

**REPORT OF
MARKET CONDUCT EXAMINATION
OF**

PHOENIX LIFE INSURANCE COMPANY
East Greenbush, New York

**AS OF
May 13, 2008**

COMMONWEALTH OF PENNSYLVANIA



**INSURANCE DEPARTMENT
MARKET CONDUCT DIVISION**

Issued: July 7, 2008

PHOENIX LIFE INSURANCE COMPANY

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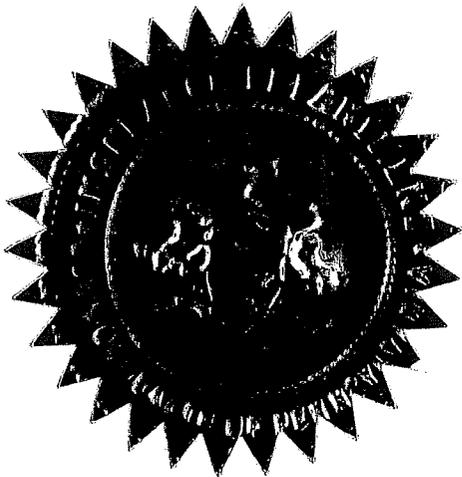
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BEFORE THE INSURANCE COMMISSIONER
OF THE
COMMONWEALTH OF PENNSYLVANIA

IN RE: The Act of April 9, 1929, P.L. 177, No. 175, known as The
Administrative Code of 1929

AND NOW, this 29 day of April, 2002, Randolph L.

Rohrbaugh, Deputy Insurance Commissioner, is hereby designated as the
Commissioner's duly authorized representative for purposes of entering in and executing
Consent Orders. This delegation of authority shall continue in effect until otherwise
terminated by a later Order of the Insurance Commissioner.



M. Diane Koken
M. Diane Koken
Insurance Commissioner

Phoenix Life Insurance Company

Docket No.
MC08-07-004

Market Conduct Examination as of the
close of business on August 2, 2007

ORDER

A market conduct examination of Phoenix Life Insurance Company (referred to herein as “Respondent”) was conducted in accordance with Article IX of the Insurance Department Act, 40 P.S. §323.1, et seq., for the period January 1, 2006 through December 31, 2006. The Market Conduct Examination Report disclosed exceptions to acceptable company operations and practices. Based on the documentation and information submitted by Respondent, the Department is satisfied that Respondent has taken corrective measures pursuant to the recommendations of the Examination Report.

It is hereby ordered as follows:

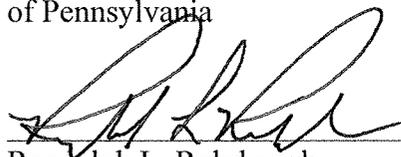
1. The attached Examination Report will be adopted and filed as an official record of this Department. All findings and conclusions resulting from the review of the Examination Report and related documents are contained in the attached Examination Report.
2. Respondent shall comply with Pennsylvania statutes and regulations.

3. Respondent shall comply with all the recommendations contained in the attached Report.

4. 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.

The Department, pursuant to Section 905(e)(1) of the Insurance Department Act (40 P.S. § 323.5), will continue to hold the content of the Examination Report as private and confidential information for a period of thirty (30) days from the date of this Order.

BY: Insurance Department of the Commonwealth
of Pennsylvania



Randolph L. Rohrbaugh
Deputy Insurance Commissioner

(7/7 , 2008)

I. INTRODUCTION

The Market Conduct Examination was conducted on Phoenix Life Insurance Company; hereafter referred to as “Company,” at the Company’s office located in Albany, New York, June 6, 2007, through August 2, 2007. Subsequent review and follow-up was conducted in the office of the Pennsylvania Insurance Department.

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.

Verification

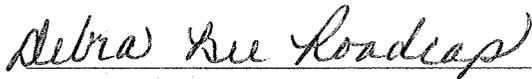
Having been duly sworn, I hereby verify that the statements made in the within document are true and correct to the best of my knowledge, information and belief. I understand that false statements made herein are subject to the penalties of 18 Pa. C.S. §4903 (relating to false swearing).



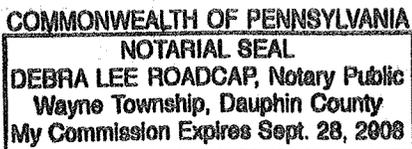
Frank W. Kyazze, AIE, ALHC, FLMI
[Examiner in Charge]

Sworn to and Subscribed Before me

This 10th Day of April, 2008

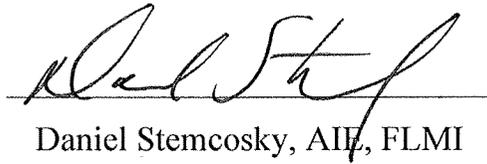


Notary Public



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

The undersigned participated in the Examination and in the preparation of this Report.

