

Report on
Market Conduct Examination

of

TIAA-CREF Life Insurance Company
New York, New York

by Representatives of the
North Carolina Department of Insurance

as of

January 16, 2014

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Raleigh, North Carolina
January 16, 2014

Honorable Wayne Goodwin
Commissioner of Insurance
Department of Insurance
State of North Carolina
Dobbs Building
430 N. Salisbury Street
Raleigh, North Carolina 27603

Honorable Benjamin M. Lawsky
Superintendent of Insurance
New York State
Department of Financial Services
One State Street
New York, New York 10004

Honorable Commissioner and Honorable Superintendent:

Pursuant to your instructions and in accordance with the provisions of North Carolina General Statute (NCGS) 58-2-131 through 58-2-134, a compliance examination has been made of the market conduct activities of

TIAA-CREF Life Insurance Company
(NAIC # 60142)
NAIC Exam Tracking System Exam Number: NC299-M37
New York, New York

hereinafter generally referred to as the Company, at the North Carolina Department of Insurance (Department) office located at 11 S. Boylan Avenue, Raleigh, North Carolina. A report thereon is respectfully submitted.

FOREWORD

This examination reflects the North Carolina insurance activities of TIAA-CREF Life Insurance Company. The examination is, in general, a report by exception. Therefore, much of the material reviewed will not be contained in this written report, as reference to any practices, procedures, or files that revealed no concerns were omitted.

SCOPE OF EXAMINATION

This compliance examination commenced on June 3, 2013, and covered the period of January 1, 2011, through December 31, 2012, with analyses of certain operations of the Company being conducted through December 11, 2013. This action was taken due to previous examination findings referenced in the Market Conduct Report of January 11, 2010.

The examination was arranged and conducted by the Department. It was made in accordance with Market Regulation standards established by the Department and procedures established by the National Association of Insurance Commissioners (NAIC) and accordingly included tests of the anti-fraud plan, marketing, and underwriting practices.

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 at or above the following levels: 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 concerns with Company procedures and practices in the following area:

Underwriting – Failure to give proper notification to the replaced insurer for individual life replacements.

Specific violations related to the area of concern are noted in the appropriate section of this report. All North Carolina General Statutes and rules of the North Carolina Administrative Code (NCAC) cited in this report may be viewed on the North Carolina Department of Insurance Web Site www.ncdoi.com by clicking “INSURANCE DIVISIONS” then “Legislative Services”.

This examination identified a single non-compliant practice, which may extend to other jurisdictions. The Company is directed to take immediate corrective action to demonstrate its ability and intention to conduct business in North Carolina according to its insurance laws and regulations. When applicable, corrective action for other jurisdictions should be addressed.

All unacceptable or non-compliant practices may not have been discovered or noted in this report. Failure to identify improper or non-compliant business practices in North Carolina or in other jurisdictions does not constitute acceptance of such practices. 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.

ANTI-FRAUD PLAN

The Company presented the Anti-Fraud Plan (Plan) for the examiners’ review. The Plan was prepared to provide guidance for the prevention, detection, identification, investigation, and prosecution of insurance fraud. Fraud, by definition, is an intentional deception or misrepresentation that an individual or entity makes knowing the falsity of the representation, and intending that the misrepresentation result in unauthorized benefit or gain. Concealment of relevant and material information may also be identified as a fraudulent act.

The Plan is intended to provide flexible guidance that emphasizes the reporting of suspicious activity for review and the appropriate action that should be undertaken by seasoned fraud detection personnel. The Plan includes the following major components: responsible parties; education and training; detection and reporting; investigation and auditing; and prosecution and recovery.

MARKETING

Agency Management

The Department requested a list of associates, their job titles, and their job descriptions. The examiners reviewed the list to determine adherence to Company guidelines, and compliance with applicable North Carolina statutes and rules.

The previous examination revealed the following:

- The Company was again deemed to be in violation of the provisions of NCGS 58-33-26 and 58-33-40 as it was determined that the primary duties and responsibilities of the 69 phone center associates cited were directly related to the negotiation and solicitation of life and annuity contracts.

