STATE OF NEW YORK INSURANCE DEPARTMENT

REPORT ON FINANCIAL CONDITION EXAMINATION

OF THE

TIAA-CREF LIFE INSURANCE COMPANY

CONDITION:	DECEMBER 31, 2008
DATE OF REPORT:	JANUARY 22, 2010

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AS OF

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EXAMINER:	MARC A. TSE

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

David Paterson
Governor

James J. Wrynn
Superintendent

May 17, 2010

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

Sir:

In accordance with instructions contained in Appointment No. 30318, dated April 2, 2009 and annexed hereto, an examination has been made into the condition and affairs of TIAA-CREF Life Insurance Company, hereinafter referred to as "TC Life" or "the Company," at its home office located at 730 Third Avenue, New York, New York 10017.

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, comments, violations and recommendations contained in this report are summarized below.

- The Company violated Section 4233(a) of the New York Insurance Law by failing to classify its bonds on schedule D, Part 1, in accordance with the annual statement instructions as published by the National Association of Insurance Commissioners. (See item 5 of this report)

- The examiner recommends that the Company compile and update annually a list of related employees, including information as to names, job titles and relationship, and make such list available for review by Department examiners. (See item 3E of this report)

- The Company violated Section 4228(h) of the New York Insurance Law by failing to provide signed self-support demonstrations for its life insurance and annuity forms subject to such Section. The examiner recommends that the Company ensure that all future demonstrations are signed by a qualified actuary. (See item 8 of this report)

2. SCOPE OF EXAMINATION

The examination of TIAA-CREF Life Insurance Company is a full scope examination as defined in the *NAIC Financial Condition Examiners Handbook, 2008 Edition* (the "Handbook"). This examination covers the four-year period from January 1, 2005 through December 31, 2008. The examination was conducted observing the guidelines and procedures in the Handbook and, where deemed appropriate by the examiner, transactions occurring subsequent to December 31, 2008, but prior to the date of this report (i.e., the completion date of the examination) were also reviewed.

The examination was conducted on a risk-focused basis in accordance with the provisions of the Handbook published by the National Association of Insurance Commissioners ("NAIC"). The Handbook guidance provides for the establishment of an examination plan based on the examiner's assessment of risk in the insurer's operations and utilizing that evaluation in formulating the nature and the extent of the examination. The examiner planned and performed the examination to evaluate the current financial condition as well as identify prospective risks that may threaten the future solvency of the insurer. The examiner identified key processes, assessed the risks within those processes and evaluated the internal control systems and procedures used to mitigate those risks. The examination also included assessing the principles used and significant estimates made by management, evaluating the overall financial statement presentation, and determining management's compliance with statutes and Department guidelines, Statutory Accounting Principles as adopted by the Department and annual statement instructions.

Information about the Company's organizational structure, business approach and control environment were utilized to develop the examination approach. The Company's risks and management activities were evaluated incorporating the NAIC's nine branded risk categories. These categories are as follows:

- Pricing/Underwriting
- Reserving
- Operational
- Strategic
- Credit
- Market
- Liquidity

- Legal
- Reputational

The Company was audited annually, for the years 2005 through 2008, by the accounting firm of PricewaterhouseCoopers ("PwC"). The Company received an unqualified opinion in all years. Certain audit workpapers of the accounting firm were reviewed and relied upon in conjunction with this examination. The Company has an internal audit department and a separate internal control department which has been given the task of assessing the internal control structure and compliance with the Sarbanes-Oxley Act of 2002 ("SOX"). Where applicable, SOX workpapers and reports were reviewed and portions were relied upon for this examination.

The examiner reviewed the corrective actions taken by the Company with respect to the financial condition violations and recommendations contained in the prior report on examination. The results of the examiner's review are contained in item 9 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, incorporated as a stock life insurance company under the laws of New York on November 20, 1996 under the name TIAA Life Insurance Company, was licensed and commenced business on December 18, 1996. The Company is a wholly-owned subsidiary of Teachers Insurance and Annuity Association of America ("TIAA" or "Association"), an organization formed to provide pensions and insurance for teachers and employees of private educational institutions and currently providing an array of financial products and services to those in the academic, medical, cultural and research fields to assist in planning for and living in retirement. The Company was originally established by TIAA for the purpose of retaining its taxable life insurance and other non-pension business.

Currently, the Company markets life, annuity and health insurance products to the general public. The Company's name was changed to its present name, TIAA-CREF Life Insurance Company, on May 1, 1998. The Company's initial surplus of $10,000,000 consisted of capital stock of $2,500,000 (2,500 shares at a $1,000 par value) and paid in and contributed surplus of $7,500,000.

During the examination period, the Company did not receive any capital contributions. As of December 31, 2008 the Company had common capital stock outstanding and gross paid in and contributed surplus in the amounts of $2,500,000 and $287,500,000, respectively.

