OHIO DEPARTMENT OF INSURANCE

A

MARKET CONDUCT EXAMINATION

OF

Pruco Life Insurance Company

NAIC #79227

As Of

December 31, 2004

OHIO Department of INSURANCE

Ted Strickland, Governor
Mary Jo Hudson, Director
2100 Stella Court, Columbus, OH 43215-1067
(614) 644-2658 www.ohioinsurance.gov

Honorable Mary Jo Hudson
Director
Ohio Department of Insurance
2100 Stella Court
Columbus, Ohio 43215-1067

Director:

Pursuant to your instructions and in accordance with the powers vested under Title 39 of the Ohio Revised Code, a Market Regulation desk examination was conducted on the Ohio business of:

Pruco Life Insurance Company

NAIC Company Code 79227.

The examination was conducted at the Ohio Department of Insurance located at:

2100 Stella Court

Columbus OH 43215.

A report of the examination is enclosed.

Respectfully submitted,

David R. Beck June 4, 2007

David R. Beck Date
Chief, Market Regulation Division

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FOREWORD

This examination was conducted under authority provided under Ohio Revised Code ("R.C.") 3901.011.

SCOPE OF EXAMINATION

On September 26, 2005, the Market Conduct Division, Ohio Department of Insurance ("Department"), opened a desk audit examination of Pruco Life Insurance Company ("Company"), by sending a call letter and initial request for information. The examination was restricted to Company replacement activities for individual life insurance from the period of January 1, 2003, through December 31, 2004.

This desk audit report is a report by test and was conducted in accordance with the standards and procedures established by the National Association of Insurance Commissioners ("NAIC") and the State of Ohio's applicable statutes and rules.

Accordingly, the examination included the following areas of the Company's operations:

A. Company History
B. Company Operations
C. Certificate of Authority
D. External Replacement Policies
E. Internal Replacement Policies

METHODOLOGY

As part of the examination, the Department's examiners reviewed the Company's individual ordinary life insurance policy files and the Company's corresponding procedures. This information was supplemented, as necessary, with written inquiries to the Company requesting clarification and/or additional information.

Only Ohio policyholders' files were reviewed. A series of tests were designed and applied to these files to determine the Company's level of compliance with Ohio's applicable statutes and rules. These tests are described and the results are noted in this report.

The Examiners used the NAIC standard of:

10% error ratio on policy files (90% compliance rate)

to determine whether or not an apparent pattern or practice of non-compliance existed for any given test.

The results of each test applied to a sample are reported separately. Each test is expressed as a "yes / no" question. A "yes" response indicates compliance, and a "no" response indicates a failure to comply. A "no" response may also be referred to in this report as an "exception."

In any instance where errors were noted, the examiners described the apparent error and asked the Company for an explanation. The Company responded and either:

- Concurred with the findings,
- Had additional information for the examiners to consider, and/or
- Proposed remedial action(s) to correct the apparent deficiency.

If applicable, the Company's responses and the examiners' recommendations are included in this report.

SAMPLING

Upon request, the Company supplied reports of new policy and replacement policy data in file formats, which could be used on IBM compatible personal computers. Except as otherwise noted, all tests were conducted on a sample of files randomly selected from a given report. The samples were pulled from populations consisting of Ohio policies and were selected using a standard business database application that provides a true random sample since it supplies a random starting point from which to select the sample.

COMPANY HISTORY

According to the Company: "Pruco Life was organized under the laws of the State of Arizona and incorporated in December 1971. Pruco Life is a wholly owned subsidiary of The Prudential Insurance Company of America and its main administrative offices are located in Newark, New Jersey.

Pruco Life is licensed to do business in all states except New York. Pruco Life offers primarily individual life and annuity products through both a captive agency force and third party producers."

COMPANY OPERATIONS

The Company's statutory home office and its primary location of books and records are located in Newark, New Jersey. The Company's 2003 and 2004 reported direct premiums written and direct incurred losses paid during the examination period are as follows:

Life	Ohio		National	
Year	Direct Written Premiums	Incurred Losses	Direct Written Premiums	Incurred Losses
2003	$38,262,449	$13,250,055	$856,340,335	$285,660,279
2004	$43,979,219	$14,042,370	$978,019,730	$309,865,108

As of December 31, 2004, the officers of the Company were:

President:	Bernard Joseph Jacob
Secretary:	Clifford Evan Kirsch
Treasurer:	Charles Edward Chaplin
Actuary:	Hwei-Chung Shao

CERTIFICATE OF AUTHORITY

The Company operates under a Certificate of Authority issued in accordance R.C. 3929.01, which permits it to transact appropriate business as defined by R.C. 3929.01(A). In the course of the examination, the examiners determined that the Company operations were in compliance with its Certificate of Authority.

