STATE OF NEW YORK INSURANCE DEPARTMENT

REPORT ON FINANCIAL CONDITION EXAMINATION

OF

THE GUARDIAN LIFE INSURANCE COMPANY OF AMERICA

CONDITION: DECEMBER 31, 2008

DATE OF REPORT: JUNE 28, 2010

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<u>EXAMINER</u>: <u>MARK A. MCLEOD</u>

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

David Paterson
Governor

James J. Wrynn
Superintendent

June 28, 2010

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

Sir:

In accordance with instructions contained in Appointment No. 30263, dated October 23, 2008 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 State of New York Insurance Department.

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

1. SCOPE OF EXAMINATION

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

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

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

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

The Company was audited annually, for the years 2005 through 2008, by the accounting firm of PricewaterhouseCoopers, 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 control department, the Beacon Group, currently undertaking a project to ensure that the Company is compliant with the NAIC’s Model Audit Rule (MAR) by 2010. As part of the project, the Beacon Group has documented, assessed and tested the Company’s internal control structure and continues to do so on an ongoing basis. In addition to the Beacon Group, the Company has a separate internal audit department. Where applicable, workpapers and reports were reviewed and portions were relied upon for this examination.

The examiner reviewed the corrective actions taken by the Company with respect to the violations and recommendations contained in the prior report on examination. The results of the examiner’s review are contained in item 6 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.

2. 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 and commenced business on July 16, 1860 as The Germania Life Insurance Company. In 1918, the Company changed its name to its present name of The Guardian Life Insurance Company of America. In 1924, the Company adopted a plan to convert to a mutual company. In 1945, Guardian acquired all of the outstanding stock of the 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"). The Company paid $267 million in capital to BLICOA and, 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, BLICOA commenced writing its own disability income business. Going forward all new disability income business is written by BLICOA.

During 2008, the Company made a capital contribution of $45 million to eMoney Advisor Holdings, LLC ("eMoney") to finance the purchase of a 65% interest in eMoney Advisors, LLC and also recorded a capital contribution to The Guardian Insurance & Annuity Company, Inc. ("GIAC") of $22 million.

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.

GIAC is a wholly-owned subsidiary of the Company. GIAC, domiciled in Delaware, 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 it. GIAC’s general agency distribution system is used for the sale of other products and policies.

PAS, a wholly-owned subsidiary of GIAC, is a registered broker dealer under the Securities and Exchange Act of 1934. PAS was established as a broker dealer during 1999 and has acquired the registered representatives formerly affiliated with Guardian Investor Services LLC (“GIS”).

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 GIAC’s variable products, and the investment advisor to certain mutual funds sponsored by GIAC. Such funds are investment options for the variable products. 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.

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 the state. 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 the state. MDGNJ received its Certificate of Authority from the New Jersey Department of Banking and Insurance on December 5, 2001. MDGNJ commenced operations on March 4, 2002.

Managed Dental Care of California ("MDC") 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 the state. 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.

Guardian Trust Company, FSB ("GTC"), a wholly-owned subsidiary of the Company, was established on April 27, 1999 and commenced operations on June 1, 1999. GTC is a federally chartered savings bank organized for the limited purpose of offering fiduciary services and is regulated primarily by the Office of Thrift Supervision. Although GTC is a member of the Federal Deposit Insurance Corporation ("FDIC"), GTC does not accept FDIC insured deposits from the public. GTC is registered with the Securities and Exchange Commission as an investment banker.

First Commonwealth, Inc. ("First Commonwealth"), a wholly-owned subsidiary of the Company, 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.

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.

Berkshire Life Insurance Company of America ("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.

As discussed in section 3A, BLICOA was previously known as Healthsource Insurance Company ("Healthsource"), a dormant Tennessee domiciled insurer owned by the Company. On July 1, 2001, Berkshire Life Insurance Company ("BLIC"), a mutual insurance company that wrote life, annuity and disability income business, consummated a statutory merger with the Company. In connection with this transaction, Healthsource was renamed Berkshire Life Insurance Company of America, was re-domesticated to Massachusetts, and received contributed capital of $267.5 million. All the previously written disability income business of BLIC and the Company was transferred to BLICOA by way of a 100% coinsurance transaction. Also, effective July 1, 2001, BLICOA commenced writing its own disability income business.

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.

