

DEPARTMENT OF FINANCIAL SERVICES
OFFICE OF INSURANCE REGULATION

TOM GALLAGHER
CHIEF FINANCIAL OFFICER

KEVIN M. MCCARTY
DIRECTOR

C1006

IN THE MATTER OF:

THE EQUITABLE LIFE ASSURANCE SOCIETY
OF THE UNITED STATES

Case No. 42175

CONSENT ORDER

This cause came on for consideration upon the agreement by and between the EQUITABLE LIFE ASSURANCE SOCIETY OF THE UNITED STATES (hereinafter "EQUITABLE") and the DEPARTMENT OF FINANCIAL SERVICES, OFFICE OF INSURANCE REGULATION, (hereinafter referred to as the "AGENCY"). After a complete review of the entire record and upon consideration thereof, and being otherwise advised in the premises, the AGENCY finds as follows:

1. WHEREAS, the AGENCY ("AGENCY" being understood for purposes of this Consent Order as including its regulatory predecessor, the Florida Department of Insurance), has conducted an investigation of The Equitable Life Assurance Society of the United States (NAIC Company Code 62944), The Equitable of Colorado, Inc. (NAIC Company Code 62880), and

Equitable Variable Life Insurance Company¹ (collectively, "Equitable") regarding their life insurance sales practices during the time period January 1, 1982 through May 31, 2003 (the "Investigation"), as more specifically described below; and

2. WHEREAS, Equitable is and was at all times relevant hereto licensed by the AGENCY to sell accident and health and life insurance and annuities under the laws of the State of Florida, and the AGENCY has jurisdiction over the subject matters of the Investigation and Equitable; and

3. WHEREAS, the subject matters of the Investigation were Replacement, Vanishing Premium, and Life Insurance Presented as an Investment, which, for purposes of this Consent Order only, are defined as follows:

A. "Replacement" relates to a sale involving the use of values from a pre-existing Equitable life insurance policy to purchase, in whole or in part, a new life insurance policy;

B. "Vanishing Premium" relates to a sale of a whole life insurance policy in which transaction the policyholder may or may not have received an illustration depicting that, under certain circumstances, out-of-pocket premiums may have been payable for a shorter period than the life of the policy;

C. "Life Insurance Presented as an Investment" relates to a sale of a life insurance policy in which transaction the policyholder may or may not have understood that the sole or primary nature of the product was life insurance; and

¹ As of January 1, 1997, Equitable Variable Life Insurance Company was merged into The Equitable Life Assurance Society of the United States pursuant to Article 71 of the New York Insurance Law.

4. WHEREAS, Equitable asserts that the subject matters of the Investigation as defined in this Consent Order are broader than the subject matters as defined under Florida law and AGENCY rules and regulations; and

5. WHEREAS, Equitable denies that it has violated any provision of Florida law or other applicable law or AGENCY rules and regulations, and nothing contained in this Consent Order shall in any way, before any court, tribunal, administrative body or any other entity, be deemed or be used as an admission of liability by Equitable, or of any violation by Equitable of any law, regulation or rule of the State of Florida or of any other federal, state or local governmental entity; and

6. WHEREAS, Equitable has self-reported to the AGENCY concerning certain of the sales practices investigated, and has fully cooperated with the AGENCY in its Investigation; and

7. WHEREAS, the Investigation was coordinated with an investigation of the same subject matters conducted by the Florida Department of Legal Affairs (the "Department of Legal Affairs"), which investigation is identified by the Department of Legal Affairs as Investigation L96-3-1020; and

8. WHEREAS, the Department of Legal Affairs and Equitable shall, contemporaneously with the execution of this Consent Order, execute a Settlement Agreement which finally resolves Investigation L96-3-1020 (the "Settlement Agreement"), which Settlement Agreement fully incorporates the terms and conditions of this Consent Order and the Attachment "A" hereto; and

9. WHEREAS, the AGENCY and Equitable have agreed to a settlement of the Investigation as set forth in this Consent Order;

NOW, therefore, the AGENCY hereby Orders:

A. Outreach Plan. In order to resolve all issues relating to and arising out of the Investigation and to provide relief for Florida life insurance policyholders who may have been affected by any of the subject matters of the Investigation, Equitable shall expeditiously implement in Florida the Outreach Plan (the "Outreach Plan") set forth in Attachment "A" hereto, each page of which has been initialed by representatives of Equitable and the AGENCY to authenticate same as an attachment hereto, and which is deemed incorporated into and made a part of this Consent Order. The cost of the Outreach Plan is to be borne solely by Equitable, and is in addition to the Mandatory Payment required herein.

B. Mandatory Payment. Equitable shall make a mandatory payment in the aggregate of ONE-MILLION SIX-HUNDRED THOUSAND DOLLARS (\$1,600,000), covering all costs arising out of or in connection with the Investigation and Dept. No. 42175, as well as all costs arising out of or in connection with Department of Legal Affairs Investigation No. L96-3-1020 and the subject matters investigated therein, \$800,000 of which is payable to the Insurance Commissioner's Regulatory Trust Fund and \$800,000 of which is to be paid to or as directed by the Florida Department of Legal Affairs in the Settlement Agreement.

