



Illinois Department of Insurance

JB Pritzker
Governor

Dana Popish Severinghaus
Director

VIA ELECTRONIC MAIL

June 1, 2023

Mr. Will Fuller, President and C.E.O.
c/o Mary Quell
Transamerica Life Insurance Company
6400 C Street SW
Cedar Rapids, IA 52499

Re: Transamerica Life Insurance Company, NAIC 86231
Market Conduct Examination Report Closing Letter

Dear Mr. Fuller:

The Department has received your Company's proof of compliance. Therefore, the Department is closing its file on this exam.

I intend to ask the Director to make the Examination Report and Stipulation and Consent Order available for public inspection as authorized by 215 ILCS 5/132. At the Department's discretion, specific content of the report may be subject to redaction for private, personal, or trade secret information prior to making the report public. However, any redacted information will be made available to other regulators upon request.

Please contact me if you have any questions.

Sincerely,

Erica Weyhenmeyer
Chief Market Conduct Examiner
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Illinois Department of Insurance
Market Conduct Examination
of
Transamerica Life Insurance Company

MARKET CONDUCT EXAMINATION REPORT

DATE OF EXAMINATION: January 10, 2022, through October 25, 2022

EXAMINATION OF: Transamerica Life Insurance Company NAIC Number: 86231

STATUTORY HOME OFFICE: 6400 C Street SW Cedar Rapids, IA 52499

EXAMINATION PERIOD: October 1, 2020, through September 30, 2021

COMPLAINTS PERIOD: April 1, 2019, through September 30, 2021

EXAMINERS: Alan Klinc, MCM
John Drake, AIE, MCM, APIR, ChFC, CLU, RHU, FLMI, HIA
Chris Heisler, Examiner-in-Charge, CIE, MCM, FLMI, ARC

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I. FOREWORD

This is a comprehensive market conduct examination report of the Transamerica Life Insurance Company (NAIC Code 86231).

This examination report is generally a report by exception. However, failure to criticize specific practices, procedures or files does not constitute approval thereof by the Illinois Department of Insurance.

During this examination, examiners cited errors made by the Company. Statutory citations were as of the examination period unless otherwise noted.

II. SCOPE OF THE EXAMINATION

The Department has the authority to conduct this examination pursuant to, but not limited to, 215 ILCS 5/132.

The purpose of the examination was to determine if the Company complied with Illinois statutes, and Illinois Administrative Code and to consider whether the Company's operations are consistent with public interest. The primary period covered by this review was October 1, 2020, through September 30, 2021, for claims and April 1, 2019, through September 30, 2021, for complaints unless otherwise noted. Errors discovered outside the period of the examination may also be included in the report.

The examination was a comprehensive examination involving the following business functions of the individual life insurance, group life insurance, individual annuity, group annuity and long-term care lines of business: new business, replacements, policy service, claims handling practices and handling of consumer and Department complaints.

In performing this examination, the examiners reviewed a sample of the Company's practices, procedures, extra-contractual claim adjudication guidelines and files. Therefore, some noncompliant events may not have been discovered. As such, this report may not fully reflect all the practices and procedures of the Company. As indicated previously, failure to identify or criticize improper or noncompliant business practices in this state or other jurisdiction does not constitute acceptance of such practices.

III. COMPANY PROFILE

History:

The Company was originally licensed on March 19, 1962, following incorporation on April 19, 1961, in the state of Wisconsin, as a legal reserve life insurance company. The Company's original name was American Public Life Insurance Company, Inc. and it operated as a member of the Northwestern National Insurance Group. At the annual meeting of the shareholders held on April 9, 1968, the name change to NN Investors Life Insurance Company, Inc., was approved.

Life Investors Insurance Company of America acquired 100% of the outstanding stock of the Company from NN Corporation on December 31, 1975, and the executive office was moved to Cedar Rapids, Iowa. On June 30, 1976, the domicile of the Company was changed from the state of Wisconsin to the state of Iowa pursuant to the provisions of Chapter 508, Code of Iowa.

At a special meeting of the shareholders on June 28, 1982, Articles of Merger between the Company and Investors Fidelity Life Insurance Company were approved with the Company being the survivor. The effective date of the merger was June 30, 1982.

At a special meeting of the shareholders on September 30, 1985, Articles of Merger between the Company and Investors Life of Florida Insurance Company were approved with the Company being the survivor. The effective date of the merger was January 24, 1986.

At the annual meeting on April 26, 1990, the shareholders approved changing the name of the Company to PFL Life Insurance Company effective January 1, 1991. The Company merged with two affiliated life insurers, National Old Line Life Insurance Company, domiciled in the state of Arkansas, and Pacific Fidelity Life Insurance Company, domiciled in the state of California, with the Company being the surviving entity. Effective dates of these mergers were January 1, 1991, and March 31, 1991, respectively.

Effective March 1, 2001, the Company's name was changed to Transamerica Life Insurance Company.

Effective October 1, 2004, an affiliated Missouri domiciled life insurer, Transamerica Assurance Company, was merged into the Company.

Effective October 1, 2005, Transamerica Life Insurance and Annuity Company merged into the Company.

Effective October 1, 2008, an affiliated Iowa-domiciled life insurer, Transamerica Occidental Life Insurance Company (TOLIC), was merged into the Company.

