NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES

REPORT ON EXAMINATION

OF

THE GUARDIAN LIFE INSURANCE COMPANY OF AMERICA

CONDITION: DECEMBER 31, 2013

DATE OF REPORT: JUNE 19, 2015

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EXAMINER:	ANTHONY MAURO

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NEW YORK STATE
DEPARTMENT of
FINANCIAL SERVICES

Andrew M. Cuomo
Governor

Anthony J. Albanese
Acting Superintendent

June 24, 2015

Honorable Anthony J. Albanese
Acting Superintendent of Financial Services
New York, New York 10004

Sir:

In accordance with instructions contained in Appointment No. 31076, dated May 5, 2014, and annexed hereto, an examination has been made into the condition and affairs of The Guardian Life Insurance Company of America hereinafter referred to as "the Company," at its home office located at 7 Hanover Square, New York, NY 10004.

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 violations and recommendation contained in this report are summarized below.

- The Company violated Section 4904(c) of the New York Insurance Law when it failed to notify the insured, the insured's designee and, where appropriate, the insured's health care provider, in writing of the appeal determination within two business days of the rendering of such determination. (See item 7C of this report)
- The Company violated Section 4904(c) of the New York Insurance Law when it failed to provide written acknowledgment of the filing of the appeal to the appealing party within fifteen days of such filing for claims. (See item 7C of this report)
- The examiner recommends that the Company implement changes for documenting its' pricing and product development in the manner agreed upon with the Department. (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, 2014 Edition* (the "Handbook"). The examination covers the five-year period from January 1, 2009, through December 31, 2013. 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, 2013, 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 State of New York with participation from the States of Illinois, Michigan, Missouri, New Jersey, Ohio, and Texas. 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 2009 through 2013, by the accounting firm of PricewaterhouseCoopers, LLC ("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 ("MAR Group") which was given the task of assessing the internal control structure. The MAR Group is part of the Company's finance department.

The examiner reviewed the corrective actions taken by the Company with respect to the violations and recommendations contained in the prior financial and market conduct reports 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 was incorporated as a stock life insurance company under the laws of New York on April 10, 1860, was licensed on July 10, 1860, and commenced business on July 16, 1860, as The Germania Life Insurance Company. In 1918, the Company changed its name to its present name, The Guardian Life Insurance Company of America. In 1924, the Company adopted a plan to convert to a mutual company. Effective January 1, 1946, the Company adopted and amended its charter and by-laws and became a mutual company.

On July 1, 2001, the Company merged with Berkshire Life Insurance Company ("BLIC") in a business combination accounted for as a statutory merger. As a statutory merger, approved by the New York and Massachusetts insurance departments and by policyowners of both companies, BLIC policyowners became the Company's policyowners. The Company renamed Health Source Insurance Company, a then existing subsidiary, Berkshire Life Insurance Company of America ("BLICOA"). Pursuant to a reinsurance treaty effected between BLICOA and the Company, BLICOA reinsured 100% of BLIC's and the Company's existing disability income business. Effective July 1, 2001, all new disability income business is written by BLICOA.

On October 6, 2009, the Company issued Surplus Notes with a principal balance of $400 million, bearing interest at 7.375%, and a maturity date of September 30, 2039, that is administered by The Bank of New York Mellon, as fiscal agent. Interest on the note is scheduled to be paid semiannually on March 31 and September 30 of each year.

On January 1, 2013, the Company completed the acquisition of 100% of Reed Group Ltd ("Reed"). Reed provides management services that help employers reduce the cost, compliance risk, and complexity of employee absences. The acquisition expands the Company's disability and absence management portfolio.

On April 5, 2014, the Company entered into an agreement to acquire Premier Access Insurance Company ("Premier"). Premier manages and provides dental coverage and care to employers and individuals. The acquisition strengthens the Company's existing Dental Preferred Provider Organization and Dental Health Maintenance Organization networks in several states including California, Utah, Nevada and Arizona. This acquisition also extends the Company's reach into the state-run Medicaid and Children's Health Insurance Program markets.

On June 16, 2014, the Company issued $450 million of 50-year surplus notes at a 4.875% interest rate with a maturity date of June 16, 2064. Interest on the note is scheduled to be paid semiannually with the first interest payment due on December 19, 2014.

B. Subsidiaries

The Company maintains a multi-tiered downstream holding company system through which its subsidiary operations are conducted. The Company has both insurance and non-insurance subsidiaries that market insurance and investment products in the United States and several foreign countries.

The Guardian Insurance & Annuity Company, Inc. ("GIAC") is a wholly-owned subsidiary of the Company and is licensed to conduct life and health insurance business in all fifty states and the District of Columbia. Its primary business is the sale of variable deferred annuity contracts and variable and term life insurance policies. Variable products, other than 401(k) products, are sold by GIAC licensed insurance agents who are either registered representatives of Park Avenue Securities LLC ("PAS") or of other broker dealer firms that have entered into sales agreements with the Company.

BLICOA is a wholly-owned stock subsidiary of the Company, domiciled in Massachusetts. BLICOA's business is the sale and administration of disability income, long term care, and life insurance products through independent agents. BLICOA is licensed and conducts business in all 50 states and the District of Columbia.

Managed DentalGuard, Inc. of Texas ("MDGT"), a wholly-owned subsidiary of the Company, was formed under the laws of Texas on January 15, 1997, for the purpose of providing prepaid dental services for employer groups and unions in selected areas throughout Texas. MDGT received its Certificate of Authority from the Texas Department of Insurance on March 24, 2000.

Managed DentalGuard, Inc. of New Jersey ("MDGNJ"), a wholly-owned subsidiary of the Company, was formed under the laws of the State of New Jersey on April 5, 2001, for the purpose of providing prepaid dental services for employer groups and unions in selected areas throughout New Jersey. MDGNJ received its Certificate of Authority from the New Jersey Department of Banking and Insurance and commenced operations on December 5, 2001

First Commonwealth Insurance Company ("First Commonwealth"), a wholly-owned subsidiary domiciled in Illinois, is a provider of managed dental care benefits in the upper Midwest region, including the metropolitan areas of Chicago, Milwaukee, St. Louis and Detroit. First Commonwealth also provides indemnity/preferred provider organization dental coverage and administrative claim services.