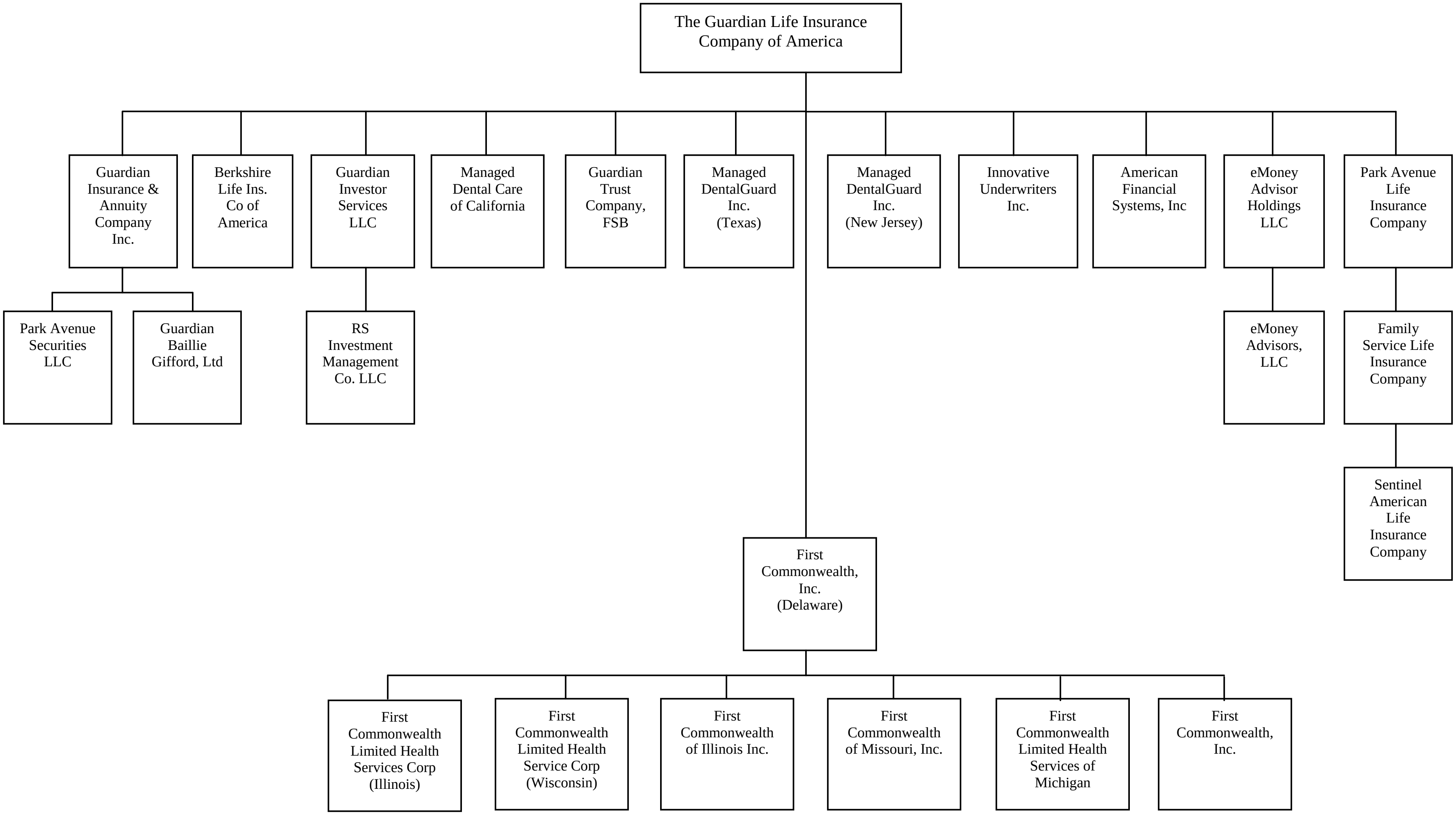
Family Service Life Insurance Company ("FSLIC") and its wholly-owned subsidiary Sentinel American Life Insurance Company ("SALIC"), both Texas domiciled insurers, were purchased by PALIC, on June 1, 1998. FSLIC and SALIC's primary business is the administration of life insurance and annuity policies. FSLIC is licensed in 43 states, the District of Columbia, and the U.S. Virgin Islands, whereas SALIC is licensed in 12 states. Neither FSLIC nor SALIC are currently writing new business.

