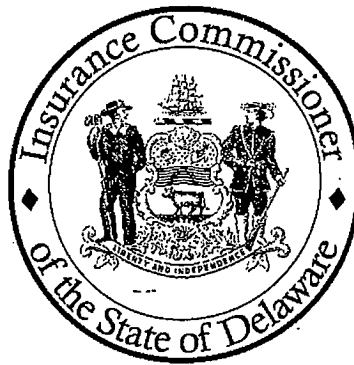


REPORT OF
MARKET CONDUCT EXAMINATION
OF
THE GUARDIAN INSURANCE AND ANNUITY COMPANY, INC.
AS OF
AUGUST 30, 2007

Matthew Denn
Insurance Commissioner



Department of Insurance
841 Silver Lake Blvd.
Dover, DE 19904-2465
(302) 674-7300
(302) 739-5280 fax

REPORT ON MARKET CONDUCT EXAMINATION
OF THE
THE GUARDIAN INSURANCE AND ANNUITY COMPANY, INC.
AS OF
August 30, 2007

The above captioned Report was completed by examiners of the Delaware Insurance Department.

Consideration has duly been given to the comments, conclusions, and recommendations of the examiners regarding the status of the Company as reflected in the Report.

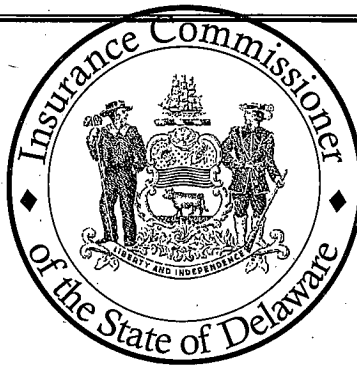
This Report is hereby accepted, adopted, and filed as an official record of this Department.

A handwritten signature in black ink, appearing to read "Matthew Denn", is written over a horizontal line.

MATTHEW DENN
INSURANCE COMMISSIONER

DATED this 3rd day of December, 2008.

Matthew Denn
Insurance Commissioner



Department of Insurance
841 Silver Lake Blvd.
Dover, DE 19904-2465
(302) 674-7300
(302) 739-5280 fax

I, Matthew Denn, Insurance Commissioner of the State of Delaware, do hereby certify that the attached REPORT ON MARKET CONDUCT EXAMINATION, made as of August 30, 2007 of the

THE GUARDIAN INSURANCE AND ANNUITY COMPANY, INC.

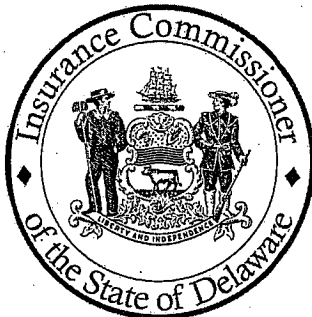
is a true and correct copy of the document filed with this Department.

ATTEST BY: _____

Sonia C. Harris

DATE: 03 December 2008

In Witness Whereof, I HAVE HEREUNTO SET MY HAND AND AFFIXED THE OFFICIAL SEAL OF THIS DEPARTMENT AT THE CITY OF DOVER, THIS 3rd DAY OF December 2008.



Matthew Denn

Insurance Commissioner

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SALUTATION

November 2, 2007

Honorable Matthew Denn
Insurance Commissioner
State of Delaware
841 Silver Lake Boulevard
Dover, Delaware 19904

Dear Commissioner Denn:

In compliance with the instructions contained in Certificate of Examination Authority Number 06-716, and pursuant to statutory provisions including 18 Del. C. §318-322, a market conduct examination has been conducted of the affairs and practices of:

The Guardian Insurance and Annuity Company, Inc.

The examination was performed as of August 30, 2007. The Guardian Insurance and Annuity Company, Inc., hereinafter referred to as the "Company" or as "GIAC," is incorporated under the laws of the State of Delaware. The examination consisted of two phases, an on-site phase and an off-site phase. The on-site phase of the examination was conducted at the following Company location:

7 Hanover Square, New York, NY 10004

The off-site examination phase was performed at the offices of the Delaware Department of Insurance, hereinafter referred to as the "Department" or "DDOI," or other suitable location.

The report of examination herein is respectfully submitted.

EXECUTIVE SUMMARY

The Guardian Insurance and Annuity Company, Inc. (“GIAC”) a wholly-owned subsidiary of the Parent Company, Guardian Life Insurance Company of America, was organized on March 2, 1970 as a Delaware corporation. Its home office and principal executive offices are located at 7 Hanover Square, New York, NY 10004 - 2616.

The writings of GIAC are primarily individual and group annuities and variable annuities. Life insurance products represent less than 1% of writings. Production is accomplished primarily through appointed agents who are Registered Representatives of a Broker-Dealer acting in the capacity of a general agent.

The examination was a market conduct examination of the following business areas: Company Operations/Management; Complaint Handling; Marketing/Sales; Producer Licensing, Policyholder Service; Underwriting; and, Claims Handling. This is a Delaware Baseline Examination in which the processes, procedures and controls utilized by the Company for areas of interest noted above are reviewed and evaluated.

Two areas of concern were noted during the examination. These issues are more fully discussed under:

Procedure 20 - Producer Selection, Appointment and Termination

Procedure 33 - Rate and Form Filing

The concern in Procedure 20 is that there is no agent contract between the Company and the “Representatives” of the Broker-Dealer when an appointment is made. This is in spite of the fact that the agreement between the Company and the Broker-Dealer states that such a contract will be made. The absence of a direct contract with the agent places the Company in the position of reliance on the Broker-Dealer for actions relating to that agent. The Company should be in the position of direct action relating to the activities of any of its agents.

The concern for Procedure 33 is that the absence of a written structure with sufficient detail for Form Filing exposes the Company to potential error that can result in a violation of statute.

In each case, recommendations have been made to remedy the concerns.

SCOPE OF EXAMINATION

The basic business areas that are subject to a Delaware Market Conduct Examination vary depending on the type on insurer. For all insurers these areas include:

Company Operations/Management

Complaint Handling

Marketing and Sales

Producer Licensing

Policyholder Service

Underwriting and Rating

Claims

The Guardian Insurance and Annuity Company, Inc.

This examination is a Delaware Baseline Market Conduct Examination. It is comprised of two components. The first is a review of the Company's countrywide complaint patterns. This is not a pass/fail test. It is aimed at determining if there is a detectable pattern to the complaints the Company receives from all sources.

