



# Illinois Department of Insurance

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Bruce Rauner  
Governor

Anne Melissa Dowling  
Acting Director

October 30, 2015

Brenda Kay Clancy, President  
Transamerica Life Insurance Company  
Monumental Life Insurance Company  
Western Reserve Life Assurance Co. of Ohio  
4333 Edgewood Rd Ne  
Cedar Rapids, IA 52499

**Re:** Transamerica Life Insurance Company, NAIC # 86231  
Monumental Life Insurance Company, NAIC # 66281  
Stonebridge Life Insurance Company, NAIC # 65021  
Western Reserve Life Assurance Co. of Ohio, NAIC # 91413  
Transamerica Advisors Life Insurance Company, NAIC # 79022  
Transamerica Financial Life Insurance Company, NAIC # 70688  
***Market Conduct Examination Report Closing Letter***

Dear Ms. Clancy:

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 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,

Michael P. Rohan  
Deputy Director  
Consumer Education and Protection  
Illinois Department of Insurance  
122 S. Michigan Avenue, 19th Floor  
Chicago, IL 60603  
Phone: (312) 814-8206  
E-mail: [Michael.Rohan@Illinois.gov](mailto:Michael.Rohan@Illinois.gov)

Cc: Edward H. Walker III, President, Stonebridge Life Insurance Co.  
Blake S. Bostwick, President, Transamerica Advisors Life Insurance Co.  
Kent G. Callahan, President, Transamerica Financial Life Insurance Co.

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**TRANSAMERICA LIFE INSURANCE COMPANY**

**MONUMENTAL LIFE INSURANCE COMPANY  
(N/K/A TRANSAMERICA PREMIER LIFE INSURANCE COMPANY)**

**STONEBRIDGE LIFE INSURANCE COMPANY**

**WESTERN RESERVE LIFE ASSURANCE CO. of OHIO  
(N/K/A TRANSAMERICA PREMIER LIFE INSURANCE COMPANY)**

**TRANSAMERICA ADVISORS LIFE INSURANCE COMPANY**

**TRANSAMERICA FINANCIAL LIFE INSURANCE COMPANY**

**EXAMINATION REPORT**

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## MARKET CONDUCT EXAMINATION REPORT

**DATE OF EXAMINATION:** March 10, 2014 through March 20, 2015

**EXAMINATION OF:** Transamerica Life Insurance Company  
NAIC Number: 86231  
Monumental Life Insurance Company  
NAIC Number: 66281  
Stonebridge Life Insurance Company  
NAIC Number: 65021  
Western Reserve Life Assurance Co. of Ohio  
NAIC Number: 91413  
Transamerica Advisors Life Insurance Company  
NAIC Number: 79022  
Transamerica Financial Life Insurance Company  
NAIC Number: 70688

**LOCATION:** 4333 Edgewood Road NE  
Cedar Rapids, Iowa 52499

**PERIOD COVERED  
BY EXAMINATION:** January 1, 2013 through December 31, 2013  
**COMPLAINTS:** January 1, 2011 through December 31, 2013

**EXAMINERS:** Ann McClain, CIE, AMCM, CICSR, FLMI, FLHC, AIRC  
Charles Pickett, CIE, MCM, CLU, ChFC, FLMI  
Tim Kelley, MCM, JD  
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Victor Negron, CIE, MCM, FLMI, IR  
Finn Knox-Seith, Actuary  
Pat Hahn, Illinois DOI Examiner

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## INDEX

|                                  |    |
|----------------------------------|----|
| I. SUMMARY .....                 | 1  |
| II. BACKGROUND .....             | 4  |
| III. METHODOLOGY .....           | 9  |
| IV. FINDINGS.....                | 11 |
| A. Operations/Management .....   | 11 |
| B. Complaint Handling .....      | 11 |
| C. Marketing and Sales .....     | 11 |
| D. Producer Licensing .....      | 11 |
| E. Policyholder Service.....     | 12 |
| F. Underwriting and Rating ..... | 12 |
| G. Claims .....                  | 12 |

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## I. SUMMARY

A comprehensive market conduct examination of Transamerica Life Group, comprised of Transamerica Life Insurance Company (TLIC), Monumental Life Insurance Company (MLIC), Stonebridge Life Insurance Company (SBLIC), Western Reserve Life Assurance Company of Ohio (WRL), Transamerica Advisors Life Insurance Company (TALIC), and Transamerica Financial Life Insurance Company (TFLIC), collectively known as the "Companies" or the "Group," was performed to determine compliance with Illinois Statutes and the Illinois Administrative Code.

