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NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES

REPORT ON EXAMINATION

OF THE

TEACHERS INSURANCE AND ANNUITY ASSOCIATION OF AMERICA

CONDITION: DECEMBER 31, 2013

DATE OF REPORT: JUNE 10, 2015

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EXAMINER: COURTNEY WILLIAMS

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NEW YORK STATE
DEPARTMENT of
FINANCIAL SERVICES

Andrew M. Cuomo
Governor

Benjamin M. Lawsky
Superintendent

June 10, 2015

Honorable Benjamin M. Lawsky
Superintendent of Financial Services
New York, New York 10004

Sir:

In accordance with instructions contained in Appointment No. 31106, dated May 6, 2014 and annexed hereto, an examination has been made into the condition and affairs of Teachers Insurance and Annuity Association of America, hereinafter referred to as "The Association," at its home office located at 730 Third Avenue, New York, NY 10017.

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

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

1. EXECUTIVE SUMMARY

The material comment, violation and recommendation contained in this report are summarized below.

- On October 1, 2014, The Association completed the acquisition of Nuveen Investments ("Nuveen"), a diversified investment management company. Prior to the acquisition of Nuveen, the Company issued $2.0 billion of surplus notes to fund a portion of the purchase price which was $6.25 billion. (See item 7 of this report)

- The Association violated Section 403(d) of the New York Insurance Law by using a claim form to process annuity death claims that did not contain the required fraud warning statement. (See Item 8 of this report)

- The examiner recommends that The Association take the appropriate steps to strengthen its controls to ensure that claim forms used in the processing of annuity death claims comply with Section 403(d) of the New York Insurance Law. (See item 8 of this report)

2. SCOPE OF EXAMINATION

The examination of The Association was a full scope examination as defined in the NAIC Financial Condition Examiners Handbook, 2013 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 Association conducts its business and fulfills its contractual obligations to policyholders and claimants. The results of this review are contained in item 8 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.

Information about The Association's organizational structure, business approach and control environment were utilized to develop the examination approach. The Association'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 Association was audited annually, for the years 2009 through 2013, by the accounting firm of PricewaterhouseCoopers LLP. The Association received an unqualified opinion in all applicable years. Certain audit work-papers of the accounting firm were reviewed and relied upon in conjunction with this examination. The Association has an internal audit department and a separate internal control department which was given the task of assessing the internal control structure and compliance with the Sarbanes-Oxley Act of 2002 ("SOX"). Where applicable, SOX workpapers and reports were reviewed and portions were relied upon for this examination.

The examiner reviewed the corrective actions taken by The Association with respect to the violations, recommendations and comments contained in the prior report on examination. The results of the examiner's review are contained in item 9 of this report.

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

3. DESCRIPTION OF COMPANY

A. History

In 1917, the Carnegie Foundation for the Advancement of Teaching ("the Foundation") initiated the formation of an organization to provide pensions and insurance for teachers and employees of private educational institutions. The Foundation organized the Association as a legal reserve stock life insurance company under Section 70 of the New York Insurance Law (now Section 1113). The Association was incorporated on March 4, 1918 and commenced business on May 17, 1918. A plan was initiated to make the Association independent of the Foundation with respect to its finances in 1935. An act of the New York State Legislature creating the Trustees of T.I.A.A. Stock ("the Trustees") became law on June 3, 1937, and the Foundation transferred The Association stock to the Trustees in 1938. Part of the plan also included a proposal by The Association that the Foundation make an endowment grant to it of $6,700,000 which would obviate any further support for its overhead expenses. The Foundation voted to accept The Association's proposal and transferred $2,700,000 to The Association by December 31, 1937. The balance of the endowment was transferred to The Association by the end of 1938. Effective November 17, 1989, the name of the Trustees was changed to TIAA Board of Overseers.

As a companion nonprofit organization to The Association, College Retirement Equities Fund ("CREF") was founded in 1952 to provide retirement annuities based on investment in common stock. It was created through an act of the New York State legislature, under which it was organized as a nonprofit company controlled by specified members who generally have a legal function similar to that of shareholders. In the 1980s, CREF registered with the Securities and Exchange Commission (SEC) as an investment company under the Investment Company Act of 1940.

On November 20, 1996, TIAA-CREF Life Insurance Company ("TIAA-CREF Life") was established for the purpose of retaining the Association's taxable life insurance and other non-pension business.

Although The Association had been formed as a New York-domiciled stock life insurance company, The Association was exempt from federal taxation since its founding in 1918.

Effective January 1, 1998, The Association lost its exemption from federal income taxation pursuant to Section 1042 of the Taxpayers Relief Act of 1997.

B. Holding Company

All of the outstanding stock of the Association is held by the TIAA Board of Overseers, a nonprofit corporation created solely for the purpose of holding the stock of the Association. The Association has direct ownership of several operating and investment subsidiaries.

TIAA-CREF Life Insurance Company

TIAA-CREF Life, a wholly owned subsidiary of The Association, was incorporated on November 20, 1996 as a New York-domiciled stock life insurance company and commenced operations in that year by assuming a small block of life insurance business from the Association. TIAA-CREF Life was originally established for the purpose of retaining the Association's taxable life insurance and other non-pension business. Currently, TIAA-CREF Life markets life and annuity insurance products to the general public; it also maintains health products in force that are ceded to and/or administered by others (e.g. Met – LTC). Under an at-cost service agreement, The Association performs the majority of services for the operation of TIAA-CREF Life. TIAA-CREF Life is licensed in 50 states, the District of Columbia, Puerto Rico, Guam, Canada, and the U.S Virgin Islands.

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

Additionally, The Association provides a $100 million unsecured 364-day revolving line of credit to TIAA-CREF Life. As of December 31, 2013, there was no outstanding principal under this line of credit. This line of credit expired July 14, 2014.

TIAA-CREF Asset Management LLC

The Association has 100% ownership of TIAA-CREF Asset Management LLC (“TCAM”). TCAM was incorporated as TIAA-CREF Holdings Inc. (“Holdings”) on August 16, 1996, pursuant to the provisions of the General Corporation Law of the State of Delaware. Effective October 22, 1998, Enterprises legal name was changed to TIAA-CREF Enterprises Inc. (“Enterprises”). Effective October 1, 2011, Enterprises was reorganized with the entity’s legal name changed to TIAA-CREF Asset Management, Inc. Effective December 31, 2013, TCAM became a Limited Liability Company with the entity’s legal name changed to TIAA-CREF Asset Management LLC. TCAM operates as the holding company for the majority of the Association’s investment advisory and asset management and related subsidiaries including Teachers Advisors, Inc., Teachers Personal Investors Services, Inc., TIAA Alternative Holdings, LLC (“Alternative Holdings”), TIAA-CREF Investment Management, LLC, TIAA-CREF Tuition Financing, Inc., TIAA-CREF Alternative Advisors, LLC, and TIAA-CREF Alternatives Services, LLC.

