redemption of Trust Portfolio Shares

3.1 Availability of Trust Portfolio Shares

3.1.1 We will make shares of the Portfolios available to the Accounts for the benefit of the Contracts. The shares will be available for purchase at the net asset value per share next computed after we (or our agent, or you as our designee) receive a purchase order, as established in accordance with the provisions of the then current prospectus of the Trust. All orders are subject to acceptance by us and by the Portfolio or its transfer agent, and become effective only upon confirmation by us. Notwithstanding the foregoing, the Trust's Board of Trustees ("Trustees") may refuse to sell shares of any Portfolio to any person, or may suspend or terminate the offering of shares of any Portfolio if such action is required by law or by regulatory authorities having jurisdiction or if, in the sole discretion of the Trustees, they deem such action to be in the best interests of the shareholders of such Portfolio.

3.1.2 Without limiting the other provisions of this Section 3.1, among other delegations by the Trustees, the Trustees have determined that there is a significant risk that the Trust and its shareholders may be adversely affected by investors with short term trading activity and/or whose purchase and redemption activity follows a market timing pattern as defined in the prospectus for the Trust, and have authorized the Trust, the Underwriter and the Trust's transfer agent to adopt procedures and take other action (including, without limitation, rejecting specific purchase orders in whole or in part) as they deem necessary to reduce, discourage, restrict or eliminate such trading and/or market timing activity. You agree that your purchases and redemptions of Portfolio shares are subject to, and that you will assist us in implementing, the Market Timing Trading Policy and Additional Policies (as described in the Trust's prospectus) and the Trust's restrictions on excessive and/or short term trading activity and/or purchase and redemption activity that follows a market timing pattern.

3.1.3 We agree that shares of the Trust will be sold only to life insurance companies which have entered into fund participation agreements with the Trust ("Participating Insurance Companies") and their separate accounts or to qualified pension and retirement plans in accordance with the terms of the Shared Funding Order. No shares of any Portfolio will be sold to the general public.

3.2 Manual or Automated Portfolio Share Transactions

3.2.1 Section 3.3 of this Agreement shall govern and Section 3.4 shall not be operative, unless we receive from you at the address provided in the

next sentence, written notice that you wish to communicate, process and

settle purchase and redemptions for shares (collectively, "share transactions") via the Fund/SERV and Networking systems of the National Securities Clearing Corporation ("NSCC"). The address for you to send such written notice shall be: Retirement Services, Franklin Templeton Investments, 910 Park Place, 1st Floor, San Mateo, California 94403-1906. After giving ten (10) days' advance written notice at the address provided in the previous sentence of your desire to use NSCC processing, Section 3.4 of this Agreement shall govern and Section 3.3 shall not be operative.

3.2.2 At any time when, pursuant to the preceding paragraph, Section 3.4 of this Agreement governs, any party to this Agreement may send written notice to the other parties that it chooses to end the use of the NSCC Fund/SERV and Networking systems and return to manual handling of share transactions. Such written notice shall be sent: (i) if from you to us, to the address provided in the preceding paragraph; (ii) if from us to you, to your address in Schedule G of this Agreement. After giving ten (10) days' advance written notice at the address as provided in the previous sentence, Section 3.3 of this Agreement shall govern and Section 3.4 shall not be operative.

3.3 Manual Purchase and Redemption

3.3.1 You are hereby appointed as our designee for the sole purpose of receiving from Contract owners purchase and exchange orders and requests for redemption resulting from investment in and payments under the Contracts that pertain to subaccounts that invest in Portfolios ("Instructions"). "Business Day" shall mean any day on which the New York Stock Exchange is open for trading and on which the Trust calculates its net asset value pursuant to the rules of the SEC and its current prospectus. "Close of Trading" shall mean the close of trading on the New York Stock Exchange, generally 4:00 p.m. Eastern Time. You represent and warrant that all Instructions transmitted to us for processing on or as of a given Business Day ("Day 1") shall have been received in proper form and time stamped by you prior to the Close of Trading on Day 1. Such Instructions shall receive the share price next calculated following the Close of Trading on Day 1, provided that we receive such Instructions from you before 9 a.m. Eastern Time on the next Business Day ("Day 2"). You represent and warrant that Instructions received in proper form and time stamped by you after the Close of Trading on Day 1 shall be treated by you and transmitted to us as if received on Day 2. Such Instructions shall receive the share price next calculated following the Close of Trading on Day 2. You represent and warrant that you have, maintain and periodically test, procedures and systems in place reasonably designed to prevent Instructions received after the Close of Trading on Day 1 from being executed with Instructions received before the Close of Trading on Day 1. All Instructions we receive from you after 9 a.m. Eastern Time on Day 2 shall be processed by us on the following Business Day and shall receive the share price next calculated following the Close of Trading on Day 2.

3.3.2 We shall calculate the net asset value per share of each Portfolio on each Business Day, and shall communicate these net asset values to you or your designated agent on a daily basis as soon as reasonably practical after the calculation is completed (normally by 6:30 p.m. Eastern Time).

3.3.3 You shall submit payment for the purchase of shares of a Portfolio on behalf of an Account in federal funds transmitted by wire to the Trust or to its designated custodian, which must receive such wires no later than the close of the Reserve Bank, which is 6:00 p.m. Eastern Time, on the Business Day following the Business Day as of which such purchases orders are made.

3.3.4 We will redeem any full or fractional shares of any Portfolio, when requested by you on behalf of an Account, at the net asset value next computed after receipt by us (or our agent or you as our designee) of the request for redemption, as established in accordance with the provisions of the then current prospectus of the Trust. We shall make payment for such shares in the manner we establish from time to time, but in no event shall payment be delayed for a greater period than is permitted by the 1940 Act.

3.3.5 Issuance and transfer of the Portfolio shares will be by book entry only. Stock certificates will not be issued to you or the Accounts. Portfolio shares purchased from the Trust will be recorded in the appropriate title for each Account or the appropriate subaccount of each Account.

3.3.6 We shall furnish, on or before the ex-dividend date, notice to you of any income dividends or capital gain distributions payable on the shares of any Portfolio. You hereby elect to receive all such income dividends and capital gain distributions as are payable on shares of a Portfolio in additional shares of that Portfolio, and you reserve the right to change this election in the future. We will notify you of the number of shares so issued as payment of such dividends and distributions.

3.3.7 Each party to this Agreement agrees that, in the event of a material error resulting from incorrect information or confirmations, the parties will seek to comply in all material respects with the provisions of applicable federal securities laws.

3.4 Automated Purchase and Redemption

3.4.1 "Fund/SERV" shall mean NSCC's Mutual Fund Settlement, Entry and Registration Verification System, a system for automated, centralized processing of mutual fund purchase and redemption orders, settlement, and account registration; "Networking" shall mean NSCC's system that allows mutual funds and life insurance companies to exchange account level information electronically; and "Settling Bank"

shall mean the entity appointed by the Trust or you, as applicable, to perform such settlement services on behalf of the Trust and you, as applicable, which entity agrees to abide by NSCC's then current rules and

procedures insofar as they relate to same day funds settlement. In all cases, processing and settlement of share transactions shall be done in a manner consistent with applicable law.

3.4.2 You are hereby appointed as our designee for the sole purpose of receiving from Contract owners purchase and exchange orders and requests for redemption resulting from investment in and payments under the Contracts that pertain to subaccounts that invest in Portfolios ("Instructions"). "Business Day" shall mean any day on which the New York Stock Exchange is open for trading and on which the Trust calculates its net asset value pursuant to the rules of the SEC and its current prospectus. "Close of Trading" shall mean the close of trading on the New York Stock Exchange, generally 4:00 p.m. Eastern Time. Upon receipt of Instructions, and upon your determination that there are good funds with respect to Instructions involving the purchase of shares, you will calculate the net purchase or redemption order for each Portfolio.

3.4.3 On each Business Day, you shall aggregate all purchase and redemption orders for shares of a Portfolio that you received prior to the Close of Trading. You represent and warrant that all orders for net purchases or net redemptions derived from Instructions received by you and transmitted to Fund/SERV for processing on or as of a given Business Day ("Day 1") shall have been received in proper form and time stamped by you prior to the Close of Trading on Day 1. Such orders shall receive the share price next calculated following the Close of Trading on Day 1, provided that we receive Instructions from Fund/SERV by 6:30 a.m. Eastern Time on the next Business Day ("Day 2"). You represent and warrant that orders received in good order and time stamped by you after the Close of Trading on Day 1 shall be treated by you and transmitted to Fund/SERV as if received on Day 2. Such orders shall receive the share price next calculated following the Close of Trading on Day 2. All Instructions we receive from Fund/SERV after 6:30 a.m. Eastern Time on Day 2 shall be processed by us on the following Business Day and shall receive the share price next calculated following the close of trading on Day 2. You represent and warrant that you have, maintain and periodically test, procedures and systems in place reasonably designed to prevent orders received after the Close of Trading on Day 1 from being executed with orders received before the Close of Trading on Day 1, and periodically monitor the systems to determine their effectiveness. Subject to your compliance with the foregoing, you will be considered the designee of the Underwriter and the Portfolios, and the Business Day on which Instructions are received by you in proper form prior to the Close of Trading will be the date as of which shares of the Portfolios are deemed purchased, exchanged or

redeemed pursuant to such Instructions. Dividends and capital gain distributions will be automatically reinvested at net asset value in accordance with the Portfolio's then current prospectus.

3.4.4 We shall calculate the net asset value per share of each Portfolio on each Business Day, and shall furnish to you through NSCC's Networking or Mutual Fund Profile System: (i) the most current net asset value

information for each Portfolio; and (ii) in the case of fixed income funds that declare daily dividends, the daily accrual or the interest rate factor. All such information shall be furnished to you by 6:30 p.m. Eastern Time on each Business Day or at such other time as that information becomes available.

3.4.5 You will wire payment for net purchase orders by the Trust's NSCC Firm Number, in immediately available funds, to an NSCC settling bank account designated by you in accordance with NSCC rules and procedures on the same Business Day such purchase orders are communicated to NSCC. For purchases of shares of daily dividend accrual funds, those shares will not begin to accrue dividends until the day the payment for those shares is received.

3.4.6 We will redeem any full or fractional shares of any Portfolio, when requested by you on behalf of an Account, at the net asset value next computed after receipt by us (or our agent or you as our designee) of the request for redemption, as established in accordance with the provisions of the then current prospectus of the Trust. NSCC will wire payment for net redemption orders by the Trust, in immediately available funds, to an NSCC settling bank account designated by you in accordance with NSCC rules and procedures on the Business Day such redemption orders are communicated to NSCC, except as provided in the Trust's prospectus and statement of additional information.

3.4.7 Issuance and transfer of the Portfolio shares will be by book entry only. Stock certificates will not be issued to you or the Accounts. Portfolio shares purchased from the Trust will be recorded in the appropriate title for each Account or the appropriate subaccount of each Account.

3.4.8 We shall furnish through NSCC's Networking or Mutual Fund Profile System on or before the ex-dividend date, notice to you of any income dividends or capital gain distributions payable on the shares of any Portfolio. You hereby elect to receive all such income dividends and capital gain distributions as are payable on shares of a Portfolio in additional shares of that Portfolio, and you reserve the right to change this election in the future. We will notify you of the number of shares so issued as payment of such dividends and distributions.

3.4.9 All orders are subject to acceptance by Underwriter and become effective only upon confirmation by Underwriter. Underwriter reserves the right: (i) not to accept any specific order or part of any order for the purchase or exchange of shares through Fund/SERV; and (ii) to require any redemption order or any part of any redemption order to be settled outside of Fund/SERV, in which case the order or portion thereof shall not be "confirmed" by Underwriter, but rather shall be accepted for redemption in accordance with Section 3.4.11 below.

3.4.10 All trades placed through Fund/SERV and confirmed by Underwriter via Fund/SERV shall settle in accordance with Underwriter's profile within Fund/SERV applicable to you. Underwriter agrees to provide you with account positions and activity data relating to share transactions via Networking.

3.4.11 If on any specific day you or Underwriter are unable to meet the NSCC deadline for the transmission of purchase or redemption orders for that day, a party may at its option transmit such orders and make such payments for purchases and redemptions directly to you or us, as applicable, as is otherwise provided in the Agreement; provided, however, that we must receive written notification from you by 9:00 a.m. Eastern Time on any day that you wish to transmit such orders and/or make such payments directly to us.

3.4.12 In the event that you or we are unable to or prohibited from electronically communicating, processing or settling share transactions via Fund/SERV, you or we shall notify the other, including providing the notification provided above in Section 3.4.11. After all parties have been notified, you and we shall submit orders using manual transmissions as are otherwise provided in the Agreement.

3.4.13 These procedures are subject to any additional terms in each Portfolio's prospectus and the requirements of applicable law. The Trust reserves the right, at its discretion and without notice, to suspend the sale of shares or withdraw the sale of shares of any Portfolio.

3.4.14 Each party to the Agreement agrees that, in the event of a material error resulting from incorrect information or confirmations, the parties will seek to comply in all material respects with the provisions of applicable federal securities laws.

3.4.15 You and Underwriter represent and warrant that each: (a) has entered into an agreement with NSCC; (b) has met and will continue to meet all of the requirements to participate in Fund/SERV and Networking; (c) intends to remain at all times in compliance with the then current rules and procedures of NSCC, all to the extent necessary

or appropriate to facilitate such communications, processing, and settlement of share transactions; and (d) will notify the other parties to this Agreement if there is a change in or a pending failure with respect to its agreement with NSCC."

4. A new Section 6.7 is hereby added to the Agreement as follows:

"6.7 You agree that any posting of Portfolio prospectuses on your website will result in the Portfolio prospectuses: (i) appearing identical to the hard copy printed version; (ii) being clearly associated with the particular Contracts in which they are available and posted in close proximity to the applicable Contract prospectuses; (iii) having no less prominence than prospectuses of any other underlying funds available under the Contracts; and (iv) being used in an

authorized manner. Notwithstanding the above, you understand and agree that you are responsible for ensuring that participation in the Portfolios, and any website posting, or other use, of the Portfolio prospectuses is in compliance with this Agreement and applicable state and federal securities and insurance laws and regulations, including as they relate to paper or electronic use of fund prospectuses. The format of such presentation, the script and layout for any website that mentions the Trust, the Underwriter, an Adviser or the Portfolios shall be routed to us as sales literature or other promotional materials, pursuant to Section 6 of this Agreement.

In addition, you agree to be solely responsible for maintaining and updating the Portfolio prospectuses' PDF files (including prospectus supplements) and removing and/or replacing promptly any outdated prospectuses, as necessary, ensuring that any accompanying instructions by us, for using or stopping use are followed. You agree to designate and make available to us a person to act as a single point of communication contact for these purposes. We are not responsible for any additional costs or additional liabilities that may be incurred as a result of your election to place the Portfolio prospectuses on your website. We reserve the right to revoke this authorization, at any time and for any reason, although we may instead make our authorization subject to new procedures."

5. A new Section 6.8 is hereby added to the Agreement as follows:

"6.8 Each of your and your distributor's registered representatives, agents, independent contractors and employees, as applicable, will have access to our websites at franklintempleton.com, and such other URLs through which we may permit you to conduct business concerning the Portfolios from time to time (referred to collectively as the "Site") as provided herein: (i) upon registration by such individual on a Site; (ii) if you cause a Site Access Request Form (an "Access Form") to be signed by your authorized supervisory personnel and

submitted to us, as a Schedule to, and legally a part of, this Agreement; or (iii) if you provide such individual with the necessary access codes or other information necessary to access the Site through any generic or firm-wide authorization we may grant you from time to time. Upon receipt by us of a completed registration submitted by an individual through the Site or a signed Access Form referencing such individual, we shall be entitled to rely upon the representations contained therein as if you had made them directly hereunder and we will issue a user identification, express number and/or password (collectively, "Access Code"). Any person to whom we issue an Access Code or to whom you provide the necessary Access Codes or other information necessary to access the Site through any generic or firm-wide authorization we may grant you from time to time shall be an "Authorized User."

We shall be entitled to assume that such person validly represents you and that all instructions received from such person are authorized, in which case such person will have access to the Site, including all services and information to which you are authorized to access on the Site. All inquiries and actions initiated

by you (including your Authorized Users) are your responsibility, are at your risk and are subject to our review and approval (which could cause a delay in processing). You agree that we do not have a duty to question information or instructions you (including Authorized Users) give to us under this Agreement, and that we are entitled to treat as authorized, and act upon, any such instructions and information you submit to us. You agree to take all reasonable measures to prevent any individual other than an Authorized User from obtaining access to the Site. You agree to inform us if you wish to restrict or revoke the access of any individual Access Code. If you become aware of any loss or theft or unauthorized use of any Access Code, you agree to contact us immediately. You also agree to monitor your (including Authorized Users') use of the Site to ensure the terms of this Agreement are followed. You also agree that you will comply with all policies and agreements concerning Site usage, including without limitation the Terms of Use Agreement(s) posted on the Site ("Site Terms"), as may be revised and reposted on the Site from time to time, and those Site Terms (as in effect from time to time) are a part of this Agreement. Your duties under this section are considered "services" required under the terms of this Agreement. You acknowledge that the Site is transmitted over the Internet on a reasonable efforts basis and we do not warrant or guarantee their accuracy, timeliness, completeness, reliability or non-infringement. Moreover, you acknowledge that the Site is provided for informational purposes only, and is not intended to comply with any requirements established by any regulatory or governmental agency."

6. A new paragraph is added at the end of Section 10.8 of the Agreement as follows:

"Each party to this Agreement agrees to limit the disclosure of nonpublic personal information of Contract owners consistent with its policies on privacy with respect to such information and Regulation S-P of the SEC. Each party hereby agrees that it will comply with all applicable requirements under the regulations implementing Title V of the Gramm-Leach-Bliley Act and any other applicable federal and state consumer privacy acts, rules and regulations. Each party further represents that it has in place, and agrees that it will maintain, information security policies and procedures for protecting nonpublic personal customer information adequate to conform to applicable legal requirements."

IN WITNESS WHEREOF, each of the parties has caused its duly authorized officers to execute this Amendment.

The Trust:

Only on behalf of
each Portfolio listed
on Schedule C of
the Agreement.

Franklin Templeton Variable Insurance
Products Trust

By:

Name: Karen L. Skidmore
Title: Assistant Vice President

The Underwriter:

Franklin/Templeton Distributors, Inc.

By:

Name: Scott M. Lee
Title: Senior Vice President

The Company:

American International Life Assurance
Company of New York

By:

Name:
Title:

[Corporate Seal]

Attest:

Name:
Title:

PARTICIPATION AGREEMENT

THIS AGREEMENT, made and entered into this ____ day of _____, ____ by and between GOLDMAN SACHS VARIABLE INSURANCE TRUST, an unincorporated business trust formed under the laws of Delaware (the "Trust"), GOLDMAN, SACHS & CO., a New York limited partnership (the "Distributor"), and AMERICAN INTERNATIONAL LIFE ASSURANCE COMPANY OF NEW YORK, a New York life insurance company (the "Company"), on its own behalf and on behalf of each separate account of the Company identified herein.

WHEREAS, the Trust is a series-type mutual fund offering shares of beneficial interest (the "Trust shares") consisting of one or more separate series ("Series") of shares, each such Series representing an interest in a particular investment portfolio of securities and other assets (a "Fund"), and which Series may be subdivided into various classes ("Classes") with each such Class supporting a distinct charge and expense arrangement; and

WHEREAS, the Trust was established for the purpose of serving as an investment vehicle for insurance company separate accounts supporting variable annuity contracts and variable life insurance policies to be offered by insurance companies and may also be utilized by qualified retirement plans; and

WHEREAS, the Trust has obtained an order from the Securities and Exchange Commission, dated February 2, 1998 (File No. 812-10794), granting Participating Insurance Companies and variable annuity and variable life insurance separate accounts exemptions from the provisions of sections 9(a), 13(a), 15(a), and 15(b) of the 1940 Act (as defined below) and Rules 6e-2(b) (15) and 6e-3(T) (b) (15) thereunder, to the extent necessary to permit shares of the Trust to be sold to and held by variable annuity and variable life insurance separate accounts of both affiliated and unaffiliated life insurance companies (hereinafter the "Shared Trusting Exemptive Order"); and

WHEREAS, the Distributor has the exclusive right to distribute Trust shares to qualifying investors; and

WHEREAS, the Company desires that the Trust serve as an investment vehicle for a certain separate account(s) of the Company and the Distributor desires to sell shares of certain Series and/or Class(es) to such separate account(s);

NOW, THEREFORE, in consideration of their mutual promises, the Trust, the Distributor and the Company agree as follows:

ARTICLE I
Additional Definitions

1.1. "Account" -- the separate account of the Company described more specifically in Schedule 1 to this Agreement. If more than one separate account is described on Schedule 1, the term shall refer to each separate account so described.