Managed Dental Care of California ("MDC"), a wholly-owned subsidiary of the Company, was incorporated under the laws of California on June 4, 1991, for the purpose of providing prepaid dental services for employer groups and unions in selected areas throughout California. MDC was licensed by the Department of Corporations on December 24, 1991, and has operated as a licensed health care service plan under the Knox-Keene Act since January 1, 1992. Effective in 2000, HMOs in California are regulated by the Department of Managed Health Care. All of the outstanding shares of MDC were purchased by the Company on April 25, 1996.

Innovative Underwriters, Inc. ("IUI") was incorporated in New Jersey on August 17, 1971. Effective July 27, 1999, IUI was acquired by and became a wholly-owned subsidiary of the Company. IUI operates as a full service brokerage agency that primarily markets and sells life and long term care insurance products.

Park Avenue Life Insurance Company ("PALIC") is a wholly-owned subsidiary of the Company. PALIC's primary business is the administration of life insurance (principally term and universal life products). Although the Company is licensed in 48 states and the District of Columbia, it is not currently writing new business.

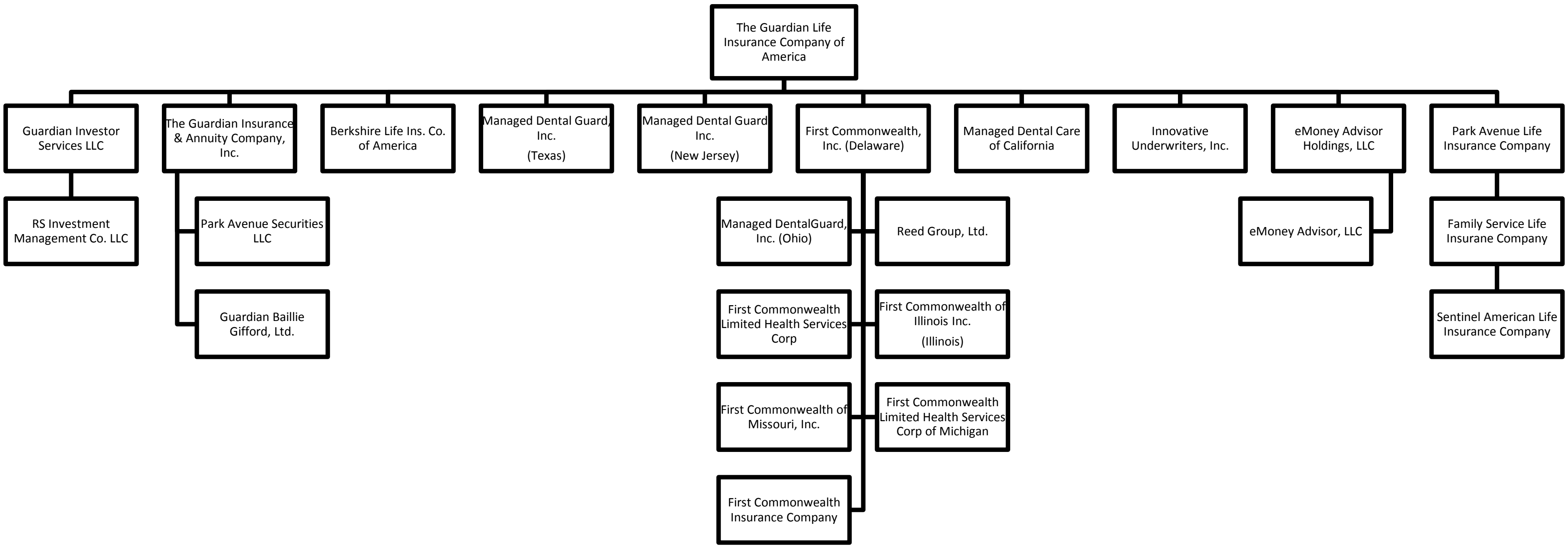
Guardian Investor Services, LLC ("GIS"), a wholly-owned subsidiary of the Company, is a registered broker-dealer under the Securities and Exchange Act of 1934, and is a registered investment advisor under the Investment Adviser's Act of 1940. GIS is the distributor and underwriter for variable products, and the investment advisor to certain mutual funds sponsored by GIAC. On August 31, 2006, GIS acquired a 65% interest in RS Investments Management Co., LLC ("RS"), a privately-held San Francisco investment management firm specializing in growth and value mutual funds and institutional accounts. As of December 31, 2013, GIS holds an 89.66% interest in RS.

During 2008, the Company acquired a 65% interest in eMoney Advisor Holdings, LLC ("eMoney") for total compensation of $45 million. eMoney specializes in providing financial advisory wealth management and client enhancing software solutions for their high net worth clients.

On September 19, 2008, the Company purchased American Financial Systems, Inc. ("AFS") for $14 million. On February 29, 2012, the Company sold AFS to Weston Venture Partners for $1 million resulting in a realized capital loss of $7 million.

C. <u>Organizational Chart</u>

An organization chart reflecting the relationship between the Company and significant entities in its holding company system as of December 31, 2013 follows:



D. Service Agreements

The Company had 12 service agreements in effect with affiliates 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
Administrative Service Agreement	3/17/1997	The Company	Managed Dental Care of California	Routine day to day functions including account establishment, billing, marketing, etc.	2013 $1,009,266 2012 $ 530,749 2011 $ 463,138 2010 $ 398,581 2009 $ 382,931
Management Service Agreement	2/1/2001	The Company	Managed Dental Guard Inc. (Texas)	Routine day to day functions including account establishment, billing, marketing, etc.	2013 $635,012 2012 $642,777 2011 $666,934 2010 $679,640 2009 $673,770
Management Service Agreement	10/31/2001	The Company	Managed Dental Guard Inc. (New Jersey)	Routine day to day functions including account establishment, billing, marketing, etc.	2013 $535,833 2012 $503,803 2011 $454,267 2010 $374,532 2009 $302,668

