



**COMMONWEALTH OF PENNSYLVANIA
INSURANCE DEPARTMENT**

**MARKET CONDUCT
EXAMINATION REPORT**

OF

**JACKSON NATIONAL LIFE INSURANCE
COMPANY**
Lansing, MI

As of: August 14, 2014
Issued: October 3, 2014

**BUREAU OF MARKET ACTIONS
LIFE AND HEALTH DIVISION**

Verification

Having been duly sworn, I hereby verify that the statements made in the within document are true and correct to the best of my knowledge, information and belief. I understand that false statements made herein are subject to the penalties of 18 Pa. C.S. §4903 (relating to false swearing).



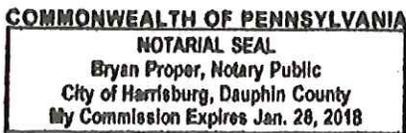
Frank W. Kyazze, Examiner in Charge

Sworn to and Subscribed Before me

This *12* Day of *August*, 2014



Notary Public



JACKSON NATIONAL LIFE INSURANCE COMPANY

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BEFORE THE INSURANCE COMMISSIONER
OF THE
COMMONWEALTH OF PENNSYLVANIA

ORDER

AND NOW, this 10 day of March, 2014, in accordance with Section 905(c) of the Pennsylvania Insurance Department Act, Act of May 17, 1921, P.L. 789, as amended, P.S. § 323.5, I hereby designate Arthur F. McNulty, Deputy Insurance Commissioner, to consider and review all documents relating to the market conduct examination of any company and person who is the subject of a market conduct examination and to have all powers set forth in said statute including the power to enter an Order based on the review of said documents. This designation of authority shall continue in effect until otherwise terminated by a later Order of the Insurance Commissioner.




Michael F. Consedine
Insurance Commissioner

RECEIVED

OCT 01 2014

JACKSON NAT'L LIFE
LEGAL

BEFORE THE INSURANCE COMMISSIONER
OF THE
COMMONWEALTH OF PENNSYLVANIA

IN RE:	:	VIOLATIONS:
	:	
JACKSON NATIONAL LIFE	:	40 P.S. §323.3(a)
INSURANCE COMPANY	:	
1 Corporate Way	:	40 P.S. §310.71(a)
Lansing, MI 48951	:	
	:	40 P.S. §§625-4, 625-8(e)(4)
	:	510e(c)(5)(i),(ii)
	:	
	:	
	:	
Respondent.	:	Docket No. MC14-08-023

CONSENT ORDER

AND NOW, this 3rd day of October, 2014, this Order is hereby issued by the Insurance Department of the Commonwealth of Pennsylvania pursuant to the statutes cited above and in disposition of the matter captioned above.

1. Respondent hereby admits and acknowledges that it has received proper notice of its rights to a formal administrative hearing pursuant to the Administrative Agency Law, 2 Pa.C.S. § 101, et seq., or other applicable law.

2. Respondent hereby waives all rights to a formal administrative hearing in this matter, and agrees that this Consent Order shall have the full force and effect of an

order duly entered in accordance with the adjudicatory procedures set forth in the Administrative Agency Law, supra, or other applicable law.

3. Respondent neither admits nor denies the Findings of Fact or Conclusions of Law contained herein. No acts by Respondent that are alleged to be violations of Pennsylvania law in the referenced provisions were the result of any conscious policy to evade the requirements of Pennsylvania law.

FINDINGS OF FACT

4. The Insurance Department finds true and correct each of the following Findings of Fact:

- (a) Respondent is Jackson National Insurance Company, and maintains its address at 1 Corporate Way, Lansing, Michigan 48951.
- (b) A market conduct examination of Respondent was conducted by the Insurance Department covering the experience period from January 1, 2013 to December 31, 2013.
- (c) On August 14, 2014, the Insurance Department issued a Market Conduct Examination Report to Respondent.

- (d) A response to the Examination Report was provided by Respondent on September 10, 2014.

