STATE OF CONNECTICUT

INSURANCE DEPARTMENT

ORDER ADOPTING REPORT OF EXAMINATION

I, Anne Melissa Dowling, Deputy Insurance Commissioner of the State of Connecticut, having fully considered and reviewed the Examination Report (the "Report") of Prudential Retirement Insurance and Annuity Company (the "Company") as of December 31, 2011, do hereby adopt the findings and recommendations contained therein based on the following findings and conclusions, **TO WIT:**

1. I, Anne Melissa Dowling, Deputy Insurance Commissioner of the State of Connecticut, and as such is charged with the duty of administering and enforcing the provisions of Title 38a of the Connecticut General Statutes (C.G.S.).

2. The Company is a domestic insurer authorized to transact the business of insurance in the State of Connecticut.

3. On April 26, 2013, the verified Report of the Company was filed with the Connecticut Insurance Department.

4. In accordance with C.G.S. §38a-14(e)(3), the Company was afforded a period of thirty (30) days within which to submit to the Connecticut Insurance Department a written submission or rebuttal with respect to any matters contained in the Report.

5. On May 28, 2013, the Company notified the Department of certain responses and comments relating to matters contained in the Report.

6. Following review of the Report, it was deemed necessary and appropriate to modify the Report. A copy of the Report is attached hereto and incorporated herein as Exhibit A.

NOW, THEREFORE, it is ordered as follows:

1. That the Report of the Company hereby is adopted as filed with the Insurance Department.

2. That the Company shall comply with all of the recommendations set forth in the Report, and that failure by the Company to so comply shall result in sanctions or administrative action as provided by Title 38a of the C.G.S.

Dated at Hartford, Connecticut, this 3rd day of June, 2013.

Anne Melissa Dowling
Deputy Insurance Commissioner

Exhibit A

EXAMINATION REPORT

OF

PRUDENTIAL RETIREMENT INSURANCE AND ANNUITY COMPANY

AS OF

DECEMBER 31, 2011

BY THE

CONNECTICUT INSURANCE DEPARTMENT

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April 22, 2013

The Honorable Thomas B. Leonardi
Insurance Commissioner
State of Connecticut Insurance Department
153 Market Street, 6th Floor
Hartford, Connecticut 06103

Dear Commissioner:

In compliance with your instructions and pursuant to the requirements of Section 38a-14 of the General Statutes of the State of Connecticut (CGS), the undersigned has made a financial examination of the condition and affairs of:

PRUDENTIAL RETIREMENT INSURANCE AND ANNUITY COMPANY

(hereafter referred to as the Company or PRIAC), a corporation with capital stock, incorporated under the laws of the State of Connecticut and having its statutory home office located at 280 Trumbull Street, Harford, Connecticut. The report of such examination is respectfully submitted.

SCOPE OF EXAMINATION

The previous examination of the Company was conducted by the Financial Regulation Division of the Connecticut Insurance Department (the Department) as of December 31, 2006. The current examination which covers the subsequent five-year period was conducted at the Company's statutory home office and additionally at the headquarters of its parent holding company, Prudential Financial, Inc. (PFI) located at 751 Broad Street, Newark, New Jersey. The Department participated in a coordinated multistate examination with the New Jersey Department of Banking and Insurance (NJ) which acted as lead state for the examination.

The following companies were also part of the coordinated exam:

- Prudential Annuities Life Assurance Corporation (CT)
- The Prudential Insurance Company of America (NJ)
- Pruco Life Insurance Company of New Jersey (NJ)
- Pruco Life Insurance Company (AZ)
- Pruco Reinsurance Limited (AZ)
- Vantage Casualty Insurance Company (IN)

As part of the examination planning procedures, the Department reviewed the following materials submitted by the Company:

- Annual Statement filings;
- Audit reports completed by the certified public accounting firm retained by the Company;
- Board of Director (Board) minutes;
- Committee minutes;
- Management Discussion and Analysis;

- Statements of Actuarial Opinion;
- Internal audit reports;
- Financial and regulatory filings submitted to the Department;
- Documentation supporting Section 404 of the Sarbanes-Oxley Act (SOX);
- Documentation supporting Management's Report of Internal Control over Financial Reporting for 2011; and
- 10K reports filed with the Securities and Exchange Commission.

A review of the independent audit reports and a comprehensive analysis of the Company's financial statements and other filings submitted to the Financial Analysis Unit of the Department indicated no material concerns with respect to financial condition or regulatory compliance issues.

Risk & Regulatory Consulting, LLC (RRC) was engaged by the Department to perform the following key financial activities: investments; reinsurance; and annuity loss reserves.

Workpapers prepared by the Company's independent auditors, PricewaterhouseCoopers, LLP (PwC), in connection with its annual statutory audit were reviewed and relied on to the extent deemed appropriate.