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
Specialist Services Agreement	10/31/2001	The Company	Managed Dental Guard Inc. (New Jersey)	Specialist dentist services	2013 $727,353 2012 $704,214 2011 $635,657 2010 $526,818 2009 $460,022
Provider Access	10/31/2001	The Company	Managed Dental Guard Inc. (New Jersey)	General dentist services	2013 $167,933 2012 $170,138 2011 $198,392 2010 $174,808 2009 $132,540
Provider Access	10/31/2001	Managed Dental Guard Inc. (New Jersey)	The Company	General dentist services	2013 $(370,043) 2012 $(396,926) 2011 $(391,973) 2010 $(379,775) 2009 $(347,460)
Management & Administrative Services Agreement	11/1/2004 Replaced /amended 3/23/2010	The Company	First Commonwealth, Inc.	Routine day to day functions including account establishment, billing, marketing, etc.	2013 $3,656,195 2012 $4,223,704 2011 $4,915,287 2010 $5,474,647 2009 $6,341,448

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
Application Services Agreement	5/23/2005	eMoney Advisor, LLC	The Company	Charged for various services provided per authorized statements of work.	2013 $(238,306) 2012 $(184,942) 2011 $(331,742) 2010 $(101,361) 2009 $(780,311)
Investment Management Agreement	10/9/2006	RS Investments	The Company	Investment management services and management of Client's securities investment account.	2013 $ (409,590) 2012 $ (605,447) 2011 $(1,542,537) 2010 $(1,736,636) 2009 $(1,602,698)
Amended Agreement for Services and Reimbursement Thereof (supersedes 12/27/1971 Service Agreement)	12/13/2007 Amended 1/1/2012	The Company	1) Guardian Ins & Annuity Co 2) Guardian Investor Services 3) Park Ave. Securities, LLC 4) Park Avenue Life Insurance 5) Family Service Life Ins 6) Innovative Underwriters 7) Berkshire Life Ins Co of America 8) Sentinel American LLC 9) American Fin Systems, Inc.	Guardian provides office space, furniture, equipment, etc. and pays salaries and pension benefits etc.	2013 $285,567,536 2012 $312,433,598 2011 $289,244,394 2010 $238,093,702 2009 $226,297,758

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
Operating Agreement	8/1/2008	eMoney Advisor, LLC	The Company	Expenses for dedicated team to service GLIC Living Balance Sheet.	2013 $(1,271,702) 2012 $(1,213,420) 2011 $(1,052,169) 2010 $ (988,422) 2009 $(2,282,787)
Management Services Agreement	12/16/2011	The Company	Managed Dental Guard Inc. (Ohio)	Routine day to day functions including Account Establishment, Billing, Marketing, Managing cash receipts, etc.	2013 $12,402 2012 $ 1,750 2011 N/A 2010 N/A 2009 N/A

[*] Amount of income earned or (expense) incurred by the Company.
The Company participates in a federal income tax allocation agreement with its subsidiaries.

E. Management

The Company's by-laws provide that the board of directors shall be comprised of not less than 7 and not more than 20 directors. Directors are elected for a period of one year at the annual meeting of the stockholders held in November of each year. As of December 31, 2013, the board of directors consisted of 12 members. Meetings of the board are held in February, April, July, September, October, and November.

The 12 board members and their principal business affiliation, as of December 31, 2013, were as follows:

Name and Residence	Principal Business Affiliation	Year First Elected
John J. Brennan* Wayne, PA	Chairman Emeritus The Vanguard Group	2011
Robert E. Broatch Ridgewood, NJ	EVP and Chief Financial Officer The Guardian Life Insurance Company of America	2008
Lloyd E. Campbell* Forest Hills, NY	Consultant Spencer Stuart	2006
Richard E. Cavanagh* Chestnut Hill, MA	Retired President and Chief Executive Officer The Conference Board, Inc.	1998
Nancy E. Cooper* Riverside, CT	Former CFO CA Technologies, Inc.	2012
James E. Daley* Plano, TX	Retired Co-Chairman and Vice Chairman Pricewaterhouse, LLP	1998
Deborah L. Duncan* Tiburon, CA	Executive Vice President and Chief Financial Officer - Fremont Group	2005
Paul B. Guenther* New York, NY	Chairman Emeritus The New York Philharmonic	2002
Deanna M. Mulligan North Salem, NY	President and Chief Executive Officer The Guardian Life Insurance Company of America	2011

Name and Residence	Principal Business Affiliation	Year First Elected
John A. Somers* Clearwater, FL	Former Executive Vice President and Retired Head of Fixed Income and Real Estate of Teachers Insurance and Annuity Association	1996
Stephen J. Squeri* Westfield, NJ	Group President American Express Company	2009
Donald C. Waite III* Key Largo, FL	Director of Office of Executives-in-Residence and Adjunct Professor Columbia University Graduate School of Business	2002

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

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, 2013:

Name	Title
Deanna M. Mulligan	President and Chief Executive Officer
D. Scott Dolfi	Chief Operating Officer
Robert E. Broatch	Executive Vice President, CFO, Risk and Operational Excellence
Tracy L. Rich	Executive Vice President, General Counsel, and Corporate Secretary
Thomas G. Sorell	Executive Vice President and Chief Investment Officer
Bradley Thomas	Executive Vice President, Human Resources
Dong H. Ahn	Senior Vice President, Group Profit Center
Michael Cefole	Senior Vice President, Retirement Solutions
Gordon G. Dinsmore	Senior Vice President, President Berkshire Life
Michael Ferik	Senior Vice President, Individual Life
Michael Slipowitz	Senior Vice President, Corporate Chief Actuary

Helen Rennie is the designated consumer service officer as required by Section 216.4(c) of Department Regulation No. 64.

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 and the District of Columbia. In 2013, 22.5% of life premiums were received from New York and 10.5% from New Jersey. In 2013, 36.9% of annuity considerations were received from New York and 13.8% from Georgia. In 2013, 13.8% of accident and health premiums were received from New York and 13.5% from California. In 2013, 30.1% of deposit type funds were received from Massachusetts, 26.3% from New York and 16.3% from Florida. Policies are written on a participating basis.