In August 2012, the Association funded an investment in Beaver Investment Holdings, LLC (“Beaver”) through TCAM. Beaver purchased an 80% interest in Greenwood Resources, Inc. (“GWR”) for $7.2 million. This investment in GWR provides investment management services to the Association’s Timberland Investment Portfolio.

Effective December 31, 2013, TCAM transferred its investment in nine subsidiaries via a capital injection to its subsidiary Alternative Holdings. Those subsidiaries include Beaver, Global AG AIV (CN) GP LLC, TCAM Core Property Fund GP LLC, TIAA-CREF Alternative Services, LLC, TIAA-CREF International Holdings LLC, and Westchester Group Investment Management Holding Company, Inc.

TIAA-CREF Tuition Financing, Inc.

During 1998, The Association and its wholly-owned indirect subsidiary, TIAA-CREF Tuition Financing, Inc. (“TFI”) began providing program management services, on behalf of a state, to qualified tuition programs sponsored by those states pursuant to Section 529 of the Internal Revenue Code (“Section 529”). Under Section 529, states are able to set up tuition financial arrangements that provide federal tax deferral on earnings and on which withdrawals used for higher education will not be subject to federal income tax. TFI’s program management services include: (a) investment related functions e.g., providing recommendations for Section 529 portfolios and investment vehicles (b) recordkeeping for account owners and beneficiaries including: processing account owner requests for transactions, providing account owner statements and account owner transaction reports and providing required tax reporting (c) calculating unit values (d) performance reporting (e) marketing, and (f) hosting the plan's website.

As of December 31, 2013, TFI provided program management services to plans in 11 states.

TIAA-CREF Trust Company, FSB

On July 16, 1998, the TIAA-CREF Trust Company, FSB ("Trust Company"), commenced business. Trust Company is a wholly-owned subsidiary of TCT Holdings, Inc., which in turn, is a wholly-owned subsidiary of The Association. Trust Company offers trust and investment management services primarily to the Association and CREF participants and their families, to institutions in education and research, and to others.

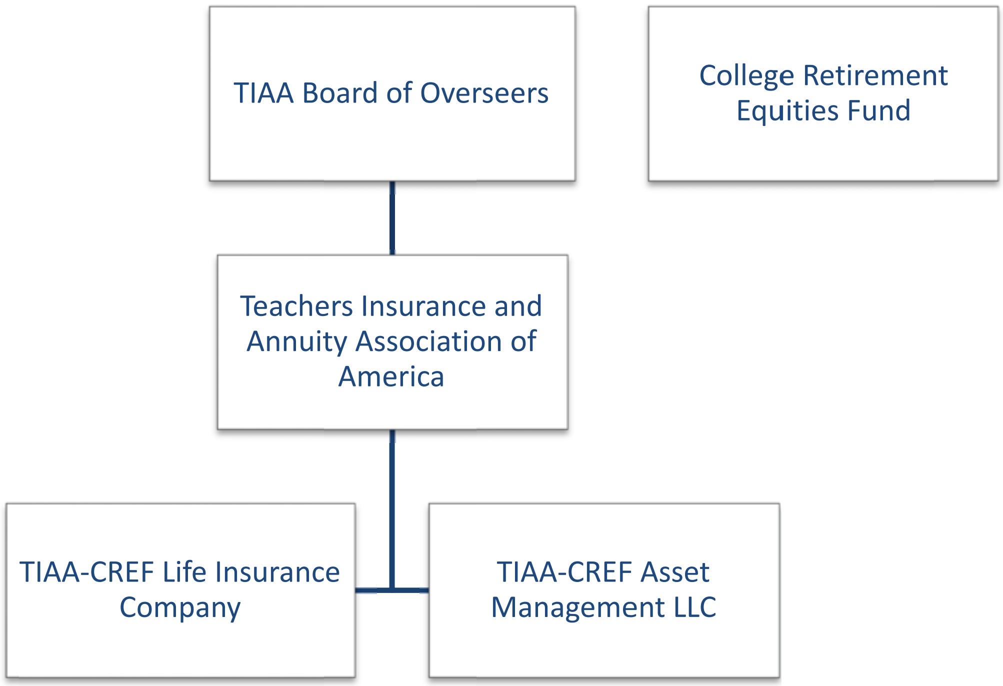
On August 24, 2010, the Office of Thrift Supervision approved Trust Company's plans to further expand its banking services to include the acceptance of deposits in the form of high yield savings, interest checking, certificates of deposit, money market accounts and the origination of mortgage loans.

TIAA Global Markets, Inc

Through December 16, 2013, The Association conducted leveraged investing through TIAA Global Markets, Inc. ("TGM"), a direct wholly-owned subsidiary of The Association established in 2002 for the purpose of issuing debt investments guaranteed by The Association and investing the proceeds in permissible investments in compliance with the investment guidelines approved by TGM board of directors and by The Association. TGM was dissolved on December 16, 2013, and TGM's investment portfolio was transferred to The Association. TGM was in a deficit position at the time of dissolution, and in 2012, due to unfavorable declines in the market value of its investment portfolio. The carrying value of The Association's investment in TGM, both at the time of dissolution and at December 31, 2012, was $(0.1) billion. Upon dissolution of TGM, The Association recognized a capital loss of $0.1 billion due to the dissolution of TGM equity and the extinguishment of the line of credit to TGM, which was in excess of the TGM investment portfolio balance transferred to The Association.

C. Organizational Chart

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



D. Service Agreements

The Association had 24 service agreements in effect with affiliates during the examination period.

Type of Agreement and Department File Number	Effective Date	Provider of Services	Recipients of Service(s)	Specific Service(s) Covered	Income/(Expenses)* For Each Year of the Examination
Cash Disbursement and Reimbursement Agreement Department File No. 119336 Department File No. 119337	12/17/1991 Amendments a. 12/17/91 b. 1992 update	The Association	TIAA-CREF Investment Management, LLC	Cash disbursement and reimbursement services and provision of personnel.	2009 $162,415,172 2010 $196,909,119 2011 $231,357,330 2012 $222,896,591 2013 $220,930,000
Amended and Restated Cash Disbursement & Reimbursement Agreement Department File No. 119334	11/13/1996	The Association	TIAA-CREF Individual & Institutional Services, LLC	Cash disbursement and reimbursement services and provision of personnel.	2009 $125,995,684 2010 $137,928,046 2011 $167,316,852 2012 $182,979,845 2013 $182,333,272
Administration Agreement Department File No. 287238	0101/2009	The Association	CREF	Administrative services agreement.	2009 $415,117,586 2010 $447,630,490 2011 $472,269,047 2012 $482,791,723 2013 $564,299,234
Cash Disbursement & Reimbursement Agreement Department File No. 113845	07/01/1997	The Association	Teachers Advisors, Inc.	Cash disbursement and related services and provision of personnel related to TIAA-CREF Mutual Funds (Merged into TIAA-CREF Institutional Mutual Funds on 4/20/07).	2009 $ 43,189,808 2010 $ 57,875,106 2011 $ 69,627,970 2012 $ 74,511,257 2013 $ 88,577,884