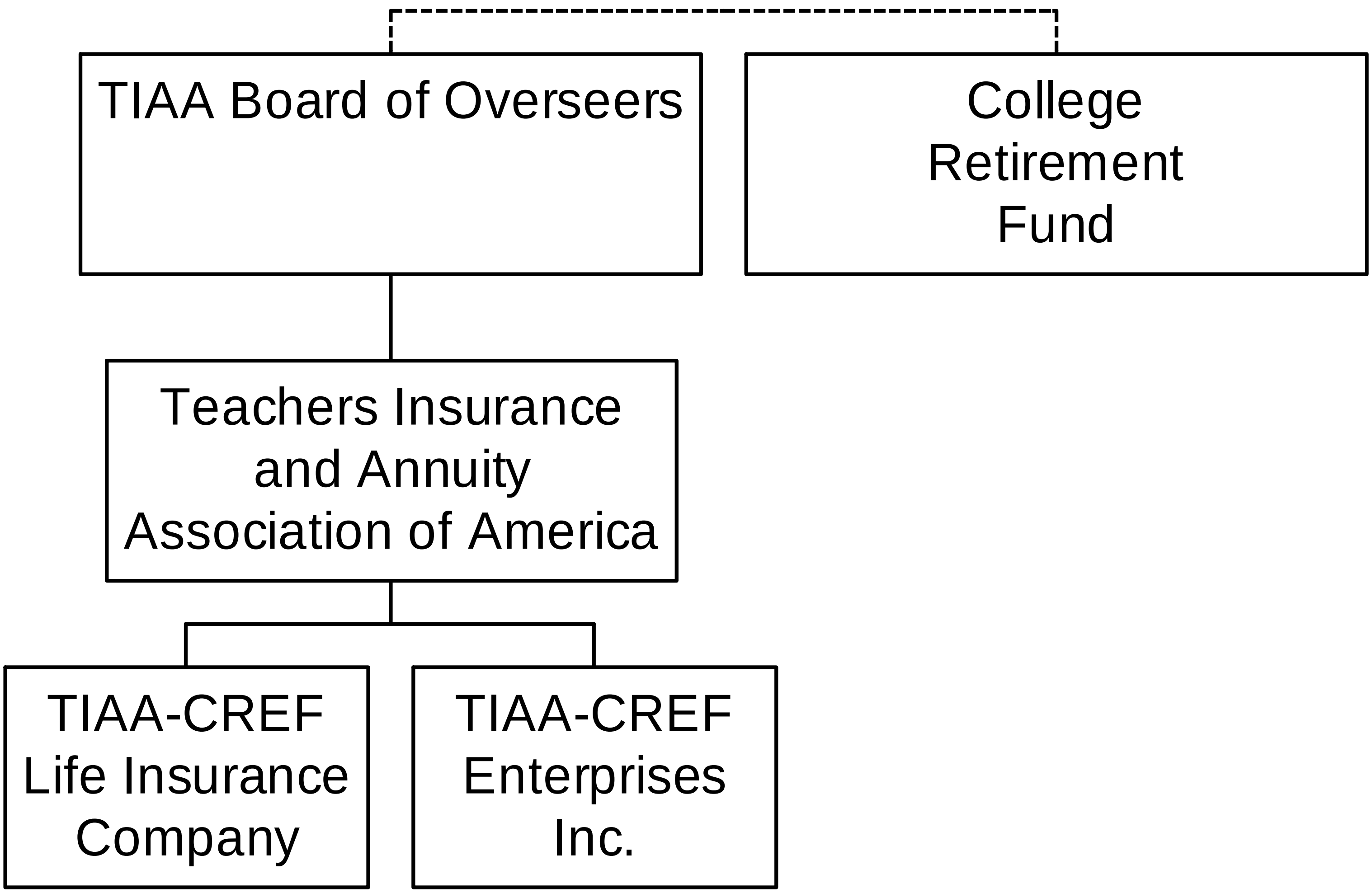
B. Holding Company

TC Life is a direct wholly-owned subsidiary of the Association. Under an at-cost service agreement, the Association performs the majority of services for the operation of the Company. The Association has a financial support agreement with the Company. Under this agreement, the Association is to provide support so that TC Life will have the greater of (a) capital and surplus of $250 million, (b) the amount of capital and surplus necessary to maintain TC Life's capital and surplus at a level not less than 150% of the NAIC Risk Based Capital Model or (c) such other amount as necessary to maintain the Company's financial strength rating at least the same as the Association's rating at all times. On March 17, 2009 the Association made a $70 million capital contribution to the Company under the financial support agreement.

Additionally, the Association provides a $100 million unsecured 364-day revolving line of credit to TC Life. As of December 31, 2008, there was no outstanding principal amount under this line of credit.

C. Organizational chart

An organization chart reflecting the relationship between the Company and significant entities in its holding company system as of December 31, 2008 follows:



D. Service agreements

The Company had 8 service agreements in effect during the examination period.