The following tables show the percentage of direct premiums received, by state, and by major lines of business for the year 2013:

Life Insurance Premiums	
New York	22.5%
New Jersey	10.5%
Florida	6.5%
California	5.6%
Pennsylvania	5.5%
Subtotal	50.6%
All others	49.4%
Total	100.0%

Annuity Considerations	
New York	36.9%
Georgia	13.8%
New Jersey	7.9%
California	7.8%
Florida	6.7%
Subtotal	73.1%
All others	26.9%
Total	100.0%

Accident and Health Insurance Premiums	
New York	13.8%
California	13.5%
Texas	8.2%
Florida	5.4%
Illinois	5.1%
Subtotal	46.0%
All others	54.0%
Total	100.0%

Deposit Type Funds	
Massachusetts	30.1%
New York	26.3%
Florida	16.3%
North Carolina	7.0%
South Carolina	6.9%
Subtotal	86.6%
All others	13.4%
Total	100.0%

A. Statutory and Special Deposits

As of December 31, 2013, the Company had $2,299,628 (par value) 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. In addition, $1,618,415 was reported in Schedule E of the 2013 filed annual statement as being held by the states of Arkansas, Georgia, Massachusetts, New Mexico, North Carolina and South Carolina.

B. Direct Operations

The Company principal lines of business sold during the examination period are individual life and group accident and health. Individual life (51.8%) and group accident and health (35.6%) represented 87.4% of net premium received in 2013.

The Company's group accident and health business focuses on the small to medium case employee benefits market. The product portfolio includes medical, dental, vision and disability. Policies are written on a participating basis.

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

The Company's strategy for growth focuses on expanding and improving its career agency system while growing independent agent and broker channels to distribute its individual insurance products. The individual insurance and investment products are marketed through the Company's career agency force of over 3,000 field representatives, as well as by over 95,000 independent agents and outside brokers. The Company's group products are sold through financial representatives, brokers and worksite marketing. The Company's disability income products are sold through the Company's core field representative force, independent agents, and outside brokers.

C. Reinsurance

As of December 31, 2013, the Company had reinsurance treaties in effect with 19 companies, of which 13 were authorized, accredited or 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 net retention limit for individual life contracts is $12,000,000. The total face amount of life insurance ceded as of December 31, 2013, was $120,505,356,804, which represents 25% of the total face amount of life insurance in force. Reserve credit taken for reinsurance ceded to unauthorized companies and reinsurance recoverables from unauthorized companies, totaling $15,453,902, was supported by letters of credit, trust agreements, and/or funds withheld.

The total face amount of life insurance assumed as of December 31, 2013, was $5,780,538,678 of which 79% was assumed from affiliates.

The Company entered into a reinsurance agreement with BLICOA, effective January 1, 2013, whereby the Company assumed 80% of BLICOA's net individual disability insurance. The reinsurance is on a funds-withheld basis with the supporting invested assets remaining in BLICOA. Under the terms of the agreement, the Company assumed $2,031 million in ceded reserves from BLICOA, while BLICOA retained the corresponding assets as of January 1, 2013.

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, 2008	December 31, 2013	Increase
Admitted assets	$28,973,450,194	$42,065,979,357	$13,092,529,163
Liabilities	$25,314,581,981	$37,054,094,152	$11,739,512,171
Contingency reserve for aviation reinsurance	$ 3,000,000	$ 3,000,000	$ 0
Permanent reserve (Arkansas requirements)	1,000,000	1,000,000	0
Contingency reserve for deposit administration	6,732	6,732	0
Surplus Notes	0	396,074,796	396,074,796
Unassigned funds (surplus)	3,654,861,480	4,611,803,676	956,942,196
Total surplus	$ 3,658,868,212	$ 5,011,885,205	$ 1,353,016,993
Total liabilities and surplus	$28,973,450,194	$42,065,979,357	$13,092,529,163

The Company's invested assets as of December 31, 2013, were mainly comprised of bonds (72.6%), contract loans (8.2%), mortgage loans (7.5%), and other invested assets (5.2%).

The majority (92.9%) of the Company's bond portfolio, as of December 31, 2013, 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		Group Life	
Year	Issued	In Force	Issued	In Force	Issued & Increases	In Force
2009	$11,382,041	$161,529,147	$16,612,887	$ 77,888,650	$14,505,516	$118,346,591
2010	$11,920,743	$165,380,704	$16,962,763	$ 87,577,627	$23,438,719	$122,240,779
2011	$12,635,694	$170,601,290	$17,484,438	$ 97,081,566	$26,881,646	$135,542,845
2012	$13,236,192	$177,486,182	$17,594,554	$106,042,619	$34,400,221	$160,460,257
2013	$13,744,701	$185,345,325	$19,753,848	$116,927,888	$34,909,511	$180,787,142

The increase in the amount of group life issued from 2009 to 2012 is related to the Company's group revenue growth initiative which focused on growing the group products, with group term life being one of those products.

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

	Ordinary Annuities				
	2009	2010	2011	2012	2013
Outstanding, end of previous year	2,891	2,753	2,603	2,257	2,085
Issued during the year	137	99	73	61	97
Other net changes during the year	(275)	(249)	(419)	(233)	(194)
Outstanding, end of current year	2,753	2,603	2,257	2,085	1,988

	Group Annuities				
	2009	2010	2011	2012	2013
Outstanding, end of previous year	86	86	86	44	39
Issued during the year	0	0	0	0	0
Other net changes during the year	(0)	(0)	(42)	(5)	(4)
Outstanding, end of current year	86	86	44	39	35

The decline in ordinary annuities outstanding is related to the small amount of qualified fixed premium annuities issued. These annuities are typically sold in conjunction with permanent life insurance to small business owners who have both qualified retirement and life insurance needs. The Company's group annuity line of business is in run-off, therefore there were no new issues during the period.

The following has been extracted from the Exhibits of Accident and Health Insurance in the filed annual statements for each of the years under review:

	Ordinary				
	2009	2010	2011	2012	2013
Outstanding, end of previous year	146,285	138,943	131,501	124,731	118,137
Issued during the year	824	621	532	563	173,172
Other net changes during the year	(8,166)	(8,063)	(7,302)	(7,157)	(7,640)
Outstanding, end of current year	138,943	131,501	124,731	118,137	283,669

During the period 2012 to 2013, the number of contracts outstanding increased by 165,532 or 140.1% primarily due to the Company entering into a reinsurance agreement with BLICOA, effective January 1, 2013.

