STATE OF NEW YORK INSURANCE DEPARTMENT

REPORT ON FINANCIAL CONDITION EXAMINATION

OF THE

PHOENIX LIFE INSURANCE COMPANY

CONDITION: December 31, 2007

DATE OF REPORT: September 19, 2008

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AS OF

DECEMBER 31, 2007

DATE OF REPORT:	SEPTEMBER 19, 2008
EXAMINER:	MARK MCLEOD

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

David Paterson
Governor

Eric Dinallo
Superintendent

April 30, 2009

Honorable Eric Dinallo
Superintendent of Insurance
Albany, New York 12257

Sir:

In accordance with instructions contained in Appointment No. 22675, dated July 31, 2007 and annexed hereto, an examination has been made into the financial condition and affairs of Phoenix Life Insurance Company, hereinafter referred to as "the Company," at its home office located at One American Row, Hartford, CT 06115.

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

The report indicating the results of this financial condition examination is respectfully submitted.

1. EXECUTIVE SUMMARY

The Company announced on March 4, 2009 that it was given notice by State Farm Mutual Automobile Insurance Company ("State Farm") of its intention to suspend the sale of the Company's products, pending a reevaluation of the relationship between the companies. On the same date, National Life Group also informed the Company of its intention to suspend the sale of the Company's products. (See item 7 of this report)

The Company violated Section 1505(d)(3) of the New York Insurance Law by rendering services on a regular or systematic basis to Phoenix Life Solutions ("PLS") and Goodwin Capital Advisers ("Goodwin") without notifying the superintendent in writing of its intention to enter into any such transaction at least thirty days prior thereto. (See item 3D of this report)

2. SCOPE OF EXAMINATION

The examination of the Company was a financial condition examination as defined in the National Association of Insurance Commissioners ("NAIC") *Financial Condition Examiners Handbook, 2007 Edition* (the "Handbook"). The examination covers the five-year period from January 1, 2003 through December 31, 2007. 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, 2007 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 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 2003 through 2007, 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 department given the task of assessing the internal control structure and 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 financial condition violations and recommendations contained in the prior report on examination. The results of the examiner's review are contained in item 8 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.

3. DESCRIPTION OF COMPANY

A. History

Phoenix Mutual Life Insurance Company, hereinafter referred to as "Phoenix Mutual," was originally incorporated under the laws of Connecticut in May 1851 as a stock company. Business commenced in May of 1851 under the name of American Temperance Life Insurance Company. The Company's name was changed to Phoenix Mutual Life Insurance Company in 1861. In 1889, an amendment to the charter authorized the complete mutualization of Phoenix Mutual.

Home Life Insurance Company, hereinafter referred to as "Home Life," was originally incorporated under the laws of New York on April 30, 1860 as a stock company and commenced business on May 1, 1860. Home Life was subsequently mutualized in 1916.

On July 1, 1992, Home Life merged with and into Phoenix Mutual, the surviving company, pursuant to Section 7105 of the New York Insurance Law. Immediately prior to the merger on July 1, 1992, Phoenix Mutual had redomesticated into New York pursuant to Section 7120 of the New York Insurance Law. The merger was approved by the policyholders of both companies on May 21, 1992 and by the Connecticut and New York State Insurance Departments on March 27, 1992 and June 17, 1992, respectively. Concurrent with the merger, the surviving company changed its name to Phoenix Home Life Mutual Insurance Company ("Phoenix Home").

On November 25, 1996, Phoenix Home issued $175 million of surplus notes, with a 6.95% interest rate, which matured on December 1, 2006. With permission granted by the Superintendent of Insurance of the State of New York, the remaining $30.2 million balance of the Company's 6.95% surplus notes, originally issued on November 25, 1996, matured and was paid in full. Interest payments for these notes for 2006 totaled $2.1 million. These 6.95% surplus notes contained no early redemption provisions. The notes were issued pursuant to Rule 144A under the Securities Act of 1933 and were underwritten by Bear, Stearns & Co. Inc., Chase Securities Inc. and Merrill Lynch & Co., and were administered by the Bank of New York as registrar/paying agent.

On June 25, 2001, Phoenix Home converted from a mutual life insurance company to a stock life insurance company, changed its name to Phoenix Life Insurance Company, and became a wholly owned subsidiary of The Phoenix Companies, Inc. ("PNX"). The demutualization was accounted for as a reorganization. The Company's unassigned surplus was reclassified as common stock and additional paid in capital.

All policyholder membership interests in the former mutual company were extinguished and eligible policyholders received shares of common stock, $28.8 million of cash and $12.7 million of policy credits as compensation. To protect the future dividends of these policyholders, a closed block was established for the existing policyholders.

On December 15, 2004, the Company issued $175 million of surplus notes, with a 7.15% interest rate, which are due to mature on December 1, 2034. Interest payments require the prior approval of the Superintendent of Insurance of the State of New York and may be made only out of surplus funds that the Superintendent determines to be available for such payments under New York Insurance law. Interest payments for these notes for 2007 totaled $12.5 million. Interest is scheduled to be paid on June 15 and December 15 of each year. These notes contain no early redemption provisions. The 7.15% notes were issued pursuant to Rule 144A under the Securities Act of 1933 and were underwritten by Goldman, Sachs & Co. and Wachovia Capital Markets, LLC, and are administered by the Bank of New York as registrar/paying agent.

