STATE OF NEW YORK INSURANCE DEPARTMENT

REPORT ON EXAMINATION

OF THE

NATIONAL BENEFIT LIFE INSURANCE COMPANY

CONDITION: DECEMBER 31, 2006

DATE OF REPORT: NOVEMBER 28, 2007

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EXAMINER:	ROBERTO PARADIS

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

David A. Paterson
Governor

Eric Dinallo
Superintendent

March 17, 2009

Honorable Eric Dinallo
Superintendent of Insurance
Albany, New York 12257

Sir:

In accordance with instructions contained in Appointment No. 22630, dated April 3, 2007 and annexed hereto, an examination has been made into the condition and affairs of National Benefit Life Insurance Company, hereinafter referred to as “the Company,” at its home office located at 333 West 34th Street, 10th Floor, New York, NY 10001.

Wherever “Department” appears in this report, it refers to the State of New York Insurance Department.

The report indicating the results of this examination is respectfully submitted.

1. EXECUTIVE SUMMARY

The examiner conducted a review of the pricing adequacy for various products subject to Section 4228(h) of the New York Insurance Law. This review included an examination of the required actuarial statements of self support and the supporting demonstrations. Based on the examiner's review, the Company violated Section 4228(h) by failing to provide signed demonstrations for Forms 42-2000, NC5, NB-CP and NB-C4. Additionally, the demonstrations that were provided were not well organized and were not adequate with regard to documentation of the methodologies and material assumptions used in the analyses (See item 7 of this report).

2. SCOPE OF EXAMINATION

The prior examination was conducted as of December 31, 2002. This examination covers the period from January 1, 2003 through December 31, 2006. As necessary, the examiner reviewed transactions occurring subsequent to December 31, 2006 but prior to the date of this report (i.e., the completion date of the examination).

The examination comprised a verification of assets and liabilities as of December 31, 2006 to determine whether the Company's 2006 filed annual statement fairly presents its financial condition. The examiner reviewed the Company's income and disbursements necessary to accomplish such verification and utilized the National Association of Insurance Commissioners' Examiners Handbook or such other examination procedures, as deemed appropriate, in such review and in the review or audit of the following matters:

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

The examiner reviewed the corrective actions taken by the Company with respect to the violations, recommendations and/or comments contained in the prior report on examination. The results of the examiner's review are contained in item 8 of this report.

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

3. DESCRIPTION OF COMPANY

A. History

The Company was incorporated as a stock life insurance company under the laws of New York on June 18, 1962 under the name of Constitutional National Life Insurance Company. The Company changed its name to Beneficial Standard Life Insurance Company of New York on January 2, 1963 and was licensed and commenced business on May 14, 1963. On June 28, 1963, the Company changed its name to Beneficial National Life Insurance Company. The Company adopted its present name, National Benefit Life Insurance Company, on December 31, 1980.

Initial resources of $1,250,000, consisting of common capital stock of $500,000 and paid in and contributed surplus of $750,000, were provided through the sale of 500,000 shares of common stock (with a par value of $1 each) for $2.5 per share. As of December 31, 2006, the Company's capital and paid in and contributed surplus were $2,500,000 and $209,662,169, respectively.

The Company was originally controlled by Beneficial Standard Life Insurance Company ("BSLIC"). Benefit National Corporation ("BNC"), a holding company owned by BSLIC, acquired a majority interest of the outstanding stock of the Company and assumed control of the Company on April 22, 1970. Associated Madison Companies, Inc. ("AMAD") acquired all of the shares of BNC on June 7, 1979 and became the Company's immediate parent, controlling 97.7% of the outstanding stock of the Company.

Primerica Corporation acquired control of AMAD and its subsidiaries on April 8, 1982. The Company on December 15, 1982, pursuant to Section 481-a (now Section 7118) of the New York Insurance Law, acquired the minority interest represented by 41,130 shares of the Company's outstanding common shares. The Company retired the acquired common stock shares resulting in a reduction in paid in capital of $1,801,370 (1,801,370 shares at $1.00 a share), and the Company became a wholly owned subsidiary of AMAD.