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1.2. "Business Day" -- each day that the Trust is open for business as provided in the Trust's Prospectus.

1.3. "Code" -- the Internal Revenue Code of 1986, as amended, and any successor thereto.

1.4. "Contracts" -- the class or classes of variable annuity contracts and/or variable life insurance policies issued by the Company and described more specifically on Schedule 2 to this Agreement.

1.5. "Contract Owners" -- the owners of the Contracts, as

distinguished from all Product Owners.

1.6. "Participating Account" -- a separate account investing all or a portion of its assets in the Trust, including the Account.

1.7. "Participating Insurance Company" -- any insurance company investing in the Trust on its behalf or on behalf of a Participating Account, including the Company.

1.8. "Participating Plan" -- any qualified retirement plan investing in the Trust.

1.9. "Participating Investor" -- any Participating Account, Participating Insurance Company or Participating Plan, including the Account and the Company.

1.10. "Products" -- variable annuity contracts and variable life insurance policies supported by Participating Accounts, including the Contracts.

1.11. "Product Owners" -- owners of Products, including Contract Owners.

1.12. "Trust Board" -- the board of trustees of the Trust.

1.13. "Registration Statement" -- with respect to the Trust shares or a class of Contracts, the registration statement filed with the SEC to register such securities under the 1933 Act, or the most recently filed amendment thereto, in either case in the form in which it was declared or became effective. The Contracts' Registration Statement for each class of Contracts is described more specifically on Schedule 2 to this Agreement. The Trust's Registration Statement is filed on Form N-1A (File No. 333-35883).

1.14. "1940 Act Registration Statement" -- with respect to the Trust or the Account, the registration statement filed with the SEC to register such person as an investment company under the 1940 Act, or the most recently filed amendment thereto. The Account's 1940 Act Registration Statement is described more specifically on Schedule 2 to this Agreement. The Trust's 1940 Act Registration Statement is filed on Form N-1A (File No. 811-08361).

1.15. "Prospectus" -- with respect to shares of a Series (or Class) of the Trust or a class of Contracts, each version of the definitive prospectus or supplement thereto filed with the SEC pursuant to Rule 497 under the 1933 Act. With respect to any provision of this Agreement requiring a party to take action in accordance with a Prospectus, such reference thereto shall be deemed to be to the version for the applicable Series, Class or Contracts last so filed prior to the taking of such action. For purposes of Article IX, the term "Prospectus" shall include any statement of additional information incorporated therein.

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1.16. "Statement of Additional Information" -- with respect to the shares of the Trust or a class of Contracts, each version of the definitive statement of additional information or supplement thereto filed with the SEC pursuant to Rule 497 under the 1933 Act. With respect to any provision of this Agreement requiring a party to take action in accordance with a Statement of Additional Information, such reference thereto shall be deemed to be the last version so filed prior to the taking of such action.

1.17. "SEC" -- the Securities and Exchange Commission.

1.18. "NASD" -- The National Association of Securities Dealers, Inc.

1.19. "1933 Act" -- the Securities Act of 1933, as amended.

1.20. "1940 Act" -- the Investment Company Act of 1940, as amended.

ARTICLE II
Sale of Trust Shares

2.1. Availability of Shares

(a) The Trust has granted to the Distributor exclusive authority to distribute the Trust shares and to select which Series or Classes of Trust shares shall be made available to Participating Investors. Pursuant to such authority, and subject to Article X hereof, the Distributor shall make available to the Company for purchase on behalf of the Account, shares of the Series and Classes listed on Schedule 3 to this Agreement, such purchases to be effected at net asset value in accordance with Section 2.3 of this Agreement. Such Series and Classes shall be made available to the Company in accordance with the terms and provisions of this Agreement until this Agreement is terminated pursuant to Article X or the Distributor suspends or terminates the offering of shares of such Series or Classes in the circumstances described in Article X.

(b) Notwithstanding clause (a) of this Section 2.1, Series or Classes of Trust shares in existence now or that may be established in the future will be made available to the Company only as the Distributor may so provide, subject to the Distributor's rights set forth in Article X to suspend or terminate the offering of shares of any Series or Class or to terminate this Agreement.

(c) The parties acknowledge and agree that: (i) the Trust may revoke the Distributor's authority pursuant to the terms and conditions of its distribution agreement with the Distributor; and (ii) the Trust reserves the right in its sole discretion to refuse to accept a request for the purchase of Trust shares.

2.2. Redemptions. The Trust shall redeem, at the Company's request, any full or fractional Trust shares held by the Company on behalf of the Account, such redemptions to be effected at net asset value in accordance with Section 2.3 of this Agreement. Notwithstanding the foregoing, the Trust may delay redemption of Trust shares of any Series or Class to the extent permitted by the 1940 Act, any rules, regulations or orders thereunder, or the Prospectus for such Series or Class.

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2.3. Purchase and Redemption Procedures

(a) The Trust hereby appoints the Company as an agent of the Trust for the limited purpose of receiving purchase and redemption requests on behalf of the Account (but not with respect to any Trust shares that may be held in the general account of the Company) for shares of those Series or Classes made available hereunder, based on allocations of amounts to the Account or subaccounts thereof under the Contracts, other transactions relating to the Contracts or the Account and customary processing of the Contracts. Receipt of any such requests (or effectuation of such transaction or processing) on any Business Day by the Company as such limited agent of the Trust prior to the Trust's close of business as defined from time to time in the applicable Prospectus for such Series or Class (which as of the date of execution of this Agreement is defined as the close of regular trading on the New York Stock Exchange (normally 4:00 p.m. New York Time)) shall constitute receipt by the Trust on that same Business Day, provided that the Trust receives actual and sufficient notice of such request by 10:00 a.m. New York Time on the next following Business Day. Such notice may be communicated by telephone to the office or person designated for such notice by the Trust, and shall be confirmed by facsimile.

(b) The Company shall pay for shares of each Series or Class on the same day that it provides actual notice to the Trust of a purchase request for such shares. Payment for Series or Class shares shall be made in Federal funds transmitted to the Trust by wire to be received by the Trust by 5:00 p.m. New York Time on the day the Trust

receives actual notice of the purchase request for Series or Class shares (unless the Trust determines and so advises the Company that sufficient proceeds are available from redemption of shares of other Series or Classes effected pursuant to redemption requests tendered by the Company on behalf of the Account). In no event may proceeds from the redemption of shares requested pursuant to an order received by the Company after the Trust's close of business on any Business Day be applied to the payment for shares for which a purchase order was received prior to the Trust's close of business on such day. If the issuance of shares is canceled because Federal funds are not timely received, the Company shall indemnify the respective Fund and Distributor with respect to all costs, expenses and losses relating thereto. Upon the Trust's receipt of Federal funds so wired, such funds shall cease to be the responsibility of the Company and shall become the responsibility of the Trust. If Federal funds are not received on time, such funds will be invested, and Series or Class shares purchased thereby will be issued, as soon as practicable after actual receipt of such funds but in any event not on the same day that the purchase order was received.

(c) Payment for Series or Class shares redeemed by the Account or the Company shall be made in Federal funds transmitted by wire to the Company or any other person properly designated in writing by the Company, such funds normally to be transmitted by 6:00 p.m. New York Time on the next Business Day after the Trust receives actual notice of the redemption order for Series or Class shares (unless redemption proceeds are to be applied to the purchase of Trust shares of other Series or Classes in accordance with Section 2.3(b) of this Agreement), except that the Trust reserves the right to redeem Series or Class shares in assets other than cash and to delay payment of redemption proceeds to the extent permitted by the 1940 Act, any rules or regulations or orders thereunder, or the applicable Prospectus. The Trust shall not bear any responsibility whatsoever for the proper disbursement or crediting of redemption proceeds by the Company; the Company alone shall be responsible for such action.

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(d) Any purchase or redemption request for Series or Class shares held or to be held in the Company's general account shall be effected at the net asset value per share next determined after the Trust's actual receipt of such request, provided that, in the case of a purchase request, payment for Trust shares so requested is received by the Trust in Federal funds prior to close of business for determination of such value, as defined from time to time in the Prospectus for such Series or Class.

(e) Prior to the first purchase of any Trust shares hereunder, the Company and the Trust shall provide each other with all information necessary to effect wire transmissions of Federal funds to the other party and all other designated persons pursuant to such protocols and security procedures as the parties may agree upon. Should such information change thereafter, the Trust and the Company, as applicable, shall notify the other in writing of such changes, observing the same protocols and security procedures, at least three Business Days in advance of when such change is to take effect. The Company and the Trust shall observe customary procedures to protect the confidentiality and security of such information, but the Trust shall not be liable to the Company for any breach of security.

(f) The procedures set forth herein are subject to any additional terms set forth in the applicable Prospectus for the Series or Class or by the requirements of applicable law.

2.4. Net Asset Value. The Trust shall use its best efforts to inform the Company of the net asset value per share for each Series or Class available to the Company on a daily basis as soon as reasonably practicable after the net asset value per share for such Series or Class is calculated, which should not

be later than 6:30 p.m. New York Time. Under normal conditions the net asset value will be provided to the Company no later than 6:30 p.m. New York Time. If the Trust is unable to meet the 6:30 p.m. time stated herein, then the Trust and the Company shall work cooperatively in good faith to allow, if possible, additional time for the Company to place orders for the purchase and redemption of Trust shares, provided that all such orders were received by the Company no later than the Trust's cut off time set forth in the prospectus. The Trust shall calculate such net asset value in accordance with the Prospectus for such Series or Class.

2.5. Dividends and Distributions. The Trust shall furnish same day notice to the Company as soon as reasonably practicable of any income dividends or capital gain distributions payable on any Series or Class shares. The Company, on its behalf and on behalf of the Account, hereby elects to receive all such dividends and distributions as are payable on any Series or Class shares in the form of additional shares of that Series or Class. Notwithstanding this Section 2.5, the Trust shall utilize its best efforts to provide the Company with at least ten (10) Business Days advance notice of any forthcoming dividend or capital gain distributions. The Company reserves the right, on its behalf and on behalf of the Account, to revoke this election and to receive all such dividends and capital gain distributions in cash. The Trust shall notify the Company promptly of the number of Series or Class shares so issued as payment of such dividends and distributions.

2.6. Book Entry. Issuance and transfer of Trust shares shall be by book entry only. Stock certificates will not be issued to the Company or the Account. Purchase and redemption orders for Trust shares shall be recorded in an appropriate ledger for the Account or the appropriate subaccount of the Account.

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2.7. Pricing Errors. Any material errors in the calculation of net asset value, dividends or capital gain information shall be reported immediately upon discovery to the Company. An error shall be deemed "material" based on our interpretation of the SEC's position and policy with regard to materiality, as it may be modified from time to time. Neither the Trust, any Fund, the Distributor, nor any of their affiliates shall be liable for any information provided to the Company pursuant to this Agreement which information is based on incorrect information supplied by or on behalf of the Company.

2.8. Limits on Purchasers. The Distributor and the Trust shall sell Trust shares only to insurance companies on behalf of their separate accounts and to persons or plans ("Qualified Persons") that qualify to purchase shares of the Trust under Section 817(h) of the Code and the regulations thereunder without impairing the ability of the Account to consider the portfolio investments of the Trust as constituting investments of the Account for the purpose of satisfying the diversification requirements of Section 817(h). The Distributor and the Trust shall not sell Trust shares to any insurance company or separate account unless an agreement complying with Article VIII of this Agreement is in effect to govern such sales. The Company hereby represents and warrants that it on behalf of the Account are Qualified Persons.

ARTICLE III Representations and Warranties

3.1. Company. The Company represents and warrants that: (i) the Company is an insurance company duly organized and in good standing under Texas insurance law; (ii) the Account is a validly existing separate account, duly established and maintained in accordance with applicable law; (iii) the Account's 1940 Act Registration Statement has been filed with the SEC in accordance with the provisions of the 1940 Act and the Account is duly registered as a unit investment trust thereunder; (iv) the Contracts' Registration Statement has been declared effective by the SEC; (v) the Contracts will be issued in compliance in all material respects with all applicable Federal and state laws; (vi) the Contracts have been filed, qualified and/or approved for sale, as applicable, under the insurance laws and regulations of the states in which the Contracts will be offered; (vii) the Account will maintain its registration under the 1940 Act and will comply in all material

respects with the 1940 Act; (viii) the Contracts currently are, and at the time of issuance and for so long as they are outstanding will be, treated as annuity contracts, life insurance policies, or modified endowment contracts, whichever is appropriate, under applicable provisions of the Code; and (ix) the Company's entering into and performing its obligations under this Agreement does not and will not violate its charter documents or by-laws, rules or regulations, or any agreement to which it is a party. The Company will notify the Trust promptly if for any reason it is unable to perform its obligations under this Agreement.

3.2. Trust. The Trust represents and warrants that: (i) the Trust is an unincorporated business trust duly formed and validly existing under the Delaware law; (ii) the Trust's 1940 Act Registration Statement has been filed with the SEC in accordance with the provisions of the 1940 Act and the Trust is duly registered as an open-end management investment company thereunder; (iii) the Trust's Registration Statement has been declared effective by the SEC; (iv) the Trust shares will be issued in compliance in all material respects with all applicable federal laws; (v) the Trust will remain registered under and will comply in all material respects with the 1940 Act during the term of this Agreement; (vi) each Fund of the Trust intends to qualify as a "regulated investment company" under Subchapter M of the Code and to comply with the diversification standards prescribed in Section 817(h) of the Code and the regulations thereunder; and (vii) the investment policies of each Fund are in material compliance with any investment restrictions set forth on Schedule 4 to this Agreement. The Trust, however, makes no representation as to whether any aspect of its operations (including, but not limited to, fees and expenses and investment policies) otherwise complies with the insurance laws or regulations of any state.

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3.3. Distributor. The Distributor represents and warrants that: (i) the Distributor is a limited partnership duly organized and in good standing under New York law; (ii) the Distributor is registered as a broker-dealer under federal and applicable state securities laws and is a member of the NASD; and (iii) the Distributor is registered as an investment adviser under federal securities laws.

3.4. Legal Authority. Each party represents and warrants that the execution and delivery of this Agreement and the consummation of the transactions contemplated herein have been duly authorized by all necessary corporate, partnership or trust action, as applicable, by such party, and, when so executed and delivered, this Agreement will be the valid and binding obligation of such party enforceable in accordance with its terms.

3.5. Bonding Requirement. Each party represents and warrants that all of its directors, officers, partners and employees dealing with the money and/or securities of the Trust are and shall continue to be at all times covered by a blanket fidelity bond or similar coverage for the benefit of the Trust in an amount not less than the amount required by the applicable rules of the NASD and the federal securities laws. The aforesaid bond shall include coverage for larceny and embezzlement and shall be issued by a reputable bonding company. All parties shall make all reasonable efforts to see that this bond or another bond containing these provisions is always in effect, shall provide evidence thereof promptly to any other party upon written request therefor, and shall notify the other parties promptly in the event that such coverage no longer applies.

ARTICLE IV Regulatory Requirements

4.1. Trust Filings. The Trust shall amend the Trust's Registration Statement and the Trust's 1940 Act Registration Statement from time to time as required in order to effect the continuous offering of Trust shares in compliance with applicable law and to maintain the Trust's registration under the 1940 Act for so long as Trust shares are sold.

4.2. Contracts Filings. The Company shall amend the Contracts' Registration Statement and the Account's 1940 Act Registration Statement from time to time as required in order to effect the continuous offering of the

Contracts in compliance with applicable law or as may otherwise be required by applicable law, but in any event shall maintain a current effective Contracts' Registration Statement and the Account's registration under the 1940 Act for so long as the Contracts are continuing to be issued. The Company shall be responsible for filing all such Contract forms, applications, marketing materials and other documents relating to the Contracts and/or the Account with state insurance commissions, as required or customary, and shall use its best efforts: (i) to obtain any and all approvals thereof, under applicable state insurance law, of each state or other jurisdiction in which Contracts are or may be offered for sale; and (ii) to keep such approvals in effect for so long as the Contracts are outstanding.

4.3. Voting of Trust Shares. With respect to any matter put to vote by the holders of Trust shares ("Voting Shares"), the Company will provide "pass-through" voting privileges to owners of Contracts registered with the SEC as long as the 1940 Act requires such privileges in such cases. In cases in which "pass-through" privileges apply, the Company will (i) solicit voting instructions from Contract Owners of SEC-registered Contracts; (ii) vote Voting Shares attributable to Contract Owners in accordance with instructions or proxies timely received from such Contract Owners; and (iii) vote Voting Shares held by it that are not attributable to reserves for SEC-registered Contracts or for which it has not received timely voting instructions in the

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same proportion as instructions received in a timely fashion from Owners of SEC-registered Contracts. The Company shall be responsible for ensuring that it calculates "pass-through" votes for the Account in a manner consistent with the provisions set forth above and with other Participating Insurance Companies. Neither the Company nor any of its affiliates will in any way recommend action in connection with, or oppose or interfere with, the solicitation of proxies for the Trust shares held for such Contract Owners, except with respect to matters as to which the Company has the right under Rule 6e-2 or 6e-3(T) under the 1940 Act, to vote Voting Shares without regard to voting instructions from Contract Owners.

4.4. State Insurance Restrictions. The Company acknowledges and agrees that it is the responsibility of the Company and other Participating Insurance Companies to determine investment restrictions and any other restrictions, limitations or requirements under state insurance law applicable to any Fund or the Trust or the Distributor, and that neither the Trust nor the Distributor shall bear any responsibility to the Company, other Participating Insurance Companies or any Product Owners for any such determination or the correctness of such determination. Schedule 4 sets forth the investment restrictions that the Company and/or other Participating Insurance Companies have determined are applicable to any Fund and with which the Trust has agreed to comply as of the date of this Agreement. The Company shall inform the Trust of any investment restrictions imposed by state insurance law that the Company determines may become applicable to the Trust or a Fund from time to time as a result of the Account's investment therein, other than those set forth on Schedule 4 to this Agreement. Upon receipt of any such information from the Company or any other Participating Insurance Company, the Trust shall determine whether it is in the best interests of shareholders to comply with any such restrictions. If the Trust determines that it is not in the best interests of shareholders (it being understood that "shareholders" for this purpose shall mean Product Owners) to comply with a restriction determined to be applicable by the Company, the Trust shall so inform the Company, and the Trust and the Company shall discuss alternative accommodations in the circumstances. If the Trust determines that it is in the best interests of shareholders to comply with such restrictions, the Trust and the Company shall amend Schedule 4 to this Agreement to reflect such restrictions, subject to obtaining any required shareholder approval thereof.

4.5. Compliance. Except as otherwise provided under this Agreement, under no circumstances will the Trust, the Distributor or any of their affiliates (excluding Participating Investors) be held responsible or liable in any respect for any statements or representations made by them or their legal advisers to the Company or any Contract Owner concerning the applicability of

any federal or state laws, regulations or other authorities to the activities contemplated by this Agreement.

4.6. Drafts of Filings. The Trust and the Company shall provide to each other copies of draft versions of any Registration Statements, Prospectuses, Statements of Additional Information, periodic and other shareholder or Contract Owner reports, proxy statements, solicitations for voting instructions, applications for exemptions, requests for no-action letters, and all amendments or supplements to any of the above, prepared by or on behalf of either of them and that mentions the other party by name. Such drafts shall be provided to the other party sufficiently in advance of filing such materials with regulatory authorities in order to allow such other party a reasonable opportunity to review the materials.

4.7. Copies of Filings. The Trust and the Company shall provide to each other at least one complete copy of all Registration Statements, Prospectuses, Statements of Additional Information, periodic and other shareholder or Contract Owner reports, proxy statements, solicitations of voting instructions, applications for exemptions, requests for no-action letters, and all amendments or supplements to any of the above, that relate to the Trust, the Contracts or the Account, as the case may be, promptly after the filing by or on behalf of each such party of

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such document with the SEC or other regulatory authorities (it being understood that this provision is not intended to require the Trust to provide to the Company copies of any such documents prepared, filed or used by Participating Investors other than the Company and the Account).