Type of Agreement	Effective Date	Provider(s) of Service(s)	Recipient(s) of Service(s)	Specific Service(s) Covered	Income/(Expense)* For Each Year of the Examination
1. Amendment and Restated Service Agreement	01/01/1999	TIAA	The Company	Administrative and Special Services	2008 ($38,457,075) 2007 ($40,759,611) 2006 ($46,434,812) 2005 ($47,722,192)
2. Distribution and Participation Agreement	11/30/1998 Amendment 2/29/2000 Amendment 9/15/2008	Teachers Personal Investors Services, Inc.	The Company and TIAA-CREF Separate Account VA-1	Distribution Services	2008 ($410,746) 2007 ($497,718) 2006 ($354,947) 2005 ($299,993)
3. Investment Management Agreement	12/10/1996	TIAA	The Company	Investment advisory services	2008 ($2,956,596) 2007 ($2,747,431) 2006 ($2,994,262) 2005 ($2,929,620)
4. Participation and Distribution Agreement	02/20/2002	Teachers Personal Investors Services, Inc.	The Company and TIAA-CREF Separate Account VA-1	Distribution services	2008 ($53,756) 2007 ($46,097) 2006 ($15,494) 2005 ($ 4,247)
5. Service Agreement For Tuition Plans	12/11/2001	TIAA-CREF and TIAA-CREF Individual and Institutional Services	The Company	Administrative and special services	2008 ($1,736,360) 2007 ($2,352,839) 2006 ($1,928,520) 2005 ($2,748,136)
6. Financial Support Agreement	11/02/1998	Association	The Company	Association will cause the Company to be sufficiently funded.	No contributions made during the period under review

Type of Agreement	Effective Date	Provider(s) of Service(s)	Recipient(s) of Service(s)	Specific Service(s) Covered	Income/(Expense)* For Each Year of the Examination
7. Distribution Agreement for TIAA-CREF Investment Horizon Annuity Contracts Replaced by amended and restated distribution Agreement 11/12/2008	8/12/2008	TIAA-CREF Individual and Institutional Services, LLC	The Company	Distribution services in connection with MVA contracts	2008 - $0
8. Distribution Agreement for TIAA-CREF Investment Horizon Annuity Contracts	11/12/2008	TIAA-CREF Individual and Institutional Services, LLC	The Company	Distribution services in connection with MVA contracts	2008 - $0

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

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

E. Management

The Company's charter provides that the board of directors shall be a minimum of 13 directors. Directors are elected for a period of one year at the annual meeting of the stockholders held in November of each year. The bylaws state that there shall be an annual meeting of the board in November of each year. Other meetings and special meetings shall be held on such dates as the board may fix by standing resolution. The bylaws also state that the board may take any action without a meeting if all of the members of the board consent in writing to the adoption of the resolution authorizing the action.

As of December 31, 2008, the board of directors consisted of 13 members. The 13 board members and their principal business affiliation, as of December 31, 2008, were as follows:

Name and Residence	Principal Business Affiliation	Year First Elected
Elizabeth D. Black Rye, NY	Managing Director Teachers Insurance and Annuity Association of America	2006
Sanjeev (NMN) Handa Westport, CT	Managing Director Teachers Insurance and Annuity Association of America	2007
Nancy F. Heller New York, NY	Senior Managing Director Teachers Insurance and Annuity Association of America	2007
Eric T. Jones New York, NY	Chairman, President & CEO TIAA-CREF Life Insurance Company Senior Vice President Teachers Insurance and Annuity Association of America	2008
Patrick J. Kennedy Park Ridge, IL	Vice President Teachers Insurance and Annuity Association of America	2008
Harry I. Klaristenfeld Brooklyn, NY	Chief Actuary TIAA-CREF Life Insurance Company Senior Vice President Teachers Insurance and Annuity Association of America	2006
Matthew L. Kurzweil Merrick, NY	Vice President Teachers Insurance and Annuity Association of America	2008
Lisa Anne Wright Mancini Matthews, NC	Director Teachers Insurance and Annuity Association of America	2008
Steven J. Maynard Charlotte, NC	Vice President Teachers Insurance and Annuity Association of America	2006

Name and Residence	Principal Business Affiliation	Year First Elected
Peter F. Murphy III Charlotte, NC	Senior Vice President Teachers Insurance and Annuity Association of America	2007
Russell G. Noles Monroe Township, NJ	Senior Vice President Teachers Insurance and Annuity Association of America	2005
Douglas A. Rothermich St. Charles, MO	Vice President Teachers Insurance and Annuity Association of America	2007
Wayne B. Williams New York, NY	Vice President Teachers Insurance and Annuity Association of America	2007

Lisa Anne Wright Mancini’s term as a director ended on November 11, 2009. Anthony Garcia was appointed as a director on March 4, 2010.

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.

As of October 1, 2008 the board of directors of the Company failed to acknowledge having received and read the prior report on examination as of December 31, 2004. The examiner recommends that the Company initiate procedures to ensure that all directors acknowledge having received and read the statutory reports on examination in a timely manner.

The following is a listing of the principal officers of the Company as of December 31, 2008:

Name	Title
Eric Thomas Jones	Chairman, President & Chief Executive Officer
Linda Sellers Dougherty	Vice President & CFO
Harry Isaac Klaristenfeld	Chief Actuary
Marjorie Pierre-Merritt	Secretary

Thomas Linton was the designated consumer services officer per section 216.4(c) of Department Regulation No. 64. In March, 2009, Becky Buckingham replaced Thomas Linton as the consumer services officer.

