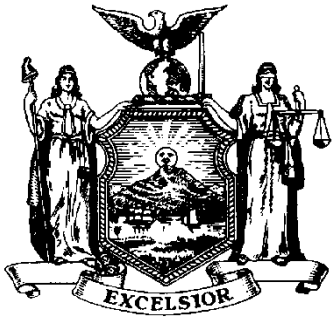

NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES

REPORT ON EXAMINATION

OF THE

AXA EQUITABLE LIFE INSURANCE COMPANY

CONDITION: DECEMBER 31, 2015

DATE OF REPORT: MAY 8, 2017

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EXAMINER: VICTOR AGBU
WILLIAM FEDAK, CFE

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NEW YORK STATE
DEPARTMENT *of*
FINANCIAL SERVICES

Andrew M. Cuomo
Governor

Maria T. Vullo
Superintendent

May 8, 2017

Honorable Maria T. Vullo
Superintendent of Financial Services
New York, New York 10004

Madam:

In accordance with instructions contained in Appointment No. 31441, dated March 14, 2016 and annexed hereto, a market conduct examination has been made into the condition and affairs of AXA Equitable Life Insurance Company, hereinafter referred to as "the Company," at its administrative office located at 100 Madison Street, Syracuse, NY 13202.

In accordance with instructions contained in Appointment No. 31531, dated September 13, 2016 and annexed hereto, a financial condition examination has been made into the condition and affairs of the Company at its home office located at 1290 Avenue of the Americas, New York, NY 10104.

Wherever "Department" appears in this report, it refers to the New York State Department of Financial Services.

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

1. EXECUTIVE SUMMARY

The material comment and violations contained in this report are summarized below.

- The examiner recommends that the Company continue to compute and strengthen reserves using the assumptions and methodology as agreed upon with the Department. (See item 6F of this report)
- The Company violated Insurance Regulation No. 60, 11 NYCRR Section 51.7(b) by engaging in practices that prevented the orderly working of the regulation in accomplishing its intended purpose in the protection of policyholders and contractholders. (See item 7A of this report)
- The Company violated Section 2611(a) of the New York Insurance Law by failing to obtain the required written consent form prior to subjecting the applicant to HIV-related testing. (See item 7B of this report)
- The Company violated Section 3240(f)(1) of the New York Insurance Law by failing to establish procedures to reasonably confirm the death of an insured and begin to locate beneficiaries within ninety days after identification of a potential match. (See item 7C of this report)
- The Company violated Insurance Regulation No. 152, 11 NYCRR Section 243.2(b)(8) by failing to maintain a record of the initial loan notice provided to the policyholder. (See item 7D of this report)

2. SCOPE OF EXAMINATION

The examination of the Company was a full scope examination as defined in the *NAIC Financial Condition Examiners Handbook, 2016 Edition* (the "Handbook"). The examination covers the five-year period from January 1, 2011 to December 31, 2015. 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, 2015 but prior to the date of this report (i.e. the completion date of the examination) were also reviewed.

In the course of the examination, a review was also made of the manner in which the Company conducts its business and fulfills its contractual obligations to policyholders and claimants. The results of this review are contained in item 7 of this report.

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 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 New York statutes and Department guidelines, Statutory Accounting Principles as adopted by the Department, and annual statement instructions.

This examination was led by the Department with participation from the states of Arizona, Colorado, Delaware and Ohio. Since the lead and participating states are all accredited by the NAIC, all states deemed it appropriate to rely on each other's work.

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 2011 through 2015, by the accounting firm of PricewaterhouseCoopers, LLP. 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 was given the task of assessing the internal control structure and compliance with the Sarbanes-Oxley Act of 2002 ("SOX") and applicable sections of the NAIC's Annual Financial Reporting Model Regulation ("MAR"). Where applicable, internal audit, SOX and MAR workpapers and reports were relied upon for this examination.

The examiner reviewed the corrective actions taken by the Company with respect to the violations, comments and recommendations contained in the prior report on examination. The results of the examiner's review are contained in item 10 of this report.

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

3. DESCRIPTION OF COMPANY

A. History

The Company was incorporated as a stock life insurance company under the laws of New York on July 26, 1859 under the name of Equitable Life Assurance Society of the United States. The Company was licensed on July 25, 1859 and commenced business on July 28, 1859. In 1917, the Company commenced a process to become a mutual life insurance company. The Company completed its conversion to a mutual company in 1925.

On July 22, 1992, the Company demutualized and converted back to a stock life insurance company and became a wholly-owned subsidiary of The Equitable Companies Incorporated ("EQ"). In connection with the demutualization, the Company's eligible policyholders received cash, policy credits or common stock of EQ. At demutualization on July 22, 1992, AXA, a French holding company for an international group of insurance and related financial services companies, became the owner of 49% of EQ's common shares outstanding as well as the owner of convertible preferred stock and convertible debentures. As a result, AXA's ownership percentage of EQ as of December 31, 1995 increased to 60.6%.

On September 3, 1999, EQ changed its name to AXA Financial, Inc. ("AXA Financial"). In 1999, AXA Client Solutions, LLC ("Client Solutions") was formed as a wholly-owned direct subsidiary of AXA Financial. At the same time, AXA Financial contributed to Client Solutions all of the Company's common stock, making Client Solutions the direct parent of the Company.

On August 30, 2000, AXA Financial received a proposal from AXA for the acquisition of all of the outstanding common shares of AXA Financial not owned by AXA. On January 2, 2001, AXA completed its acquisition of the remaining minority interest in AXA Financial.

On January 1, 2002, Client Solutions distributed all of the Company's common stock to AXA Financial, thereby making AXA Financial the direct parent of the Company. On April 22, 2002, Client Solutions changed its name to AXA Financial Services, LLC. Effective June 1, 2002, AXA Financial transferred ownership of the Company back to AXA Financial Services, LLC thereby making it once again the parent of the Company.

Effective September 7, 2004, the Company, formerly known as The Equitable Life Assurance Society of the United States, changed its name to AXA Equitable Life Insurance Company.

Effective November 7, 2007, AXA Financial Services, LLC changed its name to AXA Equitable Financial Services, LLC ("AXA Equitable Financial").

The Company paid cash dividends to AXA Equitable Financial and received a non-cash contribution from AXA Equitable Financial of $379 million and $260,326, respectively in 2011; $362.5 million and $479,009, respectively in 2012, $468 million and $968,830, respectively in 2013; and $382 million and $796,797, respectively in 2014. The Company also paid a cash dividend of $767 million to AXA Equitable Financial in 2015.

The Company repaid surplus notes to AXA Equitable Financial of $500 million in 2013, $825 million in 2014 and $200 million in 2015.

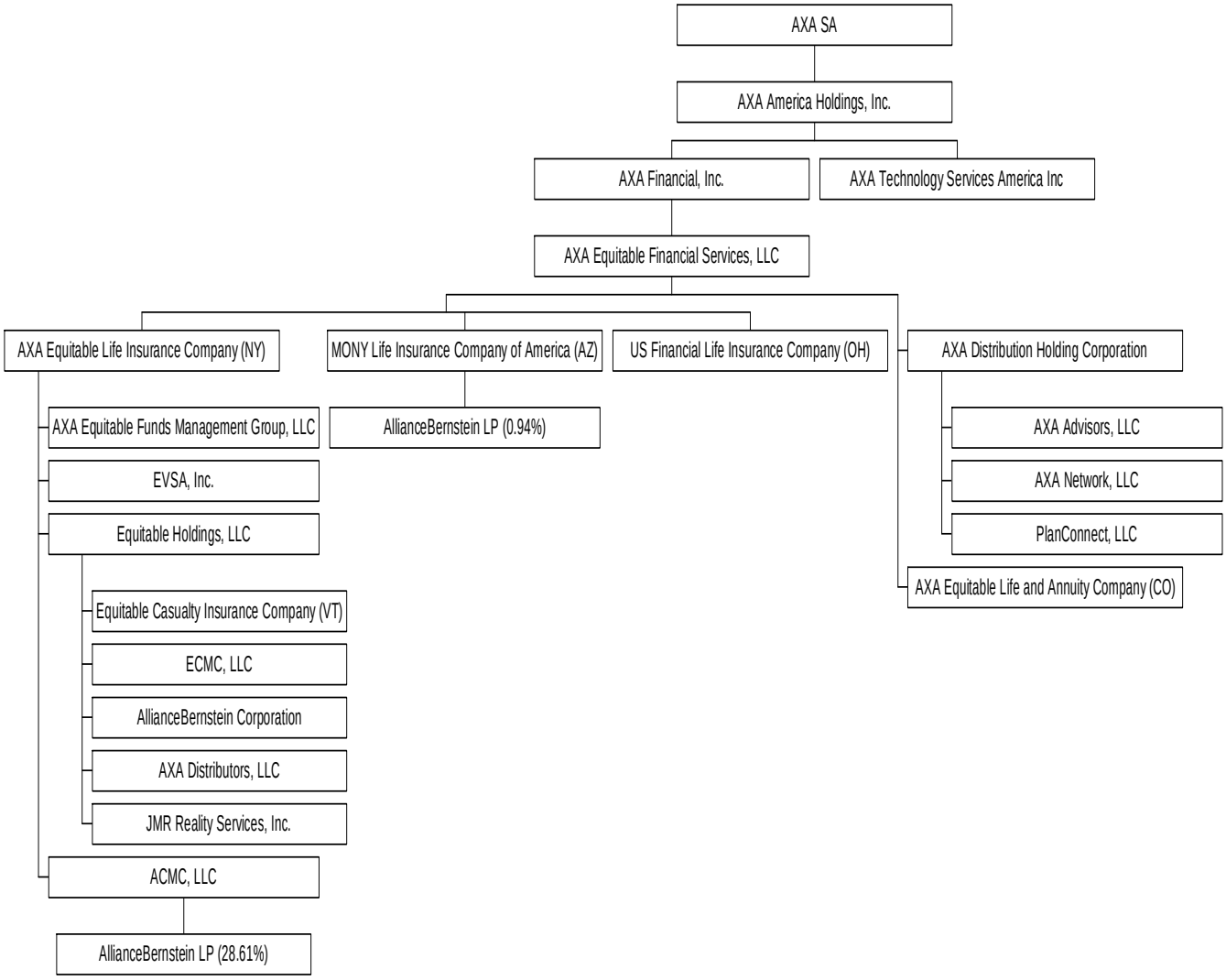
As of December 31, 2015, the Company had 2,000,000 shares of common stock outstanding and capital and paid in and contributed surplus of $2,500,000 and $5,420,063,223, respectively. Total capital and surplus as of December 31, 2015 was $5,422,563,223.

