STATE OF NEW YORK INSURANCE DEPARTMENT

REPORT ON FINANCIAL CONDITION EXAMINATION

OF THE

NEW YORK LIFE INSURANCE COMPANY

CONDITION: DECEMBER 31, 2009

DATE OF REPORT: MARCH 4, 2011

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EXAMINER:	DENNIS G. BENSEN

TABLE OF CONTENTS

STATE OF NEW YORK
INSURANCE DEPARTMENT
25 BEAVER STREET
NEW YORK, NEW YORK 10004

Andrew M Cuomo
Governor

James J. Wrynn
Superintendent

June 8, 2011

Honorable James J. Wrynn
Superintendent of Insurance
Albany, New York 12257

Sir:

In accordance with instructions contained in Appointment No. 30459, dated January 7, 2010 and annexed hereto, an examination has been made into the financial condition and affairs of the New York Life Insurance Company, hereinafter referred to as “the Company,” at its home office located at 51 Madison Avenue, New York, New York, 10010.

Wherever “Department” appears in this report, it refers to the State of New York Insurance Department.

1. SCOPE OF EXAMINATION

The examination of the Company was a full scope examination as defined in the *NAIC Financial Condition Examiners Handbook, 2009 Edition* (the "Handbook"). The examination covers the five-year period from January 1, 2005 through December 31, 2009. The examination was conducted observing the guidelines and procedures in the Handbook and, where deemed appropriate by the examiner, transactions occurring subsequent to December 31, 2009 but prior to the date of this report (i.e., the completion date of the examination) were also reviewed.

The examination was conducted on a risk focused basis in accordance with the provisions of the Handbook published by the National Association of Insurance Commissioners ("NAIC"). The Handbook guidance provides for the establishment of an examination plan based on the examiner's assessment of risk in the insurer's operations and utilizing that evaluation in formulating the nature and extent of the examination. The examiner planned and performed the examination to evaluate the current financial condition as well as identify prospective risks that may threaten the future solvency of the insurer. The examiner identified key processes, assessed the risks within those processes and evaluated the internal control systems and procedures used to mitigate those risks. The examination also included assessing the principles used and significant estimates made by management, evaluating the overall financial statement presentation, and determining management's compliance with Department statutes and guidelines, Statutory Accounting Principles as adopted by the Department, and annual statement instructions.

Information about the Company's organizational structure, business approach and control environment were utilized to develop the examination approach. The Company's risks and management activities were evaluated incorporating the NAIC's nine branded risk categories. These categories are as follows:

- Pricing/Underwriting
- Reserving
- Operational
- Strategic
- Credit
- Market
- Liquidity
- Legal
- Reputational

The Company was audited annually, for the years 2005 through 2009, by the accounting firm of PricewaterhouseCoopers LLP. The Company received an unqualified opinion in all years. Certain audit workpapers of the accounting firm were reviewed and relied upon in conjunction with this examination. The Company has an internal audit department and a separate internal control department which was given the task of assessing the internal control structure and voluntary compliance with the Sarbanes-Oxley Act of 2002 ("SOX"). Where applicable, SOX workpapers and reports were reviewed and portions were relied upon for this examination.

The examiner reviewed the corrective actions taken by the Company with respect to the violations, and recommendations contained in the prior report on examination relating to the Company's financial condition. The results of the examiner's review are contained in item 6 of this report.

This report on examination is confined to financial statements and comments on those matters which involve departure from laws, regulations or rules, or which require explanation or description.

