

LONG TERM CARE EXAMINATION
OF
NEW YORK LIFE INSURANCE COMPANY
AS OF
NOVEMBER 30, 2005

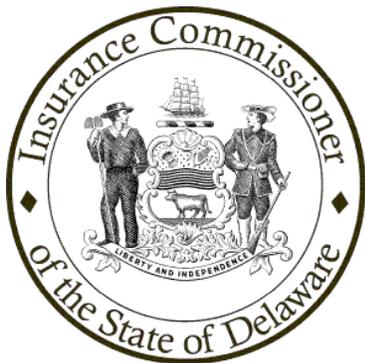
I, **Matthew Denn**, Insurance Commissioner of the State of Delaware, do hereby certify that the attached **Long Term Care Market Conduct Report On Examination**, made as of **NOVEMBER 30, 2005**, of the

NEW YORK LIFE INSURANCE COMPANY

is a true and correct copy of the document filed with this Department.

Attest By: Antoinette Handy

Date: 26 MARCH 2007



In Witness Whereof, I have hereunto set my hand and affixed the official seal of this Department at the City of Dover, this 26TH day of MARCH, 2007.

A handwritten signature in black ink that reads "Matthew Denn".

Matthew Denn
Insurance Commissioner

REPORT ON LONG TERM CARE MARKET CONDUCT EXAMINATION
OF THE
NEW YORK LIFE INSURANCE COMPANY
AS OF
NOVEMBER 30, 2005

The above captioned Report was completed by examiners of the Delaware Insurance Department.

Consideration has duly been given to the comments, conclusions, and recommendations of the examiners regarding the status of the Company as reflected in the Report.

This Report is hereby accepted, adopted, and filed as an official record of this Department.

A handwritten signature in black ink, appearing to read "Matt Denn", written over a horizontal line.

MATTHEW DENN
INSURANCE COMMISSIONER

DATED this 26TH day of MARCH, 2007.

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SALUTATION

August 3, 2006

Honorable Matthew Denn
Insurance Commissioner
State of Delaware
841 Silver Lake Boulevard
Dover, Delaware 19904

Dear Commissioner Denn;

In compliance with the instructions contained in Certificate of Examination Authority Number 05.796, and pursuant to the statutory authority provided by 18 Del.C. §318-322, a target market conduct examination has been conducted of the affairs and practices of:

New York Life Insurance Company

hereinafter referred to as the "Company" or "NYL". NYL is incorporated under the laws of the State of Delaware. This examination reviewed only the operations of NYL as they impact residents, policyholders, and claimants residing in the State of Delaware. The on-site phase of the examination was conducted at the following location:

- 51 Madison Avenue, New York, NY

The examination is as of November 30, 2005.

Examination work was also conducted off-site and at the offices of the Delaware Department of Insurance, hereinafter referred to as the "Department" or "DDOI."

This report of the examination thereon is respectfully submitted.

SCOPE OF EXAMINATION

This examination was limited in scope. The examination conducted a review of long term care insurance subject to Delaware jurisdiction as issued by NYL. The specific focus of the examination was whether the Company provided and complied with the cost disclosure notice required by Delaware Regulation 1404 §6.1.4. A determination of compliance was made by reviewing contract language and premium rates on renewal of the Delaware policies.

This examination was conducted under the extraterritorial jurisdiction granted the State of Delaware over long term care insurance issued to citizens of this State by 18 Del.C. Chapter 71.

This examination report is a report by test.

Controls and management processes were not reviewed.

HISTORY AND PROFILE

The Company was originally chartered in May 1841 in New York as Nautilus Insurance Company and was authorized to write fire and marine insurance, inland navigation and transportation risks. The charter was amended in April 1843 to permit Nautilus Insurance Company to organize as a mutual company and write life insurance. The bylaws were amended in June 1845 to restrict the Company's business to "insurance on life and all and every insurance pertaining to life." The Company's name was officially changed to New York Life Insurance Company on April 5, 1849.

In 1951, the Company entered into the group insurance and individual accident and health insurance business.

In 1987, the Company ceased writing individual medical expense insurance products in all fifty states. In the same year, the Company entered into an administrative agreement with Mutual of Omaha ("MOO"), which requires MOO to service the individual medical expense products that remain in force.

In 1995, the Company placed existing disability income policies into a closed block of business and stopped offering new policies for individuals.

On July 15, 1998, the Company entered into an agreement with Aetna, Inc. to sell the Company's wholly owned managed health care subsidiary, NYLCare Health Plans, Inc. ("NYLCare"), and to reinsure substantially all of the group life and health indemnity business which was under NYLCare's management. Aetna assumed the responsibility for administering this business. The Company ceased writing those lines of business, except for professional membership association group policies.