B. Holding Company

The Company is a wholly owned subsidiary of AXA Equitable Financial, a Delaware limited liability company. AXA Equitable Financial is in turn a wholly owned subsidiary of AXA Financial, Inc., a Delaware corporation. AXA Financial, Inc. is in turn a wholly owned subsidiary of AXA America Holdings, Inc., a Delaware holding company. The ultimate parent of the Company is AXA SA, a French holding company for a group of international insurance and financial service companies.

C. Organizational Chart

An organization chart reflecting the relationship between the Company and significant entities in its holding company system as of December 31, 2015 follows:



A brief description of significant subsidiaries and affiliates in its holding Company system as of December 31, 2015 follows:

AXA SA

AXA SA is a French holding company for an international group of insurance and related financial services companies. AXA SA's insurance operations include activities in life insurance, property and casualty insurance and reinsurance. The insurance operations are diverse geographically, with activities in more than 20 countries, including France, United States, Australia, United Kingdom and other countries principally located in Europe and the Asia Pacific area. AXA SA is also engaged in asset management, investment banking, securities trading, brokerage, real estate and other financial activities in the United States, Europe and the Asia Pacific area.

AXA Financial, Inc.

AXA Financial, Inc. is a diversified financial services organization offering a broad spectrum of financial advisory, insurance and investment management products and services. AXA Financial, Inc. conducts operations in two business segments: 1) the financial advisory and insurance business, which is conducted by the Company, AXA Advisors, LLC, and AXA Network, LLC; and 2) the investment management business which is conducted by AllianceBernstein, L.P.

AXA Equitable Financial Services, LLC

AXA Equitable Financial Services, LLC is a Delaware limited liability company and is wholly owned by AXA Financial, Inc.

AllianceBernstein L.P.

AllianceBernstein L.P. ("AB") is a provider of investment management services. It acts as the advisor for several of the Company's separate accounts. AB provides investment advisory and management services to the Company and other affiliates on a fee basis.

AXA Equitable Life and Annuity Company

AXA Equitable Life and Annuity Company is a Colorado insurance company that no longer writes new business.

AXA Distributors, LLC

AXA Distributors, LLC ("ADL") is a Delaware limited liability company. The purpose of ADL is (i) to carry on the business of broker-dealer on one or more national security exchanges, (ii) to act as a broker-dealer or agent or consultant or in any capacity involving advice relating to annuities and insurance products, and (iii) to act as a holding company for other ADL subsidiaries.

AXA Distribution Holding Corporation

AXA Distribution Holding Corporation is a Delaware corporation that was formed to act as the holding company for AXA Advisors, LLC and AXA Network, LLC. All shares are owned by AXA Equitable Financial Services, LLC.

AXA Network, LLC

AXA Network, LLC ("AXA Network") is a Delaware limited liability company and is wholly owned by AXA Distribution Holding Corporation. The purpose of AXA Network is (i) to act as the agent or consultant or in any capacity required or permitted by law for the sale of, or transactions involving, annuity and life insurance products and (ii) to act as holding company of other AXA Network companies.

AXA Advisors, LLC

AXA Advisors, LLC ("AXA Advisors") is a broker-dealer registered with the SEC and a member of FINRA. AXA Advisors is also a registered investment advisor and is wholly owned by AXA Distribution Holding Corporation.

D. Service Agreements

The Company had 34 service agreements in effect with affiliates during the examination period. Under certain service agreements, the Company is reimbursed by its affiliates for the use of personnel, property and facilities utilized in conduction of various aspects of their business

activities. Under other service agreements, the Company reimburses various affiliates for management, advisory and product distribution services.

The following table shows reimbursements made to the Company for personnel, property and facilities by various significant affiliates during the last two years of the examination period:

Reimbursement received from affiliates (in millions)

	2015	2014
AXA Network	$241.1	$249.9
MONY Life Insurance Company of America	$ 90.9	$ 67.2
AXA Advisors	$ 35.8	$ 31.1

The following table shows significant reimbursements made by the Company to various affiliates or subsidiaries for management, advisory and product distribution services during the last two years of the examination period:

Amounts paid to affiliates or subsidiaries (in millions)

Affiliate/Subsidiary	Service Description	2015	2014
AXA Network	Distribution fees	$652.5	$669.6
AXA Technology Services America Inc.	Purchase and manage telecommunication and software services	$ 91.9	$107.5
Alliance Bernstein	Investment management and advisory fees	$ 45.3	$ 40.8

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

Section 308(a)(1) of the New York Insurance Law states, in part:

> "The superintendent may also address to any . . . authorized insurer or its officers any inquiry in relation to its transactions or condition or any matter connected therewith. Every corporation or person so addressed shall reply in writing to such inquiry promptly . . . "

Insurance Circular Letter No. 33 (1979) provides guidelines to assure that tax allocation agreements are fair and equitable and give appropriate recognition to the separate operating identity of the domestic insurer consistent with the various sections of the Insurance Law.

Insurance Circular Letter No. 33 (1979) advises, in part:

> " . . . Any domestic insurer . . . shall file a copy of its tax allocation agreement with this Department within 30 days of electing to do so. Furthermore, notification to this Department should be given within 30 days of any amendment . . . "

On December 21, 2011, the Company entered into consolidated tax allocation agreements with its subsidiaries ACMC, LLC and AXA Equitable Funds Management Group, LLC. The Company did not file these agreements with the Superintendent.

The Company violated Section 308(a)(1) of the New York Insurance Law and failed to comply with Insurance Circular Letter No. 33 (1979) by failing to notify the Department of the agreements.

The Company submitted the tax allocation agreements to the Superintendent on December 16, 2016.

E. Management

The Company's charter provides that the board of directors shall be comprised of not less than 7 and not more than 36 directors. Directors are elected for a period of one year at the annual meeting of the stockholders held in May of each year. As of December 31, 2015, the board of directors consisted of 11 members. Meetings of the board are held quarterly.

The 11 board members and their principal business affiliation, as of December 31, 2015, were as follows:

Name and Residence	Principal Business Affiliation	Year First Elected
Henri de Castries Paris, France	Chairman of the Board and Chief Executive Officer AXA SA	1993
Ramon de Oliveira* New York, NY	Principal Investment Audit Practice, LLC	2011

Name and Residence	Principal Business	Year First Elected
Denis Duverne Paris, France	Deputy Chief Executive Officer, Finance, Strategy, and Operations AXA SA	1998
Barbara A. Fallon-Walsh* Wayne, PA	Former Head of Institutional Retirement Plan Services The Vanguard Group, Inc.	2012
Daniel G. Kaye* Inverness, IL	Former Interim Chief Financial Officer and Treasurer Health East Care System	2015
Peter S. Kraus New York, NY	Chairman and Chief Executive Officer AllianceBernstein Corporation	2009
Kristi A. Matus* Boston, MA	Executive Vice President and Chief Financial and Administrative Officer Athenahealth	2015
Mark Pearson New York, NY	Chairman of the Board, President and Chief Executive Officer AXA Equitable Insurance Company	2011
Bertram L. Scott* Charlotte, NC	Senior Vice President of Population Health and Value Based Care Novant Health	2012
Lorie A. Slutsky* New York, NY	President The New York Community Trust	2006
Richard C. Vaughan* Naples, FL	Retired Executive Vice President and Chief Financial Officer Lincoln Financial Group	2010

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

In May 2016, Thomas Burberl was elected to the board of directors. In September 2016, Henri de Castries retired from the board.