The following represents general findings, however, specific details are found in each section of the report.

### TABLE OF TOTAL VIOLATIONS

| <b>TRANSAMERICA LIFE INSURANCE COMPANY</b> |                                      |   |            |                |                      |         |
|--|--------------------------------------|---|------------|----------------|----------------------|---------|
| Crit #                                     | Statute/Rule                         | Description of violation  | Population | Files Reviewed | Number of Violations | Error % |
| 1  | 215 ILCS<br>5/224(1)(l)              | Paid Individual Life - Failed to notify beneficiary of interest on delayed claims             | 768        | 105            | 13                   | 12%     |
| 2  | 215 ILCS<br>5/224(1)(l)              | Paid Individual Life - Underpaid interest on delayed life claim                               | 768        | 105            | 1                    | 1%      |
| 3  | 50 Ill. Adm.<br>Code 919.50(a)       | Denied Individual Health - Failure to affirm or deny liability within a reasonable time       | 324        | 82             | 2                    | 2%      |
| 4  | 50 Ill. Adm.<br>Code<br>919.50(a)(1) | Paid Group Health - Failure to provide Notice of Availability of the DOI                      | 41,401     | 109            | 1                    | 1%      |
| 6  | 50 Ill. Adm.<br>Code<br>919.70(a)(2) | Paid Group Life - Failure to provide Notice of Availability of the DOI on 45-day delay notice | 99         | 76             | 2                    | 3%      |
| 8  | 215 ILCS<br>5/368a(c)                | Paid Individual Health - Failure to pay interest on claim not paid within 30 days             | 8310       | 109            | 1                    | 1%      |
| 9  | 50 Ill. Adm.<br>Code 919.50(a)       | Denied Group Health - Failure to affirm or deny liability within a reasonable time            | 3024       | 108            | 13                   | 12%     |

| <b>MONUMENTAL LIFE INSURANCE COMPANY</b> |   |   |                   |                       |                             |                |
|--|---|---|-------------------|-----------------------|-----------------------------|----------------|
| <b>Crit #</b>                            | <b>Statute/Rule</b>                         | <b>Description of violation</b>   | <b>Population</b> | <b>Files Reviewed</b> | <b>Number of Violations</b> | <b>Error %</b> |
| 2  | 50 Ill. Adm. Code 919.50(a)                 | Paid Individual Life – Failure to affirm or deny liability within a reasonable time                 | 4671              | 108                   | 4                           | 4%             |
| 4  | 50 Ill. Adm. Code 919.50(a)                 | Paid Group Life - Failure to affirm or deny liability within a reasonable time                      | 46                | 46                    | 1                           | 2%             |
| 6  | 215 ILCS 5/154.6(d) and 215 ILCS 5/154.6(i) | Denied Individual Life - Failure to affirm or deny liability within a reasonable time after proof   | 42                | 42                    | 9                           | 21%            |
| 7  | 50 Ill. Adm. Code 919.70(a)(2)              | Denied Individual Life – Failure to provide 45-day delay letter or specific reason for 45-day delay | 42                | 42                    | 8                           | 19%            |
| 8  | 50 Ill. Adm. Code 919.70(a)(2)              | Denied Group Health - Failure to provide Notice of Availability of the DOI on 45-day delay notice   | 3539              | 108                   | 3                           | 3%             |

| <b>STONEBRIDGE LIFE INSURANCE COMPANY</b> |                                |   |                   |                       |                             |                |
|---|--------------------------------|---|-------------------|-----------------------|-----------------------------|----------------|
| <b>Crit #</b>                             | <b>Statute/Rule</b>            | <b>Description of violation</b>   | <b>Population</b> | <b>Files Reviewed</b> | <b>Number of Violations</b> | <b>Error %</b> |
| 2   | 50 Ill. Adm. Code 919.70(a)(2) | Paid Group Health - Failure to provide Notice of Availability of the DOI on 45-day delay notice | 602               | 105                   | 1                           | 1%             |
| 3   | 50 Ill. Adm. Code 919.50(a)    | Paid Individual Life – Failure to affirm or deny liability within a reasonable time             | 1190              | 105                   | 1                           | 1%             |

