



Illinois Department of Insurance

PAT QUINN
Governor

ANDREW BORON
Director

July 9, 2014

Mark Pearson
President
AXA Equitable Life Insurance Company
1290 Ave of the Americas
Controllers 15th Floor
New York, NY 10104

Re: *AXA Equitable Life Insurance Company-NAIC # 62944*
Market Conduct Examination Report Closing letter

Dear Mr. Pearson:

The Department has reviewed your company's proof of compliance and deems it adequate and sufficient. Therefore, the Department is closing its file on this exam. I intend to ask the Director to make the Examination Report available for public inspection as authorized by 215 ILCS 5/132.

If you have any questions, my contact information is listed below.

Sincerely,

A handwritten signature in cursive script that reads "Lysa Saran".

Lysa Saran
Deputy Director
Consumer Outreach and Protection
Illinois Department of Insurance
122 S. Michigan Avenue, 19th Floor
Chicago, IL 60603
Phone: 312-814-1767
Cell: 312-833-4396
E-mail: Lysa.Saran@Illinois.gov

STATE OF ILLINOIS
DEPARTMENT OF INSURANCE



IN THE MATTER OF THE EXAMINATION OF

AXA EQUITABLE LIFE INSURANCE COMPANY
1290 AVE OF THE AMERICAS - 11TH FLOOR
NEW YORK, NY, 10104

MARKET CONDUCT EXAMINATION WARRANT

I, the undersigned, Director of Insurance of the State of Illinois, pursuant to Sections 132, 401, 401.5, 402, 403 and 425 of the Illinois Insurance Code (215 ILCS 5/132, 5/401, 5/401.5, 5/402 and 5/425) do hereby appoint Examiner-In-Charge, Danny Talkington and associates as the proper persons to examine the insurance business and affairs of AXA Equitable Life Insurance Company, NAIC # 62944, and to make a full and true report to me of the examination made by them of AXA Equitable Life Insurance Company, with a full statement of the condition and operation of the business and affairs of AXA Equitable Life Insurance Company with any other information as shall in their opinion be requisite to furnish me a statement of the condition and operation of its business and affairs and the manner in which it conducts its business. The costs of this examination shall be borne by the company. This warrant supersedes

The persons so appointed shall also have the power to administer oaths and to examine any person concerning the business, conduct, or affairs of AXA Equitable Life Insurance Company.



IN TESTIMONY WHEREOF, I hereto set my hand and cause to be affixed this Seal.

Done at the City of Chicago, this 3rd day of October, 2010.

Andrew Boron
Andrew Boron

Director

AXA EQUITABLE LIFE INSURANCE COMPANY

MARKET CONDUCT EXAMINATION REPORT

DATE OF EXAMINATION: February 18, 2013 through September 27, 2013

EXAMINATION OF: AXA Equitable Life Insurance Company

COMPANY ADDRESS: 1290 Avenue of the Americas – 12th Floor
New York, New York 10104

PERIOD COVERED
BY EXAMINATION: July 1, 2011 thru June 30, 2012

EXAMINERS: Danny L. Talkington
Examiner in Charge

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I. SUMMARY

1. The Company was criticized under Section 224(1)(l) of the Illinois Insurance Code (215 ILCS 5/224(1)(l) for failure to notify the beneficiary of the availability of interest due to delayed claim processing.
2. The Company was criticized under Section 919.70(a)(2) of the Illinois Administrative Code (50 Ill. Adm. Code 919.70(a)(2)) for failure to provide a “Notice of Availability of the Department of Insurance” with the letter providing the reasonable written explanation for the 45 day delay in processing the claim.
3. The Company was criticized under Section 919.50(a)(1) of the Illinois Administrative Code (50 Ill. Adm. Code 919.50)(a)(1) for failure to provide a “Notice of Availability of the Department of Insurance” with the letter providing the reasonable written explanation for the denial of the claims.
4. The Company was criticized under Section 234.1 of the Illinois Insurance Code (215 ILCS 5/234.1) for failure to provide a “Notice of the Enactment of a Non-Forfeiture Option”.

II. BACKGROUND

The Company was incorporated on July 26, 1859, under the laws of the State of New York as a stock life insurance company and commenced business on July 28, 1859 under the name Equitable Life Assurance Society of the United States. In 1917, the Company commenced the process to become a mutual life insurance company. The Company completed its conversion to a mutual company in 1925.