	Group				
	2009	2010	2011	2012	2013
Outstanding, end of previous year	4,310,341	4,120,858	3,992,542	4,096,180	4,338,718
Issued during the year	501,706	734,887	703,982	769,981	1,711,400
Other net changes during the year	(691,189)	(863,203)	(600,344)	(527,443)	(1,278,722)
Outstanding, end of current year	4,120,858	3,992,542	4,096,180	4,338,718	4,771,396

The increase in the issuance of group accident and health policies and other net changes during 2013 is because the source data previously reported these balances segregated and counted the number of specific coverages on an individual certificate rather than aggregating all the coverages under one certificate for a particular life. The increase in both the "Issued" and "Other" net changes related to this allocation of certificates is 727,254. The amounts outstanding at the end of previous year and the end of current year for 2013 are correctly stated.

The following has been extracted from the Exhibits of Deposit Funds and Dividend Accumulations in the filed annual statements for each of the years under review:

Deposit Funds

	2009	2010	2011	2012	2013
Outstanding, end of previous year	218	210	154	145	135
Issued during the year	0	0	0	0	0
Other net changes during the year	(8)	(56)	(9)	(10)	(8)
Outstanding, end of current year	210	154	145	135	127

Dividend Accumulations

	2009	2010	2011	2012	2013
Outstanding, end of previous year	22,019	20,909	19,800	18,761	17,756
Issued during the year	359	321	1,031	62	20
Other net changes during the year	(1,469)	(1,430)	(2,070)	(1,067)	(917)
Outstanding, end of current year	20,909	19,800	18,761	17,756	16,859

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:

	2009	2010	2011	2012	2013
Ordinary:					
Life insurance	$ 29,941,646	$ 98,544,660	$ 47,945,499	$113,928,011	$103,507,629
Individual annuities	1,510,476	5,805,905	5,744,357	(1,034,845)	4,571,819
Supplementary contracts	4,384,225	9,732,034	12,286,685	9,415,852	10,171,422
Total ordinary	$ 35,836,347	$114,082,599	$ 65,976,541	$122,309,018	$118,250,870
Credit life	$ 231	$ 56	$ 109	$ 0	$ 0
Group:					
Life	$ 21,883,741	$ 31,198,972	$ 25,107,065	$ 41,677,450	$ 40,067,035
Annuities	(16,388,543)	(6,430,083)	(6,552,151)	(21,772,411)	(36,756,052)
Total group	$ 5,495,198	$ 24,768,889	$ 18,554,914	$ 19,905,039	$ 3,310,983
Accident and health:					
Group	$ 87,711,814	$106,991,550	$134,511,372	$ 68,668,588	$ 94,165,145
Credit	(1,761,536)	(1,236,458)	(1,394,072)	(44,810)	55,922
Other	(3,706,397)	(15,933,214)	(15,083,481)	13,404,468	1,451,729
Total accident and health	$ 82,243,881	$ 89,821,878	$118,033,819	$ 82,028,246	$ 95,672,796
All other lines	$ 616,935	$ (359,056)	$ 2,959,419	$ 79,387	$ 2,347,491
Total	$124,192,591	$228,314,367	$205,524,803	$224,321,689	$219,582,139

The $69 million increase in the net gain from ordinary life operations between 2009 and 2010 is primarily due to an increase in total income of $203 million, offset by a net increase in benefits and expenses, policyholder dividends, and federal income taxes of $72 million, $29 million, and $33 million respectively.

The $51 million decrease in the net gain from ordinary life operations between 2010 and 2011 is primarily due to a $55 million increase in dividends to policyholders primarily due to natural growth and increase in the dividend scale.

The $66 million increase in the net gain from ordinary life operations between 2011 and 2012 is primarily due to an increase of $256 million in total income offset by a net increase in benefits and expenses of $213 million. Policyholder dividends increased by $10 million while federal income taxes decreased by $33 million.

The $7 million decrease in gain on operations on ordinary individual annuities between 2011 and 2012 is primarily due to a $3 million decrease in net investment income, a $1 million decrease in annuity considerations and a $7 million decrease in surrender benefits and withdrawals for life contracts offset by a $9 million increase in aggregate reserves for life and accident and health contracts

The $17 million increase in gain from operations on group life between 2011 and 2012 is primarily due to an increase in premiums for life contracts of $53 million offset by an increase in aggregate reserves for life contract of $29 million.

The group annuity line of business primarily consists of non-qualified deferred compensation agreements for Guardian home office employees and field force. There were a number of different fund choices available, including both equity and fixed income. The Company has historically hedged the funds offered with investments in the general account. Much of the gain or loss on assets held is booked through capital gains rather than operating income. Therefore, losses from operations result from good fund performance over the applicable years, without reflecting the capital gains from a hedge position. The group annuity line does not have premiums, however it does have considerable amounts reported as interest and adjustments on contract or deposit type contract funds which drives the net loss.

The increase in the group accident and health line from 2009 to 2010 is primarily driven by favorable loss experience from lower utilization in both group dental and medical products. The increase from 2010 to 2011 is primarily driven by a decrease in medical reserves associated with the decrease in medical membership as the company exited this block of business. The decrease from 2011 to 2012 is primarily driven by an increase in active long term disability (LTD) claims as well as an increase in accidental death & dismemberment mean reserves. However, this increase in mean reserves was partially offset by a decrease in medical individual health life reserves, due to a decrease in lives as the company continued its exit from the medical market. The increase from 2012 to 2013 is primarily driven by favorable loss experience from lower utilization in group dental products, as well as lower LTD claim incidence and severity.

The $28 million increase in operations on the "Other Accident and Health" line from 2011 to 2012 is primarily due to a $30 million decline in aggregate reserves.

The losses on the credit accident and health line are driven primarily by the allocation of net investment income, IMR and taxes. The Company is no longer writing this product and therefore does not have any premiums to offset any losses.

6. FINANCIAL STATEMENTS

The following statements show the assets, liabilities, capital and surplus as of December 31, 2013, as contained in the Company's 2013 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, 2013 filed annual statement.

