

DELAWARE DEPARTMENT OF INSURANCE
MARKET CONDUCT EXAMINATION REPORT

Pruco Life Insurance Company
NAIC #79227
213 Washington Street, 9th Floor
Newark, New Jersey 07102-2992

As of

September 30, 2015

Karen Weldin Stewart, CIR-ML
Commissioner



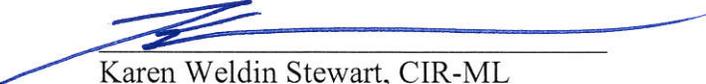
Delaware Department of Insurance

REPORT ON EXAMINATION
OF THE
PRUCO LIFE INSURANCE COMPANY
AS OF
September 30, 2015

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

Consideration has been duly 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.



Karen Weldin Stewart, CIR-ML
Insurance Commissioner

Karen Weldin Stewart, CIR-ML
Commissioner



Delaware Department of Insurance

I, Karen Weldin Stewart, Insurance Commissioner of the State of Delaware, do hereby certify that the attached REPORT ON EXAMINATION, made as of September 30, 2015 on

PRUCO LIFE INSURANCE COMPANY

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

Attest By:

A handwritten signature in blue ink, appearing to be "J. Stewart", written over a horizontal line.



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

A handwritten signature in blue ink, appearing to be "Karen Weldin Stewart", written over a horizontal line.

Karen Weldin Stewart, CIR-ML
Insurance Commissioner

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Honorable Karen Weldin Stewart CIR-ML
Insurance Commissioner
State of Delaware
841 Silver Lake Boulevard
Dover, Delaware 19904

Dear Commissioner Stewart:

In compliance with the instructions contained in Certificate of Examination Authority Number 79227-15-750 and pursuant to statutory provisions including 18 Del. C. §318-322, a market conduct re-examination has been conducted of the affairs and practices of:

Pruco Life Insurance Company

This re-examination was performed as of September 30, 2015. Pruco Life Insurance Company, hereinafter referred to as the "Company" or as "Pruco," was incorporated under the laws of Delaware. The re-examination consisted of an off-site phase and was performed at the offices of the Delaware Department of Insurance, hereinafter referred to as the "Department" or "DDOI," or other suitable locations.

The report of examination herein is respectfully submitted.

EXECUTIVE SUMMARY

Pruco Life Insurance Company (the "Company") incorporated in 1971 under the laws of the state of Arizona. The Company is a wholly-owned subsidiary of the Prudential Insurance Company of America. The Company's main administrative offices are located in Newark, New Jersey.

This re-examination focused on the Company's life insurance business in the following areas of operation: Marketing and Sales, Replacements and Underwriting.

No exceptions were noted in the areas of operation reviewed:

SCOPE OF EXAMINATION

The Market Conduct Examination was conducted pursuant to the authority granted by 18 Del. C. §§318-322 and covered the experience period of January 1, 2014, through September 30, 2015, unless otherwise noted. The purpose of the examination was to determine compliance by the Company with Delaware insurance laws and regulations related to the sales and marketing of life insurance.

The re-examination was a target market conduct examination of the Company's compliance with recommendations and findings from the previous market conduct examination report dated June 30, 2010.

METHODOLOGY

This examination was performed in accordance with Market Regulation standards established by the Department and examination procedures suggested by the NAIC. While the examiners' report on the errors found in individual files, the general business practices of the Company were also a subject of the review.

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.

Delaware Market Conduct Examination Reports generally note only those items, to which the Department, after review, takes exception. An exception is any instance of Company activity that does not comply with an insurance statute or regulation. Exceptions 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

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Pruco Life Insurance Company**

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 exceptions identified during the examination and review written summaries provided on the exceptions found.

COMPANY HISTORY AND PROFILE

Pruco Life Insurance Company is a life insurance company organized in 1971 under the laws of the state of Arizona. The Company is licensed to sell interest-sensitive individual life insurance, variable life insurance, term life insurance, variable and fixed annuities, in the District of Columbia, Guam, and all states except New York. The Company has three subsidiaries, including one wholly-owned life insurance subsidiary, Pruco Life Insurance Company of New Jersey, and two subsidiaries formed in 2003 for the purpose of acquiring fixed income investments that were liquidated in 2009.

The Company is a wholly-owned subsidiary of the Prudential Insurance Company of America, an insurance company founded in 1875 under the laws of the State of New Jersey. On December 18, 2001, Prudential Insurance converted from a mutual life insurance company to a stock life insurance company and became an indirect wholly-owned subsidiary of Prudential Financial, Inc.

According to their 2014 annual statement filed with the Department, the Pruco Life Insurance Company reported direct premium for ordinary life insurance in the amount of \$2,485,474,794 and direct premium in Delaware of \$32,917,868 in ordinary life insurance. The Company's main administrative offices are located in Newark, New Jersey.

INDIVIDUAL UNDERWRITING

The Underwriting file review was sorted and conducted in six (6) general segments.

- A. PLUS New Business Applied For Policies
- B. PLUS New Business Issued Policies
- C. FIC New Business Applied For Policies

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Pruco Life Insurance Company**

- D. FIC New Business Issued Policies
- E. MAG New Business Applied For Policies
- F. MAG New Business Issued Policies

Each segment was reviewed for compliance with the following Delaware laws and regulations pertaining to: sales and marketing, disclosures, illustrations, underwriting practices, and forms approval.

