



STATE OF NEW YORK INSURANCE DEPARTMENT
REPORT ON MARKET CONDUCT EXAMINATION
OF THE
MONY LIFE INSURANCE COMPANY

CONDITION:

DECEMBER 31, 2005

DATE OF REPORT:

MARCH 8, 2007

STATE OF NEW YORK INSURANCE DEPARTMENT
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OF THE
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AS OF
DECEMBER 31, 2005

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EXAMINER:

ANTHONY MAURO
EDEN SUNDERMAN

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

David A. Paterson
Governor

James J. Wynn
Superintendent

January 14, 2010

Honorable James J. Wynn
Superintendent of Insurance
Albany, New York 12257

Sir:

In accordance with instructions contained in Appointment No. 30201, dated September 24, 2008 and annexed hereto, an examination has been made into the condition and affairs of MONY Life Insurance Company, hereinafter referred to as “the Company” at its home office located at 1290 Avenue of the Americas, New York, New York 10104.

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 material findings and violations contained in this report are summarized below.

- The Company violated Section 4226(b) of the New York Insurance Law and certain sections of Department Regulation No. 60. In certain cases, the Company failed: to use comparisons that conform to all the requirements established by the Superintendent by Regulation and examine and ascertain that Disclosure Statements were accurate and met the requirements of the New York Insurance Law and Department Regulation No. 60; to provide revised Appendix 10A Disclosure Statements when the policy issued differed from the policy applied for; and to correct deficiencies involving Appendix 10A Disclosure Statement or Definition of Replacement forms or reject the application within ten days from receipt of the application. Certain similar violations appeared in the prior report on examination. (See Section 4A of this report)
- The Company violated Section 4221 of the New York Insurance Law and Department Regulation Nos. 74 and 77 in those cases where it failed to provide policyholders with information regarding net cash surrender values; receipt of current illustrations; grace periods; and loan values. (See Section 4C of this report)
- The Company violated Section 2611(a) of the New York Insurance Law in those cases where it failed to obtain written informed consent prior to subjecting the applicant to HIV-related testing. (See Section 4B of this report)

2. SCOPE OF EXAMINATION

This examination covers the period from January 1, 2002 through December 31, 2005. As necessary, the examiner reviewed transactions occurring subsequent to December 31, 2005 but prior to the date of this report (i.e., the completion date of the examination).

The examination comprised a review of market conduct activities and utilized the National Association of Insurance Commissioners' Market Conduct Examiners Handbook or such other examination procedures, as deemed appropriate, in such review.

The examiner reviewed the corrective actions taken by the Company with respect to the market conduct violations, recommendations and comment 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 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 mutual insurance company under a special act of the New York State Legislature on April 12, 1842, and commenced business on February 1, 1843, under the name Mutual Life Insurance Company of New York. On April 1, 1952, the Company began to issue individual accident and health insurance. In 1953, the Company entered the group insurance business by offering a plan known as “module insurance,” which provided for various combinations of life insurance, accident and health insurance and retirement income in a single package to small employer groups. In 1989, the Company exited the group employer life and accident and health insurance business. In 1990, the Company stopped writing group association life and accident and health insurance business.

On December 31, 1993, the Company entered into an agreement with AEGON USA, Inc. under which the Company agreed to transfer substantially all of its group pension business and operations, including its full service group pension contracts, to AEGON USA, Inc.’s wholly owned subsidiary, AUSA Life Insurance Company, Inc.

On November 16, 1998, pursuant to an order issued by the New York Superintendent of Insurance approving a Plan of Reorganization (“The Plan”) under Section 7312 of the New York Insurance Law, as amended, the Company converted from a mutual life insurance company to a domestic stock life insurance company and became a wholly owned subsidiary of The MONY Group Inc. (“The MONY Group”), a Delaware corporation organized for the purpose of becoming the parent holding company of the Company.

Effective November 16, 1998, the Company changed its name to MONY Life Insurance Company.

Pursuant to the Articles of Incorporation approved on February 27, 2002, by the Delaware Secretary of State, MONY Holdings, LLC became a wholly owned subsidiary of the ultimate holding company, The MONY Group. All issued and outstanding shares of the Company were transferred to MONY Holdings, LLC.

On July 8, 2004, AXA Financial, Inc. (“AXA Financial”) completed its acquisition of The MONY Group, the former ultimate parent of the Company. As a result the ultimate holding company changed to FINAXA.

Effective December 16, 2005, FINAXA merged with and into AXA, S.A. (“AXA”) with AXA surviving.

B. 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 all 50 states, the District of Columbia, Guam, Puerto Rico, U.S. Virgin Islands, and Canada. In 2005, 24.4% of life premiums, 81.13% of annuity considerations, and 10.83% accident and health premiums were received from New York. Policies are written on both a participating and non-participating basis.