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

The following is a listing of the principal officers of the Company as of December 31, 2015:

Name	Title
Mark Pearson	Chairman of the Board, President and Chief Executive Officer
Joshua E. Braverman	Senior Executive Director, Chief Investment Officer and Treasurer
Dave S. Hattem	Senior Executive Director and General Counsel
Nicholas B. Lane	Senior Executive Director
Anders B. Malmstrom	Senior Executive Director and Chief Financial Officer
Salvatore F. Piazzola	Senior Executive Officer and Chief Human Resources Officer
Andrea M. Nitzan	Executive Director, Chief Accounting Officer and Controller
Keith E. Floman	Managing Director and Chief Actuary and Appointed Actuary
Adrienne A. Johnson	Managing Director and Chief Auditor
Karen F. Hazin	Lead Director, Secretary and Associate General Counsel
William Haviland*	Director, Customer Relations Officer

* Designated consumer services officer per Insurance Regulation No. 64, 11 NYCRR Section 216.4(c)

In May 2016, Marine S. de Boucaud replaced Salvatore F. Piazzola as Senior Executive Officer and Chief Human Resources Officer. Also in May 2016, Brian R. Winikoff replaced Nicholas B. Lane as Senior Executive Director. In July 2016, Anthony F. Recine replaced Adrienne A. Johnson as Managing Director and Chief Auditor.

4. TERRITORY AND PLAN OF OPERATIONS

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, Puerto Rico, the US Virgin Islands and Canada. In 2015, 18% of life premiums, 12.9% of annuity considerations, and 46.5% of accident and health premiums were received from New York. Policies are written on a participating and non-participating basis.

The following tables show the percentage of direct premiums received, by state, and by major lines of business for the year 2015:

Life Insurance Premiums		Annuity Considerations	
New York	18.0%	New York	12.9%
California	10.0	New Jersey	9.2
Florida	7.3	California	9.0
New Jersey	6.3	Texas	7.4
Minnesota	6.2	Florida	7.1
Subtotal	47.8%	Subtotal	45.7%
All others	52.2	All others	54.3
Total	100.0%	Total	100.0%

A. Statutory and Special Deposits

As of December 31, 2015, the Company had $1,703,444 of United States 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. As per confirmation received and which was reported in Schedule E of the 2015 filed annual statement, an additional $53,780,279 was being held by the states of Arkansas, Georgia, Massachusetts, New Mexico, North Carolina, Virginia, Puerto Rico and the country of Canada.

B. Direct Operations

The Company offers a variety of traditional, variable and interest-sensitive life insurance products and variable and fixed-interest annuity products, principally to individuals and small and

medium-size businesses. It also administers traditional participating group annuity contracts that provide full service retirement programs for individuals affiliated with professional and trade associations. The Company is among the country's leading issuers of variable annuity and variable life insurance products.

The Company's products are offered in all 50 states, the District of Columbia, Puerto Rico, the U.S. Virgin Islands, and the country of Canada. The Company's agency operations are conducted on a general agency basis. The Company distributes its annuity, life insurance and other products directly to the public through the financial professionals associated with AXA Advisors and AXA Network.

ADL is a broker-dealer and general agent subsidiary of the Company that distributes the Company's products on a wholesale basis through third party general agents, such as national and regional securities firms, independent financial planning and other broker-dealers, banks and brokerage general agencies.

In early 2016, the Company began offering a suite of employee benefit products including life insurance, dental and vision, short and long-term disability, deductible insurance, hospital indemnity and critical illness coverage to small and medium-size businesses located in New York. Sales of employee benefits products to businesses located outside of New York are being issued through MONY Life Insurance of America.

C. Reinsurance

As of December 31, 2015, the Company had reinsurance treaties in effect with 52 companies, of which 18 companies were authorized and one company was certified. The Company's life and accident and health business is reinsured on a coinsurance, modified-coinsurance, and/or yearly renewable term basis. Reinsurance is provided on an automatic and/or facultative basis.

The maximum retention limit for individual life contracts is $25 million of risk on single-life policies and $30 million of risk on second-to-die policies. The total face amount of life insurance ceded as of December 31, 2015, was $82,928,340,442, which represents 18.9% of the total face amount of life insurance inforce. Reserve credit taken for reinsurance ceded to unauthorized companies and reinsurance recoverable from unauthorized companies, totaling $12,866,794,221, was supported by letters of credit and trust agreements, except for $56,474,049,

which was established as a liability for reinsurance with unauthorized companies.

The total face amount of life insurance assumed as of December 31, 2015 was $31,618,569,689.

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, 2010	December 31, 2015	Increase (Decrease)
Admitted assets	$135,726,109,289	$164,667,582,557	$28,941,473,268
Liabilities	$131,924,824,045	$159,245,019,334	$27,320,195,289
Common capital stock	$ 2,500,000	$ 2,500,000	$ 0
Gross paid in and contributed surplus	2,605,151,353	2,745,986,856	140,835,503
Reserve for aviation reinsurance	30,000,000	30,000,000	0
Special contingent reserve fund for separate accounts	2,500,000	2,500,000	0
Separate account annuitant mortality fluctuation funds	876,397,350	1,117,031,998	240,634,648
Additional admitted deferred tax asset	349,600,000	0	(349,600,000)
Surplus notes	1,524,906,000	0	(1,524,906,000)
Unassigned funds (surplus)	(1,589,769,459)	1,524,544,369	3,114,313,828
Total capital and surplus	$ 3,801,285,244	$ 5,422,563,223	$ 1,621,277,979
Total liabilities, capital and surplus	$135,726,109,289	$164,667,582,557	$28,941,473,268

The majority (70%) of the Company's admitted assets, as of December 31, 2015, was derived from separate accounts.

The Company's invested assets as of December 31, 2015, exclusive of separate accounts, were mainly comprised of bonds (65.8%) and mortgage loans (15.7%).

The majority (97.5%) of the Company's bond portfolio, as of December 31, 2015, was comprised of investment grade obligations.

The following indicates, for each of the years listed below, the amount of life insurance issued and in force by type (in thousands of dollars):

	Individual Whole Life		Individual Term	
Year	Issued	In Force	Issued	In Force
2011	$12,025,153	$209,975,237	$28,374,926	$220,410,465
2012	$ 9,676,592	$208,168,544	$26,890,944	$235,061,555
2013	$ 5,614,192	$203,431,416	$22,030,560	$243,802,501
2014	$ 4,778,146	$209,842,043	$15,886,395	$233,478,366
2015	$ 4,427,375	$204,925,176	$12,714,396	$232,033,937

The decrease in individual whole life policies issued from $12 billion in 2011 to $4.43 billion in 2015 was the result of AXA Financial shifting the writing of indexed universal life insurance products to MONY Life of America, a life insurance company that was a subsidiary in 2012.

The decrease in individual term policies issued from $28.37 billion in 2011 to $12.71 billion in 2015 was due to the Company not changing the level term premium rates which resulted in lower sales.

The following has been extracted from the Exhibits of Annuities in the filed annual statements for each of the years under review:

	Ordinary Annuities				
	2011	2012	2013	2014	2015
Outstanding, end of previous year	648,858	665,504	706,482	754,491	802,915
Issued during the year	52,364	76,586	88,261	87,365	86,865
Other net changes during the year	(35,718)	(35,608)	(40,252)	(38,941)	(37,359)
Outstanding, end of current year	665,504	706,482	754,491	802,915	852,421

Individual annuities issued from 2011 to 2012 increased as the Company began marketing two new products, Retirement Cornerstone and Structured Capital Strategies (“SCS”).

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:

	2011	2012	2013	2014	2015
Ordinary:					
Life insurance	$ 177,427,004	$ 32,534,460	$ 72,483,049	$ (101,012,663)	$ (5,579,464)
Individual annuities	(137,804,818)	(105,587,574)	276,783,276	269,642,646	318,205,341
Supplementary contracts	16,030,044	9,982,210	7,977,210	9,940,239	9,537,096
Total ordinary	$ 55,652,230	$ (63,070,904)	$ 357,243,535	$ 178,570,222	$ 322,162,973
Group:					
Life	$ (5,432)	$ 95,593	$ 3,033	$ (16,201)	$ (1,455,303)
Annuities	420,186,204	761,229,613	1,843,546,011	1,370,847,203	1,966,264,798
Total group	$ 420,180,772	$ 761,325,206	$1,843,549,044	$1,370,831,002	$1,964,809,495
Accident and health:					
Group	$ 0	$ 4,946	$ 0	$ (287)	$ (10,949,949)
Other	(114,877,828)	(113,275,526)	(219,890,576)	(161,675,158)	(163,213,573)
Total accident and health	$(114,877,828)	$(113,270,580)	$ (219,890,576)	$ (161,675,445)	$ (174,163,522)
All other lines	$ 1,711,074	$ 3,069,542	$ 4,142,981	$ 2,742,176	$ 3,294,240
Total	$ 362,666,248	$ 588,053,264	$1,985,044,984	$1,390,467,955	$2,116,103,186

The changes in the operating income in the life insurance line of business were as follows: for the period 2011 to 2012, the decrease was primarily due to a significant tax benefit from the 2010 tax true up reflecting current funding of the pension plan and deductions for commercial mortgage backed securities; for the period 2012 to 2013, the increase was primarily due to the Company receiving dividends of AB units from ACMC, LLC, the immediate parent of AB; for

the period 2013 to 2014, the Company experienced higher death benefits and the dividend income received in 2013 as noted above was not received in 2014, hence the decrease; and for the period 2014 to 2015, the operating loss was partially mitigated by higher investment income, the reduction to the dividend scale and lower operating expenses.