| <b>WESTERN RESERVE LIFE ASSURANCE COMPANY of OHIO</b> |                                |  |            |                |                      |         |
|---|--------------------------------|--|------------|----------------|----------------------|---------|
| Crit #  | Statute/Rule                   | Description of violation   | Population | Files Reviewed | Number of Violations | Error % |
| 1   | 50 Ill. Adm. Code 909.40(a)    | Advertising – Misleading advertising in fact or by implication                                     | 254        | 84             | 3                    | 4%      |
| 2   | 215 ILCS 5/224(1)(l)           | Paid Individual Life - Failed to notify beneficiary of interest on delayed claims                  | 68         | 68             | 9                    | 13%     |
| 3   | 50 Ill. Adm. Code 919.70(a)(2) | Paid Individual Life - Failure to provide 45-day delay letter                                      | 68         | 68             | 4                    | 6%      |
| 4   | 50 Ill. Adm. Code 919.70(a)(2) | Paid Individual Life - Failure to provide Notice of Availability of the DOI on 45-day delay notice | 68         | 68             | 21                   | 31%     |
| 6   | 215 ILCS 5/1011(A)(1)          | Declined Life Applications – Failure to provide specific reason for adverse underwriting           | 34         | 34             | 1                    | 3%      |
| 8   | 50 Ill. Adm. Code 909.40(a)    | Producer Training - Misleading advertising in fact or by implication                               | 120        | 79             | 3                    | 4%      |
| 9   | 215 ILCS 5/234.1               | ETI/RPU – Failure to provide “Notice of Enactment of the Non-forfeiture Options”                   | 2          | 2              | 2                    | 100%    |
| 10  | 215 ILCS 5/224(2)              | Life Replacements – Failure to provide notice of 20-day Free Look period                           | 145        | 76             | 1                    | 1%      |

| <b>TRANSAMERICA ADVISORS LIFE INSURANCE COMPANY</b> |                      |   |            |                |                      |         |
|---|----------------------|---|------------|----------------|----------------------|---------|
| Crit #  | Statute/Rule         | Description of violation  | Population | Files Reviewed | Number of Violations | Error % |
| 1   | 215 ILCS 5/224(1)(l) | Paid Individual Life - Failed to notify beneficiary of interest on delayed claims | 35         | 35             | 35                   | 100%    |

## II. BACKGROUND

### Transamerica Life Insurance Company:

TLIC, hereinafter referred to as 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 percent 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, and the assets were transferred at their pre-merger book value.

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, with assets transferred at their book value before the merger.

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 (TLIC).

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

Effective October 1, 2005, an affiliated North Carolina-domiciled life insurer, Transamerica Life Insurance and Annuity Company, was merged into the Company.

Effective October 1, 2008, an affiliated Iowa-domiciled life insurer, Transamerica Occidental Life Insurance Company, 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. Total Direct Premiums Written in Illinois for Accident and Health, Life and Annuities, Direct Deposits and others insurance for TLIC was as follows:



| Year | Total Written Premium In Illinois<br>(Per Schedule T of the Annual Statement) | Illinois<br>Market Share |
|------|---|--------------------------|
| 2013 | \$567,765,585   | 1.49%                    |

**Monumental Life Insurance Company:**

MLIC, hereinafter referred to as the Company, was originally Maryland Mutual Life and Fire Insurance Company, which incorporated in accordance with the laws of the State of Maryland on March 5, 1858. Operations commenced on May 22, 1860. In 1870, the name changed to Mutual Life Insurance Company of Baltimore. The Company converted to a stock company in 1928 and adopted its current name, Monumental Life Insurance Company during 1935.