A handwritten signature in cursive script, appearing to read "Daniel Stemcosky", written over a horizontal line.

Daniel Stemcosky, AIF, FLMI
Market Conduct Division Chief

A handwritten signature in cursive script, appearing to read "Frank W. Kyazze", written over a horizontal line.

Frank W. Kyazze, AIE, FLMI, ALHC
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, 2006, through December 31, 2006, unless otherwise noted. The purpose of the examination was to determine compliance by the Company with Pennsylvania insurance laws and regulations.

The examination focused on the Company's operation in areas such as: Advertising, Consumer Complaints, Forms, Producer Licensing, Underwriting Practices and Procedures, Rating and Claim Handling 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

Phoenix Life Insurance Company, (Phoenix) formerly Phoenix Mutual Life Insurance Company was originally incorporated under the laws of Connecticut in May 1851, as a stock company. Business commenced in May of 1851, under the name of American Temperance Life Insurance Company. The Company's name was changed to Phoenix Mutual Life Insurance Company in 1861. In 1889, an amendment to the charter authorized the complete mutualization of Phoenix Mutual.

Home Life Insurance Company, (Home Life) was originally incorporated under the laws of New York on April 30, 1860, as a stock company and commenced business on May 1, 1860. Home Life was subsequently mutualized in 1916.

On July 1, 1992, Home Life merged with and into Phoenix Mutual in accordance with the New York Insurance Law. Immediately prior to the merger on July 1, 1992, Phoenix Mutual had redomesticated into the state of New York in accordance with the New York Insurance Law. The merger was approved by the policyholders of both companies on May 21, 1992, and by the Connecticut and New York State Insurance Departments on March 27, 1992, and June 17, 1992, respectively. Concurrently with the merger, the surviving company changed its name to Phoenix Home Life Mutual Insurance Company (Phoenix Home).

On June 25, 2001, Phoenix Home converted from a mutual life insurance company to a stock life insurance company, changed its name to Phoenix Life Insurance Company, and became a wholly owned subsidiary of The Phoenix Companies, Inc. (Phoenix). The demutualization was accounted for as reorganization. The Company's unassigned surplus was reclassified as common stock and additional paid in capital.

Phoenix Life Insurance Company is licensed in 50 states, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands.

As of the Company's December 31, 2006, annual statement for Pennsylvania, Phoenix Life Insurance Company reported direct premiums for ordinary life insurance and annuity considerations in the amount of \$41, 782,880.

IV. ADVERTISING

Title 31, Pennsylvania Code, Section 51.2(c) provides that “Any advertisements, whether or not actually filed or required to be filed with the Department under the provisions of this Regulation may be reviewed at any time at the discretion of the Department.” The Department, in exercising its discretionary authority for reviewing advertising, requested the Company to provide copies of all advertising materials used for solicitation and sales during the experience period.

The Company was requested to provide a copy of the advertising certificate of compliance for the experience period. The Company did provide the certificate for any advertising utilized in the Commonwealth. The Company’s web site was reviewed to ascertain compliance with Act 205, Section 5 (40 P.S. §1171.5), Unfair Methods of Competition and Unfair or Deceptive Acts or Practices and Title 31, Pennsylvania Code, Chapter 51. No violations were noted.

V. FORMS

The Company was requested to provide a list and copies of all policy and/or member forms, conversion contracts, applications, riders, amendments and endorsements used during the experience period. The forms provided and forms reviewed in various underwriting sections of the exam were reviewed to ensure compliance with Insurance Company Law, Section 354 and Title 18, Pennsylvania Consolidated Statutes, Section 4117(k), Fraud notice. The following violations were noted:

1 Violation – Title 18, Pennsylvania Consolidated Statutes, Section 4117(k)

All applications for insurance and all claim forms shall contain or have attached thereto the following notice: “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 subjects such person to criminal and civil penalties.”