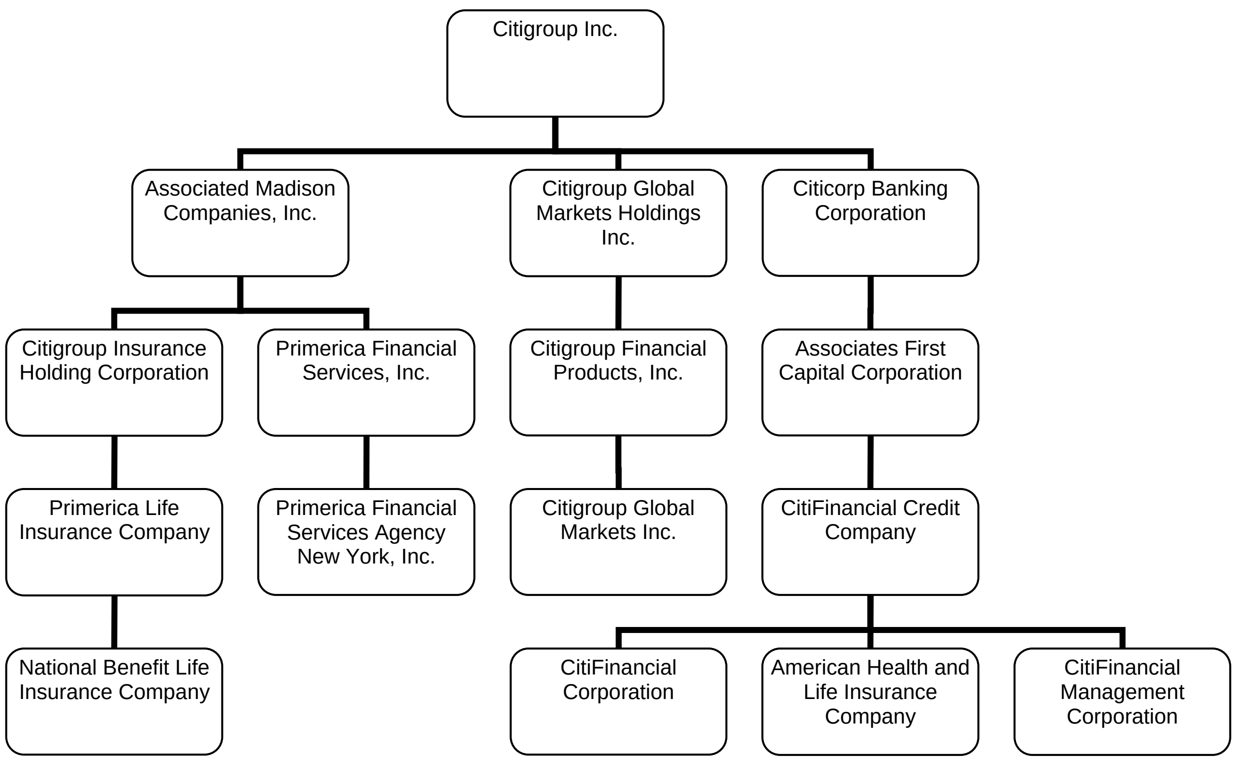
Primerica Corporation purchased Travelers, Inc. and changed its name to Travelers Group on December 31, 1993. On October 8, 1998, Travelers Group merged with Citicorp to form Citigroup Inc. ("Citigroup"), which became the Company's ultimate parent.

On June 30, 2005, Citigroup sold to MetLife its domestic life insurance and annuity business, primarily The Travelers Insurance Company ("TIC"), and substantially all of its international insurance subsidiaries. Following the sale, the Company and its immediate parent, Primerica Life Insurance Company ("Primerica"), became subsidiaries of Citigroup Insurance Holding Corporation, an indirect subsidiary of Citigroup.

B. Holding Company

The Company is a wholly owned subsidiary of Primerica Life Insurance Company, a Massachusetts Insurance Company. Primerica is in turn a wholly owned subsidiary of Citigroup Insurance Holding Corporation. The ultimate parent of the Company is Citigroup, a Delaware financial services holding company.

An organization chart reflecting the relationship between the Company and significant entities in its holding company system as of December 31, 2006 follows:



The Company had nine service agreements in effect with affiliates during the examination period.

