



Report on
Market Conduct Examination

of the
Pruco Life Insurance Company
Newark, New Jersey

by Representatives of the
North Carolina Department of Insurance

as of
July 7, 2023

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Raleigh, North Carolina
July 7, 2023

Honorable Michael Causey
Commissioner of Insurance
Department of Insurance
State of North Carolina
325 N. Salisbury Street
Raleigh, North Carolina 27603

Honorable Marlene Caride
Commissioner of Insurance
Department of Insurance
20 W. State Street
Trenton, NJ 08625

Honorable Commissioners:

In accordance with the provisions of North Carolina General Statute (NCGS) 58-2-131 through 58-2-134, a target examination has been made of the market conduct activities of the following entity:

Pruco Life Insurance Company
(NAIC #79227)
NAIC Exam Tracking System Exam Number: NC-NC094-35
Newark, New Jersey
(hereinafter referred to as the Company)

This examination was conducted at the North Carolina Department of Insurance (Department) office located at 325 N. Salisbury Street, Raleigh, North Carolina. A report thereon is respectfully submitted.

SCOPE OF EXAMINATION

This examination commenced on March 7, 2022, and covered the period of January 1, 2019, through December 31, 2020, with analyses of certain operations of the Company being conducted through June 1, 2023. All comments made in this report reflect conditions observed during the period of the examination.

This examination was performed in accordance with auditing standards established by the Department and procedures established by the National Association of Insurance Commissioners (NAIC). The scope of this examination was not comprehensive and consisted of a review of the Company's practices and procedures in marketing and underwriting. The findings and conclusions contained within the report are based on the work performed and are referenced within the appropriate sections of the examination report.

It is the Department's practice to cite companies in violation of a statute or rule when the results of a sample show errors/noncompliance that fall outside certain tolerance levels. The Department applied 0 percent for sales and advertising, producers who were not appointed and/or licensed, and the use of forms and rates/rules that were neither filed with nor approved by the Department; and 10 percent for all other areas reviewed. When errors are detected in a sample, but the error rate is below the applicable threshold for citing a violation, the Department issues a reminder to the company.

EXECUTIVE SUMMARY

This market conduct examination revealed no concerns with the Company's procedures and practices.

Specific violations, if warranted, would be noted in the appropriate section of the report. All North Carolina General Statutes and rules of the North Carolina Administrative Code cited in this report may be viewed on the North Carolina Department of Insurance Website <https://www.ncdoi.gov/insurance-industry/market-regulation>.

When an examination identifies statutory violations which may extend to other jurisdictions, the Company is directed to take immediate corrective action to demonstrate their ability and intention to conduct business in North Carolina according to its insurance laws and regulations.

All statutory violations may not have been discovered or noted in this report. Failure to identify statutory violations in North Carolina or in other jurisdictions does not constitute

acceptance of such violations. Examination report findings that do not reference specific insurance laws, regulations, or bulletins are presented to improve the Company's practices and ensure consumer protection.

MARKETING

Sales and Advertising

The Company provided sales and advertising materials that displayed evidence of control over content, form, and method of dissemination of all advertisements of its policies. The review of the Company's internet website at <https://www.prudential.com/> was also completed. No irregularities, adverse trends, or unfair trade practices were perceived in this section of the examination.

UNDERWRITING

Individual Non-Variable Life Issued

The Company's underwriting practices were reviewed to determine accuracy, adherence to Company guidelines, and compliance with the applicable North Carolina statutes and rules. The Company provided a list of 3,900 individual non-variable life issued files. Fifty files were randomly selected for review. No irregularities, adverse trends, or unfair trade practices were perceived in this section of the examination.

The average service time to underwrite and issue a policy was 55 calendar days. A chart of the service time follows:

Service Days	Number of Files	Percentage of Total
1 - 7	7	14.0
8 -14	5	10.0
15 – 21	7	14.0
22 – 30	10	20.0
31 – 60	13	26.0
Over 60	8	16.0
Total	50	100.0

Individual Non-Variable Life Replacements

The Company's underwriting practices were reviewed to determine accuracy, adherence to Company guidelines, and compliance with the applicable North Carolina statutes and rules. The Company provided a list of 1,519 individual non-variable life replacement files. Fifty files were randomly selected for review. No irregularities, adverse trends, or unfair trade practices were perceived in this section of the examination.

The average service time from the date the application was received to the date on the notification letter to the replaced insurer was three calendar days. A chart of the service time to notify the existing insurer of replacement from the date of application until the date of notification follows:

Service Days	Number of Files	Percentage of Total
1 - 7	48	96.0
8 -14	2	4.0
Total	50	100.0

Individual Variable Annuity Issued

The Company's underwriting practices were reviewed to determine accuracy, adherence to Company guidelines, and compliance with the applicable North Carolina statutes and rules. The Company provided a list of 1,091 individual variable annuity issued files. Fifty files were randomly selected for review. No irregularities, adverse trends, or unfair trade practices were perceived in this section of the examination.

The average service time to underwrite and issue a policy was 18 calendar days. A chart of the service time follows:

Service Days	Number of Files	Percentage of Total
1 - 7	21	42.0
8 -14	10	20.0
15 – 21	6	12.0
22 – 30	5	10.0
31 – 60	6	12.0
Over 60	2	4.0
Total	50	100.0

Individual Variable Annuity Replacements

The Company's underwriting practices were reviewed to determine accuracy, adherence to Company guidelines, and compliance with the applicable North Carolina statutes and rules. The Company provided a list of 397 individual variable annuity replacement files. Fifty files were randomly selected for review. No irregularities, adverse trends, or unfair trade practices were perceived in this section of the examination.

The average service time from the date the application was received to the date on the notification letter to the replaced insurer was one calendar day. A chart of the service time to notify the existing insurer of replacement from the date of application until the date of notification follows:

Service Days	Number of Files	Percentage of Total
1 - 7	49	98.0
8 -14	1	2.0
Total	50	100.0

COMMENTS, RECOMMENDATIONS, AND DIRECTIVES

No violations were identified during the course of the examination; therefore, the Department does not have any comments, recommendations, or directives for the Company.

CONCLUSION

A target examination has been conducted on the market conduct affairs of Pruco Life Insurance Company for the period January 1, 2019, through December 31, 2020.

This examination was conducted in accordance with the North Carolina Department of Insurance and the National Association of Insurance Commissioners Market Regulation Handbook procedures including analyses of Company operations in the areas of marketing and underwriting.

In addition to the undersigned, Princess Greene, MPM, MCM, North Carolina Market Conduct Senior Examiner participated in this examination.

Respectfully submitted,



Vicki S. Royal, CPM, MCM, ACS, AIAA, AIRC
Examiner-In-Charge
Market Regulation Division
State of North Carolina

I have reviewed this examination report and it meets the provisions for such reports prescribed by this Division and the North Carolina Department of Insurance.



Teresa Knowles, MCM, ACS
Deputy Commissioner
Market Regulation Division
State of North Carolina