B. Holding Company

The Company is a wholly owned, direct subsidiary of PNX, a Delaware holding company.

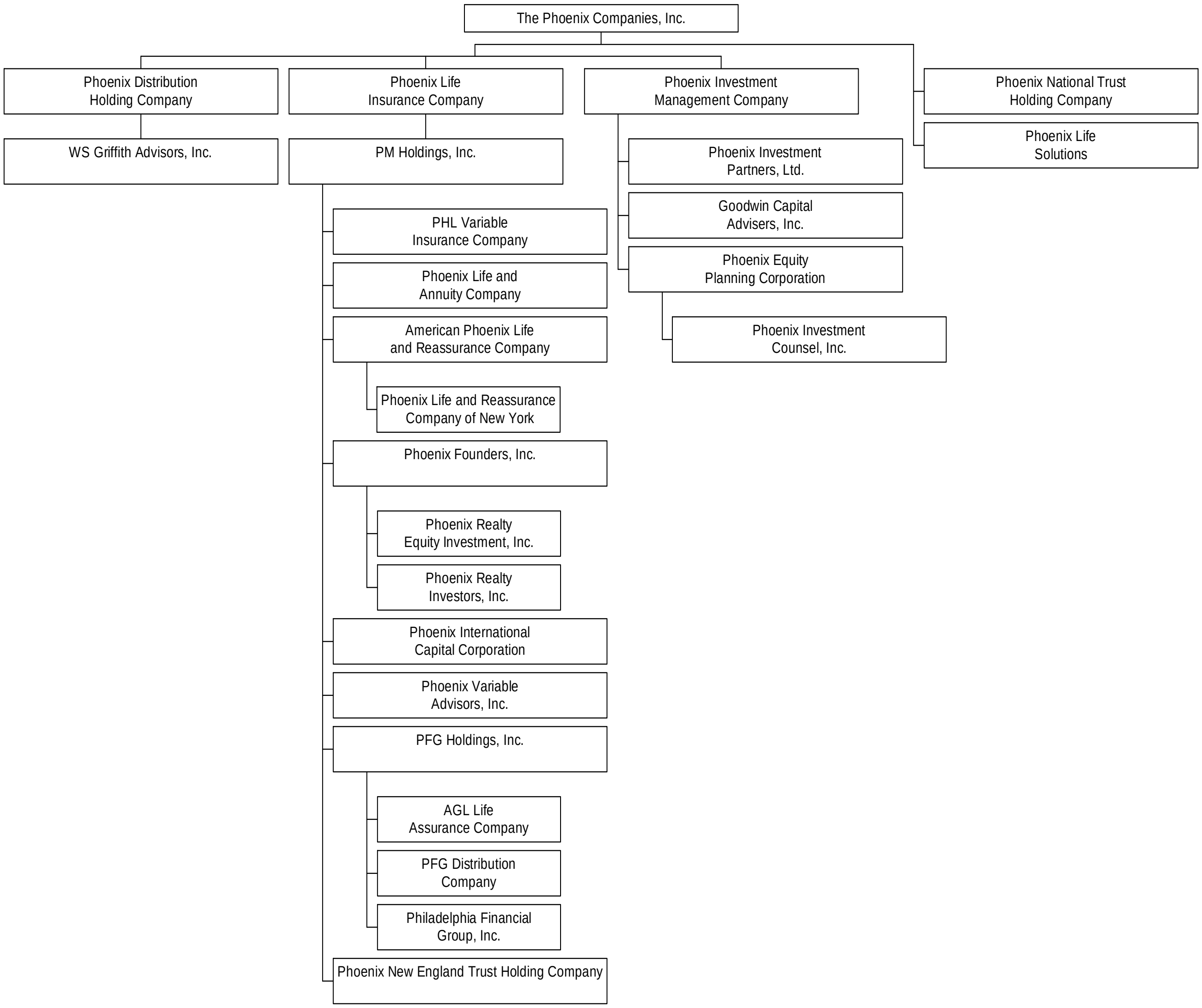
PM Holdings, a direct subsidiary of the Company, is organized to hold investments in companies primarily engaged in the businesses of life insurance and annuities. The direct and indirect, wholly-owned life insurance subsidiaries of PM Holdings include the following: American Phoenix Life and Reassurance Company, Phoenix Life and Reassurance Company of New York, PHL Variable Insurance Company, and Phoenix Life and Annuity Company. PM Holdings' significant non-life subsidiaries include: Phoenix New England Trust Holding Company and Phoenix International Capital Corporation.

In 2004 the Company dissolved W.S. Griffith and Company, Phoenix National Life Insurance Company, Phoenix Global Holding Company, Phoenix Global Solutions, Inc., and Phoenix Associates, Inc. Phoenix National Life Insurance Company was a subsidiary of Phoenix National Trust Holding Company.