- 18 Del. C. §320. Conduct of examination; access to records; correction.
- 18 Del. C. §2300. Unfair Insurance Practices.
- 18 Del. C. §2708. Consent of insured; life, health insurance.
- 18 Del. C. §2709. Alteration of application, life and health insurance.
- 18 Del. C. §2712, Filing, approval of forms.
- 18 Del. Admin. Code 1203 Life Insurance Solicitation
- 18 Del. Admin. Code 1203 §4.0 Definitions-Policy Summary, Buyers Guide
- 18 Del. Admin. Code 1203 §5.0 Disclosure Requirements
- 18 Del. Admin. Code 1203 §6.0 General Rules of Disclosure
- 18 Del. Admin. Code 1204 §§5.1-5.3 Replacement of Life Insurance-Duties of Producers
- 18 Del. Admin. Code 1204 §6.1 Replacement of Life Insurance- Duties of all Insurers
- 18 Del. Admin. Code 1204 §§7.1-7.4 Replacement of Life Insurance-Duties of Replacing Insurer
- 18 Del. Admin. Code 1204 §8.0 Insurer Duties with Respect to Direct Response Sales
- 18 Del. Admin. Code 1210 §5.0 Policies to be Illustrated
- 18 Del. Admin. Code 1210 §6.0 Life Insurance Illustrations *Rules and Prohibitions*
- 18 Del. Admin. Code 1210 §§7.0-7.5 Standards for Basic Illustrations
- 18 Del. Admin. Code 1210 §8.0 Standards for Supplemental Illustrations
- 18 Del. Admin. Code 1210 §9.0 Delivery of Illustration and Record Retention
- 18 Del. Admin. Code 1210 §10.0 Annual Report; Notice to Policy Owners
- 18 Del. Admin. Code 1210 §11.0 Annual Illustration Certifications

A. PLUS New Business Applied For Policies

At the request of the Examiners, the Company was instructed to provide a list of all of the PLUS New Business Applied For Policies during the examination period, January 1, 2014 to September 30, 2015. The Company provided a listing of 983 PLUS New Business Applied For Policies during the examination time frame. Based on the 2015 NAIC Market Regulation Handbook, the examiners selected a sample size of 94 PLUS New Business Applied For Policies which were reviewed to determine compliance with underwriting, and replacement statutes and regulations.

No exceptions were noted.

B. PLUS New Business Issued Policies

At the request of the Examiners, the Company was instructed to provide a list of all of the PLUS New Business Issued Policies during the examination period, January 1, 2014 to September 30, 2015. The Company provided a listing of 759 PLUS New Business Issued Policies during the examination time frame. Based on the 2015 NAIC Market Regulation Handbook, the examiners selected a sample size of 104 PLUS New Business Issued Policies which were reviewed to determine compliance to issuance, underwriting, and replacement statutes and regulations.

No exceptions were noted.

C. FIC New Business Applied For Policies

At the request of the Examiners, the Company was instructed to provide a list of all of the Financial Institution Channel “FIC” New Business Applied For Policies during the examination period, January 1, 2014 to September 30, 2015. The Company provided a listing of 21 FIC New Business Applied For Policies during the examination time frame. All 21 FIC New Business Applied For Policies were reviewed to determine compliance with underwriting, and replacement statutes and regulations.

No exceptions were noted.

D. FIC New Business Issued Policies

At the request of the Examiners, the Company was instructed to provide a list of all of the Financial Institution Channel “FIC” New Business Issued Policies during the examination period, January 1, 2014 to September 30, 2015. The Company provided a listing of 11 FIC New Business Issued Policies during the examination time frame. All 11 FIC New Business Issued Policies were reviewed to determine compliance to issuance, underwriting, and replacement statutes and regulations.

No exceptions were noted.

E. Magnastar New Business Applied For Policies

At the request of the Examiners, the Company was instructed to provide a list of all of the Magnastar New Business Applied for Policies during the examination period, January 1, 2014 to September 30, 2015. The Company indicated that there was only 1 Magnastar New Business Applied for Policy during the examination time frame. The Magnastar New Business Applied for Policy was reviewed to determine compliance with

underwriting, and replacement statutes and regulations.

No exceptions were noted.

F. Magnastar New Business Issued Policies

At the request of the Examiners, the Company was instructed to provide a list of all of the Magnastar New Business Issued Policies during the examination period, January 1, 2014 to September 30, 2015. The Company indicated that there was only 1 Magnastar New Business Issued Policy during the examination time frame. The Magnastar New Business Issued Policy was reviewed to determine compliance to issuance, underwriting, and replacement statutes and regulations.

No exceptions were noted.

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 18 Del. C. §2712, Filing, approval of forms. Additionally, any Variable Life Insurance forms were reviewed to ensure compliance with 18 Del. Admin. Code 1205 §4.1, Filing of Variable Life Insurance Policies. The results of the forms review in the various underwriting sections of the exam are addressed in their respective sections of the Report.

No exceptions were noted.

CONCLUSION

As stated in the Scope of Examination section, this re-examination was a target market conduct examination of the Company's compliance with recommendations and findings from the previous market conduct examination report dated June 30, 2010. Based on our review, the Company has complied with all of the recommendations and findings so noted in the previous market conduct examination report.

The examination conducted by Shelly Shuman, Joseph Krug, and Steve Misenheimer is respectfully submitted.

A handwritten signature in cursive script that reads "Joseph & Krug".

Joseph Krug, CPA, MCM, AFE
Examiner-in-Charge