Effective October 2, 2008, an affiliated Iowa-domiciled life insurer, Life Investors Insurance Company of America, was merged into the Company.

Operations:

Transamerica Life Insurance Company (Transamerica) is licensed in all states (except New York where Transamerica Financial Life Insurance Company is licensed) and the District of Columbia. The primary offices are in Cedar Rapids, Iowa; Denver, Colorado; and Baltimore, Maryland. There are additional offices located throughout the United States. Transamerica provides a wide range of life insurance, long-term care (LTC) insurance and voluntary benefits (including supplemental health insurance), retirement plans, recordkeeping and advisory services, annuities, mutual funds and other long-term savings and investment products.

Transamerica’s organizational structure features two business lines – Individual Solutions and Workplace Solutions – supported by Transamerica Corporate (Corporate Development, Finance, Internal Audit, Legislative, Regulatory & Policy, Office of the CEO, People, Places & Brand, Risk, and Technology). The business line and corporate leaders report directly to Transamerica's President & CEO Will Fuller.

Written premium and market share in Illinois per the NAIC Market Analysis Review System are as follows:

| Line of Business | 2020 Premiums Written | 2020 Market Share | 2019 Premiums Written | 2019 Market Share |
|-------------------------|--------------------------------------|----------------------------------|--------------------------------------|----------------------------------|
| Individual Life | \$160,876,741 | 2.816% | \$97,934,544 | 1.543% |
| Group Life | \$11,048,558 | 0.719% | \$10,816,686 | 0.627% |
| Individual Annuities | \$125,397,417 | 1.565% | \$162,812,474 | 1.968% |
| Group Annuities | \$762,872 | 0.024% | \$406,811 | 0.12% |

IV. SUMMARY

A comprehensive market conduct examination of Transamerica Life Insurance Company was performed to determine compliance with Illinois statutes and Illinois Administrative Code.

The following represents a summary of findings; however specific details are found in each section of the report.

| TABLE OF TOTAL VIOLATIONS | | | | | | |
|----------------------------------|--|--|-----------------------|-----------------------------|-------------------------|----------------|
| Crit # | Statute /Rule | Description of Violations | Files Reviewed | Number of Violations | Findings Section | Error % |
| 6 | 215 ILCS 5/224(1)(l) | Paid Claims Individual Life - Failure to notify beneficiary at time of claim of statutory interest provision. | 108 | 69 | A.1 | 64% |
| 7 | 50 IAC 919.70(a)(2) | Paid Claims Individual Life - Failure to provide Notice of Availability of the Department of Insurance on delay letter. | 108 | 10 | A.1 | 9% |
| 13 | 50 IAC 919.50(a)(1) | Denied Claims Individual Life - Failure to provide Notice of Availability of the Department of Insurance on denial letter. | 75 | 9 | A.2 | 12% |
| 14 | 50 IAC 919.70(a)(2) | Denied Claims Individual Life - Failure to provide Notice of Availability of the Department of Insurance on delay letter. | 75 | 5 | A.2 | 7% |
| 15 | 215 ILCS 5/224(1)(l) | Denied Claims Individual Life - Failure to notify beneficiary at time of claim of statutory interest provision. | 75 | 15 | A.2 | 20% |
| 20 | 50 IAC 919.70(a)(2) | Paid Claims Individual Life Waiver of Premium - Failure to provide Notice of Availability of the Department of Insurance on delay letter. | 6 | 4 | A.3 | 67% |
| 19 | 50 IAC 919.50(a)(1) | Denied Claims Individual Life Waiver of Premium - Failure to provide Notice of Availability of the Department of Insurance on denial letter. | 7 | 7 | A.4 | 100% |
| 8 | 50 IAC 919.70(a)(2) | Paid Claims Group Life - Failure to provide Notice of Availability of the Department of Insurance on delay letter. | 109 | 15 | A.5 | 14% |
| 9 | 50 IAC 919.70(a)(2) | Paid Claims Group Life - Failure to notify the insured's beneficiary with a reasonable written explanation for delay beyond 45 days. | 109 | 1 | A.5 | 1% |
| 11 | 215 ILCS 5/154.6(i) & 50 IAC 919.50(a) | Paid Claims Group Life - Failure to affirm or deny claims within a reasonable time after proof of loss statements have been completed. | 109 | 3 | A.5 | 2.7% |