On January 11, 2005, the Company disposed of its equity interest in Aberdeen Asset Management PLC and on January 14, 2005 the Company disposed of its interest in Lombard International Assurance S.A. Also in 2005, the Company dissolved New England Trust Holding Co.

C. Organizational Chart

An organization chart reflecting the relationship between the Company and significant entities in its holding company system as of December 31, 2007 follows:



D. Service Agreements

The Company had 13 service agreements in effect with affiliates during the examination period.

Type of Agreement and Department File Number	Effective Date	Provider(s) of Service(s)	Recipient(s) of Service(s)	Specific Service(s) Covered	Income/ (Expense)* For Each Year of the Examination
Administrative Agreement	1/1/1995 Amended 11/15/07	The Company	American Phoenix Life & Reassurance Co., Phoenix Variable Insurance Co., Phoenix Life & Annuity Co.	Use of office space and personnel	2003 $145,055,977 2004 $134,775,292 2005 $174,654,616 2006 $316,985,419[1] 2007 $467,525,937
Common [2] Paymaster Agreement	6/18/1999	The Company, Phoenix Life and Annuity Company (PLAC)	Phoenix Life and Annuity Company, The Company	Payment of commissions	2003 $0 2004 $0 2005 $0 2006 $0 2007 $0
Common [2] Paymaster Agreement	5/10/1995	The Company, Phoenix Variable Insurance Company (PHLVIC)	Phoenix Variable Insurance Company (PHLVIC), The Company	Payment of commissions	2003 $0 2004 $0 2005 $0 2006 $0 2007 $0
Administrative Agreement 29732	Amended and Restated 6/25/2001	The Company	Phoenix Life and Reassurance Company of New York	Use of office space and personnel	2003 $49,338 2004 $65,536 2005 $73,401 2006 $54,511 2007 $37,755
Administrative Agreement 31317	7/1/2003	The Company	The Phoenix Companies, Inc. ("PNX")	Administrative Services	2003 $9,940,337 2004 $17,479,949 2005 $23,672,867 2006 $15,103,599 2007 $12,481,927
Benefit Services Agreement 32123	7/1/2003	The Phoenix Companies, Inc. ("PNX")	The Company	The Company reimburses PNX expenses incurred on behalf of Company in funding employee benefit plans	2003 $(2,939,102) 2004 $(3,235,675) 2005 $(4,102,651) 2006 $(14,127,974)[3] 2007 $(6,657,087)

Type of Agreement and Department File Number	Effective Date	Provider(s) of Service(s)	Recipient(s) of Service(s)	Specific Service(s) Covered	Income/ (Expense)* For Each Year of the Examination
Administrative Agreement 40780	9/3/2008	The Company	Phoenix Life Solutions	Use of office space and personnel	2003 $0 2004 $0 2005 $0 2006 $0 2007 $663,235
Administrative Agreement 29331	Amended and Restated 1/1/2001 & 4/1/2005	The Company	Phoenix Investment Partners, Ltd. ("PXP")	Use of office space and personnel	2003 $26,007,175 2004 $27,700,175 2005 $29,557,608 2006 $25,626,569 2007 $26,017,399
Investment Advisory Agreement 29336	Amended and Restated 1/1/2001 & 1/1/2005	Phoenix Investment Counsel, Inc.	The Company	Investment Advice	2003 $(10,657,597) 2004 $(12,780,162) 2005 $(14,337,135) 2006 $(11,874,896) 2007 $(13,537,255)
Master Service and Distribution Compliance Agreement 29339	11/1/2000 Amended and Restated 10/1/2004	Phoenix Equity Planning Company ("PEPCO")	The Company	Service with respect to books and records maintained in connection with variable products	2003 $(21,566,588) 2004 $(13,795,978) 2005 $(12,046,519) 2006 $(10,731,623) 2007 $(11,535,147)
Administrative Agreement	5/11/2000 Amended 1/1/2007	The Company	PFG Holdings Inc.	Use of office space and personnel	2003 $0 2004 $311,907 2005 $319,432 2006 $280,416 2007 $256,546
Administrative Agreement 29399	Amended and Restated 1/1/2001	The Company	Various subsidiary affiliates	Use of office space and personnel	2003 $35,017,055 2004 $17,600,157[4] 2005 $ 505,741 2006 $ 384,107 2007 $ 561,518
Trademark License Agreement 29345	6/25/2001	The Company	Phoenix National Trust Holding Co. (formally known as Charter Oak Trust Co.)	License to use the Company's licensed trademarks	2003 $0 2004 $0 2005 $0 2006 $0 2007 $0

* Amount of Income or (Expense) Incurred by the Company

[1] The increases in 2006 and 2007 income under this agreement are due to corresponding increases in life and annuity sales volumes and staffing levels necessary to support the increased business.

[2] There are no income or expenses for the common paymaster agreements due to the parties to the agreements sharing a bank account to pay individuals who are employees of both companies

[3] The increase in 2006 is due to the restricted stock units and stock options granted to employees in 2006. In 2006, there was an $8 million reclassification entry into an intercompany receivable account related to the restricted stock units.