American Financial Systems, Inc. ("AFS") is a wholly-owned subsidiary of the Company. AFS is a high-technology consulting and software firm that combines expertise in strategic planning, actuarial sciences, systems development, and the design, funding and administration of supplemental executive benefits plans. The company was formed in 1984.

eMoney Advisor Holding, LLC ("eMoney") and its subsidiary eMoney Advisors, LLC specialize in providing financial advisory wealth management and client enhancing software solutions for their high net worth clients. The Company acquired a 65% interest in eMoney for total compensation of $45 million in 2008.

C. Organizational Chart

An organization chart reflecting the relationship between the Company and significant entities in its holding company system as of December 31, 2008 and a brief description of such subsidiaries follow:


The Guardian Life Insurance Company of America
Guardian Insurance & Annuity Company Inc.
Berkshire Life Ins. Co of America
Guardian Investor Services LLC
Managed Dental Care of California
Guardian Trust Company, FSB
Managed DentalGuard Inc. (Texas)
Managed DentalGuard Inc. (New Jersey)
Innovative Underwriters Inc.
American Financial Systems, Inc
eMoney Advisor Holdings LLC
Park Avenue Life Insurance Company
Park Avenue Securities LLC
Guardian Baillie Gifford, Ltd
RS Investment Management Co. LLC
eMoney Advisors, LLC
Family Service Life Insurance Company
Sentinel American Life Insurance Company
First Commonwealth, Inc. (Delaware)
First Commonwealth Limited Health Services Corp (Illinois)
First Commonwealth Limited Health Service Corp (Wisconsin)
First Commonwealth of Illinois Inc.
First Commonwealth of Missouri, Inc.
First Commonwealth Limited Health Services of Michigan
First Commonwealth, Inc.

D. Service Agreements

The Company had 13 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**	
Amended Agreement for Services and Reimbursement Thereof (supersedes 12/27/1971 Service Agreement)	12/13/2007	The Company	Various subsidiaries	Provide office space, furniture, equipment, utilities and certain operational and support services	2005	172,074,780
					2006	188,649,997
					2007	199,158,801
					2008	198,725,238
Service Agreement	6/1/1999	The Company	Guardian Trust Company	General and administrative services including office services, IT, legal, etc.	2005	1,803,294
					2006	2,723,855
					2007	2,515,051
					2008	2,721,399
Administrative Service Agreement	3/17/1997	The Company	MDC	Routine day to day functions including account establishment, billing, marketing, etc.	2005	143,813
					2006	205,407
					2007	211,895
					2008	611,967
Management Service Agreement	2/01/2001	The Company	MDG-TX	Routine day to day functions including account establishment, billing, marketing, etc.	2005	472,423
					2006	566,839
					2007	627,068
					2008	676,499

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	
Management Service Agreement	10/31/2001	The Company	MDG-NJ	Routine day to day functions including account establishment, billing, marketing, etc.	2005	241,725
					2006	278,511
					2007	282,140
					2008	306,954
Specialist Services Agreement	10/31/2001	The Company	MDG-NJ	Specialist dentist services	2005	357,603
					2006	426,840
					2007	431,823
					2008	455,028
Provider Access	10/31/2001	The Company	MDG-NJ	General dentist services	2005	17,977
					2006	12,544
					2007	69,617
					2008	112,730
Provider Access	10/31/2001	MDG-NJ	The Company	General dentist services	2005	(162,873)
					2006	(171,529)
					2007	(273,750)
					2008	(332,079)
Service Agreement	11/1/2004	The Company	• First Commonwealth • First Commonwealth of Illinois, Inc. • First Commonwealth Limited Health Service Corporation (Illinois) • First Commonwealth Limited Health Service Corporation (Wisconsin) • First Commonwealth of Missouri, Inc. • First Commonwealth Insurance Company	Routine day to day functions including account establishment, billing, marketing, etc.	2005	7,998,355
					2006	7,261,853
					2007	6,450,518
					2008	6,183,944
Management & Administrative Services Agreement	2/27/2004	Guardian and FCW,Inc	FCLHSC	Routine day to day functions including account establishment, billing, marketing, etc.	2005	565,900
					2006	745,322
					2007	726,160
					2008	819,790

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	
Investment Management Agreement	10/9/2006	RS	The Company	Investment management services and management of Client's securities investment account	2005	N/A
					2006	(655,724)
					2007	(3,379,058)
					2008	(3,029,094)
Standard Services Agreement	9/18/2008	American Financial Systems	The Company	Provide resources in support of the Executive Benefits services including the cost of office space, utilities, technology and other operational costs.	2005	N/A
					2006	N/A
					2007	N/A
					2008	(238,302)
Sublease	10/9/2006	The Company	RS Investments	Sublease office space	2005	N/A
					2006	45,161
					2007	217,839
					2008	214,400

* 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 13 and not more than 20 directors. The directors are divided into three classes, as nearly equal as may be, to be elected annually in consecutive years for a term of three years. The charter provides for the election of directors to be held annually at the home office of the Company on the second Wednesday in December. As of December 31, 2008, the board of directors consisted of 15 members.