EXTERNAL LIFE REPLACEMENTS

Standard: Company rules pertaining to agent requirements in connection with replacements are in compliance with applicable statutes and rules.

Test: Did the Company require their agents to comply with the replacement requirements for life insurance according to Ohio Adm.Code 3901-06-05?

Methodology:

- The examiners reviewed all written policies and procedures that instructed the agents on the Company's replacement procedures and requirements.
- The Company supplied its replacement register for business replaced in Ohio.
- A file was produced for review containing external replacement policies by policy type.
    1. A sample of 50 term life replacement policies from the population of 861 was reviewed. Two files involving group term life insurance were removed, which reduced the sample size to 48 files.
    2. A sample of 50 universal life replacement policies from the population of 106 was reviewed.
    3. A sample of 50 variable universal life replacement policies from the population of 100 was reviewed.
- The examiners considered any file to be an exception if it did not comply with the portion of the agent requirement section of the replacement law tested.

External Replacement Agent Requirements

1. Did the agent submit a statement signed by the applicant as to whether a replacement was involved? Ohio Adm.Code 3901-6-05(E)(1)(a)

Policy Type:	Population:	Sample:	Yes:	No:	Standard:	Findings:
Term Life	861	48	48	0	90%	100%
Universal Life	106	50	47	3	90%	94%
Variable Universal Life	100	50	48	2	90%	96%

2. Did the agent submit a statement signed by the agent as to whether he/she knew a replacement was involved? Ohio Adm.Code 3901-6-05(E)(1)(b)

Policy Type:	Population:	Sample:	Yes:	No:	Standard:	Findings:
Term Life	861	48	48	0	90%	100%
Universal Life	106	50	47	3	90%	94%
Variable Universal Life	100	50	48	2	90%	96%

3. Did the agent present to the applicant a "Notice Regarding Replacement" at the time of the application? Ohio Adm.Code 3901-6-05(E)(2)(a)

Policy Type:	Population:	Sample:	Yes:	No:	Standard:	Findings:
Term Life	861	48	48	0	90%	100%
Universal Life	106	50	45	5	90%	90%
Variable Universal Life	100	50	49	1	90%	98%

4. Did the agent submit a copy of the "Notice Regarding Replacement" to the replacing company? Ohio Adm.Code 3901-6-05(E)(2)(d)

Policy Type:	Population:	Sample:	Yes:	No:	Standard:	Findings:
Term Life	861	48	48	0	90%	100%
Universal Life	106	50	45	5	90%	90%
Variable Universal Life	100	50	49	1	90%	98%

5. Was the "Notice Regarding Replacement" signed by both the applicant and the agent? Ohio Adm.Code 3901-6-05(E)(2)(a)

Policy Type:	Population:	Sample:	Yes:	No:	Standard:	Findings:
Term Life	861	48	48	0	90%	100%
Universal Life	106	50	45	5	90%	90%
Variable Universal Life	100	50	49	1	90%	98%

6. Did the agent submit a completed application to the replacing company? Ohio Adm.Code 3901-6-05(F)(2) and (G)(1)

Policy Type:	Population:	Sample:	Yes:	No:	Standard:	Findings:
Term Life	861	48	48	0	90%	100%
Universal Life	106	50	47	3	90%	94%
Variable Universal Life	100	50	47	3	90%	94%

7. Did the agent obtain a list of all existing life insurance to be replaced and was the list properly identified by name of insurer, the insured and contract number, or alternative identification, such as an application or receipt number? Ohio Adm.Code 3901-6-05(E)(2)(b)

Policy Type:	Population:	Sample:	Yes:	No:	Standard:	Findings:
Term Life	861	48	48	0	90%	100%
Universal Life	106	50	50	0	90%	100%
Variable Universal Life	100	50	47	3	90%	94%

External Replacement Company Requirements

Standard: Company rules pertaining to company requirements in connection with replacements are in compliance with applicable statutes and rules.

Test: Did the Company comply with the replacement requirements for life insurance according to Ohio Adm.Code 3901-06-05?

- The examiners considered a file to be an exception if it did not comply with the portion of the company requirement section of the replacement law tested.