The losses in individual annuities in 2011 were primarily due to declining interest rates which increased the change in reserves. The increase in the change in reserves was partially offset by realized and unrealized derivatives gains. The losses in individual annuities in 2012 were primarily due to new business strain from the introduction of two new products, Retirement Cornerstone and SCS. In addition, the SCS product generated operating losses from the separate accounts which was offset by realized and unrealized gains in the general account from derivatives. The SCS product is an equity indexed product where the change in reserves is reported in separate accounts but the offsetting derivatives performance is reported in the general account. The increase in individual annuity operating income in 2013 was due to favorable market conditions, which were partially offset by realized and unrealized derivatives losses.

The decrease in operating income in the supplementary contracts line of business from 2011 to 2012 was due to timing issues on federal income tax.

The increase in the group life line of business from 2011 to 2012, the decrease from 2012 to 2013, and the decrease from 2013 to 2014 were primarily due to permanent and timing differences on current taxes. The decrease in the group life line of business from 2014 to 2015 was primarily due to startup expenses for the employee benefit product, offset by permanent and timing differences on current taxes.

The changes in operating income in the group annuity line of business were as follows: The increase from 2011 to 2012 was due to higher equity markets partially offset by lower interest rates. The increase from 2012 to 2013 was due to the higher equity markets and higher interest rates. The decrease from 2013 to 2014 was due to lower interest rates and reduced increase in the equity markets. The increase from 2014 to 2015 was due to higher interest rates and a change in models and assumptions.

The change in the 2015 operating income in the group accident and health line of business was due to the startup expenses for the employee benefit product line, net of taxes in 2015. The group accident and health line of business prior to 2015 represented the Company's self-insured plans.

The changes in operating income in other accident and health line of business were as follows: The significant decrease in 2013 was a result of a higher negative income than in 2012 and 2014. Due to a cumulative surplus deficit, this line of business received negative investment income from the assets considered in the surplus sector. The Company's receiving the additional dividend of the AB units from ACMC, LLC created a larger loss or higher negative investment income in the other accident & health line of business. As a result of having negative surplus the other accident and health line of business receives a larger negative charge when the surplus segment reflects a large amount of net investment income, which is offset in the other lines of business that have positive surplus.

6. FINANCIAL STATEMENTS

The following statements show the assets, liabilities, capital and surplus as of December 31, 2015, as contained in the Company's 2015 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, 2015 filed annual statement.

A. Independent Accountants

The firm of PricewaterhouseCoopers, LLP was retained by the Company to audit the Company's combined statutory basis statements of financial position 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, LLP 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	$ 31,474,390,079
Stocks:	
Preferred stocks	408,364,458
Common stocks	791,034,894
Mortgage loans on real estate:	
First liens	7,535,384,971
Real estate:	
Properties held for the production of income	1
Cash, cash equivalents and short term investments	2,244,789,279
Contract loans	3,386,358,946
Derivatives	518,256,815
Other invested assets	1,402,839,050
Receivable for securities	63,819,439
Collateral on derivative instruments	37,411,000
Miscellaneous invested assets	2,257,155
Investment income due and accrued	561,856,616
Premiums and considerations:	
Uncollected premiums and agents' balances in the course of collection	95,475,069
Deferred premiums, agents' balances and installments booked but deferred and not yet due	125,751,924
Reinsurance:	
Amounts recoverable from reinsurers	131,106,224
Funds held by or deposited with reinsured companies	5,732,550
Other amounts receivable under reinsurance contracts	16,690,917
Net deferred tax asset	320,431,302
Guaranty funds receivable or on deposit	22,824,450
Electronic data processing equipment and software	6,235,594
Net adjustments in assets and liabilities due to foreign exchange rates	25,926
Receivables from parent, subsidiaries and affiliates	82,898,968
Aviation reinsurance premiums due and unpaid	626,084
Accrued charges for administrative, separate accounts, claim service and other fees	87,754
Miscellaneous assets	26,080,422
Corporate-Owned life insurance	855,634,962
From separate accounts, segregated accounts and protected cell accounts	114,551,217,708
Total admitted assets	$164,667,582,557

C. Liabilities, Capital and Surplus

Aggregate reserve for life policies and contracts	$ 40,441,903,459
Aggregate reserve for accident and health contracts	570,772,508
Liability for deposit-type contracts	1,243,927,559
Contract claims:	
Life	385,539,292
Accident and health	64,839,658
Policyholders' dividends and coupons due and unpaid	1,889,649
Provision for policyholders' dividends and coupons payable in following calendar year – estimated amounts	
Dividends apportioned for payment	227,470,596
Premiums and annuity considerations for life and accident and health contracts received in advance	5,806,052
Contract liabilities not included elsewhere:	
Provision for experience rating refunds	3,192,006
Other amounts payable on reinsurance	1,080,718
Interest maintenance reserve	77,427,650
Commissions to agents due or accrued	8,860,160
Commissions and expense allowances payable on reinsurance assumed	3,932,426
General expenses due or accrued	393,029,472
Transfers to separate accounts due or accrued	(2,622,775,051)
Taxes, licenses and fees due or accrued, excluding federal income taxes	32,462,721
Current federal and foreign income taxes	413,292,863
Unearned investment income	3,009,102
Amounts withheld or retained by company as agent or trustee	721,146,946
Remittances and items not allocated	162,846,982
Net adjustment in assets and liabilities due to foreign exchange rates	45,450
Liability for benefits for employees and agents if not included above	78,345,226
Borrowed money and interest thereon	1,890,305,270
Miscellaneous liabilities:	
Asset valuation reserve	472,827,276
Reinsurance in unauthorized companies	56,474,049
Payable to parent, subsidiaries and affiliates	39,341,665
Payable for Securities	6,170,756
Unearned premium reserve for aviation reinsurance	2,941
Aviation reinsurance losses	14,883,331
Accrued interest on policy claims and other contract funds	4,145,256
Miscellaneous liabilities	95,346,305
From Separate Accounts statement	114,447,477,041

Total liabilities	$159,245,019,334
Common capital stock	$ 2,500,000
Gross paid in and contributed surplus	2,745,986,856
Reserve for aviation reinsurance	30,000,000
Special contingent reserve fund for separate accounts	2,500,000
Separate account annuitant mortality fluctuation funds	1,117,031,998
Unassigned funds (surplus)	1,524,544,369
Surplus	5,420,063,223
Total capital and surplus	$ 5,422,563,223
Total liabilities, capital and surplus	$164,667,582,557

D. Condensed Summary of Operations

	2011	2012	2013	2014	2015
Premiums and considerations	$10,385,570,622	$11,512,604,301	$11,949,956,183	$12,126,201,691	$12,239,248,844
Investment income	2,648,798,270	2,490,333,547	2,802,500,524	2,704,166,357	3,150,691,247
Net gain from operations from Separate Accounts	6,235,099	(81,595,255)	(331,671,295)	(89,171,710)	24,400,163
Commissions and reserve adjustments on reinsurance ceded	20,297,075	50,291,004	18,078,819	18,143,171	18,123,755
Miscellaneous income	1,504,265,956	1,317,276,859	1,474,068,828	1,565,172,708	1,595,446,523
Total income	$14,565,167,022	$15,288,910,456	$15,912,933,059	$16,324,512,217	$17,027,910,532
Benefit payments	$10,782,442,319	$10,983,865,368	$13,535,317,428	$13,948,679,935	$12,348,878,867
Increase in reserves	2,766,860,924	1,075,045,111	(943,649,151)	651,218,502	275,661,423
Commissions	1,214,768,764	1,226,531,694	1,156,448,912	1,149,322,286	1,117,548,895
General expenses and taxes	736,131,401	719,304,317	869,085,222	783,957,941	791,987,558
Increase in loading on deferred and uncollected premiums	(2,667,099)	9,675,212	(4,967,301)	(1,809,023)	(431,607)
Net transfers to (from) Separate Accounts	(740,445,494)	170,111,654	(1,555,081,858)	(1,632,775,140)	219,591,149
Miscellaneous deductions	102,367,727	(22,797,197)	66,004,486	29,506,959	29,316,142
Total deductions	$14,859,458,542	$14,161,736,159	$13,123,157,738	$14,928,101,460	$14,782,552,427
Net gain (loss)	$ (294,291,520)	$ 1,127,174,297	$ 2,789,775,321	$ 1,396,410,757	$ 2,245,358,105
Dividends	290,155,984	259,299,796	265,430,820	242,768,791	227,316,871
Federal and foreign income taxes incurred	(947,113,752)	279,821,237	539,299,517	(236,825,989)	(98,061,952)
Net gain (loss) from operations before net realized capital gains	$ 362,666,248	$ 588,053,264	$ 1,985,044,984	$ 1,390,467,955	$ 2,116,103,186
Net realized capital gains (losses)	604,397,130	14,304,849	(2,013,507,454)	273,372,736	(78,072,529)
Net income	$ 967,063,378	$ 602,358,113	$ (28,462,470)	$ 1,663,840,691	$ 2,038,030,657