C. General Release. In consideration of the terms and provisions of this Consent Order, and in regard to the Investigation and the subject matters investigated, the AGENCY hereby releases and forever discharges Equitable and its present and former parent companies, subsidiaries, divisions, affiliates, officers, directors, employees, shareholders, fiduciaries, transferees, attorneys, distributors of any service, dealers, representatives, predecessors, successors, and assigns from any and all liability to the AGENCY for, and from all causes of action, penalties, fines, claims, damages, losses and demands of any nature

whatsoever, civil, criminal, or administrative, whether known or unknown, that might have been or that might otherwise be asserted by the AGENCY under Florida laws and AGENCY rules and regulations currently or previously in effect. The General Release provided in this paragraph does not release or otherwise run in favor of any individual person in their capacity as a licensed insurance agent appointed by or otherwise acting as a selling insurance agent for (a) Equitable, or (b) any of the present or former subsidiaries of Equitable.

D. Continuing Authority. Notwithstanding the General Release, the AGENCY shall retain continuing authority to enforce Equitable's compliance with the terms and provisions of this Consent Order.

E. Binding Document. This Consent Order shall be binding on and inure to the benefit of the AGENCY and Equitable and their respective legal representatives, successors and assigns.

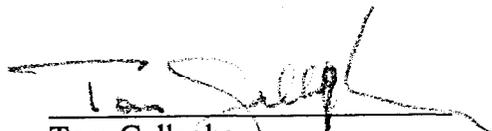
F. Waiver of Hearing. Equitable expressly waives a hearing in this matter, the making of findings of fact and conclusions of law by the AGENCY, and all other and further proceedings herein to which Equitable might otherwise be entitled by Florida law or by AGENCY rules and regulations. Equitable agrees not to appeal or otherwise contest this Consent Order. This waiver does not extend to, and Equitable expressly reserves its right to a hearing and all other process due and available by law in any proceeding commenced by the AGENCY to enforce Equitable's compliance with the terms of this Consent Order as described herein.

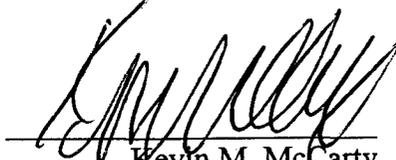
G. AGENCY Action. Except as expressly set forth in this Consent Order, the failure of the AGENCY at any time to require strict performance by Equitable of any of the terms, provisions or conditions hereof shall in no way affect the AGENCY's right thereafter to enforce the same, nor shall the waiver by the AGENCY of any breach of any of the terms,

provisions or conditions hereof be construed as or deemed to be a waiver of any succeeding breach of any of the terms, provisions or conditions hereof.

H. Choice of Law. The AGENCY and Equitable agree that the substantive law of Florida shall apply and control for purposes of interpreting, applying and enforcing any provision of this Consent Order.

DONE and ORDERED this 14th day of August, 2003.


Tom Gallagher
Chief Financial Officer


Kevin M. McCarty
Director
Office of Insurance Regulation



IN THE MATTER OF:

THE EQUITABLE LIFE ASSURANCE SOCIETY
OF THE UNITED STATES

Case No. 42175

CONSENT

The Equitable Life Assurance Society of the United States, by and on behalf of itself and The Equitable of Colorado, Inc.,* and through the signature of its officer below, consents to the entry and filing of this Consent Order by the Florida Department of Financial Services, Office of Insurance Regulation, agreeing without reservation to be bound by all of the terms and conditions of the Consent Order. The Officer signing below is duly authorized to execute this Consent Order on behalf of The Equitable Life Assurance Society of the United States and The Equitable of Colorado, Inc.

The Equitable Life Assurance Society of the United States

By:


Signature of Officer

RICHARD V. SILVER
Typed Name of Officer

EXECUTIVE VICE PRESIDENT + GENERAL COUNSEL
Title of Officer

JULY 30, 2003
Date Signed

* As of January 1, 1997, Equitable Variable Life Insurance Company was merged into The Equitable Life Assurance Society of the United States pursuant to Article 71 of the New York Insurance Law.

ATTACHMENT "A"
Consent Order 42175
Page 1 of 23 pages

OUTREACH PLAN

1. **GENERAL PURPOSE OF PLAN** – The complaint matters pertaining to Equitable insurance policies contemplated to be addressed by this Outreach Plan, as more particularly described below, are replacement, vanishing premium and/or life insurance presented as an investment.
 - A. “Replacement” relates to use of values from a pre-existing Equitable life insurance policy to purchase, in whole or in part, a new Equitable life insurance policy.
 - B. “Vanishing Premium” relates to a sale of a whole life insurance policy in which transaction the policyholder may or may not have received an illustration depicting that, under certain circumstances, out-of-pocket premiums may have been payable for a shorter period than the life of the policy.
 - C. “Life Insurance Presented as an Investment” relates to a sale of a life insurance policy in which transaction the policyholder may or may not have understood that the sole or primary nature of the product was life insurance.

2. **OUTREACH PLAN**
 - A. Replacement Outreach – Equitable will mail a replacement outreach package to all Equitable policyholders who:
 - (1) at the time of the purchase of the policy were Florida residents, and
 - (2) during the period January 1, 1982 through May 31, 2003, purchased any Equitable life insurance policy which remained in force after December 31, 1991, and
 - (3) at the time of the new Equitable insurance policy purchase described in (2), *supra*, already owned any existing Equitable life insurance policy which lapsed or was surrendered during the period 120 days before to 25 months after the register date of the new insurance policy.

