

TARGETED MARKET CONDUCT EXAMINATION REPORT

PHL Variable Insurance Company
NAIC # 93548
One American Row
Hartford, CT 06103

As of October 18, 2017

Iowa Insurance Division

State of Connecticut Insurance Department

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The Honorable Douglas Ommen
Insurance Commissioner
Iowa Insurance Division
601 Locust St., 4th Floor
Des Moines, IA 50309


The Honorable Katharine L. Wade
State of Connecticut Insurance Department
153 Market St.
Hartford, CT 06103

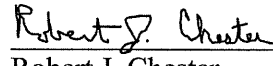
Dear Commissioners Ommen and Wade:

In accordance with your respective authorization, and pursuant to Iowa Code chapter 507 and Section 38a-15 of the Connecticut General Statutes, a market conduct examination has been conducted on the business affairs of

PHL Variable Insurance Company
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hereafter referred to as “PHL Variable Insurance Company” or the “Company”, the following report of such examination is respectfully submitted,


Tracy Swalwell, MCM
Iowa Insurance Division
Examiner-in-Charge


Robert J. Chester
State of Connecticut Insurance Department
Market Conduct Insurance Examiner

PURPOSE AND SCOPE OF REVIEW

A targeted market conduct examination of PHL Variable Insurance Company was conducted pursuant to Iowa and Connecticut statutory provisions.

The Iowa Insurance Division (“Division”) conducted targeted desk examinations on many companies to review the policies and procedures that comprise the Company’s annuity suitability supervision system and compare these policies and procedures against the model annuity suitability regulation requirements. The relevant time period was January 1, 2014 through September 30, 2015. The review was performed at the Division and at the State of Connecticut Insurance Department of electronic files provided by the Company and conducted according to the guidelines and procedures recommended in the NAIC Market Regulation Handbook.

Interrogatories were submitted to the Company as part of the MAWG Fixed Index Annuity Collaborative Action and written responses were provided.

EXECUTIVE SUMMARY

The Company appears to have adequate policies and procedures in place to review annuity suitability recommendations.

DESK EXAMINATION

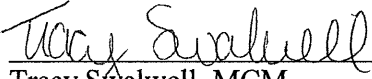
The examination included a review of the contracts, policies, written procedures, and other documents of the Company. A confidential comprehensive evaluation was provided to the Company focusing on the following areas: (1) how the Company informs producers of their obligations through training and other materials; (2) controls to review the suitability determination and product recommendation; and (3) methods of recording suitability decisions.

As a result of the evaluation, it is evident that the Company has procedures in place to supervise suitability recommendations. The Company employs an automated system to initially screen applications for red flag triggers. The Company requires and verifies training of producers but does not test the quality of training. Heightened review is performed of applications in which red flags are triggered. Additional monitoring of replacements is conducted. The Company requires producers to maintain records but does not audit them.

CONCLUSION

I would like to acknowledge the cooperation and courtesy extended by PHL Variable Insurance Company staff. In addition to the undersigned, Johanna Nagel of the Iowa Insurance Division participated in this examination.

Respectfully submitted,



Tracy Swalwell, MCM
Iowa Insurance Division
Examiner-in-Charge

Robert Chester

Robert Chester
State of Connecticut Insurance Department
Market Conduct Insurance Examiner