Type of Agreement and Department File Number	Effective Date	Provider of Services	Recipients of Service(s)	Specific Service(s) Covered	Income/(Expenses)* For Each Year of the Examination
Cash Disbursement & Reimbursement Agreement Department File No. 113847	7/1/1997	The Association	Teachers Personal Investors Services, Inc.	Cash disbursement and related services and provision of personnel related to TIAA-CREF Mutual Funds (Merged into TIAA-CREF Institutional Mutual Funds on 4/20/07).	2009 $17,785,172 2010 $24,927,481 2011 $36,527,034 2012 $55,167,843 2013 $66,606,070
Distribution Agreement (Replaces 9/29/95 agreement) Department File No. 254352	1/1/2008	TIAA-CREF Individual & Institutional Services, LLC	The Association, TIAA Real Estate Account	TC Services distributes the Contracts during the term of the Agreement, advise existing Contract owners in connection with their accumulation, and provide assistance in designing, installing and providing administrative services.	2009 $(7,727,060) 2010 $(6,040,896) 2011 $(9,488,251) 2012 $(13,097,706) 2013 $(15,112,569)
Investment Management Agreement Department File No. 145371	12/10/1996	The Association	TIAA-CREF Life Insurance Company	Investment advisory services.	2009 $2,202,098 2010 $1,659,234 2011 $2,221,547 2012 $2,800,089 2013 $3,770,308
Amended & Restated Service Agreement Department File No. 113405	1/1/1999	The Association	TIAA-CREF Life Insurance Company	Administrative and special services.	2009 $39,484,217 2010 $43,690,961 2011 $53,507,431 2012 $70,369,806 2013 $90,382,163

Type of Agreement and Department File Number	Effective Date	Provider of Services	Recipients of Service(s)	Specific Service(s) Covered	Income/(Expenses)* For Each Year of the Examination
Cash Disbursement & Reimbursement Agreement Department File No. 111903	11/30/1998	The Association	Teachers Advisors, Inc.	Cash disbursement and related services and provision of personnel.	2009 $2,700,257 2010 $3,679,895 2011 $2,352,240 2012 $3,067,673 2013 $2,205,946
Cash Disbursement & Reimbursement Department File No. 113385	11/30/1998	The Association	Teachers Personal Investors Services, Inc.	Cash disbursement and related services and provision of personnel.	2009 $ 800,688 2010 $1,504,530 2011 $4,653,641 2012 $2,274,081 2013 $ 385,361
Cash Disbursement & Reimbursement Agreement Department File No. 113378	02/20/2002	The Association	Teachers Personal Investors Services, Inc.	Cash disbursement and related services and provision of personnel.	2009 $1,580,483 2010 $1,741,561 2011 $2,866,661 2012 $2,455,393 2013 $3,307,236
Cash Disbursement & Reimbursement Agreement Department File No. 113277	09/15/1994	The Association	Teachers Advisors, Inc.	Cash disbursement and related services and provision of personnel.	2009 $1,002,883 2010 $1,120,651 2011 $ 891,203 2012 $ 938,251 2013 $ 798,271
Cash Disbursement & Reimbursement Agreement Department File No. 113279	09/15/1994	The Association	Teachers Personal Investors Services, Inc.	Cash disbursement and related services and provision of personnel.	2009 $365,515 2010 $455,141 2011 $466,089 2012 $680,330 2013 $545,964

Type of Agreement and Department File Number	Effective Date	Provider of Services	Recipients of Service(s)	Specific Service(s) Covered	Income/(Expenses)* For Each Year of the Examination
Cash Disbursement and Reimbursement Agreement Department File No. 244104	12/15/2006	The Association	TIAA-CREF Individual & Institutional Services, LLC	To make all cash disbursement, incur all expenses and provide personnel as may be necessary for TC Services to fulfill its obligations under the Distribution Agreement for VA-3. TC Services reimburses TIAA for actual disbursements in providing such services.	2009 $ 263,367 2010 $ 536,351 2011 $ 876,826 2012 $1,160,137 2013 $1,677,438
Service Agreement Department File No. 145869	07/07/1998	The Association	TIAA-CREF Trust Company, FSB	Perform services and provide facilities and personnel.	2009 $ 24,146,418 2010 $ 34,542,454 2011 $ 41,957,539 2012 $ 87,216,325 2013 $130,276,352
Certificate of Deposit Account Agreement Department File No. 145868	07/31/1998	TIAA-CREF Trust Company, FSB	The Association	Trust Company issues a Certificate of deposit to the Association after receipt of deposit under described circumstances.	2009 $0 2010 $0 2011 $0 2012 $0 2013 $0
Cash Disbursement & Reimbursement Agreement relating to Services provided by TFI, TPIS and Services to State Tuition Savings Programs Department File No. 119374	10/14/2004	The Association	TIAA-CREF Tuition Financing Inc., Teachers Personal Investors Services, Inc. & TIAA-CREF Individual & Institutional Services, LLC	Cash disbursement and related services and provision of personnel.	2009 $35,125,179 2010 $39,033,643 2011 $45,835,385 2012 $75,159,427 2013 $93,555,541

Type of Agreement and Department File Number	Effective Date	Provider of Services	Recipients of Service(s)	Specific Service(s) Covered	Income/(Expenses)* For Each Year of the Examination
Service Agreement Department File No. 163191	11/02/2005	The Association	TIAA-CREF Individual & Institutional Services, LLC	TIAA agrees to perform certain services including cash disbursement and non-broker-dealer services in connection with IRA business.	2009 $326,609 2010 $ 65,032 2011 $114,805 2012 $143,460 2013 $139,354
Cash Disbursements and Reimbursement Agreement Department File No. 287741	08/12/2008	The Association	TIAA-CREF Individual & Institutional Services, LLC	Make all cash disbursements, incur all expenses and provide personnel as may be necessary for TC Services to fulfill its obligation to distribute the MVA contracts under the Distribution Agreement.	2009 $ 783,789 2010 $ 477,205 2011 $ 221,488 2012 $3,518,384 2013 $5,423,276
**Cash Disbursement & Reimbursement Agreement Department File No. 127453	06/30/2004	The Association	Teachers Advisors, Inc. (“TAI”)	Cash disbursement and related services and provision of personnel.	2009 $17,881,324 2010 $17,061,605 2011 $25,662,349 2012 $34,908,877 2013 $ 4,446,135
**Cash Disbursement & Reimbursement Agreement	06/30/2012	The Association	TIAA-CREF Alternative Advisors, LLC (“TCAA”)	Cash disbursement and related services and provision of personnel.	2012 $ 6,300,000 2013 $36,510,638
Cash Disbursement & Reimbursement Agreement Department File No. 146330	01/31/2002	The Association	TIAA Global Markets, Inc.	Cash disbursement and related services and provision of personnel related to TIAA Global Markets, Inc.	2009 $2,046,631 2010 $1,951,529 2011 $1,855,650 2012 $2,274,662 2013 $1,737,713