[4] Income under this administrative agreement decreased significantly in 2004 and 2005 due to the dissolution of W.S Griffith and Company in 2004.

Section 1505 of the New York Insurance Law states, in part:

> "(d) The following transactions between a domestic controlled insurer and any person in its holding company may not be entered into unless the insurer has notified the superintendent in writing of its intention to enter into any such transaction at least thirty days prior thereto, or such shorter period as he may permit, and he has not disapproved it within such period:
>
> (3) rendering of services on a regular or systematic basis"

Phoenix Life Solutions and Goodwin Capital Advisers are affiliates of the Company who were formed in 2007. Both affiliates received services from the Company in the form of office space usage and personnel. In 2007, the Company received $663,235 and $39,203 from PLS and Goodwin respectively for the usage of office space and personnel, however, the Company did not notify the Superintendent of its intentions to enter into the above transactions.

The Company violated Section 1505(d)(3) of the New York Insurance Law by rendering services on a regular or systematic basis without notifying the superintendent in writing of its intention to enter into any such transaction at least thirty days prior thereto. Subsequent to the date of the report, the Company entered into a formal agreement with PLS and filed such with the Department.

To date, the Company has not filed with the Department an agreement for any of the aforementioned services being rendered by the Company to Goodwin. The examiner recommends that the Company file such an agreement with the Department.

E. Management

The Company's by-laws provide that the board of directors shall be comprised of not less than 13 and not more than 30 directors. Directors are elected for a term of 1 year at the annual meeting of the stockholders held on the third Monday of April of each year or within 60 days thereafter. As of December 31, 2007, the board of directors consisted of 13 members. Meetings of the board are held at least four times each year.

The 13 board members and their principal business affiliation, as of December 31, 2007, were as follows:

Name and Residence	Principal Business Affiliation	Year First Elected
Sal H. Alfiero* Amherst, NY	Former Chairman and Chief Executive Officer Protective Industries, LLC	1988
Martin N. Bailey* Washington, DC	Senior Fellow Peterson Institute for International Economics	2005
Jean S. Blackwell* Indianapolis, IN	Executive Vice President, Chief Financial Officer and Chief of Staff Cummins Inc.	2004
Peter C. Browning* Charlotte, NC	Former Dean McColl School of Business Queens University of Charlotte	1989
Arthur P. Byme* Avon, CT	Operating Partner JW Childs Associates	1997
Sanford Cloud, Jr*. Farmington, CT	Chairman and Chief Executive Officer The Cloud Company, LLC	2001
Gordon J. Davis* New York, NY	Partner LeBoeuf, Lamb, Greene & MacRae	1986
John H. Forsgren * Boca Raton, FL	Retired	2005

Name and Residence	Principal Business Affiliation	Year First Elected
Ann Maynard Gray* Stamford, CT	Retired	2002
John E. Haire* Darien, CT	Former Executive Vice President Time, Inc	1999
Jerry J. Jasinowski* Washington, DC	President Manufacturing Institute	1995
Thomas S. Johnson* New York, NY	Former Chairman and Chief Executive Officer Greenpoint Financial Corp.	2000
Dona D. Young West Hartford, CT	Chairman of the Board, President and Chief Executive Officer Phoenix Life Insurance Company	1998

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

In May 2008, Augustus K. Oliver II and Arthur F. Weinback were elected to the board.

On March 23, 2009 the Company announced that Dona D. Young, chairman, president and chief executive officer, would retire from the company effective April 15, 2009. James D. Wehr, senior executive vice president and chief investment officer, was promoted to president and chief executive officer and will join the Phoenix Board of Directors. See item 6 of this report for additional details.

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, 2007:

Name	Title
Dona D. Young	Chairman of the Board, President and Chief Executive Officer
Tracy L. Rich	Executive Vice President, General Counsel and Secretary
Daniel J. Moskey	Vice President and Treasurer
Robert J. Lombardi	Vice President and Actuary
Peter A. Hofmann	Senior Executive Vice President, Chief Financial Officer and Chairman, Strategic Relations
Philip K. Polkinghorn	Senior Executive Vice President and President, Life and Annuity
James D. Wehr	Senior Executive Vice President and Chief Investment Officer
Edward W. Cassidy	Executive Vice President, Life Distribution and Sales
John V. LaGrasse	Executive Vice President and Chief Information Officer
Bonnie J. Malley	Executive Vice President, Human Resources, Corporate and Marketing Communications

John Flores is the designated consumer services officer per Section 216.4(c) of Department Regulation No. 64.

4. 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, Puerto Rico, and the US Virgin Islands. In 2007, 21.9% of life premiums, 17.6% of accident and health premiums, 69.8% of annuity considerations, and 13.0% of deposit type funds were received from New York. Policies are written on a participating and non-participating basis.

