

ADMINISTRATIVE PROCEEDING
File No. 3-17345

Insurance Company Settles Charges Due to Accounting Errors

July 15, 2016 – The Securities and Exchange Commission today announced that a Connecticut-based insurance holding company has agreed to pay \$600,000 to settle charges that it violated the reporting, internal accounting controls, and books-and-records provisions of the federal securities laws based on accounting errors identified as part of the company’s announced restatement.

An SEC investigation found that The Phoenix Companies, Inc. made dozens of errors in its previously issued audited and unaudited financial statements contained in its 2011 and 2010 SEC filings. These errors included basic errors in Phoenix’s calculations, assumptions, and application of accounting guidance to complex insurance products, errors due to improper accounting determinations, and carelessness in the implementation of Phoenix’s accounting systems. Based on these identified errors, on April 1, 2014, Phoenix restated and amended its consolidated financial statements for the years ended December 31, 2011 and 2010. There were several categories of identified errors in Phoenix’s restated and amended financial statements, including accounting for certain universal life type products, loss recognition, fixed indexed annuities, and derivative valuation. Phoenix also identified several material weaknesses in the company’s internal control over financial reporting.

The SEC’s order finds that Phoenix violated the reporting, internal accounting controls, and books-and-records provisions of the Securities Exchange Act of 1934, Sections 13(a), 13(b)(2)(A), and 13(b)(2)(B) of the Exchange Act and Rules 13a-1 and 13a-13 thereunder. Without admitting or denying the findings, Phoenix agreed to the entry of a cease-and-desist order and pay a \$600,000 penalty. Phoenix and its subsidiary, PHL Variable Insurance Company, previously settled with the SEC for their delinquent filings. See [The Phoenix Companies, Inc. and PHL Variable Insurance Company, Exchange Act Release No. 72738 \(Aug. 1, 2014\)](#); [The Phoenix Companies, Inc. and PHL Variable Insurance Company, Exchange Act Release No. 71768 \(Mar. 21, 2014\)](#). On June 20, 2016, Phoenix merged with a subsidiary of Nassau Reinsurance Group Holdings, L.P. and became a privately held company and a wholly owned subsidiary of Nassau Re.

The SEC’s investigation was conducted by Matthew R. Estabrook, Michael C. Baker, David F. Miller, and Laura B. Josephs. The case was supervised by Scott W. Friestad.

See also: [Order](#)