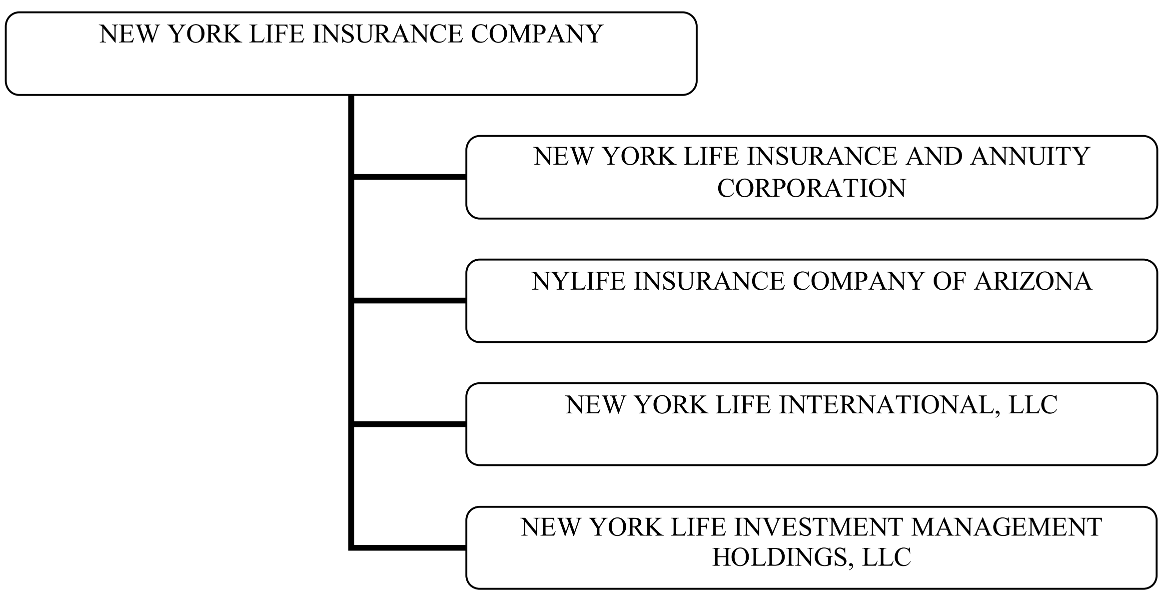
2. DESCRIPTION OF COMPANY

A. History

The Company was originally chartered in May 1841 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 by-laws 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.

B. Organization Chart

An organization chart reflecting the relationship between the Company and significant subsidiaries in its holding company system as of December 31, 2009 follows:



C. Subsidiaries

The following are brief descriptions of the significant subsidiaries in the New York Life holding company system as of December 31, 2009.

New York Life Insurance and Annuity Corporation

New York Life Insurance and Annuity Corporation ("NYLIAC"), incorporated in Delaware in 1980, is a direct, wholly owned subsidiary of the Company. NYLIAC is authorized to write life insurance, accident and health insurance and annuity business. It is licensed in all 50 states and the District of Columbia. NYLIAC offers non-participating life insurance including a wide variety of interest sensitive and variable life insurance products and annuity products (fixed and variable deferred and immediate annuities). NYLIAC also issues products specifically designed for the bank-owned and corporate-owned life insurance markets.

NYLIFE Insurance Company of Arizona

NYLIFE Insurance Company of Arizona ("NYLAZ") was incorporated and organized in Arizona in 1987 as a life and disability insurer. In 2004, NYLAZ obtained authority to issue variable life and variable annuity products. At December 31, 2009, NYLAZ was licensed in the District of Columbia and all states except Maine and New York. NYLAZ currently only issues a ten year guaranteed term life product called "Term to Age 90" which was introduced in 1998.

New York Life International, LLC

New York Life International, LLC ("NYLI, LLC") is a direct, wholly owned subsidiary of the Company that was organized on January 1, 2002 under the laws of Delaware as a limited liability company. Through its various subsidiaries, joint ventures and affiliates, NYLI, LLC offers life, annuity, health insurance and pension products and services to individuals and groups in selected emerging markets. During the examination period, NYLI, LLC's subsidiaries and affiliates did business in China, Argentina, Hong Kong, India, Mexico, South Korea, Taiwan, and Thailand. Subsequent to the examination period, the Company announced plans to sell its equity interests in China, Hong Kong, South Korea and Thailand. The Company sold its 50% equity interest in its joint venture operation in China on January 28, 2011 and NYLI, LLC sold its 100% interest in its operations in South Korea on February 1, 2011, Thailand on March 17, 2011 and Hong Kong on April 1, 2011.

New York Life Investment Management Holdings, LLC

New York Life Investment Management Holdings, LLC ("NYLIM") is a direct, wholly owned subsidiary of the Company that was organized on December 17, 1999 under the laws of Delaware as a limited liability company. Through its various subsidiaries and affiliates, NYLIM provides a variety of investment related services, including: asset management services for the securities and real estate portfolios of the general and separate accounts of the Company, NYLIAC and NYLAZ; retail and institutional investment advisory services; mutual fund distribution and administrative services; pension and 401(k) products and related administrative services; and commercial financial services to corporate clients.

D. Service Agreements

The Company had 16 Service agreements in effect with affiliates during the examination period.

