



Illinois Department of Insurance

JB Pritzker
Governor

Robert H. Muriel
Director

VIA ELECTRONIC MAIL

April 28, 2020

Mr. Christopher James Weyrauch
President
TIAA-CREF Life Insurance Company
730 Third Avenue
New York, NY. 10017

Re: TIAA-CREF Life Insurance Company, NAIC 60142
Market Conduct Examination Report Closing Letter

Dear Mr. Weyrauch:

The Department has reviewed your Company's proof of compliance and deems it adequate and sufficient. 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

Erica Weyhenmeyer
Chief Market Conduct Examiner
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**Illinois Department of Insurance
Market Conduct Examination**

TIAA-CREF Life Insurance Company

MARKET CONDUCT EXAMINATION REPORT

DATE OF EXAMINATION: July 15, 2019 – November 14, 2019

EXAMINATION OF: TIAA-CREF Life Insurance Company
NAIC Number: 60142

LOCATION: 730 Third Avenue
New York, NY 10017

PERIOD COVERED
BY EXAMINATION: May 1, 2018 through April 30, 2019
COMPLAINTS: November 1, 2017 through April 30, 2019

EXAMINERS: Terence Greene, The INS Companies
John Drake, MCM, APIR, ChFC, CLU, RHU, FLMI, HIA
Chris Heisler, Examiner-in-Charge, AIE, MCM, FLMI, ARC

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I. FOREWORD

This is a comprehensive market conduct examination report of the TIAA-CREF Life Insurance Company (NAIC Code 60142). This examination was conducted at the offices of TIAA-CREF Life Insurance Company (“Company or TIAA Life”), located at 730 Third Avenue New York, NY 10017.

The Illinois Department of Insurance (“Department”) examined both TIAA-CREF Life Insurance Company (“TIAA Life”) and its parent, Teachers Insurance and Annuity Association of America (“TIAA”) at the same time. Separate market conduct exam reports were prepared for each company. This report is specifically for TIAA-CREF Life Insurance Company.

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 is May 1, 2018 through April 30, 2019 for claims and November 1, 2017 through April 30, 2019 for complaints unless otherwise noted. Errors outside of this time period discovered during the course 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 and individual annuity line of business: claims handling practices, policy forms and advertising in use, producer licensing, new business and handling of consumer and Department complaints.

In performing this examination, the examiners reviewed a sample of the Company's practices, procedures, products, forms, advertising, 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

TIAA Life is a stock life insurance company that commenced operations as a legal reserve life insurance company under the laws of the State of New York on December 18, 1996, under the former name, TIAA Life Insurance Company. It changed its name to TIAA-CREF Life Insurance Company on May 1, 1998, and it is currently doing business as TIAA Life. It is a wholly-owned subsidiary of TIAA. It is licensed to issue life insurance and annuity products in all 50 states and the District of Columbia.

TIAA Life's products are individual annuities, life insurance, funding agreements and separate account guaranteed interest contracts ("SAGIC"). The individual annuities and life insurance products are marketed directly to individuals while the funding agreements are issued directly to states in support of state sponsored 529 college savings and scholarship plans. The SAGIC product is an unallocated, non-participating deposit type contract in the separate account and is designed as an investment vehicle offered to trustees and/or plan sponsors of stable value funds. TIAA Life's individual products are available to the general public; however, it markets primarily to individuals who own retirement annuities or insurance policies issued by TIAA Life's parent, TIAA. TIAA Life also distributes life insurance and annuity products through third party channels including M Financial Group ("M Financial") and registered investment advisors.

TIAA Life and M Financial have an exclusive agreement to offer TIAA Life's life insurance products to M Financial's member firms and their clients. M Financial is owned by more than 150 member firms located in 40 states, the United Kingdom, and the United Arab Emirates, and is comprised of several entities, including the parent company, which serves as a general insurance marketing entity, a securities broker-dealer, a registered investment advisor, a reinsurance company and four proprietary mutual funds.