Type of Agreement and Department File Number	Effective Date	Provider of Services	Recipients of Service(s)	Specific Service(s) Covered	Income/(Expenses)* For Each Year of the Examination
Cash Disbursement & Reimbursement Agreement Department File No. 284819	11/04/2008	The Association	TIAA Global Public Investments, LLC	Make all cash disbursements, incur all expenses and to provide personnel as may be necessary for TGPI to fulfill its obligations.	2009 $ 47,161 2010 $1,156,560 2011 $1,582,035 2012 $1,916,851 2013 $2,047,234
Cash Disbursement & Reimbursement Agreement Department File No. 286090	11/18/2008	The Association	Kaspick & Company, LLC	Make all cash disbursements, incur certain expenses and provide such personnel as may be necessary for Kaspick to fulfill its obligations.	2009 $17,321,491 2010 $20,032,178 2011 $21,191,322 2012 $27,400,181 2013 $28,499,736

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

** TAI is an indirect subsidiary of The Association and provides investment advisory services to its affiliates. The Association allocates expenses to TAI under a cash disbursement and reimbursement agreement. Expenses allocated to TAI decreased significantly from 2012 to 2013 as a result of advisory services provided by TAI relating to alternative investments being transferred to TCAA in 2012. The Association allocated expenses relating to these services to TCAA for part of 2012 and for the full year in 2013 pursuant to a cash disbursement and reimbursement agreement.

The Association participates in a federal income tax allocation agreement with its subsidiaries and affiliates.

E. Management

The Association's by-laws state that the general management of the property, business and affairs of The Association shall be vested in the board of trustees. The by-laws provide that the board of trustees shall be comprised of not less than 13 and not more than 24 trustees. All trustees are elected for a period of one year. The annual meeting of stockholders for the election of trustees shall be held on the second Tuesday in July of each year, if not a legal holiday, or if a legal holiday, then the next preceding business day. The annual meeting may be held on a different date if determined by the Chief Executive Officer or by the TIAA Nominating and Governance Committee. The board may hold other meetings as it may determine by standing resolution. As of December 31, 2013, the board of trustees consisted of 13 members. The board met on a regular basis during the examination period.

The 13 board members and their principal business affiliation, as of December 31, 2013, were as follows:

Name and Residence	Principal Business Affiliation	Year First Elected
Jeffery Robert Brown* Champaign, IL	Professor, University of Illinois at Urbana-Champaign	2009
Robert Charles Clark* Cambridge, MA	Professor Harvard Law School	1988
Roger Walton Ferguson, Jr. Washington, DC	President and Chief Executive Officer Teachers Insurance and Annuity Association of America	2008
Lisa Wolfson Hess* New York, NY	President and Managing Partner Skytop Capital	2008
Edward Mark Hundert* Shaker Heights, OH	Senior Lecturer Harvard Medical School	2005
Lawrence Howard Linden* New York, NY	Founding Trustee Linden Trust for Conservation	2010
Maureen Patricia O'Hara* Lansing, NY	Professor Cornell University	2009
Donald Kent Peterson* Naples, FL	Former Chairman and Chief Executive Officer Avaya, Inc.	2004

Name and Residence	Principal Business Affiliation	Year First Elected
Sidney Allen Ribeau* Bethseda, MD	President Emeritus Howard University	2004
Dorothy Kathryn Robinson* Hamden, CT	Vice President and General Counsel Yale University	2007
David Lloyd Shedlarz* Bluffton, SC	Former Vice Chairman Pfizer, Inc.	2007
Ronald Lurie Thompson* Charleston, SC	Former Chairman and Chief Executive Officer Midwest Stamping and Manufacturing Company	1995
Marta Tienda* Lawrenceville, NJ	Professor Princeton University	2005

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

The examiner’s review of the minutes of the meetings of the board of trustees 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 Association as of December 31, 2013:

Name	Title
Roger Walton Ferguson, Jr.	President and Chief Executive Officer
Virginia Mary Wilson	Executive Vice President and Chief Financial Officer
Brandon Charles Becker	Executive Vice President and Chief Legal Officer
Annabella Guerreiro Bexiga	Executive Vice President and Chief Information Officer
Ronald Richard Pressman	Executive Vice President and Chief Operating Officer
Carol Ward Deckbar	Executive Vice President, Chief Operating Officer, Asset Management
Stephen Barry Gruppo	Executive Vice President and Chief Risk Officer
Brian Richard Bohaty	Executive Vice President, Client Services Group and Enterprise Integration
Douglas Edward Chittenden	Executive Vice President and Director of Individual Business
Teresa Ann Hassara	Executive Vice President and Director of Institutional Business
Robert Graham Leary	Executive Vice President and President of Asset Management
Otha Thomas Spriggs III	Executive Vice President and Chief Human Resources Officer
Edward Dinnage Van Dolsen	Executive Vice President and President of Retirement and Individual Financial Services
Constance Kruse Weaver	Executive Vice President, Chief Marketing Officer
Sue Ann Collins	Senior Vice President and Chief Actuary
Jorge Claudio Gutierrez	Vice President and Treasurer
Phillip Theodore Rollock	Senior Managing Director and Corporate Secretary

Rashmi Badwe, Senior Director of Individual Client Solutions is the designated consumer services per Section 216.4(c) of Department Regulation No. 64.

4. TERRITORY AND PLAN OF OPERATIONS

The Association 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 Association is licensed to transact business in all 50 states, District of Columbia, the U.S. Virgin Islands, the Northern Mariana Islands, Guam, Puerto Rico, and Canada. In 2013, 14.0% of life premiums, 18.6 % of annuity considerations and 12.6% of accident and health premiums were received from New York. Policies were written on a non-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	14.0%
Pennsylvania	7.3%
Ohio	7.1%
Florida	5.8%
Georgia	5.6%
Subtotal	39.8%
All others	60.2%
Total	100.0%

Annuity Considerations	
New York	18.6%
Florida	7.0%
California	6.3%
Texas	5.5%
Michigan	5.2%
Subtotal	42.6%
All others	57.4%
Total	100.0%

Accident and Health Insurance Premiums	
New York	12.6%
Florida	7.0%
Massachusetts	6.8%
Pennsylvania	6.6%
Maryland	6.5%
Subtotal	39.4%
All others	60.6%
Total	100.0%

Deposit Type Funds	
Pennsylvania	11.0%
North Carolina	10.2%
Iowa	6.6%
California	5.3%
Michigan	4.8%
Subtotal	37.9%
All others	62.1%
Total	100.0%

A. Statutory and Special Deposits

As of December 31, 2013, The Association had $5,182,973 (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 Association.