E. Capital and Surplus Account

	2011	2012	2013	2014	2015
Capital and surplus, December 31, prior year	$3,801,285,244	$4,624,816,095	$4,689,393,814	$3,825,470,177	$ 5,170,013,304
Net income	$ 967,063,378	$ 602,358,113	$ (28,462,470)	$1,663,840,691	$ 2,038,030,657
Change in net unrealized capital gains (losses)	148,592,634	(204,991,172)	10,050,766	797,987,475	(545,212,546)
Change in net unrealized foreign exchange capital gain (loss)	(2,109,204)	1,981,163	(6,163,758)	(8,868,858)	(7,269,154)
Change in net deferred income tax	(428,260,318)	81,028,068	(87,187,540)	(54,439,468)	(288,973,721)
Change in non-admitted assets and related items	154,334,880	43,366,693	(2,213,220)	227,262,837	19,204,440
Change in liability for reinsurance in unauthorized companies	296,040,699	82,144,662	54,244	113,309	(55,323,222)
Change in reserve valuation basis	(2,724,934)	0	(77,838,546)	0	48,071,337
Change in asset valuation reserve	210,126,704	(268,327,435)	(45,823,653)	(88,780,732)	150,540,366
Surplus (contributed to), withdrawn from Separate Accounts during period	(11,314,350)	(101,073,225)	(403,472,607)	(98,138,872)	101,574,370
Other changes in surplus in Separate Accounts statement	19,564,087	102,796,577	404,561,185	96,588,113	(119,479,137)
Change in surplus notes	18,800	18,800	(499,981,200)	(824,981,200)	(199,981,200)
Cumulative effect of changes in accounting principles	(79,600,000)	0	(77,222,000)	0	0
Surplus adjustments:					
Paid in	260,326	479,009	968,830	796,797	138,330,541
Dividends to stockholders	(379,000,000)	(362,500,000)	(468,000,000)	(382,000,000)	(1,012,100,000)
Tax benefit associated with compensation plans	817,164	7,161,529	4,905,592	2,416,134	5,564,622
Change in additional minimum liability on qualified pension plan	(111,382,000)	40,509,000	478,300,740	(36,081,472)	(20,427,434)
Prior year correction	0	0	(66,400,000)	48,828,373	0
Reinsurance reserve credit	0	39,625,937	0	0	0
Additional admitted deferred tax asset	96,200,000	0	0	0	0
Change in deferred premium methodology	(55,097,015)	0	0	0	0
Net change in capital and surplus for the year	823,530,851	64,577,719	(863,923,637)	1,344,543,127	252,549,919
Capital and surplus, December 31, current year	$4,624,816,095	$4,689,393,814	$3,825,470,177	$5,170,013,304	$ 5,422,563,223

F. Reserves

The Department conducted a review of reserves as of December 31, 2015. This review included an examination of the formulaic reserves and the asset adequacy analysis in accordance with Department Regulation No. 126. During the review, concerns were raised regarding the degree of conservatism in the assumptions and methodology used in the asset adequacy analysis. The Company has agreed to refine the analysis and to strengthen reserves in a manner acceptable to the Department which shows a need for additional reserves of $425 million for the life and annuity business and separately increased collateral of $1.7 billion in support of the ceded variable annuity business. Concerns were also raised regarding the reserves for the life insurance business ceded to an affiliated reinsurer. The company agreed to refine the analysis related to the ceded business which increased the company's reserves by $150 million.

The examiner recommends that the Company continue to compute and strengthen reserves using the assumptions and methodology as agreed upon with the Department.

7. 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.

1. Insurance Regulation No. 60 (2nd Amendment), 11 NYCRR Section 51.6(b) 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;

Insurance Regulation No. 60 (3rd Amendment), 11 NYCRR Section 51.6(b) 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) examine the sales material, including any proposal, used in the sale of the 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 regulations . . . "

Insurance Regulation No. 60, 11 NYCRR Section 51.7(a) states, in part:

> "No insurer or insurance agent or broker shall:
> (1) make or give any deceptive or misleading information in the "Disclosure Statement" or in the sales material, including any proposal, used in the sale of the life insurance policy or annuity contract; . . . "

Insurance Regulation No. 60, 11 NYCRR Section 51.7(b) states, in part:

"No insurer, insurance agent . . . shall fail to comply with or engage in other practices that would prevent the orderly working of this Part in accomplishing its intended purpose in the protection of policyholders and contractholders. Any person failing to comply with this Part, or engaging in other practices that would prevent the orderly working of this Part, shall be subject to penalties under the Insurance Law, which may include monetary restitution, restoration of policies or contracts, . . . and monetary fines."

Office of General Counsel ("OGC") opinion issued July 31, 2003 states:

"Under the circumstances surrounding the sale of sophisticated products, where the fees and charges may be a significant factor in a determination by a client to purchase a product, and possibly replace another product; the illustration of applicable fees and charges could be an essential element in the Regulation 60 disclosure. In addition, the Securities & Exchange Commission commented, when this Department was revising Regulation 60 in 1997, that it regarded the illustration of applicable fees and charges desirable so that the insured could ascertain that the applicable fees and charges were not excessive. The Department is aware that the Disclosure Statements established by the Superintendent of Insurance, N.Y. Comp. R. & Regs. tit. 11, Appendices 10A and 10B, do not specifically provide space for information concerning any applicable charges and fees. The Disclosure Statements do, however, contain a space for remarks, which may be utilized by the agent to describe applicable charges and fees."

A. The examiner reviewed a sample of 60 internal variable annuity replacements and 60 external variable annuity replacements. In all 37 internal variable annuity replacements and in all 30 external variable annuity replacements, where Guaranteed Minimum Income Benefit ("GMIB") and/or Guaranteed Minimum Death Benefit ("GMDB") riders were offered, the agent failed to include the rider benefits or fees in the remarks section of the Disclosure Statement in adherence to the OGC opinion issued July 31, 2003.

B. The examiner reviewed a sample of 50 internal universal and variable universal life replacements and 50 external universal and variable universal life replacements.

i. The Company's universal life and variable universal life policies require a 6% to 10% charge against each premium paid by the policyholder. In all 42 (100%) internal life replacements and in all 46 (100%) external life replacements where the cash value of the existing policy was transferred to the new policy, the Company failed to disclose in the Disclosure Statement that there would be a 6% to 10% upfront premium charge against the cash values that were transferred. This was

particularly concerning to the Department in comparisons made with existing whole life policies, as the whole life policies did not have upfront premium charges.

ii. In 33 out of 50 (66%) internal universal life and variable universal life replacements and in 37 out of 50 (74%) external universal life and variable universal life replacements, the Disclosure Statement indicated "N/A" as the surrender value of the proposed policy. In these instances the Company referred the client to the illustration for the surrender values. There were several other instances where the agent used the notation "N/A" instead of completing the Disclosure Statement based on figures contained in the illustration. The examiner noted that in most of these instances, a side-by-side comparison of the existing life policy and the proposed life policy may have affected the client's decision as the client would have observed the impact of the policy charges. The examiner also noted that by using the notation "N/A" as the surrender charge of the existing policy where the correct surrender charge should have been "0", the client was not afforded the opportunity to observe on the basis of a side-by-side comparison, what could be a significant advantage of not replacing the existing policy. There was no justification for using the notation "N/A" as the figures were readily available in the illustration.

iii. In seven out of 50 (14%) internal universal life and variable universal life and in four out of 50 (8%) external universal life and variable universal life replacements, the agent's statement section of the Disclosure Statement indicated that premium payment will not be required after the initial lump sum payment. The agent stated on the Disclosure Statement that "the client wants to increase his death benefit without increasing annual premium." The examiner noted that in one of the seven external replacements the existing policy was actually paid-up. In all seven internal replacements and in all four external replacements, the agents did not disclose that premium requirements for the proposed universal life and variable universal life policies are subject to change based on market rates, administrative costs and other expenses and costs of insurance, as indicated in the policy illustrations. The agents also did not disclose that, based on the guaranteed assumptions only, those policies will terminate without value after a certain number of years.

iv. In all four internal life replacements and in the one external life replacement where there was a loan balance on the existing life policy, the Company transferred the loan from the existing policy to the new policy. However, the agent did not disclose that the loan transfer would be treated as a premium payment, which would subject the insured to an 8% premium charge on the loan amount.

v. In three of the 50 (6%) internal universal and variable universal life replacements reviewed, the Company replaced the existing policies with policies having identical face amounts and premium charges. In the agent's statement section of the Disclosure Statement, the agent indicated that the proposed policies offered a "lower cost of insurance." The agent did not disclose other charges including upfront premium charges, administrative costs, and other expenses of the proposed policies, as the cost of insurance was only a portion of the premium. The examiner also noted that the new policies did not offer accidental death benefit and waiver of premium riders. The accidental death benefit and waiver of premium riders were offered in the existing policies. As a result, the policyholder would be paying the same amount of premium for a policy that did not include an accidental death benefit and a waiver of premium rider, in addition to being subject to a new surrender charge period, which was not indicated in the Disclosure Statement as an advantage of continuing the existing policy.