A. Independent Accountants

The firm of PricewaterhouseCoopers, LLP ("PwC") was retained by the Company to audit the Company's 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.

PwC 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	$27,379,870,265
Stocks:	
Preferred stocks	74,595,448
Common stocks	1,575,054,286
Mortgage loans on real estate:	
First liens	2,775,961,291
Other than first liens	62,199,076
Real estate:	
Properties occupied by the company	18,322,130
Properties held for the production of income	126,757,166
Cash, cash equivalents and short term investments	630,705,659
Contract loans	3,103,642,570
Derivatives	124,816
Other invested assets	1,962,919,401
Receivable for securities	244,525
Investment income due and accrued	346,458,778
Premiums and considerations:	
Uncollected premiums and agents' balances in the course of collection	84,876,957
Deferred premiums, agents' balances and installments booked but deferred and not yet due	838,949,152
Reinsurance:	
Amounts recoverable from reinsurers	10,891,325
Funds held by or deposited with reinsured companies	2,203,590,654
Other amounts receivable under reinsurance contracts	32,865,616
Amounts receivable relating to uninsured plans	37,299,867
Current federal and foreign income tax recoverable and interest thereon	3,998,873
Net deferred tax asset	704,593,753
Guaranty funds receivable or on deposit	16,601,685
Electronic data processing equipment and software	3,722,549
Receivables from parent, subsidiaries and affiliates	29,277,214
Other assets non-admitted:	
Miscellaneous receivable	40,246,998
Premium tax receivable	1,945,696
Modco receivable	145,033
Suspense accounts	$ 118,570
Total admitted assets	$42,065,979,357

C. Liabilities, Capital and Surplus

Aggregate reserve for life policies and contracts	$29,690,243,624
Aggregate reserve for accident and health contracts	3,023,747,586
Liability for deposit-type contracts	389,553,993
Contract claims:	
Life	184,603,713
Accident and health	446,567,769
Policyholders' dividends and coupons due and unpaid	(43,741,354)
Provision for policyholders' dividends and coupons payable in following calendar year – estimated amounts:	
Dividends apportioned for payment	781,254,768
Premiums and annuity considerations for life and accident and health contracts received in advance	201,157,698
Contract liabilities not included elsewhere:	
Provision for experience rating refunds	7,791,510
Other amounts payable on reinsurance	18,629,013
Interest maintenance reserve	386,777,510
Commissions to agents due or accrued	94,792,295
Commissions and expense allowances payable on reinsurance assumed	5,729,865
General expenses due or accrued	570,568,602
Taxes, licenses and fees due or accrued, excluding federal income taxes	17,625,477
Unearned investment income	89,885,971
Amounts withheld or retained by company as agent or trustee	34,573,093
Amounts held for agents' account	662,759
Remittances and items not allocated	27,205,800
Liability for benefits for employees and agents if not included above	347,855,971
Miscellaneous liabilities:	
Asset valuation reserve	685,785,496
Reinsurance in unauthorized companies	17,604
Funds held under reinsurance treaties with unauthorized reinsurers	250
Payable to parent, subsidiaries and affiliates	5,856,129
Liability for amounts held under uninsured accident and health plans	6,090,887
Funds held under coinsurance	81,824
Derivatives	4,639,919
Other tax reserves	42,557,327
Miscellaneous liabilities	22,214,307
Deferred gains on real estate	13,165,427
Contingency reserve for group life premiums and retired lives	5,895,551
Claims liabilities for all other lines of business – pools	4,620,543
Reserve for special litigation expense	1,487,668
Miscellaneous reinsurance liabilities	99,721
Liability for pension benefits	(13,904,163)
Total liabilities	$37,054,094,152
Surplus notes	$ 396,074,796
Contingency reserve for aviation reinsurance	3,000,000
Permanent surplus (Arkansas requirements)	1,000,000
Contingency reserve for deposit administration	6,732
Unassigned funds (surplus)	4,611,803,676
Total surplus	$ 5,011,885,205
Total liabilities and surplus	$42,065,979,357

D. Condensed Summary of Operations

	2009	2010	2011	2012	2013
Premiums and considerations	$5,928,561,145	$5,946,301,893	$5,879,725,006	$6,014,293,063	$ 6,708,334,186
Investment income	1,582,412,856	1,695,675,130	1,760,421,282	1,801,449,459	1,845,512,791
Commissions and reserve adjustments on reinsurance ceded	108,927,856	113,126,677	113,339,192	111,876,129	110,159,661
Miscellaneous income	73,018,336	53,201,772	4,223,226	52,380,390	2,249,590,725
Total income	$7,692,920,193	$7,808,305,472	$7,757,708,706	$7,979,999,041	$10,913,597,363
Benefit payments	$3,768,562,709	$3,546,407,403	$3,443,527,320	$3,382,283,193	$ 3,720,797,548
Increase in reserves	1,332,495,163	1,607,496,491	1,638,397,089	1,889,134,174	4,046,782,048
Commissions	396,250,813	394,477,868	398,336,899	406,497,452	613,084,215
General expenses and taxes	1,162,018,787	1,136,682,679	1,178,177,120	1,211,349,861	1,346,971,128
Increase in loading on deferred and uncollected premiums	20,912,494	8,735,833	7,500,353	(6,471,346)	3,600,535
Miscellaneous deductions	113,454,881	56,487,592	21,424,537	21,095,433	57,536,156
Total deductions	$6,793,694,847	$6,750,287,866	$6,687,363,318	$6,903,888,767	$ 9,788,771,630
Net gain	$ 899,225,346	$1,058,017,606	$1,070,345,388	$1,076,110,274	$ 1,124,825,733
Dividends	708,414,658	730,188,111	783,788,072	791,665,969	770,371,635
Federal and foreign income taxes incurred	66,618,097	99,515,130	81,032,512	60,122,619	134,871,957
Net gain from operations before net realized capital gains	$ 124,192,591	$ 228,314,365	$ 205,524,804	$ 224,321,686	$ 219,582,141
Net realized capital gains (losses)	(96,460,473)	(23,024,056)	(9,671,482)	28,976,030	65,955,097
Net income	$ 27,732,118	$ 205,290,311	$ 195,853,322	$ 253,297,717	$ 285,537,236

In 2013, Miscellaneous Income increased by $2,197 million to $2,250 million, primarily due to the initial transfer of reinsurance from BLICOA of $2,036 million. The Increase in Reserves from $1,889.1 million in 2012 to $4,046.8 million in 2013 is mainly due to an increase in Individual Life reserves on the whole life line.