Conflict of Interest – Related Employees

As part of the review of the Company's controls over potential conflicts of interest, the examiner requested that the Company provide information pertaining to related persons employed within the organization, including such information as names, job titles and relationship. Despite the examiner's request, the Company did not comply in providing such information. The Association's response, in an aggregate response including the Company, stated, "TIAA-CREF does not have a systematic process to track related employees. Job applicants are asked if they have relatives at TIAA-CREF to ensure that there is no conflict of interest during the interview process." The Association stated further that:

> "TIAA managers are responsible for identifying potential nepotism issues and ensuring that employees with relatives in the company do not compromise the daily operation of his or her unit. The policy also places an affirmative duty on all employees to report potential nepotism concerns to the company's Human Resources area. The company's policy-based approach, as opposed to conducting recurring surveys of employees about family relations, has been applied consistently and satisfactorily as needed for addressing nepotism issues. We are confident that this approach is sufficient."

Although the Association asserts that its policy has been applied consistently and satisfactorily, the Company was unable to provide any evidence evincing the operation of the policy, including communications or reports relating to a manager's oversight of this area or internal audit reports reviewing the functioning of the Company's controls in this area, or that it could even compile a listing of related persons for the purpose of reviewing policy compliance. The Company's procedures do not instruct its managers as to the frequency of surveys or reports on such matters; there is no assurance of frequency of surveys or reports nor that any existing relations involving conflict of interest are being detected. Such relationships may by nature be subject to ongoing change. Without adequately functioning controls over potential conflicts of interest, the Company becomes more susceptible to situations involving fraudulent activity.

The examiner recommends that the Company compile and update annually a list of related employees, including information as to names, job titles and relationship, and make such list available for review by Department examiners. Where the examiner is unable to verify the functioning of Company controls and procedure pertaining to this area, the listing is necessary to the examiner's review of conflicts of interest involving related persons.

4. 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 and the District of Columbia. The Company is headquartered in New York City.

The Company primarily targets individuals working in the academic, cultural, medical and research institutions, small business owners and individuals, who wish to manage risk and preserve their wealth. The Company's sales operations are conducted predominantly on a direct response basis. The Company also has a salaried sales force that is not based on commissions.

A. Statutory and Special Deposits

As of December 31, 2008, the Company had $5,000,000 (par value) of United States of America Treasury Bonds) on deposit with the State of New York, its domiciliary state, for the benefit of all policyholders, claimants and creditors of the Company.

B. Direct Operations

TC Life's major lines of business consist of individual annuities, life insurance and funding agreements. Individual annuity products include: variable annuities and modified guaranteed annuities. The Company offers both flexible premium deferred annuities and single premium immediate annuities. Life products consist of term life, universal life and variable life insurance products.

The individual annuities and life insurance products are marketed directly to individuals. TC Life's individual products are available to the general public; however, they are marketed primarily to individuals who own retirement annuities or insurance policies issued by the Company's parent, the Association.

In 2008, 13.9% of life premiums, 15.8% of annuity considerations and 11.4% of 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 branch office and direct response basis.

C. Reinsurance

The Company cedes business to various reinsurers under a number of automatic, yearly renewable term (YRT) and coinsurance agreements. The majority of business reinsured consisted of ordinary life products with the remaining portion comprising of long-term care insurance products. The purpose, structure, and amount of reinsurance vary by product.

For term life insurance, TC Life uses reinsurance primarily to insulate itself from adverse mortality claim experience. Term life reinsurance treaties take the form of first-dollar quota-share coinsurance. Under these treaties, TC Life and the reinsurers share claims, reserves, and premiums proportionally. In addition, reinsurers reimburse TC Life for its acquisition and maintenance expenses with allowances equal to specified percentages of reinsured premium. TC Life automatically cedes 90% of its level premium term insurance and between 25% and 90% of its annual renewable term insurance depending on product series and issue date. In addition to automatic cessions, large, substandard or otherwise unusual cases may be facultatively reinsured at different percentage shares.

For universal life insurance, TC Life uses reinsurance primarily to insulate itself from adverse mortality claim experience. Universal life treaties take the form of first-dollar YRT reinsurance. Under these treaties, TC Life and reinsurers proportionally share the net amount at risk, or the excess of death claims over cash values. TC Life retains the entire gross premium and the majority of the reserves. TC Life compensates the reinsurers with reinsurance premiums based on specified percentages of agreed upon mortality tables.

TC Life automatically cedes between 50% and 75% of its universal life insurance depending on product type, product series and issue date. In addition to automatic cessions, large, substandard or otherwise unusual cases may be facultatively reinsured at different percentage shares.

On May 1, 2004, the Company entered into a series of agreements with Metropolitan Life Insurance Company ("MetLife ") for: MetLife to service the Company's long-term care business; cession of 100% of the Company's group and individual long-term care liability to MetLife; and

MetLife to begin the process of offering the Company's policyholders the option of transferring their policy to MetLife.

The Company is primarily a direct writer and does not assume significant amounts of business. No premiums were assumed during the period under examination.

Within Schedule S, Part 3 – Section 1 of the annual statement, the Company incorrectly reported a ceded reinsurance treaty with Munich American Reassurance Company with an effective date August 15, 2005 as a ceded reinsurance treaty with an effective date of March 1, 2006. Additionally, the Company incorrectly reported a ceded reinsurance treaty with RGA Reinsurance Company with an effective date February 1, 2007 as a ceded reinsurance treaty with an effective date of March 1, 2006.

The examiner recommends that the Company take greater care in the preparation of Schedule S. A similar recommendation was contained in the prior report on examination.