The examination was conducted on a full scope, comprehensive basis in accordance with the procedures outlined in the National Association of Insurance Commissioners (NAIC) Financial Condition Examiners Handbook (Handbook). The Handbook requires that we plan and perform the examination to evaluate the financial condition and identify prospective risks of the Company by obtaining information about the Company, including corporate governance, identifying inherent risks within the Company, and evaluating system controls and procedures used to mitigate those risks. An examination also includes assessing the principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation, management compliance with the NAIC Accounting & Procedures Manual (Manual) and the NAIC Annual Statement Instructions (Instructions).

All accounts and activities of the Company were considered in accordance with the risk-focused examination process.

The examination considered prospective risks, those risks that existed at the balance sheet date that will impact future operations or risks associated with future business plans of the Company. Examination procedures were performed as deemed appropriate to evidence actions that the Company had taken to mitigate these risks. These risks were communicated to individuals in the Department responsible for ongoing monitoring.

Comments in this report are generally limited to exceptions noted or to items considered to be of a material nature.

Failure of items in this report to add to totals or for totals to agree with captioned amounts is due to rounding.

PRUDENTIAL RETIREMENT INSURANCE AND ANNUITY COMPANY

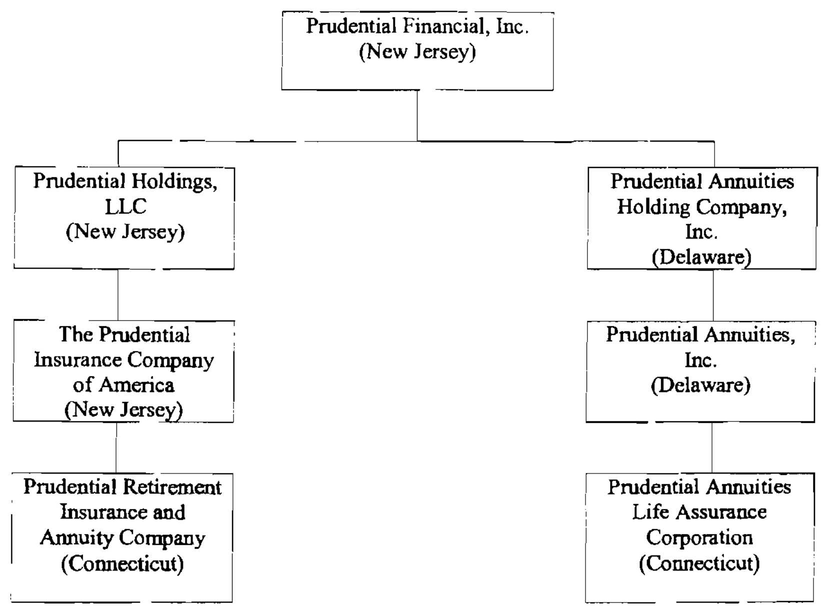
HISTORY

The Company was incorporated on January 14, 1981, as a wholly owned subsidiary of the Connecticut General Corporation by Special Act 77-15 as amended by Special Act 79-16 of the Connecticut General Assembly. On August 3, 1984, the Company changed its name from Connecticut General Life and Casualty Insurance Company to CIGNA Life Insurance Company (CIGNA Life).

CIGNA Corporation (CIGNA) sold its retirement business to The Prudential Insurance Company of America (Prudential) on April 1, 2004, for $2.12 billion. The sale of the business included the purchase by Prudential of all the shares of CIGNA Life. Prior to the sale, CIGNA Life entered into reinsurance arrangements with wholly owned subsidiaries of CIGNA to affect the transfer of the retirement business included in the transaction to Prudential. Subsequent to the sale, Prudential changed the name of CIGNA Life to Prudential Retirement Insurance and Annuity Company (PRIAC). Currently, PRIAC is a wholly owned subsidiary of Prudential which in turn is an indirect wholly owned subsidiary of PFI.

ORGANIZATIONAL CHART

The following organizational chart presents the identities of and interrelationship between PRIAC and its direct parent and affiliates as of December 31, 2011.



MANAGEMENT AND CONTROL

In accordance with the Company's bylaws, the annual meeting of shareholders for the election of directors and for the transaction of such other business as may properly come before the meeting, shall be held at such time and place as shall be designated by the Board and stated in the notice of such annual meeting. Special meetings of the shareholders may be called by the chairman of the Board, the chief executive officer, the president, or the Board and shall be called by the president upon written request of the holders of not less than one-tenth of the voting power of all shares entitled to vote at the meeting.

Board of Directors

The members of the Board need not be shareholders and shall be elected to their terms by a majority of the votes cast at a shareholders' meeting. The property and affairs of the Company are managed by a Board of not less than one nor more than ten persons and may be decided from time to time by vote of the shareholders. The Board shall be responsible for the control and management of the affairs, property, and interests of the Company and may exercise all powers of the Company except as are in the Certificate of Incorporation or by statute expressly conferred upon or reserved to the shareholders.