B. Direct Operations

The Association provides record keeping services and funding vehicles including fixed annuities, a stable value annuity and variable annuities, for employer sponsored retirement plans, the majority of which are 403(b) plans. The Association’s retirement annuities may be issued on either an individual or group basis as part of an employee retirement plan.

The Association's institutional products are usually offered in conjunction with its role as record-keeper for defined contribution plans and include the following contract types: Retirement Annuity contracts (RAs); Group Retirement Annuity contracts (GRAs); Supplemental Retirement Annuities (SRAs); Group Supplemental Retirement Annuities (GSRAs); Retirement Choice Annuity contracts (RCs); and Retirement Choice Plus contracts (RCPs). SRAs, GSRAs, and RCPs enable participants to supplement their basis retirement savings by voluntarily setting aside a portion of their salaries to accumulate on a pre-tax basis. SRAs, GSRAs, and RCPs provide for lump-sum cash withdrawals.

The Association's individual products include: Individual Retirement Accounts (Classic and Roth), Keogh Plans, Savings and Investment Plans, After-Tax Retirement Annuities, and After-Tax Annuities. The Association closed its life insurance portfolio to new business in 2005 and no longer distributes life insurance products.

The Association does not use a commissioned sales force to distribute its products. Premiums for pension annuity and mutual fund products are remitted directly by participating institutions. Since its formation, The Association has established relationships with over 17,000 non-profit institutions. These institutions offer the Association's retirement annuities and mutual funds to their employees as options within their defined contribution benefit plans. The Association provides support and educational services to participating institutions through approximately 71 local offices.

C. Reinsurance

As of December 31, 2013, The Association had reinsurance treaties in effect with three companies, of which two were authorized or accredited. The Association'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 facultative basis.

The maximum retention limit for individual life contracts is $1,500,000. The total face amount of life insurance ceded as of December 31, 2013, was $116,093,723, which represents 0.6% of the total face amount of life insurance in force. Reserve credit taken for reinsurance ceded to unauthorized companies, totaling $214,969,979, was supported by a trust agreement.

As of December 31, 2013, The Association had a small population of 93 policies representing an old block of life insurance business covered under a treaty with Swiss Re Life and

Health America, Inc. Per treaty parameters, all applicable policies are being recaptured on their 10 year anniversary, resulting in the Association maintaining its maximum retention limit of $1,500,000. Management does not expect that the Association will reinsure its life business in the near future.

The Association is primarily a direct writer and does not assume significant amounts of business. The Association had one active assumption treaty which was for business ceded by RGA Reinsurance Company (RGA). The business was recaptured by RGA on January 1, 2011. There were no assumed reinsurance treaties as of December 31, 2013.

5. SIGNIFICANT OPERATING RESULTS

Indicated below is significant information concerning the operations of The Association 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 Association's financial growth (decline) during the period under review:

	December 31, 2008	December 31, 2013	Increase (Decrease)
Admitted assets	$ 195,236,800,035	$250,494,214,817	$ 55,257,414,782
Liabilities	$ 177,482,632,692	$219,715,089,398	$ 42,232,456,706
Common capital stock	$ 2,500,000	$ 2,500,000	$ 0
Gross paid in and contributed surplus	550,000	550,000	0
Contingency reserve for investment losses	$ 17,751,117,343	$ 28,776,075,419	$ 11,024,958,076
Surplus notes	0	2,000,000,000	2,000,000,000
Total capital and surplus	$ 17,754,167,343	$ 30,779,125,419	13,024,958,076
Total liabilities, capital and surplus	$ 195,236,800,035	$250,494,214,817	$ 55,257,414,782

The Association's total admitted assets as of December 31, 2013 (excluding Separate Accounts), were mainly comprised of bonds (79.4%), other invested assets (8.8%) and mortgage loans (6.2%).

The majority (93.3%) of The Association'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	In Force
2009	$39,751	$1,636,474	$ (5,925)	$27,441,060	$ 0	$87,897
2010	$50,659	$1,617,678	$ (1,377)	$25,186,550	$ 0	$81,220
2011	$49,846	$ 889,585	$ 0	$23,005,812	$ 0	$71,714
2012	$57,592	$ 916,284	$ 0	$21,272,294	$ 0	$65,092
2013	$49,321	$ 933,412	$ 0	$19,220,820	$ 0	$57,727

The Association ceased issuing life insurance policies in 2005. The amounts reported as issued whole life represent policies converting from term policies to whole life policies. The negative amounts reported in 2009 and 2010 for individual term issued are associated with the cancelation of Cost of Living coverage riders. In 2009 and 2010, when a policyholder elected to cancel this coverage before the predetermined expiration age of the rider, but left the policy otherwise intact, the Association recorded this transaction as a cancelation of coverage and assigned a negative value in the annual statement line (Exhibit of Life Insurance, Line 2) associated with new issues. In 2011 The Association changed its method of reporting this transaction. This type of cancelation is now being reported on line 5 (Increase during the year (net)) of the Exhibit of Life Insurance. This line item does not involve changes in policy count.

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 Association's filed annual statements:

	2009	2010	2011	2012	2013
Ordinary:					
Life insurance	$ 40,972,259	$ 39,521,824	$ 63,048,297	$ 36,447,278	$ 10,357,384
Individual annuities	1,522,281,265	1,219,802,816	992,433,086	761,655,047	386,975,670
Supplementary contracts	(94,952,136)	(87,783,062)	(100,953,961)	(109,136,196)	(126,330,994)
Total ordinary	$ 1,468,301,388	$1,171,541,578	$ 954,527,422	$ 688,966,129	$ 271,002,060
Group:					
Life	$ (80,308)	$ (36,082)	$ (31,825)	$ (12,403)	$ 316
Annuities	269,828,819	318,587,100	357,403,495	279,669,296	217,159,246
Total group	$ 269,748,511	$ 318,551,018	$ 357,371,670	$ 279,656,893	$ 217,159,562
Accident and health:					
Group	$ (179,638)	$ (300,283)	$ (315,333)	$ (12,706)	$ 6,537
Other	2,322,313	1,992,282	1,315,572	1,473,013	1,378,083
Total accident and health	$ 2,142,675	$ 1,691,999	$ 1,000,239	$ 1,460,307	$ 1,384,620
All other lines	$1,134,213,631	$1,319,023,583	$1,489,565,850	$1,487,447,760	$1,678,911,615
Total	$2,874,406,205	$2,810,808,178	$2,802,465,181	$2,457,531,089	$2,168,457,858

Net gain from operations for the ordinary line of business is primarily related to individual annuities since the Association closed its life insurance portfolio to new issues in 2005. From 2009 to 2013, The Association experienced a general decline in gross annualized investment yield. Management made a decision in 2010 to increase the dividend scale above the minimum crediting rates on some of its annuity products, which, along with increasing general expenses annually, have put pressure on the net gain from operations.