The second component is an analysis of the management of the various business areas subject to a Market Conduct examination through a review of the written procedures and operating processes of the Company. This includes an analysis of how the Company communicates its instructions and intentions to its operational echelons, how it measures and monitors the results of those communications, and how it reacts to and modifies its communications based on the resulting findings of the measurement and monitoring activities. The examiners also determine whether this process is dynamic and results in enhanced compliance activities. Because of the predictive value of this form of analysis, focus is then made on those areas where review indicators suggest that the process used by management does not appear to be achieving appropriate levels of statutory and regulatory compliance.

All business areas noted above are addressed, to some extent, by one or more of the procedures reviewed, thus providing a comprehensive view of the Company and its component operations.

This examination report is a report by test rather than a report by exception. This means that all areas tested are described and results indicated. Substantial departure from the norm may result in a supplemental review focused on the area so noted.

HISTORY AND PROFILE

The Guardian Life Insurance Company of America ("GLICA") is a mutual insurance company organized under the laws of the state of New York and not controlled by any affiliated persons. Its home office and its principal executive offices are located at 7 Hanover Square, New York, NY 10004 - 2616.

The Guardian Insurance & Annuity Company, Inc. ("GIAC"), a wholly-owned subsidiary of the Parent Company (GLICA), was organized on March 2, 1970, as a Delaware corporation. Its home office and principal executive offices are located at 7 Hanover Square, New York, NY 10004 - 2616.

GIAC is a stock life insurance company engaged in the life insurance business and primarily in the sale of equity-based products, such as variable life and annuities, in all 51 jurisdictions of the United States.

METHODOLOGY

This examination is based on the Standards and Tests for a Market Conduct Examination of a Property & Casualty Insurer found in Chapter VIII of the Delaware Market Conduct Examiners' Handbook. This chapter is derived from applicable Delaware Statutes, Rules and Regulations as referenced herein and the *NAIC's Market Conduct Examiners' Handbook* (2003 edition).

The Guardian Insurance and Annuity Company, Inc.

The types of review used in this examination fall into three general categories: generic, sample, and electronic.

A "generic" review indicates that a standard was tested through an analysis of general data gathered by the examiner, or provided by the examinee in response to queries by the examiner.

A "sample" review indicates that a standard was tested through direct review of a random sample of files using a sampling methodology described in the Delaware Market Conduct Examiners' Handbook and the *NAIC's Market Conduct Examiners' Handbook*. Samples of complaint files, underwriting files and claim files were reviewed to determine that the processes described by the Company are actually used by the Company.

An "electronic" review indicates that a standard was tested through the use of a computer program or routine applied to a download of computer records of the examinee. This type of review typically reviews one hundred percent (100%) of the records of a particular type.

In this examination only two standards were directly tested. Standards and procedures were tested through a combination of "generic" review and direct observation of the processes used.

Each Standard contains a brief description of the purpose or reason for the Standard. The Procedure review does not include this feature. The examiners' "Observations" are noted following each Standard or Procedure tested. In some cases a "Recommendation" is made. Comments, Results, Observations and Recommendations are reported with the appropriate Standard or Procedure.

A. COMPANY OPERATIONS/MANAGEMENT

This examination report is not designed to be a pass/fail report with the exception of the following two standards dealing with appropriate licensure and cooperation with the examination process.

Standard A 07

<p><i>NAIC's Market Conduct Examiners' Handbook - Chapter XV, §A, Standard 7</i> The Company is licensed for the lines of business that are being written. 18 Del. C. §318(a), §505(b), §508(b)</p>
--

The review methodology for this standard is "generic." This standard has a direct insurance statutory requirement. This standard is intended to ensure that the Company's operations are in conformance with the Company's Certificate of Authority.

Results: **Pass**

Observations: The Company is licensed for the lines of business being written based upon a review of premium schedules and the Company's Delaware Certificate of Authority.

Recommendations: None

Standard A 09

<i>NAIC's Market Conduct Examiners' Handbook - Chapter XV. §A, Standard 9</i>
The Company cooperates on a timely basis with the examiners performing the examination.
18 Del. C. §318(a), §320(c), §508(b), §520(b)3

The review methodology for this standard is “generic.” This standard has a direct insurance statutory requirement. This standard is intended to ensure that the Company is cooperating with the state in the completion of an open and cogent review of the Company’s operations. Cooperation with the examiners in the conduct of an examination is not only required by statute, it is conducive to completing the examination in a timely manner thereby minimizing cost.

Results: **Pass**

Observations: The Company cooperated with the examiners in the conduct of the examination. Access to persons pertinent to completion of the examination was provided and persons interviewed were open and informative.

Recommendations: None

REVIEW OF PROCEDURES

The management of well-run companies generally have some processes that are similar in structure. These processes usually take the form of written procedures. While these procedures vary in effectiveness from company to company, the absence of them or the ineffective application of them is often reflected in the failure of the various Standards that follow this section of the report. The processes usually include:

- a planning function where direction, policy, objectives and goals are formulated;
- an execution or implementation of the planning function elements;
- a measurement function that considers the results of the planning and execution; and
- a reaction function that utilizes the results of measurement to take corrective action or to modify the process to develop more efficient and effective management of its operations.

The absence of written procedures that provide direction for company staff in its various operational areas tends to produce an inconsistent application of the intended process. The same is generally true of the absence of a means to measure the results of the application of procedures and a means to determine that the process is performing as intended.

The reviews in this section are not pass/fail measurements. Rather, they are intended to reflect those management strengths and weaknesses that have a bearing on regulatory compliance issues.

Procedure 01 – Audit (Internal and External)

Observations: Price WaterhouseCoopers (PWC) performs the external audit function of the Company. External audit is focused on financial matters. Market regulation audits are not outsourced, they are conducted by affected departments and the Internal Audit Department.

The Company utilizes the Guardian Group’s Internal Audit Department to perform this function for all Companies in the Guardian Group. The Internal Audit Department uses a written procedure manual to guide its activities. The manual has been in effect since August 2002 and was last updated in October 2006.

The audit process has five basic phases: preliminary work, fieldwork, working paper documentation, reporting and follow-up. The Company stated the following: “audits are planned based upon a risk analysis that Internal Audit Department conducts annually.” The Company identifies and prioritizes the functions or operations in need of audit and allocates its audit resources. Audit assignment sheets are developed during the preliminary work phase. The assignment sheets identify regulations and laws pertaining to the audit. Compliance with the pertinent regulations and laws are tested and reported. Audits are structured to avoid duplication of other efforts by the Internal Audit Department.

The Company’s Internal Audit Department performs some market conduct type exams. This includes review of compliance with Company policies, plans, procedures, and contracts as well as laws and regulations

A copy of the Internal Audit Procedure Manual is provided to each auditor. All employees associated with the process are required to be informed about each change to the procedure. The Company provides training sessions and on the job training. This is prompted by the Company’s continuing education credits (40 hours) for internal auditors, which is required on an annual basis.