4.8. Regulatory Responses. Each party shall promptly provide to all other parties copies of responses to no-action requests, notices, orders and other rulings received by such party with respect to any filing covered by Section 4.7 of this Agreement.

4.9. Complaints and Proceedings

(a) The Trust and/or the Distributor shall immediately notify the Company of: (i) the issuance by any court or regulatory body of any stop order, cease and desist order, or other similar order (but not including an order of a regulatory body exempting or approving a proposed transaction or arrangement) with respect to the Trust's Registration Statement or the Prospectus of any Series or Class; (ii) any request by the SEC for any amendment to the Trust's Registration Statement or the Prospectus of any Series or Class; (iii) the initiation of any proceedings for that purpose or for any other purposes relating to the registration or offering of the Trust shares; or (iv) any other action or circumstances that may prevent the lawful offer or sale of Trust shares or any Class or Series in any state or jurisdiction, including, without limitation, any circumstance in which (A) such shares are not registered and, in all material respects, issued and sold in accordance with applicable state and federal law or (B) such law precludes the use of such shares as an underlying investment medium for the Contracts. The Trust will make every reasonable effort to prevent the issuance of any such stop order, cease and desist order or similar order and, if any such order is issued, to obtain the lifting thereof at the earliest possible time.

(b) The Company shall immediately notify the Trust and the Distributor of: (i) the issuance by any court or regulatory body of any stop order, cease and desist order, or other similar order (but not including an order of a regulatory body exempting or approving a proposed transaction or arrangement) with respect to the Contracts' Registration Statement or the Contracts' Prospectus; (ii) any request by the SEC for any amendment to the Contracts' Registration Statement or Prospectus; (iii) the initiation of any proceedings for that purpose or for any other purposes relating to the registration or offering of the Contracts; or (iv) any other action or circumstances that may prevent

the lawful offer or sale of the Contracts or any class of Contracts in any state or jurisdiction, including, without limitation, any circumstance in which such Contracts are not registered, qualified and approved, and, in all material respects, issued and sold in accordance with applicable state and federal laws. The Company will make every reasonable effort to prevent the issuance of any such stop order, cease and desist order or similar order and, if any such order is issued, to obtain the lifting thereof at the earliest possible time.

(c) Each party shall immediately notify the other parties when it receives notice, or otherwise becomes aware of, the commencement of any litigation or proceeding against such party or a person affiliated therewith in connection with the issuance or sale of Trust shares or the Contracts.

(d) The Company shall provide to the Trust and the Distributor any complaints it has received from Contract Owners pertaining to the Trust or a Fund, and

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the Trust and Distributor shall each provide to the Company any complaints it has received from Contract Owners relating to the Contracts.

4.10. Cooperation. Each party hereto shall cooperate with the other parties and all appropriate government authorities (including without limitation the SEC, the NASD and state securities and insurance regulators) and shall permit such authorities reasonable access to its books and records in connection with any investigation or inquiry by any such authority relating to this Agreement or the transactions contemplated hereby. However, such access shall not extend to attorney-client privileged information.

ARTICLE V

Sale, Administration and Servicing of the Contracts

5.1. Sale of the Contracts. The Company shall be fully responsible as to the Trust and the Distributor for the sale and marketing of the Contracts. The Company shall provide Contracts, the Contracts' and Trust's Prospectuses, Contracts' and Trust's Statements of Additional Information, and all amendments or supplements to any of the foregoing to Contract Owners and prospective Contract Owners, all in accordance with federal and state laws. The Company shall ensure that all persons offering the Contracts are duly licensed and registered under applicable insurance and securities laws. The Company shall ensure that each sale of a Contract satisfies applicable suitability requirements under insurance and securities laws and regulations, including without limitation the rules of the NASD. The Company shall adopt and implement procedures reasonably designed to ensure that information concerning the Trust and the Distributor that is intended for use only by brokers or agents selling the Contracts (i.e., information that is not intended for distribution to Contract Owners or offerees) is so used.

5.2. Administration and Servicing of the Contracts. The Company shall be fully responsible as to the Trust and the Distributor for the underwriting, issuance, service and administration of the Contracts and for the administration of the Account, including, without limitation, the calculation of performance information for the Contracts, the timely payment of Contract Owner redemption requests and processing of Contract transactions, and the maintenance of a service center, such functions to be performed in all respects at a level commensurate with those standards prevailing in the variable insurance industry. The Company shall provide to Contract Owners all Trust reports, solicitations for voting instructions including any related Trust proxy solicitation materials, and updated Trust Prospectuses as required under the federal securities laws..

5.3. Customer Complaints. The Company shall promptly address all customer complaints and resolve such complaints consistent with high ethical standards and principles of ethical conduct.

5.4. Trust Prospectuses and Reports. In order to enable the Company to fulfill its obligations under this Agreement and the federal securities laws, the Trust shall provide the Company with a copy, in camera-ready form or form otherwise suitable for printing or duplication of: (i) the Trust's Prospectus for the Series and Classes listed on Schedule 3 and any supplement thereto; (ii) each Statement of Additional Information and any supplement thereto; (iii) any Trust proxy soliciting material for such Series or Classes; and (iv) any Trust periodic shareholder reports. The Trust and the Company may agree upon alternate arrangements, but in all cases, the Trust reserves the right to approve the printing of any such material. The Trust shall provide the Company at least 10 days advance written notice when any such material shall become available, provided, however, that in the case of a supplement, the Trust shall provide the Company notice reasonable in the circumstances, it being understood that circumstances surrounding such supplement may not allow for advance notice. The Company may not alter any

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material so provided by the Trust or the Distributor (including without limitation presenting or delivering such material in a different medium, e.g., electronic or Internet) without the prior written consent of the Distributor.

5.5. Trust Advertising Material. No piece of marketing, advertising or sales literature or other promotional material in which the Trust or the Distributor or the trade name and trademark Goldman Sachs (the "Mark") is named (including, without limitation, material for prospects, existing Contract Owners, brokers, rating or ranking agencies, or the press, whether in print, radio, television, video, Internet, or other electronic medium) shall be used by the Company or any person directly or indirectly authorized by the Company, including without limitation, underwriters, distributors, and sellers of the Contracts, except with the prior written consent of the Trust or the Distributor, as applicable, as to the form, content and medium of such material. Any such piece shall be furnished to the Trust for such consent prior to its use. The Trust or the Distributor shall respond to any request for written consent on a prompt and timely basis, but failure to respond shall not relieve the Company of the obligation to obtain the prior written consent of the Trust or the Distributor. After receiving the Trust's or Distributor's consent to the use of any such material, no further changes may be made without obtaining the Trust's or Distributor's consent to such changes. The Trust or Distributor may at any time in its sole discretion revoke such written consent, and upon notification of such revocation, the Company shall no longer use the material subject to such revocation. Until further notice to the Company, the Trust has delegated its rights and responsibilities under this provision to the Distributor.

5.6. Contracts Advertising Material. No piece of marketing, advertising or sales literature or other promotional material in which the Company is named shall be used by the Trust or the Distributor, except with the prior written consent of the Company. Any such piece shall be furnished to the Company for such consent prior to its use. The Company shall respond to any request for written consent on a prompt and timely basis, and failure to respond to the Trust or the Distributor within three business days shall be deemed as the Company's consent to the use of such sales or marketing literature. The Company may at any time in its sole discretion revoke any written consent, and upon notification of such revocation, neither the Trust nor the Distributor shall use the material subject to such revocation. The Company, upon prior written notice to the Trust, may delegate its rights and responsibilities under this provision to the principal underwriter for the Contracts.

5.7. Trade Names. No party shall use any other party's trade names, logos, trademarks or service marks, whether registered or unregistered, without the prior written consent of such other party, or after written consent therefor has been revoked. The Company shall not use in advertising, publicity or otherwise the name of the Trust, Distributor, or any of their affiliates nor any trade name, trademark, trade device, service mark, symbol or any abbreviation, contraction or simulation thereof of the Trust, Distributor, or their affiliates without the prior written consent of the Trust or the Distributor in each

instance. The Company acknowledges that the Distributor owns all right, title and interest in and to the Mark and the registrations thereof. The Company shall use the Mark intact and shall not modify or alter the Mark. Upon termination of this Agreement, the Company or its successor (to the extent and as soon as it lawfully can) will cease the use of the Mark.

5.8. Representations by Company. Except with the prior written consent of the Trust, the Company shall not give any information or make any representations or statements about the Trust or the Funds nor shall it authorize or allow any other person to do so except information or representations contained in the Trust's Registration Statement or the Trust's Prospectuses or in reports or proxy statements for the Trust, or in sales literature or other

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promotional material approved in writing by the Trust or its designee in accordance with this Article V, or in published reports or statements of the Trust in the public domain.

5.9. Representations by Trust. Except with the prior written consent of the Company, the Trust shall not give any information or make any representations on behalf of the Company or concerning the Company, the Account or the Contracts other than the information or representations contained in the Contracts' Registration Statement or Contracts' Prospectus or in published reports of the Account which are in the public domain or in sales literature or other promotional material approved in writing by the Company in accordance with this Article V.

5.10. Advertising. For purposes of this Article V, the phrase "sales literature or other promotional material" includes, but is not limited to, any material constituting sales literature or advertising under the NASD rules, the 1940 Act or the 1933 Act.

ARTICLE VI Compliance with Code

6.1. Section 817(h). Each Fund of the Trust shall comply with Section 817(h) of the Code and the regulations issued thereunder to the extent applicable to the Fund as an investment company underlying the Account, and the Trust shall notify the Company immediately upon having a reasonable basis for believing that a Fund has ceased to so qualify or that it might not so qualify in the future.

6.2. Subchapter M. Each Fund of the Trust shall maintain the qualification of the Fund as a regulated investment company (under Subchapter M or any successor or similar provision), and the Trust shall notify the Company immediately upon having a reasonable basis for believing that a Fund has ceased to so qualify or that it might not so qualify in the future.

6.3. Contracts. The Company shall ensure the continued treatment of the Contracts as annuity contracts, life insurance policies, or modified endowment contracts, whichever is appropriate, under applicable provisions of the Code and shall notify the Trust and the Distributor immediately upon having a reasonable basis for believing that the Contracts have ceased to be so treated or that they might not be so treated in the future.

ARTICLE VII Expenses

7.1. Expenses. All expenses incident to each party's performance under this Agreement (including expenses expressly assumed by such party pursuant to this Agreement) shall be paid by such party to the extent permitted by law.

7.2. Trust Expenses. Expenses incident to the Trust's performance of its duties and obligations under this Agreement include, but are not limited to, the costs of:

- (a) registration and qualification of the Trust shares under the federal securities laws;
- (b) preparation and filing with the SEC of the Trust's Prospectuses, Trust's Statement of Additional Information, Trust's Registration Statement, Trust proxy solicitation materials and shareholder reports, and preparation of a camera-ready form or form otherwise suitable for printing or duplication of the foregoing;

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- (c) preparation of all statements and notices required by any Federal or state securities law;
- (d) all taxes on the issuance or transfer of Trust shares;
- (e) payment of all applicable fees relating to the Trust, including, without limitation, all fees due under Rule 24f-2 in connection with sales of Trust shares to qualified retirement plans, custodial, auditing, transfer agent and advisory fees, fees for insurance coverage and Trustees' fees;
- (f) any expenses permitted to be paid or assumed by the Trust pursuant to a plan, if any, under Rule 12b-1 under the 1940 Act; and
- (g) printing (or duplicating costs with respect to the statement of additional information) and mailing costs associated with the delivery of the Trust's Prospectuses, statement of additional information, reports and proxy soliciting material to existing Contract Owners. The Company will submit any bills for printing, duplicating and/or mailing costs, relating to the Trust's Prospectuses, statement of additional information, reports and proxy soliciting material to the Trust for reimbursement by the Trust, as it relates to the delivery of these materials to existing Contract Owners. If the Trust's Prospectuses are printed by the Company in one document with the prospectus for the Contracts and the prospectuses for other funds, then the expenses of such printing will be apportioned between the Company and the Trust in proportion to the number of pages of the Contract's prospectus, other fund prospectuses and the Trust's Prospectuses, taking account of other relevant factors affecting the expense of printing, such as covers, columns, graphs and charts; the Trust to bear the cost of printing the Trust's portion of such document (relating to the Trust's Prospectuses) for distribution only to owners of existing Contracts funded by the Trust and the Company to bear the expense of printing the portion of such documents relating to the Account; provided, however, the Company shall bear all printing expenses of such combined documents where used for distribution to prospective purchasers or to owners of existing Variable Contracts not funded by the Trust.

7.3. Company Expenses. Expenses incident to the Company's performance of its duties and obligations under this Agreement include, but are not limited to, the costs of:

- (a) registration and qualification of the Contracts under the federal securities laws;
- (b) preparation and filing with the SEC of the Contracts' Prospectus and Contracts' Registration Statement;
- (c) the sale, marketing and distribution of the Contracts, including printing and dissemination of Contracts' Prospectuses and

compensation for Contract sales;

- (d) administration of the Contracts;
- (e) payment of all applicable fees relating to the Contracts, including, without limitation, all fees due under Rule 24f-2;

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- (f) preparation, printing and dissemination of all statements and notices to Contract Owners required by any Federal or state insurance law other than those paid for by the Trust; and
- (g) preparation, printing and dissemination of all marketing materials for the Contracts and Trust except where other arrangements are made in advance.

7.4. 12b-1 Payments. The Trust shall pay no fee or other compensation to the Company under this Agreement, except that if the Trust or any Series or Class adopts and implements a plan pursuant to Rule 12b-1 under the 1940 Act to finance distribution expenses, then payments may be made to the Company in accordance with such plan. The Trust currently does not intend to make any payments to finance distribution expenses pursuant to Rule 12b-1 under the 1940 Act or in contravention of such rule, although it may make payments pursuant to Rule 12b-1 in the future. To the extent that it decides to finance distribution expenses pursuant to Rule 12b-1 and such formulation is required by the 1940 Act or any rules or order thereunder, the Trust undertakes to have a Board of Trustees, a majority of whom are not interested persons of the Trust, formulate and approve any plan under Rule 12b-1 to finance distribution expenses.

ARTICLE VIII Potential Conflicts

8.1. Exemptive Order. The parties to this Agreement acknowledge that the Trust has received an exemptive order from the SEC (the "Exemptive Order") granting relief from various provisions of the 1940 Act and the rules thereunder to the extent necessary to permit Trust shares to be sold to and held by variable annuity and variable life insurance separate accounts of both affiliated and unaffiliated Participating Insurance Companies and other Qualified Persons (as defined in Section 2.8 hereof). The Exemptive Order requires the Trust and each Participating Insurance Company to comply with conditions and undertakings substantially as provided in this Article VIII. The Trust will not enter into a participation agreement with any other Participating Insurance Company unless it imposes the same conditions and undertakings on that company as are imposed on the Company pursuant to this Article VIII.

8.2. Company Monitoring Requirements. The Company will monitor its operations and those of the Trust for the purpose of identifying any material irreconcilable conflicts or potential material irreconcilable conflicts between or among the interests of Participating Plans, Product Owners of variable life insurance policies and Product Owners of variable annuity contracts.

8.3. Company Reporting Requirements. The Company shall report any conflicts or potential conflicts to the Trust Board and will provide the Trust Board, at least annually, with all information reasonably necessary for the Trust Board to consider any issues raised by such existing or potential conflicts or by the conditions and undertakings required by the Exemptive Order. The Company also shall assist the Trust Board in carrying out its obligations including, but not limited to: (a) informing the Trust Board whenever it disregards Contract Owner voting instructions with respect to variable life insurance policies, and (b) providing such other information and reports as the Trust Board may reasonably request. The Company will carry out these obligations with a view only to the interests of Contract Owners.

8.4. Trust Board Monitoring and Determination. The Trust Board shall monitor the Trust for the existence of any material irreconcilable conflicts between or among the interests of Participating Plans, Product Owners of variable life insurance policies and Product Owners of variable annuity

contracts and determine what action, if any, should be taken in response to those

conflicts. A majority vote of Trustees who are not interested persons of the Trust as defined in the 1940 Act (the "disinterested trustees") shall represent a conclusive determination as to the existence of a material irreconcilable conflict between or among the interests of Product Owners and Participating Plans and as to whether any proposed action adequately remedies any material irreconcilable conflict. The Trust Board shall give prompt written notice to the Company and Participating Plan of any such determination.

8.5. Undertaking to Resolve Conflict. In the event that a material irreconcilable conflict of interest arises between Product Owners of variable life insurance policies or Product Owners of variable annuity contracts and Participating Plans, the Company will, at its own expense, take whatever action is necessary to remedy such conflict as it adversely affects Contract Owners up to and including (1) establishing a new registered management investment company, and (2) withdrawing assets from the Trust attributable to reserves for the Contracts subject to the conflict and reinvesting such assets in a different investment medium (including another Fund of the Trust) or submitting the question of whether such withdrawal should be implemented to a vote of all affected Contract Owners, and, as appropriate, segregating the assets supporting the Contracts of any group of such owners that votes in favor of such withdrawal, or offering to such owners the option of making such a change. The Company will carry out the responsibility to take the foregoing action with a view only to the interests of Contract Owners.

8.6. Withdrawal. If a material irreconcilable conflict arises because of the Company's decision to disregard the voting instructions of Contract Owners of variable life insurance policies and that decision represents a minority position or would preclude a majority vote at any Fund shareholder meeting, then, at the request of the Trust Board, the Company will redeem the shares of the Trust to which the disregarded voting instructions relate. No charge or penalty, however, will be imposed in connection with such a redemption.

8.7. Expenses Associated with Remedial Action. In no event shall the Trust be required to bear the expense of establishing a new funding medium for any Contract. The Company shall not be required by this Article to establish a new funding medium for any Contract if an offer to do so has been declined by vote of a majority of the Contract Owners materially adversely affected by the irreconcilable material conflict.

8.8. Successor Rules. If and to the extent that Rule 6e-2 and Rule 6e-3(T) are amended, or Rule 6e-3 is adopted, to provide exemptive relief from any provisions of the 1940 Act or the rules promulgated thereunder with respect to mixed and shared funding on terms and conditions materially different from those contained in the Exemptive Order, then (i) the Trust and/or the Company, as appropriate, shall take such steps as may be necessary to comply with Rules 6e-2 and 6e-3(T), as amended, or Rule 6e-3, as adopted, as applicable, to the extent such rules are applicable, and (ii) Sections 8.2 through 8.5 of this Agreement shall continue in effect only to the extent that terms and conditions substantially identical to such Sections are contained in such Rule(s) as so amended or adopted.

ARTICLE IX Indemnification

9.1. Indemnification by the Company. The Company hereby agrees to, and shall, indemnify and hold harmless the Trust, the Distributor and each person who controls or is affiliated with the Trust or the Distributor within the meaning of such terms under the 1933 Act or 1940 Act (but not any Participating Insurance Companies or Qualified Persons) and any officer, trustee, partner, director, employee or agent of the foregoing, against any and all losses, claims, damages or liabilities, joint or several (including any investigative, legal and other expenses reasonably incurred in connection with,

action, suit or proceeding or any claim asserted), to which they or any of them may become subject under any statute or regulation, at common law or otherwise, insofar as such losses, claims, damages or liabilities:

- (a) arise out of or are based upon any untrue statement of any material fact contained in the Contracts Registration Statement, Contracts Prospectus, sales literature or other promotional material for the Contracts or the Contracts themselves (or any amendment or supplement to any of the foregoing), or arise out of or are based upon the omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances in which they were made; provided that this obligation to indemnify shall not apply if such statement or omission was made in reliance upon and in conformity with information furnished in writing to the Company by the Trust or the Distributor for use in the Contracts Registration Statement, Contracts Prospectus or in the Contracts or sales literature or promotional material for the Contracts (or any amendment or supplement to any of the foregoing) or otherwise for use in connection with the sale of the Contracts or Trust shares; or
- (b) arise out of any untrue statement of a material fact contained in the Trust Registration Statement, any Prospectus for Series or Classes or sales literature or other promotional material of the Trust (or any amendment or supplement to any of the foregoing), or the omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances in which they were made, if such statement or omission was made in reliance upon and in conformity with information furnished to the Trust or Distributor in writing by or on behalf of the Company; or
- (c) arise out of or are based upon any wrongful conduct of, or violation of federal or state law by, the Company or persons under its control or subject to its authorization, including without limitation, any broker-dealers or agents authorized to sell the Contracts, with respect to the sale, marketing or distribution of the Contracts or Trust shares, including, without limitation, any impermissible use of broker-only material, unsuitable or improper sales of the Contracts or unauthorized representations about the Contracts or the Trust; or
- (d) arise as a result of any failure by the Company or persons under its control (or subject to its authorization) to provide services, furnish materials or make payments as required under this Agreement; or
- (e) arise out of any material breach by the Company or persons under its control (or subject to its authorization) of this Agreement; or
- (f) arise out of any breach of any warranties contained in Article III hereof, any failure to transmit a request for redemption or purchase of Trust shares or payment therefor on a timely basis in accordance with the procedures set forth in Article II, or any unauthorized use of the names, trade names or trademark of the Trust or the Distributor.