TABLE OF TOTAL VIOLATIONS

| Crit # | Statute /Rule | Description of Violations | Files Reviewed | Number of Violations | Findings Section | Error % |
|--------|----------------------|--|------------------------|------------------------|------------------|------------------------|
| 24 | 215 ILCS 5/154.6 (c) | Paid Claims Group Life - Failure to adopt and implement reasonable standards for the prompt investigation and settlement of claims arising under its policies. | 109 | 2 | A.5 | 1.8% |
| 32 | 215 ILCS 5/154.6 (c) | Paid Claims Group Life - Failure to adopt and implement reasonable standards for the prompt investigation and settlement of claims arising under its policies. | General Claim Practice | General Claim Practice | A.5 | General Claim Practice |
| 17 | 50 IAC 919.50(a)(1) | Denied Claims Group Life - Failure to provide Notice of Availability of the Department of Insurance on denial letter. | 48 | 16 | A.6 | 33% |
| 18 | 50 IAC 919.70(a)(2) | Denied Claims Group Life - Failure to provide Notice of Availability of the Department of Insurance on delay letters. | 48 | 15 | A.6 | 31% |
| 38 | 50 IAC 919.70(a)(2) | Paid Claims Long-Term Care - Failure to provide Notice of Availability of the Department of Insurance on delay letters. | 76 | 21 | A.8 | 28% |
| 30 | 50 IAC 919.70(a)(2) | Closed Claims Without Payment Long-Term Care - Failure to provide Notice of Availability of the Department of Insurance on delay letters. | 25 | 7 | A.9 | 28% |
| 31 | 50 IAC 919.70(a)(2) | Closed Claims Without Payment Long-Term Care - Failure to notify insured claimant with a reasonable written explanation for delay beyond 45 days. | 25 | 1 | A.9 | 4% |
| 35 | 50 IAC 919.70(a)(2) | Denied Claims Long-Term Care - Failure to provide Notice of Availability of the Department of Insurance on delay letters. | 47 | 6 | A.10 | 13% |
| 37 | 50 IAC 919.70(a)(2) | Appealed Claims Long-Term Care - Failure to provide Notice of Availability of the Department of Insurance on delay letters. | 34 | 15 | A.11 | 44.1% |
| 3 | 50 IAC 919.70(a)(2) | Paid Claims Individual Annuity - Failure to provide Notice of Availability of the Department of Insurance on delay letters. | 105 | 16 | A.12 | 15.2% |
| 4 | 50 IAC 919.70(a)(2) | Paid Claims Individual Annuity - Failure to notify insured's beneficiary with a reasonable written explanation for delay beyond 45 days. | 105 | 5 | A.12 | 4.8% |
| 10 | 50 IAC 919.70(a)(2) | Paid Claims Group Annuity - Failure to provide Notice of Availability of the Department of Insurance on delay letters. | 76 | 4 | A.13 | 5.3% |

TABLE OF TOTAL VIOLATIONS

| Crit # | Statute /Rule | Description of Violations | Files Reviewed | Number of Violations | Findings Section | Error % |
|--------|---|--|----------------|----------------------|------------------|---------|
| 12 | 50 IAC 919.70(a)(2) | Paid Claims Group Annuity - Failure to notify insured's beneficiary with a reasonable written explanation for delay beyond 45 days. | 76 | 1 | A.13 | 1.3% |
| 16 | 215 ILCS 5/154.6(i) & 50 IAC 919.50(a) | Paid Claims Group Annuity – Failure to affirm or deny claims within a reasonable time after proof of loss statements have been completed. | 76 | 1 | A.13 | 1.3% |
| 28 | 50 IAC 917.70(b)(c) | New Business Individual Life Replacements – Failure to send the Notice Regarding Proposed Replacement of Life Insurance or Annuity Form to existing insurer within 3 working days. | 83 | 55 | B.2 | 66% |
| 29 | 50 IAC 917.70(b) | New Business Individual Life Replacements – Failure to require from producer the Notice Regarding Proposed Replacement of Life Insurance or Annuity Form (Exhibit B). | 83 | 8 | B.2 | 10% |
| 23 | 215 ILCS 5/1011(A)(1)(2) | New Business Individual Life Declined – Failure to provide applicant, policyholder or individual proposed for coverage with specific reason for adverse underwriting decision in writing. | 113 | 1 | B.3 | 1% |
| 26 | 50 IAC 3120.50 (f)(1)(B) and 3120.60 (c)(1) Insurance Producer Training | New Business Annuity Issued – Failure to establish a supervision system designed to achieve the insurers and its producer's compliance with required training. | 79 | 2 | B.5 | 3% |
| 5 | 215 ILCS 5/500-85(a) | Producers Terminated for Cause – Failure to provide notice of termination to the Director of Illinois Department of Insurance. | 1 | 1 | C.3 | 100% |
| 25 | 50 IAC 1405.30(c) 1405.40(c)(1) | Policy Loans Individual Life – Failure to produce books and records; failure to provide benefit on a positive election basis; and failure to follow policyholder direction for benefit election. | 86 | 6 | D.1 | 7% |
| 22 | 215 ILCS 5/234.1 | Non-Forfeiture Options Individual Life – Failure to provide a list of all available non-forfeiture options. | 113 | 7 | D.3 | 6.8% |
| 21 | 215 ILCS 5/234.1 | Non-Forfeiture Options Group Life – Failure to provide a list of all available non-forfeiture options. | 14 | 13 | D.4 | 92.2% |
| 1 | 50 IAC 926.40 | Department of Insurance Complaints – Failure to respond to IDOI by the time allotted. | 128 | 4 | E.2 | 3.1% |

TABLE OF TOTAL VIOLATIONS

| Crit # | Statute /Rule | Description of Violations | Files Reviewed | Number of Violations | Findings Section | Error % |
|---------------|----------------------|--|-----------------------|-----------------------------|-------------------------|----------------|
| 27 | 50 IAC 926.40 | Department of Insurance Complaints (Long-Term Care) – Failure to respond to IDOI by the time allotted. | 26 | 2 | E.2 | 8% |

V. METHODOLOGY

The market conduct examination covered the business written for the period of October 1, 2020, through September 30, 2021. Complaints covered the period of April 1, 2019, through September 30, 2021. Specifically, the examination focused on a review of the following areas:

1. Claims Analysis
2. New Business
3. Policy Service (policy loans, cash surrenders and non-forfeitures)
4. Consumer Complaints, Insurance Department Complaints and Litigation

The review of these categories was accomplished through examination of paid and denied claim files, underwritten, and declined new business files, policy loans, cash surrendered policy files, extended term and reduced paid-up policy files, Insurance Department, and consumer complaint files. Each of these categories was examined for compliance with Department Regulations and applicable State Laws.