Meetings of the Board shall be called at such dates, times, and places as established by the Board. Special meetings of the directors may be called by the chairman of the Board, chief executive officer, or the president and shall be called by the secretary when directed to do so in writing signed by at least three directors. At all meetings of the Board, the presence of a majority of the entire Board shall be necessary and sufficient to constitute a quorum for the transaction of business. The chairman of the Board may be elected from among the members of the Board.

Members of the Board serving the Company at December 31, 2011, were as follows:

Name	Title and Principal Business Affiliation
Christine C. Marcks	President Prudential Retirement Insurance and Annuity Company
Michael J. Brandt	Senior Vice President, Finance Prudential Retirement Insurance and Annuity Company
Bernard J. Jacob	Senior Vice President, Chief Financial Officer US Business Prudential Financial, Inc.
John J. Kalamarides	Senior Vice President Prudential Retirement Insurance and Annuity Company
James M. O'Connor	Senior Vice President, Chief Actuary Prudential Retirement Insurance and Annuity Company

Scott G. Sleyster	Executive Vice President, Domestic Chief Investment Officer US Business Prudential Retirement Insurance and Annuity Company
George P. Waldeck, Jr.	Senior Vice President Prudential Retirement Insurance and Annuity Company

Committees
Pursuant to the bylaws, committees may be appointed by the Board, each of which to the extent provided in the resolution establishing such committee and shall have the authority of the Board relating to the business and affairs of the Company under its control and supervision. Committees, including members at December 31, 2011, were as follows:

Audit Committee
The Audit Committee, comprised of at least three directors, reviews the statutory financial statements, focusing on net income, risk based capital, and significant changes from the prior year. It also reviews audit reports, including any identified significant deficiencies or material weaknesses. The Model Audit Rule requirement for independent members of audit committees is satisfied by the independent members of the PFI Audit Committee, whose oversight responsibilities include PRIAC.

The members of the Audit Committee at December 31, 2011, were:

Name	Title
Christine C. Marcks	President
Bernard J. Jacob	Chairman
John J. Kalamarides	Senior Vice President
James M. O'Connor	Senior Vice President, Chief Actuary
Scott G. Sleyster	Executive Vice President
George P. Waldeck, Jr.	Senior Vice President
Michael J. Brandt	Senior Vice President, Chief Financial Officer

Executive Committee
The Executive Committee, comprised of three Board members, shall be empowered to have all of the power and authority of the Board except that the Executive Committee shall not have authority regarding the following matters:

- The election or removal of any director of the Company;
- The fixing of compensation of the directors for serving on the Board or any committee;
- The adoption, amendment, or repeal of the bylaws;
- The amendment or repeal of any resolution of the Board; or
- The submission to shareholders of any action that requires shareholders' approval.

The members of the Executive Committee at December 31, 2011, were:

Name	Title
Christine C. Marcks	Chairman, President
John J. Kalamarides	Senior Vice President
James M. O'Connor	Senior Vice President, Chief Actuary

Investment Committee

The Investment Committee, formed in 2004 and comprised of selected senior officers and Company directors, is accountable to oversee the investment of the Company's general account and guaranteed separate account assets. The Investment Committee held its first meeting in April 2005, at which time the Committee adopted an Investment Delegation of Authority and an Investment Policy Statement governing the investment of the general account and guaranteed separate account assets of the Company.

The members of the Investment Committee at December 31, 2011, were:

Name	Title
Richard R. Hrabchak	Chairman, Vice President
Scott G. Sleyster	Executive Vice President
Craig R. Gardner	Vice President, Investments Risk Officer
John J. Kalamarides	Senior Vice President
Kathleen J. Keefe	Vice President
James M. O'Connor	Senior Vice President, Chief Actuary

Separate Account Committee

The Separate Account Committee, comprised of selected senior officers and at least one director, is responsible for governance of non-guaranteed separate accounts.

The members of the Separate Account Investment Committee at December 31, 2011, were:

Name	Title
John J. Kalamarides	Chairman, Senior Vice President
Richard R. Hrabchak	Vice President
James M. O'Connor	Senior Vice President, Chief Actuary
George P. Waldeck, Jr.	Senior Vice President

Officers

The officers of the Company shall be the president, a secretary, a controller, one or more vice-presidents, and a treasurer. In addition, the Board may elect a chief executive officer and such other officers as the Board may from time to time deem advisable. The officers shall be elected by the Board at its first meeting after the annual meeting of shareholders or may be elected at other times.