5. 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, 2004	December 31, 2008	Increase (Decrease)
Admitted assets	$3,376,040,795	$2,917,584,892	$(458,455,903)
Liabilities	$3,075,962,895	$2,637,254,186	$(438,708,709)
Common capital stock	$2,500,000	$2,500,000	$ 0
Gross paid in and contributed surplus	287,500,000	287,500,000	0
Unassigned funds (surplus)	$10,077,900	$(9,669,294)	$ (19,747,194)
Total capital and surplus	$ 300,077,900	$ 280,330,706	$ (19,747,194)
Total liabilities, capital and surplus	$3,376,040,795	$2,917,584,892	$(458,455,903)

The decline in admitted assets and liabilities from 2004 to 2008 is primarily related to the Company ceasing to market the life line of business to participants. In addition, in 2008 the Company ceased developing new financial intermediary relationships while continuing to maintain existing relationships.

The deteriorating condition in the financial and credit markets during 2008 had a direct impact on a number of holdings in the investment portfolio. The primary driver for the decline in unassigned funds (surplus) was the recognition of approximately $73 million of net realized losses during 2008, primarily due to other-than-temporary impairments within its investment portfolio.

Total admitted assets of $2.918 billion as of December 31, 2008 decreased $458.4 million or 13.6% from $3.376 billion as of December 31, 2004, primarily due to a $596.6 million reduction in its bond portfolio. Total liabilities of $2.637 billion as of December 31, 2008 reflect a decrease of $438.7 million or 14.2% from $3.076 billion as of December 31, 2004, primarily due to a $528.4 million reduction in life reserves over that period.

As of December 31, 2008, TC Life's investment portfolio, exclusive of separate accounts, was primarily comprised of bonds (88.6%). The Company's bond portfolio consisted of 81.9% in publicly traded bonds and 18.1% in privately placed bonds. The bond holdings were principally distributed among investment grade obligations with 64.6% and 33.4% in Class 1 and Class 2, respectively. The remainder, $4.4 million representing 2% of the bond portfolio, was invested in Classes 3, 4 and 6.

> Section 4233 of the New York State Insurance law states in part:
>
> (a) "In addition to any other matter which may be required to be stated therein, either by law or by the superintendent pursuant to law, every annual statement of every life insurance company doing business in this state shall conform substantially to the form of statement adopted from time to time for such purpose by, or by the authority of, the National Association of Insurance Commissioners, together with such additions, omissions or modifications, similarly adopted from time to time, as may be approved by the superintendent."

The instructions for Schedule D, Part 1, Long-Term Bonds Owned December 31 of Current Year, on page 355, of the NAIC Annual Statement Instructions, Life, Accident & Health, for the 2008 reporting year states in part:

> "Bonds are to be grouped as listed below and each category arranged alphabetically (securities included in States, Territories and Possessions, Political Subdivisions of States, Territories and Possessions, and Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions should be listed with a state abbreviation in the column provided for electronic data capture)…
>
> If an insurer has any detail lines reported for any of the following required categories or subcategories, it shall report the subtotal amount of the corresponding category or subcategory, with the specified subtotal line number appearing in the same manner and location as the pre-printed total or grand total line and number:

Category	Line Number
Bonds:	
U.S. Governments	
Issuer Obligations	199999
Single Class Mortgage-Backed/Asset-Backed Securities	299999
Subtotals – U.S. Governments	399999
All Other Governments	
Issuer Obligations	499999
Single Class Mortgage-Backed/Asset-Backed Securities	599999
Defined Multi-Class Residential Mortgage-Backed Securities	699999
Other Multi-Class Residential Mortgage-Backed Securities	799999
Defined Multi-Class Commercial Mortgage-Backed Securities	899999
Other Multi-Class Commercial Mortgage-Backed/Asset-Backed Securities	999999
Subtotals – All Other Governments	1099999
States, Territories and Possessions (Direct and Guaranteed)	
Issuer Obligations	1199999
Single Class Mortgage-Backed/Asset-Backed Securities	1299999
Defined Multi-Class Residential Mortgage-Backed Securities	1399999
Other Multi-Class Residential Mortgage-Backed Securities	1499999
Defined Multi-Class Commercial Mortgage-Backed Securities	1599999
Other Multi-Class Commercial Mortgage-Backed/Asset-Backed Securities	1699999
Subtotals – States, Territories and Possessions (Direct and Guaranteed)	1799999
Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed)	
Issuer Obligations	1899999
Single Class Mortgage-Backed/Asset-Backed Securities	1999999
Defined Multi-Class Residential Mortgage-Backed Securities	2099999
Other Multi-Class Residential Mortgage-Backed Securities	2199999
Defined Multi-Class Commercial Mortgage-Backed Securities	2299999
Other Multi-Class Commercial Mortgage-Backed/Asset-Backed Securities	2399999
Subtotals – Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed)	2499999
Special Revenue and Special Assessment Obligations and all Non-Guaranteed Obligations of Agencies and Authorities of Governments and Their Political Subdivisions	
Issuer Obligations	2599999
Single Class Mortgage-Backed/Asset-Backed Securities	2699999
Defined Multi-Class Residential Mortgage-Backed Securities	2799999
Other Multi-Class Residential Mortgage-Backed Securities	2899999
Defined Multi-Class Commercial Mortgage-Backed Securities	2999999
Other Multi-Class Commercial Mortgage-Backed/Asset-Backed Securities	3099999
Subtotals – Special Revenue and Special Assessment Obligations	