At the beginning of each year each auditor is provided with a list of audit assignments for the year. Control of the process is maintained through:

- assignment of a supervisor to each audit to ensure that the assignment is conducted in accordance with established guidelines;
- supervisory sign-off is required on specified documents;
- required auditor timesheets and status reports for current assignments;
- management signs off on all stages of Internal Audits;
- all reports are reviewed semi-annually;
- annual performance reviews are conducted.

The audit reports reviewed reflect the process and procedures described by the Company.

Recommendations: None

Procedure 02 – Assertions of Privilege

Observations: The Company has stated that it does not have a specific written policy relating to Assertion of Privilege. The Company contends that “if such a situation were applicable, it would at that time assert the applicable privilege as such is defined in the relevant jurisdiction, or as otherwise defined under the law in the State of Delaware.”

No examiner requests for information were denied or subjected to a claim of privilege.

Recommendations: None.

Procedure 05 – Anti-Fraud

Observations: The Company has a written procedure manual for Anti-Fraud. This procedure is current, clear and readable. The Company’s Special Investigations Unit (SIU) was formed in 1988 and is responsible for the application and maintenance of the procedure.

The Special Investigation Unit Manual has instructions on how to cooperate with prosecutors, state, federal, and local authorities on insurance fraud cases, including honoring requests for information, claims, and court appearances.

The Company states that “other areas of the company that work in conjunction with the Special Investigation Unit have established guidelines. The Underwriting Department for processing applications, the Audit Department for internal fraud and their Systems Department for computer fraud detection and access to certain records under a particular category. The Legal Department is also kept informed of all possible fraudulent situations.”

The Company’s education plan has been designed for personnel to develop the skills necessary for recognizing and investigating those situations in which fraud may occur and is implemented on a continuing basis for existing personnel, as well as all new personnel. The training is designed specifically for the needs of each department. The Company created a fraud hotline, which can be called and has assigned a post office box to handle all written fraud claims or tips. The training provides basic entry-level training and continuing education training for all claim processors, underwriters and SIU investigators. The Company states that “Upon proper training, associates and agents are responsible for the early detection of suspicious or fraudulent acts.” The Company has designated a person responsible for coordinating the detecting, referral, investigation, and reporting of suspected fraudulent situations as well as prosecution.

As soon as a suspected case of fraud is detected, the case is documented and maintained in the SIU’s database, which tracks all insured, group and provider information. It is then assigned to a Special Investigator who conducts or oversees the investigation for each applicable department. The Company is in the process of developing a data warehouse that will link with and supplement the SIU database.

The Company’s procedure manual calls for the following steps: “During the entire investigation process, including the conclusion, the Special Investigator will ensure that all evidence, including, but not limited to: checks issued, taped statements, written statements, original (if

The Guardian Insurance and Annuity Company, Inc.

applicable) claim receipts, and all other original documents, will be identified, collected and preserved to be turned over to the state insurance fraud bureau, if required or requested.”

“At the conclusion of an SIU investigation, the Special Investigator will document their recommendation pursuant to the evidence of the case and suggest a final resolution to the appropriate department. The Special Investigator will refer all instances of suspected fraud or abuse regarding applications and claims, which meet the standard for referral set forth in the state laws or regulations.”

Recommendations: None

Procedure 07 – Managing General Agent (MGA) Oversight and Control

Observations: This procedure is not applicable. The Company has stated that they do not utilize MGA’s.

Recommendations: None

Procedure 08 – Vendor Oversight and Control

Observations: The Company has a written procedure for Vendor Oversight and Control. The procedure, guidelines and agreements are clear and readable. GIAC provides the following guides, procedures and agreements to vendors: master service agreement, policy statement and guidelines for the procurement for products and service, vendor selection sign-off for acquisition of products and services forms, consulting service agreement, Guardian reciprocal non-disclosure agreement, undeliverable mail guidelines, customer identification procedures, and customer identification forms. Company processors responsible for vendor oversight are provided written procedures, directed to the online location of the procedures and trained by an experienced processor. Deliverables required in the contract and/or consulting agreement are reviewed daily. The daily reviews and approvals are used as a measure for the Company to determine what is working and what in the procedure needs to be changed. Vendor performance expectations are stated and if a vendor is not meeting expectations, the Company will provide written notification of the performance issues so that vendor can take immediate action to ensure that its services meet expectations.

Currently, two Company Departments utilize vendors in which this review is interested: the Underwriting Department and the Policyholder Service Department. The Underwriting Department only uses vendors to obtain Underwriting information such as medical exams, physician’s statements, and inspection and motor vehicle reports. The Policyholder Service Department uses the vendor Choicepoint for its customer identification process.

Choicepoint’s reports are sent to email groups, reviewed, signed off and initialed. Audit by the Company is not a feature included in the contract with Choicepoint due to the nature of the product or service provided. However, performance expectations are monitored.

The Guardian Insurance and Annuity Company, Inc.

A review of the Company's master agreement was conducted to confirm that the procedure has appropriate guidelines. No complaints arose from vendor activities.

Recommendations: None

Procedure 09 – Customer and Consumer Privacy Protection

Observations: The Company provided a written procedure and a summary for Customer and Consumer Privacy Protection.

According to the Company “Whenever a Guardian product is sold to an individual, the customer is given Guardian's Privacy Policy Statement with a form to fill out if he or she wishes to opt-out. Existing customers receive the Privacy Policy Statement with the opt-out form every year in the mail. A customer only needs to opt-out once; the request is effective until the customer changes his or her mind, or is no longer a customer. (In the latter case, it is Guardian policy to continue to honor the opt-out request regardless of the change of status.) Customers may also communicate their preferences by telephone using a toll-free number listed on the Privacy Statement. In addition, the Privacy Statement and opt-out information are displayed on Guardian's corporate website. Opt-out information is collected and stored electronically, with the assistance of the Information Technology Department.”

The individual primarily responsible for processing an opt-out receives training upon assuming the position. Company personnel involved in processing private customer information are required to take training to familiarize themselves with those processes.

GIAC's Law Department is responsible for this procedure and its revisions. The Company states “Guardian Internal Audit periodically conducts audits of the privacy program. An audit was conducted in 2004, with a follow-up done in 2006. Additionally, the Privacy office has been informed that another audit is scheduled for third quarter 2007. The program has also been examined by outside entities, including twice in conjunction with market conduct examinations specific to privacy.”

Based on the information provided by the Company the procedure is performing as intended. A sample of the Company's underwriting files, claim files, and opt-out form was reviewed and the procedure is confirmed.