Meetings of the board are held in February, April, July, October and November.

The 15 board members and their principal business affiliation, as of December 31, 2008, were as follows:

Name and Residence	Principal Business Affiliation	Year First Elected
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
Joseph A. Caruso New Providence, NJ	EVP and Corporate Secretary The Guardian Life Insurance Company of America	2005
Richard E. Cavanagh* Chestnut Hill, MA	Retired President and Chief Executive Officer The Conference Board	1998
Kay K. Clarke* Essex, CT	President Templeton, Ltd.	1989
James E. Daley* Plano, TX	Retired Executive Vice President and Chief Financial Officer Electronic Data Systems Corporation	1998
Deborah L. Duncan* Tiburon, CA	Executive Vice President and Chief Financial Officer Fremont Group	2005
Leo R. Futia* Greenwich, CT	Former Chairman of the Board The Guardian Life Insurance Company of America	1970
Paul B. Guenther* New York, NY	Chairman The New York Philharmonic	2003

Name and Residence	Principal Business Affiliation	Year First Elected
James A. Kennedy* Annapolis, MD	Retired Chairman/Chief Executive Officer National Starch and Chemical Company	1999
Dennis J. Manning Stamford, CT	President and Chief Executive Officer The Guardian Life Insurance Company of America	2002
Joseph D. Sargent* Fairfield, CT	Former Chairman of the Board The Guardian Life Insurance Company of America	1993
Eric K. Shinseki* Falls Church, VA	Former Chief of Staff United States Army (1999-2003)	2005
John A. Somers* Leonardo, NJ	Former EVP and Retired Head Fixed Income and Real Estate, Teachers Insurance and Annuity Association	1996
Donald C. Waite III* Croton-on-Hudson, NY	Director of Office of Executives-in-Residence, Adjunct Professor Columbia University Graduate School of Business	2002

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

James A. Kennedy, Joseph A. Caruso, and Eric K. Shinseki resigned from the board as of December 31, 2008. In October 2009, Stephen J. Squeri was elected to the board. In December 2009, Leo R. Futia and Joseph D. Sargent 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, 2008:

Name	Title
Dennis J. Manning	President and Chief Executive Officer
Joseph A. Caruso	Executive Vice President and Corporate Secretary
Barbara Louise Snyder	Senior Vice President and Chief Actuary
Kenneth R. Baldwin	Executive Vice President and Chief Operating Officer
Robert E. Broatch	Executive Vice President and Chief Financial Officer
Armand Michael de Palo	Executive Vice President and Corporate Actuary

Name	Title
Douglas S. Dolfi	Executive Vice President, Retirement Products and Services
Gary B. Lenderink	Executive Vice President, Chief Transformation Officer
John P. McCarthy	Executive Vice President, Human Resources
Deanna M. Mulligan	Executive Vice President, Individual Life and Disability Insurance
Jimmie Lee Pogue	Senior Vice President and Group Profit Center Officer
Margaret W. Skinner	Executive Vice President, Individual Product Distribution
Thomas G. Sorell	Executive Vice President and Chief Investment Officer
Frank A. Wander	Senior Vice President and Chief Information Officer

Alfred J, D'Urso is the designated consumer services officer per Section 216.4(c) of Department Regulation No. 64.

In December 2009, Gary B. Lenderink and Armand de Palo retired.

In June 2009, Tracy Rich replaced Joseph A. Caruso as Executive Vice President and Corporate Secretary and became General Counsel. Joseph A. Caruso became Senior Vice President and Associate Corporate Secretary.

3. TERRITORY AND PLAN OF OPERATION

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

The Company is licensed to transact business in all 50 states and the District of Columbia. In 2008, 22.0% of life premiums were received from New York and 10.1% from New Jersey. In 2008, 15.4% of annuity considerations were received from New York, 13.6% from New Jersey, 12.3% from Florida, 10.6% from California, and 10.1% from Georgia.