and	
all Non-Guaranteed Obligations of Agencies and Authorities of Governments	
and Their Political Subdivisions	3199999
Public Utilities (Unaffiliated)	
Issuer Obligations	3299999
Single Class Mortgage-Backed /Asset-Backed Securities	3399999
Defined Multi-Class Residential Mortgage-Backed Securities	3499999
Other Multi-Class Residential Mortgage-Backed Securities	3599999
Defined Multi-Class Commercial Mortgage-Backed Securities	3699999
Other Multi-Class Commercial Mortgage-Backed/Asset-Backed Securities	3799999
Subtotals – Public Utilities (Unaffiliated)	3899999
Industrial and Miscellaneous (Unaffiliated)	
Issuer Obligations	3999999
Single Class Mortgage-Backed/Asset-Backed Securities	4099999
Defined Multi-Class Residential Mortgage-Backed Securities	4199999
Other Multi-Class Residential Mortgage-Backed Securities	4299999
Defined Multi-Class Commercial Mortgage-Backed Securities	4399999
Other Multi-Class Commercial Mortgage-Backed/Asset-Backed Securities	4499999
Subtotals – Industrial and Miscellaneous (Unaffiliated)	4599999
Credit Tenant Loans	
Issuer Obligations	4699999
Parent, Subsidiaries and Affiliates	
Issuer Obligations	4799999
Single Class Mortgage-Backed/Asset-Backed Securities	4899999
Defined Multi-Class Residential Mortgage-Backed Securities	4999999
Other Multi-Class Residential Mortgage-Backed Securities	5099999
Defined Multi-Class Commercial Mortgage-Backed Securities	5199999
Other Multi-Class Commercial Mortgage-Backed/Asset-Backed Securities	5299999
Subtotals – Parent, Subsidiaries and Affiliates	5399999
Total Bonds	
Subtotals – Issuer Obligations	5499999
Subtotals – Single Class Mortgage-Backed/Asset-Backed Securities	5599999
Subtotals – Defined Multi-Class Residential Mortgage-Backed Securities	5699999
Subtotals – Other Multi-Class Residential Mortgage-Backed Securities	5799999
Subtotals – Defined Multi-Class Commercial Mortgage-Backed Securities	5899999
Subtotals – Other Multi-Class Commercial Mortgage-Backed/Asset-Backed Securities	5999999
Subtotals – Total Bonds	6099999

A review of Schedule D, Part 1 for 2008 revealed that the Company misfiled 151 bonds, worth approximately $435 million. A partial list of misclassifications by the Company includes:

Industrial & Misc. (I & M) multi class CMBS rated AAA or AA were reported as I&M single class MBS/ABS or I&M other multi class CMBS (rated below AA); I&M multi class RMBS as well as Special Revenue multi class RMBS rated AAA or AA were reported as Special Revenue single class MBS/ABS; Political Subdivisions issuer obligations and Special Revenue issuer obligations were reported as States, Territories and Possessions issuer obligations; I&M issuer obligations were reported as Special Revenue issuer obligations; Special Revenue multi class CMBS rated below AA were reported as I&M Single class MBS/ABS. Such misclassifications of securities make it difficult for analysts to assess what investments the Company holds.

The Company violated Section 4233(a) of the New York Insurance Law by failing to classify its bonds on schedule D, Part 1, in accordance to the annual statement instructions published by the National Association of Insurance Commissioners.

The Examiner recommends that the Company exercise due care in grouping its bonds on Schedule D.

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:

	2005	2006	2007	2008
Ordinary:				
Life insurance	$ 988,350	$(14,800,447)	$ (9,661,554)	$(14,047,760)
Individual annuities	(2,200,086)	14,260,544	6,768,822	7,030,346
Supplementary contracts	(1,216,863)	68,140	12,126	121,952
Total ordinary	$(2,428,599)	$ (471,763)	$ (2,880,606)	$ (6,895,462)
Group annuities	$ 6,062,505	$ 4,457,363	$ 6,392,528	$ 4,691,839
Accident and health - other	$ 29,007	$ (99,739)	$ (102,172)	$ 104,361
All other lines*	$18,743,675	$ 14,204,279	$15,014,543	$13,663,364
Total	$22,406,588	$ 18,090,140	$18,424,293	$11,564,102

* During each year of the examination period, the Company reported significant amounts of net investment income not otherwise allocated to a line of business. Those amounts comprise the bulk of the amounts reported for "All Other Lines."

6. FINANCIAL STATEMENTS

The following statements show the assets, liabilities, capital and surplus as of December 31, 2008, as contained in the Company's 2008 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, 2008 filed annual statement.

A. Independent Accountants

The firm of PricewaterhouseCoopers was retained by the Company to audit the combined statutory basis statements of financial position of the Company as of December 31st of each year in the examination period, and the related statutory-basis statements of operations, capital and surplus, and cash flows for the year then ended.