Recommendations: None

Procedure 10 – Production of Business

Observations: The Company has a sales procedure in place for its Group Universal Life, Equity, and Group Pension products. The procedure is in a manual format dated 07/2006.

GIAC's Group Universal Life (GUL) product is distributed through the group sales division. GIAC group sales representatives work with the agents and brokers to generate business. Two primary channels distribute the Equity products: the GIAC agency system distributing products

The Guardian Insurance and Annuity Company, Inc.

through registered representatives (RR) of a Broker Dealer/General Agent, and outside distribution channels. The Company stated that the national distributor for its products, in partnership with GIAC Group Pensions, generates sales opportunities and proposal activity using a proprietary system. The system is owned, maintained and controlled by GIAC Group Pensions. Access to the system is controlled through the producer's authority level. The national distributor works with their independent broker network(s) to generate sales leads, which if they conform with specific pricing guidelines, are maintained and controlled by the system. The national distributor works with home office personnel to create pricing models to meet the needs of the broker, client and GIAC.

The RRs use pre-approved sales and marketing materials that have been developed in-house by the Equity Marketing and Sales Department (EMSD) and approved by the Compliance Advertising Principal (CAP). RRs are allowed to develop separate materials but they must be pre-approved by the Company.

The Company uses Sales and Marketing materials that include: Advertising; Market Letters; Sales Literature; Electronic Ads; Web sites, and other publications available on the internet; radio, internet and TV announcements; communications in newspapers and periodicals, as well as interviews with the press or other media; seminars; recommendations; office signs and telephone listings; and "Broker/Dealer Use Only" communications.

The Company states that each RR is given a copy of the procedure manual when they join the sales, underwriting and administration areas. Updates and changes are provided as additional training is conducted. The RR is also required to maintain a current copy of the procedure manual. The Equity Compliance Department (ECD) sends out supplements to update the manual and material changes to applicable securities laws and regulations or any current Guardian Investor Services, LLC (GIS) policy or procedure. The ECD reviews the Manual at least annually and amends procedures as necessary.

The production of business is sales driven and is measured by management. Management reviews the sales results to make sure that the Company is meeting its' sales goals. These reviews are conducted through monthly departmental audits.

Recommendations: None

Procedure 11 – Complaint Handling

Observations: The Company has a current written Complaint Handling procedure. The procedure is in the form of a Complaint Handling and Processing Manual issued by the Compliance Department in November 2006. The procedure has defined steps, illustrations and examples. In addition to being available on-line, each employee handling a complaint is provided a copy of the Complaint Handling and Processing Manual.

The Company receives complaints from an insured verbally or in writing. Complaints filed directly by a complainant with the Company are labeled as Executive Complaints. Complaints from a State Insurance Department on behalf of a complainant are labeled as State Complaints. The Company's initial contact with a complainant determines the nature of the complaint and

The Guardian Insurance and Annuity Company, Inc.

directs handling the area best suited to resolving the complaint. The Customer Service Administrator documents the information provided by the customer in the complaint file and in the Company's complaint database.

The Company's procedure for complaints received from a State Insurance Department is handled in a similar fashion. All states have been asked to mail, fax or email complaints to the Second Vice President, Guardian Compliance Department, who serves as the Company's contact person for state complaint issues.

The Company has a number of controls in place to assure that all complaints are reviewed, processed, accurate, error checked, and stored appropriately.

The Company maintains a consumer complaint register in an Access database. The Company states: "General complaint information from the database is available through reports and requests. The access to the complaint register is currently limited to employees working in the complaint unit partly for the purpose of protecting private data information (complainants and insured names, policy numbers, etc.) and partly to ensure integrity of the data to produce accurate reports and reconciliation data as required by Company Management and various state insurance departments. Guardian IT backs the complaint database up daily thorough company-wide backup of all information on Guardian servers."

The Company uses direct supervision and active participation as the main means to train staff employees. This is conducted through the Senior Compliance Operations Specialist who provides hands-on guidance. The Company stated the following, "To upgrade the supervisory knowledge the Senior Compliance Operations Specialist attends annual industry NAIC-sponsored conferences and seminars where we learn requirements in complaint handling in general, and equity-related complaints in particular. When appropriate, updates are made to our complaint handling procedures, and the staff is given further training."

Annual measurement reports are prepared for Senior Vice President and General Counsel who then presents it to the Audit Committee of the Board. Copies of the report are also submitted to the company's Audit Department and Chief Compliance Officer. Reconciliation reports are usually verified with the State Insurance Departments directly. A sample of these reports was reviewed. No concerns were noted.

While on-site, forty-three (43) complaint files were provided and reviewed. No patterns of concern were found. The process described is confirmed in the files sampled and reviewed. There were no exceptions.

Recommendations: None

Procedure 13 – Advertising, Sales and Marketing

Observations: The Company has a written procedure manual for Advertising, Sales and Marketing. The procedure is designed to assist the Company's Sales & Marketing staff, wholesalers, and agents.

The Guardian Insurance and Annuity Company, Inc.

The marketing materials for GIAC are developed by either the Equity Product and Promotion department or in conjunction with Corporate Marketing. All materials are reviewed by the Equity Law Department and the Securities and Compliance Officers before the items are released. The Company's written "Advertising and Sales Literature" addresses the following topics:

1. Sales and Marketing Materials
2. "For Internal Use Only" Materials (These are internal materials for Company employees.)
3. Prohibited Advertising Practices
4. Maintenance of Advertising Files
5. Seminars, Radio, Lectures and Television
6. Use of Company Letterheads and Business Cards
7. Customer Correspondence
8. Designated Supervisor Responsibilities, DS (The DS is told how to establish procedures to ensure that all correspondence is presented for review and approval prior to sending.)
9. Email Retention and Archival (All emails sent or received are stored automatically forever.)

The Equity Communications Manager reviews materials and project plans to ensure the procedures are followed. The Company states, regarding these materials, that:

"checks and balances are built into the review process by including multiple points of review from various subject matter and compliance to ensure that errors are detected prior to the release of materials. After the Company reviews the information it then has to be reviewed and approved by the NASD. If an error does occur, materials are pulled from the inventory and destroyed, revised and reprinted."

The Company provides its sales force and producers with advertising materials. Within this material are brochures, flyers, guides, and fact sheets. The Company distributes these items to the wholesaler, who then provides it to the agents. Advertising materials address contract content rather than name recognition. The marketing materials were sampled, and no exceptions were noted.

The Company uses the internet to market their products. The website provides information on insurance, retirement, investing, education funding and estate planning products. However, the website does not contain any applications, only claims forms and information for the consumer on the products and the Company's policies. The Company does not utilize any form of telemarketing.