Type of Agreement	Effective Date	Provider(s) of Service(s)	Recipient(s) of Service(s)	Specific Service(s) Covered	For Each Year of the Examination				
					2005	2006	2007	2008	2009
Service Agreement	12/11/1980	The Company	NYLIAC	Administrative and Paymaster	628,692,765	755,207,304	670,238,721	715,002,838	736,315,613
Service Agreement	9/30/1987	The Company	NYL Insurance Co. of Arizona	Administrative and Paymaster	17,670,637	11,235,106	15,873,381	12,997,242	13,304,991
Service Agreement	3/5/1985	The Company	NYLIFE LLC	Administrative and Paymaster	954,669	1,167,711	1,478,795	1,211240	(272,488)
Service Agreement	3/1/1984	The Company	NYLIFE Securities, Inc.	Administrative and Paymaster	26,683,479	30,657,836	26,843,334	38,599,316	51,995,461
Service Agreement	12/29/2000	The Company	Eagle Strategies Corp	Administrative and Paymaster	2,601,677	2,753,244	3,542,043	4,158,160	5,637,089
Service Agreement	11/27/1996	The Company	NYLINK	Administrative and Paymaster	4,855,898	5,140,382	5,172,394	4,964,966	4,856,644
Service Agreement	3/27/1995	The Company	NYL Settlement Corp.	Administrative and Paymaster	44,000	4,000	0	24,000	24,000
Service Agreement	8/12/1988	The Company	NYL International, LLC	Administrative and Paymaster	91,831,799	97,656,225	109,861,129	120,744,584	121,157,208
Service Agreement	12/15/2007*	The Company	NYLIM Holding LLC and its subsidiaries	Administrative and Paymaster	180,912,990	235,774,367	250,449,813	283,240,410	261,477,608
Service Agreement	1/1/1999	The Company	MacKay-Shields	Administrative and Paymaster	2,965,292	3,186,024	4,123,218	4,714,461	6,658,848
Service Agreement	12/29/1999	The Company	NYLCAP Manager LLC	Administrative and Paymaster	1,657,880	2,526,803	2,906,475	2,967,858	4,544,500
Service Agreement	3/10/1997	The Company	NYLIM Service Company LLC	Administrative and Paymaster	1,825,669	1,988,880	3,138,377	4,152,231	5,355,101
Service Agreement	12/7/1993	The Company	NYLIFE Distributors	Administrative and Paymaster	2,492,762	3,443,702	7,455,073	5,808,994	6,065,836
Service Agreement	2/22/1995	The Company	NYL Trust Co.	Administrative and Paymaster	1,748,549	1,680,642	1,604,136	1,161,749	1,245,320
Service Agreement	6/16/2000	The Company	NYL Trust Co. FSB	Administrative and Paymaster	397,161	208,989	70,772	0	0
Service Agreement	4/16/2001	The Company	Madison Capital Funding, LLC	Administrative and Paymaster	318,338	10,093	1,456	53,525	28,441

*The Original Agreement dated as of 4/1/2000 was amended and restated as of 12/15/2007.

E. Management

The Company's Charter provides that the board of directors shall be comprised of not less than 11 and not more than 17 directors. Directors are divided into three classes, as nearly equal in number as possible. Each class is elected on the second Wednesday of April for a term of three years. As of December 31, 2009, the board of directors consisted of 14 members. Meetings of the board are generally held on the third Wednesday of such months as may be determined from time to time by the board, provided that at least four such meetings are held in each calendar year.

The 14 board members and their principal business affiliation, as of December 31, 2009, were as follows:

Name and Residence	Principal Business Affiliation	Year First Elected
Betty C. Alewine* Vero Beach, FL	Former President and CEO COMSAT Corporation	1998
Robert M. Baylis* Darien, CT	Retired Vice Chairman, CS First Boston	1996
Ralph de la Vega* Alpharetta, GA	President and CEO AT&T Mobility and Consumer Markets	2009
Mark L. Feidler* Atlanta, GA	Founding Partner South Equity Partners	2006
Kent B. Foster* Dallas, TX	Former Chairman and CEO Ingram Micro Inc.	1995
Christina A. Gold* Denver, CO	President Western Union Financial Services, Inc.	2001
Conrad K. Harper* New York, NY	Counsel Simpson Thacher and Bartlett LLP	1992
Theodore A. Mathas Armonk, NY	Chairman, President and Chief Executive Officer New York Life Insurance Company	2006
Sidney T. Moser* Naples, FL	Former Vice Chairman KPMG LLP	2008
Admiral Joseph W. Prueher* Virginia Beach, VA	Retired Admiral, U.S. Navy	2001
Thomas C. Schievelbein* Williamsburg, VA	Former President Northrop Grumman Newport News	2006
Frederick O. Terrell* New York, NY	Managing Partner and CEO Provender Capital Group LLP	2003
William G. Walter* Bonita Springs, FL	Chairman and CEO FMC Corporation	2009

Name and Residence	Principal Business Affiliation	Year First Elected
Gary E. Wendlandt New York, NY	Vice Chairman and Chief Investment Officer New York Life Insurance Company	2007

* Not affiliated with the Company or any other company in the holding company system

In May, 2010, Frederick O. Terrell retired from the board and was not replaced.