The report concerns itself with improper practices performed by the Company, resulting in a failure to comply with Illinois statutes and/or administrative rules. Criticisms were prepared and communicated to the Company addressing violations discovered in the review process. All valid criticisms were incorporated in this report.

The following methods were used to obtain the required samples and to assure a methodical selection.

Claims Analysis

Claim surveys were selected using the following criteria:

1. Paid Claims - Payment for claims made during the examination period.
2. Denied Claims - Denial of benefits during the examination period for losses not covered by policy provisions.

All claims were reviewed for compliance with policy contracts and endorsements, applicable sections of the Illinois Insurance Code (215 ILCS 5/1 *et seq.*) and the Illinois Administrative Code (50 Ill. Adm. Code 101 *et seq.*).

All median payment periods were measured from the date necessary proofs of loss were received to the date of payment or denial to the insured or the beneficiary. The examination period for the claims review was October 1, 2020, through September 30, 2021.

New Business

New Business surveys were selected using the following criteria:

1. Issued New Business – New policies underwritten and issued during the examination period.
2. Not Issued – Applications taken but not issued with a declination letter.

All files were reviewed for compliance with applicable sections of the Illinois Insurance Code (215 ILCS 5/1 *et seq.*) and the Illinois Administrative Code (50 Ill. Adm. Code 101 *et seq.*).

Policy Service

Policy service surveys were selected using the following criteria:

1. Policy Loans – Loans made during the examination period.
2. Cash Surrenders – Surrenders made during the examination period.
3. Non-forfeiture Options – Policies that lapsed due to non-payment of premiums and exercised the option to Reduced Paid-Up Insurance or Extended Term Insurance.

Consumer, Insurance Department Complaints and Litigation

The Company provided all files relating to complaints received via the Department of Insurance as well as those received directly by the Company from the insured or his/her representative. A copy of the Company's complaint register was also reviewed.

The Company provided a listing of all open and closed litigation files. A review was performed on the closed litigation files.

Median periods were measured from the date of notification of the complaint to the date of response by the Company. The period of review was April 1, 2019, through September 30, 2021.

VI. SELECTION OF SAMPLES

| Transamerica Life Insurance Company | | | |
|--|------------|-----------|-----------|
| Survey | Population | #Reviewed | %Reviewed |
| CONSUMER COMPLAINTS | 245 | 245 | 100% |
| DEPARTMENT OF INSURANCE COMPLAINTS | 154 | 154 | 100% |
| CLOSED LITIGATION (Company-wide) | 7 | 7 | 100% |
| CLAIMS ANALYSIS | | | |
| Paid Individual Life | 4,436 | 108 | 2% |
| Denied Individual Life | 203 | 75 | 37% |
| Paid Individual Life Waiver of Premium | 6 | 6 | 100% |
| Denied Individual Life Waiver of Premium | 7 | 7 | 100% |
| Paid Group Life | 10,137 | 159 | 2% |
| Denied Group Life | 95 | 48 | 50% |
| Paid Group Life Waiver of Premium | 37 | 37 | 100% |
| Paid Long-Term Care | 203 | 76 | 37% |
| Closed Without Payment Long-Term Care | 25 | 25 | 100% |
| Denied Long-Term Care | 47 | 47 | 100% |
| Appeals Long-Term Care | 34 | 34 | 100% |
| Paid Individual Annuity | 1,188 | 105 | 9% |
| Paid Group Annuity | 111 | 76 | 69% |
| Retained Asset Account Balances | 54 | 54 | 100% |
| Retained Asset Account Activity | 26 | 26 | 100% |
| NEW BUSINESS | | | |
| Individual Life Issued | 7,333 | 115 | 2% |
| Individual Life Replacements | 658 | 83 | 13% |
| Individual Life Declined | 1,014 | 113 | 11% |
| Individual Life Not Taken/Withdrawn | 654 | 86 | 13% |
| Individual Annuity Issued | 268 | 79 | 30% |
| Individual Annuity Replacements | 13 | 13 | 100% |
| Individual Annuity Withdrawn | 2 | 2 | 100% |
| PRODUCER LICENSING | | | |
| Agent Licensing - First Year Commissions | 8,272 | 293 | 4% |
| Agents Terminated | 953 | 86 | 9% |
| Agents Terminated for Cause | 1 | 1 | 100% |
| POLICY SERVICES | | | |
| Individual Life Policy Loan Transactions | 937 | 86 | 9% |
| Group Life Policy Loan Transactions | 202 | 79 | 39% |
| Individual Life Non-Forfeiture Options | 1,330 | 113 | 10% |
| Group Life Non-Forfeiture Options | 14 | 14 | 100% |
| Individual Life Cash Surrenders | 2,852 | 114 | 4% |
| Group Life Cash Surrenders | 189 | 75 | 40% |
| Individual Annuity Cash Surrenders | 2,582 | 114 | 4% |
| Group Annuity Cash Surrenders | 87 | 46 | 53% |
| Long-Term Care Reinstatements | 1 | 1 | 100% |
| Long-Term Care Reduce Coverage/Premium | 311 | 27 | 9% |
| Long-Term Care Terminations/Lapses | 1,133 | 108 | 10% |