This indemnification is in addition to any liability that the Company may otherwise have; provided, however, that no party shall be entitled to indemnification if such loss, claim, damage or liability is caused by the

willful misfeasance, bad faith, gross negligence or reckless disregard of duty by the party seeking indemnification.

9.2. Indemnification by the Trust. The Trust hereby agrees to, and shall, indemnify and hold harmless the Company and each person who controls or is affiliated with the Company within the meaning of such terms under the 1933 Act or 1940 Act and any officer, director, employee or agent of the foregoing, against any and all losses, claims, damages or liabilities, joint or several (including any investigative, legal and other expenses reasonably incurred in connection with, and any amounts paid in settlement of, any action, suit or proceeding or any claim asserted), to which they or any of them may become subject under any statute or regulation, at common law or otherwise, insofar as such losses, claims, damages or liabilities:

- (a) arise out of or are based upon any untrue statement of any material fact contained in the Trust Registration Statement, any Prospectus for Series or Classes or sales literature or other promotional material of the Trust (or any amendment or supplement to any of the foregoing), or arise out of or are based upon the omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances in which they were made; provided that this obligation to indemnify shall not apply if such statement or omission was made in reliance upon and in conformity with information furnished in writing by the Company to the Trust or the Distributor for use in the Trust Registration Statement, Trust Prospectus or sales literature or promotional material for the Trust (or any amendment or supplement to any of the foregoing) or otherwise for use in connection with the sale of the Contracts or Trust shares; or
- (b) arise out of any untrue statement of a material fact contained in the Contracts Registration Statement, Contracts Prospectus or sales literature or other promotional material for the Contracts (or any amendment or supplement to any of the foregoing), or the omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances in which they were made, if such statement or omission was made in reliance upon information furnished in writing by the Trust to the Company; or
- (c) arise out of or are based upon wrongful conduct of the Trust or its Trustees or officers with respect to the sale of Trust shares; or
- (d) arise as a result of any failure by the Trust to provide services, furnish materials or make payments as required under the terms of this Agreement; or
- (e) arise out of any material breach by the Trust of this Agreement (including any breach - whether or not material - of Section 6.1 of this Agreement and any warranties contained in Article III hereof);

it being understood that in no way shall the Trust be liable to the Company with respect to any violation of insurance law, compliance with which is a responsibility of the Company under this Agreement or otherwise or as to which the Company failed to inform the Trust in accordance with Section 4.4 hereof. This indemnification is in addition to any liability that the Trust may otherwise have; provided, however, that no party shall be entitled to indemnification if such loss, claim, damage or liability is caused by the willful misfeasance, bad faith, gross negligence or reckless disregard of duty by the party seeking indemnification.

9.3. Indemnification by the Distributor. The Distributor hereby agrees to, and shall, indemnify and hold harmless the Company and each person who controls or is affiliated with the Company within the meaning of such terms under the 1933 Act or 1940 Act and any officer, director, employee or agent of the foregoing, against any and all losses, claims, damages or liabilities, joint or several (including any investigative, legal and other expenses reasonably incurred in connection with, and any amounts paid in settlement of, any action, suit or proceeding or any claim asserted), to which they or any of them may become subject under any statute or regulation, at common law or otherwise, insofar as such losses, claims, damages or liabilities:

- (a) arise out of or are based upon any untrue statement of any material fact contained in the Trust Registration Statement, any Prospectus for Series or Classes or sales literature or other promotional material of the Trust (or any amendment or supplement to any of the foregoing), or arise out of or are based upon the omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances in which they were made; provided that this obligation to indemnify shall not apply if such statement or omission was made in reliance upon and in conformity with information furnished in writing by the Company to the Trust or Distributor for use in the Trust Registration Statement, Trust Prospectus or sales literature or promotional material for the Trust (or any amendment or supplement to any of the foregoing) or otherwise for use in connection with the sale of the Contracts or Trust shares; or
- (b) arise out of any untrue statement of a material fact contained in the Contracts Registration Statement, Contracts Prospectus or sales literature or other promotional material for the Contracts (or any amendment or supplement to any of the foregoing), or the omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances in which they were made, if such statement or omission was made in reliance upon information furnished in writing by the Distributor to the Company; or
- (c) arise out of or are based upon wrongful conduct of the Distributor or persons under its control with respect to the sale of Trust shares; or
- (d) arise as a result of any failure by the Distributor or persons under its control to provide services, furnish materials or make payments as required under the terms of this Agreement; or
- (e) arise out of any material breach by the Distributor or persons under its control of this Agreement (including any breach - whether or not material - of Section 6.1 of this Agreement and any warranties contained in Article III hereof);

it being understood that in no way shall the Distributor be liable to the Company with respect to any violation of insurance law, compliance with which is a responsibility of the Company under this Agreement or otherwise or as to which the Company failed to inform the Distributor in accordance with Section 4.4 hereof. This indemnification is in addition to any liability that the Distributor may otherwise have; provided, however, that no party shall be entitled to indemnification if such loss, claim, damage or liability is caused by the willful misfeasance, bad faith, gross negligence or reckless disregard of duty by the party seeking indemnification.

9.4. Rule of Construction. It is the parties' intention that, in the event of an occurrence for which the Trust has agreed to indemnify the Company, the Company shall seek indemnification from the Trust only in circumstances in which the Trust is entitled to seek indemnification from a third party with respect to the same event or cause thereof.

9.5. Indemnification Procedures. After receipt by a party entitled to indemnification ("indemnified party") under this Article IX of notice of the commencement of any action, if a claim in respect thereof is to be made by the indemnified party against any person obligated to provide indemnification under this Article IX ("indemnifying party"), such indemnified party will notify the indemnifying party in writing of the commencement thereof as soon as practicable thereafter, provided that the omission to so notify the indemnifying party will not relieve it from any liability under this Article IX, except to the extent that the omission results in a failure of actual notice to the indemnifying party and such indemnifying party is damaged solely as a result of the failure to give such notice. The indemnifying party, upon the request of the indemnified party, shall retain counsel reasonably satisfactory to the indemnified party to represent the indemnified party and any others the indemnifying party may designate in such proceeding and shall pay the reasonable fees and disbursements of such counsel related to such proceeding. In any such proceeding, any indemnified party shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such indemnified party unless (i) the indemnifying party and the indemnified party shall have mutually agreed to the retention of such counsel or (ii) the named parties to any such proceeding (including any impleaded parties) include both the indemnifying party and the indemnified party and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them. The indemnifying party shall not be liable for any settlement of any proceeding effected without its written consent but if settled with such consent or if there be a final judgment for the plaintiff, the indemnifying party agrees to indemnify the indemnified party from and against any loss or liability by reason of such settlement or judgment.

A successor by law of the parties to this Agreement shall be entitled to the benefits of the indemnification contained in this Article IX. The indemnification provisions contained in this Article IX shall survive any termination of this Agreement.

ARTICLE X

Relationship of the Parties; Termination

10.1. Relationship of Parties. The Company is to be an independent contractor vis-a-vis the Trust, the Distributor, or any of their affiliates for all purposes hereunder and will have no authority to act for or represent any of them (except to the limited extent the Company acts as agent of the Trust pursuant to Section 2.3(a) of this Agreement). In addition, no officer or employee of the Company will be deemed to be an employee or agent of the Trust, Distributor, or any of their affiliates. The Company will not act as an "underwriter" or "distributor" of the Trust, as those terms variously are used in the 1940 Act, the 1933 Act, and rules and regulations promulgated thereunder.

10.2. Non-Exclusivity and Non-Interference. The parties hereto acknowledge that the arrangement contemplated by this Agreement is not exclusive; the Trust shares may be sold to other insurance companies and investors (subject to Section 2.8 hereof) and the cash value of the Contracts may be invested in other investment companies, provided, however, that until this Agreement is terminated pursuant to this Article X:

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- (a) the Company shall not, without prior notice to the Distributor (unless otherwise required by applicable law), take any action to operate the Account as a management investment company under the 1940 Act;
- (b) the Company shall not, without the prior written consent of the

Distributor (unless otherwise required by applicable law), solicit, induce or encourage Contract Owners to change or modify the Trust to change the Trust's distributor or investment adviser, to transfer or withdraw Contract Values allocated to a Fund, or to exchange their Contracts for contracts not allowing for investment in the Trust; and

- (c) the Company shall not substitute another investment company for one or more Funds without providing written notice to the Distributor at least 30 days in advance of effecting any such substitution.

10.3. Termination of Agreement. This Agreement shall not terminate until (i) the Trust is dissolved, liquidated, or merged into another entity, (ii) either party, with one hundred eighty (180) days' advance written notice to the other parties, terminates it for any reason, or (iii) as to any Fund that has been made available hereunder, the Account no longer invests in that Fund and the Company has confirmed in writing to the Distributor, if so requested by the Distributor, that it no longer intends to invest in such Fund. However, certain obligations of, or restrictions on, the parties to this Agreement may terminate as provided in Sections 10.4 through 10.6 and the Company may be required to redeem Trust shares pursuant to Section 10.7 or in the circumstances contemplated by Article VIII. Article IX and Sections 5.7, 10.8 and 10.9 shall survive any termination of this Agreement.

10.4. Termination of Offering of Trust Shares. The obligation of the Trust and the Distributor to make Trust shares available to the Company for purchase pursuant to Article II of this Agreement shall terminate at the option of the Distributor upon written notice to the Company as provided below:

- (a) upon institution of formal proceedings against the Company, or the Distributor's reasonable determination that institution of such proceedings is being considered by the NASD, the SEC, the insurance commission of any state or any other regulatory body regarding the Company's duties under this Agreement or related to the sale of the Contracts, the operation of the Account, the administration of the Contracts or the purchase of Trust shares, or an expected or anticipated ruling, judgment or outcome which would, in the Distributor's reasonable judgment exercised in good faith, materially impair the Company's or Trust's ability to meet and perform the Company's or Trust's obligations and duties hereunder, such termination effective upon 15 days prior written notice;
- (b) in the event any of the Contracts are not registered, issued or sold in accordance with applicable federal and/or state law, such termination effective immediately upon receipt of written notice;
- (c) if the Distributor shall determine, in its sole judgment exercised in good faith, that either (1) the Company shall have suffered a material adverse change in its business or financial condition or (2) the Company shall have been the subject of material adverse publicity which is likely to have a material adverse impact upon

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the business and operations of either the Trust or the Distributor, such termination effective upon 30 days prior written notice;

- (d) if the Distributor suspends or terminates the offering of Trust shares of any Series or Class to all Participating Investors or only designated Participating Investors, if such action is required by law or by regulatory authorities having jurisdiction or if, in the sole discretion of the Distributor acting in good faith, suspension or termination is necessary in the best

interests of the shareholders of any Series or Class (it being understood that "shareholders" for this purpose shall mean Product Owners), such notice effective immediately upon receipt of written notice, it being understood that a lack of Participating Investor interest in a Series or Class may be grounds for a suspension or termination as to such Series or Class and that a suspension or termination shall apply only to the specified Series or Class;

- (e) upon the Company's assignment of this Agreement (including, without limitation, any transfer of the Contracts or the Account to another insurance company pursuant to an assumption reinsurance agreement) unless the Trust consents thereto, such termination effective upon 30 days prior written notice;
- (f) if the Company is in material breach of any provision of this Agreement, which breach has not been cured to the satisfaction of the Trust within 10 days after written notice of such breach has been delivered to the Company, such termination effective upon expiration of such 10-day period; or
- (g) upon the determination of the Trusts Board to dissolve, liquidate or merge the Trust as contemplated by Section 10.3(i), upon termination of the Agreement pursuant to Section 10.3(ii), or upon notice from the Company pursuant to Section 10.5 or 10.6, such termination pursuant hereto to be effective upon 15 days prior written notice.

Except in the case of an option exercised under clause (b), (d) or (g), the obligations shall terminate only as to new Contracts and the Distributor shall continue to make Trust shares available to the extent necessary to permit owners of Contracts in effect on the effective date of such termination (hereinafter referred to as "Existing Contracts") to reallocate investments in the Trust, redeem investments in the Trust and/or invest in the Trust upon the making of additional purchase payments under the Existing Contracts.

10.5. Termination of Investment in a Fund. The Company may elect to cease investing in a Fund, promoting a Fund as an investment option under the Contracts, or withdraw its investment or the Account's investment in a Fund, subject to compliance with applicable law, upon written notice to the Trust within 15 days of the occurrence of any of the following events (unless provided otherwise below):

- (a) if the Trust informs the Company pursuant to Section 4.4 that it will not cause such Fund to comply with investment restrictions as requested by the Company and the Trust and the Company are unable to agree upon any reasonable alternative accommodations;
- (b) if shares in such Fund are not reasonably available to meet the requirements of the Contracts as determined by the Company (including any non-availability as a result of notice given by the Distributor pursuant to Section 10.4(d)), and the

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Distributor, after receiving written notice from the Company of such non-availability, fails to make available, within 10 days after receipt of such notice, a sufficient number of shares in such Fund or an alternate Fund to meet the requirements of the Contracts;

- (c) if such Fund fails to meet the diversification requirements specified in Section 817(h) of the Code and any regulations thereunder and the Trust, upon written request, fails to provide reasonable assurance that it will take action to cure or correct such failure; or
- (d) if such Fund ceases to qualify as a regulated investment company

under Subchapter M of the Code, as defined therein, or any successor or similar provision, or if the Company reasonably believes that the Fund may fail to so qualify, and the Trust, upon written request, fails to provide reasonable assurance that it will take action to cure or correct such failure within 30 days; or

Such termination shall apply only as to the affected Fund and shall not apply to any other Fund in which the Company or the Account invests.

10.6. Termination of Investment by the Company. The Company may elect to cease investing in all Series or Classes of the Trust made available hereunder, promoting the Trust as an investment option under the Contracts, or withdraw its investment or the Account's investment in the Trust, subject to compliance with applicable law, upon written notice to the Trust within 15 days of the occurrence of any of the following events (unless provided otherwise below):

- (a) upon institution of formal proceedings against the Trust or the Distributor (but only with regard to the Trust) by the NASD, the SEC or any state securities or insurance commission or any other regulatory body; or
- (b) if the Trust or Distributor is in material breach of a provision of this Agreement, which breach has not been cured to the satisfaction of the Company within 10 days after written notice of such breach has been delivered to the Trust or the Distributor, as the case may be.

10.7. Company Required to Redeem. The parties understand and acknowledge that it is essential for compliance with Section 817(h) of the Code that the Contracts qualify as annuity contracts, life insurance policies, or modified endowment contracts, as applicable, under the Code. Accordingly, if any of the Contracts cease to qualify as annuity contracts, life insurance policies, or modified endowment contracts, as applicable, under the Code, or if the Trust reasonably believes that any such Contracts may fail to so qualify, the Trust shall have the right to require the Company to redeem Trust shares attributable to such Contracts upon notice to the Company and the Company shall so redeem such Trust shares in order to ensure that the Trust complies with the provisions of Section 817(h) of the Code applicable to ownership of Trust shares. Notice to the Company shall specify the period of time the Company has to redeem the Trust shares or to make other arrangements satisfactory to the Trust and its counsel, such period of time to be determined with reference to the requirements of Section 817(h) of the Code. In addition, the Company may be required to redeem Trust shares pursuant to action taken or request made by the Trust Board in accordance with the Exemptive Order described in Article VIII or any conditions or undertakings set forth or referenced therein, or other SEC rule, regulation or order that may be adopted after the date hereof. The Company agrees to redeem shares in the circumstances described herein and to comply with applicable terms and provisions.

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Also, in the event that the Distributor suspends or terminates the offering of a Series or Class pursuant to Section 10.4(c) of this Agreement, the Company, upon request by the Distributor, will cooperate in taking appropriate action to withdraw the Account's investment in the respective Fund.

10.8. Confidentiality. The Company will keep confidential any information acquired as a result of this Agreement regarding the business and affairs of the Trust, the Distributor, and their affiliates.

ARTICLE XI Applicability to New Accounts and New Contracts

The parties to this Agreement may amend the schedules to this Agreement from time to time to reflect, as appropriate, changes in or relating to the Contracts, any Series or Class, additions of new classes of Contracts to be

issued by the Company and separate accounts therefor investing in the Trust. Such amendments may be made effective by executing the form of amendment included on each schedule attached hereto. The provisions of this Agreement shall be equally applicable to each such class of Contracts, Series, Class or separate account, as applicable, effective as of the date of amendment of such Schedule, unless the context otherwise requires. The parties to this Agreement may amend this Agreement from time to time by written agreement signed by all of the parties.

ARTICLE XII
Notice, Request or Consent

Any notice, request or consent to be provided pursuant to this Agreement is to be made in writing and shall be given:

If to the Trust:

Douglas C. Grip
President
Goldman Sachs Variable Insurance Trust
One New York Plaza
New York, NY 10004

If to the Distributor:

Douglas C. Grip
Vice President
Goldman Sachs & Co.
One New York Plaza
New York, NY 10004

If to the Company:

Kenneth Walma
AIG Life Life Insurance Company
One ALICO Plaza
Wilmington, DE 19801

or at such other address as such party may from time to time specify in writing to the other party. Each such notice, request or consent to a party shall be sent by registered or certified United States mail with return receipt requested or by overnight delivery with a nationally recognized

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courier, and shall be effective upon receipt. Notices pursuant to the provisions of Article II may be sent by facsimile to the person designated in writing for such notices.

ARTICLE XIII
Miscellaneous

13.1. Interpretation. This Agreement shall be construed and the provisions hereof interpreted under and in accordance with the laws of the state of Delaware, without giving effect to the principles of conflicts of laws, subject to the following rules:

- (a) This Agreement shall be subject to the provisions of the 1933 Act, 1940 Act and Securities Exchange Act of 1934, as amended, and the rules, regulations and rulings thereunder, including such exemptions from those statutes, rules, and regulations as the SEC may grant, and the terms hereof shall be limited, interpreted and construed in accordance therewith.
- (b) The captions in this Agreement are included for convenience of reference only and in no way define or delineate any of the provisions hereof or otherwise affect their construction or effect.
- (c) If any provision of this Agreement shall be held or made invalid by a court decision, statute, rule or otherwise, the remainder

of the Agreement shall not be affected thereby.

- (d) The rights, remedies and obligations contained in this Agreement are cumulative and are in addition to any and all rights, remedies and obligations, at law or in equity, which the parties hereto are entitled to under state and federal laws.

13.2. Counterparts. This Agreement may be executed simultaneously in two or more counterparts, each of which together shall constitute one and the same instrument.

13.3. No Assignment. Neither this Agreement nor any of the rights and obligations hereunder may be assigned by the Company, the Distributor or the Trust without the prior written consent of the other parties.

13.4. Declaration of Trust. A copy of the Declaration of Trust of the Trust is on file with the Secretary of State of the State of Delaware, and notice is hereby given that this instrument is executed on behalf of the Trustees of the Trust as trustees, and is not binding upon any of the Trustees, officers or shareholders of the Trust individually, but binding only upon the assets and property of the Trust. No Series of the Trust shall be liable for the obligations of any other Series of the Trust.

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed in its name and behalf by its duly authorized officer on the date specified below.