- (e) The Examination Report notes violations of the following:
 - (i) 40 P.S. §323.3(a), which requires every company subject to examination to keep all books, records, accounts, papers, documents and any computer or other recordings relating to its property, assets, business and affairs in such manner and for such time periods as the Department may require in order that its representatives may readily ascertain whether the company has complied with the laws of this Commonwealth;

 - (ii) 40 P.S. §310.71(a), which states that an insurance producer shall not act on behalf of or as a representative of the insurer unless the insurance producer is appointed by the insurer.

 - (iii) 40 P.S. §510e(c)(5)(i)&(ii) in regards to policy loan interest rates, requires the company to:
 - (i) notify the policyholder at the time a cash loan is made of the initial rate of interest on the loan;

 - (ii) notify the policyholder with respect to premium loans of the initial rate of interest on the loan as soon as it is reasonably practical to do so after making the initial loan.

(iv) 40 P.S. §625-4, which requires when the individual policy or annuity is delivered to the policyholder by the producer by hand, a delivery receipt shall be used. This receipt must be in at least a duplicate set and state the date the policy or annuity was received by the policyholder. The receipt date shall be the date on which the policyholder and producer sign the delivery receipt, and such date shall commence any applicable policy or annuity examination period. Copies of the delivery receipt must be provided to the policyholder on the date of policy or annuity delivery and to the issuing insurer. When the individual policy or annuity is delivered by a means other than by hand- delivery by the producer, the insurer shall establish appropriate means of verifying delivery by the producer of the policy or annuity and of establishing the date from which any applicable policy or examination period shall commence;

(v) 40 P.S. §625-8(e)(4), states if the basic or revised illustration is mailed to the applicant or policy owner by the insurer, the applicant or policy owner shall be instructed to sign the duplicate copy of the numeric summary page of the illustration for the policy issued and return the signed copy to the insurer. The insurer's obligation under this subsection shall be satisfied if it can demonstrate that a diligent effort has been made to secure a signed copy of the numeric summary page. The requirement to make a diligent effort shall be deemed satisfied if the insurer includes in the mailing a self-addressed

postage prepaid envelope with instructions for the return of the signed
numeric summary page;

CONCLUSIONS OF LAW

5. In accord with the above Findings of Fact and applicable provisions of law,
the Insurance Department makes the following Conclusions of Law:

- (a) Respondent is subject to the jurisdiction of the Pennsylvania Insurance
Department.

- (b) Respondent's violations of 40 P.S. §310.71(a) are punishable by the
following, under (40 P.S. §310.91):
 - (i) suspension, revocation or refusal to issue the certificate of
qualification or license;
 - (ii) imposition of a civil penalty not to exceed five thousand dollars
(\$5,000.00) for every violation of the Act;
 - (iii) an order to cease and desist; and
 - (iv) any other conditions as the Commissioner deems appropriate.

- (c) Respondent's violations of 40 P.S. §§625-4, 625-8 and 510e(c)(5)(i) and (ii) are punishable by the following, under 40 P.S. §625-10: Upon determination by hearing that this act has been violated, the commissioner may issue a cease and desist order, suspend, revoke or refuse to renew the license, or impose a civil penalty of not more than \$5,000 per violation.

ORDER

6. In accord with the above Findings of Fact and Conclusions of Law, the Insurance Department orders and Respondent consents to the following:

- (a) Respondent shall cease and desist from engaging in the activities described herein in the Findings of Fact and Conclusions of Law.
- (b) Respondent shall file an affidavit stating under oath that it will provide each of its directors, at the next scheduled directors meeting, a copy of the adopted Report and related Orders. Such affidavit shall be submitted within thirty (30) days of the date of this Order.
- (c) Respondent shall comply with all recommendations contained in the attached Report.

(d) Respondent shall pay Thirty-Five Thousand Dollars (\$35,000.00) to the Commonwealth of Pennsylvania in settlement of all violations contained in the Report.

(e) Payment of this matter shall be made by check payable to the Pennsylvania Insurance Department. Payment should be directed to April Phelps, Bureau of Market Actions, 1311 Strawberry Square, Harrisburg, Pennsylvania 17120. Payment must be made no later than fourteen (14) after the date of this Order.