VII. FINDINGS

A. Claims Practices

- The examiners reviewed the Company's claim practices determining its efficiency in handling complaints, accuracy of payment, adherence to contract provisions and compliance with Illinois laws and regulations.
- a. Paid Individual Life Claims
- A review of 108 paid individual life claims produced two (2) criticisms. Criticism 6 was issued to the Company. The Company failed to notify beneficiaries at the time of claim of statutory interest provision for 69 claims as required by 215 ILCS 5/224(1)(l).
 - Criticism 7 was issued to the Company. The Company failed to provide the Notice of Availability of the Department of Insurance on the delay letter for 10 claims as required by 50 Ill. Adm. Code 919.70(a)(2) and 919.40.
 - The median for payment was 15 days.
- b. Denied Individual Life Claims
- A review of 75 denied individual life claim files produced three (3) criticisms. Criticism 13 was issued to the Company. The Company failed to provide the Notice of Availability of the Department of Insurance on the denial letter for seven (7) claims as required by 50 Ill. Adm. Code 919.50(a)(1) and 919.40.
 - Criticism 14 was issued to the Company. The Company failed to provide the Notice of Availability of the Department of Insurance on the delay letter for five (5) claims as required by 50 Ill. Adm. Code 919.70(a)(2) and 919.40.
 - Criticism 15 was issued to the Company. The Company failed to notify beneficiaries at the time of claim of statutory interest provision for 15 claims as required by 215 ILCS 5/224(1)(l).
 - The median for denial was one (1) day.
- c. Paid Individual Life Waiver of Premium
- A review of six (6) paid individual life waiver of premium claims produced one (1) criticism. Criticism 20 was issued to the Company. The Company failed to provide the Notice of Availability of the Department of Insurance on the delay letter for four (4) claims as required by 50 Ill. Adm. Code 919.70(a)(2) and 919.40.
 - The median for payment was 24 days.
- d. Denied Individual Life Waiver of Premium
- A review of seven (7) paid individual life waiver of premium claims produced one (1) criticism. Criticism 19 was issued to the Company. The Company failed to provide the Notice of Availability of the Department of Insurance on the delay letter for seven (7) claims as required by 50 Ill. Adm. Code 919.70(a)(2) and 919.40.
 - The median for denial was seven (7) days.

e. Paid Group Life

- A review of 109 paid group life claims produced five (5) criticisms. Criticism 8 was issued to the Company. The Company failed to provide the Notice of Availability of the Department of Insurance on the delay letter for 15 claims as required by 50 Ill. Adm. Code 919.70(a)(2) and 919.40.
- Criticism 9 was issued to the Company. The Company failed to notify the insured's beneficiary with a reasonable written explanation for delay beyond 45 days for one (1) claim as required by 50 Ill. Adm. Code 919.70(a)(2).
- Criticism 11 was issued to the Company. The Company failed to affirm or deny claims within a reasonable time after proof of loss statements had been completed as required by 215 ILCS 5/154.6(i). In addition, the company failed to offer payment within 30 days for three (3) claims as required by 50 Ill. Adm. Code 919.50(a).
- Criticism 24 was issued to the Company. The Company failed to implement reasonable standards for prompt investigation and payment of claims in two (2) sample files as required by 215 ILCS 5/154.6(c).
- Criticism 32 was issued to the Company. The Company failed to adopt and implement reasonable standards for the prompt investigations and settlement of claims arising under its policies as required by 215 ILCS 5/154.6(c). The Company utilizes an Affidavit of Heirship signed by a beneficiary for benefit payout and may not always collect, identify and investigate inconsistencies.
- Generally, the group life policies and certificates have a default beneficiary designation that the beneficiary shall be (in order) the spouse, parents, lawful children (natural or step), or estate of the insured. The insured certificate holder has an opportunity at any time to declare a beneficiary to the Company.
- The Company's current process is to accept notice of claim from whomever contacted the Company to report the death. The Company attempts to collect information about family members and possible beneficiaries during the notice of claims and when there is not a named beneficiary, sends to default beneficiaries identified under the policy Affidavit of Heirship with the claims packet. The Company then processes the claim upon receipt of the Affidavit(s) without further searching to verify that the certifications made by the claimant(s) on the received Affidavits are accurate or complete. The Examiner found examples of forms and claims filed that were not complete and accurate (refer to Criticism 24) where there is clear evidence from either readily available public documents (obituaries) or certified copies of death certificates on file with the Company that contain evidence of inaccurate claims certifications and that other rightful beneficiaries existed. In most cases, the Company also has the funeral home and funeral director at its disposal as a resource for determining who is a potential beneficiary.
- The Company relies on the Affidavit and may not always seek to validate their certifications against other sources of information. The Department's

position is that reliance solely on an Affidavit from a beneficiary(s) does not satisfy the requirements to adopt and implement reasonable standards for the prompt investigations and settlements of claims. Therefore, the Company is in violation of 215 ILCS 5/154.6(c) The Company has by its current process and procedures, failed to adopt and implement reasonable standards for the prompt investigations and settlement of claims increasing the risk of inaccurate certifications and depriving other rightful beneficiaries of their contractual benefits.