In 1986 AEGON N.V., a Netherlands Corporation, purchased Monumental Life Insurance Company which became an indirectly wholly owned subsidiary of AEGON USA, Inc. (now AEGON USA, LLC). Commonwealth General Corporation currently owns 100% of Transamerica Premier Life Insurance Company. Commonwealth General Corporation is owned by AEGON USA, LLC. AEGON USA, LLC is a subsidiary of AEGON U.S. Holding Corporation, an indirect, wholly owned subsidiary of AEGON N.V.

On November 30, 1998, three affiliated life insurance companies merged into the Company. The names and states of domicile of these three companies are as follows: Capital Security Life Insurance Company (North Carolina), Commonwealth Life Insurance Company (Kentucky), and Peoples Security Life Insurance Company (North Carolina).

On October 1, 2004, an affiliated life insurance company, Pension Life Insurance Company of America (New Jersey) merged into the Company.

On April 1, 2007, the Company re-domiciled from Maryland to Iowa. The Company's main administrative offices are located in Cedar Rapids, Iowa.

On October 1, 2007, an affiliated life insurance company, Peoples Benefit Life Insurance Company (Iowa) merged into the Company.

On July 31, 2014, Monumental Life Insurance Company's name was changed to Transamerica Premier Life Insurance Company.

On October 1, 2014, Western Reserve Life Assurance Co. of Ohio merged into Transamerica Premier Life Insurance Company.

Total Direct Premiums Written in Illinois for Accident and Health, Life and Annuities, Direct Deposits and others insurance for MLIC was as follows:

| Year | Total Written Premium In Illinois<br>(Per Schedule T of the Annual Statement) | Illinois<br>Market Share |
|------|---|--------------------------|
| 2013 | \$81,468,531  | .23%                     |

**Stonebridge Life Insurance Company:**

SBLIC, hereinafter referred to as the Company, was chartered as the Vermont Accident Insurance Company by the Vermont legislature in 1900, and incorporated on November 19, 1900. The Company officially commenced business on May 7, 1906, writing business on the advance premium mutual plan until February 15, 1949, at which time the Company converted to a stock company.

In 1967, the Company was acquired by J.C. Penney Company, Inc. and subsequently renamed J.C. Penney Life Insurance Company. Effective January 1, 1979, J.C. Penney Insurance Company (California) and J. C. Penney Life Insurance Company (Vermont) were merged, with the surviving company being domiciled in Vermont.

On June 18, 2001, Commonwealth General Corporation, a Delaware holding company, acquired J.C. Penney Life Insurance Company and its subsidiary Stonebridge Insurance Company, from J.C. Penney Company, Inc.

Effective April 1, 2002, Stonebridge Insurance Company (Wisconsin) was merged into J.C. Penney Life Insurance Company. On May 17, 2002, J.C. Penney Life Insurance Company changed its name to Stonebridge Life Insurance Company.

Effective July 1, 2007, Veterans Life Insurance Company, an affiliated Illinois domiciled insurance company merged into the Company. The Company is the parent of three Vermont domiciled captive insurance companies (MLIC Re I, Inc., Pine Falls Re, Inc. and Stonebridge Reinsurance Company), which provide reinsurance to affiliated companies.

All outstanding shares of Stonebridge Life Insurance Company are owned by Commonwealth General Corporation (Delaware), which is 100% owned by AEGON USA, LLC which is owned by AEGON U.S. Holding Corporation, which is owned by Transamerica Corporation (Delaware). Transamerica Corporation is owned by The AEGON Trust (Delaware), which is owned by AEGON International B.V. (the Netherlands). AEGON International B.V., through its parent AEGON N.V. is ultimately controlled by Vereniging AEGON, a Netherlands Membership Association.

Total Direct Premiums Written in Illinois for Accident and Health, Life and Annuities, Direct Deposits and others insurance for SBLIC was as follows:

| Year | Total Written Premium In Illinois<br>(Per Schedule T of the Annual Statement) | Illinois<br>Market Share |
|------|---|--------------------------|
| 2013 | \$21,717,461  | .06%                     |

**Western Reserve Life Assurance Co. of Ohio:**

Western Reserve Life Assurance Co. of Ohio was originally incorporated under Ohio laws on October 1, 1957, as a capital stock legal reserve life insurance company. As the result of merger for tax purposes, Western Reserve Life Assurance Co. of Ohio was reincorporated on May 14, 1979, and commenced business June 17, 1980.