The following application for insurance did not contain or have attached the required fraud statement.

| |
|-------------|
| Form Number |
| OL4010PA |

VI. 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 100 producers of which 60 were listed as terminated. The entire list was compared to departmental records of producers to verify appointments, terminations and licensing. In addition, a comparison was made on producers identified on applications reviewed in the policy issued sections of the exam. The following violations were noted:

15 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 following 10 individuals were listed as producers on 15 applications reviewed in the policy issued sections of the exam. Department records do not identify these individuals as being appointed by the Company at the time of application.

| Producer |
|-----------------------|
| John Kness |
| Leon Levy |
| Sean Maher |
| Melvin Nace |
| Jeffrey Nelson |
| Raymond Schon |
| Rosemary Skaggs-Crane |
| Walter Vanburen |
| Ladd Wagner |
| Todd West |

VII. CONSUMER COMPLAINTS

The Company was requested to identify all consumer complaints received during the experience period and provide copies of consumer complaint logs for 2002, 2003, 2004, and 2005. The Company reported 6 consumer complaints were received during the experience period. Of the 6 complaints identified, 2 were forwarded from the Department. All 6 complaint files were requested, received and reviewed. The Company provided complaint logs as requested. The Department's list of written consumer complaints that were forwarded to the Company during the experience period was compared to the Company's complaint log.

The complaint files and the 4 years of complaint logs were reviewed for compliance with the Unfair Insurance Practices Act, No. 205 (40 P.S. §1171). Section 5(a)(11) of the Act requires maintenance of a complete record of all complaints received during the preceding four (4) years. The record shall indicate the total number of complaints, their classification by line of insurance, the nature of each complaint, the disposition of the complaint and the time it took to process each complaint. Written complaint files involving claims were also reviewed for compliance with Title 31, Pennsylvania Code, Section 146.5(b) and 146.5(c), Unfair Claims Settlement Practices.

No violations were noted.

VIII. UNDERWRITING

The Underwriting review was sorted and conducted in three (3) general segments.

- A. Underwriting Guidelines
- B. Universal Life Policies Issued
- C. Variable Universal Life 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 all underwriting guidelines and manuals utilized during the experience period. The guidelines and manuals received 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 statute or regulation. No violations were noted.

The following manual was reviewed:

1. Phoenix Life Underwriting Guidelines on PDF

B. Universal Life Policies Issued

The Company identified a universe of 1 universal life policy issued during the experience period. The universal life policy file was requested, received and reviewed. The file was reviewed to determine compliance to issuance, underwriting and replacement statutes and regulations. No violations were noted.

C. Variable Universal Life Policies Issued

The Company identified a universe of 38 variable universal life policies issued during the experience period. All 38 variable universal life policy files were requested, received and reviewed. The files were reviewed to determine compliance to issuance, underwriting, and replacement statutes and regulations. The following violations were noted:

2 Violations - Title 31, Pennsylvania Code, Section 81.4(b)(1)

If replacement is involved, the agent or broker shall: present to the applicant, not later than at the time of taking the application, a Notice Regarding Replacement of Life Insurance and Annuities.

The replacement form was not dated in the 2 files noted.

4 Violations - Title 31, Pennsylvania Code, Section 81.6(a)(2)(ii)

An insurer that uses an agent or broker in a life insurance or annuity sale shall, if replacement is involved: Send to each existing insurer a written communication advising of the replacement or proposed replacement and the identification information obtained under subparagraph (I) and in the case of life insurance, the

disclosure statement as required by §83.3 (relating to disclosure statement) or ledger statement containing comparable policy data on the proposed life insurance. This written communication shall be made within 5 working days of the date the application is received in the replacing insurer's home or regional office, or the date the proposed policy or contract is issued, whichever is sooner.

The replacement letter to the replaced company was not sent within 5 working days of the date the application was received in the 4 files noted.

32 Violations - Title 31, Pennsylvania Code, Section 82.24(2)(ii) Mandatory policy provisions

For flexible premium policies, a provision for a grace period beginning on the policy processing day when the total charges authorized by the policy that are necessary to keep the policy in force until the next policy processing day exceed the amounts available under the policy to pay the charges in accordance with the terms of the policy. The grace period shall end on a date not less than 61 days after the mailing date of the Report to Policyholders required by §82.74 (relating to warning statements for flexible premium policies). The death benefit payable during the grace period shall equal the death benefit in effect immediately prior to that period, less overdue charges. If the policy processing days occur monthly, the insurer may require the payment of not more than three times the charges which were due on the policy processing day on which the amounts available under the policy were insufficient to pay charges authorized by the policy that are necessary to keep the policy in force until the next policy processing day.

The grace period of 30 days, as defined in the Variable Universal Life policy form number V601PA in the 32 files noted, is not in compliance with the required 61 day grace period.

2 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.

Evidence of the date of policy delivery could not be established in one file, and the producer did not sign the delivery receipt in the remaining file.