The Company violated Insurance Regulation No. 60 (2nd Amendment), 11 NYCRR Section 51.6(b)(3) and Insurance Regulation No. 60 (3nd Amendment), 11 NYCRR Section 51.6(b)(4) by failing to examine and ascertain that the Disclosure Statement was accurate and met the requirements of the Insurance Law.

The Disclosure Statements inaccurately described transactions where a whole life policy was replaced by a universal life or variable universal life policy and in cases where the replacing policy had upfront premium charges that were not fully explained. In some instances the agent stated that the client was buying a new policy with "lower cost of insurance", however the total premium for the replacing policy was higher than the replaced policy.

The Company violated Insurance Regulation No. 60, 11 NYCRR Section 51.7(a)(1) of Insurance Regulation 60 by not fully explaining the transaction in the instances where the upfront

premium charges were not disclosed to clients with existing whole life policies and also in the instances where the agent represented that the client was getting a new policy with "lower cost of insurance" whereas the premium did not reflect such.

The Company failed to make available full and clear information on which the applicant for life insurance could make a decision in his or her own best interests when it failed to present an accurate side-by-side comparison of the existing and proposed policies.

The Company violated Insurance Regulation No. 60, 11 NYCRR Section 51.7(b) by engaging in practices that prevented the orderly working of the regulation in accomplishing its intended purpose in the protection of policyholders and contractholders.

2. Insurance Regulation No. 60 (2nd Amendment), 11 NYCRR Section 51.6(b)(4) states, in part:

> "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 five out of 60 (8%) external variable annuity replacements reviewed, the Company failed to furnish to the insurer whose policies were being replaced, a copy of the proposal, including the sales material used in the sale of the proposed annuity contract, and the completed Disclosure Statement within ten days of receipt of the application. All five annuity contracts were replaced prior to the amendment of Insurance Regulation No. 60 on April 21, 2015.

The Company violated Regulation No. 60 (2nd Amendment), 11 NYCRR Section 51.6(b)(4) by failing to furnish to the insurer whose policy was replaced, a copy of the proposal, including the sales material and the completed Disclosure Statement within the required time frame. A similar violation appeared in the prior report on examination.

B. Underwriting and Policy Forms

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

1. 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 and includes at least the following: . . .
> (5) the department of health's statewide toll-free telephone number that may be called for further information about AIDS, the meaning of HIV related test results, and the availability and location of HIV related counseling services . . . "

The examiner reviewed 200 life policy files where HIV testing was required. In 50 of the 200 (25%) files reviewed, the consent forms were signed by the applicant after being subjected to an HIV-related test. The examiner also noted that in seven (3.5%) additional instances, the applicant signed the consent form of the Company's vendor which did not include the required New York State Department of Health statewide toll-free telephone number.

The Company violated Section 2611(a) of the New York Insurance Law by having a proposed insured be subject to an HIV related test prior to receiving the written informed consent and by using a consent form that did not contain the complete disclosure required by law. A similar violation appeared in the prior report on examination.

2. Section 3207(b) of the New York Insurance Law states:

> "An insurer may deliver or issue for delivery in this state a policy or policies of life insurance upon the life of a minor under the age of fourteen years and six months, provided that such policy or policies are effectuated by a person or persons having an insurable interest in the life of such minor or by a person or persons upon whom such minor is dependent for support and maintenance and provided further that an insurer shall not knowingly issue such a policy or policies for an amount which, together with the amount of life insurance under any other policy or policies then in force upon the life of such minor, is in excess of the limit of fifty thousand dollars or the limit of fifty per centum or the limit of twenty-five per centum in the case of a minor under the age of four years and six months of the amount of life insurance in force upon the life of the person effectuating the insurance at the date of issue of the policy on the life of such minor, whichever limit is the greater, and any amount

> of life insurance on the life of such minor not in excess of such limit when issued shall not be deemed to be in excess thereof by reason of any reduction thereafter in the amount of life insurance in force upon the life of the person effectuating the insurance."

The examiner reviewed a sample of policies issued on the lives of minors under the age of fourteen and one-half years. In three out of 20 (15%) variable universal life policies issued on the lives of minors reviewed, the amount of insurance issued exceeded the limits allowed by Law.

The Company violated Section 3207(b) of the New York Insurance Law by issuing policies on the lives of minors for amounts of life insurance in excess of the limits allowed by law.

3. Section 3201(b)(1) of the New York Insurance Law states, in part:

> "No policy form shall be delivered or issued for delivery in this state unless it has been filed with and approved by the superintendent as conforming to the requirements of this chapter and not inconsistent with law. . . "

The Company added language that provided "and/or a Segment Maturity" to the Performance Cap Threshold option in the Structured Investment Option Segment section of five approved application policy forms. The Company failed to file the altered application policy forms with the superintendent for approval.

In another instance, the examiner compared three different approved policy forms to the actual policy forms used by the Company during the examination period. The Company added the following tables to the policy forms used:

- Table of Guarantee Maximum Rates for Disability Waiver of Monthly Deductions.
- Table of Factors for Paid-up Death Benefit Guarantee.

The Company failed to include the two tables in the policy forms filed with the superintendent.

The Company subsequently submitted revised application policy forms and the revised application policy forms were approved in March 2017.

The review of 120 life replacements revealed that in all of the cases reviewed, the Company inserted an endorsement in the life policy contract containing a 60-day "Free Look" period disclosure that is required by Insurance Regulation 60 when existing insurance is replaced. The Company failed to file the endorsement with the superintendent for approval.

The Company violated Section 3201(b)(1) of the New York Insurance Law by altering approved policy forms and failing to submit such policy forms to the superintendent for approval and by utilizing a form that was not submitted to the superintendent for approval.

4. Section 3209 of the New York Insurance Law states, in part:

> " . . . (b)(1) No policy of life insurance shall be delivered or issued for delivery in this state after the applicable effective date, as set forth in subsection (n) of this section, unless the prospective purchaser has been provided with the following:
> (A) a copy of the most recent buyer's guide and the preliminary information required by subsection (d) of this section, at or prior to the time an application is taken . . .
> (B) a policy summary upon delivery of the policy. . . .
>
> (d) The preliminary information shall be in writing and include, to the extent applicable, the following:
> (1) the name and address of the insurance agent or broker or, if no agent or broker is involved, a statement of the procedure to be followed in order to receive responses to inquiries concerning the preliminary information . . .
> (3) the date of the preliminary information and the generic name, the initial amount of insurance and the initial annual premium for the basic policy . . .
>
> (e) A policy summary shall include the following: . . .
> (2) the name and address of the insurance agent or broker, or, if no agent or broker is involved, a statement or the procedure to be followed in order to receive responses to inquiries regarding the policy summary . . .
> (4) the generic name of the basic policy and each rider;
> (5) for the life insurance policies . . . , the following amounts, where applicable, for the first five policy years and representative policy years thereafter sufficient to clearly illustrate the premium and benefit patterns, including the years for which life insurance cost indexes are displayed and at least one age from sixty through sixty-five or maturity, whichever is earlier: . . .
> (B) the annual premium for each optional rider . . .
> (10) the date on which the policy summary is prepared. . . . "

The examiner's review of the newly issued life policies revealed that the preliminary information and the policy summary utilized by the Company for its variable universal life policies were either deficient or were not provided to the policyholder.

In 27 out of 76 (36%) variable universal life policies reviewed, the Company failed to provide the preliminary information to the life insurance applicant at or prior to the time that the application was taken.

The Company violated Section 3209(b)(1)(A) of the New York Insurance Law by failing to provide the preliminary information to the applicant at the time the application was taken.

In 27 out of 76 (36%) variable universal life policies reviewed, the Company failed to provide the policy summary to the policyholder at the time of policy delivery.

The Company violated Section 3209(b)(1)(B) of the New York Insurance Law by failing to provide the policy summary upon delivery of the policy.

In 37 out of 76 (49%) variable universal life policies reviewed, the Company failed to include the agent's name and address in the preliminary information.

The Company violated Section 3209(d)(1) of the New York Insurance Law by failing to include the agent's name and address in the preliminary information.

In 35 out of 76 (46%) variable universal life policies reviewed, the Company failed to include the agent's name and address in the policy summary.