E. Surplus Account

	2009	2010	2011	2012	2013
Surplus, December 31, prior year	$3,658,868,212	$4,187,965,110	$4,430,960,217	$4,572,642,330	$4,752,013,475
Net income	$ 27,732,118	$ 205,290,311	$ 195,853,322	$ 253,297,71	$ 285,537,236
Change in net unrealized capital gains (losses)	261,748,389	212,321,967	(90,001,260)	48,263,774	(15,120,531)
Change in net unrealized foreign exchange capital gain (loss)	14,096,064	3,382,620	(26,630,916)	10,689,765	(18,441,434)
Change in net deferred income tax	28,631,226	45,879,515	87,903,945	(911,031)	39,645,157
Change in non-admitted assets and related items	(52,370,683)	(117,660)	(181,204,067)	30,860,982	414,364,543
Change in liability for reinsurance in unauthorized companies	648,242	(6,958)	101,535	936	(9,018)
Change in reserve valuation basis	0	(28,175,628)	0	0	(10,666,998)
Change in asset valuation reserve	(139,991,457)	(167,950,326)	50,050,982	(118,334,252)	(78,066,612)
Change in surplus notes	395,908,000	31,332	41,888	45,076	48,500
Cumulative effect of changes in accounting principles	0	(2,620,067)	(2,620,067)	(2,620,067)	37,571,363
Change in additional pension liabilities	(7,305,000)	(7,540,000)	(9,820,926)	(24,177,758)	0
Dividend surplus adjustment	0	0	0	(17,743,999)	0
Reduction in prepaid pension assets	0	0	0	0	(394,990,472)
Deferred tax admissibility under SSAP 10R	0	0	118,007,667	0	0
Change in reserve basis – Long Term Care	0	(17,500,000)	0	0	0
Net change in capital and surplus for the year	$ 529,096,897	$ 242,995,107	$ 141,682,114	$ 179,371,145	$ 259,871,731
Surplus, December 31, current year	$4,187,965,110	$4,430,960,217	$4,572,642,330	$4,752,013,475	$5,011,885,205

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.

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

B. Underwriting and Policy Forms

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

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

C. Treatment of Policyholders

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

Section 4904(c) of the New York Insurance Law states:

> "A utilization review agent shall establish a standard appeal process which includes procedures for appeals to be filed in writing or by telephone. A utilization review agent must establish a period of no less than forty-five days after receipt of notification by the insured of the initial utilization review determination and receipt of all necessary information to file the appeal from said determination. The utilization review agent must provide written acknowledgment of the filing of the appeal to the appealing party within fifteen days of such filing and shall make a determination with regard to the appeal within sixty days of the receipt of necessary information to conduct the appeal. The utilization review agent shall notify the insured, the insured's designee and, where appropriate, the insured's health care provider, in writing of the appeal determination within two business days of the rendering of such determination."

In 16 out of 20 (80%) dental utilization reviews, the Company violated Section 4904(c) of the New York Insurance Law when it failed to notify the insured, the insured's designee and, where appropriate, the insured's health care provider, in writing of the appeal determination within two business days of the rendering of such determination.

In 5 out of 20 (25%) dental utilization reviews, the Company violated Section 4904(c) of the New York Insurance Law when it failed to provide written acknowledgment of the filing of the appeal to the appealing party within fifteen days of such filing for claims.

D. Reserves

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

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

The examiner conducted a review of the pricing adequacy for various products subject to Section 4228(h) of the New York Insurance Law. This review included an examination of the required actuarial statements of self-support and the supporting demonstrations. During the review, concerns were raised with regard to the lack of narrative descriptions for the methodologies and material assumptions that were used in such demonstrations.

The examiner recommends that the Company implement changes for documenting its' pricing and product development in the manner agreed upon with the Department.

9. PRIOR REPORT SUMMARY AND CONCLUSIONS

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

Item	Description
A	The Company violated Section 215.17(a) of Department Regulation No. 34 by failing to maintain, within its accident and health advertising files, the form numbers of the policies advertised. The review of the accident and health advertising files revealed that the Company is maintaining the form numbers of the policies advertised.
B	The examiner recommended that the Company integrate its GEAR system with the information contained in its advertising log maintained by the business units to enhance its ability to determine the manner and extent of distribution for its accident and health advertising files. The review revealed that the Company enhanced its GEAR system to demonstrate the manner and extent of distribution for its accident and health advertising files.
C	The Company violated Section 219.4(e) of Department Regulation No. 34-A by using the words "at no additional cost" to describe additional or guaranteed coverage, with respect to advertisements for its Flexible Solutions VUL product. The review revealed that the Company is no longer using advertisements with the words "at no additional cost" to describe additional or guaranteed coverage, with respect to advertisements for its Flexible Solutions VUL product
D	The Company violated Section 219.5(a) of Department Regulation No. 34-A by failing to maintain, within its life insurance advertising files, the form numbers of the policies advertised. The review revealed that the Company is maintaining within its life insurance advertising files, the form numbers of the policies advertised.
E	The examiner recommended that the Company integrate its GEAR system with the information contained in its advertising log maintained by the business units to enhance its ability to determine the manner and extent of distribution for its life insurance advertising files. The review revealed that the Company enhanced its GEAR system to demonstrate the manner and extent of distribution for its life insurance advertising files.