The Company and its subsidiaries offered a broad portfolio of life insurance products, primarily whole life and a variety of term life insurance products in addition to variable life and interest sensitive life insurance products. The Company also offered a variety of annuity products which included fixed deferred annuities, immediate payout annuities, and variable annuities. Following the acquisition by AXA Financial all of the Company’s operations were integrated with those of AXA Equitable Life Insurance Company, AXA Financial and its affiliates, and the Company limited the marketing of its existing life and annuity products. The Company currently continues to offer certain interest-sensitive whole life insurance and group term life insurance, as well as certain annuities to existing qualified plan contract holders for new participants.

The Company’s agency operations are conducted through one affiliated general agency, and one affiliated wholesale broker/dealer. Annuity, life insurance and mutual fund products are issued directly to the public through financial professionals associated with AXA Network, LLC and AXA Advisors, LLC. On April 5, 2005, certain wholesalers who were previously part of the Company’s wholesale distribution channel known as “MONY Partners” became wholesalers of AXA Distributors, LLC. On June 6, 2005, the Company’s affiliated insurance agencies, MONY Brokerage, Inc., and MONY Securities, Inc. ceased operations, and certain insurance agents in the Company’s branch system became part of AXA Network, LLC.

4. 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.

Advertising

1. Section 219.4(p) of Department Regulation No. 34-A states, in part:

“An advertisement shall not use a trade name, an insurance group designation, name of the parent company or affiliate of the insurer . . . or reference if such use would have the tendency to mislead or deceive as to the true identity of the insurer, or create the impression that someone other than the insurer would have any responsibility for the financial obligation under a policy.”

The examiner's review of a sample of the Company's advertisements revealed five advertisements disseminated in New York that make reference and call attention to the assets under management of the AXA Group (the Company's ultimate parent) and AXA Financial (the Company's indirect parent) without also containing a statement of the assets under management of the Company.

The examiner recommends, and the Company agreed to, either add a statement to these advertisements showing the assets under management of the Company or cease use of these advertisements.

2. Section 219.5(a) of Department Regulation No. 34-A states:

“Each insurer shall maintain at its home office a complete file containing a specimen copy of every printed, published or prepared advertisement hereafter disseminated in this state, with a notation indicating the manner and extent of distribution and the form number of any policy advertised. In order to be complete, the file must contain all advertisements whether used by the company, its agents or solicitors or other persons. That portion of the advertising file which has been covered by a filed report on examination may be eliminated.”

The examiner's review of a sample of the Company's advertising files revealed that a notation indicating the manner and extent of distribution for each advertising piece was not maintained in the advertising file.

The Company violated Section 219.5(a) of Department Regulation No. 34-A in those cases where it failed to maintain a notation relating to the manner and extent of distribution of certain advertisements.

Replacements

1. Section 4226(b) of the New York Insurance Law states:

“Any comparison of the policies or contracts of any such insurer or insurers shall be deemed to be an incomplete comparison if it does not conform to all the requirements for comparisons established by the superintendent by regulation.”

Section 51.6(b) of Department Regulation No. 60 states, in part:

“Where a replacement has occurred or is likely to occur, the insurer replacing the life insurance policy or annuity contract shall . . .

(3) Examine any proposal used, including the sales material used in the sale of the proposed life insurance policy or annuity contract, and the ‘Disclosure Statement,’ and ascertain that they are accurate and meet the requirements of the Insurance Law and this Part ”

With respect to annuity replacements, the Appendix 10B Disclosure Statement (annuity to annuity replacements) requires that the surrender charges of the proposed contract be described on the Agent's or Broker's Statement section of the Disclosure Statement. Additionally, the Agent's or Broker's Statement section of the Company's Appendix 10B Disclosure Statement contains the following language:

“The new annuity my client is applying for imposes a new surrender charge as follows: (Describe percentage rate of surrender charge for each year in which a surrender charge is imposed).”

In 21 out of 31 (68%) variable annuity replacements reviewed and in 19 out of 34 (56%) fixed annuity replacements reviewed, the Company's agents did not describe the percentage rate of surrender charges for each year in which a surrender charge is imposed in the Disclosure Statement provided to the applicant.

With respect to life replacements, in 10 out of 47 (21%) life replacements reviewed the Appendix 10A Disclosure Statement contained inaccurate information or the policy record failed to contain support for the information contained in the Disclosure Statement.

The Company violated Section 4226(b) of the New York Insurance Law and Section 51.6(b)(3) of Department Regulation No. 60 in those cases where it failed to use comparisons that conform to all the requirements established by the Superintendent by Regulation and examine and ascertain that Disclosure Statements were accurate and met the requirements of the New York Insurance Law and Department Regulation No. 60.

2. Section 51.6(b) of Department Regulation No. 60 states, in part:

“Where a replacement has occurred or is likely to occur, the insurer replacing the life insurance policy or annuity contract shall . . .