All the Sales & Marketing staff, wholesalers and agents are provided and are encouraged to review the procedure manual upon joining the department. Training consists of weekly conference calls, continuing education programs, on the job training and e-newsletters. Adherence to the procedure is part of the project management process and affected persons are also reviewed during performance evaluations.

Recommendations: None

Procedure 14 – Agent Produced Advertising

Observations: The Company has a written Agent Produced Advertising Procedure. The latest version of this procedure is dated May 2, 2007. A copy of this procedure is provided to each agent and staff member associated with the process. Updates are provided by emails and postings on the Company's web-site.

The Company makes available to its producers a pre-approved library of advertisements called the "Co-Op Advertising Program" administered by Guardian Advertising & Public Relations. Agents are informed about the program initially at appointment, through subsequent internet communications and periodic seminars. Advertising and Public Relations provides advice and assistance, but Advertising Compliance is in charge of the compliance function. The Co-Op library is reviewed and updated every 18 months. Under the program, the Company participates in the cost of placements of approved advertisements, however, if an advertisement is not compliant, reimbursement is denied. The Company states "The Advertising Compliance is required to review all field developed advertising to ensure that GIAC related material is approved for use. Advertising Compliance conducts periodic audits of agencies to validate compliance."

The procedure requires that all advertisements must be pre-approved by the Market Conduct & Compliance Department. The Market Conduct & Compliance department must approve a reimbursement request to the Advertising & Public Relations Department prior to submission or placement. If an imprint of the Company logo is to be used it must include the producers name and an approved Guardian title. All advertising is logged into the Guardian Electronic Advertising Review System (GEAR).

The Company's Field Compliance Manual contains the following statement:

"Compliance with your state's regulations on all insurance sales practices is critical to your success and ultimately your client's satisfaction. Adhering to established state, as well as company, guidelines will help to insulate and to protect you from undesirable consequences. As you well know, failure to comply with state regulations and company policies may result in disciplinary actions that could include litigation, fines, penalties, and possible loss of your license and termination of contract."

Recommendations: None

Procedure 15 – Producer Training

Observations: The Company's production structure is described in Procedure 20. Most of the Company products are sold through Broker-Dealers (general agents) and their Registered Representatives (agents). The Broker-Dealers (general agents) are responsible for the training of their Registered Representatives, who are appointed agents of GIAC. GIAC has a producer training procedure that is current and maintained on a quarterly and annual basis. The Company has stated that no revisions have been made to this procedure during the period of exam.

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Producers receive periodic product and non-product training through annual anti-money laundering training, national sales meetings, continuing education (CE) and NASD required “Firm and Regulatory Elements” training program. Product experts and/or Sales Management personnel conduct the training for specialized products in small group meetings and at national sales meetings. The specialized product training is then incorporated into the rollout of new products or riders specified in GIAC’s business plan. The Company has no requirement that appointed agents attend sales meetings. However, the company does monitor attendance of all training.

All materials used by the Broker-Dealers (general agents) and their Registered Representatives (agents) go through an internal review overseen by the Securities and Compliance Officers before materials are filed with the NASD and released for use by Broker-Dealers (general agents) or clients. All sales materials are reviewed and approved for compliance with NASD and State standards.

GIAC provides annual compliance meetings and continuing education on ethics as tools to avoid producer misrepresentation. The Company stated: “the training area does not maintain a testing procedure, however, Guardian’s Audit Department does verify that specific department procedures needed for the functioning of a profit center or corporate department are in place. With regard to the broker/dealer situation, should a complaint be received about any producer, GIAC forwards the complaint to the producer’s supervising broker/dealer for review and follow up.”

Producer sales activity is monitored by Broker-Dealers (general agents) to assist in determining training needs for agents. Periodic reviews are conducted as Registered Representatives (agents) move to new Broker-Dealers (general agents). The agents are also audited every five years and complaints are reviewed by the Company to ensure the quality of the agents. Quarterly reviews are also done to confirm any issues.

In an interview with the Company’s management of broker/dealers and agents the Company indicated that agents must have a license before they are hired and appointed. The agent’s Continuing Education is required to maintain the license in some jurisdictions.

Recommendations: None

Procedure 16 – Replacement

Observations: The Company has a written procedure titled Replacement Summary. It is detailed instructions on how to correctly issue a replacement on a policy. The procedure, forms and helpful answers are provided via the Company’s intranet New Business Resource Center. The procedure covers the duties of agent when replacing, duties of Company when replacing, duties of agent when conserving, duties of Company when being replaced and records maintenance. The New Business Resource Center also provides the general company rules, NAIC and State specific requirements. Affected persons are notified of changes in the process or forms by memorandum.

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The Company states that:

“The state regulation on replacements drives our procedures. All incoming applications are checked by the Underwriting and Issue Department prior to being routed to an underwriter. If the paperwork is not in good order (e.g., a missing replacement disclosure forms, or a form signed after the date the app was taken), the app is cancelled and the agency notified.”

The Company keeps a report of applications that were cancelled, who they were from, and the reason for that action. Based on any identified trends, they may decide that additional guidance to the field force is necessary.

The Company reviews this process and procedure regularly. As new ways to improve the process are found they are submitted to management. If updates are needed they are designed and put in to place after they have been approved. The Company updated the procedure in June, 2006. The changes were made to “make the process a little easier to understand and in some cases to correct deficiencies.”

The Company meets the time standards in DE Reg 1204, Replacement of Life Insurance that requires the replacing insurer to notify the existing insurer of the replacement within seven (7) days of receipt of the application in its Home Office or the date of the new contract whichever is sooner.

The Company does use a replacement disclosure form titled “Notice to Applicant Regarding Replacement of Life Insurance.” For Delaware, this is form number 110-4 1/88 Delaware. The form has been filed with and approved by the DOI. A disclosure and checklist is listed on the form for the agent and applicant. Information on present policies and a summary request is requested. Finally, a signature and date from both the applicant and the agent are required in order to process the application.

The Company’s replacement register, a sample replacement application and samples of memos issued to agents on changes were reviewed to confirm the process.

Recommendations: None

Procedure 17 – Illustration

Observations: The Company utilizes illustrations in accordance with the NAIC Model and applicable state laws and regulations. A procedure dated May 1, 2007 outlines the process. The Company stated:

“the Illustrations Service & Development (IDS) team, part of Individual Market’s (IM) Marketing, Technology & Product Services department, is responsible for the implementation of new products and enhancements to their Illustration System. This system provides functionality to generate hypothetical illustrations on all individual life products currently offered by both Guardian and by GIAC.”