7. In the event the Insurance Department finds that there has been a breach of any of the provisions of this Order, based upon the Findings of Fact and Conclusions of Law contained herein may pursue any and all legal remedies available, including but not limited to the following: The Insurance Department may enforce the provisions of this Order in the Commonwealth Court of Pennsylvania or in any other court of law or equity having jurisdiction; or the Department may enforce the provisions of this Order in an administrative action pursuant to the Administrative Agency Law, supra, or other relevant provision of law.

8. Alternatively, in the event the Insurance Department finds that there has been a breach of any of the provisions of this Order, the Department may declare this Order to

be null and void and, thereupon, reopen the entire matter for appropriate action pursuant to the Administrative Agency Law, supra, or other relevant provision of law.

9. In any such enforcement proceeding, Respondent may contest whether a breach of the provisions of this Order has occurred but may not contest the Findings of Fact and Conclusions of Law contained herein.

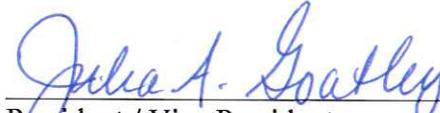
10. Respondent hereby expressly waives any relevant statute of limitations and application of the doctrine of laches for purposes of any enforcement of this Order.

11. This Order constitutes the entire agreement of the parties with respect to the matters referred to herein, and it may not be amended or modified except by an amended order signed by all the parties hereto.

12. This Order shall be final upon execution by the Insurance Department. Only the Insurance Commissioner or a duly authorized delegee is authorized to bind the Insurance Department with respect to the settlement of the alleged violations of law

contained herein, and this Consent Order is not effective until executed by the Insurance Commissioner or a duly authorized delegee.

BY: JACKSON NATIONAL LIFE
INSURANCE COMPANY, Respondent



President / Vice President



Secretary / ~~Treasurer~~



COMMONWEALTH OF PENNSYLVANIA
Arthur F. McNulty
Deputy Insurance Commissioner

I. INTRODUCTION

The Market Conduct Re-Examination was conducted in the office of the Pennsylvania Insurance Department, Harrisburg, Pennsylvania, May 21, 2014 through August 15, 2014.

Pennsylvania Market Conduct Examination Reports generally note only those items, to which the Department, after review, takes exception. A violation is any instance of Company activity that does not comply with an insurance statute or regulation. Violations contained in the Report may result in imposition of penalties. Generally, practices, procedures, or files that were reviewed by Department examiners during the course of an examination may not be referred to in the Report if no improprieties were noted. However, the Examination Report may include management recommendations addressing areas of concern noted by the Department, but for which no statutory violation was identified. This enables Company management to review these areas of concern in order to determine the potential impact upon Company operations or future compliance.

Throughout the course of the examination, Company officials were provided status memoranda, which referenced specific policy numbers with citation to each section of law violated. Additional information was requested to clarify apparent violations. An exit conference was conducted with Company officials to discuss the various types of violations identified during the examination and review written summaries provided on the violations found.

The courtesy and cooperation extended by the Officers and Employees of the Company during the course of the examination is acknowledged.

The following examiners participated in the Examination and in the preparation of this Report.

Yonise R. Paige, MCM
Market Conduct Division Chief

Frank W. Kyazze, AIE, FLMI, MCM, ALHC
Market Conduct Examiner

Gary L. Boose, LUTC, MCM
Market Conduct Examiner

August Hall
Market Conduct Examiner

II. SCOPE OF EXAMINATION

The Market Conduct Examination was conducted pursuant to the authority granted by Sections 903 and 904 (40 P.S. §§323.3 and 323.4) of the Insurance Department Act and covered the experience period of January 1, 2013 to December 31, 2013, unless otherwise noted. The purpose of the examination was to ensure compliance with Pennsylvania insurance laws and regulations.

This was a market conduct re-examination to determine the company's implementation of a corrective action plan and compliance with the Pennsylvania Insurance Department August 2, 2012 Market Conduct Examination Report which included six Recommendations. The re-examination included the Company's activities relating to underwriting and producer licensing as written in the Consent Order dated August 2, 2012. In addition, the forms used as part of the underwriting process were reviewed.

The examination focused on the Company's operation in areas such as: Producer Licensing, and Underwriting Practices and Procedures,

The Company was requested to identify the universe of files for each segment of the review. Based on the universe sizes identified, random sampling was utilized to select the files reviewed for this examination.