- B. Vanishing Premium Outreach – With certain specific exceptions*, Equitable will mail a vanishing premium outreach package to all Equitable policyholders who:
- (1) at the time of the purchase of the policy were Florida residents, and
 - (2) during the period January 1, 1982 through May 31, 2003, purchased an Equitable whole life insurance policy.
- C. Life Insurance Presented as an Investment Outreach – Equitable will mail a life insurance presented as an investment outreach package to all Equitable policyholders who:
- (1) at the time of the purchase of the policy were Florida residents, and
 - (2) during the period January 1, 1982 through May 31, 2003, purchased any Equitable life insurance policy (not including single premium policies) which has both an odd face amount (*i.e.*, a face amount not evenly divisible by ten (10)) with no remainder and an even premium amount (*i.e.*, a premium amount evenly divisible by ten (10) with no remainder).
- D. Outreach Packages/Response Letters
- (1) Equitable will mail on a rolling basis separate Outreach Packages to the respective replacement, vanishing premium and life insurance presented as an investment to eligible policyholder groups, more fully described above.
 - (a) The Outreach Packages mailed to the policyholders will consist of a cover letter from the Chief Financial Officer of the State of Florida (Appendix 2), a letter from an Officer of Equitable (Appendix 1), a summary of the policy values and an enclosed self-addressed, postage-paid policyholder response card.
 - (b) The Outreach Packages will be mailed on a rolling basis by Equitable commencing within 90 days, and completed not later than 180 days, after the date of execution of the Consent Order by the Department.

* Vanishing premium outreach letters will not be mailed by Equitable to those policyholders specified herein who purchased one of the following types of whole life policies: (a) limited payment policies (*e.g.*, 20 pay life, life paid up at 65, endowment policies), and policies where the non-forfeiture options are in effect (*e.g.*, reduced paid up or extended term policies), (b) group and term conversion policies, (c) policies resulting from the exercise of an option to purchase additional insurance, (d) policies where the current dividend election is not paid up additions, (e) policies currently with an outstanding loan, (f) policies with Economatic dividend provisions, or (g) policies where the Premium Payment Alternative (PPA) or Additional Dividend Option (ADO) was requested by the policyholder.

- (2) Response cards or telephone calls from policyholders shall be required to be returned to Equitable no later than 45 days from the date on the notice letters from Equitable.
- (3) Within 14 days of receiving a policyholder response, Equitable will mail to policyholders an acknowledgment letter. Thereafter, Equitable's customer relations staff will contact each policyholder responding to determine the nature of the inquiry and attempt to address such inquiry. In the event such inquiry cannot be resolved, Equitable will mail a letter to the policyholder outlining the Outreach Plan and procedures (including those relating to settlement offers, internal appeals, and binding, independent arbitration), and advising the policyholder that a written complaint must be filed within 45 days from the date of Equitable's response materials. The response materials will further state that a policyholder's failure to timely file a written complaint will permanently bar the policyholder from participating in the outreach process set out herein.

E. Non-Noticed Complaints – For a period of 9 months from the date the Consent Order is executed by the Department in this matter, any complaint received by Equitable not in response to the outreach mailings, but as to which Equitable determines there is reasonable evidence of a replacement, vanishing premium and/or life insurance presented as an investment relating to an Equitable policy purchased during the period January 1, 1982 to May 31, 2003 by a current Florida resident, shall be processed in the same fashion as those complaints received from policyholders noticed pursuant to the Outreach Plan herein.

F. Ineligible Complainants – All Florida policyholders determined to be ineligible under this Outreach Plan who purchased Equitable policies, whether or not currently in force, shall nonetheless have their complaints processed pursuant to Equitable's usual and customary complaint processing guidelines, procedures and practices.

3. COMPLAINT REVIEW AND PROCESSING

A. Internal Review

- (1) Equitable, after initial review and evaluation of an eligible complaint, shall state in writing to the complainant either that a specific settlement offer is being made by Equitable, or that Equitable will make no settlement offer and the reasons therefor.
- (2) If a settlement offer is rejected by a complainant or no settlement offer is made to a complainant, Equitable shall notify the complainant that he/she is entitled to pursue his/her complaint in arbitration and mail the complainant an Arbitration Agreement substantially in the form attached

Authenticating Initials and date
For Equitable: lws 7/20/03
For DFS: DMR 8-1-03

hereto at Appendix 6 which may be executed and returned to Equitable for binding arbitration.

- (3) Any policyholder who accepts any offer of settlement from Equitable (whether as a result of the initial complaint review process or an internal appeal) shall, as a condition thereof, be required to execute a General Release in favor of Equitable on those insurance policies subject to review, with such General Release in substantially the form attached hereto at Appendix 5.

B. Independent External Arbitration

- (1) A binding arbitration process will be implemented and coordinated by an independent arbitration coordinator mutually selected by Equitable and the Department. Individual arbitrators who have no previous nor current association or affiliation of any kind with Equitable will be selected and assigned by the arbitration coordinator. The arbitration coordinator will act as liaison between the arbitrators and Equitable.
- (2) Equitable shall pay all fees and costs of the arbitrator coordinator and assigned arbitrators, and neither the complainants nor the Department shall be liable for any such fees and costs.
- (3) Complainants shall bear their own fees and costs associated with their participation in the arbitration process, including any fees and costs for legal representation, and Equitable shall not be liable for any such fees or costs.
- (4) As a condition to participating in binding arbitration, complainants will be required to agree to execute a General Release in favor of Equitable on those insurance policies subject to arbitration (see Appendix 5).
- (5) The binding arbitration shall be conducted on a *de novo* basis and without reference to any prior settlement offer or award. Settlement offers made by Equitable and rejected by a complainant shall not constitute a floor amount for arbitration purposes.
- (6) As each party may elect, the binding arbitration will be in person, by telephone, and/or by written submissions. Reasonable efforts shall be made by the Arbitration Coordinator to conduct any in-person arbitrations at a location in one of the following cities: Tallahassee, Jacksonville, Gainesville, Orlando, West Palm Beach, Miami, Cape Coral/Ft. Meyers, Tampa/St. Petersburg, or Pensacola, whichever is closest to the complainant's residence or place of employment in Florida or whichever the complainant decides. If the complainant does not reside in Florida, the arbitration will occur by telephone and/or by written submission.