Type of Agreement and Dept. File No.	Effective Date	Provider(s) of Service(s)	Recipient(s) of Service(s)	Specific Service(s) Covered	Income/(Expense)* For Each Year of the Examination	
Data Processing Department File No. 19416	9/24/93	Primerica Life Insurance Company	National Benefit Life Insurance Company ("NBL")	Data functioning and administrative processing services	2003	$(801,201)
					2004	$(981,529)
					2005	$(911,103)
					2006	$(728,059)
Lease Department File No. 22808	Amended 4/30/98	Smith Barney, Inc.	NBL	Smith Barney, as landlord, leases to NBL, as tenant, NBL's home office space at 333 West 34th Street.	2003	$(676,666)
					2004	$(676,666)
					2005	$(681,424)
					2006	$(705,474)
Sublease Department File No. 26955	8/1/99	NBL	First Citicorp Life Insurance Company	NBL subleases a portion of the space at its home office at 333 West 34th Street to its affiliate, First Citicorp Life	2003	$4,116
					2004	$4,116
					2005	$4,116
					2006	$4,116
Cost Sharing Agreement Department File No. 21014 (original agreement) Amend#2 - 22808 Amend#4 – 24925 Amend#5 – 29298	12/1/94, as amended 10/20/97 and 2/15/01	NBL; Citigroup, Inc. and named Citigroup affiliates, including Primerica Life Insurance Company	Citigroup, Inc. and named Citigroup affiliates, including Primerica Life Insurance Company; and NBL	NBL provides services to and receives services from its affiliates, including insurance administration, legal, underwriting and claims functions by Primerica Life	2003	$3,074,496
					2004	$3,057,824
					2005	$3,173,775
					2006	$3,167,474

Investment Services Agreement Department File No. 25197	4/14/98 TERMIN-ATED 6/30/05	Travelers Life Insurance Co.	NBL	Investment & ancillary services; Travelers Life Insurance Co. employs investment professionals & personnel necessary to monitor, administer and account for investments	2003	$(382,500)
					2004	$(439,560)
					2005	$(198,037)
Investment Services Agreement Department File No. 34481	7/1/05 TERMIN-ATED 12/31/05	Primerica Life Insurance Co.	NBL	Investment & ancillary services; Primerica employs investment professionals & personnel necessary to monitor, administer and account for investments	2005	$(317,600)
					2006	$(88,138)
Administrative Services Agreement Department File No. 29824	3/27/02	American Health and Life Insurance Company	NBL	Administrative services, including marketing, underwriting, claims functions with respect to group credit life and credit disability products issued by NBL	2003	$(45,695)
					2004	$(53,578)
					2005	$(55,622)
					2006	$(58,073)
General Agency Agreement Department File No. 30290	9/1/02	Primerica Financial Services Agency of New York, Inc. ("PFSANY")	NBL	PFSANY acts as General Agent for NBL	2003	$(6,534,704)
					2004	$(11,710,202)
					2005	$(14,144,297)
					2006	$(16,446,662)

Payroll Support Services Agreement Department File No. 19476	12/16/92	Associated Madison Companies, CitiFinancial Credit Corporation (“CCC”) and CitiFinancial Credit Management Corporation (“CCMC”)	NBL	AMAD, CCC and CCMC Provide Payroll Services to NBL	2003	$(24,354)
					2004	$(27,966)
					2005	$(8,033)
					2006	$(7,039)

* Amount of Income or (Expense) Incurred by the Company

The Company participates in a federal income tax allocation agreement with its parent and affiliates.

C. Management

The Company’s by-laws provide that the board of directors shall be comprised of not less than nine and not more than 21 directors. Directors are elected for a period of one year at the annual meeting of the stockholders held on the last business day in February of each year. As of December 31, 2006, the board of directors consisted of nine members. Meetings of the board are held semi-annually. The Company’s by-laws further provide that the board of directors shall be increased to at least thirteen board members within one year following the end of the calendar year in which the Company’s assets increase to $1.5 billion.