During the course of the examination, for control purposes, some of the review segments identified in this Report may have been broken down into various sub-categories by line of insurance or Company administration. These specific sub-categories, if not reflected individually in the Report, would be included and grouped within the respective general categories of the Examination Report.

III. COMPANY HISTORY AND LICENSING

Jackson National Life Insurance Company is located at 1 Corporate Way, Lansing, Michigan. 48951. The Company first started business in Jackson, Michigan in 1961. By 1976, the states of California, Washington, Montana, New Mexico, Nebraska, Kansas, Missouri, Indiana and Alabama were included in its operating territory.

Jackson National Life Insurance Company is now licensed and markets its products in 49 states and the District of Columbia through independent and regional broker-dealers, financial institutions, independent insurance agents, and registered investment advisers. Jackson National's subsidiary Jackson National Life Insurance Company of New York, similarly markets products in the state of New York. Jackson National is a wholly owned indirect subsidiary of Prudential plc, a company incorporated and with its principal place of business in England, which acquired Jackson National in 1986. In March 2003, the Company entered the registered investment advisor channel with the launch of Curian Capital LLC. In 2005, Jackson National acquired Life Insurance Company of Georgia.

Jackson National Life Insurance Company's product line includes variable, fixed and fixed index annuities, life insurance and institutional products. Through its affiliates and subsidiaries, the Company also provides asset management, retail mutual funds and retail brokerage services. Variable products are distributed by Jackson National Life Distributors LLC.

In 2012, Jackson acquired Reassure America Life Insurance Company, increasing its policy count to more than 4 million. The Company discontinued the sale of cash value and non-cash value life insurance policies as of August 1, 2012.

As of the Company's December 31, 2013, annual statement for Pennsylvania, Jackson National Life Insurance Company reported direct life insurance premiums in the amount of \$44,464,726, annuity considerations in the amount of \$1,289,299,823, deposit-type account funds in the amount of \$40,173,914, and accident and health direct premiums in the amount of \$1,746,197.

IV. PRODUCER LICENSING

The Company was requested to provide a list of all producers active and terminated during the experience period. Section 671-A (40 P.S. §310.71) of the Insurance Department Act prohibits producers from doing business on behalf of or as a representative of any entity without a written appointment from that entity. Section 641.1-A (40 P.S. §310.41a) of the Insurance Department Act prohibits a company from accepting insurance applications or securing any insurance business through anyone acting without a license. Section 671.1-A (40 P.S. §310.71a) of the Insurance Department Act requires the Company to report all producer terminations to the Department.

The Company provided a list of 15,397 active producers, 309 house accounts, and 1,802 terminated producers. A random sample, of 50 active producers, 50 house accounts, and 50 terminated producers, was compared to departmental records of producers to verify licensing, appointments and terminations. In addition, a comparison was made on the individuals identified as producers on applications reviewed in the policy issued sections of the exam. The following violations were noted:

5 Violations – Insurance Department Act, No. 147, Section 671-A (40 P.S. §310.71)

- (a) Representative of the insurer. – An insurance producer shall not act on behalf of or as a representative of the insurer unless the insurance producer is appointed by the insurer. An insurance producer not acting as a representative of an insurer is not required to be appointed.

- (b) Representative of the consumer. – An insurance producer acting on behalf of or representing an insurance consumer shall execute a written agreement with the insurance consumer prior to representing or acting on their behalf that:
- (1) Delineates the services to be provided; and
 - (2) Provides full and complete disclosure of the fee to be paid to the insurance producer by the insurance consumer.
- (c) Notification to department. – An insurer that appoints an insurance producer shall file with the department a notice of appointment. The notice shall state for which companies within the insurer’s holding company system or group the appointment is made.
- (d) Termination of appointment. – Once appointed, an insurance producer shall remain appointed by an insurer until such time as the insurer terminates the appointment in writing to the insurance producer or until the insurance producer’s license is suspended, revoked or otherwise terminated.
- (e) Appointment fee. – An appointment fee of \$12.50 will be billed annually to the insurer for each producer appointed by the insurer during the preceding calendar year regardless of the length of time the producer held the appointment with the insurer. The appointment fee may be modified by regulation.
- (f) Reporting. – An insurer shall, upon request, certify to the department the names of all licensees appointed by the insurer.