TIAA Life also distributes life insurance and annuity products within an external registered investment advisor channel. These are supported by external advisors that use TIAA Life for life insurance and annuity solutions.

Individual Life Insurance and Individual Annuity written premium and market share in Illinois per the NAIC Market Analysis Review System for TIAA Life are as follows:

Year	Individual Life Premium	Market Share	Individual Annuity Premium	Market Share
2018	\$20,084,078	0.368%	\$14,761,673	0.202%
2017	\$20,506,077	0.386%	\$17,585,473	0.268%

IV. SUMMARY

A comprehensive market conduct examination of TIAA-CREF 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							
TIAA-CREF Life Insurance Company							
Crit #	Statute/Rule	Description of Violations	Population	Files Reviewed	Number of Violations	Findings Section	Error %
1	50 IAC 919.70(a)(2)	Annuity Death Settlements, Failed to notify the insured's beneficiary with a reasonable written explanation for delay beyond 45 days	25	25	1	A.2	4%
2	50 IAC 919.70(a)(2)	Annuity Death Settlements, Failed to provide Notice of Availability of the Department of Insurance on the delay letter	25	25	11	A.2	44%

V. METHODOLOGY

The market conduct examination covered the business written for the period of May 1, 2018 through April 30, 2019. Complaints covered the period of November 1, 2017 through April 30, 2019. Specifically, the examination focused on a review of the following areas:

1. Producer Licensing and Production Analysis
2. Policy Forms and Advertising Material Analysis
3. Claims Analysis
4. Policy Application and Decline Analysis
5. External and Internal Policy Replacement Analysis
6. Consumer and Insurance Department Complaints

The review of these categories was accomplished through examination of appointed and terminated producer files, application files, cash surrendered policy files, extended term and reduced paid-up policy files, claim files, Insurance Department and consumer complaint files, policy forms and advertising material. Each of these categories is examined for compliance with Department Regulations and applicable State Laws.

The report concerns itself with improper practices performed by the Company which resulted in 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.

Producer Licensing and Production Analysis

Populations for the producer file reviews were determined by whether or not the producers were duly licensed in Illinois. New business listings were retrieved from company records selecting newly solicited insurance applications, which reflected Illinois addresses for the applicants.

Policy Forms and Advertising Material Analysis

A list of all plans, form letters, riders and advertising materials used in Illinois during the examination period were requested. All were reviewed for compliance as to format, content and terminology as required by Illinois Law.

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 May 1, 2018 through April 30, 2019.

Policy Application and Decline Analysis

The Company provided a listing of all life insurance and annuity application files relating to those applications that were declined during the survey period. The files were reviewed to determine validity of the reason for denial.

External and Internal Policy Replacement Analysis

The Company provided a listing of all life insurance and annuity files for policies that were either internal or external replacements of existing policies. The replacements were reviewed to determine compliance with 215 ILCS 5/224(2) and to determine if the required replacement forms were properly executed and or sent.

Consumer and Insurance Department Complaints

The Company provided all files relating to complaints which had been 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.

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 November 1, 2017 through April 30, 2019.

VI. SELECTION OF SAMPLES

TIAA-CREF Life Insurance Company

<u>Survey</u>	<u>Population</u>	<u># Reviewed</u>	<u>% Reviewed</u>
CLAIMS ANALYSIS			
Individual Life	6	6	100%
Annuity Death Settlements	25	25	100%
CONSUMER COMPLAINTS	8	8	100%
DEPARTMENT OF INSURANCE COMPLAINTS	0	0	N/A
POLICYHOLDER SERVICES			
Individual Life New Business Issued	194	79	41%
Annuity New Business Issued	45	45	100%
Declined Individual Life Applications	24	24	100%
Life Replacements	36	36	100%
Policy Loans	9	9	100%
Individual Life Cash Surrender	27	27	100%
Annuity Cash Surrender	115	58	50%
PRODUCER LICENSING			
Agents (New Business and Replacement Transactions)	757	124	16%
Agents Terminated	105	53	50%
Agents Terminated for Cause	2	2	100%

VII. FINDINGS

A. Claims Practices

The examiners reviewed the Company's claim practices to determine its efficiency of handling, accuracy of payment, adherence to contract provisions and compliance with Illinois laws and regulations.