On January 1, 2000, the Company transferred its closed block of individual disability income business to Unum Provident Corporation ("Unum Provident"), pursuant to a sale and purchase agreement, a 100% modified coinsurance reinsurance agreement with Paul Revere Insurance Company ("Paul Revere" [a subsidiary of Unum Provident]) and an administrative agreement with Paul Revere.

METHODOLOGY

As noted in the SCOPE, this examination is based on the requirement in Delaware Regulation 1404 §6.1.4. This section of the regulation demands mandatory compliance with an expressed premium rate increase limitation required on the face page of all long term care policies. The premium rate limitation is determined as a percentage of the prior year's modal premium. The amount of the percentage limitation on the annual increase is determined by the issuing insurance

company, however, once a policy is issued, the company is bound not to exceed this expressed percentage unless the insured voluntarily elects additional benefits. The scope of the examination involved testing premium rate increases between the years 2000 to 2005 in order to determine if the premium increases complied with the percentage increase limitation expressed by the mandatory disclosure language required on all contracts subject to Delaware jurisdiction. The test involved reviewing the percentage increases in premium, and determining whether or not increases exceeding the expressed limitation were permitted under Delaware law.

STANDARDS FOR REVIEW

The evaluation of issues subject to this examination is based on a review of Company responses to information requests, questions, interviews, and presentations made to the examiner. A standard has been designed and applied to address the concerns of this examination. The standard appears below with comment and examination results.

Standard 1

Contracts contain appropriate cost disclosure on the cover page of the contract, or certificate of coverage and on the Outline of Coverage associated with the contract. The Company adhered to the disclosure during the period under review.

18 Del. C. §318(a); 18 Del. C. §508(b); 18 Del. C. §7101 et seq.; 18 DE Reg 1404 §6.1.4

A review was conducted of the policies, applications, Outlines of Coverage and certificates utilized to provide Delaware residents with Long Term Care Coverage. Additional information sufficient to provide context was reviewed to support assertions made by the Company and observations and conclusions made by the examiners.

The basis for this Standard is found in Delaware Regulation 1404 §§6.1.4.1 and 6.1.4.2.

Regulation 1404 §6.1.4.1 states: “The following cost disclosure information shall appear in bold print on the cover page of every individual policy and Outline of Coverage issued or delivered in this state: ‘This policy provides only the following price protection, and no more. Your premiums may not increase by more than X% during any given calendar year and your benefits may not decrease. Any representations that these increases will not take place are unauthorized and shall not be relied upon.’” **This section applies to individual long term care policies.**

Regulation 1404 §6.1.4.2 states: “The following cost disclosure information shall appear in bold print on the cover page of every certificate and Outline of Coverage issued or delivered in this state: ‘This policy provides only the following price protection, and no more. Your premiums are guaranteed to remain the same for the first three (3) years this policy is in force. Your premiums may not increase by more than X% during any three year rating period. Insurers will be allowed a carry forward of the initially disclosed maximum premium increase, but said carry forward is lost within twenty-four (24) months if not utilized.’” **This section applies to insurance issued under a group long term care policy.**

Results: Pass.

Observations: The language required by the Regulation imposes through contract law, a limitation on the percentage increase the Company can impose annually. The Company is permitted to place any percentage increase amount on the policy form; however, once the form is purchased, the Company is bound by the percentage limitation stated.

The Company provided its rate history from 2000 through November 2005 for policies or group contracts subject to Delaware jurisdiction. The rates were reviewed for each insured to determine whether there were any increases exceeding the expressed contract percentage limitation increase. All exceptions (i.e., price changes between years exceeding the expressed percentage amount) were reviewed to determine whether the insured voluntarily increased benefit levels, thereby nullifying the percentage limitation through novation. Price changes were reviewed, and all specific policies affected by price change were determined to have changed in accordance with statute and contractual terms.

Recommendations: None.

SUMMARY

New York Life Insurance Company is incorporated under the laws of the State of Delaware. This examination reviewed the compliance of NYL's long term care business with Delaware Regulation 1404 §§6.1.4.1 and 6.1.4.2

LIST OF RECOMMENDATIONS

No recommendations made.

CONCLUSION

The examination conducted by Peter K. Schaeffer, Jr., Esq., CFE is respectfully submitted,

A handwritten signature in black ink, appearing to read "Peter K. Schaeffer, Jr.", with a stylized flourish at the end.

Peter K. Schaeffer, Jr., Esq., CFE
Market Conduct Examiner-in-Charge.
Insurance Department
State of Delaware