In 2008, 12.6% of accident and health premiums were received from California and 14.3% from New York. In 2008, 32.7% of deposit type funds were received from New York and 17.2% from Massachusetts.

A. Statutory and Special Deposits

As of December 31, 2008, the Company had $2,300,000 (par value) of United States Treasury Notes ($2,000,000) and United States Treasury Bonds ($300,000) 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 confirmations received from the following states which were reported in Schedule E of the 2008 filed annual statement, an additional $1,647,192 was 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 group accident and health and individual life. Group accident and health (48.8%) and individual life (45.3%) represented 94.1% of net premium received in 2008.

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, 2008, the Company had reinsurance treaties in effect with 65 companies, of which 58 were authorized or accredited. The Company's life and accident and health business is reinsured on a coinsurance, modified-coinsurance, and yearly renewable term basis. Reinsurance is provided on an automatic and facultative basis.

The maximum retention limit for individual life contracts is $8,000,000. The total face amount of life insurance ceded as of December 31, 2008, was $86,197,806,211 which represents 24% of the total face amount of life insurance in force.

Reserve credit taken for reinsurance ceded to unauthorized companies totaling $20,435,379 was supported by letters of credit, trust agreements and funds withheld.

The total face amount of life insurance and annuities assumed as of December 31, 2008 was $8,927,335,334.

In May 2007, the Company sold its 50% interest in the Healthcare Solutions brand and medical product membership to HealthNet, Inc. through a commutation of the various reinsurance contracts and termination of certain administrative agreements. The Company recognized a gain on the sale of $71 million, which is included in other income.

A financial reinsurance agreement with RGA Reinsurance Company, effective December 31, 2002, covering the Company's 1998 and 2001 series Life Span product, was terminated and the in-force business ceded under the agreement was recaptured effective January 2, 2008 resulting in an $18 million charge to statutory earnings.

4. SIGNIFICANT OPERATING RESULTS

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

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

	December 31, 2004	December 31, 2008	Increase (Decrease)
Admitted assets	$23,336,264,101	$28,973,450,194	$5,637,186,093
Liabilities	$20,430,977,679	$25,314,581,981	$4,883,604,302
Contingency reserve for group life	82,567,564	0	(82,567,564)
Contingency reserve for aviation reinsurance	3,000,000	3,000,000	0
Permanent reserve (Arkansas requirement)	1,000,000	1,000,000	0
Contingency reserve for deposit administration	2,344	6,732	4,388
Unassigned funds (surplus)	$2,818,716,514	$ 3,654,861,480	$ 836,144,966
Total surplus	$2,905,286,422	$ 3,658,868,212	$ 753,581,790
Total liabilities and surplus	$23,336,264,101	$28,973,450,194	$5,637,186,093

The Company's invested assets as of December 31, 2008 were mainly comprised of bonds (65%), mortgage loans (13%), contract loans (9%) and stocks (6%).

The majority (91.7%) of the Company's bond portfolio, as of December 31, 2008, 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
2005	$16,181,742	$151,136,947	$4,495,847	$42,790,694	$21,690,019	$105,117,067
2006	$10,802,600	$153,687,814	$13,156,997	$51,635,606	$13,918,639	$112,693,418
2007	$10,350,900	$156,483,732	$14,929,737	$60,455,875	$15,636,842	$124,559,028
2008	$10,993,489	$155,992,279	$14,351,442	$71,655,289	$15,682,538	$127,604,083

The reason for the decrease in individual whole life issued between 2005 and 2006 was the introduction of the Guardian Level Term (GLT) product in November 2005. This product replaced LifeSpan, which is a modified premium whole life product. In 2006 there was 9,147,246 issued of GLT compared to 442,580 in 2005.

For LifeSpan the amount issued was 451,574 and 5,997,908 in 2006 and 2005 respectively.

The decrease in group life issued and increased between 2005 and 2006 was due to a reporting change.