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For Equitable : RS 7/30/03
For DFS: DAS 8-1-03

- (7) An arbitrator shall determine whether the transaction involved a misrepresentation or omission of any material aspect of those insurance policy issues solely related to replacement, vanishing premium and/or life insurance presented as an investment, based upon consideration of all the evidence and surrounding circumstances.
 - (8) Where an arbitrator rules in favor of the complainant, the arbitrator shall award such relief related to replacement, vanishing premium and/or life insurance presented as an investment to the complainant as the arbitrator determines appropriate. Such appropriate relief includes, but is not limited to, directing Equitable to reverse policy transactions, restore policy values, reinstate policies, terminate policies, honor specific vanish representations, make refunds to complainants with interest on any amounts of money paid into a policy, or make cash payments into policies (or award any combination thereof). However, arbitrators may not award to complainants punitive damages and non-financial damages, such as emotional distress or consequential damages, nor may arbitrators award relief of any kind to Equitable.
 - (9) All individuals participating in the arbitration shall be required to treat the entire proceeding, including any documents presented, testimony provided and the scope of the ruling issued by the arbitrator, in accordance with the terms of the Arbitration Agreement attached hereto as Appendix 6.
4. **AGENT CONTACT** – Equitable shall instruct its sales agents and management that, until the Outreach Plan is fully completed, no information, advice, comment or suggestions of any kind may be given to a complainant concerning the subject matter of a complaint - - even if solicited from a complainant. The sales agents and management shall instead advise the complainant that, under the Outreach Plan, the complainant must direct such inquiries to the centralized Equitable customer service staff.
 5. **RECORDS** – Equitable shall create and maintain all records necessary to document its compliance with this Outreach Plan, and shall maintain such records for at least three years after completion of the Outreach Plan. The records created and maintained by Equitable shall include, but are not necessarily limited to, those described in Appendix 3, attached hereto. All records created and maintained by Equitable pursuant to this paragraph shall be available for inspection by the Departments of Financial Services and Legal Affairs upon reasonable notice to Equitable.
 6. **REPORTS** – Equitable shall provide those written reports listed in Appendix 4, attached hereto, to the Department every three months during the entire course of the Outreach Plan.
 7. **SUPERVISION** – The agencies shall supervise the implementation of the Outreach Plan by reasonable examination, pursuant to § 624.3161, Fla. Stat.

Authenticating Initials and date

For Equitable: AW 7/30/03

For DFS: DAS 8-1-03

8. **PUBLICITY** – Prior to the execution of the Consent Order, the Department will provide any press release relating to the Consent Order, and attached Outreach Plan, to Equitable and permit Equitable a reasonable time to review the press release for possible factual errors prior to its release.

9. **RESOLUTION OF ISSUES DURING OUTREACH PLAN** – The Department and Equitable each agree that they shall bring to the attention of the other issues of concern that may arise during the course of the Outreach Plan, and shall attempt in good faith to reach a mutually agreeable resolution regarding those issues.

Authenticating Initials and date
For Equitable: AW 7/30/03
For DFS: DAS 8-1-03

APPENDIX 1

EQUITABLE OUTREACH LETTERS

Replacement Outreach Letter

[Date] [date to be within 2 days of actual mailing]

Dear Policyowner:

We are taking this opportunity to contact certain Equitable customers who currently own or may have owned life insurance policies and to provide them with a current summary of policy values, where applicable.

Our records indicate that at least one of your policies was purchased shortly before or after a transaction involving another Equitable policy, such as a lapse, surrender, or cancellation. Often this indicates that values in an existing policy were used to help pay for an upgraded or new policy.

We call this to your attention now because some customers who may have been replacing or augmenting an existing policy may not have received certain supplementary information. That information included a notice of replacement. Whether you should have received this information when you applied for a new policy depends on the particular facts and circumstances of your purchase.

Additionally, the enclosed summary of policy values is intended to provide you with essential policy information and to confirm the status of your Equitable life insurance policies. We encourage you to review this summary and make sure that it agrees with your understanding and your records. We shall be glad to provide you with more specific information regarding your policies or to address any concerns or questions regarding the presentation, purchase, or performance of your policies.

If you have any concerns, it is important that you contact Equitable within 45 days of the date of this letter, by either returning to us the enclosed postage paid response card or, if it is more convenient for you, feel free to contact me or the Customer Relations Office toll free at 1-____-____-____, Monday through Friday from 9:00 a.m. to 5:00 p.m., EST. We shall be happy to assist you.

We hope this information is helpful to you and look forward to being of continuing service to you in the future.

Sincerely,

[Authorized Officer]

Authenticating Initials and date
For Equitable : ms 7/30/03
For DFS: DAS 8-1-03

Vanishing Premium Outreach Letter

[Date] [*date to be within 2 days of actual mailing*]

Dear Policyowner:

We are taking this opportunity to contact certain Equitable customers who own whole life insurance policies and to provide them with a current summary of policy values.

Our records indicate that some customers with whole life insurance policies similar to yours may have been presented with an optional or limited premium payment method when they purchased their policies. Pursuant to standard policy contract provisions, premiums for whole life insurance policies are due and payable for the lifetime of the policy. In certain cases, however, an optional or limited premium payment method may allow you to continue paying required premiums without out-of-pocket outlay by using additional funds built up in the policy with past, current, and future dividends, if sufficient.