The nine board members and their principal business affiliation, as of December 31, 2006, were as follows:

Name and Residence	Principal Business Affiliation	Year First Elected
Alvin H. Alpert* Sedona, AZ	Insurance Consultant	1991
Jeffrey S. Fendler Duluth, GA	President Primerica Life Insurance Company	2003

Frederic W. Kanner* New York, NY	Attorney Dewey Ballantine, LLP	2006
Donald Kramer* Greenwich, CT	Chairman and CEO Ariel Holdings, LTD	1979
Raul Rivera Garden City, NY	Chairman, President and Chief Executive Officer National Benefit Life Insurance Company	1991
William W. Rosenblatt* Short Hills, NJ	Partner Stroock & Stroock & Lavan, LLP	2000
Charles J. Tiensch Lake Hopatcong, NJ	Senior Vice President and Chief Accounting Officer National Benefit Life Insurance Company	2004
Larry Warren New York, NY	Executive Vice President and Chief Actuary National Benefit Life Insurance Company	2004
Elliot Wohl New York, NY	Senior Vice President, General Counsel and Secretary National Benefit Life Insurance Company	2005

* Not affiliated with the Company or any other company in the holding company system

In April 2007, Charles J. Tiensch retired from the board and was replaced by Krystyna Grabowska on September 17, 2007.

The examiner's review of the minutes of the meetings of the board of directors and its committees indicated that meetings were well attended and that each director attended a majority of meetings.

The following is a listing of the principal officers of the Company as of December 31, 2006:

Name	Title
Raul Rivera	Chairman, President and Chief Executive Officer
Larry Warren	Executive Vice President and Chief Actuary
Elliot Wohl	Senior Vice President, General Counsel and Secretary
Charles John Tiensch	Senior Vice President and Chief Accounting Officer
Joseph Francis Gill	Senior Vice President
Sheila Ruth Wyse	Senior Vice President
Roxanne Boalt	Vice President*

* Designated consumer services officer per Section 216.4(c) of Department Regulation No. 64

In April 2007, Charles J. Tiensch retired as Senior Vice President and Chief Accounting Officer and was replaced by Krystyna Grabowska on September 17, 2007 assuming duties with the new title of Vice President of Finance/Financial Reporting.

D. Territory and Plan of Operation

The Company is authorized to write life insurance, annuities and accident and health insurance as defined in paragraphs 1, 2 and 3 of Section 1113(a) of the New York Insurance Law.

The Company is licensed to transact business in 50 states, the District of Columbia, and the U.S. Virgin Islands. In 2006, 70.4% of direct life premiums and 88.2% of direct accident and health premiums were received from New York. Policies are written on a non-participating basis.

The Company's agency operations are conducted on a general agency, branch office, and direct response basis.

The Company is currently marketing the following products: two term products, New Term Life ("NTL") and Student Life; group credit life and disability insurance; and group statutory short term disability benefits. The New Term Life line accounts for approximately 70% of the Company's new business by premium written, Student Life for approximately 15%, state mandatory disability for 13%, and credit life and disability for 2%.

The Company's New Term Life product is exclusively marketed by an affiliated agency, Primerica Financial Services of New York, Inc. ("PFSNY"), in New York only under a general agent agreement approved by the Department.

The Student Life term product is marketed through direct mail. The Student Life product is a guaranteed premium term life policy with automatic conversion at age 25, and optional early conversion at age 21. The automatic conversion policy is a whole life policy to age 100 in a face amount of 2.5 times the face amount of the term policy at conversion.

The Company offers group statutory short-term Disability Benefits Law ("DBL") coverage through independent agents and brokers. This statutory coverage is written pursuant to Article 9 of the New York Workers Compensation Law. The Company markets a similar short-term disability product in New Jersey.

The Company markets group credit life and credit disability coverage that is administered by its affiliate, American Health & Life Insurance Company, pursuant to an administrative services agreement filed with the Department. The Company's credit life and credit disability insurance products are purchased in conjunction with loan or other credit transactions made by the Company's affiliate, CitiFinancial Corporation.

E. Reinsurance

As of December 31, 2006, the Company had reinsurance treaties in effect with 74 companies, of which 57 were authorized or accredited. The Company's life, accident and health business is reinsured on a coinsurance, modified-coinsurance, and yearly renewable term basis. Reinsurance is provided on an automatic and/or facultative basis.