The noted 1 individual was listed as the producer on 5 applications reviewed in the policy issued sections of the exam. However, Department records did not identify the individual as being appointed by the company on the date the applications were signed.

Last Name	First	Frequency
Sewell	Alani Leonardo	5

V. UNDERWRITING

The Underwriting review was sorted and conducted in 7 general segments.

- A. Underwriting Guidelines
- B. Individual Fixed Indexed Annuity Contracts Issued
- C. Individual Immediate Annuity Contracts Issued
- D. Individual Immediate Annuity Contracts Issued As Replacements
- E. Universal Life Insurance Policy Loans
- G. Individual Whole Life Insurance Policy Loans
- H. Group Universal Life Insurance Policies Issued

Each segment was reviewed for compliance with underwriting practices and included forms identification and producer identification. Issues relating to forms or licensing appear in those respective sections of the Report and are not duplicated in the Underwriting portion of the Report.

A. Underwriting Guidelines

The Company was requested to provide a copy of all underwriting guidelines/manuals, procedures and/or communications for all individual and group products solicited or sold during the experience period of January 1, 2013 to December 31, 2013. In response, the Company indicated that as of August 1, 2012, Jackson National Life Insurance Company no longer marketed or sold new life insurance policies.

The Company provided the following underwriting manual and guidelines:

1. SwissRe On-Line Underwriting Manual
2. Foreign Residence and Travel Guidelines – December 29, 2011
3. Foreign Residence and Travel Guidelines – May 21, 2013

4. Preferred Published and Internal Guidelines
5. Preferred Guidelines – April 1, 2010
6. Jackson National Life Underwriting Requirement Guidelines – April 1, 2010
7. Delivery Receipts and Form on Delivery Requirements
8. NB Policy Print and Agent Correspondence Letters Mailed via UPS and USPS.
9. Processing NB Desktop and jPod Policy Follow-up Work Objects.
10. Interoffice Memo-Delivery Changes for Policies Issued in Pennsylvania.

The underwriting manual and guidelines were reviewed to ensure that underwriting guidelines were in place and being followed in a uniform and consistent manner and that no underwriting practices or procedures were in place that could be considered discriminatory in nature, or specifically prohibited by the Commonwealth of Pennsylvania's Statute or Regulation. No violations were noted.

B. Individual Fixed Indexed Annuity Contracts Issued

The Company was requested to provide a list of all individual policies issued to any individual in Pennsylvania during the experience period of January 1, 2013 to December 31, 2013. The Company identified a universe of 104 individual fixed annuity contracts issued during the experience period. All 104 annuity contract files were requested, received and reviewed. The contract files were reviewed to determine compliance with the Commonwealth of Pennsylvania's Statutes and Regulations. No violations were noted.

C. Individual Immediate Annuity Contracts Issued

The Company was requested to provide a list of all individual policies issued to any individual in Pennsylvania during the experience period of January 1, 2013 to December 31, 2013. The company identified universe of 3 individual immediate annuity contracts issued during the experience period. All 3 annuity contract files were requested, received, and reviewed. The files were reviewed to determine compliance with the Commonwealth of Pennsylvania's Statutes and Regulations. No violations were noted.

D. Individual Immediate Annuity Contracts Issued As Replacements

The Company was requested to provide a list of all individual policies issued to any individual in Pennsylvania during the experience period of January 1, 2013 to December 31, 2013. The Company identified universe of 3 individual immediate annuity contracts issued as replacements during the experience period. All 3 annuity contract files were requested, received, and reviewed. The files were reviewed to determine compliance with the Commonwealth of Pennsylvania's Statutes and Regulations. No violations were noted.