(9) In the event the life insurance policy or annuity contract issued differs from the life insurance policy or annuity contract applied for, ensure that the requirements of this Part are met with respect to the information relating to the life insurance policy or annuity contract as issued, including but not limited to the revised ‘Disclosure Statement,’ any revised or additional sales material used and acknowledgement by the applicant of receipt of such revised material . . .”

In 8 out of 47 (17%) life replacements reviewed the applicant should have received a revised Appendix 10A Disclosure Statement where the insurance policy issued differed from the policy applied for.

The Company violated Section 51.6(b)(9) of Department Regulation No. 60 in those cases where it failed to provide a revised Appendix 10A Disclosure Statement when the life insurance policy issued differed from the life insurance policy applied for.

3. Section 51.6(b) of Department Regulation No. 60 states, in part:

“Where a replacement has occurred or is likely to occur, the insurer replacing the life insurance policy or annuity contract shall . . .

(7) Where the required forms are not received with the application, or if the forms do not meet the requirements of this Part or are not accurate, within ten days from the date of receipt of the application either have any deficiencies corrected or reject the application and so notify the applicant of such rejection and the reason therefore. In such cases, the insurer shall maintain any material used in the proposed sale, in accordance with the guidelines of Section 51.6(b)(6) herein . . .”

In 3 out of 47 (6.4%) life replacements reviewed the agent failed to obtain and present the Appendix 10A Disclosure Statement to the applicant on or before the date that the application was signed.

In addition, in 7 out of 99 (7%) new underwriting files reviewed, the Definition of Replacement form was not submitted to the Company with the application or the Definition of Replacement form was signed by the applicant after the date that the application was signed.

The Company violated Section 51.6(b)(7) of Department Regulation No. 60 in those cases where it failed to correct deficiencies involving Appendix 10A Disclosure Statement or Definition of Replacements forms or reject the application within ten days from the date of receipt of the application. A similar violation of Section 51.5(c)(3) of Department Regulation No. 60 appeared in the prior report on examination. (See item 8C of this report)

4. Section 51.6(b) of Department Regulation No. 60 states, in part:

“Where a replacement has occurred or is likely to occur, the insurer replacing the life insurance policy or annuity contract shall . . .

(4) Within ten days of receipt of the application furnish to the insurer whose coverage is being replaced a copy of any proposal, including the sales material used in the sale of the proposed life insurance policy or annuity contract, and the completed ‘Disclosure Statement’ . . .”

In 5 out of 31 (16%) variable annuity replacements reviewed and in all 17 (100%) fixed annuity replacements reviewed, the Company did not furnish to the insurer being replaced a copy of the proposal, including sales material used in the sale, and the completed Appendix 10B Disclosure Statement within ten days of receipt of the application.

The Company violated Section 51.6(b)(4) of Department Regulation No. 60 in those cases where it failed to furnish the existing insurer a copy of the sales material used in the sale of the proposed annuity contract and the completed Appendix 10B Disclosure Statement within ten days of receipt of the application.

The Company has indicated that effective June 30, 2006 the Company’s National Compliance Office began to review, test and monitor compliance with Department Regulation No. 60. The results of this independent audit plan are communicated to appropriate senior management for corrective action, where needed. In addition, the Company’s Chief Compliance Officer reports periodically to the Audit Committee of the Board of Directors when appropriate.

Furthermore, each service center conducts periodic quality assurance reviews and makes appropriate adjustments and corrections as needed.

B. Underwriting and Policy Forms

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

Section 2611 of the New York Insurance Law states, in part:

“(a) No insurer or its designee shall request or require an individual proposed for insurance coverage to be the subject of an HIV related test without receiving the written informed consent of such individual prior to such testing and without providing general information about AIDS and the transmission of HIV infection.

(b) Written informed consent to an HIV related test shall consist of a written authorization that is dated . . . ”

The examiner’s review of new underwriting files (standard issue, substandard issue, withdrawn and declined applications) revealed that in 14 out of 99 (14%) files reviewed, the HIV consent form was signed by the applicant after the applicant’s blood was drawn and tested for HIV.

The Company violated Section 2611(a) of the New York Insurance Law in those cases where it failed to obtain written informed consent prior to subjecting the applicant to HIV-related testing.

C. Treatment of Policyholders

The examiner reviewed a sample of various types of claims, surrenders, changes 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.

1. Section 53-3.6 of Department Regulation No. 74 states, in part:

“(a) In the case of a policy designated as one for which illustrations will be used, the insurer shall provide each policyowner with an annual report on the status of the policy that shall contain at least the following information:

(1) For policies subject to Section 4232(b) of the Insurance Law, the report shall include the following . . .

(viii) a notice, in the report for flexible premium policies, when applicable, that the policy's net cash surrender value will not maintain insurance in-force until the

end of the next reporting period unless further premium payments are made assuming guaranteed interest, mortality and expense loads.”

The examiner reviewed the documentation for a sample of universal life policies that had lapsed for non-payment of premium during the examination period.