1. Individual Life Claims

A review of 6 paid individual life claims produced no criticisms.
The median for payment was nine (9) days.

2. Annuity Death Settlements

A review of 25 paid and pending annuity death settlements produced two (2) criticisms. 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 1.

The Company failed to provide the Notice of Availability of the Department of Insurance on the delay letter for 11 claims as required by 50 Ill. Adm. Code 919.70(a)(2). Criticism 2.

The median for payment was two (2) days.

B. Policyholder Services

1. Individual Life New Business Issued

A review of 79 individual life new business application files produced no criticisms.

2. Annuity New Business Issued

A review of 45 fixed annuity new business application files produced no criticisms.

3. Declined Individual Life Applications

A review of 24 declined individual life applications produced no criticisms.

4. Individual Life Replacements

A review of 36 individual life replacements files produced no criticisms.

5. Policy Loans

A review of 9 policy loan files produced no criticisms.

6. Individual Life Cash Surrender

A review of 27 individual life cash surrender files produced no criticisms.

The median for surrender was one (1) day.

7. Annuity Cash Surrender

A review of 58 annuity cash surrender files produced no criticisms.

The median for surrender was two (2) days.

C. Producer Licensing

A review of 124 agent new business and replacement transactions produced no criticisms.

A review of 53 terminated agents produced no criticisms. A review of 2 terminated agents for cause produced no criticisms.

D. Complaints

A review of eight (8) consumer complaints produced no criticisms.

There were no Illinois Department of Insurance complaints during the exam period.

E. Policy Forms and Advertising

1. Policy Forms

A review of 72 policy forms produced no criticisms.

2. Advertising

A review of 72 pieces of advertising material produced no criticisms.

STATE OF Illinois)
) ss
COUNTY OF Sangamon)

Christopher J. Heisler, being first duly sworn upon his/her oath, deposes and says:

That he was appointed by the Director of Insurance of the State of Illinois (the "Director") as Examiner-In Charge to examine the insurance business and affairs of TIAA-CREF Life Insurance Company (the "Company"), NAIC #60142.

That the Examiner-In-Charge was directed to make a full and true report to the Director of the examination with a full statement of the condition and operation of the business and affairs of the Company with any other information as shall in the opinion of the Examiner-In-Charge be requisite to furnish the Director with a statement of the condition and operation of the Company's business and affairs and the manner in which the Company conducts its business;

That neither the Examiner-In-Charge nor any other persons so designated nor any members of their immediate families is an officer of, connected with, or financially interested in the Company nor any of the Company's affiliates other than as a policyholder or claimant under a policy or as an owner of shares in a regulated diversified investment company, and that neither the Examiner-In-Charge nor any other persons so designated nor any members of their immediate families is financially interested in any other corporation or person affected by the examination;

That an examination was made of the affairs of the Company pursuant to the authority vested in the Examiner-In-Charge by the Director of Insurance of the State of Illinois;

That she/he was the Examiner-in-Charge of said examination and the attached report of examination is a full and true statement of the condition and operation of the insurance business and affairs of the Company for the period covered by the Report as determined by the examiners;

That the report contains only facts ascertained from the books, papers, records, or documents, and other evidence obtained by investigation and examined or ascertained from the testimony of officers or agents or other persons examined under oath concerning the business, affairs, conduct, and performance of the Company.

Christopher J. Heisler
Examiner-In-Charge

Subscribed and sworn to before me
this 14th day of November, 2019.

Erica Weyhenmeyer
Notary Public