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				Group			
	2005	2006	2007	2008	2005	2006	2007	2008
Outstanding, end of previous year	166,384	161,513	156,440	151,609	111,253	122,207	124,908	117,39
Issued during the year	4,072	3,240	2,834	2,643	18,053	21,820	21,708	18,325
Other net changes during the year	(8,943)	(8,313)	(7,665)	(7,967)	(6,399)	(19,819)	(29,221)	(48,450)
Outstanding, end of current year	161,513	156,440	151,609	146,285	122,907	124,908	117,395	87,270

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

	2005	2006	2007	2008
Ordinary:				
Life insurance	$ 64,789,845	$(17,945,032)	$ 60,497,671	$ 22,317,525
Individual annuities	(20,072,528)	6,230,520	(868,027)	642,181
Supplementary contracts	16,881,450	15,012,981	7,761,708	9,824,661
Total ordinary	$ 61,598,767	$ 3,298,469	$ 67,391,352	$ 32,784,367
Credit life	$ (868,679)	$ 416,620	$ 14,596	$ 807
Group:				
Life	$ 77,420,091	$ 98,019,098	$ 22,859,025	$ 39,282,795
Annuities	(6,788,803)	(205,312)	(5,774,104)	79,144,981
Total group life and annuities	$ 70,631,288	$ 97,813,786	$ 17,084,921	$118,427,776
Accident and health:				
Group	$141,577,550	$ 164,676,371	$134,993,926	$159,684,291
Credit	6,424,773	9,202,579	(1,903,120)	4,431,974
Other	(7,654,910)	(15,410,939)	(70,533)	(2,253,566)
Total accident and health	$140,347,413	$158,468,011	$133,020,273	$161,862,699
All other lines	$ 5,866,799	$ 604,105	$ 1,102,523	$ (1,562,940)
Total	$277,575,588	$260,600,991	$218,613,665	$311,512,710

ORDINARY LIFE

2005 vs. 2006: The $83 million decrease in net gain from ordinary life operations between 2005 and 2006 is primarily due to the increase in dividends to policyholders from $559 million in 2005 to $607 million in 2006, in addition to a $32 million increase in federal income tax.

2006 vs. 2007: The $78 million increase in net gain from ordinary life operations between 2006 and 2007 is primarily due to the $152 million increase in net investment income offset by $83 million increase in surrender benefits due to higher claim benefit payments.

2007 vs. 2008: The $38 million decrease in net gain from ordinary life operations between 2007 and 2008 is primarily due a $63 million increase in dividends to policyholders primarily due to natural growth and increase in the dividend scale.

ORDINARY INDIVIDUAL ANNUITIES

2005 vs. 2006: The $26 million increase in operations is primarily due to the reduction of reserves from $45 million in 2005 to $5 million in 2006 offset by the increase in surrender benefits from $16 million in 2005 to $28 million in 2006.

2006 vs. 2007: The $7 million decrease in operations is primarily due to the $16 million increase in net investment income offset by a $14 million increase in surrender benefits, in addition to the $6 million reduction in federal income tax benefits.

GROUP LIFE

2006 vs. 2007: The $75 million decrease in operations is primarily due to the following:

- $53 million decrease in net investment income.
- $4 decrease in loading on deferred and uncollected premiums.
- $5 million increase in commissions and expense allowance and $5 million increase in general expenses.

GROUP ANNUITIES

2007 vs. 2008: The $85 million increase in operations is primarily due to the $71 million decrease in interest and adjustments on contracts or deposit type funds.

5. FINANCIAL STATEMENTS

The following statements show the assets, liabilities and surplus as of December 31, 2008, as contained in the Company's 2008 filed annual statement, a condensed summary of operations and a reconciliation of the surplus account for each of the years under review. The examiner's review of a sample of transactions did not reveal any differences which materially affected the Company's financial condition as presented in its financial statements contained in the December 31, 2008 filed annual statement.

A. Independent Accountants

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

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	$17,492,856,210
Stocks:	
Preferred stocks	114,526,014
Common stocks	1,459,342,491
Mortgage loans on real estate:	
First liens	3,474,741,341
Real estate:	
Properties occupied by the company	25,110,034
Properties held for the production of income	142,502,226
Cash, cash equivalents and short term investments	999,853,304
Contract loans	2,301,189,690
Other invested assets	776,100,167
Receivable for securities	65,669,041
Investments in progress	30,939,746
Credit default swap	1,758,667
Put options	947,198
Investment income due and accrued	268,074,111
Premiums and considerations:	
Uncollected premiums and agents' balances in the course of collection	129,465,108
Deferred premiums, agents' balances and installments booked but deferred and not yet due	743,873,887
Reinsurance:	
Amounts recoverable from reinsurers	8,186,053
Funds held by or deposited with reinsured companies	13,225,102
Other amounts receivable under reinsurance contracts	32,633,280
Amounts receivable relating to uninsured plans	48,020,548
Current federal and foreign income tax recoverable and interest thereon	208,797,623
Net deferred tax asset	519,674,793
Guaranty funds receivable or on deposit	312,191
Electronic data processing equipment and software	8,648,789
Receivables from parent, subsidiaries and affiliates	14,714,901
Health care and other amounts receivable	2,962,273
Modco receivable	60,304,138
Miscellaneous receivable	22,615,076
Prepaid asset-pension plan	6,006,000
Suspense accounts	400,196
Premium tax receivable	(7)
Total admitted assets	$28,973,450,194