- The median for payment was 16 days.

f. Denied Group Life

- A review of 48 denied group life claims produced two (2) criticisms. Criticism 17 was issued to the Company. The Company failed to provide the Notice of Availability of the Department of Insurance on the denial letter for 16 claims as required by 50 Ill. Adm. Code 919.50(a)(1) and 919.40.
- Criticism 18 was issued to the Company. The Company failed to provide the Notice of Availability of the Department of Insurance on the delay letter for 15 claims as required by 50 Ill. Adm. Code 919.70(a)(2) and 919.40.
- The median for denial was nine (9) days.

g. Paid Group Life Waiver of Premium

- A review of 37 paid group life waiver of premium claims produced no criticisms.
- The median for payment was 15 days.

h. Paid Long-Term Care

- A review of 76 paid long-term care claims produced one (1) criticism. Criticism 38 was issued to the Company. The Company failed to provide the Notice of Availability of the Department of Insurance on the delay letter for 21 claims as required by 50 Ill. Adm. Code 919.70(a)(2) and 919.40.
- The median for payment was 16 days.

i. Closed Without Payment Long-Term Care

- A review of 25 closed without payment long-term care claims produced two (2) criticisms. Criticism 30 was issued to the Company. The Company failed to provide the Notice of Availability of the Department of Insurance on the delay letter for seven (7) claims as required by 50 Ill. Adm. Code 919.70(a)(2) and 919.40.
- Criticism 31 was issued to the Company. The Company failed to notify the insured with a reasonable written explanation for delay beyond 45 days for one (1) claim as required by 50 Ill. Adm. Code 919.70(a)(2).
- The median for closure was 16 days.

j. Denied Long-Term Care

- A review of 47 denied long-term care claims produced one (1) criticism. Criticism 35 was issued to the Company. The Company failed to provide the Notice of Availability of the Department of Insurance on the delay letter for six (6) claims as required by 50 Ill. Adm. Code 919.70(a)(2) and 919.40.
 - The median for denial was 16 days.
- k. Appeals Long-Term Care
- A review of 34 appeals long-term care claims produced one (1) criticism. Criticism 37 was issued to the Company. The Company failed to provide the Notice of Availability of the Department of Insurance on the delay letter for 15 claims as required by 50 Ill. Adm. Code 919.70(a)(2) and 919.40.
- l. Paid Individual Annuity
- A review of 105 paid individual annuity claims produced two (2) criticisms. Criticism 3 was issued to the Company. The Company failed to provide the Notice of Availability of the Department of Insurance on the delay letter for 16 claims as required by 50 Ill. Adm. Code 919.70(a)(2) and 919.40.
 - Criticism 4 was issued to the Company. The Company failed to notify the insured's beneficiary with a reasonable written explanation for the delay beyond 45 days for five (5) claims as required by 50 Ill. Adm. Code 919.70(a)(2).
 - The median for payment was four (4) days.
- m. Paid Group Annuity
- A review of 76 paid individual annuity claims produced three (3) criticisms. Criticism 10 was issued to the Company. The Company failed to provide the Notice of Availability of the Department of Insurance on the delay letter for four (4) claims as required by 50 Ill. Adm. Code 919.70(a)(2) and 919.40.
 - Criticism 12 was issued to the Company. The Company failed to notify the insured's beneficiary with a reasonable written explanation for the delay beyond 45 days for one (1) claim as required by 50 Ill. Adm. Code 919.70(a)(2).
 - Criticism 16 was issued to the Company. The Company failed to affirm or deny claims within a reasonable time after proof of loss statements had been completed for one (1) claim as required by 215 ILCS 5/154.6(i). In addition, the company failed to offer payment within 30 days for one (1) claim as required by 50 Ill. Adm. Code 919.50(a).
 - The median for payment was 4 days.
- n. Retained Asset Account Balances
- A review of 54 retained asset account balance files produced no criticisms.
- o. Retained Asset Account Activity
- A review of 26 retained asset account activity files produced no criticisms.