The Company violated Section 3209(e)(2) of the New York Insurance Law by failing to include the agent's name and address in the policy summary.

In 11 out 76 (14%) variable universal life policies reviewed, the Company failed to include the date of the preliminary information and in 5 out of 76 (7%) variable life policies reviewed the company failed to include the date the policy summary was prepared.

The Company violated Section 3209(d)(3) of the New York Insurance Law by failing to include the date of the information in the preliminary information and Section 3209(e)(10) by failing to include the date the policy summary was prepared.

In 9 out of 30 (30%) variable universal life replacements reviewed, the Company failed to disclose the annual premium for each optional rider.

The Company violated Section 3209(e)(5)(B) of the New York Insurance Law by failing to disclose the annual premium for each optional rider in the policy summary.

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 403(d) of New York Insurance Law states, in part:

> "All applications for commercial insurance, individual, group or blanket accident and health insurance and all claim forms . . . shall contain a notice in a form approved by the superintendent that clearly states in substance the following:
> "Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime, and shall also be subject to a civil penalty not to exceed five thousand dollars and the stated value of the claim for each such violation."

Insurance Regulation No. 95, 11 NYCRR Section 86.4 states, in part:

> "(a) . . . all claim forms for insurance . . . provided to any person residing or located in this State in connection with insurance policies for issuance or issuance for delivery in this State, shall contain the following statement:
> "Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime, and shall also be subject to a civil penalty not to exceed five thousand dollars and the stated value of the claim for each such violation." . . .
> (d) Location of warning statements and type size. The warning statements . . . shall be placed immediately above the space provided for the signature of the person executing the application or claim form and shall be printed in type which will produce a warning statement of conspicuous size.
> (e) . . . insurers may use substantially similar warning statements provided such warning statements are submitted to the Criminal Investigation Unit for prior approval."

The examiner's review of a sample of various claims processed during the examination period revealed that the Company utilized claim forms that did not contain the complete fraud warning statement or the required fraud warning statement was omitted.

I. In all nine DST (401K) claims reviewed, the Company utilized claim forms that did not contain a complete fraud warning statement.

II. In 29 out of 51 (57%) annuity claims reviewed, the Company utilized a claim form that did not contain a complete fraud warning statement (25) or the Company utilized a claim form that did not contain the fraud warning statement at all (four).

III. In all 21 disability claims reviewed the Company utilized a claim form that did not contain a complete fraud warning statement (13) or the Company utilized a claim form that did not contain the fraud warning statement at all (eight).

IV. In all 44 major medical claims reviewed, the Company utilized a claim form that did not contain a complete fraud warning statement (three) or the Company utilized a claim form that did not contain the fraud warning statement at all (41).

The Company's death claim processing procedures allow for "express processing" of claims in the amount of ten thousand dollars and under. For claims that qualify for express processing, the Company does not require the claimant to complete a claim form. When the Company processed claims under the expedited "express processing" procedures, the Company failed to recite or communicate the required fraud warning to the claimant.

The Company violated Section 403(d) of the New York Insurance Law by failing to include the required fraud warning statement on claim forms.

The Company violated Insurance Regulation No. 95, 11 NYCRR Sections 86.4(a) and (e) by using language that differed from the required fraud warning without obtaining prior approval of the Criminal Investigation Unit.

The examiner recommends that the Company implement a procedure to convey the fraud warning to the claimant that will provide assurance to the Department that the claimant has been made aware of the required fraud warning at the time the claim is taken by the Company.

2. Section 3240(b)(2)(A) of the New York Insurance Law states, in part:

> "with respect to a policy delivered or issued for delivery outside this state, a domestic insurer may, in lieu of the requirements of this section, implement procedures that meet the minimum requirements of the state in which the insurer delivered or issued the policy, provided that the superintendent determines that such other requirements are no less favorable to the policy owner and beneficiary than those required by this section . . . "

Section 3240(d)(1) of the New York Insurance Law states, in part:

"An insurer shall use the death index to cross-check every policy and account subject to this section no less frequently than quarterly, except as specified in subsection (g) of this section. An insurer may perform the cross-check using the updates made to the death index since the date of the last cross-check performed by the insurer, provided that the insurer performs the cross-check using the entire death index at least once a year. The superintendent may promulgate rules and regulations that allow an insurer to perform the cross-checks less frequently than quarterly but not less frequently than semi-annually. . . . "

Section 3240(f)(1) of the New York Insurance Law states, in part:

"An insurer shall establish procedures to reasonably confirm the death of an insured or accountholder and begin to locate beneficiaries within ninety days after the identification of a potential match made by a death index cross-check or by a search conducted by the insurer pursuant to subsection (e) of this section. If the insurer cannot locate beneficiaries within ninety days after the identification of a potential match, then the insurer shall continue to search for beneficiaries until the benefits escheat in accordance with applicable state law. . . . "

Insurance Regulation No. 200, 11 NYCRR Section 226.4(b)(1) states, in part:

"An insurer shall use the latest available updated version of the death index to cross-check every policy and account subject to this Part, except as specified in subdivision (h) of this section. The cross-checks shall be performed no less frequently than quarterly. . . . "

The examiner selected a sample of 142 expiries and 112 in-force policies where the insured's attained age was over 80 years and conducted a search to determine if the insured died when the policies were still in-force. The examiner used the insured's social security number and/or the insured's name and date of birth to conduct the search on two national death master file websites for both the expiry and in-force samples.

The examiner's search revealed that in 24 out of the 142 (17%) expiries reviewed the insured died before the expiry date of the policy and in eight of the 112 (7%) in-force policies reviewed the insured was deceased.

Based on documentation provided by the Company, 23 (15 of the 24 expiries and all eight of the in-force) of the deceased insureds were identified by the Company's vendor as possible matches. The Company failed to refer the 23 possible matches to its claims processing unit for verification and payment. The Company is investigating the reason that nine out of the 24 expiries revealed by the examiners were not identified as possible matches by the Company or its vendor.

The examiner's search of a sample of 50 matured contracts against the death master file website revealed four instances where the insured had deceased prior to the policy maturing. The four policies had been placed on reduced paid-up status prior to maturing and were subsequently placed in abandoned property at the reduced paid-up amounts. The Company indicated that the deceased were not identified as matches in previous searches.

The Company violated Section 3240(f)(1) of the New York Insurance Law by failing to establish procedures to reasonably confirm the death of an insured and begin to locate beneficiaries within ninety days after identification of a potential match.

The Company violated Insurance Regulation No. 200, 11 NYCRR Section 226.4(b)(1) by failing to use the latest available updated version of the death index to cross-check every policy.

3. Section 3234(b) of the New York Insurance Law states, in part:

> "The explanation of benefits form must include at least the following: . .
> (7) . . . a description of the time limit, place and manner in which an appeal of a denial of benefits must be brought under the policy or certificate and a notification that failure to comply with such requirements may lead to forfeiture of a consumer's right to challenge a denial or rejection, even when a request for clarification has been made."

The examiner reviewed a sample of 47 major medical Explanation of Benefits ("EOB") forms. In all 47 instances, the EOB did not include a description of the time limit, place and manner in which an appeal of a denial of benefits must be brought under the policy and a notification that failure to comply with such requirements may lead to forfeiture of a consumer's right to challenge a denial or rejection.

The Company violated Section 3234(b)(7) of New York Insurance Law by failing to provide the insured with an EOB that included a description of the time limit, place and manner in which an appeal of a denial of benefits must be brought under the policy and a notification that failure to comply with such requirements may lead to forfeiture of a consumer's right to challenge a denial or rejection.

D. Retention of Records

Insurance Regulation No. 152, 11 NYCRR Section 243.2(b) states, in part:

> "Except as otherwise required by law or regulation, an insurer shall maintain: . . . (8) Any other record for six calendar years from its creation or until after the filing of a report on examination or the conclusion of an investigation in which the record was subject to review."

The examiner reviewed 60 policies where the Company processed an automatic premium loan during the examination period. In 16 out of the 60 (26.7%) policy files reviewed, the Company was unable to provide the initial loan notification letter sent to the policyowner upon making the initial loan as required by Section 3206(d)(2) of the New York Insurance Law.

The Company violated Insurance Regulation No. 152, 11 NYCRR Section 243.2(b)(8) by failing to maintain a record of the initial loan notice provided to the policyholder.

E. Fee-Based Annuity Products

Section 2101 of the New York Insurance Law states, in part:

> "(a) …"insurance agent" means any authorized or acknowledged agent of an insurer … or other representative of such an agent, who acts as such in the solicitation of, negotiation for, or sale of, an insurance …contract, other than as a licensed insurance broker…"

The examiner's review of the AXA Structured Capital Strategies ADV product revealed that the Company allowed it's agents to receive payments from clients for selling the product. AXA Structured Capital Strategy ADV is a variable annuity that is marketed as a fee-based product. By reason of insurance agents' licensing and appointment, New York Insurance Law allows insurers to compensate insurance agents through the payment of commission for sale of insurance or annuities.