The examiner’s review revealed that the annual reports mailed to the certain universal life policyholders in the period prior to the policies lapsing did not contain a disclosure that the policy’s net cash surrender value would not maintain insurance in-force until the end of the next policy anniversary unless further premium payments were made.

The Company violated Section 53-3.6(a)(viii) of Department Regulation No. 74 by disseminating annual reports to certain universal life policyholders that did not contain certain required language regarding policy net cash surrender values.

2. Section 53-3.6(b) of Department Regulation No. 74 states:

“If the annual report does not include an in-force illustration, it shall contain the following notice displayed prominently: ‘IMPORTANT POLICY OWNER NOTICE: You should consider requesting more detailed information about your policy to understand how it may perform in the future. You should not consider replacement of your policy or make changes in your coverage without requesting a current illustration. You may annually request, without charge, such an illustration by calling [insurer’s phone number], writing to [insurer’s name] at [insurer’s address] or contacting your agent or broker. If you do not receive a current illustration of your policy within 30 days from the date of your request, you should contact your state insurance department.’ The insurer may vary the sequential order of the methods for obtaining an in-force illustration. ”

The Company provided a specimen annual report for a Flexible Premium Adjustable Life to Age 95 policy. The specimen annual report failed to contain the required disclosure language in its entirety by not including the sentence stating, “If you do not receive a current illustration of your policy within 30 days from the date of your request, you should contact your state insurance department.”

The Company violated Section 53-3.6(b) of Department Regulation No. 74 by disseminating annual reports to certain universal life policyholders during the examination period through February 2007 that did not contain certain language regarding receipt of current illustrations.

3. Section 54.11 of Department Regulation No. 77 states, in part:

“Any insurer delivering or issuing for delivery in this state any variable life insurance policies shall mail to each variable life insurance policyholder, at his or her last known address, the following reports:

(a) Within 60 days after each anniversary of the policy, a statement or statements of the cash surrender value, policy value, death benefit, any partial withdrawal or policy loan, any interest charge, and any optional payments allowed pursuant to section 54.6(b)(10) of this Part under the policy, computed as of the policy anniversary date; provided, however, that such statement may be furnished within 30 days after a specified date in each policy year so long as the information contained therein is computed as of a date not more than 60 days prior to the mailing of such notice. This statement shall state that, in accordance with the investment experience of the separate account, the policy values and the variable death benefit may increase or decrease, and shall prominently identify any value described therein which may be recomputed prior to the next statement required by this subdivision. If the policy guarantees that the variable death benefit on the next policy anniversary date will not be less than the variable death benefit specified in such statement, the statement shall be modified to so indicate. For flexible premium policies, the report must contain a reconciliation of the change since the previous report in policy value and cash surrender value, if different, because of payments made (less deductions for expense charges), withdrawals, investment experience, insurance charges and any other charges made against the policy value. If, based upon the billed or other appropriate identified premium, an assumed net investment return of not greater than eight percent per annum, and current mortality charge and expense, the policy value would become exhausted at any duration within the 10 years following the report date, the report shall state such duration and note the assumptions as to premium and other factors upon which it is based, together with a notice that coverage might then terminate, subject to the policy grace period provision, unless additional premiums are paid. The report shall contain the notice specified in section 54.10(d) of this Part.”

The examiner reviewed a sample of annual statements mailed to variable life policyholders whose policies lapsed with no value or lapsed with a non-forfeiture option during the examination period. The examiner requested the statements applicable to the period prior to the effective date of the lapse. The examiner’s review revealed that the statements did not contain the required disclosure indicating that the policyholder’s coverage may terminate, subject to the policy grace period provision, unless additional premiums were paid under the conditions stated in Section 54.11(a) of Department Regulation No. 77.

The Company violated Section 54.11(a) of Department Regulation No. 77 by disseminating annual statements to certain variable life policyholders that did not contain certain required language regarding policy grace periods.

4. Section 4221(a) of the New York Insurance Law states, in part:

“In the case of policies issued on or after the operative date of this section as defined in subsection (p) hereof, no policy of life insurance, except as stated in subsection (o) hereof, shall be delivered or issued for delivery in this state unless it shall contain in substance the following provisions . . .

(7) That the company shall . . . mail to each such holder at least once every policy year or within sixty days after the end of a policy year a statement as of a date during such year as to the death benefit, cash surrender value and loan value under the policy . . .”

A review of specimen annual reports required under Department Regulation No. 74 revealed that the notices mailed to universal life policyholders during the examination period did not specify the loan value under the policy.

The Company violated Section 4221(a)(7) of the New York Insurance Law by disseminating annual reports to certain universal life policyholders that did not contain certain required information regarding policy loan values.

In response to the examiner’s findings, the Company has indicated that it took corrective action as of November 2007 by adding a statement to the annual reports to the universal life policyholders defining policy loan values.