The Company subscribes to this system through SunGard Insurance Systems. The IDS team performs the analysis and quality assurance on the system, while SunGard is responsible for the

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programming. Agents and Field Staff are informed of changes to products and system functions. The Company did not provide any training information.

The Company exercises management oversight and control over this procedure. The Company conducts an annual prospectus revision each May 1st. An internal review of all variable product illustration output is conducted. Both Equity Compliance and Equity Counsel participate in this annual review. The Company stated

“any changes that are suggested, or that are necessary from a compliance standpoint, are then implemented in the May 1st software release. Additionally, if potential errors are detected in the production version of the software, these errors are analyzed, prioritized, and resolved. The Company uses the results from their measurement structures to improve their process.”

Depending on the level of computer errors detected, software patches are released within two to three months. Software update decisions are made by the Equity Compliance and Equity Counsel and are discussed at a monthly Illustration Steering Committee meeting with representatives from impacted departments.

During the review of the sample certifications all were found appropriate and in compliance with Delaware laws, codes, and regulations. No exceptions were noted.

Recommendations: None

Procedure 20 – Producer Selection, Appointment and Termination

Observations: The Company has processes in place to validate that the appropriate appointment of an agent occurs before the agent can make a solicitation or placement of business. This process is tested with periodic audits.

The Company indicates that a large portion of the production of its business is through entities they refer to as “outside broker-dealers.” This is a securities term that does not have a direct counterpart in the insurance statutes. Further, the “representatives” of the outside broker-dealer are appointed as agents of the Company. “Representative” is also a securities term that does not have a direct counterpart in the insurance statutes used to license them. The Company prefers to utilize securities language and references because their variable annuity products are considered securities under the Securities Act of 1933.

The Company (GIAC) has entered into an agreement with Guardian Investor Services, LLC (GIS) whereby GIS is appointed as the “Distributor of the Plans” (referring to GIAC’s annuity products deemed to be securities). Under this agreement, “The Guardian Insurance & Annuity Company Broker Dealer Supervisory and Service Agreement,” GIAC and GIS propose to have a Broker-Dealer perform certain administrative functions to facilitate sale of the Plans. The ultimate effect of the agreement makes the Broker-Dealer a “general agent” in insurance terminology. Section III F of the agreement states:

“Broker-Dealer shall cause each such Representative to execute a Registered Representative’s Agent Agreement with GIAC before a Representative shall be permitted to solicit applications for the sale of the Plans. GIS shall furnish Broker-

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Dealer with copies of Registered Representative's Agent Agreements for execution by the Representatives.”

The Company indicates that there is no agent contract between it and the “Representatives” of the Broker-Dealer. The Company states that the signature of a Registered Representative on the Agent Data Sheet secured by the Broker Dealer when the representative applies for appointment, is the Company's assurance that the agent is in compliance with statutory requirements. However, the Agent Data Sheet is essentially a processing document, a worksheet that should result in a Registered Representative's Agent Agreement. It is an application for appointment. When the Company verifies that the information and statements made on the Agent Data Sheet is accurate and a background check is completed, an appointment is issued.

The Company provided a listing of agents terminated in Delaware during the examination period. None of the 163 terminations were for cause. The Company refers any suspected inappropriate activity of a Registered Representative/Agent to the Broker-Dealer/General Agent for review and investigation. The Company relies on the state or the Broker-Dealer/General Agent to initiate termination requests from the Company.

Prior to August 31, 2006, GIS was a subsidiary of GIAC. As of August 31, 2006, GIS has been donated to GIAC's parent, The Guardian Life Insurance Company of America.

Recommendations: It is recommended that the Company execute a Registered Representative's Agent Agreement with each appointed representative of a Broker-Dealer with which GIAC has entered into “The Guardian Insurance & Annuity Company Broker Dealer Supervisory and Service Agreement.” The agreement should specify the duties and obligations to the Company assumed by the agent with appointment.

Procedure 21 – Producer Defalcation

Observations: There is no procedure or process in place for handling Producer Defalcation. Most of the Company production is through agents who are Registered Representatives of a Broker-Dealer (Securities). The Company has a three party (GIAC, GIS and the Broker Dealer) written agreement, “The Guardian Insurance & Annuity Company Broker-Dealer Supervisory and Service Agreement” wherein the Broker-Dealer agrees to perform the usual appointment and fiscal responsibilities of the Company. The Broker-Dealer is required to post a fidelity bond to meet the conditions in the Agreement. The fidelity bond includes coverage for all GIAC funds submitted with applications for coverage. The covered conditions are:

- (i) that the bond include coverage for larceny and embezzlement and be issued by a reputable bonding company;
- (ii) the bond to be maintained and paid for by the Broker-Dealer in Procedure 20;
- (iii) written notice should coverage change;
- (iv) that all proceeds from the bond be assigned to GIAC to the extent of GIAC's loss due to activities covered by the bond thereby protecting the insurance interests of the insured;
- (v) the Broker-Dealer terminate the sales activities of any representative who is not compliant with supervision.

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Performance under the agreement is periodically tested with an audit of the Broker-Dealer. The examiners reviewed a sample of Broker-Dealer audits and found appropriate material included in the audit.

Recommendations: None

Procedure 22 – Prevention of the Use of Persons with a Felony Conviction

Observations: The Company has a process to determine if an applicant for appointment has any felony convictions that would bar association under 18 USC §1033. Background checks are performed on every Registered Representative (agent) who requests an appointment with GIAC. Background checks are also performed on agents who are already appointed with GIAC but who are moving to another Broker-Dealer (general agent). The procedure for checking the background of each applicant for agent is performed through the National Association of Security Dealers (NASD) WebCRD system. This system has information from the applicants via their fingerprint card that was submitted to the NASD (now Financial Industry Regulatory Authority or FINRA) for security registration. This information is updated and confirmed annually. No exceptions were noted.

The Company process for employees is similar to that for producers. All offers of employment are contingent on a background check. The background check is outsourced to a vendor, Stirling, who provides a Social Security Trace, Employment Verification, Education Verification, an OFAC (Office of Foreign Asset Control) search and a criminal record search. The criminal record search reviews Federal, State and County level records on a nationwide basis. The searches are initiated upon acceptance of an offer of employment.

Recommendations: None.

Procedure 24 – Premium Billing

Observations: The Company has a written Premium Billing Procedure with a version date of April 28, 2006.

The Company stated that “Three Administration Systems are utilized for this function: Leverage, Cyberlife & Navisys/Unity.” Unity is a new administration system in development. Each system internally establishes the billing based on the payment mode. Policyholders have the option to make payments annually, semi-annually, quarterly, or monthly. The Company evaluates this process on a continual basis and billing register reports are produced from the administration systems daily. If any billing errors are brought to the attention of the administration they are reviewed and corrected accordingly.