On July 22, 1992, the Company demutualized and converted back to a stock life insurance company and became a wholly-owned subsidiary of The Equitable Companies Incorporated (hereinafter referred to as "EQ"). In connection with the demutualization, the Company's eligible policyholders received cash, policy credits or common stock of EQ. At demutualization on July 22, 1992, AXA, a French holding company for an international group of insurance and related financial services companies, became the owner of 49% of EQ's common shares outstanding as well as the owner of convertible preferred stock in exchange for a \$1 billion investment. On December 19, 1994, EQ exchanged all its outstanding redeemable preferred stock and substantially all of its convertible preferred stock for common stock, a new series of convertible preferred stock and convertible debentures. As a result, AXA's ownership percentage of EQ as of December 31, 1995 increased to 60.6%.

On September 3, 1999, EQ changed its name to AXA Financial, Inc. ("AXA Financial"). In 1999, AXA Client Solutions, LLC ("Client Solutions") was formed as a wholly-owned direct subsidiary of AXA Financial. At the same time, AXA Financial contributed to Client Solutions all of the Company's common stock, making Client Solutions the direct parent of the Company.

On August 30, 2000, AXA Financial received a proposal from AXA for the acquisition of all of the outstanding common shares of AXA Financial not owned by AXA. On January 2, 2001, AXA completed its acquisition of the remaining minority interest in AXA Financial.

On January 1, 2002, Client Solutions distributed all of the Company's common stock to AXA Financial, thereby making AXA Financial the direct parent of the Company. On April 22, 2002, Client Solutions changed its name to AXA Financial Services, LLC. Effective June 1, 2002, AXA Financial transferred ownership of the Company back to AXA Financial Services, LLC thereby making it once again the direct parent of the Company.

Effective September 7, 2004 the Company, formerly known as The Equitable Life Assurance Society of the United States, changed its name to AXA Equitable Life Insurance Company.

Effective November 7, 2007, AXA Financial Services, LLC changed its name to AXA Equitable Financial Services, LLC.

The Company is licensed to do business in all U.S states, District of Columbia, Puerto Rico, U.S. Virgin Islands and Canada.

The Company was licensed in the State of Illinois on November 10, 1859 and is licensed to conduct Life and Accident & Health Insurance.

III. METHODOLOGY

The Market Conduct Examination places emphasis on evaluating an insurer's underwriting, advertising, marketing, and claims practices to determine whether it is performing according to the conditions and provisions stated in its policy contracts. The following categories are the general areas examined:

1. Producer Licensing and Production Analysis
2. Claims Analysis
3. Non-Forfeiture Analysis
4. Policy Forms and Advertising Materials Review
5. Consumer Complaint Analysis

The review of these categories was accomplished through examination of producer files, claim files, cash surrendered policy files, policy forms and advertising material, Department of Insurance and consumer complaint files. Each of these categories was examined for compliance with Department Regulations and applicable State laws.

The report concerns itself with improper practices performed with such frequency as to indicate general practices. Individual criticisms were identified and communicated to the insurer, but not cited in the report if not indicative of a general trend, except to the extent that underpayments and/or overpayments in claim surveys or undercharges and/or overcharges in underwriting surveys were cited in the report.

The following methods were used to obtain the required samples and to assure a methodical selection:

Producer Licensing & Production

Populations for the producer file reviews were determined by whether or not the producers were licensed by the State of Illinois. New business listings were retrieved from Company records by selecting newly solicited insurance applications that reflected Illinois addresses for applicants.

The examination period for the producer analysis was July 1, 2011 through June 30, 2012.

Claims Analysis

The paid claims and denied claims were reviewed for the claims analysis. A paid claim is defined as payment for claims made during the examination period. A denied claim is defined as the denial of benefits for losses not covered by policy provisions.

All claims were reviewed for compliance with policy contracts and endorsements, and applicable Sections of the Illinois Insurance Code (215 ILCS 5/1 *et seq.*), and Title 50 of the Illinois Administrative Code (50 Ill. Adm. Code).

Median payment periods were measured from the date all necessary proofs of loss were received to the date of payment to the insured, the insured's assignee or the beneficiary. The examination period for the claims survey was July 1, 2011 through June 30, 2012.

Non-Forfeiture Analysis

Listings were requested of all life and annuity policies that were cash surrendered, placed on extended term insurance status, or converted to reduced paid-up insurance during the examination period. These listings were retrieved by a search of Illinois life policies that were either lapsed for nonpayment of premium or were requested non-forfeiture option conversions made by the policyholders. The examination period for the Non-Forfeiture Analysis was July 1, 2011 through June 30, 2012.