5. RETAINED ASSET ACCOUNT

The examiner's review of the Company's surrender and matured endowment processes revealed that it does not allow the policyowner the automatic option of electing a lump sum payment by check in cases where the proceeds: are a minimum of \$5,000, are payable to a single individual, and are not a rollover or exchange. Under these circumstances, unless the policyholder requests a check in writing on the surrender form, the funds are automatically placed in an interest bearing checking account.

The Company discontinued the use of retained asset accounts for surrender and matured endowment proceeds.

6. PRIVACY

The examiner reviewed various elements of the Company's privacy and safeguarding activities affecting customers and consumers to determine compliance with applicable statutes and regulations, the operating rules of the Company, and internal control standards deemed adequate by the Department. The review included an evaluation of the Company's documented privacy and safeguarding policies and procedures; internal, external and compliance audit workpapers; and management and internal control reports. The examination included a review of the following:

- privacy notices;
- opt out and opt in notices, if applicable;
- disclosure of non-public personal information (financial and health);
- disclosure and reuse of non-public personal information (financial and health) received and disclosed; and
- the written information security program for the protection of customer information.

The examiner also conducted limited tests and other procedures, as deemed appropriate, in the review of privacy and safeguarding activities.

During the prior examination, the Company had no procedures in place to include privacy language in its third party administrator ("TPA") agreements. The prior report on examination states:

"A review of the Company's privacy policies and procedures indicated that the Company had no procedures in place to include privacy language in its third party administrator agreements. In July 2001, the Company's privacy officers were instructed to survey each third party administrator who had access to customer information and determine whether privacy language was needed. As of the date of this report the procedure had not been effectively implemented.

The examiner recommends that the Company include appropriate privacy language when it amends or renews its existing third party administrator agreements and in all new third party administrator agreements."

In follow up to the prior examination recommendation, the examiner reviewed TPA agreements that existed as of the prior examination period as well as agreements that were newly executed since the prior examination period. The Company has procedures in place to ensure

that TPA agreements that were newly executed since the prior examination period have the required privacy and safeguarding language, the examiner's review of existing service agreements revealed that the Company had not reviewed them to determine whether privacy and safeguarding language was needed.

The examiner recommends that the Company review TPA agreements that existed as of the prior examination period and survey each TPA or vendor who has access to confidential customer information to determine whether privacy and safeguarding language is needed.

The examiner's review of privacy and safeguarding included a review of the monitoring and control process in place over the activities of the Company's TPAs to ensure that customer non-public health and financial information was adequately protected and that such information was only being used for the administration of the outsourced business as agreed upon.

The Company is in the process of implementing a bi-annual self-assessment of its TPAs in order to ascertain whether non-public confidential information is only used to service Company business and not for the benefit of the vendor's business, however, this process had not been fully implemented as of the date of this report.

The Company stated the following with regard to privacy assessments or evaluations conducted by its business units of TPAs.

“ . . . Business areas with TPAs in place prior to the examination period would also communicate to the Privacy Office of any privacy or safeguarding deficiencies but no formal reporting process exists . . . ”

The examiner recommends that the Company institute a formal communication channel (documented process) whereby the Company's Privacy Officer is notified of any privacy and safeguarding deficiencies noted when the Company's other business areas audit or review the functions of TPAs.

The Company stated in writing that it monitors and oversees the activities of its TPAs, including the privacy and safeguarding of customer non-public financial and health data, by business area review of SAS 70 reports. However, the examiner's review revealed that the Company did not obtain the SAS 70 reports issued in 2003, 2004 and 2005 until such reports were requested by the examiner. The Company did not review the SAS 70 reports, which may have provided meaningful insight with regard to the existence of or lack of internal controls with regard to services provided under TPA contracts, for the years 2003, 2004 and 2005. The

Company's current system of monitoring and oversight activities with regard to outsourced functions, and more specifically the privacy and safeguarding standards of its TPAs, should be enhanced. The Company's lack of monitoring and lack of oversight of its TPAs heightens its reputational, litigation and regulatory risk due to possible loss or misuse of customer information by its TPAs. In addition, there is a risk that TPAs may not be treating their customers fairly. Although the Company stated that it has taken steps to mitigate this risk, it failed to provide sufficient evidence to support that control process(es) were in place or that control procedures had been fully implemented as of the date of this report.

The establishment and implementation of adequate controls over TPAs and the review of these controls are the responsibility of the Company's management, the board of directors and specifically the audit committee.

Management should determine through periodic review of the controls whether control procedures continue to be effective and relevant in addressing the risks associated with the outsourcing of work to the Company's TPAs and whether these controls need to be adapted to accommodate changes in either the operating environment or regulatory requirements.

The examiner recommends that the Company develop and implement a plan to improve the Company's control over TPA activities, including how TPAs secure the Company's customer non-public personal health and financial information.

Also, the examiner recommends that the audit committee increase its level of involvement and oversight over the Company's system of safeguarding its customer personal non-public financial and health information provided to its TPAs.