A. Statutory and Special Deposits

As of December 31, 2007, the Company had $1,500,000 (par value) of United States Treasury Bonds on deposit with the State of New York, its domiciliary state, for the benefit of all policyholders, claimants and creditors of the Company. As per confirmations received from the following states which were reported in Schedule E of the 2007 filed annual statement, an additional $34,568,519 was being held by the states of Arkansas ($150,000), California ($33,775,000), Georgia ($56,106), New Mexico ($150,000) and North Carolina ($437,413). A confirmation for $21,150,000 was also received from Canada. The Company reported an amount of $650,000 on deposit with the US Virgin Islands.

B. Direct Operations

The Company provides asset and wealth management products and services primarily to affluent and high net worth individuals, business owners, and corporate executives. The products and services offered include individual participating life insurance, term life, universal and variable life insurance, and variable and fixed annuities. The life insurance operation is targeted toward serving upscale and sophisticated markets such as corporate owned life insurance and survivorship life. Traditional whole life is still being offered, but very little is being sold by the Company. Through its affiliates, the Company offers investment advisory services and a private placement variable universal life product designed for very wealthy individuals interested in non-traditional investment opportunities.

The Company’s life insurance products include variable universal life, universal life, term life and other insurance products. In addition to single life, the Company markets first-to-die and second-to-die products. Variable annuities are offered as separate account products, whereby the contractholder bears the investment risk as deposits are directed into a variety of separate investment options. Both deferred annuities and immediate annuities are offered, as well as a general account option which earns interest at predetermined rates. Contractholders also may elect certain enhanced living benefit guarantees for which they are assessed a specific charge.

The Company’s agency operations are conducted on a brokerage general agency basis. The Company markets its products through national and regional broker-dealers, banks, financial planning firms and other insurance companies. The Company has sold its affiliated distribution companies, including Phoenix National Trust Holding Company and W.S. Griffith.

For the entire examination period, the Company had a relationship with State Farm whereby it provided the Company with significant distribution capacity. State Farm accounted for about 17% of annualized life sales and about 63% of annuity deposits in 2007. Other primary nonaffiliated distribution sources include National Financial Partners, A.G. Edwards and National Life Group. On March 4, 2009, the Company was given notice by State Farm and National Life Group of those companies' intentions to suspend its distribution relationships with the Company. See item 6 of this report for additional details.

C. Reinsurance

As of December 31, 2007, the Company had reinsurance treaties in effect with 158 companies, of which 134 were authorized or accredited. The Company's life and accident and health business is reinsured on a coinsurance or yearly renewable term basis. Reinsurance is provided on an automatic and facultative basis.

The maximum retention limit for individual life contracts is $10,000,000 on any one life and $12,000,000 on second-to-die policies. The total face amount of life insurance ceded as of December 31, 2007 was $35,127,488,000, which represents 50% of the total face amount of life insurance in force.

Reserve credit taken for reinsurance ceded to unauthorized companies totaling $10,417,956 was supported by letters of credit and funds withheld.

The total face amount of life insurance assumed as of December 31, 2007 was $44,644,000.

5. 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 (decline) during the period under review:

	December 31, 2002	December 31, 2007	Increase (Decrease)
Admitted assets	$16,103,186,398	$16,714,605,994	$611,419,596
Liabilities	$15,242,171,637	$15,866,488,574	$624,316,937
Common capital stock	$ 10,000,000	$ 10,000,000	$ 0
Surplus Notes	175,000,000	174,021,803	(978,197)
Gross paid in and contributed surplus	882,892,342	1,027,469,048	144,576,706
Aviation reinsurance contingency reserve	2,500,000	2,500,000	0
Unassigned funds (surplus)	(209,377,581)	(365,873,431)	(156,495,850)
Total capital and surplus	$ 861,014,761	$ 848,117,420	$ (12,897,341)
Total liabilities, capital and surplus	$16,103,186,398	$16,714,605,994	$611,419,596

The Company's invested assets as of December 31, 2007, exclusive of separate accounts, were mainly comprised of bonds (67.6%), contract loans (16.2%) and stocks (6.6%).

The majority (92.3%) of the Company's bond portfolio, as of December 31, 2007, was comprised of investment grade obligations.

The following indicates, for each of the years listed below, the amount of life insurance issued and in force by type (in thousands of dollars):

	Individual Whole Life		Individual Term		Group Life	
Year	Issued	In Force	Issued	In Force	Issued & Increases	In Force
2003	$2,046,276	$63,143,011	$2,674,752	$22,079,575	$0	$1,336,151
2004	$1,119,521	$60,505,382	$ 474,337	$20,900,036	$0	$1,308,169
2005	$ 888,423	$57,879,089	$ 506,083	$19,628,371	$0	$1,410,769
2006	$1,061,716	$55,244,812	$ 481,476	$18,554,690	$0	$1,500,806
2007	$1,303,717	$53,182,480	$ 645,659	$17,808,169	$0	$1,582,124

During the spring of 2004 the Company sold its career distribution system. Sales declined significantly for a few years but rose each year moving forward as new distribution strategies became effective. The Company increased the total number of life wholesalers as part of the strategy. In addition, the Company started working with new distribution channels in the summer of 2006.