Processors complete mode changes and payments daily. Both transactions automatically set the billing schedule in the administration systems. Reports are reviewed daily for Electronic Fund Transfer (EFT) payments returned for insufficient funds, account closed, etc. Processors are provided written procedures and are trained by an experienced Processor.

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The Company billing notice includes Policy Number, Due Date, Period of Coverage, Planned Premium, Annual Loan Interest and Amount Due. The notice also allows for changes in address and/or contact information, selection of a payment plan and type. Timing of the notice is based on the type of product.

Samples of billing notices, the “no schedule” bill reports, billing registers, computer system screen prints, and copies of procedure changes were reviewed to confirm this process is working as intended. No exceptions were noted.

Recommendations: None

Procedure 26 – Policy Issuance

Observations: The Company has a written Policy Issuance Procedure for each line of business they write. The procedure was last updated as of January, 2007. The applicable unit processes each line of business, with well-defined guidelines.

The Company provides one-on-one training and a copy of the applicable written procedures. Quality Control, peer reviews, and Compliance reviews measuring the performance of the procedure are conducted on a daily and monthly basis.

A sample of policies, timeliness and outstanding contracts were reviewed to confirm that the process is working. No exceptions were noted.

Recommendations: None

Procedure 27 – Reinstatement

Observations: The Company has a written Reinstatement Procedure.

According to the Company, they reinstate policies through their Customer Service Department. When a client sends in a check for a repayment on a pending lapse policy, the Cash Manager provides the Customer Support Specialist (CSS) with a copy of the check and any accompanying paperwork. The CSS then reinstates the policy. The CSS reviews subsequent financial transactions to ensure that all system-generated processing is completed. The remaining proceeds of the check are applied as of the current date. After the check and paperwork has been processed, the CSS orders a confirmation statement and summary from the Issue Department and notifies the Accounting Department that the policy has been reinstated. On the following day, the CSS reviews the financial process and current values for accuracy and then prepares all documents for scanning. The CSS then prepares a “Thank You” letter and gives the packet to the Manager for review. After the Manager’s review the packet and letter are sent back to the CSS to scan and issue.

All information including the client letters, screen prints and registered mail receipts are maintained in the Contract Owner File for a minimum of seven years after contract surrender.

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The Compliance Department conducts an audit of this procedure at least annually and reports findings to senior management. If irregularities are found they are brought to the attention of GIAC Senior Management for resolution.

A sample of the Company's reinstatement notice, checklist, unprocessed schedule log, reinstatement calculator and control ticket were reviewed to confirm the process.

Recommendations: None

Procedure 30 – Premium Determination and Quotation

Observations: The Company does not have a written Premium Determination and Quotation Procedure. There is no statutory requirement for the filing or approval of the rates for the type of products sold by this Company. This procedure is not applicable.

Recommendations: None.

Procedure 31 – Policyholder Disclosures

Observations: The Company has a written Policyholder Disclosures Procedure in place. Some of the types of disclosure addressed by the Company include:

- Replacement Disclosure – The Company publishes for each state, including Delaware, a summary of replacement procedures and rules to be followed. These summaries are posted on the Company's New Business Resource Center, which is also the location where agents can obtain a copy of the required disclosure form in a replacement situation. Also see observations for Procedure 16 – Replacement.
- Illustration Disclosure – The Company stated that “the company-produced illustrations are programmed in accordance with NAIC requirements and provide all of the requisite disclosures including those relating to the non-guaranteed nature of certain benefits, such as dividends.” Also see observations for Procedure 17 – Illustrations.
- HIV Consent – The HIV consent forms are published on the New Business Resource Center and again are accessible by agents.
- Guaranty Association Form – This form is programmed into the issues systems and prints out with any life insurance policy issued. Since agents are generally forbidden to discuss the Association during the solicitation process, this is strictly a home office procedure.
- PolicyHolder Document. When a loan is taken, a PolicyHolder Document (PHD) is prepared and sent to the owner providing information regarding the loan such as the amount, the date taken and the current interest rate. The loan activity is shown quarterly for the life products through a benefit statement. This would show any new loans taken during the period, the interest accrued, and loan repayments, etc.

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The policy loan feature and Automatic Premium Loan (APL) are outlined in the product prospectus provided to the client at time of application. The APL provision is to be selected at time of application or in writing after the policy is active. A confirmation of each premium payment paid by the APL provision is mailed to the client. The “Tax Considerations” section of the product prospectus covers possible tax questions, referring the client to consult a legal or tax adviser regarding particular circumstances.

According to the Company for the above types of disclosures, “the Individual Markets Compliance area will generally set the rules based on what’s required in state regulations. The Underwriting area is the primary enforcement area for these rules since they receive numerous applications each day and review them for completeness.”

The Company provides training to those affected by the procedure on the job. Field agents and Underwriters are notified about compliance changes and issues by an internal memo and/or email. The Company’s underwriting department monitors this process daily and makes reports on the activity.

To confirm the procedure a sample of the Company’s disclosures were reviewed. No exceptions were noted.

Recommendations: None

Procedure 32 – Underwriting and Selection

Observations: The Company has a written Underwriting and Selection process. The procedure is clear, readable and current.

The Company provides each underwriter with a manual and the guidelines for processing a policy. Individual training is provided by higher level underwriters. The Company requires a second signature by a manager or underwriting officer as a method of monitoring rejected applications.

The Company’s audits of case files are conducted by underwriting management and senior level underwriters review the cases. The Company conducts these reviews and audits on a semi-annual basis. Errors in the process are detected in these audits and the review of case files by senior level underwriting staff. To determine the accuracy of application information the Company uses inspection reports and medical exams depending on the face amount.

The application includes a section for the insured’s contact information, coverage needed, beneficiaries, investment division’s allocation, suitability, replacement, amount of insurance, questionnaire, signature section, and agent information.

The Company states that: “variable Life applications are reviewed by company registered principals to determine if the recommendation by the registered representative is suitable for the client. Considered are the clients risk tolerance, financial situation and investment objectives.”

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When a case exceeds the assigned underwriter's authority, it is referred to a manager or assistant chief underwriter for concurrence. According to the GIAC, "underwriters have latitude to deviate from selection/rating criteria on any case within their authority limit based on specific factors involved on case."

The procedure is performing as intended. A sample of the underwriting files was reviewed. No exceptions were noted.

Recommendations: None

Procedure 33 – Rate and Form Filing

Observations: The Company does not have a formal written procedure but does have a process in place to address form filings. All forms are filed for approval directly by the Company. Rate filings were not considered since the products sold by the Company are not subject to rate filing requirements.