7. DISASTER RECOVERY AND BUSINESS CONTINUITY

The examiner's review of TPA agreements revealed that four agreements do not contain a provision for disaster recovery and business continuity. One way to mitigate a risk of loss is to plan for it and develop an action plan on how to deal with possible losses of customer data, systems, operational sites, etc. In order to ascertain that the TPA has taken adequate measures to reasonably assure that there is no interruption in the services that the TPAs provide, they must have current, relevant disaster recovery and business continuity plans. The objective of a disaster recovery plan is to provide reasonable assurance that data, systems and operations can be successfully recovered and be available to users in the event of a disaster. The objective of a business continuity plan is to reasonably ensure that the recovery of critical business processes could take place in the event of a disaster. The Company should ensure that the plans in place at the situs of the TPA operations are valid.

While the Company stated in writing that it has current policies and procedures in place to ensure that newly executed agreements with TPAs include language related to business continuity requirements, where deemed appropriate, the Company has not provided sufficient evidence to support that claim.

The examiner recommends that the Company develop a monitoring and control process to determine that TPAs have adequately prepared for and tested disaster recovery and business continuity plans in place at the TPA to ensure that outsourced operations and policyholder data can be recovered in the event of a disaster situation. This process should include an evaluation and assessment of each TPA to ensure that adequate measures have been taken to plan for the recovery of data, systems, operations, as well as critical business processes for those operations that the TPAs perform under service agreements with the Company.

The examiner also recommends that the Company implement a procedure to review the results of any disaster recovery and/or business continuity tests performed at the TPA.

8. PRIOR REPORT SUMMARY AND CONCLUSIONS

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

<u>Item</u>	<u>Description</u>
A	<p>The Company violated Section 219.5(a) of Department Regulation No. 34-A by not maintaining a complete advertising file.</p> <p>The examiner's review of a sample of advertisements disseminated in New York during the examination period did not reveal any instances where the Company failed to maintain a final specimen copy of the advertisement.</p>
B	<p>The Company violated Section 51.5(c)(2) of Department Regulation No. 60 by accepting applications from agents who failed to wait the mandatory time period for receipt of the information necessary to complete the Disclosure Statement prior to taking the application.</p> <p>The examiner's review of a sample of incoming replacements confirmed that when approximations were used, the agents waited the mandatory time period to allow for receipt of the information from the insurer whose insurance was being replaced before completing the Disclosure Statement and taking the application.</p>
C	<p>The Company violated Section 51.5(c)(3) of Department Regulation No. 60 by not presenting to the applicant one or both of the required replacement forms not later than at the time the applicant signed the application.</p> <p>The examiner's review of replacements and new underwriting files revealed instances where the application was signed before the Appendix 10A Disclosure Statement or the Definition of Replacement forms were signed. A similar violation of Section 51.6(b)(7) of Department Regulation No. 60 appears in Section 4A of this report.</p>
D	<p>The Company violated Section 51.6(b)(4) of Department Regulation No. 60 by not furnishing, to the insurer whose coverage was being replaced, a copy of any proposal, including the sales material used in the sale and the completed Disclosure Statement within ten days of receipt of the application.</p> <p>A violation of that section appears in Section 4A of this report.</p>

<u>Item</u>	<u>Description</u>
E	<p>The Company violated Section 51.6(b)(5) of Department Regulation No. 60 by failing to submit the quarterly reports indicating insurers that failed to provide replacement information as required by the Regulation.</p> <p>The examiner's review confirmed that the Company has procedures in place to comply with Section 51.6(b)(5) of Department Regulation No. 60.</p>
F	<p>The Company violated Section 51.6(b)(6) of Department Regulation No. 60 by failing to maintain copies of the notification of replacement to the insurer whose life insurance is being replaced.</p> <p>The examiner's review of samples of life and annuity replacements confirmed that the Company maintains copies of the notification of replacement to the existing insurer whose insurance is being replaced.</p>
G	<p>The Company violated Section 51.6(b)(7) of Department Regulation No. 60 for failing to reject the application when required forms were not received within ten days of the date of receipt of the application.</p> <p>A violation of that section appears in Section 4A of this report.</p>
H	<p>The examiner comments that the Company performed an internal review of replacements which revealed that the Disclosure Statement, required by Department Regulation No. 60, was not provided in a timely manner in a number of instances. The Department and the Company have agreed on remediation plans for policyholders and contractholders in these instances.</p> <p>The examiner's review confirmed that the Company conducted a review and remediation of certain replacements from the prior examination period, although there were still certain similar violations of Department Regulation No 60. as appears in Section 4A of this report.</p>