Effective February 26, 1991, Western Reserve Life Assurance Co. of Ohio was acquired by First AUSA Life Insurance Company. When First AUSA Life Insurance Company was dissolved, Western Reserve Life Assurance Co. of Ohio became a wholly-owned subsidiary of AEGON USA, Inc., now known as AEGON USA, LLC. AEGON USA, LLC is a wholly owned subsidiary of AEGON U.S.

Holding Corporation, and AEGON U.S. Holding Corporation is a wholly owned subsidiary of Transamerica Corporation.

Transamerica Corporation is an indirect wholly owned subsidiary of AEGON N.V., an international insurance organization headquartered in The Netherlands. Western Reserve Life Assurance Co. of Ohio is registered to do business in 49 states including the District of Columbia and the territories of Guam and Puerto Rico. The lines of business the Company is registered to do business include: Life, Variable Life, Disability/Accident & Health, Annuities, and Variable Annuities.

On October 1, 2014, Western Reserve Life Assurance Co. of Ohio merged into Transamerica Premier Life Insurance Company.

Total Direct Premiums Written in Illinois for Accident and Health, Life and Annuities, Direct Deposits and others insurance for WRL was as follows:

| Year | Total Written Premium In Illinois<br>(Per Schedule T of the Annual Statement) | Illinois<br>Market Share |
|------|---|--------------------------|
| 2013 | \$32,149,472  | .08%                     |

Transamerica Advisors Life Insurance Company:

TALIC, hereinafter referred to as the Company, was incorporated as a stock insurance company under the laws of the State of Washington on January 27, 1986. On August 30, 1991, following regulatory approval, the Company re-domesticated to Arkansas.

From the time of its organization in 1986, and prior to June 12, 1991, the Company was a wholly-owned subsidiary of Family Life Insurance Company ("FLIC"). In 1990, FLIC became a wholly-owned subsidiary of MLIG. On June 12, 1991, FLIC was sold to an unrelated party, and the stock of the Company was paid as an extraordinary dividend to MLIG, making the Company a wholly-owned subsidiary of MLIG.

Effective October 1, 1991, and following regulatory approval, Tandem Insurance Group, Inc., an Illinois Corporation, was merged with and into the Company, with the Company being the surviving entity. Effective December 28, 2007, MLI sold the Company to AEGON USA, Inc. (now AEGON USA, LLC).

Currently, the Company was authorized to write business in all U.S. states except New York. In addition, the Company is licensed in Guam and the U.S. Virgin Islands. Effective September 30, 2009, the Company ceased writing new business.

Total Direct Premiums Written in Illinois for Accident and Health, Life and Annuities, Direct Deposits and others insurance for TALIC was as follows:

| Year | Total Written Premium In Illinois<br>(Per Schedule T of the Annual Statement) | Illinois<br>Market Share |
|------|---|--------------------------|
| 2013 | \$2,417,885   | .01%                     |

**Transamerica Financial Life Insurance Company:**

TFLIC, hereinafter referred to as the Company, was incorporated as a stock life insurance company under the laws of New York on October 3, 1947, under the name Zurich Life Insurance Company, was licensed on October 17, 1947, and commenced business in 1948.

On November 30, 1982, the Dreyfus Corporation acquired all of the outstanding shares of the Company and adopted the name Dreyfus Life Insurance Company (“Dreyfus”). In 1993, the Company was purchased by AUSA Life Insurance Company, a Maryland domiciled insurer and an indirect subsidiary of AEGON US Holding Corporation (“AEGON US”), and the Company adopted the name AUSA Life Insurance Company, Inc.

In December 1993, the Company entered into an indemnity reinsurance agreement with the Mutual Life Insurance Company of New York (“MONY”).

In July 1996, International Life Investors Insurance Company (“ILI”), an affiliated domestic insurer, was merged into the Company.

On October 1, 1998, pursuant to an Agreement and Plan of Merger, First Providian Life and Health Insurance Company (“First Providian”) was merged into the Company.