PricewaterhouseCoopers concluded that the statutory financial statements presented fairly, in all material respects, the financial position of the Company at the respective audit dates. Balances reported in these audited financial statements were reconciled to the corresponding years' annual statements with no discrepancies noted.

B. Net Admitted Assets

Bonds	$2,130,765,450
Stocks:	
Preferred stocks	43,899,387
Mortgage loans on real estate:	
First liens	80,821,831
Cash, cash equivalents and short term investments	104,992,518
Contract loans	1,093,277
Derivative instruments	1,076,807
Investment income due and accrued	27,999,741
Premiums and considerations:	
Uncollected premiums and agents' balances in the course of collection	16,312
Deferred premiums, agents' balances and installments booked but deferred and not yet due	7,641,830
Reinsurance:	
Amounts recoverable from reinsurers	787,500
Other amounts receivable under reinsurance contracts	609,317
Current federal and foreign income tax recoverable and interest	206,258
Net deferred tax asset	2,196,000
Aggregate write-ins for other than invested assets	1,910,474
From separate accounts, segregated accounts, protected cell accounts	513,568,190
Total admitted assets	$2,917,584,892

C. Liabilities, Capital and Surplus

Aggregate reserve for life policies and contracts	$1,234,485,861
Liability for deposit-type contracts	887,433,836
Contract claims:	
Life	3,172,245
Premiums and annuity considerations for life and accident and health contracts received in advance	48,692
Contract liabilities not included elsewhere:	
Interest maintenance reserve	2,160,906
Transfers to separate account due or accrued	739,372
Amounts withheld or retained by company as agent or trustee	850,635
Remittances and items not allocated	1,499,916
Miscellaneous liabilities:	
Asset valuation reserve	907,792
Payable to parent, subsidiaries and affiliates	12,468,237
Aggregate write-ins for liabilities	60,009
Total liabilities excluding separate accounts	$2,143,827,501
From separate accounts statement	493,426,685
Total liabilities	$2,637,254,186
Common capital stock	$ 2,500,000
Gross paid in and contributed surplus	287,500,000
Unassigned funds (surplus)	(9,669,294)
Surplus	$ 277,830,706
Total capital and surplus	$ 280,330,706
Total liabilities, capital and surplus	$2,917,584,892

D. Condensed Summary of Operations

	2005	2006	2007	2008
Premiums and considerations	$140,791,245	$136,432,864	$169,591,967	$168,032,877
Investment income	147,444,869	139,999,302	128,586,949	121,766,644
Commissions and reserve adjustments on reinsurance ceded	7,606,992	7,445,962	6,165,193	8,749,083
Miscellaneous income	2,327,230	2,892,946	4,074,927	3,656,116
Total income	$298,170,336	$286,771,074	$308,419,036	$302,204,720
Benefit payments (Note #1)	$337,658,333	$423,141,447	$258,759,812	$186,491,961
Increase in reserves (Note #2)	(167,593,450)	(276,424,549)	(121,110,799)	36,717,553
General expenses and taxes	50,724,927	49,299,093	43,988,216	40,428,673
Increase in loading on deferred and uncollected premiums	(3,395,054)	(2,155,667)	(1,432,888)	(1,306,957)
Miscellaneous deductions	46,863,463	68,574,863	103,617,779	24,304,215
Total deductions	$264,258,219	$262,435,187	$283,822,120	$286,635,445
Net gain	$ 33,912,117	$ 24,335,887	$ 24,596,916	$ 15,569,275
Federal and foreign income taxes incurred	11,505,529	6,245,747	6,172,623	4,005,173
Net gain from operations before net realized capital (losses)	$ 22,406,588	$ 18,090,140	$ 18,424,293	$ 11,564,102
Net realized capital gains (losses) (Note #3)	(988,095)	(811,315)	(8,325,861)	(73,040,389)
Net income (loss) (Note #4)	$ 21,418,493	$ 17,278,825	$ 10,098,432	$ (61,476,287)

(1) Benefit payments declined primarily due to a decrease in surrenders arising from a reduction in internal tax-free exchanges. The reduction was attributable to a more competitive interest rate environment for the Company's variable annuity products in 2008.

(2) Overall, reserves decreased from 2004 to 2008 primarily due to increased annuity withdrawals.

(3) The Company incurred approximately $73.0 million of net realized capital losses during 2008, primarily due to other than temporary impairments in the investment portfolio.

(4) The Company's net income decreased $71.5 million from 2007 to a net loss of $61,476,287 in 2008. Net income was negatively impacted by the net capital losses described in note 3 and by a $5.3 million decrease in net investment income arising from declining interest rates and a slightly reduced level of invested assets.

E. Capital And Surplus Account

	2005	2006	2007	2008
Capital and surplus, December 31, prior year	$300,077,900	$324,430,162	$340,552,915	$332,130,292
Net income	$21,418,493	$17,278,825	$10,098,432	$(61,476,287)
Change in net unrealized capital gains (losses)	(220,698)	(298,512)	(565,803)	758,885
Change in net deferred income tax	(1,406,000)	(139,000)	1,692,000	24,289,000
Change in non-admitted assets and related items	1,690,335	257,631	(25,113,812)	(25,291,955)
Change in asset valuation reserve	(3,810,750)	(1,204,366)	5,452,879	9,418,016
Surplus adjustments: Paid in (withdrawn)	63,902	228,175	13,681	(2,690)
Aggregate write ins for gains and losses in surplus	6,616,980	0	0	505,445
Net change in capital and surplus for the year	$24,352,262	$16,122,753	$(8,422,623)	$(51,799,586)
Capital and surplus, December 31, current year	$324,430,162	$340,552,915	$332,130,292	$280,330,706

7. SUBSEQUENT EVENTS

Capital Contribution

On March 17, 2009, the Company received a $70 million capital contribution from the Association in accordance with the financial support agreement.