The examiner's review of the minutes of the meetings of the board of directors and its committees indicated that meetings were well attended and that each director attended a majority of meetings.

The following is a listing of the principal officers of the Company as of December 31, 2009:

Name	Title
Theodore A. Mathas	Chairman, President, and Chief Executive Officer
Gary E. Wendlandt	Vice Chairman and Chief Investment Officer
Christopher O. Blunt	Executive Vice President – Retirement Income Security
Frank M. Boccio	Executive Vice President and Chief Administrative Officer
Sheila K. Davidson	Executive Vice President, Chief Legal Officer, and General Counsel
John Y. Kim	Executive Vice President
Richard L. Mucci	Executive Vice President
Mark W. Pfaff	Executive Vice President – U.S. Life Insurance and Agency
Michael E. Sproule	Executive Vice President and Chief Financial Officer
Barbara McInerney*	Senior Vice President and Chief Compliance Officer

* Designated consumer services officer per Section 216.4(c) of Department Regulation No. 64

3. TERRITORY AND PLAN OF OPERATIONS

The Company is authorized to write life insurance, annuities and accident and health insurance as defined in paragraphs 1, 2 and 3 of Section 1113(a) of the New York Insurance Law.

The Company is licensed to transact business in all 50 states, the District of Columbia, Canada, and Puerto Rico. In 2009, 26.8% of total direct life premiums, accident and health premiums, annuity considerations, and deposit type funds were received from New York and 6.0% from California.

The following tables show the percentage of direct premiums received, by state, and by major lines of business for the year 2009:

Life Insurance Premiums	
California	10.4%
New York	9.0%
Texas	4.9%
Florida	3.1%
New Jersey	2.9%
Subtotal	30.3%
All others	69.7%
Total	100.0%

Annuity Considerations	
New York	51.1%
Delaware	30.7%
California	3.8%
Maryland	2.6%
Texas	2.1%
Subtotal	90.3%
All others	9.7%
Total	100.0%

Deposit Type Contracts	
New Hampshire	44.0%
New York	31.6%
Delaware	21.3%
Subtotal	96.9%
All others	3.1%
Total	100.0%

A. Statutory and Special Deposits

As of December 31, 2009, the Company had $1,519,600 of cash on deposit with the State of New York, its domiciliary state, all of which is for the benefit of policyholders. As per the confirmation received from the state of Oklahoma which was reported in Schedule E of the 2009 filed annual statement an additional, $1,013,067 was being held by the state of Oklahoma for the benefit of all policyholders.

B. Direct Operations

Most policies are written on a participating basis with the remainder written on a non-participating basis. The Company writes whole life and term life insurance and group life and group accident and health membership association, long-term care, structured settlements and group annuity policies.

The Company's agency operations are conducted using general agencies, branch offices and direct response solicitation.

C. Reinsurance

As of December 31, 2009, the Company had reinsurance treaties in effect with 30 companies, of which 20 were authorized or accredited. The Company's life, and accident and health business is reinsured on a coinsurance, modified-coinsurance, and/or yearly renewable term basis. Reinsurance is provided on both an automatic and/or facultative basis.

The maximum retention limit for individual life contracts is as follows:

Single Life Maximum Retention Limits

Issue Age	Maximum Retention Limit
0 – 60	$40,000,000
61 – 65	$30,000,000
66 – 75	$20,000,000
76 – 85	$10,000,000
86 and over	$ 7,500,000

Joint Life Second-To-Die Maximum Retention Limits

Issue Age*	Maximum Retention Limit
0 – 60	$50,000,000
61 – 65	$40,000,000
66 – 75	$30,000,000
76 – 85	$15,000,000
86 and over	$10,000,000

*Age of the younger insured for survivorship policies.

The total face amount of life insurance ceded as of December 31, 2009, was $130.5 billion, which represents 14.6% of the total face amount of life insurance in force. Reserve credit taken for life and accident and health reinsurance ceded to unauthorized companies, totaling $6.5 million was supported by trust agreements.

The total face amount of life insurance assumed as of December 31, 2009, was $223.4 billion, $44.6 billion of which was from affiliates.

4. SIGNIFICANT OPERATING RESULTS

Indicated below is significant information concerning the operations of the Company during the period under examination as extracted from its filed annual statements. Failure of items to add to the totals shown in any table in this report is due to rounding.