Net gain from operations for the group business is primarily related to group annuities. The general decline in The Association's gross annualized investment yield from 2009 to 2013 also impacted this business. Effective 2002 the Association no longer markets group life insurance.

The amounts reported for "All Other Lines" are primarily comprised of net investment income not otherwise allocated to a line of business.

6. FINANCIAL STATEMENTS

The following statements show the assets, liabilities, capital and surplus as of December 31, 2013, as contained in The Association'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 Association'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 was retained by The Association to audit the combined statutory basis statements of financial position of the Association as of December 31st of each year in the examination period, and the related statutory-basis statements of operations, capital and surplus, and cash flows for the year then ended.

PricewaterhouseCoopers LLP concluded that the statutory financial statements presented fairly, in all material respects, the financial position of The Association 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	$181,120,884,687
Stocks:	
Preferred stocks	48,276,406
Common stocks	2,675,439,048
Mortgage loans on real estate:	
First liens	14,246,132,350
Real estate:	
Properties occupied by the company	200,975,429
Properties held for the production of income	1,610,593,724
Cash, cash equivalents and short term investments	1,361,514,513
Contract loans	1,465,610,003
Derivatives	60,250,396
Other invested assets	19,968,519,599
Derivative collateral – receivable	89,544,173
Investments in process	967,000
Investment income due and accrued	1,763,077,136
Premiums and considerations:	
Uncollected premiums and agent's balances in the course of collection	4,583,313
Deferred premiums, agent's balances and installments booked but deferred and not yet due	66,137,729
Current federal and foreign income tax recoverable and interest thereon	6,057,084
Net deferred tax asset	3,089,124,000
Guaranty funds receivable or on deposit	2,193,130
Electronic data processing equipment and software	43,993,360
Receivables from parent, subsidiaries and affiliates	23,897,360
Sundry receivable	298,121,087
From separate accounts, segregated accounts and protected cell accounts	$ 22,348,323,290
Total Admitted Assets	$250,494,214,817

C. Liabilities, Capital and Surplus

Aggregate reserve for life policies and contracts	$184,522,779,764
Aggregate reserve for accident and health contracts	16,107
Liability for deposit-type contracts	852,976,921
Contract claims:	
Life	570,034,000
Policyholders' dividends and coupons due and unpaid	1,638,290
Provision for policyholder' dividends and coupons payable in following calendar year – estimated amounts	
Dividends apportioned for payment	1,934,938,391
Premiums and annuity considerations for life and accident and health contracts received in advance	561,846
Contract liabilities not included elsewhere:	
Interest maintenance reserve	2,282,726,156
General expenses due or accrued	892,242,514
Transfers to separate accounts due or accrued	1,775,618
Taxes, licenses and fees due or accrued, excluding federal income taxes	36,647,675
Unearned investment income	402,214
Amounts withheld or retained by company as agent or trustee	191,166,184
Remittances and items not allocated	28,150,091
Liability for benefits for employees and agents if not included above	185,921,328
Miscellaneous liabilities:	
Asset valuation reserve	4,633,285,492
Payable to parent, subsidiaries and affiliates	19,253,297
Derivatives	311,367,868
Payable for securities	21,008,626
Securities sold under agreement to repurchase	500,215,000
Miscellaneous liabilities	281,768,443
Deferred gain on asset transfer with affiliate	84,153,968
Post Retirement benefit obligation liability	10,796,551
Derivative collateral - payable	8,150,740
Deferred income	320,794
From Separate Accounts statement	22,342,791,520
Total liabilities	$219,715,089,398
Common capital stock	2,500,000
Surplus notes	2,000,000,000
Gross paid in and contributed surplus	550,000
Contingency reserve for investment losses, annuity and insurance mortality and other risks	28,776,075,419
Surplus	30,776,625,419
Total capital and surplus	$ 30,779,125,419
Total liabilities, capital and surplus	$ 250,494,214,817

D. Condensed Summary of Operations

	2009	2010	2011	2012	2013
Premiums and considerations	$10,234,263,890	$11,553,492,567	$11,712,669,473	$11,076,706,523	$13,242,103,345
Investment income	10,340,457,172	10,534,070,204	10,910,433,665	11,041,894,991	11,274,433,444
Net gain from operations from Separate Accounts	0	389,713	1,114,212	31,249,567	24,152,912
Miscellaneous income	2,742,167,922	2,574,224,592	2,495,559,737	2,520,587,272	2,955,210,466
Total income	$23,316,888,984	$24,662,177,076	$25,119,777,087	$24,670,438,353	$27,495,900,167
Benefit payments	$11,197,845,408	$10,950,751,553	$11,358,494,176	$11,752,473,545	$12,921,573,325
Increase in reserves	6,991,453,254	5,063,341,924	5,461,563,628	4,604,334,819	5,756,010,570
Commissions	4,863,786	4,368,918	0	0	0
General expenses and taxes	807,709,750	797,832,210	858,719,841	922,419,280	1,035,192,694
Increase in loading on deferred and uncollected premiums	665,493	(714,276)	(375,586)	535,397	(839,364)
Net transfers to (from) separate accounts	(1,289,193,990)	2,130,478,280	1,661,464,781	1,517,711,121	1,878,848,094
Miscellaneous deductions	141,647,010	200,200,148	34,339,963	298,767,432	355,602,307
Total deductions	$17,854,990,711	$19,146,258,757	$19,374,206,803	$19,096,241,594	$21,946,387,626
Net gain (loss)	$ 5,461,898,273	$ 5,515,918,319	$ 5,745,570,284	$ 5,574,196,759	$ 5,549,512,541
Dividends	2,645,809,149	2,733,329,302	3,081,969,617	3,128,038,799	3,409,249,595
Federal and foreign income taxes incurred	(58,317,081)	(28,219,161)	(138,864,514)	(11,373,129)	(28,194,912)
Net gain (loss) from operations before net realized capital gains	$ 2,874,406,205	$ 2,810,808,178	$ 2,802,465,181	$ 2,457,531,089	$ 2,168,457,858
Net realized capital gains (losses)	(3,326,467,550)	(1,429,831,670)	(443,572,248)	(415,704,308)	(416,991,887)
Net income	$ (452,061,345)	$ 1,380,976,508	$ 2,358,892,933	$ 2,041,826,781	$ 1,751,465,971

The $1.3 billion increase in premiums and considerations from 2009 to 2010 was driven primarily by $1.1 billion of internal transfer activity between CREF, the Real Estate Separate Account and Association sponsored mutual funds; the increase of $2.2 billion from 2012 to 2013 was due primarily to $2.2 billion of internal transfer activity from the same sources.