E. Universal Life Insurance Policy Loans

The Company was requested to provide a list of all policy loans that became effective during the experience period of January 1, 2013 to December 31, 2013, involving Pennsylvania policyholders. The Company identified a universe of 16 universal life insurance policy loans. All 16 individual universal life insurance policy loan files

were requested, received and reviewed. The files were reviewed to ensure compliance with the Commonwealth of Pennsylvania's Statutes and Regulations. The following violations were noted:

4 Violations – Insurance Department Act, Section 903 (40 P.S. §323.3)

(a) Every Company or person subject to examination in accordance with this act must keep all books, records, accounts, papers, documents and any or all computer or other recordings relating to its property, assets, business and affairs in such manner and for such time periods as the department, at its discretion, may require in order that its authorized representatives may readily ascertain whether the Company or person has complied with the laws of this Commonwealth. The Company was unable to provide copies of the universal life insurance policy illustrations in the noted files.

F. Individual Whole Life Insurance Policy Loans

The Company was requested to provide a list of all policy loans that became effective during the experience period of January 1, 2013 to December 31, 2013, involving Pennsylvania policyholders. The Company identified a universe of 46 individual whole life insurance policy loans that became effective during the experience period. All 46 individual whole life insurance policy loan files were requested, received and reviewed. The files were reviewed to ensure compliance with the Commonwealth of Pennsylvania's Statutes and Regulations. The following violations were noted:

17 Violations – 40 P.S. §510e (C) (5)(i)(ii) Policy Loan Interest Rates

(i) Notify that policyholder at the time a cash loan is made of the initial rate of interest on the loan;

(ii) Notify the policyholder with respect to premium loans of the initial rate of interest on the loan as soon as it is reasonably practical to do so after making the initial loan. Notice need not be given to the policyholder when a further premium loan is added, except as provided in subsection (c)(5)(iii).

(iii) send to policyholders with loans reasonable advance notice of any increase in the rate; and

(iv) include in the notices required above the substance of the pertinent provisions of subsections (c)(1) and (3). Evidence that the Company notified the policyholder of the initial interest rate at the time the loan was made could not be established in the noted files.

G. Group Universal Life Insurance Policies Issued

The Company was requested to provide a list of all certificates issued to Pennsylvania consumers as part of a group policy/contract during the experience period of January 1, 2013 to December 31, 2013. The company identified universe of 11 group universal life insurance certificates issued during the experience period. All 11 certificate files were requested, received, and reviewed. The files were reviewed to determine compliance with the Commonwealth of Pennsylvania's Statutes and Regulations. The following violations were noted:

3 Violations – Insurance Company Law, Section 404-A (40 P.S. §625-4)

When the individual policy or annuity is delivered to the policyholder by the producer by hand, a delivery receipt shall be used. This receipt must be in at least a duplicate set and state the date the policy or annuity was received by the policyholder. The receipt date shall be the date on which the policyholder and producer sign the delivery receipt, and such date shall commence any applicable policy or annuity examination period.

Copies of the delivery receipt must be provided to the policyholder on the date of policy or annuity delivery and to the issuing insurer. When the individual policy or annuity is delivered by a means other than by hand delivery by the producer, the insurer shall establish appropriate means of verifying delivery by the producer of the policy or annuity and of establishing the date from which any applicable policy or examination period shall commence. A certificate of mailing is adequate proof of delivery. Evidence of the certificate delivery proof could not be established in the noted files.

6 Violations – Insurance Company Law, Section 408A (e)(4) (40 P.S. §625-8)

If the basic or revised illustration is mailed to the applicant or policy owner by the insurer, the applicant or policy owner shall be instructed to sign the duplicate copy of the numeric summary page of the illustration for the policy issued and return the signed copy to the insurer. The insurer's obligation under this subsection shall be satisfied if it can demonstrate that a diligent effort has been made to secure a signed copy of the numeric summary page. The requirement to make a diligent effort shall be deemed satisfied if the insurer includes in the mailing a self-addressed postage prepaid envelope with instructions for the return of the signed numeric page. Evidence of a signed copy of the illustration numeric summary page or verification that the insurer made a diligent effort to secure a copy upon the mailing of the basic or revised illustration to the policy owner or applicant could not be established in the noted files.

VI. RECOMMENDATIONS

The recommendations made below identify corrective measures the Department finds necessary as a result of the number of some violations, or the nature and severity of other violations, noted in the Report.