The following table indicates the Company's financial growth during the period under review:

	December 31, 2004 (In Thousands)	December 31, 2009 (In Thousands)	Increase (In Thousands)
Admitted assets	$101,303,785	$117,835,521	$16,531,736
Liabilities	$ 91,596,003	$104,149,254	$12,553,251
Surplus Notes	1,115,397	1,990,004	874,607
Special Surplus Funds	0	514,358	514,358
Unassigned funds (surplus)	8,592,385	11,181,906	2,589,521
Total surplus	$ 9,707,782	$ 13,686,268	$ 3,978,486
Total liabilities and surplus	$101,303,785	$117,835,521	$16,531,736

The Company's invested assets as of December 31, 2009, exclusive of separate accounts, were mainly comprised of bonds 66.0%, mortgage loans 9.7%, policy loans 7.6%, other invested assets 7.3%, and stocks 7.1%. The majority 91.1% of the Company's bond portfolio, as of December 31, 2009, was comprised of investment grade obligations.

The Company issued Surplus Notes with a principal balance of one billion dollars on October 8, 2009. This note matures on November 15, 2039. No other Surplus Notes were issued nor did any other Surplus Notes mature during the examination period. On February 22, 2005, the Company retired notes worth a par value of $124,935,000.

The Special Surplus funds of $514.4 million are a direct result of the Company's adoption of SSAP No. 10R "Income Taxes-Revised" in December of 2009; which changed the accounting guidance for deferred tax assets ("DTAs").

The following is the net gain (loss) from operations by line of business after federal income taxes but before realized capital gains (losses) reported for each of the years under examination in the Company's filed annual statements:

	2005	2006	2007	2008	2009
Ordinary:					
Life insurance	$471,074,550	$214,963,961	$425,885,362	$233,376,933	$552,319,564
Individual annuities	78,382,918	58,226,716	40,718,354	30,946,882	74,012,329
Supplementary contracts	15,195,426	23,327,450	26,431,761	6,877,536	6,303,723
Total ordinary	$564,652,894	$296,518,127	$493,035,477	$271,201,351	$632,635,616
Group:					
Life	$ 39,753,812	$ 49,884,228	$ 48,577,539	$ 51,927,237	$ 55,949,949
Annuities	115,217,528	124,454,630	112,751,616	89,730,485	104,985,616
Total group	$154,971,340	$174,338,858	$161,329,155	$141,657,722	$160,935,565
Accident and health:					
Group	$ (196,222)	$ 10,628,647	$ 13,280,057	$ 16,703,551	$ 9,773,251
Other	(4,039,952)	7,960,351	(94,976,420)	(2,160,157)	(12,255,267)
Total accident And health	$ (4,236,174)	$ 18,588,998	$(81,696,363)	$ 14,543,394	$ (2,482,016)
All other lines	$ 4,047,799	$ 4,061,567	$ 4,562,098	$ 5,862,057	$ 2,636,718
Total	$ 719,435,859	$493,507,550	$577,230,367	$433,264,524	$793,725,883

The loss on the accident and health other reported in 2007 was primarily attributed to a change in the valuation basis on the Company's disability income business, which is 100% reinsured. The change in the valuation basis was reported as an increase to surplus while the corresponding reduction in reinsurance ceded was reported as an $81 million charge to operations. The net effect of the change in the valuation basis was surplus neutral.

5. FINANCIAL STATEMENTS

The following statements show the assets, liabilities and surplus as of December 31, 2009, as contained in the Company's 2009 filed annual statement, a condensed summary of operations and a reconciliation of the surplus account for each of the years under review. The examiner's review of a sample of transactions did not reveal any differences which materially affected the Company's financial condition as presented in its financial statements contained in the December 31, 2009 filed annual statement.

A. Independent Accountants

The firm of PricewaterhouseCoopers, LLP was retained by the Company to audit the Company's statutory basis statements of financial position of the Company as of December 31st of each year in the examination period, and the related statutory-basis statements of operations, surplus, and cash flows for the year then ended.

PricewaterhouseCoopers, LLP concluded that the statutory financial statements presented fairly, in all material respects, the financial position of the Company at the respective audit dates. Balances reported in these audited financial statements were reconciled to the corresponding years' annual statements with no discrepancies noted.