The following has been extracted from the Exhibits of Annuities in the filed annual statements for each of the years under review:

Ordinary Annuities

	2005	2006	2007
Outstanding, end of previous year	35,562	30,622	26,898
Issued during the year	178	166	327
Other net changes during the year	(5,117)	(3890)	(3,516)
Outstanding, end of current year	30,623	26,898	23,709

The Company's variable annuity sales increased significantly from 2006 to 2007, in part from sales of newer products. The Company introduced a new product Spectrum Edge, which was successful in the State Farm channel. State Farm sales accounted for 63% of the Company's annuity business in 2007. Sales also increased significantly for the Company's Dimensions product, which was sold primarily through the National Life Group channel in 2007.

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:

	2003	2004	2005	2006	2007
Ordinary:					
Life insurance	$53,831,998	$18,366,591	$ 95,395,207	$119,421,459	$91,809,931
Individual Annuities	(3,766,920)	(1,009,455)	5,078,712	1,881,240	2,028,563
Supplementary Contracts	1,258,341	462,816	1,150,267	(381,983)	472,557
Total ordinary	$51,323,419	$17,819,952	$101,624,186	$120,920,716	$94,311,051
Group:					
Life	$ 6,747,853	$12,473,201	$11,562,583	$ 10,376,213	$11,642,264
Annuities	(5,020,359)	(5,326,911)	(5,922,771)	(8,643,791)	(8,134,606)
Total group	$ 1,727,494	$ 7,146,290	$ 5,639,812	$ 1,732,422	$ 3,507,658
Accident and health:					
Group	$16,960,895	$10,513,029	$ (652,404)	$ 9,374,789	$18,051,546
Other	(318,512)	(329,871)	(372,258)	(387,094)	(625,251)
Total accident and health	$16,642,383	$10,183,158	$ (1,024,662)	$ 8,987,695	$17,426,295
Total	$69,693,296	$35,149,399	$106,239,336	$131,640,832	$115,245,004

6. FINANCIAL STATEMENTS

The following statements show the assets, liabilities, capital and surplus as of December 31, 2007, as contained in the Company's 2007 filed annual statement, a condensed summary of operations and a reconciliation of the capital and 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, 2007 filed annual statement.

A. Independent Accountants

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

PwC 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	$9,686,870,361
Stocks:	
Preferred stocks	504,514,681
Common stocks	441,996,068
Mortgage loans on real estate:	
First liens	15,585,956
Real estate:	
Properties occupied by the company	36,104,742
Cash, cash equivalents and short term investments	225,056,996
Contract loans	2,322,810,048
Other invested assets	581,560,948
Receivable for securities	21,296,497
Aggregate write-ins for invested assets	19,628,091
Investment income due and accrued	185,168,986
Premiums and considerations:	
Uncollected premiums and agents' balances in the course of collection	16,175,230
Deferred premiums, agents' balances and installments booked but	

deferred and not yet due	96,737,446
Reinsurance:	
Amounts recoverable from reinsurers	41,132,161
Net deferred tax asset	82,534,974
Guaranty funds receivable or on deposit	2,661,854
Electronic data processing equipment and software	267,861
Net adjustments in assets and liabilities due to foreign exchange rates	67,533
Receivables from parent, subsidiaries and affiliates	48,541,238
Aggregate write-ins for other than invested asset	9,256,623
From Separate Accounts, Segregated Accounts and Protected Cell Accounts	2,376,637,700
Total admitted assets	$16,714,605,994

C. Liabilities, Capital and Surplus

Aggregate reserve for life policies and contracts	$12,255,504,551
Aggregate reserve for accident and health contracts	2,360,287
Liability for deposit-type contracts	361,310,079
Contract claims:	
Life	69,913,214
Accident and health	68,776,227
Policyholders' dividends and coupons due and unpaid	6,085,509
Provision for policyholders' dividends and coupons payable in following calendar year – estimated amounts:	
Dividends apportioned for payment	349,536,408
Premiums and annuity considerations for life and accident and health contracts received in advance	6,616,299
Contract liabilities not included elsewhere:	
Interest maintenance reserve	44,433,355
Commissions to agents due or accrued	33,099,546
Commissions and expense allowances payable on reinsurance assumed	29,176
General expenses due or accrued	65,681,256
Transfers to Separate Accounts due or accrued	(92,954,348)
Taxes, licenses and fees due or accrued, excluding federal income taxes	2,148,414
Current federal and foreign income taxes	35,407,441
Unearned investment income	9,010,501
Amounts withheld or retained by company as agent or trustee	2,244,630
Amounts held for agents' account	451,469
Remittances and items not allocated	4,857,028
Liability for benefits for employees and agents if not included above	12,980,182
Miscellaneous liabilities:	
Asset valuation reserve	192,551,349
Reinsurance in unauthorized companies	11,200,219
Funds held under reinsurance treaties with unauthorized reinsurers	2,966,776
Payable to parent, subsidiaries and affiliates	24,784,462
Payable for securities	955,951
Aggregate write-ins for liabilities	20,847,719
From Separate Accounts statement	2,375,690,874
Total liabilities	$15,866,488,574
Common capital stock	$ 10,000,000
Surplus notes	174,021,803
Gross paid in and contributed surplus	1,027,469,048
Aggregate write-ins for special surplus funds	2,500,000
Unassigned funds (surplus)	(365,873,431)
Surplus	$ 838,117,420
Total capital and surplus	$ 848,117,420
Total liabilities, capital and surplus	$16,714,605,994

