

MARKET CONDUCT EXAMINATION REPORT

of

**NEW YORK LIFE INSURANCE AND
ANNUITY CORPORATION**

New York, New York

As of

December 31, 2002

By

**VERMONT DEPARTMENT OF BANKING,
INSURANCE, SECURITIES AND HEALTH CARE
ADMINISTRATION**



CERTIFICATION

James R. Montgomery III, AIE, FLMI, MAAA, Robbie L. Kriplean, CIE, AIRC and Jennifer E. Greenway, AIRC participated in this examination.

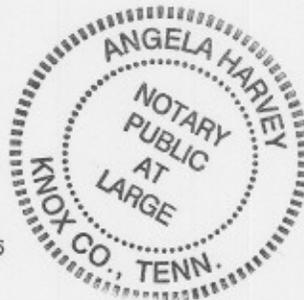
I, Robbie L. Kriplean, being duly sworn, do hereby affirm that the foregoing report of the Market Conduct Examination of the New York Life Insurance and Annuity Corporation is true and correct to the best of my knowledge and belief.

Robbie L. Kriplean
Robbie L. Kriplean, CIE, AIRC

Notary Seal

Subscribed and sworn to before me this 17th day of February, 2004.

Angela Harvey
NOTARY PUBLIC



My commission expires June 6, 2006

CERTIFICATION

James R. Montgomery III, AIE, FLMI, MAAA, Robbie L. Kriplean, CIE, AIRC and Jennifer E. Greenway, AIRC participated in this examination.

I, Jennifer E. Greenway, being duly sworn, do hereby affirm that the foregoing report of the Market Conduct Examination of the New York Life Insurance and Annuity Corporation is true and correct to the best of my knowledge and belief.

Jennifer E. Greenway, AIRC
Jennifer E. Greenway, AIRC

Notary Seal

Subscribed and sworn to before me this 18 day of Feb, 2004.

[Signature]
NOTARY PUBLIC

Jan 30 2006

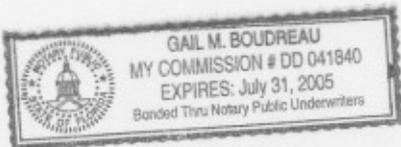


CERTIFICATION

James R. Montgomery III, AIE, FLMI, MAAA, Robbie L. Kriplean, CIE, AIRC and Jennifer E. Greenway, AIRC participated in this examination.

I, James R. Montgomery III being duly sworn, do hereby affirm that the foregoing report of the Market Conduct Examination of the New York Life Insurance and Annuity Corporation is true and correct to the best of my knowledge and belief.

James R. Montgomery III
James R. Montgomery III, AIE, FLMI,
MAAA FDV-17532456313860



Notary Seal

Subscribed and sworn to before me this 17 day of February, 2004.

Gail M. Boudreau
NOTARY PUBLIC

State of Florida
County of Volusia

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February 17, 2004

The Honorable John Crowley
Commissioner
Vermont Department of Banking, Insurance,
Securities and Health Care Administration
89 Main Street, Drawer 20
Montpelier, Vermont 05620

Dear Commissioner Crowley:

Pursuant to your instructions and in compliance with the provisions of 8 V.S.A. § 3565 et seq. and procedures promulgated by the National Association of Insurance Commissioners, an examination of the market conduct activities has been conducted of:

New York Life Insurance and Annuity Corporation, NAIC # 91596

Mail Address:
51 Madison Avenue
New York, New York 10010

Statutory Home Office:
200 Continental Drive
Newark, Delaware 19713

The report thereon, as of December 31, 2002, is respectfully submitted.

FOREWORD

This target market conduct examination report is written generally by exception and additional practices, procedures and files subject to review during the examination were omitted from the report if no improprieties were observed.

The New York Life Insurance and Annuity Corporation is referred to throughout this report as "NYLIAC" or the "Company", unless specifically mentioned by name, and the Company's parent company, New York Life Insurance Company, is referred to as "NYLIC". The Vermont Department of Banking, Insurance, Securities and Health Care Administration is referred to as the "Department" or the "Vermont Department".

The Company's responses, with respect to the findings of this examination, will be made available upon written request to the Vermont Department.

The examiners wish to acknowledge the exceptional cooperation of the Company's Assistant General Counsel, Randi J. Bader, and Legal Services Consultant, Amy B. Ashkenas, in facilitating the examination process.

(I) SCOPE OF EXAMINATION

(A) EXAMINATION AUTHORITY

The examination of New York Life Insurance and Annuity Corporation was conducted pursuant to applicable Vermont statutes and regulations.

(B) TIME FRAME

The examination generally covers the period from January 1, 2000 through December 31, 2002.

(C) SAMPLING METHODOLOGY

The examiners used random sampling techniques, utilizing ACL software.

(D) EXAMINATION SITUS

The Company's statutory home office is located at 200 Continental Drive, Newark, Delaware, 19713, however, this examination was conducted entirely off-site. Information, documents and other materials were provided directly to the examiners in hard copy and/or computer diskettes.

(E) MATTERS EXAMINED

Marketing and sales

Consumer complaints

Claims procedures and processing

Replacement procedures

(II) PREVIOUS EXAMINATIONS

PRIOR REPORT SUMMARY AND CONCLUSIONS

The prior examination by the Vermont Department commenced on December 1, 1998 and generally covered the period from January 1, 1995 through December 31, 1998.

The Company satisfied the Vermont Department that it had complied with the examiners' recommendations as modified by the Deputy Commissioner's order dated September 5, 2000.