The increase in net gain from operations from separate accounts from 2009 to 2010 and from 2010 to 2011 was driven by the TIAA Stable Value ("TSV") Separate Account. The TSV Separate Account was established in 2010 to support flexible premium group deferred fixed annuity products offered under employer sponsored defined contribution pension plans. The increase of $30.1 billion from 2011 to 2012 was driven by gains realized on the partial liquidation of The Association's investment in the Real Estate Separate Account. As of December 31, 2012, The Association had redeemed 75% of the liquidity units that had been purchased in 2008 and 2009 at a redemption price of $940.3 million.

The commissions reported in 2009 and 2010 are related solely to the assumed life reinsurance treaty that The Association had with RGA that was recaptured in 2011. As a result of the treaty termination, no commission expense allowances were recorded in 2011 or thereafter as the association does not use a commissioned agent sales force to market life insurance or annuity products

E. Capital and Surplus Account

	2009	2010	2011	2012	2013
Capital and surplus, December 31, prior year	$17,754,167,343	$22,843,951,382	$25,155,764,158	$27,130,896,352	$29,308,979,623
Net income	$ (452,061,345)	$ 1,380,976,508	$ 2,358,892,933	$ 2,041,826,781	$ 1,751,465,971
Change in net unrealized capital gains (losses)	740,271,759	1,397,849,791	481,037,511	501,258,046	1,238,448,529
Change in net unrealized foreign exchange capital gain	169,490,016	(36,635,890)	(91,273,563)	(11,598,174)	(45,329,798)
Change in net deferred income tax	(217,750,000)	(1,506,985,813)	(1,129,411,187)	(1,119,343,000)	(1,082,689,000)
Change in non-admitted assets and related items	(20,961,595)	2,146,343,287	650,744,054	1,304,857,431	846,229,620
Change in reserve valuation basis	2,260,314,172	0	0	0	0
Change in asset valuation reserve	(273,468,799)	(1,417,640,602)	(802,063,319)	(598,532,440)	(1,209,430,556)
Surplus withdrawn from Separate Accounts during period	(1,058,696,098)	(24,998,322)	(51,860)	936,788,500	353,980,757
Other changes in surplus in Separate Accounts statement	758,036,432	146,284,467	134,352,295	(872,564,537)	(371,733,176)
Change in surplus notes	2,000,000,000	0	0	0	0
Cumulative effect of changes in accounting principles	218,832,255	0	(22,972,670)	0	0
Non-admitted incremental deferred tax asset	810,807,000	271,254,000	395,878,000	0	0
Change in dividend accrual methodology	154,970,242	0	0	0	0
Prior year income (Surplus) adjustment	0	(44,634,650)	0	(4,609,336)	0
Post retirement benefit obligation liability	0	0	0	0	(10,796,531)
Net change in capital and surplus for the year	5,089,784,039	2,311,812,776	1,975,132,194	2,178,083,271	1,470,145,796
Capital and surplus, December 31, current year	$22,843,951,382	$25,155,764,158	$27,130,896,352	$29,308,979,623	$30,779,125,419

The $0.7 billion increase in the change in net unrealized capital gains from 2009 to 2010 was driven by a $0.6 billion gain on the real estate portfolio with operating gains recognized on affiliated common stock, real estate, and Other Invested Assets (OIA) – real estate. The $0.9 billion decrease from 2010 to 2011 was driven by a $(1.0) billion change due to lower appreciation on the affiliated and unaffiliated OIA – private equity portfolio partially impacted by negative international equity markets. The $0.7 billion increase from 2012 to 2013 was driven primarily by OIA – private equity, which increased in value by $0.6 billion.

The net unrealized foreign exchange losses experienced in 2010 through 2013 were primarily driven by an overall strengthening of the U.S dollar versus most major foreign currencies and its impact on foreign denominated general account investment in affiliated and unaffiliated private equity investments denominated primarily in the Australian Dollar, the Brazilian Real, the Canadian Dollar and the Euro.

The $2.3 billion reserve valuation basis change reported in 2009 was a cumulative change made in December 2009, upon approval received from the Department, to reduce the valuation basis on a portion of TIAA’s payout annuities. The change in the valuation basis was a one-time only change in accounting principle due to changes in mortality assumptions and interest rates which released $2.3 billion into capital and surplus as an adjustment to the 2009 beginning balance.

The $(1,058.7) million reported for surplus withdrawn from separate accounts in 2009 was driven primarily by purchase of approximately $1.2 billion in Real Estate Separate (REA) Account liquidity units by The Association during the first half of 2009. The Association provides the REA account with a liquidity guarantee to ensure that it has funds available to meet participant transfers or cash withdrawals. In 2010, The Association established the TSV separate account which supports a flexible fixed annuity contract offered to employer sponsored pension plans. In April 2010, The Association provided an initial $25.0 million seed money investment. In 2011, The Association made a seed money contribution to the VA-3 Separate Account for $52,000. In 2012, The Association redeemed 75% of its liquidity unit investment in the REA separate account that had been outstanding at the end of 2011. The remaining 25% of The Association’s liquidity unit investment were redeemed in March 2013.

7. SUBSEQUENT EVENTS

On October 1, 2014, The Association completed the acquisition of Nuveen, a diversified investment management company. Association management indicated that Nuveen will operate as a separate subsidiary within The Association, retaining its brand and multi-boutique operating model. Nuveen's leadership and investment teams will remain intact. Association management believes that the complementary offerings and strong distribution network that Nuveen brings to The Association will allow The Association to offer its clients a broader range of expertise and investment options.

Prior to the acquisition of Nuveen, The Association issued $2.0 billion of surplus notes to fund a portion of the purchase price which was $6.25 billion. Following the acquisition, TIAA Asset Management Finance Company, LLC, an indirect wholly-owned subsidiary of The Association formed for the purpose of holding the equity interest of Nuveen, issued $2.0 billion of senior notes primarily to fund the redemption of Nuveen's bonds outstanding at the time of acquisition.

8. MARKET CONDUCT ACTIVITIES

The examiner reviewed various elements of The Association's market conduct activities affecting policyholders, claimants, and beneficiaries to determine compliance with applicable statutes and regulations and the operating rules of The Association.

A. Advertising and Sales Activities

The examiner reviewed a sample of The Association's advertising files and the sales activities of the agency force including trade practices, solicitation and the replacement of insurance policies.

Based upon the review, 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 review, 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 403(d) of the New York Insurance Law states, in part:

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

The examiner reviewed 20 annuity death claims. The claim form used by The Association to process three (15%) of the claims did not contain the fraud warning statement required by Section 403(d) of the New York Insurance Law.

The Association utilized two claim forms to process annuity death claims during the exam period. One claim form contained several fraud warning statements as applicable by state law, including New York. This claim form was used to process the annuity death claims in the examiner's sample for years 2009 through 2012. The other claim form used by The Association in 2013, contained three fraud notices, two of which identified Colorado, Virginia, and Washington, D.C as the applicable jurisdictions and the third which did not identify any particular state or jurisdiction but had the following heading: "This notice/warning does not apply in New York." This non-complying claim form was used by The Association to process the three annuity death claims identified by the examiner.