B. New Business

- The examiners reviewed the Company’s new business issued, declination and withdrawn practices to determine its compliance with Illinois laws and regulations.
- a. Individual Life Issued
 - A review of 115 paid individual life policies issued produced no criticisms.
 - b. Individual Life Replacements Issued
 - A review of 83 individual life replacement policies issued produced two (2) criticisms. Criticism 28 was issued to the Company. The Company failed to send the Notice Regarding Proposed Replacement of Life Insurance or Annuity Form (Exhibit B) to the existing insurer within 3 working days after receipt of the application for 55 applications as required by 50 Ill. Adm. Code 917.70(b)(c).
 - Criticism 29 was issued to the Company. The Company failed to require from the producer the Notice Regarding Proposed Replacement of Life Insurance or Annuity Form (Exhibit B) for eight (8) applications as required by 50 Ill. Adm. Code 917.70(b).
 - c. Individual Life Declined Applications
 - A review of 113 individual life declined applications produced one (1) criticism. Criticism 23 was issued to the Company. The Company failed to provide applicant, policyholder or individual proposed for coverage with the specific reason for the adverse underwriting decision in writing for one (1) application as required by 215 ILCS 5/1011(A)(1)(2).
 - d. Individual Life Not Taken/Withdrawn Applications
 - A review of 86 individual life not taken/withdrawn applications produced no criticisms.
 - e. Individual Annuity Issued
 - A review of 79 individual annuity contracts issued produced one (1) criticism. Criticism 26 was issued to the Company. The Company failed to establish a supervision system that is reasonably designed to achieve the insurer’s and its insurance producers’ compliance with required training. The Company is criticized under 50 Ill. Adm. Code 3120.50(f)(1)(B) which states that the insurer shall establish standards for insurance producer product training and shall maintain reasonable procedures to require its producers to comply with the requirements of 50 Ill. Adm. Code 3120.60(c)(1) which requires insurance producers who engage in the sale of annuity products to complete a one-time four-hour credit training course approved by the Department. There were two (2) producers that failed to complete the required training.
 - f. Individual Annuity Replacements
 - A review of 13 individual annuity replacement applications produced no criticisms.
 - g. Individual Annuity Withdrawn Applications
 - A review of two (2) individual annuity withdrawn applications produced no criticisms.
- C. Producer Licensing

- a. A review of 293 first year commission transactions and the associated producer licensing produced no criticisms.
 - b. A review of 86 terminated agents produced no criticisms.
 - c. A review of 1 terminated agent for cause produced one (1) criticism. Criticism 5 was issued to the Company. The Company failed to provide notice of termination to the Director of the Illinois Department of Insurance as required by 215 ILCS 5/500-85(a).
- D. Policy Services
- a. Individual Life Policy Loan Transactions
 - A review of 86 individual life policy loan transactions produced one (1) criticism. Criticism 25 was issued to the Company. The Company failed to provide the Automatic Premium Loan (APL) benefit on a positive election basis for two (2) of six (6) sample files as required by 50 Ill. Adm. Code 1405.30(c) and failure to follow policyholder direction for APL benefit election as required by 50 Ill. Adm. Code 1405.40(c)(1).
 - b. Group Life Policy Loan Transactions
 - A review of 79 group life policy loan transactions produced no criticisms.
 - c. Non-Forfeiture Options Individual Life
 - A review of 113 non-forfeiture options individual life transactions produced one (1) criticism. Criticism 22 was issued to the Company. The Company failed to provide a list of all available non-forfeiture options that the policy owner may elect per the policy for seven (7) policies as required by 215 ILCS 5/234.1.
 - d. Non-Forfeiture Options Group Life
 - A review of 14 non-forfeiture options group life transactions produced one (1) criticism. Criticism 21 was issued to the Company. The Company failed to provide a list of all available non-forfeiture options that the policy owner may elect per the policy for 13 policies as required by 215 ILCS 5/234.1.
 - e. Individual Life Cash Surrender
 - A review of 114 individual life cash surrender files produced no criticisms.
 - The median for surrender was eight (8) days
 - f. Group Life Cash Surrender
 - A review of 75 group life cash surrender files produced no criticisms.
 - The median for surrender was 12 days.
 - g. Individual Annuity Cash Surrender
 - A review of 114 individual annuity cash surrender files produced no criticisms.
 - The median for surrender was two (2) days
 - h. Group Annuity Cash Surrender
 - A review of 46 group life cash surrender files produced no criticisms.
 - The median for surrender was five (5) days.
 - i. Long-Term Care Reinstatements
 - A review of one (1) long-term care reinstatement file produced no criticisms.

- j. Long-Term Care Reduce Coverage/Premium
 - A review of 27 long-term care reduction of coverage or reduction in premium files produced no criticisms.
 - k. Long-Term Care Terminations/Lapses
 - A review of 113 long-term care termination or lapse files produced no criticisms.
- E. Complaints and Litigation
- a. Consumer Complaints
 - A review of 245 consumer complaints produced no criticisms.
 - b. Department of Insurance Complaints
 - A review of 154 Illinois Department of Insurance complaints produced two (2) criticisms. Criticism 1 was issued to the Company. The Company failed to respond to the Illinois Department of Insurance by the time allotted by the department for four (4) life and annuity complaints as required by 50 Ill. Adm. Code 926.40. Criticism 27 was issued to the Company. The Company failed to respond to the Illinois Department of Insurance by the time allotted by the department for two (2) long-term care complaints as required by 50 Ill. Adm. Code 926.40.
 - c. Closed Litigation
 - A company-wide review of seven (7) closed litigation files produced no criticisms.