C. Liabilities and Surplus

Aggregate reserve for life policies and contracts	$21,338,526,222
Aggregate reserve for accident and health contracts	807,779,673
Liability for deposit-type contracts	387,387,905
Contract claims:	
Life	131,461,112
Accident and health	540,320,248
Policyholders' dividends and coupons due and unpaid	(37,836,705)
Dividends apportioned for payment	729,005,342
Premiums and annuity considerations for life and accident and health contracts received in advance	97,461,571
Other amounts payable on reinsurance	34,109,304
Interest maintenance reserve	74,512,652
Commissions to agents due or accrued	90,200,278
Commissions and expense allowances payable on reinsurance assumed	5,080,017
General expenses due or accrued	288,530,518
Taxes, licenses and fees due or accrued, excluding federal income taxes	9,750,569
Unearned investment income	65,898,208
Amounts withheld or retained by company as agent or trustee	59,672,908
Amounts held for agents' account	758,609
Remittances and items not allocated	24,410,221
Liability for benefits for employees and agents if not included above	208,885,009
Miscellaneous liabilities:	
Asset valuation reserve	231,493,831
Reinsurance in unauthorized companies	752,341
Funds held under reinsurance treaties with unauthorized reinsurers	29,006
Payable to parent, subsidiaries and affiliates	19,357,263
Liability for amounts held under uninsured accident and health plans	376,439
Funds held under coinsurance	1,075,298
Payable for securities	29,157,429
Miscellaneous liabilities	61,322,519
Other tax reserves	44,395,090
Currency forwards	23,215,429
Summary of remaining write-ins for line 25 from overflow page	47,493,678
Total liabilities	$25,314,581,981
Contingency reserve for aviation reinsurance	3,000,000
Other tax reserves	1,000,000
Contingency reserves for deposit administration	6,732
Unassigned funds (surplus)	3,654,861,480
Total surplus	$ 3,658,868,212
Total liabilities and surplus	$28,973,450,194

D. Condensed Summary of Operations

	2005	2006	2007	2008
Premiums and considerations	$5,889,228,622	$6,007,653,699	$5,932,671,919	$5,929,369,449
Investment income	1,339,543,683	1,414,131,817	1,518,521,415	1,526,896,109
Commissions and reserve adjustments on reinsurance ceded	158,433,827	57,458,534	113,645,999	124,539,2240
Miscellaneous income	9,830,096	11,276,621	83,077,742	(109,116,766)
Total income	$7,397,036,228	$7,490,520,671	$7,647,917,075	$7,471,688,016
Benefit payments	$3,768,926,144	$3,645,134,906	$3,734,160,218	$3,728,350,141
Increase in reserves	1,284,152,711	1,405,622,399	1,335,928,913	1,328,873,431
Commissions	407,635,478	405,392,328	418,686,370	415,184,823
General expenses and taxes	1,068,075,954	1,127,374,570	1,159,072,408	1,134,846,940
Increase in loading on deferred and uncollected premiums	(16,113,779)	(11,096,531)	(1,437,143)	7,073,984
Miscellaneous deductions	(11,107,703)	(4,046,257)	1,108,931	(126,380,908)
Total deductions	$6,501,568,807	$6,568,381,415	$6,647,519,697	$6,487,948,411
Net gain (loss)	$895,467,421	$922,139,255	$1,000,397,379	$ 983,739,605
Dividends	569,993,262	619,178,231	651,400,615	714,168,401
Federal and foreign income taxes incurred	47,898,570	42,360,035	130,383,100	(41,941,506)
Net gain (loss) from operations before net realized capital gains	$277,575,589	$260,600,989	$218,613,664	$ 311,512,710
Net realized capital gains (losses)	97,651,484	115,157,937	73,412,167	125,796,738
Net income	$375,227,073	$375,758,926	$292,025,832	$ 437,309,448