Since changes in the dividend scales cause dividend values to fluctuate, a decline in the dividend scales may necessitate more out-of-pocket premium outlay than what may have been presented at the time you purchased your policies. Conversely, an increase in the dividend scale may reduce out-of-pocket premium outlay and/or increase benefits.

Whether or not an optional or limited premium payment method was presented to you, the enclosed summary of policy values is intended to provide you with essential policy information and to confirm the status of your Equitable whole life insurance. We encourage you to review this summary and make sure that it agrees with your understanding and your records. We shall be glad to provide you with more specific information regarding your policies or to address any concerns or questions regarding the presentation, purchase, or dividend performance of your policies.

If you have any concerns, it is important that you contact Equitable within 45 days of the date of this letter, by either returning to us the enclosed postage paid response card or, if it is more convenient for you, feel free to contact me or the Customer Relations Office toll free at 1-____-____-____, Monday through Friday from 9:00 a.m. to 5:00 p.m., EST. We shall be happy to assist you.

We hope this information is helpful to you and look forward to being of continuing service to you in the future.

Sincerely,

[Authorized Officer]

Authenticating Initials and date
For Equitable : Ms. Jhoj03
For DFS: DAZ 8-1-03

Life Insurance Presented as an Investment Outreach Letter

[Date] [*date to be within 2 days of actual mailing*]

Dear Policyowner:

We are taking this opportunity to contact certain Equitable customers who own life insurance policies and to provide them with a current summary of policy values.

We are doing so in an abundance of caution as part of our efforts to make sure that you understand that the product that you own is a life insurance policy. It is possible that a very small number of policyholders may have thought they were purchasing only a retirement plan or other type of investment and not a life insurance policy.

The enclosed summary of policy values is intended to provide you with essential policy information and to confirm the status of your Equitable life insurance policies. We encourage you to review this summary and make sure that it agrees with your understanding and your records. We shall be glad to provide you with more specific information regarding your policies or to address any concerns or questions regarding the presentation, purchase, or performance of your policies.

If you have any concerns, it is important that you contact Equitable within 45 days of the date of this letter, by either returning to us the enclosed postage paid response card or, if it is more convenient for you, feel free to contact me or the Customer Relations Office toll free at 1-____-____, Monday through Friday from 9:00 a.m. to 5:00 p.m., EST. We shall be happy to assist you.

We hope this information is helpful to you and look forward to being of continuing service to you in the future.

Sincerely,

[Authorized Officer]

APPENDIX 2

DEPARTMENT COVER LETTERS

Replacement Cover Letter

Appropriate State Agency Letterhead
[dated with same date as corresponding Equitable Outreach Letter in Appendix 1]

Dear Consumer:

I am writing to you about your insurance policy(s) with The Equitable Life Assurance Society of the United States. I am urging you to read carefully the enclosed documents regarding your policy(s) and to consider the information provided.

It appears from information developed in a joint investigation of the Florida Department of Insurance and the Florida Department of Legal Affairs that during the time period January 1, 1982 to May 31, 2003, some Equitable policyholders, including you, lapsed, surrendered, or borrowed cash values from their existing Equitable life insurance policies at or around the same time they purchased one or more new Equitable life insurance policies. Some of those policyholders may have misunderstood that the purchase of their new policy would or might affect their existing Equitable life insurance policy or policies.

For your protection, Florida insurance law requires agents and brokers to have you read and sign a "replacement notice" in many such transactions. This requirement is designed to protect policyholders from deceptive sales practices, including one called "churning," in which customers are promised a new policy at little or no cost, while actually paying for it with values from an existing policy.

Equitable has a responsibility for assuring that its agents and representatives comply with all applicable requirements under Florida law. Therefore, the Company is taking steps to ensure that you understand your policies. Where it can be demonstrated that the Company did not comply with all applicable requirements, the Company has agreed to take certain steps in an effort to rectify the situation. This is why you have been sent the enclosed materials from Equitable. **The fact that you are receiving this letter does not necessarily mean that you should have received a replacement notice or that you were the victim of any improper sales practice.**

For more information about what "replacement" and "churning" are, feel free to call our Consumer Services Division, at 1-800 __. [*use dedicated number that goes to specially selected consumer service staff*]

Authenticating Initials and date
For Equitable : kt jkb3
For DFS: DAP 8-1-03

If after reviewing the enclosed materials, you believe your policies were subject to churning, it is important that you contact Equitable within 45 days of receipt of this letter, preferably by returning the enclosed postcard, although you can also call Equitable at 1-800-
_____.

Sincerely,

Tom Gallagher

Authenticating Initials and date
For Equitable : SW 7/20/03
For DFS: DAS 8-1-03

Vanishing Premium Cover Letter

Appropriate State Agency Letterhead
[dated with same date as corresponding Equitable Outreach Letter in Appendix 1]

Dear Consumer:

I am writing to you about your whole life insurance policy(s) with The Equitable Life Assurance Society of the United States. I am urging you to read carefully the enclosed documents regarding your policy(s) and to consider the information provided.

It appears from information developed in a joint investigation of the Florida Department of Insurance and the Florida Department of Legal Affairs that during the time period January 1, 1982 to May 31, 2003, some whole life insurance policyholders of Equitable may have purchased Equitable life insurance policies with a misunderstanding as to how long they would have to pay premium payments. Some policyholders might have thought that they would only have to pay premiums out of pocket for some specified period of time, and then such type of premium payments would end or "vanish," but in fact, the out of pocket premium payments have not ended or did not end.