GOLDMAN SACHS VARIABLE INSURANCE TRUST
(Trust)

Date: _____ By: _____
Name:
Title:

GOLDMAN, SACHS & CO.
(Distributor)

Date: _____ By: _____
Name:
Title:

AMERICAN INTERNATIONAL LIFE ASSURANCE
COMPANY OF NEW YORK
(Company)

Date: _____ By: _____
Name:
Title:

Schedule 1

Accounts of the Company
Investing in the Trust

Effective as of the date the Agreement was executed, the following separate accounts of the Company are subject to the Agreement:

<TABLE>
<CAPTION>

</TABLE>

[Form of Amendment to Schedule 2]

Effective as of _____, the following classes of Contracts are hereby added to this Schedule 2 and made subject to the Agreement:

<TABLE>
<CAPTION>

Policy Marketing Name	SEC 1933 Act Registration Number	Name of Supporting Account	Annuity or Life
<S>	<C>	<C>	<C>

</TABLE>

IN WITNESS WHEREOF, the Trust, the Distributor and the Company hereby amend this Schedule 2 in accordance with Article XI of the Agreement.

Goldman Sachs Variable Insurance Trust

American International Life Assurance Company of New York

Goldman, Sachs & Co.

Schedule 3

Trust Classes and Series Available Under Each Class of Contracts

Effective as of the date the Agreement was executed, the following Trust Classes and Series are available under the Contracts:

Contracts Marketing Name	Trust Classes and Series
American International Life Assurance Company of New York Separate Account B	CORE Large Cap Growth Fund CORE Small Cap Equity Fund CORE US Equity Fund Global Income Fund Growth & Income Fund

[Form of Amendment to Schedule 3]

Effective as of _____, this Schedule 3 is hereby amended to reflect the following changes in Trust Classes and Series:

Contracts Marketing Name	Trust Classes and Series
-----	-----
-----	-----
-----	-----

IN WITNESS WHEREOF, the Trust, the Distributor and the Company hereby amend this Schedule 3 in accordance with Article XI of the Agreement.

----- Goldman Sachs Variable Insurance Trust	----- American International Life Assurance Company of New York
----- Goldman, Sachs & Co.	

Schedule 4

Investment Restrictions
Applicable to the Trust

Effective as of the date the Agreement was executed, the following investment restrictions are applicable to the Trust:

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[Form of Amendment to Schedule 4]

Effective as of _____, this Schedule 4 is hereby amended to reflect the following changes:

IN WITNESS WHEREOF, the Trust, the Distributor and the Company hereby amend this Schedule 4 in accordance with Article XI of the Agreement.

----- Goldman Sachs Variable Insurance Trust	----- American International Life Assurance Company of New York
----- Goldman, Sachs & Co.	

FUND PARTICIPATION AGREEMENT

THIS AGREEMENT made as of the ___ day of _____, 1998 by and between NEUBERGER & BERMAN ADVISERS MANAGEMENT TRUST ("TRUST"), a Delaware business trust, ADVISERS MANAGERS TRUST ("Managers Trust"), a New York common law trust, NEUBERGER & BERMAN MANAGEMENT INCORPORATED ("N&B MANAGEMENT"), a New York corporation, and AMERICAN INTERNATIONAL LIFE ASSURANCE COMPANY OF NEW YORK ("LIFE COMPANY"), a life insurance company organized under the laws of the State of New York.

WHEREAS, TRUST and MANAGERS TRUST are registered with the Securities and Exchange Commission ("SEC") under the Investment Company Act of 1940, as amended ("40 Act") as open-end, diversified management investment companies; and

WHEREAS, TRUST is organized as a series fund comprised of several portfolios ("Portfolios"), the currently available of which are listed on Appendix A hereto; and

WHEREAS, MANAGERS TRUST is organized as a series fund, comprised of several portfolios ("Series"), the currently operational of which are listed on Appendix A hereto; and

WHEREAS, each Portfolio of TRUST will invest all of its net investable assets in a corresponding Series of MANAGERS TRUST; and

WHEREAS, TRUST was organized to act as the funding vehicle for certain variable life insurance and/or variable annuity contracts ("Variable Contracts") offered by life insurance companies through separate accounts of such life insurance companies ("Participating Insurance Companies") and also offers its shares to certain qualified pension and retirement plans; and

WHEREAS, TRUST has received an order from the SEC, dated May 5, 1995 (File No. 812-9164), granting Participating Insurance Companies and their separate accounts exemptions from the provisions of Sections 9(a), 13(a), 15(a) and 15(b) of the '40 Act, and Rules 6e-2(b)(15) and 6e-3(T)(b)(15) thereunder, to the extent necessary to permit shares of the Portfolios of the TRUST to be sold to and held by variable annuity and variable life insurance separate accounts of both affiliated and unaffiliated life insurance companies and certain qualified pension and retirement plans (the "Order"); and

WHEREAS, LIFE COMPANY has established or will establish one or more separate accounts ("Separate Accounts") to offer Variable Contracts and is desirous of having TRUST as one of the underlying funding vehicles for such Variable Contracts; and

WHEREAS, N&B MANAGEMENT is registered with the SEC as an investment

adviser under the Investment Advisers Act of 1940 and as a broker-dealer under the Securities Exchange Act of 1934, as amended; and

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WHEREAS, N&B MANAGEMENT is the administrator and distributor of the shares of each Portfolio of TRUST and investment manager of the corresponding Series of MANAGERS TRUST; and

WHEREAS, to the extent permitted by applicable insurance laws and regulations, LIFE COMPANY intends to purchase shares of TRUST to fund the aforementioned Variable Contracts and TRUST is authorized to sell such shares to LIFE COMPANY at net asset value;

NOW, THEREFORE, in consideration of their mutual promises, LIFE COMPANY, TRUST, MANAGERS TRUST and N&B MANAGEMENT agree as follows:

Article I. SALE OF TRUST SHARES

1.1 TRUST agrees to make available to the Separate Accounts of LIFE COMPANY shares of the selected Portfolios as listed on Appendix B for investment of purchase payments of Variable Contracts allocated to the designated Separate Accounts as provided in TRUST's Prospectus.

1.2 TRUST agrees to sell to LIFE COMPANY those shares of the selected Portfolios of TRUST which LIFE COMPANY orders, executing such orders on a daily basis at the net asset value next computed after receipt by TRUST or its designee of the order for the shares of TRUST. For purposes of this Section 1.2, LIFE COMPANY shall be the designee of TRUST for receipt of such orders from LIFE COMPANY and receipt by such designee shall constitute receipt by TRUST; provided that TRUST receives notice of such order by 9:30 a.m. New York time on the next following Business Day. "Business Day" shall mean any day on which the New York Stock Exchange is open for trading and on which TRUST calculates its net asset value pursuant to the rules of the SEC.

1.3 TRUST agrees to redeem for cash, on LIFE COMPANY's request, any full or fractional shares of TRUST held by LIFE COMPANY, executing such requests on a daily basis at the net asset value next computed after receipt by TRUST or its designee of the request for redemption. For purposes of this Section 1.3, LIFE COMPANY shall be the designee of TRUST for receipt of requests for redemption from LIFE COMPANY and receipt by such designee shall constitute receipt by TRUST; provided that TRUST receives notice of such request for redemption by 9:30 a.m. New York time on the next following Business Day.

1.4 TRUST shall furnish, on or before the ex-dividend date, notice to LIFE COMPANY of any income dividends or capital gain distributions payable on the shares of any Portfolio of TRUST. LIFE COMPANY hereby elects to receive all such income dividends and capital gain distributions as are payable on a Portfolio's shares in additional shares of the Portfolio. TRUST shall notify

LIFE COMPANY of the number of shares so issued as payment of such dividends and distributions.

1.5 TRUST shall make the net asset value per share for the selected Portfolio(s) available to LIFE COMPANY on a daily basis as soon as reasonably practicable after the net asset value per share is calculated but shall use its best efforts to make such net asset value available by

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6:30 p.m. New York time. If TRUST provides LIFE COMPANY with materially incorrect share net asset value information through no fault of LIFE COMPANY, LIFE COMPANY on behalf of the Separate Accounts, shall be entitled to an adjustment to the number of shares purchased or redeemed to reflect the correct share net asset value. Any material error in the calculation of net asset value per share, dividend or capital gain information shall be reported promptly upon discovery to LIFE COMPANY.

1.6 At the end of each Business Day, LIFE COMPANY shall use the information described in Section 1.5 to calculate Separate Account unit values for the day. Using these unit values, LIFE COMPANY shall process each such Business Day's Separate Account transactions based on requests and premiums received by it by the close of trading on the floor of the New York Stock Exchange (currently 4:00 p.m. New York time) to determine the net dollar amount of TRUST shares which shall be purchased or redeemed at that day's closing net asset value per share. The net purchase or redemption orders so determined shall be transmitted to TRUST by LIFE COMPANY by 9:30 a.m. New York Time on the Business Day next following LIFE COMPANY's receipt of such requests and premiums in accordance with the terms of Sections 1.2 and 1.3 hereof.

1.7 If LIFE COMPANY's order requests the purchase of TRUST shares, LIFE COMPANY shall pay for such purchase by wiring federal funds to TRUST or its designated custodial account on the day the order is transmitted by LIFE COMPANY. If LIFE COMPANY's order requests a net redemption resulting in a payment of redemption proceeds to LIFE COMPANY, TRUST shall wire the redemption proceeds to LIFE COMPANY by the next Business Day, unless doing so would require TRUST to dispose of portfolio securities or otherwise incur additional costs, but in such event, proceeds shall be wired to LIFE COMPANY within three days and TRUST shall notify the person designated in writing by LIFE COMPANY as the recipient for such notice of such delay by 3:00 p.m. New York Time the same Business Day that LIFE COMPANY transmits the redemption order to TRUST. If LIFE COMPANY's order requests the application of redemption proceeds from the redemption of shares to the purchase of shares of another fund administered or distributed by N&B MANAGEMENT, TRUST shall so apply such proceeds the same Business Day that LIFE COMPANY transmits such order to TRUST.

1.8 TRUST agrees that all shares of the Portfolios of TRUST will be sold only to Participating Insurance Companies which have agreed to participate in TRUST to fund their Separate Accounts and/or to certain qualified pension and

other retirement plans, all in accordance with the requirements of Section 817(h) of the Internal Revenue Code of 1986, as amended ("Code") and Treasury Regulation 1.817-5. Shares of the Portfolios of TRUST will not be sold directly to the general public.

1.9 TRUST may refuse to sell shares of any Portfolio to any person, or suspend or terminate the offering of the shares of any Portfolio if such action is required by law or by regulatory authorities having jurisdiction or is, in the sole discretion of the Board of Trustees of TRUST, acting in good faith and in light of its fiduciary duties under federal and any applicable state laws, deemed necessary and in the best interests of the shareholders of such Portfolios.

Article II. REPRESENTATIONS AND WARRANTIES

2.1 LIFE COMPANY represents and warrants that it is an insurance company duly organized and in good standing under the laws of Delaware and that it has legally and validly established each Separate Account as a segregated asset account under such laws, and that AIG Equity Sales, Inc., the principal underwriter for the Contracts, is registered as a broker-dealer under the Securities Exchange Act of 1934.

2.2 LIFE COMPANY represents and warrants that it has registered or, prior to any issuance or sale of the Variable Contracts, will register each Separate Account as a unit investment trust ("UIT") in accordance with the provisions of the '40 Act and cause each Separate Account to remain so registered to serve as a segregated asset account for the Variable Contracts, unless an exemption from registration is available.

2.3 LIFE COMPANY represents and warrants that the Variable Contracts will be registered under the Securities Act of 1933 (the "33 Act") unless an exemption from registration is available prior to any issuance or sale of the Variable Contracts and that the Variable Contracts will be issued and sold in compliance in all material respects with all applicable federal and state laws and further that the sale of the Variable Contracts shall comply in all material respects with state insurance law suitability requirements.

2.4 LIFE COMPANY represents and warrants that the Variable Contracts are currently and at the time of issuance will be treated as life insurance, endowment or annuity contracts under applicable provisions of the Code, that it will maintain such treatment and that it will notify TRUST immediately upon having a reasonable basis for believing that the Variable Contracts have ceased to be so treated or that they might not be so treated in the future.

2.5 TRUST represents and warrants that the Portfolio shares offered and sold pursuant to this Agreement will be registered under the '33 Act and sold in accordance with all applicable federal and state laws, and TRUST shall be

registered under the '40 Act prior to and at the time of any issuance or sale of such shares. TRUST shall amend its registration statement under the '33 Act and the '40 Act from time to time as required in order to effect the continuous offering of its shares. TRUST shall register and qualify its shares for sale in accordance with the laws of the various states only if and to the extent deemed advisable by TRUST.

2.6 TRUST represents and warrants that each Portfolio will comply with the diversification requirements set forth in Section 817(h) of the Code, and the rules and regulations thereunder, including without limitation Treasury Regulation 1.817-5, and will notify LIFE COMPANY immediately upon having a reasonable basis for believing any Portfolio has ceased to comply or might not so comply and will immediately take all reasonable steps to adequately diversify the Portfolio to achieve compliance within the grace period afforded by Regulation 1.817-5.

2.7 TRUST represents and warrants that each Portfolio invested in by the Separate Account is currently qualified as a "regulated investment company" under Subchapter M of the Code, that it will make every effort to maintain such qualification and will notify LIFE

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COMPANY immediately upon having a reasonable basis for believing it has ceased to so qualify or might not so qualify in the future.

Article III. PROSPECTUS AND PROXY STATEMENTS

3.1 TRUST shall prepare and be responsible for filing with the SEC and any state regulators requiring such filing all shareholder reports, notices, proxy materials (or similar materials such as voting instruction solicitation materials), prospectuses and statements of additional information of TRUST. TRUST shall bear the costs of registration and qualification of shares of the Portfolios, preparation and filing of the documents listed in this Section 3.1 and all taxes to which an issuer is subject on the issuance and transfer of its shares.

3.2 TRUST will bear the printing costs (or duplicating costs with respect to the statement of additional information) and mailing costs associated with the delivery of the following TRUST (or individual Portfolio) documents, and any supplements thereto, to existing Variable Contract owners of LIFE COMPANY:

- (i) prospectuses and statements of additional information;
- (ii) annual and semi-annual reports; and
- (iii) proxy materials.

LIFE COMPANY will submit any bills for printing, duplicating and/or mailing costs, relating to the TRUST documents described above, to TRUST for reimbursement by TRUST. LIFE COMPANY shall monitor such costs and shall use its best efforts to control these costs. LIFE COMPANY will provide TRUST on a semi-annual basis, or more frequently as reasonably requested by TRUST, with a current tabulation of the number of existing Variable Contract owners of LIFE COMPANY whose Variable Contract values are invested in TRUST. This tabulation will be sent to TRUST in the form of a letter signed by a duly authorized officer of LIFE COMPANY attesting to the accuracy of the information contained in the letter. If requested by LIFE COMPANY, the TRUST shall provide such documentation (including a final copy of the TRUST's prospectus as set in type or in camera-ready copy) and other assistance as is reasonably necessary in order for LIFE COMPANY to print together in one document the current prospectus for the Variable Contracts issued by LIFE COMPANY and the current prospectus for the TRUST. Should LIFE COMPANY wish to print any of these documents in a format different from that provided by TRUST, LIFE COMPANY shall provide Trust with sixty (60) days' prior written notice and LIFE COMPANY shall bear the cost associated with any format change.

3.3 TRUST will provide, at its expense, LIFE COMPANY with the following TRUST (or individual Portfolio) documents, and any supplements thereto, with respect to prospective Variable Contract owners of LIFE COMPANY:

(i) camera ready copy of the current prospectus for printing by the LIFE COMPANY;

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(ii) a copy of the statement of additional information suitable for duplication;

(iii) camera ready copy of proxy material suitable for printing; and

(iv) camera ready copy of the annual and semi-annual reports for printing by the LIFE COMPANY.

3.4 TRUST will provide LIFE COMPANY with at least one complete copy of all prospectuses, statements of additional information, annual and semi-annual reports, proxy statements, exemptive applications and all amendments or supplements to any of the above that relate to the Portfolios promptly after the filing of each such document with the SEC or other regulatory authority. LIFE COMPANY will provide TRUST with at least one complete copy of all prospectuses, statements of additional information, annual and semi-annual reports, proxy statements, exemptive applications and all amendments or supplements to any of the above that relate to a Separate Account promptly after the filing of each such document with the SEC or other regulatory authority.

Article IV. SALES MATERIALS

4.1 LIFE COMPANY will furnish, or will cause to be furnished, to TRUST and N&B MANAGEMENT, each piece of sales literature or other promotional material in which TRUST, MANAGERS TRUST or N&B MANAGEMENT is named, at least fifteen (15) Business Days prior to its intended use. No such material will be used if TRUST, MANAGERS TRUST or N&B MANAGEMENT objects to its use in writing within ten (10) Business Days after receipt of such material.

4.2 TRUST and N&B MANAGEMENT will furnish, or will cause to be furnished, to LIFE COMPANY, each piece of sales literature or other promotional material in which LIFE COMPANY or its Separate Accounts are named, at least fifteen (15) Business Days prior to its intended use. No such material will be used if LIFE COMPANY objects to its use in writing within ten (10) Business Days after receipt of such material.

4.3 TRUST and its affiliates and agents shall not give any information or make any representations on behalf of LIFE COMPANY or concerning LIFE COMPANY, the Separate Accounts, or the Variable Contracts issued by LIFE COMPANY, other than the information or representations contained in a registration statement or prospectus for such Variable Contracts, as such registration statement and prospectus may be amended or supplemented from time to time, or in reports of the Separate Accounts or reports prepared for distribution to owners of such Variable Contracts, or in sales literature or other promotional material approved by LIFE COMPANY or its designee, except with the written permission of LIFE COMPANY.

4.4 LIFE COMPANY and its affiliates and agents shall not give any information or make any representations on behalf of TRUST or concerning TRUST other than the information or

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representations contained in a registration statement or prospectus for TRUST, as such registration statement and prospectus may be amended or supplemented from time to time, or in sales literature or other promotional material approved by TRUST or its designee, except with the written permission of TRUST.

4.5 For purposes of this Agreement, the phrase "sales literature or other promotional material" or words of similar import include, without limitation, advertisements (such as material published, or designed for use, in a newspaper, magazine or other periodical, radio, television, telephone or tape recording, videotape display, signs or billboards, motion pictures or other public media), sales literature (such as any written communication distributed or made generally available to customers or the public, including brochures, circulars, research reports, market letters, form letters, seminar texts, or reprints or excerpts of any other advertisement, sales literature, or published article), educational or training materials or other communications distributed or made generally available to some or all agents or employees, registration statements, prospectuses, statements of additional information, shareholder reports and proxy materials, and any other material constituting sales

literature or advertising under National Association of Securities Dealers, Inc. rules, the '40 Act or the '33 Act.

Article V. POTENTIAL CONFLICTS

5.1 The Board of Trustees of TRUST and MANAGERS TRUST (the "Boards") will monitor TRUST and MANAGERS TRUST, respectively, (collectively the "Funds"), for the existence of any material irreconcilable conflict between the interests of the Variable Contract owners of Participating Insurance Company Separate Accounts investing in the Funds. A material irreconcilable conflict may arise for a variety of reasons, including: (a) state insurance regulatory authority action; (b) a change in applicable federal or state insurance, tax, or securities laws or regulations, or a public ruling, private letter ruling, or any similar action by insurance, tax, or securities regulatory authorities; c) an administrative or judicial decision in any relevant proceeding; (d) the manner in which the investments of the Funds are being managed; (e) a difference in voting instructions given by variable annuity and variable life insurance contract owners or by contract owners of different Participating Insurance Companies; or (f) a decision by a Participating Insurance Company to disregard voting instructions of Variable Contract owners.

5.2 LIFE COMPANY will report any potential or existing conflicts to the Boards. LIFE COMPANY will be responsible for assisting each appropriate Board in carrying out its responsibilities under the Conditions set forth in the notice issued by the SEC for the Funds on April 12, 1995 (the "Notice") (Investment Company Act Release No. 21003), which LIFE COMPANY has reviewed, by providing each appropriate Board with all information reasonably necessary for it to consider any issues raised. This responsibility includes, but is not limited to, an obligation by LIFE COMPANY to inform each appropriate Board whenever Variable Contract owner voting instructions are disregarded by LIFE COMPANY. These responsibilities will be carried out with a view only to the interests of the Variable Contract owners.