D. Condensed Summary of Operations

	2003	2004	2005	2006	2007
Premiums and considerations	$1,294,011,354	$1,136,752,422	$1,068,539,489	$ 905,087,680	$ 859,132,987
Investment income	848,415,582	835,221,528	881,925,305	854,891,349	869,493,335
Net gain from operations from Separate Accounts	10,091,448	3,878,229	2,339,855	1,499,200	72,708
Commissions and reserve adjustments on reinsurance ceded	4,834,588	1,103,302	3,305,965	2,975,412	4,188,936
Miscellaneous income	114,186,286	114,935,559	114,138,381	113,242,284	114,697,420
Total income	$2,271,539,268	$2,091,891,040	$2,070,248,995	$1,877,695,925	$1,847,585,386
Benefit payments	$1,225,105,726	$1,591,038,764	$1,312,193,287	$1,362,219,763	$1,261,546,102
Increase in reserves	351,886,869	(115,236,810)	151,908,753	(12,635,927)	14,307,583
Commissions	64,957,209	45,586,119	55,247,870	37,747,365	39,737,189
General expenses and taxes	229,922,519	237,738,704	196,954,048	157,477,869	171,207,946
Increase in loading on deferred and uncollected premiums	(205,819)	(331,545)	(198,560)	(159,671)	(177,853)
Net transfers (from) Separate Accounts	(67,358,399)	(97,295,832)	(108,376,102)	(154,879,257)	(132,780,529)
Miscellaneous deductions	1,750,050	1,785,061	1,731,654	1,365,620	2,231,334
Total deductions	$1,806,058,155	$1,663,284,462	$1,609,460,950	$1,391,135,762	$1,356,071,772
Net gain	$ 465,481,113	$ 428,606,578	$ 460,788,045	$ 486,560,163	$ 491,513,614
Dividends	401,224,603	390,428,703	344,525,498	332,601,164	345,062,473
Federal and foreign income taxes Incurred	(5,436,786)	3,028,477	10,023,210	22,318,167	31,206,137

	2003	2004	2005	2006	2007
Net gain from operations before net realized capital gains	$69,693,296	$35,149,398	$106,239,337	$131,640,832	$115,245,004
Net realized capital gains (losses)	(48,193,197)	11,944,100	(45,215,638)	30,370,942	(35,276,649)
Net income	$21,500,099	$47,093,498	$ 61,023,699	$162,011,774	$ 79,968,355

E. Capital and Surplus Account

	2003	2004	2005	2006	2007
Capital and surplus, December 31, prior year	$861,014,761	$762,868,550	$809,215,796	$885,511,479	$932,449,144
Net income	$ 21,500,099	$ 47,093,498	$ 61,023,699	$162,011,774	$ 79,968,355
Change in net unrealized capital gains (losses)	687,016	40,761,724	38,020,596	(14,342,318)	(63,196,348)
Change in net unrealized foreign exchange capital gain (loss)	0	(205,253)	(75,261)	(115,357)	540,123
Change in net deferred income tax	(4,251,613)	(11,537,191)	7,078,342	(32,404,253)	13,084,800
Change in non-admitted assets and related items	(21,530,682)	44,092,426	(2,991,909)	27,180,184	(13,249,393)
Change in liability for reinsurance in unauthorized companies	(1,093,848)	(120,150)	152,461	(595,184)	(4,607,499)
Change in reserve valuation basis	2,596,546	7,598,985	0	0	0
Change in asset valuation reserve	(51,553,729)	(15,031,044)	2,859,904	22,906,477	(4,708,103)
Surplus (contributed to), withdrawn from Separate Accounts during Period	5,874,203	4,064,966	25,199,901	17,789,630	0
Other changes in surplus in Separate Accounts statement	(5,874,203)	(4,064,966)	(25,199,901)	(17,789,630)	0
Change in surplus notes	0	29,152,778	36,342	(30,203,658)	36,341
Dividends to stockholders	(44,500,000)	(69,690,000)	(35,149,398)	(87,500,000)	(92,200,000)
Aggregate write ins for gains and losses in surplus	0	(25,768,527)	5,340,907	0	0
Net change in capital and surplus for the year	$ (98,146,211)	$ 46,347,246	$ 76,295,683	$ 46,937,665	$ (84,331,724)
Capital and surplus, December 31, current year	$762,868,550	$809,215,796	$885,511,479	$932,449,144	$848,117,420

7. SUBSEQUENT EVENTS

A. State Farm and National Life Group Relationships

The Company announced on March 4, 2009 that it was given notice by State Farm of its intention to suspend the sale of the Company's products, pending a reevaluation of the relationship between the companies. In 2008, State Farm was the Company's largest distributor of annuity and life insurance products, accounting for approximately 27% of its total life insurance premiums and approximately 68% of its annuity deposits.