IX. INTERNAL AUDIT AND COMPLIANCE PROCEDURES

The Company was requested to provide copies of their internal audit and compliance procedures. The audits and procedures were reviewed to ensure compliance with Insurance Company Law, Section 405-A (40 P.S. §625-5). Section 405-A provides for the establishment and maintenance of internal audit and compliance procedures, which provides for the evaluation of compliance with all statutes and regulations dealing with sales methods, advertising, and filing and approval requirements for life insurance and annuities. The procedures shall also provide for the following:

- (1) Periodic reviews of consumer complaints in order to determine patterns of improper practices.
- (2) Regular reporting to senior officers and the board of directors or an appropriate committee thereof with respect to any significant findings.
- (3) The establishment of lines of communication, control and responsibility over the dissemination of advertising and promotional materials, including illustrations and illustration explanations, with the requirement that such materials shall not be used without the approval by company employees whose compensation, other than generally applicable company bonus or incentive plans, is not directly linked to marketing or sales.

No violations were noted.

X. CLAIMS

The claims review consisted of a review of the Company's claim manuals and a review of the claim files. The Company was requested to provide copies of all procedural guidelines including all manuals, memorandums, directives and any correspondence or instructions used for processing claims during the experience period.

The Company provided the following claim manual:

1. Individual Life Training – Claims

The claim manual and procedures were reviewed for any inconsistencies, which could be considered discriminatory, specifically prohibited by statute or regulation, or unusual in nature. No violations were noted.

The claim file review consisted of three (3) areas:

- A. Disability Claims
- B. Individual Life Claims
- C. Annuity Claims

All claim files sampled were reviewed for compliance with requirements of the Unfair Insurance Practices Act, No. 205 (40 P.S. §1171) and Title 31, Pennsylvania Code, Chapter 146, Unfair Claims Settlement Practices. The life claims were additionally reviewed for compliance with Insurance Company Law, Section 411B, Payment of Interest (40 P.S. §511b).

A. Disability Claims

The Company was requested to provide a list of claims received during the experience period. The Company identified a universe of 6 disability claims. All 6 disability claim files were requested, received and reviewed. The files were reviewed for compliance with Title 31, Pennsylvania Code, Chapter 146. The following violations were noted:

4 Violations - Title 31, Pennsylvania Code, Section 146.6

Every insurer shall complete investigation of a claim within 30 days after notification of a claim, unless the investigation cannot reasonably be completed within the time. If the investigation cannot be completed within 30 days, and every 45 days thereafter, the insurer shall provide the claimant with a reasonable written explanation for the delay and state when a decision on the claim may be expected.

The Company failed to provide timely status letters in the 4 claim files noted.

B. Individual Life Claims

The Company was requested to provide a list of claims received during the experience period. The Company identified a universe of 348 individual life claims received. A random sample of 50 claim files was requested, received and reviewed. Of the 50 claim files reviewed, 1 was a duplicate record. The remaining 49 files were reviewed for compliance with Title 31, Pennsylvania Code, Chapter 146 and Insurance Company Law, Section 411B, Payment of Interest (40 P.S. §511b). The following violations were noted:

2 Violations - Title 31, Pennsylvania Code, Section 146.5

Every insurer, upon receiving notification of a claim, shall within ten working days, acknowledge the receipt of such notice unless payment is made within such period of time. If an acknowledgement is made by means other than writing, an appropriate notation of such acknowledgment shall be made in the claim file of the insurer and dated.

The Company failed to acknowledge the 2 claims noted within 10 working days.

13 Violations - Title 31, Pennsylvania Code, Section 146.6

Every insurer shall complete investigation of a claim within 30 days after notification of a claim, unless the investigation cannot reasonably be completed within the time. If the investigation cannot be completed within 30 days, and every 45 days thereafter, the insurer shall provide the claimant with a reasonable written explanation for the delay and state when a decision on the claim may be expected.

The Company failed to provide timely status letters for the 13 claims noted.

2 Violations - Title 31, Pennsylvania Code, Section 146.7

Within 15 working days after receipt by the insurer of properly executed proofs of loss, the first-party claimant shall be advised of the acceptance or denial of the claim by the insurer.

The Company failed to provide notice of acceptance or denial within 15 working days for the 2 claims noted.

C. Annuity Claims

The Company was requested to provide a list of claims received during the experience period. The Company identified a universe of 41 annuity claims. All 41 annuity claim files were requested, received and reviewed. Of the 41 files reviewed, 5 were determined to be duplicate records. The remaining 36 claim files were reviewed to determine compliance with Title 31, Pennsylvania Code, Chapter 146. The following violations were noted:

5 Violations - Title 31, Pennsylvania Code, Section 146.5

Every insurer, upon receiving notification of a claim, shall within ten working days, acknowledge the receipt of such notice unless payment is made within such period of time. If an acknowledgement is made by means other than writing, an appropriate notation of such acknowledgment shall be made in the claim file of the insurer and dated.