5.3 If a majority of the Board of a Fund or a majority of its disinterested trustees or directors, determines that a material irreconcilable conflict exists, affecting the LIFE COMPANY, LIFE COMPANY, at its expense and to the extent reasonably practicable (as

determined by a majority of disinterested trustees or directors), will take any steps necessary to remedy or eliminate the irreconcilable material conflict, including: (a) withdrawing the assets allocable to some or all of the Separate Accounts from the Funds or any series thereof and reinvesting those assets in a different investment medium, which may include another series of TRUST or MANAGERS TRUST, or another investment company or submitting the question as to whether such segregation should be implemented to a vote of all affected Variable Contract owners and, as appropriate, segregating the assets of any appropriate group (i.e., Variable Contract owners of one or more Participating

Insurance Companies) that votes in favor of such segregation, or offering to the affected Variable Contract owners the option of making such a change; and (b) establishing a new registered management investment company or managed separate account. If a material irreconcilable conflict arises because of LIFE COMPANY's decision to disregard Variable Contract owner voting instructions, and that decision represents a minority position or would preclude a majority vote, LIFE COMPANY may be required, at the election of the relevant Fund, to withdraw its Separate Account's investment in such Fund, and no charge or penalty will be imposed as a result of such withdrawal. The responsibility to take such remedial action shall be carried out with a view only to the interests of the Variable Contract owners.

For the purposes of this Section 5.3, a majority of the disinterested members of the applicable Board shall determine whether or not any proposed action adequately remedies any irreconcilable material conflict, but in no event will the relevant Fund or N&B MANAGEMENT (or any other investment adviser of the Funds) be required to establish a new funding medium for any Variable Contract. Further, LIFE COMPANY shall not be required by this Section 5.3 to establish a new funding medium for any Variable Contract if any offer to do so has been declined by a vote of a majority of Variable Contract owners materially affected by the irreconcilable material conflict.

5.4 Any Board's determination of the existence of an irreconcilable material conflict and its implications shall be made known promptly and in writing to LIFE COMPANY.

5.5 No less than annually, LIFE COMPANY shall submit to the Boards such reports, materials or data as such Boards may reasonably request so that the Boards may fully carry out the obligations imposed upon them by these Conditions. Such reports, materials, and data shall be submitted more frequently if deemed appropriate by the applicable Boards.

Article VI. VOTING

6.1 LIFE COMPANY will provide pass-through voting privileges to all Variable Contract owners so long as the SEC continues to interpret the '40 Act as requiring pass-through voting privileges for Variable Contract owners. This condition will apply to UIT-Separate Accounts investing in TRUST and to managed separate accounts investing in MANAGERS TRUST to the extent a vote is required with respect to matters relating to MANAGERS TRUST. Accordingly, LIFE COMPANY, where applicable, will vote shares of a Fund held in its Separate Accounts in a manner consistent with voting instructions timely received from its Variable Contract owners. LIFE COMPANY will be responsible for assuring that each of its Separate Accounts that participates in any Fund calculates voting privileges in a manner consistent with

other participants as defined in the Conditions set forth in the Notice

("Participants"). The obligation to calculate voting privileges in a manner consistent with all other Separate Accounts investing in a Fund will be a contractual obligation of all Participants under the agreements governing participation in the Funds. Each Participant will vote shares for which it has not received timely voting instructions, as well as shares it owns, in the same proportion as its votes those shares for which it has received voting instructions.

6.2 If and to the extent Rule 6e-2 and Rule 6e-3(T) are amended, or Rule 6e-3 is adopted, to provide exemptive relief from any provision of the '40 Act or the rules thereunder with respect to mixed and shared funding on terms and conditions materially different from any exemptions granted in the Order, then TRUST, MANAGERS TRUST and/or the Participants, as appropriate, shall take such steps as may be necessary to comply with Rule 6e-2 and Rule 6e-3(T), as amended, and Rule 6e-3, as adopted, to the extent such Rules are applicable.

Article VII. INDEMNIFICATION

7.1 Indemnification by LIFE COMPANY. LIFE COMPANY agrees to indemnify and hold harmless TRUST, MANAGERS TRUST, N&B MANAGEMENT and each of their Trustees, directors, officers, employees and agents and each person, if any, who controls TRUST or MANAGERS TRUST or N&B MANAGEMENT within the meaning of Section 15 of the '33 Act (collectively, the "Indemnified Parties" for purposes of this Article VII) against any and all losses, claims, damages, liabilities (including amounts paid in settlement with the written consent of LIFE COMPANY, which consent shall not be unreasonably withheld) or litigation (including legal and other expenses), to which the Indemnified Parties may become subject under any statute, regulation, at common law or otherwise, insofar as such losses, claims, damages, liabilities or expenses (or actions in respect thereof) or settlements are related to the sale or acquisition of TRUST's shares or the Variable Contracts and:

- (a) arise out of or are based upon any untrue statements or alleged untrue statements of any material fact contained in the Registration Statement or prospectus for the Variable Contracts or contained in the Variable Contracts (or any amendment or supplement to any of the foregoing), or arise out of or are based upon the omission or the alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, provided that this agreement to indemnify shall not apply as to any Indemnified Party if such statement or omission or such alleged statement or omission was made in reliance upon and in conformity with information furnished to LIFE COMPANY by or on behalf of TRUST for use in the registration statement or prospectus for the Variable Contracts or in the Variable Contracts or sales literature (or any amendment or supplement) or otherwise for use in connection with the sale of the Variable Contracts or TRUST shares; or
- (b) arise out of or as a result of statements or representations

(other than statements or representations contained in the registration statement, prospectus or sales literature of TRUST not supplied by LIFE COMPANY, or persons under its control) or wrongful conduct of LIFE COMPANY or persons under its control,

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with respect to the sale or distribution of the Variable Contracts or TRUST shares; or

- (c) arise out of any untrue statement or alleged untrue statement of a material fact contained in a registration statement, prospectus, or sales literature of TRUST or any amendment thereof or supplement thereto or the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading if such statement or omission or such alleged statement or omission was made in reliance upon and in conformity with information furnished to TRUST by or on behalf of LIFE COMPANY; or
- (d) arise as a result of any failure by LIFE COMPANY to substantially provide the services and furnish the materials under the terms of this Agreement; or
- (e) arise out of or result from any material breach of any representation and/or warranty made by LIFE COMPANY in this Agreement or arise out of or result from any other material breach of this Agreement by LIFE COMPANY.

7.2 LIFE COMPANY shall not be liable under this indemnification provision with respect to any losses, claims, damages, liabilities or litigation incurred or assessed against an Indemnified Party as such may arise from such Indemnified Party's willful misfeasance, bad faith, or gross negligence in the performance of such Indemnified Party's duties or by reason of such Indemnified Party's reckless disregard of obligations or duties under this Agreement or to TRUST, whichever is applicable.

7.3 LIFE COMPANY shall not be liable under this indemnification provision with respect to any claim made against an Indemnified Party unless such Indemnified Party shall have notified LIFE COMPANY in writing within a reasonable time after the summons or other first legal process giving information of the nature of the claim shall have been served upon such Indemnified Party (or after such Indemnified Party shall have received notice of such service on any designated agent), but failure to notify LIFE COMPANY of any such claim shall not relieve LIFE COMPANY from any liability which it may have to the Indemnified Party against whom such action is brought otherwise than on account of this indemnification provision. In case any such action is brought against an Indemnified Party, LIFE COMPANY shall be entitled to participate at

its own expense in the defense of such action. LIFE COMPANY also shall be entitled to assume the defense thereof, with counsel satisfactory to the party named in the action. After notice from LIFE COMPANY to such party of LIFE COMPANY's election to assume the defense thereof, the Indemnified Party shall bear the fees and expenses of any additional counsel retained by it, and LIFE COMPANY will not be liable to such party under this Agreement for any legal or other expenses subsequently incurred by such party independently in connection with the defense thereof other than reasonable costs of investigation.

7.4 Indemnification by N&B MANAGEMENT. N&B MANAGEMENT agrees to indemnify and hold harmless LIFE COMPANY and each of its directors, officers, employees, and agents and each person, if any, who controls LIFE COMPANY within the meaning of Section 15 of the '33 Act (collectively, the "Indemnified Parties" for the purposes of this

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Article VII) against any and all losses, claims, damages, liabilities (including amounts paid in settlement with the written consent of N&B MANAGEMENT which consent shall not be unreasonably withheld) or litigation (including legal and other expenses) to which the Indemnified Parties may become subject under any statute, or regulation, at common law or otherwise, insofar as such losses, claims, damages, liabilities or expenses (or actions in respect thereof) or settlements are related to the sale or acquisition of TRUST's shares or the Variable Contracts and:

- (a) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in the registration statement or prospectus or sales literature of TRUST (or any amendment or supplement to any of the foregoing), or arise out of or are based upon the omission or the alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, provided that this agreement to indemnify shall not apply as to any Indemnified Party if such statement or omission or such alleged statement or omission was made in reliance upon and in conformity with information furnished to N&B MANAGEMENT or TRUST by or on behalf of LIFE COMPANY for use in the registration statement or prospectus for TRUST or in sales literature (or any amendment or supplement) or otherwise for use in connection with the sale of the Variable contracts or TRUST shares; or
- (b) arise out of or as a result of statements or representations (other than statements or representations contained in the registration statement, prospectus or sales literature for the Variable Contracts not supplied by N&B MANAGEMENT or persons under its control) or wrongful conduct of TRUST or N&B MANAGEMENT or persons under their control, with respect to the

sale or distribution of the Variable Contracts or TRUST shares;
or

- (c) arise out of any untrue statement or alleged untrue statement of a material fact contained in a registration statement, prospectus, or sales literature covering the Variable Contracts, or any amendment thereof or supplement thereto or the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, if such statement or omission or such alleged statement or omission was made in reliance upon and in conformity with information furnished to LIFE COMPANY for inclusion therein by or on behalf of TRUST; or
- (d) arise as a result of (i) a failure by TRUST to substantially provide the services and furnish the materials under the terms of this Agreement; or (ii) a failure by a Portfolio(s) invested in by the Separate Account to comply with the diversification requirements of Section 817(h) of the Code; or (iii) a failure by a Portfolio(s) invested in by the Separate Account to qualify as a "regulated investment company" under Subchapter M of the Code; or
- (e) arise out of or result from any material breach of any representation and/or warranty made by N&B MANAGEMENT in this Agreement or arise out of or

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result from any other material breach of this Agreement by N&B MANAGEMENT.

7.5 N&B MANAGEMENT shall not be liable under this indemnification provision with respect to any losses, claims, damages, liabilities or litigation to which an Indemnified Party would otherwise be subject by reason of such Indemnified Party's willful misfeasance, bad faith, or gross negligence in the performance of such Indemnified Party's duties or by reason of such Indemnified Party's reckless disregard of obligations and duties under this Agreement or to LIFE COMPANY.

7.6 N&B MANAGEMENT shall not be liable under this indemnification provision with respect to any claim made against an Indemnified Party unless such Indemnified Party shall have notified N&B MANAGEMENT in writing within a reasonable time after the summons or other first legal process giving information of the nature of the claim shall have been served upon such Indemnified Party (or after such Indemnified Party shall have received notice of such service on any designated agent), but failure to notify N&B MANAGEMENT of any such claim shall not relieve N&B MANAGEMENT from any liability which it may have to the Indemnified Party against whom such action is brought otherwise than

on account of this indemnification provision. In case any such action is brought against the Indemnified Parties, N&B MANAGEMENT shall be entitled to participate at its own expense in the defense thereof. N&B MANAGEMENT also shall be entitled to assume the defense thereof, with counsel satisfactory to the party named in the action. After notice from N&B MANAGEMENT to such party of N&B MANAGEMENT'S election to assume the defense thereof, the Indemnified Party shall bear the fees and expenses of any additional counsel retained by it, and N&B MANAGEMENT will not be liable to such party under this Agreement for any legal or other expenses subsequently incurred by such party independently in connection with the defense thereof other than reasonable costs of investigation.

Article VIII. TERM: TERMINATION

8.1 This Agreement shall be effective as of the date hereof and shall continue in force until terminated in accordance with the provisions herein.

8.2 This Agreement shall terminate in accordance with the following provisions:

- (a) At the option of LIFE COMPANY or TRUST at any time from the date hereof upon 180 days' notice, unless a shorter time is agreed to by the parties;
- (b) At the option of LIFE COMPANY, if TRUST shares are not reasonably available to meet the requirements of the Variable Contracts as determined by LIFE COMPANY. Prompt notice of election to terminate shall be furnished by LIFE COMPANY, said termination to be effective ten days after receipt of notice unless TRUST makes available a sufficient number of shares to reasonably meet the requirements of the Variable Contracts within said ten-day period;
- (c) At the option of LIFE COMPANY, upon the institution of formal proceedings

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against TRUST by the SEC, or any other regulatory body, the expected or anticipated ruling, judgment or outcome of which would, in LIFE COMPANY'S reasonable judgment, materially impair TRUST'S ability to meet and perform TRUSTS obligations and duties hereunder. Prompt notice of election to terminate shall be furnished by LIFE COMPANY with said termination to be effective upon receipt of notice;

- (d) At the option of TRUST, upon the institution of formal proceedings against LIFE COMPANY by the SEC, the National Association of Securities Dealers, Inc., or any other regulatory body, the expected or anticipated ruling, judgment or outcome of

which would, in TRUST's reasonable judgment, materially impair LIFE COMPANY's ability to meet and perform its obligations and duties hereunder. Prompt notice of election to terminate shall be furnished by TRUST with said termination to be effective upon receipt of notice;

- (e) In the event TRUST's shares are not registered, issued or sold in accordance with applicable state or federal law, or such law precludes the use of such shares as the underlying investment medium of Variable Contracts issued or to be issued by LIFE COMPANY. Termination shall be effective upon such occurrence without notice;
- (f) At the option of TRUST if the Variable Contracts cease to qualify as annuity contracts or life insurance contracts, as applicable, under the Code, or if TRUST reasonably believes that the Variable Contracts may fail to so qualify. Termination shall be effective upon receipt of notice by LIFE COMPANY;
- (g) At the option of LIFE COMPANY, upon TRUST's breach of any material provision of this Agreement, which breach has not been cured to the satisfaction of LIFE COMPANY within ten days after written notice of such breach is delivered to TRUST;
- (h) At the option of TRUST, upon LIFE COMPANY's breach of any material provision of this Agreement, which breach has not been cured to the satisfaction of TRUST within ten days after written notice of such breach is delivered to LIFE COMPANY;
- (i) At the option of TRUST, if the Variable Contracts are not registered, issued or sold in accordance with applicable federal and/or state law. Termination shall be effective immediately upon such occurrence without notice;
- (j) In the event this Agreement is assigned without the prior written consent of LIFE COMPANY, TRUST, MANAGERS TRUST and N&B MANAGEMENT, termination shall be effective immediately upon such occurrence without notice.

8.3 Notwithstanding any termination of this Agreement pursuant to Section 8.2 hereof, LIFE COMPANY at its option may continue to purchase additional TRUST shares, as provided

below, pursuant to the terms and conditions of this Agreement, for all Variable Contracts in effect on the effective date of termination of this Agreement (hereinafter referred to as "Existing Contracts"). Under such circumstances, only the owners of the Existing Contracts or LIFE COMPANY, whichever shall have

legal authority to do so, shall be permitted to reallocate investments in TRUST, redeem investments in TRUST and/or invest in TRUST upon the payment of additional premiums under the Existing Contracts. Furthermore, the provisions of this Agreement shall remain in effect and thereafter either the TRUST or LIFE COMPANY may terminate the Agreement, as so continued pursuant to this Section 8.3, upon prior written notice to the other party, such notice to be for a period that is reasonable under the circumstances but, if given by the TRUST, shall not be effective prior to the LIFE COMPANY obtaining any necessary approval from the SEC and/or state insurance authorities to make substitutions for the shares held by the Separate Accounts. In such event, LIFE COMPANY shall make a reasonable good faith effort to obtain in a reasonable period of time such necessary approvals.

8.4 Except as necessary to implement Variable Contract owner initiated transactions, or as required by state insurance laws or regulations, LIFE COMPANY shall not redeem the shares attributable to the Variable Contracts (as opposed to the shares attributable to LIFE COMPANY's assets held in the Separate Accounts), and LIFE COMPANY shall not prevent Variable Contract owners from allocating payments to a Portfolio that was otherwise available under the Variable Contracts, until thirty (30) days after the LIFE COMPANY shall have notified TRUST of its intention to do so.

Article IX. NOTICES

Any notice hereunder shall be given by registered or certified mail return receipt requested to the other party at the address of such party set forth below or at such other address as such party may from time to time specify in writing to the other party.

If to TRUST, MANAGERS TRUST or N&B MANAGEMENT:

Neuberger & Berman Management Incorporated
605 Third Avenue
New York, NY 10158-0006
Attention: Ellen Metzger, General Counsel

If to LIFE COMPANY:

American International Life Assurance Company of New York
One ALICO Plaza
Wilmington, DE 19810
Attention: Variable Products

Notice shall be deemed given on the date of receipt by the addressee as evidenced by the return receipt.

Article X. MISCELLANEOUS

10.1 The captions in this Agreement are included for convenience of reference only and in no way define or delineate any of the provisions hereof or otherwise affect their construction or effect.

10.2 This Agreement may be executed simultaneously in two or more counterparts, each of which taken together shall constitute one and the same instrument.

10.3 If any provision of this Agreement shall be held or made invalid by a court decision, statute, rule or otherwise, the remainder of the Agreement shall not be affected thereby.

10.4 This Agreement shall be construed and the provisions hereof interpreted under and in accordance with the laws of the State of New York. It shall also be subject to the provisions of the federal securities laws and the rules and regulations thereunder and to any orders of the SEC granting exemptive relief therefrom and the conditions of such orders.

10.5 The parties agree that the assets and liabilities of each Series are separate and distinct from the assets and liabilities of each other Series. No Series shall be liable or shall be charged for any debt, obligation or liability of any other Series. No Trustee, officer or agent shall be personally liable for such debt, obligation or liability of any Series or Portfolio and no Portfolio or other investor, other than the Portfolio or other investors investing in the Series which incurs a debt, obligation or liability, shall be liable therefor.

10.6 Each party shall cooperate with each other party and all appropriate governmental authorities (including without limitation the SEC, the National Association of Securities Dealers, Inc. and state insurance regulators) and shall permit such authorities reasonable access to its books and records in connection with any investigation or inquiry relating to this Agreement or the transactions contemplated hereby.

10.7 The rights, remedies and obligations contained in this Agreement are cumulative and are in addition to any and all rights, remedies and obligations, at law or in equity, which the parties hereto are entitled to under state and federal laws.

10.8 No provision of this Agreement may be amended or modified in any manner except by a written agreement properly authorized and executed by TRUST, MANAGERS TRUST, N&B MANAGEMENT and the LIFE COMPANY.

IN WITNESS WHEREOF, the parties have caused their duly authorized officers to execute this Fund Participation Agreement as of the date and year first above written.

NEUBERGER & BERMAN
ADVISERS MANAGEMENT TRUST

By: _____
Name:
Title:

ADVISERS MANAGERS TRUST

By: _____
Name:
Title:

NEUBERGER & BERMAN
MANAGEMENT INCORPORATED

By: _____
Name:
Title:

AMERICAN INTERNATIONAL LIFE
ASSURANCE COMPANY OF NEW YORK

By: _____
Name:
Title:

Appendix A

Neuberger & Berman Advisers
Management Trust and
is Series (Portfolios)

Corresponding Series Of
Advisers Managers Trust (Series)

Balanced Portfolio
Government Income Portfolio
Growth Portfolio
Limited Maturity Bond Portfolio
Liquid Asset Portfolio
Partners Portfolio

AMT Balanced Investments
AMT Government Income Investments
AMT Growth Investments
AMT Limited Maturity Bond Investments
AMT Liquid Asset Investments
AMT Partners Investments

Appendix B

Separate Accounts

Separate Account B

Selected Portfolios

Balanced Portfolio

Government Income Portfolio

Growth Portfolio

Limited Maturity Bond Portfolio

Liquid Asset Portfolio

Partners Portfolio

AMENDMENT TO THE
FUND PARTICIPATION AGREEMENT

This Amendment, dated as of _____, between American International Life Assurance Company of New York, a life insurance company organized under the laws of the State of New York (the "Company"), Neuberger Berman Advisers Management Trust, A Delaware business trust ("Trust"), and Neuberger Berman Management Inc., a New York corporation ("NBMI"), is made to the Fund Participation Agreement, dated as of May 1, 1998, as amended, among Company, Trust, Advisers Managers Trust ("Managers Trust") and NBMI (the "Agreement"). Terms defined in the Agreement are used herein as therein defined.