Item	Description
F	The Company violated Section 51.6(b)(5) of Department Regulation No. 60 by failing to submit a complete report to the Superintendent, indicating which insurers failed to provide the information required by Section 51.6(c)(2) of Department Regulation No. 60. The review revealed that the Company submitted reports indicating which insurers failed to provide the information required by Section 51.6(c)(2) of Department Regulation No. 60 to the Superintendent.
G	The Company violated Section 51.6(b)(9) of Department Regulation No. 60 by failing to provide the applicant with a revised Disclosure Statement where the insurance policy issued differed from the life insurance policy for which the applicant applied. The review of replacements did not reveal any cases where a revised Disclosure Statement was required. In addition, the Company implemented system enhancements within its Individual Life Administrative System to identify cases where a revised Disclosure Statement would be required.
H	The Company violated Section 51.6(b)(9) of Department Regulation No. 60 by failing to provide the existing insurer with a revised Disclosure Statement. The review of replacements did not reveal any cases where a revised Disclosure Statement was required. In addition, the Company implemented system enhancements within its Individual Life Administrative System to identify cases where a revised Disclosure Statement would be required.
I	The examiner recommended that the Company indicate on its replacement notification letter to the company being replaced whether sales materials and/or illustrations were used along with the notification. The review of the documentation revealed that the Company indicated whether sales materials and/or illustrations were used along with the notification.
J	The examiner recommended that the Company implement procedures to ensure that the Company's replacement transactions information was maintained segregated from those of its subsidiaries, GIAC and BLICOA. The Company modified its replacement tracking database to show separate reports for each legal entity: the Company, GIAC and BLICOA.

Item	Description
K	The Company violated Section 3201(b)(1) of New York Insurance Law by using policy forms in New York that have not been filed with and approved by the Superintendent. The Company filed and received approval for all forms cited as not filed in the prior Report on Examination.
L	The examiner recommended that the Company re-file Policy Form GP-1-SI, along with the listing of variable data with the Department. Policy Form GP-1-SI, along with the listing of variable data, was revised and filed as Form GC-SCH-LIF-12-NY.
M	The Company violated Section 4235(h)(1) of the New York Insurance Law by failing to file its underwriting discretion factors used in connection with the issuance of its group accident and health insurance policy. The review revealed that the Company has been submitting quarterly rate filings to the Department.
N	The Company violated Section 2611(a) of the New York Insurance Law by requesting or requiring the proposed insured to be subjected to an HIV related test without receiving prior written informed consent. A review of the Company's underwriting files revealed that the proposed insured was provided with and signed an HIV consent form prior to being subjected to an HIV related test.
O	The examiner recommended that the Company clearly identify Guardian Life Insurance Company as the insurer on the individual disability claim form and all individual disability claim correspondence pertaining to New York policies, where such is the case. A review of the individual disability claim form and all individual disability claim correspondences clearly identify Guardian Life Insurance Company as the insurer.

Item	Description
P	The Company violated Section 403(d) of the New York Insurance Law and Sections 86.4(a) and (e) of Department Regulation No. 95 by utilizing claim forms that failed to contain the required fraud warning statement, and further, by using language that deviated from the required fraud warning statement without obtaining prior approval from the Department's Insurance Frauds Bureau. A review of claim forms used during the period revealed that the claim forms contained the required fraud warning statement as required by Section 403(d) of the New York Insurance Law and Sections 86.4(a) and (e) of Department Regulation No. 95.
Q	The examiner recommended that the Company review all identified short term and long term disability claims and notify all affected insureds, in writing, of the results of such review. The Company identified and reviewed short term and long term disability claims and notified all affected insureds, in writing, of the results of the review.
R	The Company violated Section 4901(a) of the New York Insurance Law for failure to biennially report to the Superintendent, in a statement subscribed and affirmed as true under the penalties of perjury, the Company's medical utilization reviews. The Company filed biennial reports for the years under review.
S	The Company violated Section 2108(a)(3) of the New York Insurance Law by allowing an unlicensed third party to adjust claims on behalf of the Company. The Company terminated the subject vendor agreement and entered into an administrative and data entry service agreement with another vendor as of April 2009.
T	The Company violated Section 2108(a)(4) of the New York Insurance Law by paying fees or other compensation to a third party administrator acting as an independent adjuster that was not licensed as such. The Company terminated the subject vendor agreement and entered into an administrative and data entry service agreement with another vendor as of April 2009.
U	The Company violated Section 243.2(e) of Department Regulation No. 152 by failing to maintain its policy records in a manner that allows ready and easy access. During 2009, the Company began to scan and electronically maintain all application and claim documents.

Item	Description
V	The examiner recommended that the Company implement enhanced controls, for annual statement exhibits and schedules identified during the examination, to ensure the accuracy of the data reported. The Company implemented enhanced controls to ensure that its policy data files reconcile to the exhibits and schedules in the annual statement.
W	The examiner recommended that the Company implement procedures to ensure that its summary group accident and health claim information reconciled to the information reported in its filed annual statement, and that all pertinent summary policy information be readily available upon request for future examinations. The Company implemented enhanced controls to ensure that its policy data files reconcile to the exhibits and schedules in the annual statement.

10. SUMMARY AND CONCLUSIONS

Following are the violations and recommendation contained in this report:

Item	Description	Page No(s).
A.	The Company violated Section 4904(c) of the New York Insurance Law when it failed to notify the insured, the insured's designee and, where appropriate, the insured's health care provider, in writing of the appeal determination within two business days of the rendering of such determination.	31
B.	The Company violated Section 4904(c) of the New York Insurance Law when it failed to provide written acknowledgment of the filing of the appeal to the appealing party within fifteen days of such filing for claims.	31
C.	The examiner recommends that the Company implement changes for documenting its' pricing and product development in the manner agreed upon with the Department.	32

Respectfully submitted,

_____________/s/____________
Anthony Mauro
Principal Insurance Examiner

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

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

_____________/s/____________
Anthony Mauro

Subscribed and sworn to before me

this_________ day of __________________

APPOINTMENT NO. 31076

NEW YORK STATE

DEPARTMENT OF FINANCIAL SERVICES

I, BENJAMIN M. LAWSKY, 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:

ANTHONY MAURO

as a proper person to examine the affairs of the

GUARDIAN LIFE INSURANCE COMPANY OF AMERICA

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 5th day of May, 2014

BENJAMIN M. LAWSKY
Superintendent of Financial Services

By:

MICHAEL MAFFEI
ASSISTANT DEPUTY SUPERINTENDENT
AND CHIEF OF THE LIFE BUREAU