Policy Forms & Advertising Material Review

All policy forms, form letters, riders and advertising materials used in Illinois during the examination period were requested. These were reviewed for compliance as to format, content and terminology as required by Illinois Law. The examination period for the Policy Forms & Advertising Material Review was July 1, 2011 through June 30, 2012.

Consumer Complaint Analysis

The Company was requested to provide all files relating to complaints received via the Department as well as those received directly by the Company from the insured or their representative. A copy of the Company's complaint register was also reviewed. For complaints received by the Company, the Company's complaint register was reviewed. For complaints received by the Department, the median periods were measured from the date of notification by the complainant to the date of response to the Department. Median periods were measured from the date of notification by the complainant to the date of response to the Department.

The examination period for this survey was July 1, 2011 through February 18, 2013.

SELECTION OF SAMPLE

<u>Survey</u>	<u>Population</u>	<u># Reviewed</u>	<u>% Reviewed</u>
<u>Producers Licensing and Production Analysis</u>			
Number of Producers	979	979	100.00%
Number of Applications	7836	7836	100.00%
Terminated Agents	1	1	100.00%
<u>Claims Analysis</u>			
Paid Individual Life	4926	117	2.38%
Denied Individual Life	1	1	100.00%
Paid Individual Major Medical	596	120	20.13%
Denied Individual Major Medical	399	133	33.33%
Paid Individual Disability	16	16	100.00%
Approved Individual Waiver of Premium	22	22	100.00%
Rejected Individual Waiver of Premium	2	2	100.00%
Annuity Death Settlements	168	95	56.54%
<u>Non-Forfeiture Analysis</u>			
Life Cash Surrenders	1405	118	8.39%
Extended Term/Reduced Paid Up	194	97	50.00%
Annuity Cash Surrenders	3,248	118	3.63%

<u>Policy Forms & Advertising Material Review</u>	4,026	161	3.99
<u>Consumer Complaint Analysis</u>			
Department of Insurance Complaints	16	16	100.00%
Consumer Complaints	71	71	100.00%

IV. FINDINGS

A. Producer Licensing & Production Analysis

1. A review of 7836 commission payments to 979 producers produced no criticisms.
2. A review of one (1) agent terminated for cause file produced no criticisms. The agent had been terminated for a reason which requires reporting to the Director of Insurance pursuant to 215 ILCS 5/500-85. The Company did make the required report.

B. Claims Analysis

1. Paid Individual Life

A sample of 117 paid individual life death claim files were reviewed, of which 117 or 100% of the files reviewed were criticized. A general trend criticism was written for failure to notify the beneficiary of the availability of interest payment due to delayed claim processing as required by Section 224(1)(l) of the Illinois Insurance Code(215 ILCS 5/224(1)(l)). The Company agreed that it failed to provide the beneficiary notice of the availability of interest payment due to delayed claim processing.

Of the 117 paid life claim files reviewed, fifteen (15) files or thirteen percent (13%) of were not paid within 45 days. All fifteen were criticized under Title 50 Section 919.70(a)(2) of the Illinois Administrative Code for failure to include a "Notice of Availability of the Department of Insurance" with the letter providing the reasonable written explanation for the 45 day delay in processing the claim. The Company agreed that it did not provide the insured's "Notice of Availability of the Department of Insurance" on ten (10) of the files, but disagreed that it did not provide notice on the other five (5) files but failed to provide proof that it had in fact provided notice on these five files.

The median for payment was six (6) days.

2. Denied Individual Life

There was one (1) denied Individual Life claim file that was reviewed. A general trend criticism was written under Title 50 Section 919.50(a)(1) of the Illinois Administrative Code for failure to provide a "Notice of Availability of the Department of Insurance" with the letter providing the reasonable written explanation for the denial of the claim. The Company agreed that it failed to provide a "Notice of Availability of the Department

of Insurance” on denied claims. Because one denied individual life claim was reviewed, no median for denial could be established.

3. Paid Individual Major Medical

A review of 120 paid individual major medical claim files produced no criticisms.

The median for payment was eight (8) days.

4. Denied Individual Major Medical

A sample of 133 denied individual major medical claim files were reviewed, of which 27 files or 20% percent reviewed were criticized. A general trend criticism was written for failure to provide a “Notice of Availability of the Department of Insurance” with the letter providing the reasonable written explanation for the denial as required by Title 50 Section 919.50(a)(1) of the Illinois Administrative Code. The Company does not disagree that it failed to provide a “Notice of Availability of the Department of Insurance” on denied claims.

The median for denial was ten days.

5. Paid Individual Disability

A review of 16 paid individual disability claims file produced no criticisms.

The median for payment was one (1) day.