WHEREAS, effective May 1, 2000, Trust and Managers Trust completed a transaction to eliminate its master-feeder structure, in which Trust received the portfolio securities held by Managers Trust in redemption of the interests of Managers Trust held by the Trust (this transaction is referred to as the "In-Kind Redemption"); and

WHEREAS, prior to the In-Kind Redemption, the Trust, through the Portfolios, invested all of its net investable assets in corresponding series of Managers Trust in a "master-feeder" structure; and

WHEREAS, upon completion of the In-Kind Redemption, the Trust held and invested directly in its own portfolio of securities and Managers Trust ceased investment operations and was dissolved; and

WHEREAS, the parties wish to amend the Agreement to reflect the In-Kind Redemption and the elimination of the master-feeder structure; and

WHEREAS, the parties desire to amend Schedules A and B to the Agreement to add new Portfolios and Separate Accounts.

NOW, THEREFORE, in consideration of the promises and mutual covenants hereinafter contained, the parties agree as follows:

1. Company hereby consents to the In-Kind Redemption.
2. Effective on May 1, 2000, the Trust assumed all of the rights, obligations, and liabilities of Managers Trust under the Agreement.
3. Schedules A and B of the Agreement are hereby deleted and replaced with new Schedules A and B attached hereto.
4. Except as modified hereby, all other terms and conditions of the Agreement shall remain in full force and effect.

5. This Amendment, may be executed in two or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same Amendment.

NEUBERGER BERMAN
ADVISERS MANAGEMENT TRUST

NEUBERGER BERMAN
MANAGEMENT INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

AMERICAN INTERNATIONAL LIFE
ASSURANCE COMPANY OF NEW YORK

By: _____
Name:
Title:

SCHEDULE A

Neuberger Berman Advisors Management Trusts Portfolios

AMT Partners

AMT Limited Maturity Bond

SCHEDULE B

Separate Accounts

Separate Account B

ADDENDUM NO. 32

TO

SERVICE AND EXPENSE AGREEMENT

among

AMERICAN HOME ASSURANCE COMPANY
AMERICAN INTERNATIONAL LIFE ASSURANCE COMPANY OF NEW YORK
AIG RISK MANAGEMENT, INC.
BIRMINGHAM FIRE INSURANCE COMPANY OF PENNSYLVANIA
COMMERCE AND INDUSTRY INSURANCE COMPANY
DELAWARE AMERICAN LIFE INSURANCE COMPANY
AIG LIFE INSURANCE COMPANY
NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA.
THE INSURANCE COMPANY OF THE STATE OF PENNSYLVANIA
PACIFIC UNION ASSURANCE COMPANY
AIU NORTH AMERICA, INC.
AIU INSURANCE COMPANY
AMERICAN INTERNATIONAL INSURANCE COMPANY
AMERICAN INTERNATIONAL INSURANCE COMPANY OF CALIFORNIA, INC.
AIG HAWAII INSURANCE COMPANY INC.
AMERICAN INTERNATIONAL SPECIALTY LINES INSURANCE COMPANY
AMERICAN INTERNATIONAL SURPLUS LINES AGENCY, INC.
NORTH AMERICAN MANAGERS, INC.
AMERICAN LIFE INSURANCE COMPANY
AIG NATIONAL INSURANCE COMPANY, INC.
AIG CLAIM SERVICES, INC.
AIG GLOBAL TRADE & POLITICAL RISK INSURANCE COMPANY
AMERICAN INTERNATIONAL INSURANCE COMPANY OF NEW JERSEY
AIG EQUITY SALES CORP.
AMERICAN PACIFIC INSURANCE COMPANY, INC.
A.I. CREDIT CORP.
LEXINGTON INSURANCE COMPANY
LANDMARK INSURANCE COMPANY
NEW HAMPSHIRE INDEMNITY COMPANY, INC.
AIG ANNUITY INSURANCE COMPANY,
THE VARIABLE ANNUITY LIFE INSURANCE COMPANY
FIRST SUNAMERICA LIFE INSURANCE COMPANY
AMERICAN INTERNATIONAL INSURANCE COMPANY OF DELAWARE
MINNESOTA INSURANCE COMPANY
STARR EXCESS LIABILITY INSURANCE COMPANY, LTD.
AMERICAN GENERAL ASSURANCE COMPANY
AMERICAN GENERAL LIFE INSURANCE COMPANY
AMERICAN GENERAL LIFE AND ACCIDENT INSURANCE COMPANY
AMERICAN GENERAL PROPERTY INSURANCE COMPANY
MERIT LIFE INSURANCE CO.

USLIFE CREDIT LIFE INSURANCE COMPANY OF ARIZONA
YOSEMITE INSURANCE COMPANY
SUNAMERICA FINANCIAL, A DIVISION OF SUNAMERICA LIFE INSURANCE COMPANY
AIG SUNAMERICA LIFE ASSURANCE COMPANY

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2929 ALLEN PARKWAY VENTURE, L.P.
AIG FIXED ANNUITY MARKETING GROUP, INC.
AMERICAN ATHLETIC CLUB, INC.
AMERICAN GENERAL ANNUITY SERVICE CORPORATION
AMERICAN GENERAL ASSIGNMENT CORPORATION
AMERICAN GENERAL ASSIGNMENT CORPORATION OF NEW YORK
AMERICAN GENERAL BANCASSURANCE SERVICES, INC.
AMERICAN GENERAL CORPORATION
AMERICAN GENERAL DISTRIBUTORS, INC.
AMERICAN GENERAL FINANCE CORPORATION
AMERICAN GENERAL FINANCE, INC.
AMERICAN GENERAL FINANCIAL SERVICES, INC.
AMERICAN GENERAL GATEWAY SERVICES, LLC
AMERICAN GENERAL INTERNATIONAL INVESTMENTS, INC.
AMERICAN GENERAL LIFE COMPANIES, LLC
AMERICAN GENERAL REALTY INVESTMENT CORPORATION
KNICKERBOCKER CORPORATION
PAVILIONS CORPORATION
VALIC FINANCIAL ADVISORS, INC.
VALIC RETIREMENT SERVICES COMPANY
VALIC TRUST COMPANY
AIG GLOBAL REAL ESTATE INVESTMENT CORP.
AIG RETIREMENT SERVICES, INC. (FORMERLY AIG SUNAMERICA INC.)
AMERICAN GENERAL INDEMNITY COMPANY
AMERICAN GENERAL INVESTMENT ADVISORY SERVICES, INC.
AMERICAN GENERAL PROPERTY INSURANCE COMPANY OF FLORIDA
AIG SUNAMERICA ASSET MANAGEMENT CORP. (FORMERLY SUNAMERICA ASSET
MANAGEMENT CORP.)
SUNAMERICA INVESTMENTS, INC.
SUNAMERICA LIFE INSURANCE COMPANY
AUDUBON INDEMNITY COMPANY
AUDUBON INSURANCE COMPANY
NATIONAL UNION FIRE INSURANCE COMPANY OF LOUISIANA
AGC LIFE INSURANCE COMPANY
THE HARTFORD STEAM BOILER INSPECTION AND INSURANCE COMPANY
and
AMERICAN INTERNATIONAL GROUP, INC.

The Service and Expense Agreement originally incepted February 1, 1974 and to which the entities named above are parties (the "Agreement") is hereby amended effective May 1, 2004, in the following respects:

1. The title of the Agreement is hereby amended to read in its entirety as follows:

SERVICE AND EXPENSE AGREEMENT
among
AMERICAN HOME ASSURANCE COMPANY
AMERICAN INTERNATIONAL LIFE ASSURANCE COMPANY OF NEW YORK
AIG RISK MANAGEMENT, INC.
BIRMINGHAM FIRE INSURANCE COMPANY OF PENNSYLVANIA
COMMERCE AND INDUSTRY INSURANCE COMPANY
DELAWARE AMERICAN LIFE INSURANCE COMPANY
AIG LIFE INSURANCE COMPANY
NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA.

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THE INSURANCE COMPANY OF THE STATE OF PENNSYLVANIA
PACIFIC UNION ASSURANCE COMPANY
AIU NORTH AMERICA, INC.
AIU INSURANCE COMPANY
AMERICAN INTERNATIONAL INSURANCE COMPANY
AMERICAN INTERNATIONAL INSURANCE COMPANY OF CALIFORNIA, INC.
AIG HAWAII INSURANCE COMPANY INC.
AMERICAN INTERNATIONAL SPECIALTY LINES INSURANCE COMPANY
AMERICAN INTERNATIONAL SURPLUS LINES AGENCY, INC.
NORTH AMERICAN MANAGERS, INC.
AMERICAN LIFE INSURANCE COMPANY
AIG NATIONAL INSURANCE COMPANY, INC.
AIG CLAIM SERVICES, INC.
AIG GLOBAL TRADE & POLITICAL RISK INSURANCE COMPANY
AMERICAN INTERNATIONAL INSURANCE COMPANY OF NEW JERSEY
AIG EQUITY SALES CORP.
AMERICAN PACIFIC INSURANCE COMPANY, INC.
A. I. CREDIT CORP.
LEXINGTON INSURANCE COMPANY
LANDMARK INSURANCE COMPANY
NEW HAMPSHIRE INDEMNITY COMPANY, INC.
AIG ANNUITY INSURANCE COMPANY,
THE VARIABLE ANNUITY LIFE INSURANCE COMPANY
FIRST SUNAMERICA LIFE INSURANCE COMPANY
AMERICAN INTERNATIONAL INSURANCE COMPANY OF DELAWARE
MINNESOTA INSURANCE COMPANY
STARR EXCESS LIABILITY INSURANCE COMPANY, LTD.
AMERICAN GENERAL ASSURANCE COMPANY
AMERICAN GENERAL LIFE INSURANCE COMPANY
AMERICAN GENERAL LIFE AND ACCIDENT INSURANCE COMPANY
AMERICAN GENERAL PROPERTY INSURANCE COMPANY
MERIT LIFE INSURANCE CO.
USLIFE CREDIT LIFE INSURANCE COMPANY OF ARIZONA

YOSEMITE INSURANCE COMPANY
SUNAMERICA FINANCIAL, A DIVISION OF SUNAMERICA LIFE INSURANCE COMPANY
AIG SUNAMERICA LIFE ASSURANCE COMPANY
2929 ALLEN PARKWAY VENTURE, L.P.
AIG FIXED ANNUITY MARKETING GROUP, INC.
AMERICAN ATHLETIC CLUB, INC.
AMERICAN GENERAL ANNUITY SERVICE CORPORATION
AMERICAN GENERAL ASSIGNMENT CORPORATION
AMERICAN GENERAL ASSIGNMENT CORPORATION OF NEW YORK
AMERICAN GENERAL BANCASSURANCE SERVICES, INC.
AMERICAN GENERAL CORPORATION
AMERICAN GENERAL DISTRIBUTORS, INC.
AMERICAN GENERAL FINANCE CORPORATION
AMERICAN GENERAL FINANCE, INC.
AMERICAN GENERAL FINANCIAL SERVICES, INC.
AMERICAN GENERAL GATEWAY SERVICES, LLC
AMERICAN GENERAL INTERNATIONAL INVESTMENTS, INC.
AMERICAN GENERAL LIFE COMPANIES, LLC
AMERICAN GENERAL REALTY INVESTMENT CORPORATION
KNICKERBOCKER CORPORATION
PAVILIONS CORPORATION
VALIC FINANCIAL ADVISORS, INC.
VALIC RETIREMENT SERVICES COMPANY

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VALIC TRUST COMPANY
AIG GLOBAL REAL ESTATE INVESTMENT CORP.
AIG RETIREMENT SERVICES, INC. (FORMERLY AIG SUNAMERICA INC.)
AMERICAN GENERAL INDEMNITY COMPANY
AMERICAN GENERAL INVESTMENT ADVISORY SERVICES, INC.
AMERICAN GENERAL PROPERTY INSURANCE COMPANY OF FLORIDA
AIG SUNAMERICA ASSET MANAGEMENT CORP. (FORMERLY SUNAMERICA ASSET
MANAGEMENT CORP.)
SUNAMERICA INVESTMENTS, INC.
SUNAMERICA LIFE INSURANCE COMPANY
AUDUBON INDEMNITY COMPANY
AUDUBON INSURANCE COMPANY
NATIONAL UNION FIRE INSURANCE COMPANY OF LOUISIANA
AGC LIFE INSURANCE COMPANY
THE HARTFORD STEAM BOILER INSPECTION AND INSURANCE COMPANY
AIG SYSTEMS SOLUTIONS PRIVATE LIMITED
AMERICAN GENERAL SECURITIES INCORPORATED
AMERICAN GENERAL EQUITY SERVICES CORPORATION
AIG CENTENNIAL INSURANCE COMPANY
AIG INDEMNITY INSURANCE COMPANY
AIG PREFERRED INSURANCE COMPANY
AIG PREMIER INSURANCE COMPANY
BAYSIDE CASUALTY INSURANCE COMPANY

COMPANY

By: /s/

AIU NORTH AMERICA, INC.

By: /s/

AIU INSURANCE COMPANY

By: /s/

AMERICAN INTERNATIONAL
INSURANCE COMPANY

By: /s/

AMERICAN INTERNATIONAL INSURANCE
COMPANY OF CALIFORNIA, INC.

By: /s/

AIG HAWAII INSURANCE COMPANY INC.

By: /s/

AMERICAN INTERNATIONAL SPECIALTY
LINES INSURANCE COMPANY

By: /s/

AMERICAN INTERNATIONAL SURPLUS
LINES AGENCY, INC.

By: /s/

NORTH AMERICAN MANAGERS, INC.

By: /s/

AMERICAN LIFE INSURANCE COMPANY

By: /s/

AIG NATIONAL INSURANCE COMPANY, INC.

By: /s/

AIG CLAIM SERVICES, INC.

By: /s/

AIG GLOBAL TRADE & POLITICAL
RISK INSURANCE COMPANY

By: /s/

AMERICAN INTERNATIONAL INSURANCE
COMPANY OF NEW JERSEY

By: /s/

AIG EQUITY SALES CORP.

By: /s/

AMERICAN PACIFIC INSURANCE
COMPANY, INC.

By: /s/

A.I. CREDIT CORP.

By: /s/

LEXINGTON INSURANCE COMPANY

By: /s/

LANDMARK INSURANCE COMPANY

By: /s/

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NEW HAMPSHIRE INDEMNITY COMPANY, INC.

By: /s/

AIG ANNUITY INSURANCE COMPANY

By: /s/

THE VARIABLE ANNUITY LIFE
INSURANCE COMPANY

By: /s/

FIRST SUNAMERICA LIFE
INSURANCE COMPANY

By: /s/

AMERICAN INTERNATIONAL INSURANCE
COMPANY OF DELAWARE

By: /s/

MINNESOTA INSURANCE COMPANY

By: /s/

STARR EXCESS LIABILITY INSURANCE
COMPANY, LTD.

By: /s/

AMERICAN GENERAL ASSURANCE
COMPANY

By: /s/

AMERICAN GENERAL LIFE
INSURANCE COMPANY

By: /s/

AMERICAN GENERAL LIFE AND

ACCIDENT INSURANCE COMPANY

By: /s/

AMERICAN GENERAL PROPERTY
INSURANCE COMPANY

By: /s/

MERIT LIFE INSURANCE CO.

By: /s/

USLIFE CREDIT LIFE INSURANCE
COMPANY OF ARIZONA

By: /s/

YOSEMITE INSURANCE COMPANY

By: /s/

SUNAMERICA FINANCIAL, A DIVISION OF
SUNAMERICA LIFE INSURANCE COMPANY

By: /s/

AIG SUNAMERICA LIFE ASSURANCE
COMPANY

By: /s/

2929 ALLEN PARKWAY VENTURE, L.P.

By: /s/

AIG FIXED ANNUITY MARKETING
GROUP, INC.

By: /s/

AMERICAN ATHLETIC CLUB, INC.

By: /s/

AMERICAN GENERAL ANNUITY
SERVICE CORPORATION

By: /s/

AMERICAN GENERAL
ASSIGNMENT CORPORATION

By: /s/

AMERICAN GENERAL ASSIGNMENT
CORPORATION OF NEW YORK

By: /s/

AMERICAN GENERAL
BANCASSURANCE SERVICES, INC.

By: /s/

AMERICAN GENERAL CORPORATION

By: /s/

AMERICAN GENERAL DISTRIBUTORS, INC.

By: /s/

AMERICAN GENERAL FINANCE CORPORATION

By: /s/

AMERICAN GENERAL FINANCE, INC.

By: /s/

AMERICAN GENERAL FINANCIAL
SERVICES, INC.

By: /s/

AMERICAN GENERAL
GATEWAY SERVICES, L.L.C.

By: /s/

AMERICAN GENERAL
INTERNATIONAL INVESTMENTS, INC.

By: /s/

AMERICAN GENERAL LIFE COMPANIES, LLC

By: /s/

AMERICAN GENERAL
REALTY INVESTMENT CORPORATION

By: /s/

KNICKERBOCKER CORPORATION

By: /s/

PAVILIONS CORPORATION

By: /s/

VALIC FINANCIAL ADVISORS, INC.

By: /s/

VALIC RETIREMENT SERVICES COMPANY

By: /s/

VALIC TRUST COMPANY

By: /s/

AIG GLOBAL REAL ESTATE

INVESTMENT CORP.

By: /s/

AIG RETIREMENT SERVICES, INC.

By: /s/

AMERICAN GENERAL INDEMNITY COMPANY

By: /s/

AMERICAN GENERAL INVESTMENT
ADVISORY SERVICES, INC.

By: /s/

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AMERICAN GENERAL PROPERTY
INSURANCE COMPANY OF FLORIDA

By: /s/

AIG SUNAMERICA ASSET MANAGEMENT CORP.

By: /s/

SUNAMERICA INVESTMENTS, INC.

By: /s/

SUNAMERICA LIFE INSURANCE COMPANY

By: /s/

AUDUBON INDEMNITY COMPANY

By: /s/

AUDUBON INSURANCE COMPANY

By: /s/

NATIONAL UNION FIRE INSURANCE
COMPANY OF LOUISIANA

By: /s/

AGC LIFE INSURANCE COMPANY

By: /s/

THE HARTFORD STEAM BOILER
INSPECTION AND INSURANCE COMPANY

By: /s/

AIG SYSTEMS SOLUTIONS PRIVATE LIMITED

By: /s/

AMERICAN GENERAL SECURITIES

INCORPORATED

By: /s/

AMERICAN GENERAL EQUITY
SERVICES CORPORATION

By: /s/

AIG CENTENNIAL INSURANCE COMPANY

By: /s/

AIG INDEMNITY INSURANCE COMPANY

By: /s/

AIG PREFERRED INSURANCE COMPANY

By: /s/

AIG PREMIER INSURANCE COMPANY

By: /s/

BAYSIDE CASUALTY INSURANCE COMPANY

By: /s/

AMERICAN INTERNATIONAL GROUP, INC.

By: /s/

By: /s/

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the use in this Post-Effective Amendment No. 10 to the Registration Statement on Form N-6 (Registration Nos. 333-48457 and 811-04865-01) of our report dated April 29, 2005 relating to the financial statements and financial highlights of Variable Account B of American International Life Assurance Company of New York and our report dated April 29, 2005 relating to the financial statements of American International Life Assurance Company of New York, which appear in such Registration Statement. We also consent to the references to us under the heading "Financial Statements" in such Registration Statement.

PRICEWATERHOUSECOOPERS LLP

Houston, Texas

April 29, 2005

Description of American International Life Assurance Company of New York's
Issuance, Transfer and Redemption Procedures
for Variable Universal Life Insurance Policies
Pursuant to Rule 6e-3(T) (b) (12) (iii)
under the Investment Company Act of 1940
Prepared as of May 2, 2005

This document sets forth, as required by Rule 6e-3(T) (b) (12) (iii), the administrative procedures that will be followed by American International Life Assurance Company of New York "AI Life" in connection with the issuance of the flexible premium variable universal life insurance policy ("the Policy") described in this Registration Statement, the transfer of assets held thereunder, and the redemption by Policy Owners of their interests in the Policies.