1. The Company must review and revise procedures to ensure all books, records, accounts, papers, documents and any or all computer or other recordings relating to the property, assets, business and affairs of the Company are maintained in such manner and for such period of time to ensure compliance with Section 903(a) of the Insurance Department Act of 1921 (40 P.S. §323.3).
2. The Company must review and revise internal control procedures to ensure compliance with the policy loan interest rates notification requirements of 40 P.S. §510e (C) (5)(i)(ii).
3. The Company must implement procedures to ensure compliance with the policy delivery receipt requirements of Section 404-A of the Insurance Company Law of 1921 (40 P.S. §625-4).
4. The Company must review internal control procedures to ensure compliance with illustration certification and delivery requirements of Section 408-A of the Insurance Company Law of 1921 (40 P.S. §625-8).
5. The Company must review Licensing procedures to ensure compliance with Sections 671-A of the Insurance Department Act of 1921 (40 P.S. §§310.71).

VII. COMPANY RESPONSE

J. Bart Vitou
Associate General Counsel
Compliance

September 09, 2014

Deborah Lee, Acting Chief
Office of Market Regulation
Bureau of Market Actions, Life and Health Division
1321 Strawberry Square
Harrisburg, PA 17120

**Re: Jackson National Life Insurance Company
Market Conduct Examination Report
Examination Warrant Number: 04-M26-002**

Dear Ms. Lee:

This is Jackson National Life Insurance Company's response to the market conduct examination report sent to the Company's attention on August 14, 2014.

Chapter of Exam Report	Statute or Code Section	Number of Violations
IV.	40 P.S. §310.71	5
V. (E)	40 P.S. §323.3	4
V. (F)	40 P.S. §510e (C) (5)(i)(ii)	17
V. (G)	40 P.S. §625-4	3
V. (G)	40 P.S. §625-8	6

Recommendations:

- The Company must review licensing procedures to ensure compliance with Sections 671-A of the Insurance Department Act of 1921 (40 P.S. §310-71).

Company Response: The Company now reviews a weekly report verifying all Jackson Pennsylvania agents are appointed to the Insurance Department. A verification of all active agents appointed in the state of Pennsylvania has been completed. The producer in this case was identified during the verification process and a new appointment was sent to the state.

- The Company must review and revise procedures to ensure all books, records, accounts, papers, documents and any or all computer or other recordings relating to the property, assets, business and affairs of the Company are maintained in such a manner and for such a period of time to ensure compliance with Section 903(a) of the Insurance Department Act of 1921 (40 P.S. §323-3).

Company Response: The Company has reviewed the applicable procedures and determined they are sufficient to ensure compliance with requirements noted above. These violations are the



Deborah Lee
September 09, 2014
Page 2

result of human error and do not reflect any weaknesses in the Company's policies and procedures.

- The Company must review and revise internal control procedures to ensure compliance with the policy loan interest rates notification requirements of 40 P.S. §510e (C) (5)(i)(ii).

Company Response: The Company made system updates to universal and whole life loan confirmation letters on June 15, 2012. These updates added the loan interest rate to the loan confirmation letters received by policyowners. The same system updates for Automatic Premium Loans were requested, but implementation has been delayed. As a result, the Company implemented a manual process to include the Automatic Premium loan interest rate in the confirmation letters on July 11, 2013. Please note that the Company was actively working to address the previous examination findings to add the loan interest rate to all loan notifications during the examination period. The Company respectfully requests the Department not penalize the Company for instances where it was in the process of correcting findings from the last examination during the current examination period.

- The Company must implement procedures to ensure compliance with the policy delivery receipt requirements of Section 404-A of the Insurance Company Law of 1921 (40 P.S. §625-4)

Company Response: The Company has implemented procedures to ensure compliance with policy delivery requirements.

- The Company must review internal control procedures to ensure compliance with illustration certification and delivery requirements of Section 408-A of the Insurance Company Law of 1921 (40 P.S. §625-8).

Company Response: The Company no longer issues life insurance that utilizes an illustration. The Company has reviewed the applicable procedures and determined they are sufficient to ensure compliance with requirements noted above, even though they are not being utilized at this time.

The Company would like to thank the examiners for their professionalism and assistance during the examination process.

Sincerely,

Bart Vitou
Associate General Counsel