6. Approved Individual Waiver of Premium

A sample of 22 approved Individual Waiver of Premium claim files were reviewed, of which six (6) files or 28% were not approved within 45 days. A general trend criticism was written under Title 50 Section 919.70(a)(2) of the Illinois Administrative Code for failure to include a “Notice of Availability of the Department of Insurance” with the six letters providing the reasonable written explanation for the 45 day delay in processing the waiver of premium request. The Company agreed that it failed to include a “Notice of Availability of the Department of Insurance” with the 45 day delay letters.

The median for approval was two (2) days.

7. Rejected Individual Waiver of Premium

A sample of two (2) rejected individual waiver of premium claim files that were reviewed, of which two (2) files or 100% reviewed were criticized. A general trend criticism was written under Title 50 Section 919.50(a)(1) of the Illinois Administrative Code for failure to provide a “Notice of Availability of the Department of Insurance” with the reasonable written explanations for the denials. The Company agreed that it failed to provide a “Notice of Availability of the Department of Insurance” on denied claims.

The median for rejection was four (4) days.

8. Annuity Death Settlements

A review of 95 annuity death settlement claim files produced no criticisms.

The median for payment was five (5) days.

C. Non-Forfeiture Analysis

1. Life Cash Surrenders

A review of 118 life cash surrender files produced no criticisms.

The median for payment was one (1) day.

2. Extended Term/Reduced Paid Up Insurance

A sample of 97 extended term/reduced paid up insurance files were reviewed, of which eight files (8) or eight percent (8%) of the files reviewed were criticized. A general trend criticism was written under Section 234.1 of the Illinois Insurance Code (215 ILCS 5/234.1) for failure to provide a Notice of Enactment of Non-Forfeiture Option. The Company does not disagree that it failed to provide the Notice of Enactment of Non-Forfeiture Options.

3. Annuity Cash Surrenders

A review of 118 annuity cash surrender files produced no criticisms.

The median for payment was two (2) days.

D. Policy Forms & Advertising Material Review

A review of 161 policy forms and advertising pieces produced no criticisms.

E. Consumer Complaint Analysis

Department of Insurance Complaints: A review of 16 Department of Insurance complaint files produced no criticisms.

The median for response was 14 days.

2. Consumer Complaints Reported to the Company: A review of 71 Consumer Complaint files produced no criticisms.

The median for response was 22 days.

V. INTERRELATED FINDINGS

None.

VI. TECHNICAL APPENDICES

None.

STATE OF NEW YORK)
) ss)
COUNTY OF NEW YORK)

Danny Talkington, being first duly sworn upon his oath, deposes and says:

That he was appointed by the Director of Insurance of the State of Illinois (the "Director") as Examiner-In Charge to examine the insurance business and affairs of:

Axa Equitable Life Insurance Company, NAIC # 62944

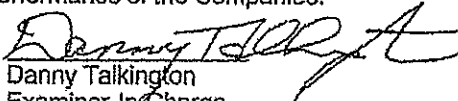
That, as Examiner-In-Charge, he was directed to make a full and true report to the Director of the examination with a full statement of the condition and operation of the business and affairs of the Company with any other information as shall in the opinion of the Examiner-In-Charge be requisite to furnish the Director with a statement of the condition and operation of the Company's business and affairs and the manner in which the Company conducts its business;

That neither he nor any other persons designated as examiners nor any members of their immediate families is an officer of, connected with, or financially interested in the Company nor any of the Company's affiliates other than as policyholders, and that neither he nor any other persons designated as examiners nor any members of their immediate families is financially interested in any other corporation or person affected by the examination;

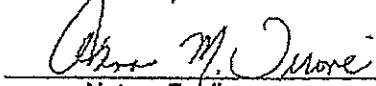
That an examination was made of the affairs of the Company pursuant to the authority vested in the Examiner-In-Charge by the Director of Insurance of the State of Illinois;

That he was the Examiner-in-Charge of said examination and the attached report of examination is a full and true statement of the condition and operation of the insurance business and affairs of the Company for the period covered by the Report as determined by the examiners;

That the Report contains only facts ascertained from the books, papers, records, or documents, and other evidence obtained by investigation and examined or ascertained from the testimony of officers or agents or other persons examined under oath concerning the business, affairs, conduct, and performance of the Companies.


Danny Talkington
Examiner-In-Charge

Subscribed and sworn to before me
this 6th day of September, 2013.