The maximum retention limit for individual life contracts is $250,000. The total face amount of life insurance ceded, as of December 31, 2006, was $24,661,990,514, which represents 51% of the total face amount of life insurance in force. Reserve credit taken for reinsurance ceded to unauthorized companies, totaling $2,534,719, was supported by letters of credit. The Company reported a liability of $104,005 for reinsurance in unauthorized companies.

The total face amount of life insurance assumed was $15,738,101,604, as of December 31, 2006, primarily from RGA Reinsurance Company ("RGA") under two yearly renewal term treaties. The Company and RGA mutually agreed to terminate the agreements on July 1, 2007. Under the two agreements, the Company assumed $168.6 million of premiums in 2006 from RGA on a yearly renewable term basis, with a corresponding $97.4 million in additional reserves recorded. The reinsurance recapture transaction is expected to increase the Company's surplus by $64.2 million net of tax, but will substantially decrease premiums written and negatively impact statutory earnings by around $3.0 million yearly.

4. SIGNIFICANT OPERATING RESULTS

Indicated below is significant information concerning the operations of the Company during the period under examination as extracted from its filed annual statements. Failure of items to add to the totals shown in any table in this report is due to rounding.

The following table indicates the Company's financial growth (decline) during the period under review:

	December 31, 2002	December 31, 2006	Increase (Decrease)
Admitted assets	$693,549,638	$834,142,451	$140,592,813
Liabilities	$478,147,590	$504,623,753	$ 26,476,163
Common capital stock	$ 2,500,000	$ 2,500,000	$ 0
Gross paid in and contributed surplus	207,903,467	209,662,169	1,758,702
Aggregate write-ins for special surplus funds	1,766,053	1,525,846	(240,207)
Unassigned funds	3,232,528	115,830,683	112,598,155
Total capital and surplus	$215,402,048	$329,518,698	$114,116,650
Total liabilities, capital and surplus	$693,549,638	$834,142,451	$140,592,813

The Company's invested assets as of December 31, 2006, exclusive of separate accounts, were mainly comprised of bonds (92.3%).

The majority (94.8%) of the Company's $702,353,751 bond portfolio, as of December 31, 2006, was comprised of investment grade obligations.

The following is the net gain (loss) from operations by line of business after federal income taxes but before realized capital gains (losses) reported for each of the years under examination in the Company's filed annual statements:

	2003	2004	2005	2006
Ordinary:				
Life insurance	$40,147,680	$31,488,054	$32,600,072	$32,032,439
Individual annuities	3,38,076	287,681	241,824	237,005
Total ordinary	$40,485,756	$31,775,735	$32,841,896	$32,269,444
Credit life	$ 188,251	$ 89,660	$ 208,651	$ 625,777
Group Life	$ 1,240,171	$ 1,354,938	$ 1,167,918	$ 991,598
Accident and health:				
Group	$ 1,396,678	$ 2,133,913	$ 3,080,277	$ 2,961,327
Credit	139,427	179,098	131,464	41,583
Other	(1,249,909)	(241,061)	(228,506)	47,789
Total accident and health	$ 285,696	$ 2,071,950	$ 2,983,235	$ 3,050,699
Total	$42,200,374	$35,292,283	$37,201,700	$36,937,518

The Company generated most of its earnings from its two core individual term products, Student Term Life and New Term Life, both combining to consistently contribute over $31.0 million to its operating income for each of the four years of the examination period. This is attributed to steady growth in premium written and good mortality experience relative to pricing.

5. FINANCIAL STATEMENTS

The following statements show the assets, liabilities, capital and surplus as of December 31, 2006, as contained in the Company's 2006 filed annual statement, a condensed summary of operations and a reconciliation of the capital and surplus account for each of the years under review. The examiner's review of a sample of transactions did not reveal any differences which materially affected the Company's financial condition as presented in its financial statements contained in the December 31, 2006 filed annual statement.