Effective April 1, 2003, Transamerica Life Insurance Company of New York (“TONY”) was merged into the Company. Immediately following the merger, the Company adopted the name Transamerica Financial Life Insurance Company.

The Company’s outstanding shares of preferred and common stock are 87.4% owned by AEGON USA, LLC. (“AEGON”), domiciled in Iowa, and 12.6% owned by Transamerica Life Insurance Company (“TLIC”), an Iowa insurance company. The ultimate parent of the Company is Vereniging AEGON, a Netherlands based multinational financial services membership association.

Total Direct Premiums Written in Illinois for Accident and Health, Life and Annuities, Direct Deposits and others insurance for TFLIC was as follows:

| Year | Total Written Premium In Illinois<br>(Per Schedule T of the Annual Statement) | Illinois<br>Market Share |
|------|---|--------------------------|
| 2013 | \$56,810,397  | .15%                     |

### **III. METHODOLOGY**

The Market Conduct Examination covered the business for the period of January 1, 2013 through December 31, 2013. Specifically, the examination focused on a review of the following areas:

1. Operations/Management
2. Complaint Handling
3. Marketing and Sales
4. Producer Licensing
5. Policyholders Service
6. Underwriting and Rating
7. Claims

The review of the categories was accomplished through examination of internal audits/TPA contracts and agreements, complaint files, advertising materials, appointed and terminated producer files, new business application files, and claim files. Each of the categories was examined for compliance with Department Regulations and applicable State laws.

The report concerns itself with improper practices performed by TLIC, MLIC, SBLIC, WRL, TALIC, and TFLIC which resulted in failure to comply with Illinois Statutes and/or Administrative Rules. Criticisms were prepared and communicated to each of the Companies addressing violations discovered in the review process. All violations were cited in the report.

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

#### **Operation/Management**

- 1a. Reviewed disclosure forms used during the examination period
- 1b. Reviewed internal audit reports
- 1c. Reviewed third-party administrator audit reports
- 1d. Reviewed computer information controls
- 1e. Reviewed disaster recovery plan
- 1f. Reviewed protection of nonpublic customer information
- 1g. Reviewed third-party administrator agreements
- 1h. Reviewed privacy forms and Company procedures

#### **Complaint Handling**

- 2a. Sampled complaints received by the Illinois Department of Insurance
- 2b. Sampled complaints received by all Companies

Each Company was requested to provide all files relating to complaints received via the Department of Insurance and those received directly from the policyholder. Each Company was also requested to provide files of all policyholder complaints and external independent reviews handled during the survey period.

### Marketing and Sales

- 3a. Sampled advertising materials used during the examination period
- 3b. Sampled producer training material utilized during the examination period

### Producer Licensing

- 4a. Sampled active producers licensed during the examination period
- 4b. Reviewed producer terminations

### Policyholders Service

- 5a. Sampled life cash surrenders
- 5b. Sampled extended term/reduced paid up insurance
- 5c. Sampled full cash annuity surrenders

### Underwriting and Rating

- 6a. Sampled new business issued during the examination period
- 6b. Sampled life applications denied during the examination period

### Claims

- 7a. Sampled claims paid during the examination period
- 7b. Sampled denied claims during the examination period for benefits not covered by the policy provisions

All claims were reviewed for compliance with policy contracts and applicable Sections of the Illinois Insurance Code (Section 5/1 Article I through XLV) and the Illinois Administrative Code.

## **IV. FINDINGS**

### **A. Operations/Management**

- 1a. A review of three (3) required disclosure forms for guaranteed issue policies produced no criticisms.
- 1b. A review of 32 internal audit reports produced no criticisms.
- 1c. A review of 17 third-party administrator audit reports produced no criticisms.
- 1d. A review of the computer information controls produced no criticisms.
- 1e. A review of the Companies disaster recovery plans produced no criticisms.
- 1f. A review of the procedures for the protection of nonpublic customer information produced no criticisms.
- 1g. A review of 138 third-party administrator agreements produced no criticisms.
- 1h. A review of five (5) privacy forms and Company procedures produced no criticisms.

### **B. Complaint Handling**

- 2a. A review of 162 complaints received by the Illinois Department of Insurance produced no criticisms.
- 2b. A review of 229 directly received complaints sampled produced no criticisms.