The current examination revealed the following:

A list of 27 active call center associates was provided by the Company for review to determine if proper licensing and appointment was accomplished in accordance with their specific business titles and job descriptions. The job titles included:

- Director of Sales;
- Team Manager – Insurance and Annuity Sales;
- Insurance and Annuity Specialist, Colorado and North Carolina; and
- Senior Insurance and Annuity Specialist, Colorado and North Carolina.

No irregularities, adverse trends, or unfair trade practices were perceived in this section of the examination.

Social Media

The Company uses Facebook, Twitter, Myretirement.org, and LinkedIn. Social media outlets are used to heighten brand awareness of TIAA-CREF Life Insurance and the existence of Life Insurance Awareness Month.

All social media sites are monitored by the Company's Community Manager and by third-party moderators who are employees of Mzinga, a vendor used for that purpose.

Social media outlets that allow interactive content from the public are monitored on a scheduled basis. Registered representatives, which include virtually all of the Company's insurance producers, are blocked from accessing social media sites on the TIAA-CREF network. The Company's insurance producers are prohibited from using social media for business.

UNDERWRITING PRACTICES

Individual Life Replacements

The Company's underwriting practices were reviewed to determine adherence to Company guidelines and compliance with applicable North Carolina statutes and rules.

The previous examination revealed the following:

- The Company was again deemed to be in violation of the provisions of 11 NCAC 12.0612(2) as 78.6 percent of the files did not contain evidence that a notification was sent to the replaced insurer within five business days of receipt of a completed application indicating replacement.

The current examination revealed the following:

Fifty policy files from a population of 91 were randomly selected for review. The Company was again deemed to be in violation of the provisions of 11 NCAC 12.0612(a)(2) and (d) as seven files (14.0 percent error ratio) evidenced the following:

- Six policy files did not contain evidence that a notification was sent to the replaced insurer within five business days of receipt of a completed application indicating replacement.

- One policy file did not contain written communication to the existing insurer advising of the replacement. The service time could not be calculated on the policy file as no notification was sent to the replaced insurer.

The survey was based on 49 policy files. The average service time from the date the application was received to the date on the notification letter to the replaced insurer was eight calendar days. A chart of the average 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	43	87.8
8 - 14	2	4.1
22 - 30	1	2.0
Over 60	3	6.1
Total	49	100.0

SUMMARY

This compliance examination was undertaken to review and update the status of issues referenced in the Market Conduct Report of January 11, 2010. The current examination revealed the following:

1. Individual Life Replacements

- a. The Company was deemed to be in violation of the provisions of 11 NCAC 12.0612(a)(2) and (d) as 14.0 percent of the files either did not contain a written communication to the existing insurer advising of the replacement, or did not contain evidence that a notification was sent to the replaced insurer within five business days of receipt of a completed application indicating replacement.

TABLE OF STATUTES AND RULES

<u>Statute/Rule</u>	<u>Title</u>
NCGS 58-2-131	Examinations to be made; authority, scope, scheduling, and conduct of examinations.
NCGS 58-2-132	Examination reports.
NCGS 58-2-133	Conflict of interest; cost of examinations; immunity from liability.
NCGS 58-2-134	Cost of certain examinations.

NCGS 58-33-26	General license requirements (Repealed effective July 1, 2002).
NCGS 58-33-40	Appointment of agents.
11 NCAC 12.0612	Application for Insurance Required.

CONCLUSION

An examination has been conducted on the market conduct affairs of TIAA-CREF Life Insurance Company for the period January 1, 2011, through December 31, 2012, with analyses of certain operations of the Company being conducted through December 11, 2013.

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 the anti-fraud plan, marketing, and underwriting practices.

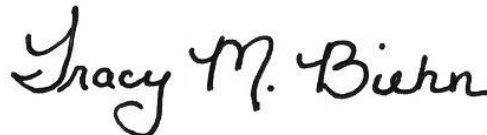
In addition to the undersigned, Linda Sinclair ACS, AIRC, North Carolina Market Conduct Examiner, participated in this examination and in the preparation of this report.

Respectfully submitted,



Vicki S. Royal, CPM, 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.



Tracy M. Biehn, LPCS, MBA
Deputy Commissioner
Market Regulation Division
State of North Carolina