The Association violated Section 403(d) of the New York Insurance Law by using a claim form to process annuity death claims that did not contain the required fraud warning statement.

The examiner recommends that the Association take the appropriate steps to strengthen its controls to ensure that all claim forms used in the processing of annuity death claims comply with Section 403(d) of the New York Law.

Section 3230 of the New York Insurance Law (NYIL) states, in part:

> “(b) The application to accelerate benefits shall:
> (2) contain a notice, prominently displayed, to read as follows:
>
> > "Receipt of accelerated death benefits may affect eligibility for public assistance programs such as medical assistance (Medicaid), family assistance and supplemental security income. Receipt of accelerated death benefits in periodic payments may be treated differently than receipt in a lump sum. Prior to applying for accelerated death benefits, policyowners should consult with the appropriate social services agency concerning how receipt will affect the eligibility of the recipient and/or the recipient's spouse or dependents."
>
> (3) contain a notice, prominently displayed, to read as follows:
>
> > "Receipt of accelerated death benefits may be taxable. Receipt of accelerated death benefits in periodic payments may be treated differently than receipt in a lump sum. Prior to applying for such benefits, policy owners should seek assistance from a qualified tax adviser.””

The examiner reviewed all nine accelerated death benefit payments made by The Association during the examination period. None of the claim forms reviewed contained the entire notice required by Section 3230(b)(2) and (b)(3) of the New York Insurance Law. The notices did not include the wording, “Receipt of accelerated death benefits in periodic payments may be treated differently than receipt in a lump sum.”

The Association violated Sections 3230(b)(2) and 3230(b)(3) of the New York Insurance Law by failing to include the entire notice required by such sections on its accelerated death claim forms.

9. 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 Association in response to each citation:

Item	Description
A	The examiner recommended that The Association ensure that all officers and directors complete the conflict of interest questionnaires and code of ethics acknowledgement forms on an annual basis. A similar finding was contained in the prior report on examination. The Association has written procedures in place that require all officers and directors complete conflict of interest questionnaires and code of ethics acknowledgement forms annually. The Association provided completed conflict of interest questionnaires and code of ethics acknowledgement forms for all the years under examination.
B	The examiner recommends that The Association compile and update annually a list of related employees, including information as to names, job titles and relationship, and make such list available for review by Department examiners. The Association implemented a mandatory employee online survey, which collects information on employee family relationships. Every employee has to complete the survey once a year. Also, the survey stays open throughout the year, in the event that the employee family relationship changes.
C	The Association violated Section 4233(a) of the New York Insurance Law by failing to classify its bonds on schedule D, Part 1, in accordance with the annual statement instructions published by the National Association of Insurance Commissioners. The Association took corrective actions by updating the process and controls related to its fixed income securities accounting to ensure proper reporting in the Annual Statement. The current examination did not reveal any violation of Section 4233(a) of the New York Insurance Law.

Item	Description
D	The examiner recommended that The Association exercise due care in grouping its bonds on Schedule D. The Association complied with the recommendation by updating the process and controls related to its fixed income securities accounting to ensure proper reporting in the Annual Statement.
E	On March 17, 2009, The Association made a $70 million capital contribution to TC Life in accordance with the financial support agreement. The Association did not make any capital contributions to TC Life subsequent to 2009 or prior to the date of this report.
F	The Association incurred $3.8 billion of investment-related losses and write-downs during 2009. The losses were in a variety of investment classes, including financial institution and other corporate bonds, structured securities, and mortgage loans. These losses were triggered primarily by the effects of the financial crisis and its lingering impact on the U.S. residential and commercial real estate markets. The Association has been voluntarily reducing its exposure to direct commercial mortgage loans and commercial mortgage-backed securities.
G	The Association violated Section 51.6(b)(4) of Department Regulation No. 60 by failing to furnish to the insurer whose coverage was being replaced a copy of any proposal, including the sales material used in the sale of the proposed life insurance policy or annuity contract, and the completed Disclosure Statement within ten days of receipt of the application. This violation appeared in the prior report on examination. The Association established a centralized New York team that specializes in Department Regulation No. 60 activity. Per the unit's standard operating procedures manual, the associates are required to send the required information to the replaced company within 10 calendar days of receipt of the signed Disclosure Statement and enrollment application. The examiner's review did not reveal violations of Section 51.6(b)(4) of Department Regulation No. 60.

Item	Description
H	The Association violated Section 51.6(e) of Department Regulation No. 60 by failing to date all materials upon receipt. The Association's incoming mail process was enhanced to affix a date and time-stamp to correspondence upon receipt. The examiner's review did not reveal any violations of Section 51.6(e) of Department Regulation No. 60.
I	The Association violated Section 243.2(b)(1)(iv) of Department Regulation No. 152 by failing to maintain a copy of the information obtained from the existing insurer that was used to complete the Disclosure Statement. The Association has a quality control step in place for associates to review and ensure that the figures on the prepared Disclosure Statement match the figures provided by the existing insurer. The figures returned by the existing insurer are kept as part of the enrollment task file. The examiner's review did not reveal any violations of Section 243.2(b)(1)(iv) of Department Regulation No. 152.
J	The Association violated Section 51.6(c)(2) of Department Regulation No. 60 by failing to provide the replacing insurer with the existing policy information necessary to complete the Disclosure Statement within 20 days of receipt of the request. The Association's standard operating procedures require that the information must be provided to the replacing carrier within 20 calendar days of receipt of request. The examiner's review of a 2011 internal audit indicated that the procedures are being followed. No violations of Section 51.6(c)(2) of Department Regulation No. 60 were revealed by the examiner's review.

10. SUMMARY AND CONCLUSIONS

Following are the violations, recommendation and comment contained in this report:

Item	Description	Page No(s).
A	On October 1, 2014, The Association completed the acquisition of Nuveen Investments ('Nuveen"), a diversified investment management company. Prior to the acquisition of Nuveen, the Association issued $2.0 billion of surplus notes to fund a portion of the purchase price which was $6.25 billion.	32
B	The Association violated Section 403(d) of the New York Insurance Law by using a claim form to process annuity death claims that did not contain the required fraud warning statement.	34
C	The examiner recommends that the Association take the appropriate steps to strengthen its controls to ensure that claim forms used in the processing of all annuity death claims comply with Section 403(d) of the New York Insurance Law.	34
D	The Association violated Sections 3230(b)(2) and 3230(b)(3) of the New York Insurance Law by failing to include the entire notice required by such sections on its accelerated death claim forms.	35

Respectfully submitted,

____________/s/____________
Courtney Williams
Associate Insurance Examiner

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

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

____________/s/____________
Courtney Williams

Subscribed and sworn to before me

this__________ day of ____________________