At December 31, 2011, the senior officers of the Company were as follows:

Name	Title
Christine C. Marcks	President
Stephen E. Wieler	Secretary, Corporate Counsel
Robert M. Falzon	Treasurer
James M. O'Connor	Senior Vice President, Chief Actuary
Scott G. Sleyster	Executive Vice President
Michael J. Brandt	Senior Vice President, Chief Financial Officer
John J. Kalamarides	Senior Vice President
Timothy L. Schmidt	Senior Vice President
Robert H. Tyndall	Senior Vice President
George P. Waldeck, Jr.	Senior Vice President

INSURANCE COVERAGE

The Company is covered by a fidelity bond maintained by PFI for itself and the majority owned affiliates and subsidiaries. The fidelity bond is part of a blended program issued by various insurers, led by ACE American Insurance Company. The aggregate limit of liability provides fidelity coverage above the prescribed minimum set forth by the NAIC's schedule of suggested minimum amounts.

In addition to the fidelity bond insurance, the Company is protected by the following insurance coverages maintained by PFI:

Insurance Coverage	Primary Insurance Company
Errors & Omissions	Westchester Fire Insurance Company
Directors and Officers Liability	ACE American Insurance Company
Fidelity Bond	Westchester Fire Insurance Company
Employment Practices Liability	ACE American Insurance Company
Fiduciary Liability	ACE American Insurance Company
Property	Lexington Insurance Company
General Liability	Travelers Property Casualty Company of America
Automobile Liability	Travelers Property Casualty Company of America

TERRITORY AND PLAN OF OPERATION

The Company is licensed to sell retirement services products in all 50 states, the District of Columbia, and Puerto Rico.

The Company provides retirement-plan products and services to public, private, and not-for-profit organizations. Specifically, the Company offers sponsors and their participants a broad range of products and services to assist in the delivery and administration of defined contribution and defined benefit qualified and non-qualified retirement plans. In addition, the Company offers recordkeeping and administrative services, comprehensive investment offerings, and advisory services to assist plan sponsors in managing fiduciary obligations.

The Company's Retirement segment can be sub-divided into three key areas: Defined Benefits (DB); Guaranteed Products (GP); and Defined Contributions (DC). Each of these three areas manufacture and distribute products and provide administrative services for qualified and non-qualified retirement plans which include 401(a), 401(k), 457, and Taft-Hartley markets.

REINSURANCE

The Company's primary use of reinsurance relates to the assumption reinsurance used in the acquisition of CIGNA's retirement business. In 2004, there were a series of reinsurance agreements that were utilized to affect the transfer of the retirement business to PRIAC. The reinsurance arrangements between the Company and CIGNA include coinsurance-with-assumption, modified-coinsurance-with-assumption, indemnity coinsurance, and modified-coinsurance-without-assumption.

As an element of the acquisition, the Company had the right, beginning two years after the acquisition, to commute the modified-coinsurance-with-assumption arrangement related to the acquired defined benefit guaranteed-cost contracts in exchange for cash consideration from CIGNA.

Effective April 1, 2006, the Company reached an agreement with CIGNA to convert the modified-coinsurance-with-assumption arrangement to an indemnity coinsurance arrangement, effectively retaining the economics of the defined benefit guaranteed-cost contracts for the life of the book of business.

The coinsurance-with-assumption arrangement applies to the acquired general account defined contribution and defined benefit plan contracts. The modified-coinsurance-with-assumption arrangements apply to the majority of separate account contracts and the general account defined benefit guaranteed-cost contracts acquired. The modified-coinsurance-without-assumption arrangement applies to the remaining separate account contracts acquired and is similar to the modified-coinsurance-with-assumption arrangements, except CIGNA will retain the separate account and other assets and related liabilities while ceding the net profits or losses and the associated net cash flows to the Company for the remaining lives of the contracts.

There were no non-affiliated reinsurers that were owned in excess of 10% or controlled, either directly or indirectly, by the Company or by any representative, officer, trustee, or director of the Company.

INFORMATION TECHNOLOGY CONTROLS

NJ engaged EisnerAmper Accountants and Advisors (EA) to conduct an evaluation of PFI's Information Technology (IT) systems, infrastructure, and general controls. The Department placed reliance on the work performed by EA as part of the coordinated multistate examination.

As the foundation of its risk based review, EA conducted the IT review incorporating Control Objectives for Information and Related Technology (COBiT) version 4.1 with the Handbook requirements, Exhibit C Part 1 – Information Technology Planning Questionnaire (ITPQ) and Exhibit C – Part 2 – Evaluation of Controls in Information Technology Work Program, to provide broader scope of coverage for key risks.

The IT review identified and assessed the Company's internal controls, policies, and procedures established by (and for) the respective IT environments within PFI's federated model. The scope of the review included the identification, evaluation, and assessment of the system of controls over data input, processing, and output.

The review of the Company's IT controls included but was not limited to the following financially significant systems: Annuitants Benefit Consolidation System (ABC/ALR); Guaranteed Product Valuation System (GPVAL); and Plan Accounting and Reporting Information System (PARIS).

The key IT Controls tested included but were not limited to the following areas:

- Management controls, such as authorization assignments, privileges, approvals, and compliance, including compliance with Company policies;

- Administrative and organizational controls, such as physical and logical access, business continuity and disaster recovery provisions, system development, and program change controls; and

- Accounting controls, such as data input, data processing and data output.