E. Surplus Account

	2005	2006	2007	2008
Surplus, December 31, prior year	$2,905,286,423	$3,158,570,238	$3,490,207,469	$3,750,545,311
Net income	$375,227,073	$375,758,926	$292,025,832	$437,309,448
Change in net unrealized capital gains (losses)	41,100,832	78,541,032	13,886,856	(607,617,779)
Change in net unrealized foreign exchange capital gain (loss)	(61,866,659)	44,994,931	14,849,669	(70,926,763)
Change in net deferred income tax	52,523,742	(22,366,160)	57,344,820	81,168,792
Change in non-admitted assets and related items	(118,418,922)	(61,204,421)	(56,424,291)	(230,403,200)
Change in liability for reinsurance in unauthorized companies	(1,537,043)	1,376,285	(1,717,381)	1,197,880
Change in asset valuation reserve	2,301,851	(78,387,911)	(40,131,914)	311,615,529
Cumulative effect of changes in accounting principles	0	(13,992,091)	0	0
Surplus adjustments:				
Change in surplus as a result of reinsurance	(21,828,729)	(1,630,359)	0	(15,360,080)
Dividends to stockholders	0	0	0	0
Change in additional pension liabilities	(14,323,678)	8,547,000	(19,495,750)	1,355,969
Miscellaneous	105,348	0	0	(16,895)
Net change in capital and surplus for the year	$253,283,815	$331,637,231	$260,337,842	$ (91,677,099)
Surplus, December 31, current year	$3,158,570,238	$3,490,207,469	$3,750,545,311	$3,658,868,212

6. PRIOR REPORT SUMMARY AND CONCLUSIONS

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

Item	Description
A	The Company violated Section 308 of the New York Insurance Law and failed to comply with Department Circular Letter No. 17 (2001) by entering into three service agreements after September 1, 2001 without filing form CL 17 (2001) with the Department.
	A Group Profit Center advisory ("Group Legislative News") detailing the requirements of NY Circular Letter 2001-17, has been provided to appropriate Guardian administrative areas.
B	The examiner recommends that the board of directors document in the board minutes the approval of meeting times which differ from those stated in its by-laws.
	The Company's By-Laws were amended on July 28, 2004, and the Board of Director's meeting dates have been in agreement with those contained in the By-Laws since that date.
C	The Company violated Section 91.4(c) of Department Regulation No. 33 by not using an appropriate methodology to allocate net investment income generated from its BLIC products.
	See item D response that follows for detailed information regarding the company corrective action taken.
D	The examiner recommends that the Company distribute net investment income for BLIC's individual annuities and supplementary contracts using either the reserve method or the fund method, or that another methodology be submitted to the Department for review.
	The Company changed its investment income allocation under Department Regulation No. 18, effective 1/1/2007. This change in method has been approved by the NY Insurance Department. In implementing the new investment income allocation method, the Company corrected the allocation of net investment income to the BLIC individual annuity and supplementary contract products.

E The examiner recommends that the Company comply with the annual statement instructions by excluding amounts related to intercompany tax sharing agreements and reinsurance transactions from the intercompany accounts and, instead, report them separately in the appropriate income tax and reinsurance line items in the annual statement.

Starting with the 2005 Annual Statement, amounts relating to intercompany tax sharing agreements and intercompany reinsurance transactions have been appropriately excluded from the intercompany accounts. The Company now reports these items in the appropriate income tax and reinsurance lines as required by the annual statement instructions.

7. SUMMARY AND CONCLUSIONS

The examiner had no findings during the examination of Guardian Life Insurance Company of America for the period from January 1, 2005 through December 31, 2008.

Respectfully submitted,

/s/
Mark McLeod
Associate Insurance Examiner

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

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

/s/
Mark McLeod

Subscribed and sworn to before me

this__________ day of ____________________

APPOINTMENT NO. 30263

STATE OF NEW YORK

INSURANCE DEPARTMENT

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

MARK MCLEOD

as a proper person to examine into the affairs of the

THE GUARDIAN LIFE INSURANCE COMPANY OF AMERICA

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

COMPANY

with such other information as he shall deem requisite.

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

this 23rd day of October, 2008

ERIC R. DINALLO
Superintendent of Insurance

Superintendent