Equitable has a responsibility for assuring that its agents and representatives comply with all applicable requirements under Florida law. Therefore, the Company is taking steps to ensure that you understand your policies. Where it can be demonstrated that it did not comply with all applicable requirements, the Company has agreed to take certain steps in an effort to rectify the situation. This is why you have been sent the enclosed materials from Equitable. **The fact that you are receiving this letter does not necessarily mean that you were the victim of any improper sales practice.**

For more information about the "vanishing premium" issue, feel free to call our Consumer Services Division, at 1-800 __. [*use dedicated number that goes to specially selected consumer service staff*]

If after reviewing the attached materials, you believe you were misled as to how long premiums would have to be paid on your Equitable policy, it is important that you contact Equitable within 45 days of receipt of this letter, preferably by returning the enclosed postcard, although you can also call Equitable at 1-800-_____.

Sincerely,

Tom Gallagher

Authenticating Initials and date
For Equitable : WJ 7/30/03
For DFS: DAS 8-1-03

Life Insurance Presented as an Investment Cover Letter

Appropriate State Agency Letterhead

[dated with same date as corresponding Equitable Outreach Letter in Appendix 1]

Dear Consumer:

I am writing to you about your insurance policy(s) with The Equitable Life Assurance Society of the United States. I am urging you to read carefully the enclosed documents regarding your policy(s) and to consider the information provided.

It appears possible from information developed in a joint investigation of the Florida Department of Insurance and the Florida Department of Legal Affairs that during the time period January 1, 1982 through May 31, 2003, a very small number of Equitable policyholders may have misunderstood the nature of the product they were purchasing. For example, they may have thought that they were buying solely a retirement plan or college education plan or other type of investment, when in fact they were purchasing a life insurance policy.

Equitable has a responsibility for assuring that its agents and representatives comply with all applicable requirements under Florida law. Therefore, the Company is taking steps to ensure that you understand that you own a life insurance policy. Where it can be demonstrated that the Company did not comply with all applicable requirements, to take certain steps in an effort to rectify the situation. This is why you have been sent the enclosed materials from Equitable. **The fact that you are receiving this letter does not necessarily mean that you were the victim of any improper sales practice.**

For more information about the difference between life insurance and "investments" and other "plans," feel free to call our Consumer Services Division, at 1-800 __. [*use dedicated number that goes to specially selected consumer service staff*]

If after reviewing the attached materials, you believe you were misled about the nature of the product you purchased, it is important that you contact Equitable within 45 days of receipt of this letter, preferably by returning the enclosed postcard, although you can also call Equitable at 1-800-_____.

Sincerely,

Tom Gallagher

APPENDIX 3

RECORDS

Equitable shall create and maintain all records necessary to document its compliance with this Outreach Plan, and shall maintain such records for at least three years after completion of the Outreach Plan. Records which Equitable shall thus create and maintain shall include, but are not necessarily limited to, the following:

- a listing identifying all persons sent notice letters and indicating which of those persons subsequently submitted a notice letter complaint, and indicating in regard to each such complaint whether or not Equitable determined it to be an eligible complaint;
- a listing identifying all non-notice letter complaints, the date of the complaint, determined by Equitable to be eligible complaints, and indicating further in regard to each such eligible complaint those in regard to which after being contacted by Equitable for the purpose of ascertaining if complainant desired to have their complaint processed under the Outreach Plan, either declined, or did not timely respond;
- originals of all eligible complaints, and all correspondence and records of communication between (as applicable) Equitable, the complainant, the arbitration coordinator, and the arbitrator, regarding the complaint;
- a listing identifying all complainants and complaints requesting processing under the Outreach Plan and the date of the complaint, and which complaints were denied processing under the Outreach Plan by Equitable on grounds the complaints were not eligible complaints. Equitable shall keep such complaints and related correspondence; and
- a listing identifying all eligible complaints as to which initial internal review and evaluation was begun, showing for each complaint (as applicable): whether Equitable made any settlement offer during its initial review, whether it was accepted; whether the complainant requested arbitration; date referred to the arbitration coordinator for arbitration; whether the matter was settled after execution of an arbitration agreement; date the arbitration was received by Equitable; whether the arbitration decision was for Equitable or for the complainant; and date the relief award was implemented by Equitable.

All listings shall be in, or importable into, Access or Excel format.

For purposes of allowing the Department to verify by sampling that non-notice letter Complaints have been appropriately reviewed by Equitable and eligible complaints identified and properly processed, Equitable shall assure that a listing of all non-notice letter complaints it receives on any and all subjects currently tracked by Equitable during the period commencing with the date the Consent Order is executed by the Department and for 9 months thereafter, can be reviewed and sampled by the Department from time-to-time by the Department using one comprehensive list.

APPENDIX 4

REPORTS

Within 30 days after the end of each calendar quarter commencing March 31, 2003, Equitable shall provide the following written reports in writing to the Department during the implementation of the Outreach Plan (all information shall be cumulative from the inception of the Outreach Plan through the end of the most recent calendar quarter):

- total number of Replacement notice letters mailed
 - * total number of Replacement notice letters returned undelivered
 - * total number of Replacement notice letters re-mailed to a new address

- total number of Vanishing Premium notice letters mailed
 - * total number of Vanishing Premium notice letters returned undelivered
 - * total number of Vanishing Premium notice letters re-mailed to a new address

- total number of "Investment" notice letters mailed
 - * total number of "Investment" notice letters returned undelivered
 - * total number of "Investment" notice letters re-mailed to a new address