There were no material findings that affected the overall reliance on the Company's IT controls.

ACCOUNTS AND RECORDS

The Company's general ledger account balances are maintained on Oracle and are updated by both manual and automated journal entries. Detailed analyses were performed on the individual annual statement accounts throughout the examination. The examination team reviewed the internal controls over financial reporting to ensure that the Company maintained a process to produce reliable financial statements. In addition, the examiners reviewed the general ledger detail, all significant nonstandard journal entries, and entries made solely to prepare the NAIC Annual Statement for significant unusual entries.

PRUDENTIAL RETIREMENT INSURANCE AND ANNUITY COMPANY

FINANCIAL STATEMENTS

The following statements reflect the assets, liabilities, surplus and other funds of the Company, and its summary of operations, and capital and surplus account as of December 31, 2011, as reported by the Company and as determined by this examination.

ASSETS

	Ledger Assets	Assets Not Admitted	Net Admitted Assets
Bonds	$17,417,012,337		$17,417,012,337
Preferred stocks	38,673,295		38,673,295
Common stocks	13,062,104		13,062,104
Mortgage loans on real estate – first liens	3,869,716,879		3,869,716,879
Cash ($9,814,340) cash equivalents ($278,140,778) and short-term investments ($673,341,506, Schedule DA)	961,296,624		961,296,624
Derivatives (Schedule DB)	121,753,552		121,753,552
Other invested assets (Schedule BA)	339,134,948		339,134,948
Receivables for securities	19,130,568		19,130,568
Investment income due and accrued	203,993,138	$38,824	203,954,314
Reinsurance:			
Other amounts receivable under reinsurance contracts	181,715		181,715
Current federal and foreign income tax recoverable and interest thereon	10,311,932		10,311,932
Net deferred tax asset	215,325,418	10,302,244	205,023,174
Guaranty funds receivable or on deposit	8,341,232		8,341,232
Aggregate write-ins for other than invested assets	105,582,413	89,919,279	15,663,134
Total assets excluding separate accounts, segregated accounts and protected cell accounts	23,323,516,155	100,260,347	23,223,255,808
From separate accounts, segregated accounts and protected cell accounts	40,219,690,342		40,219,690,342
Totals	$63,543,206,497	$100,260,347	$63,442,946,150

PRUDENTIAL RETIREMENT INSURANCE AND ANNUITY COMPANY

LIABILITIES, SURPLUS AND OTHER FUNDS

Aggregate reserve for life contracts	$1,164,032,426
Liability for deposit-type contracts	19,595,219,120
Contract claims:	
Life	238,278
Contract liabilities not included elsewhere:	
Other amounts payable on reinsurance	218,490
Interest maintenance reserve	207,117,094
Commissions to agents due or accrued – life and annuity contracts	3,391,640
General expenses due or accrued	78,573,209
Transfers to separate accounts due or accrued (net)	(468,460)
Taxes, licenses and fees due or accrued, excluding federal income taxes	68,660
Unearned investment income	119,112
Amounts withheld or retained by company as agent or trustee	29,782,294
Remittances and items not allocated	20,960,247
Miscellaneous liabilities:	
Asset valuation reserve	210,379,896
Payable to parent, subsidiaries and affiliates	52,309,634
Payable for securities	2,121,065
Aggregate write-ins for liabilities	796,393,154
Total liabilities, excluding separate accounts business	22,160,455,859
From separate accounts statement	40,203,112,877
Total liabilities	62,363,568,736
Common capital stock	2,500,000
Gross paid in and contributed surplus	751,305,563
Aggregate write-ins for special surplus funds	112,819,265
Unassigned funds (surplus)	212,752,586
Surplus	1,076,877,414
Total capital and surplus	1,079,377,414
Total	$63,442,946,150