B. Net Admitted Assets

Bonds	$ 65,222,074,842
Stocks:	
Preferred stocks	62,139,861
Common stocks	6,999,615,822
Mortgage loans on real estate:	
First liens	9,264,400,408
Other than first liens	275,622,566
Real estate:	
Properties occupied by the company	294,144,373
Properties held for the production of income	157,012,247
Properties held for sale	759,000
Cash, cash equivalents and short term investments	1,317,746,603
Contract loans	7,547,575,933
Other invested assets	7,195,584,029
Receivable for securities	480,307
Derivatives	483,553,137
Investment income due and accrued	1,039,395,654
Premiums and considerations:	
Uncollected premiums and agents' balances in the course of collection	233,164,802
Deferred premiums, agents' balances and installments booked but deferred and not yet due	1,305,928,722
Reinsurance:	
Amounts recoverable from reinsurers	19,451,361
Funds held by or deposited with reinsured companies	4,954,231,188
Other amounts receivable under reinsurance contracts	27,700,580
Current federal and foreign income tax recoverable and interest thereon	125,480,976
Net deferred tax asset	1,184,662,415
Guaranty funds receivable or on deposit	21,203,837
Electronic data processing equipment and software	58,204,213
Receivables from parent, subsidiaries and affiliates	250,645,137
Amounts receivable on corporate owned life insurance	2,926,985,700
Interest in annuity contracts	152,328,880
Collateral assignments	78,841,808
Amount due for undelivered securities	24,763,748
Federal employees' group life conversion pool fund	2,645,540
Administrative and other fees due and unpaid	966,399
From separate accounts, segregated accounts and protected cell accounts	6,608,211,284
Total admitted assets	$117,835,521,372

C. Liabilities and Surplus

Aggregate reserve for life policies and contracts	$ 70,633,315,813
Aggregate reserve for accident and health contracts	2,134,385,206
Liability for deposit-type contracts	15,045,032,916
Contract claims:	
Life	508,918,437
Accident and health	68,311,381
Policyholders' dividends and coupons due and unpaid	17,263,300
Provision for policyholders' dividends and coupons payable in following calendar year – estimated amounts	
Dividends apportioned for payment	1,259,098,164
Premiums & annuity considerations for life & A&H contracts received in advance	80,247,168
Contract liabilities not included elsewhere:	
Provision for experience rating refunds	21,336,824
Other amounts payable on reinsurance	82,918,171
Interest maintenance reserve	179,409,138
Commissions to agents due or accrued	12,732,537
Commissions and expense allowances payable on reinsurance assumed	25,687,038
General expenses due or accrued	715,774,856
Transfers to separate accounts due or accrued	(72,221,150)
Taxes, licenses and fees due or accrued, excluding federal income taxes	76,650,139
Current federal and foreign income taxes	4,629,824
Unearned investment income	15,833,914
Amounts withheld or retained by company as agent or trustee	502,399,936
Amounts held for agents' account	26,265,391
Remittances and items not allocated	119,003,708
Net adjustment in assets and liabilities due to foreign exchange rates	11,169,144
Liability for benefits for employees and agents if not included above	858,990,322
Borrowed money and interest thereon	1,751,543,657
Miscellaneous liabilities:	
Asset valuation reserve	831,821,712
Reinsurance in unauthorized companies	543,630
Payable to parent, subsidiaries and affiliates	39,530,119
Payable for securities	97,872,984
Liability for security lending	688,898,998
Minimum pension liability for employees and agent's benefit plans	487,393,907
Derivatives	418,533,393
Special reserves on certain group policies	387,932,753
Derivatives-collateral liability	268,438,172
Obligations under structured settlement agreements	152,328,880
Deferred gains liability	40,926,677
General contingency reserve	22,535,071
Liability for interest on claims	15,414,869
Adjustment to agent's progress sharing plan liability	5,199,305
Reserves required on certain group annuity separate accounts	4,417,758
Fees on certain group annuity contracts	2,466,605
Conversion costs payable	617
From Separate Accounts statement	6,606,302,219
Total liabilities	$104,149,253,503
Surplus notes	1,990,004,000
Aggregate write-ins for special surplus funds – deferred tax	514,358,025
Unassigned funds (surplus)	11,181,905,844
Total Surplus	$ 13,686,267,869
Total liabilities and surplus	$117,835,521,372