- total number of eligible complaints received
- total number of eligible complaints received which are notice letter complaints
- total number of eligible complaints received which are non-notice letter complaints
- total number of notice letter complaints determined by Equitable not to be eligible complaints
- total number of non-notice letter complaints determined by Equitable to apparently be eligible complaints, but as to which the complainant either (i) declined processing under the Outreach Plan or (ii) did not timely respond to request by Equitable for notice as to whether complainant desired to have the complaint processed under the Outreach Plan
- total number of complaints entered into initial review and processing
- total number of complaints in which Equitable has made a settlement offer after initial internal review
- total number of complaints in which an Equitable settlement offer after initial review has been accepted
- total number of complaints in which Equitable has determined to make no settlement offer after initial internal review
- total number of complaints as to which processing under an initial internal review has been completed

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- total number of complainants to whom an arbitration agreement has been sent for execution
- total number of arbitration agreements executed and returned to Equitable
- total number of arbitration agreements referred to the arbitration coordinator for arbitration
- total number of arbitrations completed
- total number of arbitrations completed in which the arbitrator has ruled for Equitable
- total number of arbitrations completed in which the arbitrator has ruled for complainant
- total number of arbitration rulings returned by Equitable to the arbitrator for clarification or suggested revision
- total number of arbitrations terminated due to settlement between Equitable and complainant during the arbitration
- total number of arbitrations occurring in each of the following modes: in person; by telephone; and in writing

Report on Completion. Equitable shall advise the Department in writing within 30 days of the date on which Equitable deems itself to have finished processing all eligible complaints under the Outreach Plan.

Final Report. Within 90 days of Equitable's notice to the Department of Equitable's completion of its obligations under the Outreach Plan, Equitable shall provide the Department with a report identified as the "Final Report", as follows:

- total number of Replacement notice letters mailed, final total number
 - * total number of Replacement notice letters undelivered, final total number
 - * total number of Replacement notice letters re-mailed to a new address, final total number
- total number of Vanishing Premium notice letters mailed, final total number
 - * total number of Vanishing Premium notice letters returned undelivered, final total number
 - * total number of Vanishing Premium notice letters re-mailed to a new address, final total number
- total number of "Investment" notice letters mailed, final total number
 - * total number of "Investment" notice letters returned undelivered, final total number
 - * total number of "Investment" notice letters re-mailed to a new address, final total number
- total number of eligible complaints received, final total number
- total number of eligible complaints received which are notice letter complaints, final total number
- total number of eligible complaints received which are non-notice letter complaints, final

total number

- total number of letter complaints determined by Equitable not to be eligible complaints, final total number
- total number of non-notice letter complaints determined by Equitable to apparently be eligible complaints, but as to which the complainant either (i) declined processing under the Outreach Plan or (ii) did not timely respond to the request by Equitable for notice as to whether complainant desired to have the complaint processed under the Outreach Plan, final total number
- total number of complaints who entered into the initial internal review process, final total number
- total number of complaints in which Equitable made a settlement offer during the initial internal review process, final total number
- total number of complaints in which an Equitable settlement offer made during the initial internal review process was accepted by complainant, final total number
- total number of complaints in which Equitable determined to make no settlement offer during the initial internal review process, final total number
- total number of complaints as to which processing under the initial internal review process was completed, final total number
- total number of complainants to whom an arbitration agreement was sent for execution, final total number
- total number of arbitration agreements executed and returned to Equitable, final total number
- total number of arbitration agreements referred to the arbitration coordinator for arbitration, final total number
- total number of arbitrations completed, final total number
- total number of arbitrations completed in which arbitrator ruled for Equitable, final total number
- total number of arbitrations completed in which the arbitrator has ruled for complainant, final total number
- total number of arbitration rulings returned by Equitable to the arbitrator for clarification or suggested revision, final total number
- total number of arbitrations terminated due to settlement between Equitable and complainant during arbitration, final total number
- total number of arbitrations occurring in each of the following modes: in person; by telephone; in writing.
- total cost to Equitable, arbitrators fees and costs
- total cost to Equitable, arbitration coordinator fees and costs

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- total cost to Equitable, relief provided in the Outreach Plan, aggregate initial internal reviews and arbitrations, including settlements and arbitrator awards (see note 1 below)
- total value of relief provided in the Outreach Plan, aggregate initial reviews and arbitrations, including settlements and arbitrator awards (see note 1 below)
- total cost to Equitable, relief provided under initial internal review settlements (see note 1 below)
- total value of relief provided under initial review settlements (see note 1 below)
- total cost to Equitable, relief provided pursuant to arbitrator awards (see note 1 below)
- total value of relief provided pursuant to arbitrator awards (see note 1 below)
- total cost to Equitable, relief provided under initial internal review settlements (see note 1 below)
- total value of relief provided under arbitration settlements (see note 1 below)

Note 1: Equitable shall provide any explanation necessary to properly understand the data provided, and any assumptions used. The data provided shall include a breakout of relief in at least each of the following two categories: relief in the form of cash paid-out to complainants; all other forms of relief.

The information provided in any Report or the Final Report shall be used by the Department solely for purposes of assuring performance by Equitable of its obligations under the Consent Order.

APPENDIX 5

GENERAL RELEASE

This SETTLEMENT AGREEMENT AND GENERAL RELEASE ("Agreement and Release") is made and entered into by and between:

The Parties. [Place Policyowner's Name Here] and THE EQUITABLE LIFE ASSURANCE SOCIETY OF THE UNITED STATES, EQUITABLE VARIABLE LIFE INSURANCE COMPANY, and THE EQUITABLE OF COLORADO, INC., (collectively, "EQUITABLE LIFE").

Settlement Agreement. The purpose of this Agreement and Release is to finally resolve and settle any and all disputes between and among the parties in connection with claims relating to policy number[s] _____ (Identify policies at issue in Step 1 Review or Step 2 Arbitration) [insuring and] owned by [Place Policyowner's Name Here].