PRUDENTIAL RETIREMENT INSURANCE AND ANNUITY COMPANY

SUMMARY OF OPERATIONS

Premiums and annuity considerations for life and accident and health contracts	$233,082,149
Net investment income	1,047,531,977
Amortization of interest maintenance reserve	55,308,676
Separate accounts net gain from operations, excluding unrealized gains or losses	38,680,198
Commissions and expense allowances on reinsurance ceded	56,619
Miscellaneous income:	
Income from fees associated with investment management, administration and contract guarantees from separate accounts	276,475,252
Charges and fees for deposit-type contracts	110,883,273
Aggregate write-ins for miscellaneous income	34,988,114
Totals	1,797,006,258
Annuity benefits	222,872,090
Surrender benefits and withdrawals for life contracts	59,063,283
Interest and adjustments on contract or deposit-type contract funds	779,325,195
Increase in aggregate reserves for life and accident and health contracts	(75,803,458)
Totals	985,457,110
Commissions on premiums, annuity considerations, and deposit-type contract funds	20,411,713
General insurance expenses	409,313,581
Insurance taxes, licenses and fees, excluding federal income taxes	10,875,640
Net transfers to or (from) separate accounts net of reinsurance	125,973,246
Aggregate write-ins for deductions	533
Totals	1,552,031,823
Net gain from operations before dividends to policyholders and federal income taxes	244,974,435
Federal and foreign income taxes incurred	13,996,830
Net gain from operations after dividends to policyholders and federal income taxes and before realized capital gains or (losses)	230,977,605
Net realized capital gains (losses)	(62,531,458)
Net income	$168,446,147
CAPITAL AND SURPLUS ACCOUNT	
Capital and surplus, December 31, prior year	$1,278,837,255
Net income	168,446,147
Change in net unrealized gains (losses)	(5,448,723)
Change in net unrealized foreign exchange capital gain (loss)	161,114
Change in net deferred income tax	12,855,070
Change in non-admitted assets	(10,333,253)
Change in asset valuation reserve	(16,779,062)
Surplus (contributed to) withdrawn from separate accounts during period	30,000,000
Other changes in surplus in separate accounts statement	(29,650,280)
Dividends to stockholders	(375,000,000)
Aggregate write-ins for gains and losses in surplus	26,289,146
Net change in capital and surplus for the year	(199,459,841)
Capital and surplus, December 31, current year	$1,079,377,414

AGGREGATE RESERVE FOR LIFE CONTRACTS (General Account)	$1,164,032,426
AGGREGATE RESERVE FOR LIFE, ANNUITY AND ACCIDENT AND HEALTH CONTRACTS (Separate Accounts)	$916,587,759
LIABILITY FOR DEPOSIT-TYPE CONTRACTS (General Account)	$19,595,219,120
LIABILITY FOR DEPOSIT-TYPE CONTRACTS (Separate Accounts)	$37,164,409,980

General Account Exhibit 5 – Aggregate Reserves for Life Contracts

Product	**Product Description**	**12/31/2011 Balance**
Guaranteed Cost Contracts	Single premium annuity contracts, comprised primarily of immediate and some deferred annuity benefits payable to specific employees after retirement	$935,133,325
Deposit Administration Purchased Annuities	The contractual obligations under these contracts are comprised of immediate and deferred payout guaranteed annuity benefits payable to specific employees after retirement.	$137,100,228
Minimum Fund Liabilities	These liabilities represent the contractual minimum funding level for certain experience rated defined benefit contracts.	$15,267,266
Group Fixed Annuities	The contractual obligations under these contracts are comprised of immediate and deferred payout annuity benefits payable to specific employees after retirement.	$34,994,998
Other Experience Rated Contracts	These are investment contracts under which credited interest rates reflect investment experience of the underlying assets.	$40,924,672
UK Longevity Contracts	These contracts reinsure a portion of a United Kingdom pension plan liability.	$586,193
Income Flex	This is an investment option available primarily to participants inside of selected Defined Contribution retirement plans. The product guarantees the ability to withdraw a designated amount annually for life regardless of investment performance, subject to rules regarding the timing and amount of withdrawals.	$25,744
	Total Balance:	**$1,164,032,426**

Separate Account Exhibit 3 – Aggregate Reserve for Life, Annuity and Accident and Health Contracts

Product	Product Description	12/31/2011 Balance
Market Value Separate Account	Group variable annuity with guarantee	$618,196,058
	Individual variable annuity with guarantee	$5,036,885
Single Premium Annuity Contract	A separate account contract comprised of immediate and deferred payout annuity benefits payable to specific employees after retirement. Has guaranteed investment return and dividends may be paid to the contractholder annually.	$293,354,816
	Total Balance:	**$916,587,759**

General Account Exhibit 7 – Deposit Type Contracts

Product	Product Description	12/31/2011 Balance
DC Experience Rated Pooled Contracts	On a pool-by-pool basis, the product returns actual investment experience to contracts in the pool	$10,844,123,760
DC Experience Rated Non-Pooled Contracts	On a contract-by-contract basis. Investment contracts under which credited interest rates reflect investment experience of the underlying assets.	$3,608,408,660
DB Experience Rated Contracts	Investment contracts under which credited interest rates reflect investment experience of the underlying assets.	$3,193,910,244
Certain DC 403(b) Experience Rated Contracts	Certain DC experience rated non-pooled contracts	$1,928,326,937
Single Premium Annuity Contract	Supports immediate and deferred payout annuities payable to specific employees after retirement. Has guaranteed investment return and dividends may be paid to the contractholder annually.	$20,449,520
	Total Balance:	**$19,595,219,121**