D. Condensed Summary of Operations

	2005	2006	2007	2008	2009
Premiums and considerations	$ 9,273,266,785	$ 9,301,340,885	$ 9,751,972,925	$11,286,025,538	$11,162,062,908
Investment income	4,834,100,080	5,330,318,647	5,652,668,279	5,173,234,344	5,060,644,457
Net gain from operations from Separate Accounts	(47,263)	48,329	32,794	(116,060)	(26,051,497)
Commissions and reserve adjustments on reinsurance ceded	(54,775,877)	(41,244,700)	(159,044,767)	(57,198,075)	(80,704,991)
Miscellaneous income	594,825,067	603,882,663	556,582,830	438,873,443	600,772,502
Total income	$14,647,368,792	$15,194,345,824	$15,802,212,061	$16,840,828,190	$16,716,723,379
Benefit payments	$ 8,530,648,638	$ 8,852,052,403	$ 9,651,847,677	$ 9,728,845,773	$ 9,316,222,518
Increase in reserves	2,078,166,307	2,135,818,990	1,517,612,379	3,105,568,335	2,824,441,032
Commissions	419,341,261	404,477,378	408,763,011	416,002,454	424,892,625
General expenses and taxes	1,369,003,745	1,555,758,399	1,552,826,849	1,557,217,149	1,614,282,688
Increase in loading on deferred and uncollected premiums	1,330,143	5,489,554	(8,193,517)	1,048,167	17,101,012
Net transfers to (from) separate accounts	(95,009,329)	(192,795,813	229,964,001	(16,378,895)	158,455,118
Miscellaneous deductions	248,978,462	152,118,072	111,763,823	139,232,560	129,840,697
Total deductions	$12,552,461,227	$12,912,918,983	$13,464,584,223	$14,931,535,543	$14,485,235,690
Net gain (loss)	$ 2,094,907,565	$ 2,281,426,841	$ 2,337,627,838	$ 1,909,292,647	$ 2,231,487,689
Dividends	1,476,770,648	1,545,574,902	1,644,147,615	1,420,697,461	1,332,766,898
Net gain after dividends	618,136,917	735,851,939	693,480,223	488,595,186	898,720,791
Federal and foreign income taxes Incurred	(101,298,942)	242,344,389	116,249,856	55,330,662	104,994,908
Net gain (loss) from operations before net realized capital gains	$ 719,435,859	$ 493,507,550	$ 577,230,367	$ 433,264,524	$ 793,725,883
Net realized capital gains (losses)	478,863,343	300,756,004	279,204,497	(997,623,331)	(338,459,260)
Net income	$ 1,198,299,202	$ 794,263,554	$ 856,434,864	$ (564,358,807)	$ 455,266,623

The large amount of net realized losses in 2008 was driven by other-than-temporary impairments of $701.0 million and net after-tax realized losses of $296.0 million due to the economic downturn experienced in 2008.

E. Surplus Account

	2005	2006	2007	2008	2009
Surplus, December 31, prior year	$ 9,707,782,261	$10,549,094,963	$11,300,272,765	$11,959,229,547	$11,793,474,458
Net income	$ 1,198,299,202	$ 794,263,554	$ 856,434,864	$ (564,358,807)	$ 455,266,623
Change in net unrealized capital gains (losses)	(43,737,817)	423,356,032	362,860,654	(2,613,212,561)	616,071,558
Change in net unrealized foreign exchange capital gain (loss)	433,684,924	(469,516,509)	(385,932,670)	1,063,901,874	(262,803,600)
Change in net deferred income tax	(154,085,389)	128,848,194	(71,913,341)	(76,058,905)	100,846,261
Change in non-admitted assets and related items	67,691,820	73,665,573	(36,745,242)	(201,858,840)	66,111,769
Change in liability for reinsurance in unauthorized companies	(3,608,351)	5,878,536	(29,584)	74,885	(497,775)
Change in reserve valuation basis	(126,219,760)	(22,000,000)	80,986,384	267,685,899	10,000,000
Change in asset valuation reserve	(128,306,120)	(209,754,822)	(170,023,626)	1,608,106,260	(182,968,267)
Other changes in surplus in Separate Accounts statement	(4,336,787)	(287,702)	(6,249,612)	(1,556,879)	1,744,319
Change in surplus notes	(124,384,427)	325,334	325,334	325,334	998,015,333
Cumulative effect of changes in accounting principles	(271,791,885)	(936,675)	(1,380,585)	328,140,385	27,756,106
Change in special reserves – certain Group life and annuity contracts	26,595,158	445,256	10,464,444	1,603,652	5,310,743
Ceding Commission	(2,702,895)	(2,702,895)	(2,702,895)	(2,702,895)	(2,702,895)
Prior period correction	(5,000,000)	0	0		
Change in reserve for surplus notes	0	11,111,000	11,111,000	11,111,000	66,667,000
Minimum pension liability adjustment	(20,784,971)	18,482,926	11,751,657	13,044,509	(520,381,790)
Change in accounting principles – deferred tax	0	0	0	0	514,358,025
Net change in surplus for the year	$ 841,312,702	$ 751,177,802	$ 658,956,782	$ (165,755,089)	$ 1,892,793,411
Surplus December 31, current year	$10,549,094,963	$11,300,272,765	$11,959,229,547	$11,793,474,458	$13,686,267,869

6. PRIOR REPORT SUMMARY AND CONCLUSIONS

Following are the financial violations, recommendations and comments contained in the prior report on examination and the subsequent actions taken by the Company in response to each citation:

Item	Description
A	The Company violated Section 178.5(a)(6) of Department Regulation No. 163 by failing to conduct initial legal reviews of certain derivative transactions at time of execution prior to signing the confirmation, thereby binding the Company to a contract with potential enforceability and other legal issues. This finding related to certain short-term currency forward contracts transacted by MacKay Shields LLC ("MacKay"), one of the Company's affiliated investment advisers. MacKay's Legal and Compliance Department now reviews each currency forward transaction prior to execution to ensure that: (i) the transaction is subject to, and in compliance with, a derivative strategy or program that has been approved by the Company's Senior Derivatives Manager and legal advisers and determined to comply with the Company's derivative use plan; (ii) the contract or trade confirmation is enforceable and that there are no legal issues with respect to the terms of the transaction; (iii) the counterparty is on the approved list of counterparties; and (iv) both the trader and the officer approving the transaction are on the list of authorized derivatives officers appointed by the Company's Investment Committee of the Board. During the examination, the examiners verified that each of the above controls the Company put in place was operating effectively.
B	The examiner recommends that the Company implement an internal control to document supervisory sign-off and dates of preparation and review for its derivatives reconciliations. In addition, it is recommended that each reconciliation be performed at or near the date of the valuation. The Company substantially enhanced its quarterly procedures for evaluating the accuracy of the fair values of over-the-counter derivative transactions, by, among other measures, requiring that each quarterly comparison of system-generated valuations to counterparty-determined valuations be documented to include (i) dating of preparation and naming of individuals conducting the analysis; and (ii) evidence of supervisory review and date of such review. The new controls also specify requirements for delivery of data, completion of various levels of analysis, and supervisory review that are designed to ensure timely preparation and completion of valuation comparisons as near to the valuation date as is practicable. During their review, the examiners were able to confirm the new controls and procedures were operating effectively.

Item	Description
C	Given that many of the derivative valuation variances noted were significant and that despite two separate requests the Company failed to provide a clear documentary trail of each purported reconciliation providing verifiable details for the various reconciling factors, and given the highly-leveraged nature of derivative instruments, the examiner recommends that the Company obtain and document an independent valuation in instances where a material variance between counterparty valuation and the valuation generated by its vendor provided valuation system remains after the Company has considered and documented, as part of a proper reconciliation process, acceptable variances due to differences between New York and London market prices, inclusion and/or exclusion of accrued interest and correction of uncontested valuation errors such as data input errors. In response to the examiner's recommendation, the Company enhanced its procedures to include a thorough documentation of all analysis performed and implemented the use of Bloomberg market data and valuation models as an independent third-party source for verification of valuations. The following analyses are now performed: 1) an initial comparison of system generated valuations against counterparty-determined valuations (the "reconciliation"), 2) a market data sensitivity analysis of valuation variances exceeding an initial tolerance threshold, to identify explained differences, and 3) an independent revaluation for unexplained valuation variances exceeding an established materiality threshold. Each of which are monitored and documented.
D	The examiner recommends that the Company remedy any deficiencies in the report modules of its derivatives valuation system so that values generated more accurately reflect fair values and are consistent with values utilized for management purposes. The recommendation is related to one of the Principia Analytic Systems derivatives reports used by the Company solely for compliance monitoring, but not for financial accounting or valuation reconciliation purposes. The Company immediately ceased using the applicable report module in 2006, as soon as the problem was detected by the Company's auditors. The corrective action was noted by the examiner during the period under review.

Respectfully submitted,

____
Dennis G. Bensen, CLU, AIE
Associate Insurance Examiner

STATE OF NEW YORK)
)SS:
COUNTY OF NEW YORK)

Dennis G. Bensen, being duly sworn, deposes and says that the foregoing report, subscribed by him, is true to the best of his knowledge and belief.

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Dennis G. Bensen

Subscribed and sworn to before me

this__________ day of ____________________

APPOINTMENT NO. 30459

STATE OF NEW YORK

INSURANCE DEPARTMENT

I, JAMES J. WRYNN, Superintendent of Insurance of the State of New York, pursuant to the provisions of the Insurance Law, do hereby appoint:

DENNIS BENSEN

as a proper person to examine into the affairs of the

NEW YORK LIFE INSURANCE COMPANY

and to make a report to me in writing of the condition of the said

COMPANY

with such other information as he shall deem requisite.

In Witness Whereof, I have hereunto subscribed by name and affixed the official Seal of the Department at the City of New York

this 7th day of January, 2010

JAMES J. WRYNN
Superintendent of Insurance

Superintendent