In connection with this Agreement and Release, the parties hereby agree as follows:

EQUITABLE LIFE shall:

[Place Here What Equitable Life Agrees To Do Under Terms of Settlement or Arbitration Ruling].

[Place Policyowner's Name Here], in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and on behalf of myself and my representatives, successors, heirs and assigns, shall:

[Place Here What Policyowner Agrees To Do Under Terms of Settlement or Arbitration Ruling];
and

Release EQUITABLE LIFE, its present and former parents, subsidiaries, affiliates, divisions, directors, officers, managers, employees, insurers, shareholders, fiduciaries, distributors, attorneys, dealers, transferees, representatives, agents, associates, predecessors, successors, and assigns from any and all liability arising out of or with respect to any and all claims made or which could have been made relating to policy number[s] (Identify policies at issue in Step 1 Review or Step 2 Arbitration) including, but not limited to, its solicitation, purchase, issuance, servicing, and performance.

Entire Agreement. This Agreement and Release constitutes the entire agreement between the parties. It is understood and agreed that no changes, additions or modifications to this Agreement and Release may be made by either party unless such changes, additions or modifications are reduced to writing and consented to by each of the parties, or successor(s) in interest of the parties with full authority to act on behalf of such party. The parties expressly

APPENDIX 6

ARBITRATION AGREEMENT

THIS ARBITRATION AGREEMENT ("Agreement") is made as of the Effective Date by and between each party identified below.

"Complainant" shall mean _____

"Equitable" shall mean The Equitable Life Assurance Society of the United States, The Equitable of Colorado, Inc., and Equitable Variable Life Insurance Company, and their present and former parent companies, subsidiaries, divisions, affiliates, officers, directors, employees, shareholders, fiduciaries, transferees, attorneys, distributors of any service, dealers, representatives, agents, associates, predecessors, successors, and assigns.

Collectively, the Complainant and Equitable shall be referred to herein as the "Parties."

WHEREAS, the Parties wish to resolve any and all disputes concerning the Subject Matter, as defined herein, through final and binding arbitration.

NOW, THEREFORE, in consideration of the mutual benefits and the covenants and agreements contained herein, the Parties hereby agree as follows:

Section 1 – Effective Date. The term "Effective Date" shall mean the first date by which the Parties have signed this Agreement.

Section 2 – Subject Matter. The term "Subject Matter" shall mean the following subject matter:

_____ <<<<< Define the Complaint here

Section 3 – Arbitration. Any dispute, claim, or controversy arising out of or relating to the Subject Matter shall be finally settled and resolved by Arbitration, administered by the Arbitration Coordinator selected pursuant to the Outreach Plan implemented by consent between the Florida Department of Financial Services and Equitable, and conducted in accordance with applicable arbitration guidelines using an Arbitrator in Florida. Judgment on the award rendered by the Arbitrator(s) maybe entered in any court having jurisdiction thereof. In particular, the Parties expressly acknowledge and agree that they are knowingly and voluntarily giving up the right to sue each other or another associated person or entity in court, including the right to a trial by jury. The Complainant further expressly acknowledges that he or she is knowingly and voluntarily giving up any right he or she may have to recover punitive damages and/or compensation for non-financial losses such as emotional distress and consequential or special damages.

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For DFS: DAS 8-1-03

Section 4 – General Release. By executing this Agreement, the Complainant expressly acknowledges and agrees that, once a final and binding ruling has been issued by an Arbitrator with respect to the Subject Matter (the “Ruling”), the Complainant shall execute and return to the Arbitration Coordinator a Confidential General Release in favor of Equitable which incorporates the terms and conditions of the Ruling, such Confidential General Release to be in the form annexed hereto as Exhibit 1. The Complainant shall return the executed Confidential General Release to the Arbitration Coordinator within 45 days of the date of the notice of the Ruling. If the Complainant refuses to execute the Confidential General Release voluntarily, Equitable shall be entitled to, and the Complainant consents to the entry of, mandatory injunctive relief in any court of competent jurisdiction compelling execution of a Confidential General Release in favor of Equitable as provided herein. If the Complainant refuses to execute a Confidential General Release voluntarily, and Equitable is required to file suit to enforce this provision of the Agreement, Equitable shall be entitled to recover its reasonable attorneys’ fees and any costs associated with such proceeding.

Section 5 – Confidentiality. The Complainant, counsel (if any), the Arbitrator and any other participant, expert or otherwise, shall treat as confidential the entire Arbitration, including but not limited to the amount of any relief that may be awarded, and they shall not disclose any documents or information relating to the Arbitration to any third party except on legal process or regulatory requirement, and upon prior written consent of Equitable.

Section 6 – Entire Agreement. This Agreement contains the entire understanding of the Parties and supersedes all previous verbal and written agreements or representations between the Parties concerning the matters set forth herein.

Section 7 – Amendments. Alterations, modifications or amendments of a provision of this Agreement shall not be binding unless such alteration, modification or amendment is in writing and signed by an authorized representative of each Party and the Arbitration Coordinator.

Section 8 – Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be an original, but which together shall constitute one and the same instrument.

Section 9 – Governing Law. This Agreement is governed by the laws of the State of Florida and venue shall be in any court of competent jurisdiction in the State of Florida.

Section 10 – Certification. The Complainant certifies that he or she has read and understands this Agreement.

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For DFS: DAB 8-1-03

IN WITNESS WHEREOF, this Agreement has been executed as of the Effective Date.

Complainant: _____
(Signature)

Print Name: _____
Address: _____
Date: _____

Equitable: _____
(Signature of Officer)

Print Name: _____
Title: _____
Address: _____
Date: _____