<u>Item</u>	<u>Description</u>
I	<p>The Company violated Section 3214(c) of the New York Insurance Law by failing to pay interest on matured policies.</p> <p>The examiner's review of a sample of matured endowment contracts confirmed that the Company paid interest on such contracts in accordance with Section 3214(c) of the New York Insurance Law.</p>
J	<p>The examiner recommends that the Company review all matured endowment contracts paid during the examination period (1997 – 2001) and pay interest as required by Section 3214(c) of the New York Insurance law.</p> <p>The examiner's review confirmed that the Company reviewed all maturities processed during the prior examination period and made payments for the overdue interest to affected policyholders in accordance with Section 3214(c) of the New York Insurance Law.</p>
K	<p>The examiner recommends that the Company review all death claims, for the period under examination, where the policy was issued in New York state (identified by a New York issue state), and all claims where there was a "blank" issue state field with a New York resident field, to determine whether the Company paid interest appropriately, and where required, in accordance with Section 3214(c) of the New York Insurance Law.</p> <p>The examiner's review confirmed that the Company reviewed all claims processed during the prior examination period that met these criteria in accordance with Section 3214(c) of the New York Insurance Law.</p>
L	<p>The examiner recommends that the Company pay the correct amount of interest in all instances where the Company paid an incorrect interest amount.</p> <p>The examiner's review confirmed that the Company paid overdue interest to the claimants that were identified as a result of the review. The examiner's review also confirmed that the Company implemented an enhancement to the Company's payment system to ensure that the correct amount of interest is paid.</p>

<u>Item</u>	<u>Description</u>
M	<p>The Company violated Section 4232(a)(2) of the New York Insurance Law by crediting additional amounts on annuity contracts without written criteria approved by the board of directors or a committee thereof.</p> <p>The examiner's review confirmed that additional amounts credited on annuity contracts were based upon written criteria approved by the board of directors or a committee thereof.</p>
N	<p>The Company violated Section 4232(b)(4) of the New York Insurance Law by crediting additional amounts on life insurance products without written criteria approved by the board of directors or a committee thereof.</p> <p>The examiner's review confirmed that additional amounts credited on life insurance products were based upon written criteria approved by the board of directors or a committee thereof.</p>
O	<p>The examiner recommends that the Company pay interest on death claims at the interest settlement option rate from the date of death to the date of payment.</p> <p>The examiner's review of a sample of death claims processed during the examination period confirmed that the Company complied with Section 3214(c) of the New York Insurance Law by paying interest on death claims at the interest settlement option rate from the date of death to the date of payment.</p>
P	<p>The examiner recommends that the Company investigate all MONYmarket accounts that have been dormant a minimum of three years in order to determine if any account(s) should be reported as unclaimed funds and eventually remitted to the appropriate state(s).</p> <p>The examiner's review confirmed that the Company investigated all MONYmarket accounts that met this criteria and remitted the funds to the State in cases where the Company was unable to contact the accountholder.</p>
Q	<p>The examiner recommends that the Company include as part of its "Request For Payment Of Benefits" form, or through some other method of disclosure, the option of a settlement check for the full death benefit amount.</p> <p>The examiner's review confirmed that the Company made the recommended change.</p>

<u>Item</u>	<u>Description</u>
R	<p>The examiner recommends that the Company include appropriate privacy language when it amends or renews its existing third party administrator agreements and in all new third party administrator agreements.</p> <p>In follow up to the prior examination recommendation, the examiner reviewed TPA agreements that existed as of the prior examination period as well as agreements that were newly executed since the prior examination period. The examiner confirmed that the Company has procedures in place to ensure that the TPA agreements that were newly executed since the prior examination period have the required privacy and safeguarding language. The examiner recommends that the Company review TPA agreements that existed as of the prior examination period and survey each TPA or vendor who has access to confidential customer information to determine whether privacy and safeguarding language is needed.</p>
S	<p>The Company violated Section 4228(f)(1)(D) of the New York Insurance Law for continued payment of stock options to its agent's without the approval of the Superintendent.</p> <p>The examiner's review confirmed that the Company filed the original stock option plan and its program for annual option grants to agents with the Department on May 8, 2003.</p>
T	<p>The Company violated Section 4228(f)(1)(B) of the New York Insurance Law by paying compensation under plans that were not filed with the Department.</p> <p>The examiner's review confirmed that the Company filed a compensation plan for brokerage general agencies with the Department on September 9, 2003.</p>

9. SUMMARY AND CONCLUSIONS

Following are the violations and recommendations contained in this report:

<u>Item</u>	<u>Description</u>	<u>Page No(s).</u>
A	The examiner recommends, and the Company agreed to, either add a statement to these advertisements showing the assets under management of the Company or cease use of these advertisements.	6
B	The Company violated Section 219.5(a) of Department Regulation No. 34-A in those cases where it failed to maintain a notation relating to the manner and extent of distribution certain advertisements.	7
C	The Company violated Section 4226(b) of the New York Insurance Law and Section 51.6(b)(3) of Department Regulation No. 60 in those cases where it failed to use comparisons that conform to all the requirements established by the Superintendent by Regulation and examine and ascertain that Disclosure Statements were accurate and met the requirements of the New York Insurance Law and Department Regulation No. 60.	8
D	The Company violated Section 51.6(b)(9) of Department Regulation No. 60 in those cases where it failed to provide a revised Appendix 10A Disclosure Statement when the life insurance policy issued differed from the life insurance policy applied for.	8
E	The Company violated Section 51.6(b)(7) of Department Regulation No. 60 in those cases where it failed to correct deficiencies involving Appendix 10A Disclosure Statement or Definition of Replacements forms or reject the application within ten days from the date of receipt of the application.	9
F	The Company violated Section 51.6(b)(4) of Department Regulation No. 60 in those cases where it failed to furnish the existing insurer a copy of the sales material used in the sale of the proposed annuity contract and the completed Appendix 10B Disclosure Statement within ten days of receipt of the application.	9
G	The Company violated Section 2611(a) of the New York Insurance Law in those cases where it failed to obtain written informed consent prior to subjecting the applicant to HIV-related testing.	10
H	The Company violated Section 53-3.6(a)(viii) of Department Regulation No. 74 by disseminating annual reports to certain universal life policyholders that did not contain certain required language regarding policy net cash surrender values.	11

<u>Item</u>	<u>Description</u>	<u>Page No(s).</u>
I	The Company violated Section 53-3.6(b) of Department Regulation No. 74 by disseminating annual reports to certain universal life policyholders during the examination period through February 2007 that did not contain certain required language regarding receipt of current illustrations.	11
J	The Company violated Section 54.11(a) of Department Regulation No. 77 by disseminating annual statements to certain variable life policyholders that did not contain certain required language regarding policy grace periods.	12
K	The Company violated Section 4221(a)(7) of the New York Insurance Law by disseminating annual reports to certain universal life policyholders that did not contain certain required information regarding policy loan values.	13
L	The examiner recommends that the Company review TPA agreements that existed as of the prior examination period and survey each TPA or vendor who has access to confidential customer information to determine whether privacy and safeguarding language is needed.	16
M	The examiner recommends that the Company institute a formal communication channel (documented process) whereby the Company's Privacy Officer is notified of any privacy and safeguarding deficiencies noted when the Company's other business areas audit or review the functions of TPAs.	16
N	The examiner recommends that the Company develop and implement a plan to improve the Company's control over TPA activities, including how TPAs secure the Company's customer non-public personal health and financial information.	17
O	The examiner recommends that the audit committee increase its level of involvement and oversight over the Company's system of safeguarding Company customer personal non-public financial and health information with regard to services outsourced to third parties.	17

<u>Item</u>	<u>Description</u>	<u>Page No(s).</u>
P	The examiner recommends that the Company develop a monitoring and control process to determine that TPAs have adequately prepared for and tested disaster recovery and business continuity plans in place at the TPA to ensure that outsourced operations and policyholder data can be recovered in the event of a disaster situation. This process should include an evaluation and assessment of each TPA to ensure that adequate measures have been taken to plan for the recovery of data, systems, operations, as well as critical business processes for those operations that the TPAs perform under service agreements with the Company.	18
Q	The examiner recommends that the Company implement a procedure to review the results of any disaster recovery and/or business continuity tests performed at the TPA.	18

Respectfully submitted,

_____/s/
Anthony Mauro
Associate Insurance Examiner

Respectfully submitted,

_____/s/
Eden M. Sunderman
Associate Insurance Examiner

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

Anthony Mauro and Eden M. Sunderman, being duly sworn, deposes and says that the foregoing report, subscribed by them, is true to the best of their knowledge and belief.

_____/s/
Anthony Mauro

_____/s/
Eden M. Sunderman

Subscribed and sworn to before me
this _____ day of _____

APPOINTMENT NO. 30201

STATE OF NEW YORK
INSURANCE DEPARTMENT

I, JAMES J. WRYNN, Superintendent of Insurance of the State of New York,
pursuant to the provisions of the Insurance Law, do hereby appoint:

EDEN SUNDERMAN

and

ANTHONY MAURO

as the proper persons to examine into the affairs of the

MONY LIFE INSURANCE COMPANY

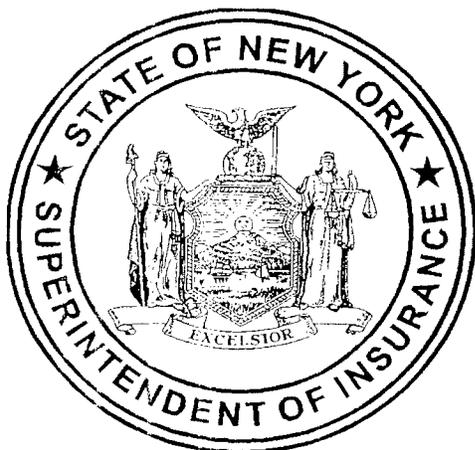
and to make a report to me in writing of the condition of the said

COMPANY

with such other information as they 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 14th day of January, 2010



JAMES J. WRYNN
Superintendent of Insurance

A handwritten signature in cursive script, appearing to read "James J. Wrynn".

Superintendent