### **C. Marketing and Sales**

- 3a. A review of 396 pieces of advertising materials identified three (3) misleading advertisements in fact or by implication regarding life expectancy as defined by 50 Ill. Adm. Code 909.40(a). A criticism was issued to WRL.
- 3b. A review of 388 pieces of producer training materials and company websites identified three (3) misleading materials in fact or by implication regarding life expectancy as defined by 50 Ill. Adm. Code 909.40(a). A criticism was issued to WRL.

### **D. Producer Licensing**

- 4a. A review of 587 agents to determine whether the agents were duly licensed produced no criticisms.
- 4b. A review of 402 terminated producers produced no criticisms.

## E. Policyholder Service

- 5a. Full Life Cash Surrenders - A review of 494 surrenders produced no criticisms.
- 5b. Full Annuity Cash Surrenders - A review of 477 surrenders produced no criticisms.
- 5c. Extended Term Insurance/Reduced Paid Up - A review of 248 requests identified two (2) files for which the Company failed to provide the "Notice of Enactment of the Non-forfeiture Options," as required by 215 ILCS 5/234.1. A criticism was issued to WRL.
- 5d. Waiver of Premium – A review of 52 waiver of premium requests produced no criticisms.

## F. Underwriting and Rating

- 6a. New Business Issued - A review of 1534 life, annuity, long-term care, health and Medicare supplement policies issued produced no criticisms.
- 6b. Declined Life Applications - A review of 310 declined life applications identified one (1) application where the Company failed to provide a specific reason for adverse underwriting as required by 215 ILCS 5/1011(A)(1). A criticism was issued to WRL.
- 6c. Life Replacements Issued – A review of 265 life replacements issued identified one (1) file for which the Company failed to provide the "Notice Regarding Replacement of Life Insurance," regarding the 20-day Free Look period as required by 215 ILCS 5/224(2). A criticism was issued to WRL.

## G. Claims

- 7a. Paid Health Claims  
A review of 646 paid claims was performed, resulting in the following:
  - One (1) claim was not paid within 30 days and for which the Company failed to pay interest as required by 215 ILCS 5/368a(c); and,
  - Two (2) claims failed to provide the "Notice of Availability of the DOI," as required by 50 Ill. Adm. Code 919.50(a)(1) and 919.70(a)(2).Criticisms were issued to TLIC, MLIC, and SBLIC.
- 7b. Paid Life Claims  
A review of 626 paid life claims was performed, resulting in the following:
  - 57 claims failed to include notice to the beneficiary of the interest payable on delayed claims as required by 215 ILCS 5/224(1)(l);
  - 23 claims failed to provide the "Notice of Availability of the DOI," as required by 50 Ill. Adm. Code 919.70(a)(2);
  - Four (4) claims failed to provide a 45-day delay letter as required by 50 Ill. Adm. Code 919.70(a)(2);



- One (1) claim underpaid the interest due on a delayed claim as required by 215 ILCS 5/224(1)(1);
- Six (6) claims failed to affirm or deny liability within a reasonable time as required by 50 Ill. Adm. Code 919.50(a); and,

Criticisms were issued to TLIC, MLIC, WRL, SBLIC and TALIC.

7c. Paid Annuity Claims - A review of 356 annuity death claims produced no criticisms.

7d. Denied Health Claims

A review of 481 denied claims was performed, resulting in the following:

- 15 claims for which the company failed to affirm or deny the claims within a reasonable time as required by 50 Ill. Adm. Code 919.50(a)(1); and
- Three (3) claims failed to provide the “Notice of Availability of the DOI,” on the 45-day delay letter as required by 50 Ill. Adm. Code 919.70(a)(2).

Criticisms were issued to TLIC and MLIC.

7e. Denied Life Claims

A review of 65 denied claims was performed, resulting in the following:

- Nine (9) claims failed to affirm or deny liability within a reasonable time after receipt of proof as required by 215 ILCS 5/154.6(d) and 215 ILCS 5/154.6(i); and,
- Eight (8) claims failed to provide a 45-day delay letter or specific reason for delay as required by 50 Ill. Adm. Code 919.70(a)(2).