A. ASSETS, LIABILITIES, CAPITAL AND SURPLUS AS OF DECEMBER 31, 2006

Admitted Assets

Bonds	$702,353,751
Stocks:	
Preferred stocks	10,411,753
Common stocks	135,042
Cash, cash equivalents and short term investments	23,424,928
Contract loans	24,376,503
Other invested assets	1,189,751
Receivable for securities	84,066
Investment income due and accrued	7,547,267
Premiums and considerations:	
Uncollected premiums and agents' balances in the course of collection	48,551,128
Deferred premiums, agents' balances and installments booked but deferred and not yet due	6,367,975
Reinsurance:	
Amounts recoverable from reinsurers	3,810,231
Funds held by or deposited with reinsured companies	109,836
Other amounts receivable under reinsurance contracts	507,801
Current federal and foreign income tax recoverable and interest thereon	299,662
Net deferred tax asset	2,860,657
Guaranty funds receivable or on deposit	20,640
Receivables from parent, subsidiaries and affiliates	31,670
Cash in transit	9,639
From separate accounts, segregated accounts and protected cell accounts	2,050,151
Total admitted assets	$834,142,451

Liabilities, Capital and Surplus

Aggregate reserve for life policies and contracts	$382,572,928
Aggregate reserve for accident and health contracts	14,093,152
Liability for deposit-type contracts	15,813,196
Contract claims:	
Life	26,121,643
Accident and health	2,783,059
Premiums and annuity considerations for life and accident and health contracts received in advance	592,691
Contract liabilities not included elsewhere:	
Other amounts payable on reinsurance	21,511,549
Interest maintenance reserve	13,587,952
Commissions to agents due or accrued	1,230,885
General expenses due or accrued	2,231,590
Taxes, licenses and fees due or accrued, excluding federal income taxes	4,739,988
Unearned investment income	547,573
Amounts withheld or retained by company as agent or trustee	30,548
Amounts held for agents' account	102,384
Remittances and items not allocated	7,273,502
Miscellaneous liabilities:	
Asset valuation reserve	5,061,115
Reinsurance in unauthorized companies	104,005
Payable to parent, subsidiaries and affiliates	1,161,828
Payable for securities	1,048,710
Details of write-ins:	
Unpresented Checks	1,013,039
Amounts due to minority interest	77,338
Liability for interest on policy claims	14,794
Amounts due on modified coinsurance reserves	583,565
Amounts due on stop loss reinsurance	276,568
From separate accounts statement	2,050,151
Total liabilities	$504,623,753
Common capital stock	$ 2,500,000
Gross paid in and contributed surplus	209,662,169
Group contingency life reserves	1,474,592
Special contingency reserve fund for separate accounts	51,254
Unassigned funds	115,830,683
Surplus	$327,018,698
Total capital and surplus	$329,518,698
Total liabilities, capital and surplus	$834,142,451

B. CONDENSED SUMMARY OF OPERATIONS

	2003	2004	2005	2006
Premiums and considerations	$274,960,895	$282,606,106	$289,167,635	$293,385,870
Investment income	41,587,830	42,722,024	43,708,906	45,845,582
Commissions and reserve adjustments on reinsurance ceded	(2,240,239)	23,306	63,300	71,987
Miscellaneous income	3,759,895	4,071,184	3,860,487	3,811,545
Total income	$318,068,381	$329,422,620	$336,800,328	$343,114,984
Benefit payments	$129,573,508	$126,340,227	$123,346,538	$127,300,212
Increase in reserves	(8,476,426)	11,189,784	12,536,005	20,074,496
Commissions	24,968,635	27,453,105	29,593,144	30,956,980
General expenses and taxes	23,578,733	22,231,302	22,727,437	23,980,295
Increase in loading on deferred and uncollected premiums	(137,962)	53,657	(149,509)	88,764
Net transfers (from) Separate Accounts	(1,521,068)	(1,146,855)	(401,516)	(117,579)
Experience rating Refund	84,712,322	84,805,057	91,799,134	88,004,987
Total deductions	$252,697,742	$270,926,277	$279,451,233	$290,288,155
Net gain	$ 65,370,639	$ 58,496,343	$ 57,349,095	$ 52,826,829
Federal and foreign income taxes incurred	23,170,265	23,204,060	20,147,395	15,889,311
Net gain from operations before net realized capital gains	$ 42,200,374	$ 35,292,283	$ 37,201,700	$ 36,937,518
Net realized capital (losses)	(1,001,542)	(412,920)	(481,386)	(604,302)
Net income	$ 41,198,832	$ 34,879,363	$ 36,720,314	$ 36,333,216