Separate Account Exhibit 4 – Deposit Type Contracts

Product	Product Description	12/31/2011 Balance
Market Value Separate Account	Investment contracts under which credited investment results reflect investment experience of the underlying assets	$31,443,234,658
DB Experience Rated Annuities	Single client separate account contracts comprised of immediate and deferred fixed dollar payout annuity benefits payable to specific employees after retirement	$2,410,909,104
Experience Rated Separate Account Stable Value Investment Options Related to Defined Contribution Plans	Separate account investment options offered under some single client Defined Contribution contracts, under which credited interest rates reflect investment experience of the underlying assets.	$1,778,848,052
Principal Preservation Separate Accounts	Experience rated pooled separate account Stable Value investment option offered under some defined contribution contracts	$823,485,382
Commingled Guaranteed Stable Value Separate Account Investment Option	Pooled Separate Account investment option offered under selected defined contribution contracts.	$661,999,489
Single Premium Annuity Contract	A separate account contract comprised of immediate and deferred payout annuity benefits payable to specific employees after retirement. Has guaranteed investment return and dividends may be paid to the contractholder annually.	$43,154,602
Guaranteed Interest Contract	Separate account contracts that offer guaranteed interest crediting rates applied on a book value basis to monies received on a contract.	$2,778,692
	Total Balance:	**$37,164,409,980**

RRC performed a reserve, pricing and underwriting, liquidity, and market risk assessment to ensure that:

- The actual losses or other contractual payments reflected in the corresponding reserves were not greater than the carried liabilities;
- Pricing practices were appropriate for risks assumed;
- The Company was able to meet contractual obligations as they became due, without incurring unacceptable losses; and
- Movement in market prices, such as interest rates, foreign exchange rates, or equity prices have not adversely affected the reported and/or market value of investments.

In performing the comprehensive actuarial analysis as of December 31, 2011, the following items were completed:

- Review and analysis of statutory annual statements for 2011 and other recent years covered under the examination period;
- Risk assessment of the various actuarial areas and products and risk attribute ratings requested by the examiners;
- Review and analysis of the Company's actuarial reserve methods and assumptions and detailed analysis supporting the December 31, 2011, reserves by major product grouping;
- Interviews with the Company's line of business actuaries responsible for the reserve liabilities;
- Review of reserves for compliance with applicable State of Connecticut statutory requirements;
- Review and analysis of the 2011 Statement of Actuarial Opinion and supporting actuarial memoranda prepared for or by the Company's appointed actuary;
- Review of methods and assumptions used to prepare the asset adequacy analysis / cash flow testing;
- Review of the Actuarial Opinion Memorandum for years 2007 through 2011; and
- Review of the 2011 AG-43 Actuarial Memorandum.

Assessment of Reserve Risk

Based on the review, the Company's reserve provisions specified in the Annual Statement for the year ended December 31, 2011, appear to meet the minimum requirements of the Department and are adequate to mature obligations with respect to policies and contracts that provide material guaranteed benefits. In aggregate, reserves are believed to be based on the conservative end of actuarial assumptions. Under all twenty scenarios tested, the final and interim surplus levels were positive over the 30 year testing period. The Company did not establish discretionary reserves, which is reasonable based on the asset adequacy testing.

Assessment of Pricing and Underwriting Risk

The Company generates most of its revenue from fees charged to manage funds held for pension plans. RRC found no indications of material underwriting risks. Much of the pricing and underwriting risks are ceded through reinsurance treaties for the Income Flex product. The Company is earning reasonable profits for the fees charged for the services provided. The fees appear to be sufficient to continue to generate adequate profits and reasonable enough to manage competition. There is no indication of material pricing risk.

Assessment of Liquidity Risk/Hedging of Equity Risk

From an actuarial view, the Company does not appear to have material liquidity risk. RRC, working in concert with the financial examination team reviewed this risk in greater detail. When appropriate, risks are ceded to another captive related entity under the PFI umbrella, which uses a clearly defined hedging strategy to manage equity risks.

Assessment of Market Risk

Market risk was reviewed by RRC, working in concert with the financial examination team. RRC's actuary assisted the investment specialist as needed. The asset adequacy study and AG 43 Memorandum indicated the Company has adequately controlled its market risk.

A review by the Department of the Company's underlying data integrity concluded that there were no indications of any significant inaccuracies or inconsistencies in the underlying data used in the development of reserves.

Based upon the risk-based assessment and review procedures performed, no material findings affecting policyholders surplus were noted which affected the Company's ability to manage its reserving, pricing and underwriting, liquidity, and market risk.

COMMON CAPITAL STOCK $2,500,000

Common capital stock of the Company consists of 25,000 shares, issued and outstanding, with a par value of $100 per share. All of the outstanding shares of the Company are owned by Prudential, a New Jersey Corporation. All the outstanding shares of Prudential are ultimately owned by PFI.

GROSS PAID-IN AND CONTRIBUTED SURPLUS $751,305,563

The following exhibit reflects the balance of this account during the five-year period under review:

2011	$751,305,563
2010	$751,305,563
2009	$851,673,563
2008	$851,673,563
2007	$851,673,563

The decrease between 2009 and 2010, in the amount of $100,368,000, was the result of an extraordinary dividend paid to Prudential that was approved by the Department.