The Company failed to acknowledge the 5 claims noted within 10 working days.

11 Violations - Title 31, Pennsylvania Code, Section 146.6

Every insurer shall complete investigation of a claim within 30 days after notification of a claim, unless the investigation cannot reasonably be completed within the time. If the investigation cannot be completed within 30 days, and every 45 days thereafter, the insurer shall provide the claimant with a reasonable written explanation for the delay and state when a decision on the claim may be expected.

The Company failed to provide timely status letters for the 11 claims noted.

9 Violations - Title 31, Pennsylvania Code, Section 146.7

Within 15 working days after receipt by the insurer of properly executed proofs of loss, the insurer shall advise the first-party claimant of the acceptance or denial of the claim.

The Company failed to provide notice of acceptance or denial within 15 working days in the 9 claims noted.

XI. 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 implement procedures to ensure compliance with the fraud statement notice requirements of Title 18, Pennsylvania Consolidated Statutes Section 4117(k).
2. The Company must review and revise Licensing procedures to ensure compliance with Section 671-A of the Insurance Department Act of 1921 (40 P.S. §310.71).
3. The Company must review and revise internal control procedures to ensure compliance with requirements of Title 31, Pennsylvania Code, Chapter 146, Unfair Claims Settlement Practices.
4. The Company must review and revise internal control procedures to ensure compliance with the replacement requirements of Title 31, Pennsylvania Code, Section 81.
5. The Company must review internal control procedures to ensure compliance with grace period requirements of Title 31, Pennsylvania Code, Chapter 82.
6. 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).

XII. COMPANY RESPONSE



PHOENIX

VIA OVERNIGHT COURIER

June 11, 2008

Daniel A. Stemcosky, AIE, FLMI
Market Conduct Division Chief
Pennsylvania Insurance Department
Bureau of Enforcement
1321 Strawberry Square
Harrisburg, Pennsylvania 17120

Re: Examination Warrant Number: 07-M28-031
Phoenix Life Insurance Company (NAIC No. 67814)

Dear Mr. Stemcosky:

I am in receipt of your letter and Report of Examination of Phoenix Life Insurance Company covering the period January 1, 2006 through December 31, 2006.

On behalf of Phoenix, I would like to express our appreciation for the professionalism and efficiency of the examiner. We found the examiner to be courteous, knowledgeable, and easy to work with.

I would like to thank you in advance for your consideration of our responses set forth below. If you have any questions concerning any of these, or if you need additional information, please let me or Carla Rector know. I can be reached at (860) 403-5089 and Carla can be reached at (860) 403-5413.

Report Recommendations:

1. The Company must implement procedures to ensure compliance with the fraud statement notice requirements of Title 18, Pennsylvania Consolidated Statutes Section 4117(k).

Phoenix Response: The Company revised application form OL4010PA in August 2007 to include the required fraud statement.

2. The Company must review and revise Licensing Procedures to ensure compliance with Section 671-A of the Insurance Department Act of 1921 (40 P.S. Section 310.71).

Phoenix Response: The Company has revised its Licensing procedures and systems to ensure compliance with the Pennsylvania law noted above.

One American Row
P.O. Box 5056
Hartford, CT 06102-5056

860 403 5000 *Phone*
www.phoenixwm.com

3. The Company must review and revise internal control procedures to ensure compliance with requirements of Title 31, Pennsylvania Code, Chapter 146, Unfair Claims Settlement Practices.

Phoenix Response: The Company has revised and implemented internal control procedures to comply with the Pennsylvania law noted above.

4. The Company must review and revise internal control procedures to ensure compliance with the replacement requirements of Title 31, Pennsylvania Code, Section 81.

Phoenix Response: The Company has reviewed and reinforced with Senior Management the internal control procedures to ensure compliance with the Pennsylvania law noted above.

5. The Company must review internal control procedures to ensure compliance with grace period requirements of Title 31, Pennsylvania Code, Chapter 82.

Phoenix Response: The Company has reviewed and implemented internal procedures to ensure compliance with the grace period requirements of the Pennsylvania law noted above.

6. 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. Section 625-4).

Phoenix Response: The Company has reviewed and reinforced with Senior Management the internal control procedures to ensure compliance with the Pennsylvania law noted above.

Thank you for your time and consideration.

Again, if you have any questions concerning any of these, or if you need additional information, please let me or Carla Rector know. I can be reached at (860) 403-5089 and Carla can be reached at (860) 403-5413.

Sincerely,



Robert P. Mallick, Esq.
2VP and Senior Compliance Officer
Phoenix Life Insurance Company