C. CAPITAL AND SURPLUS ACCOUNT

	2003	2004	2005	2006
Capital and surplus, December 31, prior year	$215,402,048	$258,596,492	$295,402,374	$324,147,534
Net income	$ 41,198,832	$ 34,879,363	$ 36,720,314	$ 36,333,216
Change in net unrealized capital gains (losses)	1,092,774	1,905,703	1,053,619	(421,478)
Change in net deferred income tax	1,975,194	2,500,650	(153,406)	2,997,096
Change in non-admitted assets and related items	(248,028)	(3,661,562)	1,258,077	(2,044,044)
Change in liability for reinsurance in unauthorized companies	(319,739)	130,278	360,040	17,195
Change in asset valuation reserve	(869,706)	447,784	1,118,650	87,126
Surplus adjustments:				
Paid in	365,117	603,666	387,866	402,053
Dividends to stockholders	0	0	(12,000,000)	(32,000,000)
Net change in capital and surplus for the year	$ 43,194,444	$ 36,805,882	$ 28,745,160	$ 5,371,164
Capital and surplus, December 31, current year	$258,596,492	$295,402,374	$324,147,534	$329,518,698

6. MARKET CONDUCT ACTIVITIES

The examiner reviewed various elements of the Company's market conduct activities affecting policyholders, claimants, and beneficiaries to determine compliance with applicable statutes and regulations and the operating rules of the Company.

A. Advertising and Sales Activities

The examiner reviewed a sample of the Company's advertising files and the sales activities of the agency force including trade practices, solicitation and the replacement of insurance policies.

Based upon the sample reviewed, no significant findings were noted.

B. Underwriting and Policy Forms

The examiner reviewed a sample of new underwriting files, both issued and declined, and the applicable policy forms.

Based upon the sample reviewed, no significant findings were noted.

C. Treatment of Policyholders

The examiner reviewed a sample of various types of claims, surrenders, and lapses. The examiner also reviewed the various controls involved, checked the accuracy of the computations and traced the accounting data to the books of account.

Based upon the sample reviewed, no significant findings were noted.

7. ACTUARIAL STATEMENT OF SELF-SUPPORT AND SUPPORTING DEMONSTRATIONS

Section 4228(h) of the New York Insurance Law states, in part:

> "(h) No company shall offer for sale any life insurance policy form or annuity contract form covered by this section or any debit life insurance policy form which shall not appear to be self-supporting on reasonable assumptions as to interest, mortality, persistency, taxes, agents' and brokers' survival and expenses resulting from the sale of the policy or contract form. For all such forms offered for sale in this state, and for all forms filed for use outside this state by domestic life insurance companies, a statement that the requirements of this subsection have been met, signed by an actuary who is a member in good standing of the American Academy of Actuaries and meets the requirements prescribed by the superintendent by regulation shall be submitted with each such life insurance policy or annuity contract form filed pursuant to paragraph one or six of subsection (b) of section three thousand two hundred one of this chapter. A demonstration supporting each such statement, signed by an actuary meeting such qualifications, shall be retained in the company's home office, while such form is being offered in this state and for a period of six years thereafter and be available for inspection . . . . "

The examiner conducted a review of the pricing adequacy for various products subject to Section 4228(h) of the New York Insurance Law. This review included an examination of the required actuarial statements of self support and the supporting demonstrations. The examiner requested statements and corresponding demonstrations for the Company's primary policy forms (42-2000, NC5, NB-CP, and NB-C4); however, concerns were raised with respect to the unavailability of some of these materials. After a considerable amount of correspondence, the Company was able to provide profit analyses along with evidence that such analyses had been performed prior to the dates that the corresponding policies were first sold. However, none of the analyses for the forms in question were signed as required. As a result, the Company violated Section 4228(h) by failing to have a qualified actuary sign the demonstrations. Additionally, the analyses provided were not well organized and were clearly lacking with regard to narrative descriptions of the methodologies and material assumptions used in the analyses.