I. "PUBLIC OFFERING PRICE": PURCHASE AND RELATED TRANSACTIONS

Set out below is a summary of the principal Policy provisions and administrative procedures which might be deemed to constitute, either directly or indirectly, a "purchase" transaction. The summary shows that, because of the insurance nature of the Policies, the procedures involved necessarily differ in certain significant respects from the purchase procedures for mutual funds and contractual plans.

a. PREMIUM SCHEDULES AND UNDERWRITING STANDARDS

A premium payment schedule (Planned Periodic Premium) may be selected at the time of application and may be changed at any time. The planned periodic premium is set forth in the Policy. There is no penalty if the planned periodic premium is not paid, nor does payment of this amount guarantee coverage for any period of time. Even if scheduled premiums are paid, the Policy terminates when the Net Cash Surrender Value becomes insufficient to pay certain monthly charges and a Grace Period expires without sufficient payment.

A Policy Owner may make additional premium payments at any time before the death of the Insured prior to the Policy Anniversary following the Insured attained age 99. The minimum premium payment is \$50.00. We may require satisfactory evidence of insurability before accepting any premium which results in an increase in the net amount at risk. In addition, total premiums paid in a Policy year may not exceed guideline premium limitations for life insurance set forth in the Internal Revenue Code.

The Policies will be offered and sold pursuant to established underwriting standards and in accordance with state insurance laws. State insurance laws prohibit unfair discrimination among Insureds but recognize the mortality charges must be based upon factors such as age, sex, health and smoker status and occupation.

b. APPLICATION AND INITIAL PREMIUM PROCEDURES

Individuals wishing to purchase a Policy must complete an Application. The Policy is available as a Qualified Policy or a Non-qualified Policy. The minimum Face Amount of a

Policy is \$50,000.00. The Insured may not be older than attained age 70 as of the Policy Date or the date of any increase in Face Amount. Before issuing any Policy AI Life will require satisfactory evidence of insurability.

The Policy Owner selects a premium payment schedule in the Application. The amount of the planned periodic premium is shown on the Policy Information Section. There is no penalty if the planned periodic premium is not paid, nor does payment of this amount guarantee coverage for any period of time. While the Insured is living, the owner may make unscheduled premium payments at any time prior to the Policy Anniversary following the Insured attained age 99.

The initial Net Premium will be credited to the Policy as of the Policy Date. Subsequent Planned Periodic Premiums and accepted unplanned premiums will be credited to the Policy and the Net Premiums will be invested as of the date the Premium or notification of deposit is received at Our Administrative Center. However, any Net Premiums requiring underwriting will be allocated to the Money Market Subaccount until underwriting has been completed. When accepted or at the end of the Free Look Period, the Policy Account Value in the Money Market Subaccount attributable to the resulting Net Premiums will be credited to the Policy and allocated in accordance with the specified allocation percentages. If additional Premium is rejected, AI Life will refund the excess amount.

c. FREE LOOK PROVISION

A Policy may be canceled within 10 days (or longer if required by state law) after the Policy Owner receives it by returning it to AI Life or the registered representative through whom it was purchased. Premiums will be allocated to the Money Market Fund until 10 days after the Issue Date or the end of the Free Look Period. The Policy Owner will then receive from AI Life the greater of the Policy's Net Cash Value as of the date the Policy is returned or premiums paid; less loans and Partial Surrenders. The Policy Owner may cancel increases in the Face Amount under the same time limitations. For canceled increases in the Face Amount, the refund equals the amount of premiums allocated to the increase in accordance with the surrender charge provision, less any portion of such amount previously paid to the Policy Owner.

d. REPAYMENT OF POLICY LOAN

Unless AI Life sets a lower rate for any period, the effective annual loan interest rate is 8%, which is payable in arrears. Loan interest for the Policy Year in which a loan is taken will be due on the next Policy Anniversary. Loan interest accrues each day and is payable on the Policy Anniversary, on the

date of death, surrender or lapse. Loan interest not paid in cash as of the Policy Anniversary, or prior to the expiration of the Grace Period will be charged as a new loan and amounts may need to be transferred to the Guaranteed Account to cover the increased loan amount.

If the loan interest rate is lower than 8% per year, any subsequent increase in the interest rate will be subject to the following conditions:

1. The effective date of any increase in the interest rate shall not be earlier than one year after the effective date of the establishment of the previous rate.
2. The amount by which the interest rate may be increased will not exceed one percent per year, but the rate of interest shall in no event ever exceed 8%.
3. AI Life will give notice of the interest rate in effect when a loan is made and when sending notice of loan interest due.
4. If a loan is outstanding 40 days or more before the effective date of an increase in the interest rate, AI Life will notify the Policy Owner of the increase at least 30 days prior to the effective date of the increase.
5. AI Life will give notice of any increase in the interest rate when a loan is made during the 40 days before the effective date of the increase.

All or part of an unpaid loan can be repaid before the Insured's death or before the Policy is surrendered. Loan repayments are allocated to the Subaccounts or the Guaranteed Account in accordance with premium allocations in effect at the time of the loan repayment. If a loan is outstanding when the insurance or surrender proceeds become payable, AI Life will deduct the amount of any outstanding loan from these proceeds.

If the outstanding loan exceeds the Net Cash Surrender Value on any monthly anniversary, the Policy will be in default. If the Policy goes into default, the Policy Owner will be allowed a 61-day Grace Period to pay a premium sufficient to keep the Policy in force for 3 months. AI Life will send notice of the amount required to be paid during the Grace Period to the last known address and to any assignee of record. The Grace Period will begin when the notice is sent.

e. CORRECTION OF MISSTATEMENT OF AGE OR SEX

If the Insured's age or sex is misstated in the Policy application, the Death Benefit payable under the Policy will be adjusted based on what the Policy

would provide according to the most recent mortality charge for the correct date of birth or correct sex.

II. "REDEMPTION PROCEDURES": SURRENDER AND RELATED TRANSACTIONS

This section outlines those procedures which might be deemed to constitute redemptions under the Policy. These procedures differ in certain significant respects from the redemption procedures for mutual funds and contractual plans.

a. POLICY ACCOUNT VALUES

The owner of a Policy may make a Partial Surrender or Full Surrender of the Policy to receive part or all of the Policy's Net Cash Surrender Value, at any time while the Insured is living. The Net Cash Surrender Value is the Policy's Account Value less any surrender charges, any administrative charges and outstanding Policy Loans. The Policy Account Value is the amount provided for investment in the Separate Accounts and the Guaranteed Account. The Policy Account Value is held in one or more subaccounts of the Separate Accounts and the Guaranteed Account. Initially, this Policy Account Value equals the net amount of the first premium paid under the Policy. This amount is allocated among the Guaranteed Account and the subaccounts according to the allocation percentages requested in the Application.

Partial Surrenders are not permitted during the first Policy Year, or during the first 12 months following a Face Amount increase. The minimum Partial Surrender is \$500. The amount available is the Policy's Account Value at the end of the valuation period during which the written request for the surrender or partial surrender is received by AI Life, less any surrender charges and administrative charges and outstanding loans. A partial surrender will be made on a pro rata basis from the Guaranteed Account and/or subaccount, unless the Policy Owner indicates otherwise. Partial Surrenders will cause a reduction in the Policy's Face Amount when the Level Death Benefit is in effect. If the Face Amount has been increased, the partial surrender will reduce first the most recent increase, and then the next most recent increase, if any, in reverse order, and finally the initial face amount. The Net Cash Surrender Value must exceed \$500 after the partial surrender is deducted from the Policy Account Value. No more than two partial surrenders may be made during a Policy year, and each partial surrender must be at least \$500. A partial surrender charge and an administrative charge will be assessed on a partial surrender. The charge will be deducted from the Policy Owner's Account Value along with the amount requested to be surrendered.

During the first 14 Policy Years, a surrender charge will be assessed on a full or partial surrender or decrease in Face Amount. The surrender charge equal to the sum of (1) and (2) times a duration factor will be assessed against the Policy Account Value where:

(1) is equal to 25% of the first year paid premium up to the surrender

charge premium; and (20 is equal to 4% of the first year paid premium in excess of the Surrender Charge Premium.

In addition, the sum of (1) and (2) will be capped at a level not to exceed 4.25% of the Internal Revenue Code 7702 Guideline Single Premium.

The following table lists the duration factor as described above:

Year -----	Surrender Charge Factor -----
1-5	100%
6	90%
7	80%
8	70%
9	60%

An increase in the Face Amount of the Policy will result in an additional fourteen year surrender charge applicable to that increase. The additional surrender charge period will begin on the effective date of the increase.

If the Face Amount of the Policy is reduced before the end of the fourteenth Policy year or within fourteen years following a Face Amount increase, AI Life may also deduct a pro rata share of any applicable surrender charge from the Policy Owner's Policy Account Value. Reductions will first be applied against the most recent increase in the Face Amount of the Policy. They will then be applied to prior increases in the Face Amount of the Policy in the reverse order in which such increases took place, and then to the original Face Amount of the Policy.

In addition, a Partial Surrender Charge will be assessed and equal to a pro rata portion of the applicable surrender charge that would apply to a Full Surrender. The Partial Surrender Charge is determined by multiplying the applicable surrender charge by a fraction (equal to the partial surrender amount plus the Partial Surrender Administrative Charge payable divided by the result of subtracting the applicable surrender charge from the unloaned portion of the Policy Account Value). This amount is assessed against the Subaccounts or the Guaranteed Account in the same manner as provided for with respect to the partial surrender amount paid.

A partial surrender charge is also deducted from the Policy Account Value upon a decrease in Fact Amount. The charge is equal to the applicable surrender charge multiplied by a fraction (equal to the decrease in Face Amount divided by the Face Amount of the Policy prior to the decrease).

AI Life will deduct an administrative charge upon a partial surrender. This charge is \$25. If required by the insurance regulations of any state, the administrative charge for a partial surrender will be equal to the lesser of \$25 or 2% of the amount surrendered. This charge will be deducted from the Policy Account Value in addition to the amount requested to be surrendered and will be considered to be part of the partial surrender amount.

Each partial surrender will reduce the Policy Account Value by the amount of partial surrender plus the proportional surrender charge and \$25 fee. If the Death Benefit coverage is the Level Death Benefit Option, the Face Amount will also be reduced by the amount of the partial surrender in the following order:

- (1) The most recent increase in the Face Amount, if any, will be reduced first
- (2) The next most recent increases in the Face Amount, if any, will then be successively decreased.
- (3) The initial Face Amount will then be decreased.

b. PAYMENT OF PROCEEDS

If the Policy has not terminated, payment of the Net Cash Surrender Value, any Partial Surrender, loan proceeds or the Death Benefit are made within 7 days after AI Life receives all required documents at its Administrative Center or such other location that AI Life indicates to the Policy Owner in writing. But AI Life can delay payment of the Net Cash Surrender Value or any Partial Surrender from the Separate Accounts, loan proceeds, or the Death Benefit during any period that it is not reasonably practicable to determine the amount because:

- (1) The New York Stock Exchange ("NYSE") is closed (other than customary weekend and holiday closings);
- (2) Trading on the NYSE is restricted;
- (3) The Securities and Exchange Commission ("SEC") or other appropriate regulatory authority declares that an emergency exists; or
- (4) The SEC, by order, permits AI Life to delay payment in order to protect Policy Owners.

AI Life may delay paying any surrender value or loan proceeds on the Guaranteed Account for up to 6 months from the date the request is received at its Administrative Center. AI Life can delay payment of the entire Death Benefit if payment is contested. AI Life investigates

all death claims arising within the two-year contestable period. Upon receiving the information from a completed investigation, AI Life generally makes a determination within five days as to whether the claim should be authorized for payment. Payments are made promptly after authorization. AI Life will pay interest on the life insurance proceeds from the date of the Insured's death to the date of the payment as required by applicable state law. When AI Life receives written notification of the Insured's death, AI Life will transfer the Policy Owner's Account Value from the Subaccounts to the Guaranteed Account.

The Death Benefit is the amount payable to the named Beneficiary when the Insured dies. Upon receiving due proof of death, AI Life pays the Beneficiary the Death Benefit amount determined as of the date the Insured dies. All or part of the benefit can be paid in cash or applied under one or more of the payment options under the Policy.

Added to the Face Amount is the value of any additional benefits provided by rider. AI Life pays interest on the Death Benefit based on applicable state law. AI Life subtracts any outstanding loans and any unpaid monthly deductions.

c. POLICY LOAN

Using the Policy as sole security, the Policy Owner can borrow any amount up to the loan value of the Policy at any time after the first 12 months of the Policy or after the first 12 months following any increase in Face Amount, by submitting a written request to AI Life's Administrative Center. The loan value on any given date is equal to 90% of the Net Cash Surrender Value.

There will be a \$25 fee deducted from the Policy Account Value for each loan request. The minimum amount that can be borrowed is \$500.

When a Policy Loan is made, an amount equal to the loan proceeds is withdrawn from the Policy Account Value in the Subaccounts or Guaranteed Account. This withdrawal is made pro rata on the basis of the Policy Account Value in each Subaccount or Guaranteed Account unless the Policy Owner directs a different allocation when requesting the loan. The loan amount withdrawn is then transferred to the Policy Loan Account in the Guaranteed Account and will become part of the Guaranteed Policy Account Value. Conversely, when a loan is repaid, an amount equal to the repayment will be transferred from the Policy Loan Account to the Guaranteed Account or Subaccounts in accordance with the effective net premium allocation percentages.

The amount in the Policy Loan Account will be credited with interest at an annual rate of 6.00%. AI Life may, at its discretion, increase this rate. Thus, the maximum net cost of a loan is 2.00% per year (the difference between the rate of interest we charge and the amount of interest credited).

If the Policy has not terminated, payment of loan proceeds is made within 7 days after AI Life receives any required documents at its Administrative Center or any other location indicated in writing by AI Life. AI

Life can delay payment of loan proceeds attributable to the Separate Account during any period that:

It is not reasonably practicable to determine the amount because the New York Stock Exchange is closed (other than customary weekend and holiday closings), trading is restricted by the Commission, or the Commission declares that an emergency exists; or

The Commission, by order, permits AI Life to delay payment in order to protect Policy Owners.

AI Life may delay paying any loan proceeds from the Guaranteed Account for up to 6 months from the date the request is received at its Administrative Center.

d. POLICY TERMINATION

The Policy does not terminate for failure to pay premiums since payments, other than the initial premium are not specifically required. Rather, if on a Monthly Anniversary, the Net Cash Surrender Value is less than the monthly deduction charge for the next Policy month, the Policy will continue for a Grace Period of 61 days after that Monthly Anniversary.

AI Life allows 61 days to pay any premium necessary to cover the 3 months of monthly deductions and/or excess Policy loan. AI Life will mail a notice to the Policy Owner at his last known address, and a copy to the last known assignee on the records at least 31 days before the end of the Grace Period which sets forth this amount. During the Grace Period, the Policy remains in force. If AI Life does not receive the required payment before the end of this Grace Period, the Policy will end and there will be no Policy Account Value or life insurance benefit. If the Insured dies during the Grace Period, AI Life will pay the Death Benefit. However, these proceeds will be reduced by the amount of any Monthly Deduction Charges for the full Policy month or months that run from the beginning of the late period through the Policy month in which the Insured dies or by the amount of any Policy loans.

For a period of five (5) years after termination, the Policy Owner can request that AI Life reinstate the Policy during the Insured's lifetime. AI Life will not reinstate the Policy if it has been returned for its Net Cash Surrender Value.

Before AI Life will reinstate the Policy, AI Life must receive the following:

Evidence of insurability satisfactory to AI Life, if the reinstatement is requested more than 30 days after termination.

A payment of an amount sufficient to cover (i) the total monthly administrative charges from the beginning of the Grace Period to the effective

date of reinstatement; (ii) total monthly deductions for 3 months, calculated from the effective date of reinstatement; and (iii) the charges for applicable taxes, associated with this payment. AI Life will determine the amount of this required payment as if no interest or investment performance were credited to or charged against the Policy Owner's Account Value.

If AI Life does reinstate the Policy, the Face Amount for the reinstated Policy will be same as it would have been if the Policy had not terminated.

III. TRANSFERS

All or part of the Policy Account Value may be transferred among Subaccounts of the Separate Account or to the Guaranteed Account. The minimum value of Accumulation Units that may be transferred between Subaccounts or to the Guaranteed Account, is the lesser of (i) \$250 or (ii) the total value of the Accumulation Units in a Subaccount or the Guaranteed Account Value would be less than \$250, the entire value will be transferred. Subject to current market timing restrictions, there is no charge for the first 12 transfers in any one Policy Year. AI Life will charge \$25 for each transfer in excess of 12 per year.

Amounts may be transferred from the Guaranteed Account to the Subaccounts, subject to the following conditions:

- (1) Maximum Transfer: An amount not greater than 25% of the unloaned portion of the Guaranteed Account Value per Policy year.
- (2) Minimum Transfer: Transfers of at least the minimum amount are permitted. The minimum amount that may be transferred from the Guaranteed Account to the Subaccounts is the lesser of (i) \$250 or (ii) the Guaranteed Account Value, unless AI Life agrees otherwise.
- (3) Minimum Remaining Value: Additionally, the remaining values in the Guaranteed Account must be at least \$250. If, after a contemplated transfer, the remaining values in the Guaranteed Account would be less than \$250, the amount must be included in the transfer.

Policy Account Value held in the Guaranteed Account may be transferred to a Subaccount or Subaccounts only during the 60 day period within 30 days before and following the end each Policy year.

Transfer requests must be in writing on a form approved in accordance with established procedures.

Through a process called Dollar Cost Averaging, the Policy Owner may specify an automatic transfer from the Money Market Subaccount into other

Subaccounts for a specified dollar amount or number of months not in excess of 24. This option can be selected at any time provided there is a minimum balance of \$2,000 in the Money Market Subaccount at the time of election. The allocation to the Subaccounts will be based on the Policy Owner's Premium allocation that is in effect at the time of each transfer. If the Policy Owner elects the option on the Policy application, the automatic transfers will begin on the first Monthly Anniversary following the end of the Free Look Period. If the Policy Owner elects the option after the application has been submitted, the automatic transfers will begin on the second Monthly Anniversary following the receipt of the request at AI Life's Administrative Center.

If the Policy Owner elects to transfer a specific dollar amount each month, the automatic transfers will continue until the Money Market Subaccount is depleted. If the Policy Owner elects to have the funds transferred over a specific number of months, AI Life will transfer a fraction equal to one divided by the number of months remaining in the period. For example, if the Policy Owner elects to transfer over a 12 month period, the first transfer will be 1/12 of

Money Market Subaccount Value, the second transfer will be for 1/11, the third will be for 1/10 and so on until the end of the requested period.

Automatic transfers will remain in effect until one of the following conditions occur:

- (1) The funds in the Money Market Subaccount are depleted
- (2) AI Life receives the Policy Owner's written request at our Administrative Center to cancel future transfers
- (3) AI Life receives notification of death of the Insured
- (4) The Policy goes into the Grace Period or lapses.

EXCHANGE PROCEDURE

At any time within 24 months of the Issue Date, the Policy Owner may request that the entire Accumulation Value of the Policy be transferred to the Guaranteed Account to acquire fixed benefit life insurance protection on the life of the Insured. The exchange will become effective when AI Life receives a proper written request. Once this exchange is exercised, the entire cash value must remain in the Guaranteed Account for the life of the Policy.

At any time within 24 months of the Issue Date, or within 24 months of any increase in Face Amount, the Policy Owner may exchange the Policy for a Policy of flexible premium fixed benefit life insurance which AI Life is offering for this purpose. AI Life will not require evidence of insurability. The date of exchange will be the later of (a) the date the Policy Owner sends AI Life the Policy along with a proper written request; or (b) the date AI Life

receives at the Administrative Center or such other location that AI Life indicates to the Policy Owner in writing, the necessary payment for the exchange. All riders will end. The endorsed Policy will have the same Issue Date, issue age and risk classification as the original Policy. In order to exchange the Policy, AI Life will require: (a) that the Policy be in effect on the date of exchange; (b) repayment of any unpaid loan plus accrued interest; and (c) an adjustment, if any, for premiums and cash values of the Policy and any new Policy.