Investment Losses

The Company incurred $21.3 million of investment-related losses and write-downs during 2009. The losses occurred in a variety of investment classes, including financial institution and other corporate bonds, structured securities, and mortgage loans.

8. 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 . . . 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 of self-support and corresponding demonstrations for two selected policy forms (TCL-VA2 and AM-SVUL.3). The examiner found that the Company failed to have a qualified actuary sign the demonstrations.

The Company violated Section 4228(h) of the New York Insurance Law by failing to provide signed self-support demonstrations for its life insurance and annuity forms subject to such Section.

The examiner recommends that the Company ensure that all future self-support demonstrations are signed by a qualified actuary.

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.

9. PRIOR REPORT SUMMARY AND CONCLUSIONS

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

Item	Description
A	The examiner recommends that the Company ensure that all officers and directors complete the conflict of interest questionnaires and code of ethics acknowledgement form on an annual basis. The examiner's review revealed that the Company's officers and directors do complete the questionnaire and acknowledgement form.
B	The examiner recommends that the Company take greater care in the preparation of Schedule S. The examiner's review revealed that the Company failed to take corrective action in response to this prior report recommendation. (See item 4C of this report)
C	The Company violated Section 1308(a)(2)(A) of the New York Insurance Law by taking a reserve credit without including the proper insolvency clause in the reinsurance agreement with Lincoln National Life Insurance Company. The examiner's review did not reveal instances whereby the company violated Section 1308(a)(2)(A) of the New York Insurance Law.
D	The examiner recommends that the Company revise the reinsurance agreement with Lincoln National Life Insurance Company so that the insolvency clause complies with Section 1308(a)(2)(A)(i) of the New York Insurance Law. The examiner's review revealed that the Company complied with this recommendation.
E	The examiner recommends that the Company take greater care in the preparation of Schedule D, Part 1 in the future. The examiner's review revealed that the Company failed to take corrective action in response to this prior report recommendation. (See item 5 of this report)

Item	Description
F	The examiner recommends that the Company verify the fair value on at least a sample of securities where fair value appears to be outside the normal range, and take appropriate action to determine fair value where necessary. The examiner’s review revealed that the Company complied with this recommendation.
G	The examiner recommends that when it is necessary for a trader to request price quotes, the counterparty be instructed to send the quote directly to the Valuation Unit. The examiner’s review revealed that the Company complied with this recommendation.
H	The examiner recommends that when vendors are used for pricing, the Company maintain documentation of such quotes, instead of simply inserting those values in a spreadsheet. The examiner’s review revealed that the Company complied with this recommendation.

10. SUMMARY AND CONCLUSIONS

Following are violations, recommendations and comment contained in this report:

Item	Description	Page No(s).
A	The examiner recommends that the Company initiate procedures to ensure that all directors acknowledge having received and read the statutory reports on examination in a timely manner.	10
B	The examiner recommends that the Company compile and update annually a list of related employees, including information as to names, job titles and relationship, and make such list available for review by Department examiners.	12
C	The examiner recommends that the Company take greater care in the preparation of Schedule S. A similar finding was contained in the prior report on examination.	15
D	The Company violated Section 4233(a) of the New York Insurance Law by failing to classify its bonds on schedule D, Part 1, in accordance with the annual statement instructions published by the National Association of Insurance Commissioners.	20
E	The examiner recommends that the Company exercise due care in grouping its bonds on Schedule D.	20
F	On March 17, 2009, the Company received a $70 million capital contribution from the Association in accordance with the financial support agreement.	26
G	The Company incurred $21.3 million of investment-related losses and write-downs during 2009. The losses occurred in a variety of investment classes, including financial institution and other corporate bonds, structured securities, and mortgage loans.	26
H	The Company violated Section 4228(h) of the New York Insurance Law by failing to provide signed self-support demonstrations for its life insurance and annuity forms subject to such Section.	27
I	The examiner recommends that the Company ensure that all future self-support demonstrations are signed by a qualified actuary.	27

Respectfully submitted,

_______/s/__________________
Marc A. Tse
Associate Insurance Examiner

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

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

_______/s/__________________
Marc A. Tse

Subscribed and sworn to before me

this__________ day of ____________________

APPOINTMENT NO. 30318

STATE OF NEW YORK

INSURANCE DEPARTMENT

*I, **ERIC R. DINALLO**, Superintendent of Insurance of the State of New York, pursuant to the provisions of the Insurance Law, do hereby appoint:*

MARC TSE

as a proper person to examine into the affairs of the

TIAA-CREF 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 2nd day of April, 2009

ERIC R. DINALLO
Superintendent of Insurance

Superintendent