On March 4, 2009, National Life Group also informed the Company that it intends to suspend the sale of the Company's products. In 2008, National Life was the Company's second largest distributor of annuity products, accounting for approximately 14% of the Company's annuity deposits.

As stated by the Company, these actions by key distribution partners and rating agencies (see below) will likely have a material adverse effect on future results. The Company is assessing the impact of these recent developments on its business prospects, operations and strategy.

B. Rating Agency Downgrades

On February 19, 2009, Moody's Investor Service downgraded the Company's financial strength rating to Baa1 from A3 and downgraded its senior debt rating to Ba1 from Baa3. The ratings remain on review for possible further downgrade, as was previously announced by Moody's on December 9, 2008.

On March 2, 2009, Standard and Poor's downgraded the Company's financial strength rating to BBB from BBB+ and downgraded its senior debt rating to BB from BB+. At the same time, Standard and Poor's removed the ratings from CreditWatch, where they had been placed with negative implications on February 10, 2009. The forward ratings outlook is negative.

On March 4, 2009, Fitch downgraded the Company's financial strength rating to BBB+ from A and placed the rating on Rating Watch Negative.

C. Retirement of Principal Officer

On March 23, 2009, the Company announced that Dona D. Young, chairman, president and chief executive officer, will retire from the company after 29 years of service, effective April 15, 2009. James D. Wehr, senior executive vice president and chief investment officer, was promoted to president and chief executive officer and will join the Phoenix Board of Directors. Thomas S. Johnson was named non-executive chairman of the Board. All changes are effective April 15, 2009. Ms. Young stepped down from the Board of Directors and will become a consultant to the Company for one year.

8. PRIOR REPORT SUMMARY AND CONCLUSIONS

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

Item	Description
A	The examiner recommends that the Company terminate all service agreements where no payments have been made under the agreements and the services are not being rendered on a regular basis. The Company has terminated all service agreements where no payments have been made under the agreements and the services are not being rendered on a regular basis.
B	The Company violated Section 127.3(a) of Department Regulation No. 102 by reporting a reserve credit in the amount of $199,314 for a reinsurance contract that was not fully executed within 90 days after the date of the annual statement. All treaties are appropriately executed in conformance with Department Regulation No. 102.
C	The examiner recommends the Company substantially enhance its monitoring and valuation of private equity and venture capital funds, make appropriate write-downs of one of its larger private equity limited partnerships in Schedule BA for December 31 of 2001 and 2002, and other periods as applicable, and thoroughly review its other Schedule BA holdings for other possible impaired holdings. The Company appears to have formally established a monitoring protocol for venture capital investments, including both quarterly and annual reviews of reports from each partnership. The audited annual reports are carefully reviewed and used to further monitor each partnership. Also, the amount of investment in private equity and venture capital funds has decreased significantly during the examination period.
D	The examiner recommends that the Company have sufficient reinsurance contracts, or establish a hedging program, before significantly increasing its VAGLB, GMDB, or similar guaranty exposures from the December 31, 2002 level. The Company has established a hedging program.

9. SUMMARY AND CONCLUSIONS

Following are the violations and comments contained in this report:

Item	Description	Page No(s).
A	The Company violated Section 1505(d)(3) of the New York Insurance Law by rendering services on a regular or systematic basis to PLS and Goodwin without notifying the superintendent in writing of its intention to enter into any such transaction at least thirty days prior thereto.	11
B	The examiner recommends that the Company file with the Department an agreement for the services being rendered to Goodwin.	11
C	The Company announced on March 4, 2009 that it was given notice by State Farm Mutual Automobile Insurance Company of its intention to suspend the sale of the Company's products, pending a reevaluation of the relationship between the companies. On the same date, National Life Group also informed the Company of its intention to suspend the sale of the Company's products.	27
D	Various rating agencies, Moody's Investor Service, Standard and Poor's, and Fitch, announced ratings downgrades of the Company's financial strength and senior debt.	27
E	Dona D. Young, the Company's chairman, president, and chief executive officer, retired effective April 15, 2009. Ms. Young will remain as a Company consultant for a period of one year following her retirement.	28

Respectfully submitted,

_____________/s/___________
Mark McLeod
Associate Insurance Examiner

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

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

_____________/s/___________
Mark McLeod

Subscribed and sworn to before me

this__________ day of ____________________2008.

APPOINTMENT NO. 22675

STATE OF NEW YORK

INSURANCE DEPARTMENT

*I, **ERIC R. DINALLO**, Superintendent of Insurance of the State of New York, pursuant to the provisions of the Insurance Law, do hereby appoint:*

MARK MCLEOD

as a proper person to examine into the affairs of the

PHOENIX 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 31st day of July, 2007

ERIC R. DINALLO
Superintendent of Insurance

Superintendent