1. Did the Company require a statement by the applicant as to whether the proposed insurance would replace existing life insurance? Ohio Adm.Code 3901-6-05(F)(2)

Policy Type:	Population:	Sample:	Yes:	No:	Standard:	Findings:
Term Life	861	48	48	0	90%	100%
Universal Life	106	50	47	3	90%	94%
Variable Universal Life	100	50	48	2	90%	96%

2. Did the Company require a statement signed by the agent as to whether the agent knew a replacement was involved or could be involved? Ohio Adm.Code 3901-6-05(G)(1)

Policy Type:	Population:	Sample:	Yes:	No:	Standard:	Findings:
Term Life	861	48	48	0	90%	100%
Universal Life	106	50	47	3	90%	94%
Variable Universal Life	100	50	48	2	90%	96%

3. Did the Company require from the agent, with the application, a list of all of the applicant's existing life insurance to be replaced and was that list properly identified by the name of the insurer, insured and contract number, or alternative identification, such as an application or receipt number? Ohio Adm.Code 3901-6-05(G)(2)(a)

Policy Type:	Population:	Sample:	Yes:	No:	Standard:	Findings:
Term Life	861	48	48	0	90%	100%
Universal Life	106	50	50	0	90%	100%
Variable Universal Life	100	50	48	2	90%	96%

4. Did the Company require from the agent, with the application, a signed copy of the "Notice Regarding Replacement"? Ohio Adm.Code 3901-6-05(G)(2)(a)(ii)

Policy Type:	Population:	Sample:	Yes:	No:	Standard:	Findings:
Term Life	861	48	48	0	90%	100%
Universal Life	106	50	45	5	90%	90%
Variable Universal Life	100	50	49	1	90%	98%

5. Did the Company maintain evidence in the file of the "Notice Regarding Replacement," the policy summary, and contract summary or any ledger statement used? Ohio Adm.Code 3901-6-05(G)(3)

Policy Type:	Population:	Sample:	Yes:	No:	Standard:	Findings:
Term Life	861	48	48	0	90%	100%
Universal Life	106	50	45	5	90%	90%
Variable Universal Life	100	50	49	1	90%	98%

6. Did the Company provide notification in or with the policy about the 20-day free look period and premium refund? Ohio Adm.Code 3901-6-05(G)(4)

Policy Type:	Population:	Sample:	Yes:	No:	Standard:	Findings:
Term Life	861	48	48	0	90%	100%
Universal Life	106	50	50	0	90%	100%
Variable Universal Life	100	50	50	0	90%	100%

7. Did the Company send a written communication to the existing insurer advising of the replacement within three working days of receipt of the application? Ohio Adm.Code 3901-6-05(G)(2)(b)

Policy Type:	Population:	Sample:	Yes:	No:	Standard:	Findings:
Term Life	861	48	46	2	90%	96%
Universal Life	106	50	46	4	90%	92%
Variable Universal Life	100	50	46	4	90%	92%

8. Did the Company include in the written communication a policy summary, contract summary, or ledger statement to each existing insurer? Ohio Adm.Code 3901-6-05(G)(2)(b)

Policy Type:	Population:	Sample:	Yes:	No:	Standard:	Findings:
Term Life	861	48	48	0	90%	100%
Universal Life	106	50	49	1	90%	98%
Variable Universal Life	100	50	48	2	90%	96%

INTERNAL LIFE REPLACEMENTS

Standard: Company rules pertaining to agent requirements in connection with replacements are in compliance with applicable statutes and rules.

Test: Did the company require their agents to comply with the replacement requirements for life insurance according to Ohio Adm.Code 3901-6-05?

Methodology:

- The examiners reviewed all written policies and procedures that instructed the agents on the Company's replacement procedures and requirements.
- The Company supplied its replacement register for business replaced in Ohio.
- A file was produced for review containing internal replacement policies by policy type.
    1. A sample of 50 term life replacement policies from the population of 193 was reviewed.
    2. A sample of 50 universal life replacement polices from the population of 139 was reviewed. One file involving group universal life insurance was removed, which reduced the sample size to 49 files.
    3. The entire population of 28 variable universal life replacement policies listed on the replacement register was reviewed. One file involving group universal variable life insurance was removed, which reduced the sample size to 27 files.
- The examiners considered a file to be an exception if it did not comply with the portion of the agent requirement section of the replacement law tested.

Internal Replacement Agent Requirements

1. Did the agent submit a statement signed by the applicant as to whether a replacement was involved? Ohio Adm.Code 3901-6-05(E)(1)(a)

Policy Type:	Population:	Sample:	Yes:	No:	Standard:	Findings:
Term Life	193	50	50	0	90%	100%
Universal Life	139	49	49	0	90%	100%
Variable Universal Life	28	27	27	0	90%	100%

2. Did the agent submit a statement signed by the agent as to whether he/she knew a replacement was involved? Ohio Adm.Code 3901-6-05(E)(1)(b)

Policy Type:	Population:	Sample:	Yes:	No:	Standard:	Findings:
Term Life	193	50	50	0	90%	100%
Universal Life	139	49	49	0	90%	100%
Variable Universal Life	28	27	27	0	90%	100%

3. Did the agent present to the applicant a "Notice Regarding Replacement" at the time of the application? Ohio Adm.Code 3901-6-05(E)(2)(a)