The Company violated Section 2101(a) of the New York Insurance Law by allowing its agents to receive payments from purchasers of the Company's fee-based variable annuity product.

8. PRIOR REPORT SUMMARY AND CONCLUSIONS

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

Item	Description
A	The Company violated Section 79.5 of Department Regulation No. 133 by entering into a reinsurance treaty which failed to include provisions enumerated in such section. The Company has amended its reinsurance treaty to comply with Insurance Regulation No. 133, 11 NYCRR Section 79.5.
B	It is strongly recommended that the Company continue to review and monitor its product design, dynamic hedging and other risk mitigation programs, and capital needs as they relate to the VAGB business. The Department will continue to monitor the adequacy of reserves and risk-based capital for this block of business. The Company continues to review and monitor its product design, dynamic hedging and other risk mitigation programs and capital needs as they relate to the VAGB business.
C	With regard to the assumptions and methodology to be used in future asset adequacy analyses, the Company agreed to continue the dialogue with the Department to ensure that the testing criteria are sufficiently robust. The Company has agreed to refine the analysis and to strengthen reserves in a manner acceptable to the Department.

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

Item	Description
A	The Company violated Section 51.6(b)(4) of Department Regulation No. 60 by failing to furnish to the insurer whose coverage was being replaced, a copy of the revised Disclosure Statement or revised sales material used in the sale of life insurance policies when the policy issued differed from the life insurance policy applied for, within 10 days of receipt of the application. A similar violation appeared in the prior report on examination. The current examination did not reveal any instances where the Company failed to provide a copy of the revised Disclosure Statement or revised sales material to the insurer whose coverage was replaced.
B	The Company violated Section 51.6(b)(9) of Department Regulation No. 60 by failing to provide a revised Disclosure Statement to the applicant in the cases where the life insurance policy issued differed from the life insurance policy applied for. This violation appeared in the prior report on examination. The current examination did not reveal any instances where the Company failed to provide a revised Disclosure Statement to applicants.
C	The Company violated Section 2611(a) of the New York Insurance Law by failing to require a proper HIV consent form prior to subjecting an applicant to an HIV related test. This violation appeared in the prior report on examination. The Company failed to take corrective action in response to this prior report violation. (See item 7B of this report))
D	The Company violated Section 3209(d)(7) of the New York Insurance Law by failing to include in the preliminary information, a statement indicating that there will be a period of not less than ten days within which the applicant may return the policy for an unconditional refund of the premiums paid. The Company has established procedures in place to ensure compliance with Section 3209(d)(7) of the New York Insurance Law. The ten-day free look statement is included in the preliminary information document of the level term products.

9. SUMMARY AND CONCLUSIONS

Following are the violations and recommendation and comments contained in this report:

Item	Description	Page No(s).
A	The Company violated Section 308(a)(1) of the New York Insurance Law and failed to comply with Insurance Circular Letter No. 33 (1979) by failing to notify the Department of two tax allocation agreements.	11
B	The examiner recommends that the Company continue to compute and strengthen reserves using the assumptions and methodology as agreed upon with the Department.	28
C	The Company violated Insurance Regulation No. 60 (2nd Amendment), 11 NYCRR Section 51.6(b)(3) and Insurance Regulation No. 60 (3nd Amendment), 11 NYCRR Section 51.6(b)(4) by failing to examine and ascertain that the Disclosure Statement was accurate and met the requirements of the Insurance Law.	32
D	The Company violated Insurance Regulation No. 60, 11 NYCRR Section 51.7(a)(1) by not fully explaining the transaction in the instances where the upfront premium charges were not disclosed to clients with existing whole life policies and also in the instances where the agent represented that the client was getting a new policy with “lower cost of insurance” whereas the premium did not reflect such.	32
E	The Company violated Insurance Regulation No. 60, 11 NYCRR Section 51.7(b) by engaging in practices that prevented the orderly working of the regulation in accomplishing its intended purpose in the protection of policyholders and contractholders.	33
F	The Company violated Insurance Regulation No. 60 (2nd amendment), 11 NYCRR Section 51.6(b)(4) by failing to furnish to the insurer whose policy was replaced, a copy of the proposal, including the sales material and the completed Disclosure Statement within the required time frame. A similar violation appeared in the prior report on examination.	33
G	The Company violated Section 2611(a) of the New York Insurance Law by having a proposed insured be subject to an HIV related test prior to receiving the written informed consent and by using a consent form that did not contain the complete disclosure required by law. A similar violation appeared in the prior report on examination.	34

H	The Company violated Section 3207(b) of the New York Insurance Law by issuing policies on the lives of minors for amounts of life insurance in excess of the limits allowed by law.	35
I	The Company violated Section 3201(b)(1) of the New York Insurance Law by altering approved policy forms and failing to submit such policy forms for approval and by utilizing a form that was not approved by the superintendent for use in New York State.	36
J	The Company violated Section 3209(b)(1)(A) of the New York Insurance Law by failing to provide the preliminary information to the applicant at the time the application was taken. The Company violated Section 3209(b)(1)(B) of the New York Insurance Law by failing to provide the policy summary upon delivery of the policy. The Company violated Section 3209(d)(1) of the New York Insurance Law by failing to include the agent's name and address in the preliminary information. The Company violated Section 3209(e)(2) of the New York Insurance Law by failing to include the agent's name and address in the policy summary. The Company violated Section 3209(d)(3) of the New York Insurance Law by failing to include the date of the information in the preliminary information and Section 3209(e)(10) by failing to include the date the policy summary was prepared. The Company violated Section 3209(e)(5)(B) of the New York Insurance Law by failing to disclose the annual premium for each optional rider in the policy summary.	37
K	The Company violated Section 403(d) of the New York Insurance Law by failing to include the required fraud warning statement on claim forms.	39
L	The Company violated Insurance Regulation No.95, 11 NYCRR Sections 86.4(a) and (e) by using language that deviated from the required fraud warning without obtaining prior approval from the Department's Criminal Investigation Unit.	39
M	The examiner recommends that the Company implement a procedure to convey the fraud warning to the claimant that will provide assurance to the Department that the claimant has been made aware of the required fraud warning at the time the claim is taken by the Company.	39
N	The Company violated Section 3240(f)(1) of the NYIL by failing to establish procedures to reasonably confirm the death of an insured or accountholder and begin to locate beneficiaries within ninety days after identification of a potential match.	41

O	The Company violated Insurance Regulation No. 200, 11 NYCRR Section 226.4(b)(1) by failing to use the latest available updated version of the death index to cross-check every policy.	41
P	The Company violated Section 3234(b)(7) of New York Insurance Law by failing to provide the insured with an EOB that included a description of the time limit, place and manner in which an appeal of a denial of benefits must be brought under the policy and a notification that failure to comply with such requirements may lead to forfeiture of a consumer's right to challenge a denial or rejection.	41
Q	The Company violated Insurance Regulation No. 152, 11 NYCRR Section 243.2(b)(8) by failing to maintain a record of the initial loan notice provided to the policyholder.	42
R	The Company violated Section 2101(a) of the New York Insurance Law by allowing its agents to receive payments from purchasers of the Company’s fee-based variable annuity product.	42

Respectfully submitted,

/s/
Victor Agbu
Principal Insurance Examiner

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

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

/s/
Victor Agbu

Subscribed and sworn to before me

this_____ day of _____

Respectfully submitted,

/s/
William M. Fedak, CFE
INS Regulatory Insurance Services, Inc.

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

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

/s/
William M. Fedak, CFE

Subscribed and sworn to before me

this_____ day of _____

APPOINTMENT NO. 31441

NEW YORK STATE

DEPARTMENT OF FINANCIAL SERVICES

*I, **MARIA T. VULLO**, Acting Superintendent of Financial Services of the State of New York, pursuant to the provisions of the Financial Services Law and the Insurance Law, do hereby appoint:*

VICTOR AGBU

as a proper person to examine the affairs of the

AXA EQUITABLE LIFE INSURANCE COMPANY

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

COMPANY

with such other information as he shall deem requisite.

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

this 14th day of March, 2016

MARIA T. VULLO
Acting Superintendent of Financial Services

By: Mark McLeod

MARK MCLEOD
ASSISTANT CHIEF - LIFE BUREAU

APPOINTMENT NO. 31531

NEW YORK STATE

DEPARTMENT OF FINANCIAL SERVICES

*I, **MARIA T. VULLO**, Superintendent of Financial Services of the State of New York, pursuant to the provisions of the Financial Services Law and the Insurance Law, do hereby appoint:*

WILLIAM M. FEDAK, CFE
(INS REGULATORY INSURANCE SERVICES, INC.)

as a proper person to examine the affairs of the

AXA EQUITABLE LIFE INSURANCE COMPANY

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

COMPANY

with such other information as he shall deem requisite.

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

this 13th day of September, 2016

MARIA T. VULLO
Superintendent of Financial Services

By: Mark McLeod

MARK MCLEOD
DEPUTY CHIEF - LIFE BUREAU