In response to the Department's concerns, the Company agreed that all future demonstrations will be signed, dated and finalized prior to the date of the statement of self-support. The Company also agreed that such demonstrations will be well organized, containing detailed narrative descriptions of the methodologies and material assumptions used such that another actuary can make a reasonable assessment of the analyses performed.

8. PRIOR REPORT SUMMARY AND CONCLUSIONS

Following are the violations, recommendations and comments contained in the prior report on examination and the subsequent actions taken by the Company in response to each citation:

Item	Description
A	The Company violated Section 1202(b)(1) of the New York Insurance Law and its by-laws when it held investment committee meetings without having an unaffiliated person included in the quorum. A review of the investment committee minutes indicated that at least one unaffiliated person was present at all meetings held during the examination period.
B	A review of the Company's December 31, 2002 asset adequacy analysis determined that the actuarial systems and procedures used in connection with this analysis needed to be updated. The Company has committed to having a new actuarial system fully implemented with respect to the December 31, 2004 asset adequacy analysis. The Company updated its TAS software (version 9.5) in 2004 and is utilizing the updated version in its asset adequacy analysis.
C	The Company violated Section 3201(b)(1) of the New York Insurance Law when it used an unapproved application form. The Company submitted the application form to the Department on June 25, 2003, and it was approved June 27, 2003. The examination did not reveal any instances where the unapproved form was used after corrective action was undertaken by the Company.
D	The Company violated Section 3204 of the New York Insurance Law when it applied the APL provision, instead of the non-forfeiture provision stated in the contract, for policyholders who did not affirmatively select the APL option in their application. The Company changed its procedure April 30, 2004 to apply the non-forfeiture provision stated in the contract instead of automatically applying the APL provision. The APL loan sample review did not reveal any instances where the Company applied the APL option incorrectly.
E	The examiner recommends that the Company allow anyone who did not select the APL provision in the application to either select it now or else receive the applicable policy non-forfeiture provision.

The Company performed remedial action consisting of identifying the policyholders affected and contacting those affected to allow them to select the desired non-forfeiture options. For the policyholders that did not respond, the Company reversed the APL loan and applied the extended term insurance option consistent with the policy's provisions.

F The Company violated Section 4232(b)(4) of the New York Insurance Law by crediting additional amounts on individual life policies without having written criteria approved by the board of directors or a committee thereof.

On September 13, 2004, the Company's board of directors adopted written criteria for crediting additional amounts on individual life policies.

G The Company violated Section 4231(g)(1)(D) of the New York Insurance Law by making readjustments to the rate of premium on individual life policies without having written criteria approved by the board of directors or a committee thereof.

On September 13, 2004, the Company's board of directors adopted written criteria for making adjustments to the gross premium on individual life policies.

9. SUMMARY AND CONCLUSIONS

Following are the violations and recommendation contained in this report:

Item	Description	Page No(s).
A	The Company violated Section 4228(h) of the New York Insurance Law by failing to provide signed demonstrations for Forms 42-2000, NC5, NB-CP, and NB-C4. Additionally, the demonstrations that were provided were not well organized and were not adequate with regard to documentation of the methodologies and material assumptions used in the analyses.	20
B	The examiner recommends that the Company implement changes for documenting all work related to the self-support analysis in the manner agreed upon with the Department.	20

Respectfully submitted,

/s/
Roberto Paradis
Senior Examiner

STATE OF NEW YORK)
)SS:
COUNTY OF NEW YORK)

Roberto Paradis, being duly sworn, deposes and says that the foregoing report, subscribed by him, is true to the best of his knowledge and belief.

/s/
Roberto Paradis

Subscribed and sworn to before me

this__________ day of ____________________2007.

APPOINTMENT NO. 22630

STATE OF NEW YORK

INSURANCE DEPARTMENT

I, __ERIC R. DINALLO__, Acting Superintendent of Insurance of the State of New York, pursuant to the provisions of the Insurance Law, do hereby appoint:

ROBERTO PARADIS

as a proper person to examine into the affairs of the

NATIONAL BENEFIT LIFE INSURANCE COMPANY

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

COMPANY

with such other information as he shall deem requisite.

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

this 3rd day of April, 2007

ERIC R. DINALLO
Acting Superintendent of Insurance

Acting Superintendent