Policy Type:	Population:	Sample:	Yes:	No:	Standard:	Findings:
Term Life	193	50	49	1	90%	98%
Universal Life	139	49	49	0	90%	100%
Variable Universal Life	28	27	26	1	90%	98%

4. Did the agent submit a copy of the "Notice Regarding Replacement" to the replacing company? Ohio Adm.Code 3901-6-05(E)(2)(d)

Policy Type:	Population:	Sample:	Yes:	No:	Standard:	Findings:
Term Life	193	50	49	1	90%	98%
Universal Life	139	49	49	0	90%	100%
Variable Universal Life	28	27	26	1	90%	98%

5. Was the "Notice Regarding Replacement" signed by both the applicant and the agent? Ohio Adm.Code 3901-6-05(E)(2)(a)

Policy Type:	Population:	Sample:	Yes:	No:	Standard:	Findings:
Term Life	193	50	49	1	90%	98%
Universal Life	139	49	49	0	90%	100%
Variable Universal Life	28	27	26	1	90%	98%

6. Did the agent submit a completed application to the replacing company? Ohio Adm.Code 3901-6-05(F)(2) and (G)(1)

Policy Type:	Population:	Sample:	Yes:	No:	Standard:	Findings:
Term Life	193	50	45	5	90%	90%
Universal Life	139	49	45	4	90%	92%
Variable Universal Life	28	27	27	0	90%	100%

7. Did the agent obtain a list of all existing life insurance to be replaced and was the list properly identified by name of insurer, the insured and contract number, or alternative identification such as an application or receipt number? Ohio Adm.Code 3901-6-05(E)(2)(b)

Policy Type:	Population:	Sample:	Yes:	No:	Standard:	Findings:
Term Life	193	50	49	1	90%	98%
Universal Life	139	49	49	0	90%	100%
Variable Universal Life	28	27	27	0	90%	100%

Internal Replacement Company Requirements

Standard: Company rules pertaining to company requirements in connection with replacements are in compliance with applicable statutes and rules.

Test: Did the Company comply with the replacement requirements for life insurance according to Ohio Adm.Code 3901-06-05?

- The examiners considered a file to be an exception if it did not comply with the portion of the company requirement section of the replacement law tested.

1. Did the Company require a statement by the applicant as to whether the proposed insurance would replace existing life insurance? Ohio Adm.Code 3901-6-05(F)(2)

Policy Type:	Population:	Sample:	Yes:	No:	Standard:	Findings:
Term Life	193	50	50	0	90%	100%
Universal Life	139	49	49	0	90%	100%
Variable Universal Life	28	27	27	0	90%	100%

2. Did the Company require a statement signed by the agent as to whether the agent knew a replacement was involved or could be involved? Ohio Adm.Code 3901-6-05(G)(1)

Policy Type:	Population:	Sample:	Yes:	No:	Standard:	Findings:
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Universal Life	139	49	49	0	90%	100%
Variable Universal Life	28	27	27	0	90%	100%

3. Did the Company require from the agent, with the application, a list of all of the applicant's existing life insurance to be replaced and was that list properly identified by the name of the insurer, insured and contract number, or alternative identification, such as an application or receipt number? Ohio Adm.Code 3901-6-05(G)(2)(a)

Policy Type:	Population:	Sample:	Yes:	No:	Standard:	Findings:
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Universal Life	139	49	49	0	90%	100%
Variable Universal Life	28	27	27	0	90%	100%

4. Did the Company require from the agent, with the application, a signed copy of the "Notice Regarding Replacement?" Ohio Adm.Code 3901-6-05(G)(2)(a)(ii)

Policy Type:	Population:	Sample:	Yes:	No:	Standard:	Findings:
Term Life	193	50	49	1	90%	98%
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5. Did the Company maintain evidence in the file of the "Notice Regarding Replacement", the policy summary, and contract summary or any ledger statement used? Ohio Adm.Code 3901-6-05(G)(3)

Policy Type:	Population:	Sample:	Yes:	No:	Standard:	Findings:
Term Life	193	50	49	1	90%	98%
Universal Life	139	49	49	0	90%	100%
Variable Universal Life	28	27	26	1	90%	96%

6. Did the Company provide notification in or with the policy about the 20-day free look period and premium refund? Ohio Adm.Code 3901-6-05(G)(4)

Policy Type:	**Population:**	**Sample:**	**Yes:**	**No:**	**Standard:**	**Findings:**
Term Life	193	50	50	0	90%	100%
Universal Life	139	49	49	0	90%	100%
Variable Universal Life	28	27	27	0	90%	100%

SUMMARY

This concludes the report of the Market Regulation Examination of the Pruco Life Insurance Company. The examiners, John Pollock and Robert Stroup, would like to acknowledge the assistance and cooperation provided by the management and the employees of the Company.

John E. Pollock
Examiner in Charge

Date