STATE OF ILLINOIS

DEPARTMENT OF INSURANCE



IN THE MATTER OF:

TRANSAMERICA LIFE INSURANCE COMPANY
6400 C STREET SW
CEDAR RAPIDS, IA 52499

STIPULATION AND CONSENT ORDER

WHEREAS, the Director of the Illinois Department of Insurance (“Department”) is a duly authorized and appointed official of the State of Illinois, having authority and responsibility for the enforcement of the insurance laws of this State; and

WHEREAS, Transamerica Life Insurance Company, (“the Company”), NAIC 86231, is authorized under the insurance laws of this State and by the Director to engage in the business of soliciting, selling and issuing insurance policies; and

WHEREAS, a Market Conduct Examination of the Company was conducted by a duly qualified examiner of the Department pursuant to Sections 132, 401, 402, 403, and 425 of the Illinois Insurance Code (215 ILCS 5/132, 5/401, 5/402, 5/403, and 5/425); and

WHEREAS, as a result of the Market Conduct Examination, the Department examiner filed a Market Conduct Examination Report covering the examination period of April 1, 2019 through September 30, 2021, which is an official document of the Department; and

WHEREAS, the Market Conduct Examination Report cited various areas in which the Company was not in compliance with the Illinois Insurance Code (215 ILCS 5/1 *et seq.*) and Department Regulations (50 Ill. Adm. Code 101 *et seq.*); and

WHEREAS, nothing herein contained, nor any action taken by the Company in connection with this Stipulation and Consent Order, shall constitute, or be construed as, an admission of fault, liability or wrongdoing of any kind whatsoever by the Company; and

WHEREAS, the Company is aware of and understands their various rights in connection with the examination and report, including the right to counsel, notice, hearing and appeal under Sections 132, 401, 402, 407, and 407.2 of the Illinois Insurance Code and 50 Ill. Adm. Code 2402; and

WHEREAS, the Company understands and agrees that by entering into this Stipulation and Consent Order, they waive any and all rights to notice and hearing; and

WHEREAS, the Company and the Director, for the purpose of resolving all matters raised by the report and in order to avoid any further administrative action, hereby enter into this Stipulation and Consent Order.

NOW, THEREFORE, IT IS AGREED by and between the Company and the Director as follows:

1. The Market Conduct Examination indicated various areas in which the Company was not in compliance with provisions of the Illinois Insurance Code and Department Regulations; and
2. The Director and the Company consent to this Order requiring the Company to take certain actions to come into compliance with provisions of the Illinois Insurance Code and Department Regulations.

THEREFORE, IT IS HEREBY ORDERED by the undersigned Director that the Company shall:

1. Institute and maintain policies and procedures whereby the Company shall provide Notice of Availability of the Department of Insurance on delay letter. 50 Illinois Admin Code 919.70(a)(2)
2. Institute and maintain policies and procedures whereby the Company shall provide notice of termination to the Director of Illinois Department of Insurance. 215 ILCS 5/500-85(a)
3. Institute and maintain policies and procedures whereby the Company shall notify beneficiary at time of claim of statutory interest provision. 215 ILCS 5/224(1)(l)
4. Institute and maintain policies and procedures whereby the Company shall provide Notice of Availability of the Department of Insurance on denial letter. 50 Illinois Admin Code 919.50(a)(1)
5. Institute and maintain policies and procedures whereby the Company shall provide a list of all available non-forfeiture options. 215 ILCS 5/234.1
6. Institute and maintain policies and procedures whereby the Company shall send the Notice Regarding Proposed Replacement of Life Insurance or Annuity Form to existing insurer within 3 working days. 50 Illinois Admin Code 917.70(b)(c)
7. Institute and maintain policies and procedures whereby the Company shall require from producer, the Notice Regarding Proposed Replacement of Life Insurance or Annuity Form (Exhibit B). 50 Illinois Admin Code 917.70(b)
8. Institute and maintain policies and procedures whereby the Company shall adopt and implement reasonable standards for the prompt investigation and settlement of claims arising under its policies. 215 ILCS 5/154.6(c)
9. Submit to the Director of Insurance, State of Illinois, proof of compliance with or remediation plan for compliance with the above eight (8) orders within thirty (30) days of execution of this Order.
10. Pay to the Director of Insurance, State of Illinois, a civil forfeiture in the amount of \$95,000.⁰⁰ to be paid within ten (10) days of execution of this Order.

NOTHING contained herein shall prohibit the Director from taking any and all appropriate regulatory action as set forth in the Illinois Insurance Code including, but not limited to, levying additional forfeitures, should the Company violate any of the provisions of this Stipulation and Consent Order or any provisions of the Illinois Insurance Code or Department Regulations.

On behalf of TRANSAMERICA LIFE INSURANCE COMPANY

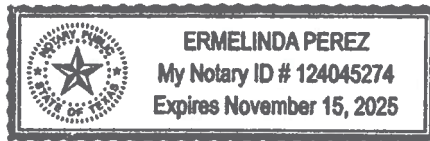
Mark Pinocci
Signature

MARK D. PINOCCI
Name

Chief Compliance Officer
Title

Subscribed and sworn to before me this
26 day of April 2023.

Ermelinda Perez
Notary Public



DEPARTMENT OF INSURANCE of the
State of Illinois:

DATE: 04/27/2023

Dana Popish-Severinghaus
Dana Popish-Severinghaus
Director