Notary Public

ANNA M TIRONE
Notary Public - State of New York
No. 01T16101625
Qualified in Richmond County
My Commission Expires Nov. 17, 2015

STATE OF ILLINOIS
DEPARTMENT OF INSURANCE



IN THE MATTER OF:

Axa Equitable Life Insurance Company
1290 Avenue of the Americas – 12th Floor
New York, New York 10104

STIPULATION AND CONSENT ORDER

WHEREAS, the Director (Director) of the Illinois Department of Insurance (Department) is a duly authorized and appointed official of the State of Illinois, having authority and responsibility for the enforcement of the insurance laws of this State; and

WHEREAS, Axa Equitable Life Insurance Company, NAIC Number 62944, (“Company”) is authorized under the insurance laws of this State and by the Director as a foreign life, accident and health insurance company to engage in the business of soliciting, selling and issuing insurance policies; and

WHEREAS, a Market Conduct Examination of the Company was conducted by a duly qualified examiner appointed by the Director pursuant to Sections 132, 401, 401.5, 402, 403 and 425 of the Illinois Insurance Code (215 ILCS 5/132, 5/401, 5/401.5, 5/402, 5/403 and 5/425); and

WHEREAS, the appointed examiner has filed an examination report as an official document of the Department as a result of the Market Conduct Examination; and

WHEREAS, said report cited various areas in which the Company was not in compliance with the Illinois Insurance Code (215 ILCS 5/1 *et seq.*) and Department Regulations (50 Ill. Adm. Code 101 *et seq.*); and

WHEREAS, nothing herein contained, nor any action taken by the Company in connection with this Stipulation and Consent Order, shall constitute, or be construed as, an admission of fault, liability or wrongdoing of any kind whatsoever by the Company; and

WHEREAS, the Company is aware of and understands its various rights in connection with the examination and report, including the right to counsel, notice, hearing and appeal under Sections 132, 401, 402, 407 and 407.2 of the Illinois Insurance Code and 50 Ill. Adm. Code 2402; and

WHEREAS, the Company understands and agrees that by entering into this Stipulation and Consent Order, it waives any and all rights to notice and hearing; and

WHEREAS, the Company and the Director, for the purpose of resolving all matters raised by the report and in order to avoid any further administrative action, hereby enter into this Stipulation and Consent Order.

NOW, THEREFORE, IT IS agreed by and between the Company and the Director as follows:

1. That the Market Conduct Examination indicated various areas in which the Company was not in compliance with provisions of the Illinois Insurance Code, and/or Department Regulations; and
2. That the Director and the Company consent to this order requiring the Company to take certain actions to come into compliance with provisions of the Illinois Insurance Code, and/or Department Regulations.

THEREFORE, IT IS HEREBY ORDERED by the undersigned Director that the Company shall:

1. Institute and maintain procedures to notify the beneficiary of the availability of interest due to delayed claim processing of life insurance claims as required by 215 ILCS 5/224(1)(1).
2. Institute and maintain procedures to include a notice of availability of the Department of Insurance with the letter providing the reasonable written explanation for denying a claim as required by 50 Ill. Adm. Code 919.50(a)(1).
3. Institute and maintain procedures to include a notice of availability of the Department of Insurance with the letter providing the reasonable written explanation for the 45 day delay in processing a claim as required by 50 Ill. Adm. Code 919.70(a)(2).
4. Institute and maintain procedures to include a "Notice of Enactment of the Nonforfeiture Options" with the letter providing all available non-forfeiture options as required by Illinois Insurance Code 215 ILCS 5/234.1.
5. Submit to the Director proof of compliance with the above four (4) orders within thirty (30) days of the date on which this Stipulation and Consent Order is executed by the Director.
6. The Company shall pay to the Director a civil forfeiture of seven thousand dollars (\$7,000) within thirty (30) days of the date on which this Stipulation and Consent Order is executed by the Director.

NOTHING contained herein shall prohibit the Director from taking any and all appropriate regulatory action as set forth in the Illinois Insurance Code, including but not limited to levying additional forfeitures, should the Company violate any of the provisions of this

Stipulation and Consent order or any provisions of the Illinois Insurance Code or Department Regulations.

On behalf of:
Axa Equitable Life Insurance Company

Jens Nacthigal
Signature

JENS NACTHIGAL
Name

DIRECTOR
Title

Subscribed and sworn to before me this
17 day of April 2014.

Anna M. Tirone
Notary Public

ANNA M TIRONE
Notary Public - State of New York
No. 01T16101625
Qualified in Richmond County
My Commission Expires Nov. 17, 2015

DEPARTMENT OF INSURANCE of the
State of Illinois;

DATE 5-22-2014

Andrew Boron/mro
Andrew Boron
Director