UNASSIGNED FUNDS (SURPLUS) $212,752,586

The following exhibit reflects the balance of this account during the five-year period under review:

2011	$212,752,586
2010	$435,401,573
2009	$199,058,977
2008	$148,083,418
2007	$91,441,865

The change in unassigned funds during the exam period is representative of net income, unrealized losses, and the payment of ordinary dividends. The large increase during 2010 was mainly attributable to unusually high net income of $277,266,584.

SEPARATE ACCOUNTS

Under the authority granted by Section 38a-459 of the CGS (the Section), the Company has established Separate Accounts to which it allocates certain amounts received under variable and fixed annuity business. Allocation is in accordance with the provisions of this Section of the CGS. The Company, through its general and separate accounts, primarily offers group variable annuities.

The Separate Account assets and liabilities represent segregated funds which are administered for pension and other clients. The assets consist of common stocks, long-term bonds, real estate, mortgages, and short-term investments. The liabilities consist of reserves established to meet withdrawals and future benefit payments of contractual provisions. Investment risks associated with market value changes are generally borne by the clients, except to the extent of minimum guarantees made by the Company with respect to certain accounts.

The following separate account financial statements, as filed by the Company and as determined by this examination, reflect the value of assets, liabilities, surplus and other funds as of December 31, 2011, and the net income and changes in surplus for the year then ended.

ASSETS

Bonds	$12,563,337,955
Preferred stocks	92,972,891
Common stocks	24,076,081,292
Mortgage loans on real estate	610,174,322
Cash and cash equivalents	1,286,560,468
Short-term investments	442,109,689
Derivatives	5,571,589
Other invested assets	217,933,931
Securities lending reinvested collateral assets	6,335,958
Investment income due and accrued	145,261,805
Receivables for securities	768,539,882
Aggregate write-ins for other than invested assets	4,810,561
Totals	$40,219,690,343

LIABILITIES AND SURPLUS

Aggregate reserve for life, annuity and accident and health contracts	$916,587,759
Liability for deposit-type contracts	37,164,409,980
Interest maintenance reserve	520,715
Investment expenses due or accrued	2,384,763
Unearned investment income	32,700
Other transfers to general account due or accrued (net)	468,460
Remittances and items not allocated	51,824,442
Payable for securities	2,056,695,903
Payable for securities lending	6,335,958
Aggregate write-ins for liabilities	3,852,197
Total liabilities	40,203,112,877
Unassigned funds	16,577,466
Totals	$40,219,690,343

SUBSEQUENT EVENTS

On June 1, 2012, Prudential, a PFI company signed an agreement with General Motors Company (GM) that will allow Prudential to assume certain salaried retiree benefit obligations as part of GM's plan to reduce pension obligations by approximately $26 billion. It is expected that by year-end 2012, GM will purchase a group annuity contract from Prudential, giving Prudential responsibility for providing benefits to GM's salaried retirees covered by the agreement, who retire before December 1, 2011.

It was announced in September 2012, that Prudential is going to purchase The Hartford's Individual Life Insurance Unit for $1.5 billion. The deal was finalized on January 2, 2013.

Also, in 2012, due to the current low interest rates and uncertainty around interest rates in the future, Prudential decided to exit the individual Long-Term Care market.

CONCLUSION

The results of the examination disclosed that as of December 31, 2011, the Company had (including Separate Accounts) admitted assets of $63,442,946,150, liabilities of $62,363,568,736, and capital and surplus of $1,079,377,414. During the period under examination, admitted assets decreased by $2,394,816,095, liabilities decreased by $2,195,356,254, and capital and surplus decreased by $199,459,841. It was determined that the Company's assets were fairly stated in accordance with guidance outlined in the Manual and were acceptable under §38a-102 of the CGS. The established liabilities were adequate to cover the Company's obligations to the policyholders.

SIGNATURE

In addition to the undersigned, the following members of the Department participated in this examination: Mark Murphy, CFE; Lisa Pagliaro, AFE; Mike Estabrook, AFE; Keith Kleindienst; Sharon Altieri, CPA; and Joe Marcantonio, AES, AFE, CISA. The professional services firm of RRC also participated in this examination.

I, Jeffrey Prosperi, CFE, CPA, do solemnly swear that the foregoing report of examination is hereby represented to be a full and true statement of the condition and affairs of the subject insurer as of December 31, 2011, to the best of my information, knowledge and belief.

Respectfully Submitted,

Jeffrey Prosperi, CFE
Examiner-In-Charge
Insurance Certified Financial Examiner
State of Connecticut
Insurance Department

State of Connecticut ss. Hartford
County of Hartford

Subscribed and sworn to before me, Nancy M. Mercier Notary Public, on this 26th day of April, 2013.

My Commission Exp. June 30, 2015