The Company states that: "the Individual Markets Compliance (IMC) area is responsible for the development, drafting and filing of new individual life insurance and annuity policy forms for GIAC."

As new products are developed to the point where the Company has preliminary pricing, the product descriptions are written and circulated. A senior member of the Compliance Department then drafts policy forms in accordance with state laws. Once a generic policy form is final, a draft state specific version is created.

The Company stated that: "a compliance specialist will then be assigned to the filing and will work with an Administrative staff person. Together they set up filings on the Company's computer system, complete state certifications and transmittals, and order checks for filing fees, etc." Once a filing is approved, the forms are passed to systems personnel who work on the form to ensure that the correct language is produced depending on the state and product. The Administrative Department tracks each filing and any state responses they get, approvals, rejections, requests for additional information, and any additional follow-up necessary.

A sample of the forms filed and used was provided and reviewed. These forms have been approved by the DDOI.

Recommendations: It is recommended that the Company develop a formal written Form Filing procedure that includes specific training guidelines pertaining to the Company's products, measurements and controls to test the functioning and efficacy of the procedure and training, and an audit and revision history of the process.

Procedure 34 – Termination

Observations: The Company has a written procedure (on-line manual) in place for Termination that is clear, easy to read, and current.

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Processors responsible for this function are provided the written procedure, directed to the online location of the procedure and trained by an experienced processor responsible for termination processing. The manuals contain a checklist on what is needed to surrender a policy, reject a policy, the lapse reporting process, how to disburse checks, and how to handle past due premiums. The Company requires a sign off by authorized individuals for rejections and cancellations. Disbursements are approved according to disbursement authority set by financial management.

The Company's sign off and review process is appropriate for this procedure. Since sign offs are required by the Company on a daily basis the Company can detect errors and have them immediately fixed.

A review of the underwriting files provided by the Company confirms that the process is working as intended.

Recommendations: None

Procedure 35 – Underwriting File Documentation

Observations: The Company has a written procedure for the documentation of underwriting files and all applications, related forms, underwriting requirements, underwriter notes, and correspondence are maintained in underwriting files.

The Company provides on-the-job training and the Company regularly takes random samples of underwriting files for review. However, the Company did not provide any information on reports or results of any audits.

When the Company was asked to describe the minimum information required before a risk can be accepted, the Company stated that the information required “varies depending on age and amount applied for.”

The Company's process for finding missing beneficiaries or verifying beneficiary designation is described in some detail in the Company's Claim Procedures. In addition, the Company states: “If we are unable to locate the named beneficiary after 120 days after notice of the insured's passing, we place the proceeds into the "unclaimed funds" account which is handled in New York. The dormancy period for these types of checks is 5 years for the state of Delaware.”

The Company's underwriting file documentation process was confirmed in a sample review of the Company's underwriting files. No interviews were conducted on this specific underwriting topic.

Recommendations: None

Procedure 40 – Staff Training

Observations: The Company provides training for its employees depending on their function and the results of error indicators to identify where training is needed. This varies by product line and

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function within that product line. The measurements used by the Company are reasonably effective at identifying training needs and in responding to those needs. A wide range of training methods are used including shadow training, case examples, courses, outside training, classes, on-the-job training, periodic refreshers, memorandums and meetings.

Recommendations: None.

Procedure 43 – Claim Handling

Observations: Two product areas are impacted by this procedure. Guardian Universal Life (GUL) and Specialty Life/Level Term (SL/LT) each have a death benefit in the contracts necessitating a claim handling process. These product lines historically represent less than 1% of the GIAC premium volume. Claim handling processes are not applicable to the Company's annuity, variable annuity and pension products.

Both GUL and SL/LT had written procedures that were current as evidenced by dated changes in the procedure. The GUL product was developed as a joint venture between GIAC and Trustmark Insurance Company. Trustmark, under the arrangement, is responsible for training of claim staff. Trustmark acts as a branch of GIAC for handling claims and responding to customer service issues. Training for SL/LT is done as necessary using a one-on-one method. The use of these procedures was tested through a review of a sample of claim files. No exceptions were noted.

Recommendations: None

Procedure 44 – Internal Claim Audit

Observations: The Company does not use an Internal Claim Audit Procedure. The claim processing structure contains a number of testing components exercised during the process that make a separate audit unnecessary. This includes multiple review and sign off steps rather than a decision by a single person. All claims are reviewed in the Claims Department by a minimum of two persons. In addition the Chief Claim Consultant and or Claim Director are the only ones authorized to approve a GIAC claim. Following review by the Claim Department, the claim is sent to the Equity Accounting Department where an additional review is conducted before a check is prepared for payment.

Recommendations: None

Procedure 45 – Claim File Documentation

Observations: The Company process for Claim File Documentation is contained within the various procedures for Claim Handling. The Company utilizes checklists to assure that information needed to process a claim is obtained and retained. Each claim is subject to review with feedback provided to management. All claims are reviewed in the Claims Department by a minimum of two persons. In addition the Chief Claim Consultant and or Claim Director are the only ones authorized to approve a GIAC claim. Following review by the Claim Department, the

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claim is sent to the Equity Accounting Department where an additional review is conducted before a check is prepared for payment. This frequency of review assures that file content is complete. A review of a sample of claim files found no exceptions.

Recommendations: None

Procedure 48 – Catastrophic Claim Handling

Observations: The Company does not have a separate or different treatment for catastrophic claims. All claims are handled as described in Procedure 43. There has been no identification of a catastrophic exposure that would result in a different treatment.

Recommendations: None.

LIST OF RECOMMENDATIONS

Procedure 20 – Producer Selection, Appointment and Termination

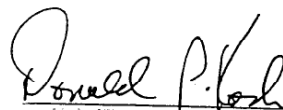
Recommendations: It is recommended that the Company execute a Registered Representative’s Agent Agreement with each appointed representative of a Broker-Dealer with which GIAC has entered into “The Guardian Insurance & Annuity Company Broker Dealer Supervisory and Service Agreement.” The agreement should specify the duties and obligations to the Company assumed by the agent with appointment.

Procedure 33 – Rate and Form Filing

Recommendations: It is recommended that the Company develop a formal written Form Filing procedure that includes specific training guidelines pertaining to the Company’s products, measurements and controls to test the functioning and efficacy of the procedure and training, and an audit and revision history of the process.

CONCLUSION

The examination was conducted by Donald P. Koch, Shelly G. Schuman and Parker W. B. Stevens and is respectfully submitted,



Donald P. Koch, CIE
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Insurance Department
State of Delaware