Criticisms were issued to MLIC.



**IN THE MATTER OF:**

**TRANSAMERICA LIFE INSURANCE COMPANY, NAIC # 86231  
MONUMENTAL LIFE INSURANCE COMPANY, NAIC # 66281  
(N/K/A TRANSAMERICA PREMIER LIFE INSURANCE COMPANY)  
STONEBRIDGE LIFE INSURANCE COMPANY, NAIC # 65021  
WESTERN RESERVE LIFE ASSURANCE CO. of OHIO, NAIC # 91413  
(N/K/A TRANSAMERICA PREMIER LIFE INSURANCE COMPANY)  
TRANSAMERICA ADVISORS LIFE INSURANCE COMPANY, NAIC # 79022 and  
TRANSAMERICA FINANCIAL LIFE INSURANCE COMPANY, NAIC # 70688**

**STIPULATION AND CONSENT ORDER**

**WHEREAS, the Director ("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, Transamerica Premier Life Insurance Company, and Transamerica Advisors Life Insurance Company ("Companies"), are 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 Companies was conducted by a duly qualified examiner of the Department pursuant to Sections 132, 401, 402, 403, 407, and 425 of the Illinois Insurance Code (215 ILCS 5/132, 5/401, 5/402, , 5/403, 5/407, and 5/425); and**

**WHEREAS, as a result of the Market Conduct Examination, the Department examiner filed a Market Conduct Examination Report which is an official document of the Department; and**

**WHEREAS, the Market Conduct Examination Report cited various areas in which the Companies were 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 Companies 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 Companies; and**

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

**WHEREAS, the Companies understand and agree that by entering into this Stipulation and Consent Order, they waive any and all rights to notice and hearing; and**

**WHEREAS, the Companies 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 Companies and the Director as follows:**

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

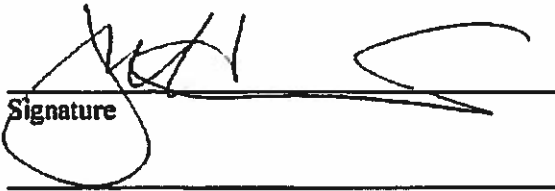
**THEREFORE, IT IS HEREBY ORDERED by the undersigned Director that:**

- 1. Transamerica Premier Life Insurance Company and Transamerica Life Insurance Company institute and maintain procedures whereby all claims are affirmed or denied within 30 days once liability is established in compliance with the requirements of 215 ILCS 5/154.6(d), 215 ILCS 154.6(i), and 50 Ill. Adm. Code 919.50(a).**
- 2. Transamerica Premier Life Insurance Company institute and maintain procedures whereby the Companies ensure that all claimants are notified of the availability of the Department of Insurance in compliance with the requirements of 50 Ill. Adm. Code 919.70(a)(2).**
- 3. Transamerica Premier Life Insurance Company, Transamerica Life Insurance Company, and Transamerica Advisors Life Insurance Company institute and maintain procedures whereby interest due on delayed life claims is calculated and beneficiaries are notified that interest shall accrue on the proceeds payable because of death of the insured from the date of death at the rate of 10% annually in compliance with the requirements of 215 ILCS 5/224(1)(1).**
- 4. Transamerica Premier Life Insurance Company institute and maintain procedures whereby a policyholder or individual is provided with a "Notice of Enactment of the Non-forfeiture Options" in compliance with the requirements of 215 ILCS 5/234.1.**
- 5. Submit to the Director of Insurance, State of Illinois, proof of compliance with the above four (4) orders within 30 days of receipt of this Order.**
- 6. Pay to the Director of Insurance, State of Illinois, a civil forfeiture in the amount of \$31,500 to be paid within 30 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 Companies 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, TRANSAMERICA PREMIER LIFE INSURANCE COMPANY, TRANSAMERICA ADVISORS LIFE INSURANCE COMPANY and TRANSAMERICA FINANCIAL LIFE INSURANCE COMPANY


  
Signature

\_\_\_\_\_  
Name

\_\_\_\_\_  
John R. Hunter, Division Chief Operating Officer-Life and Protection

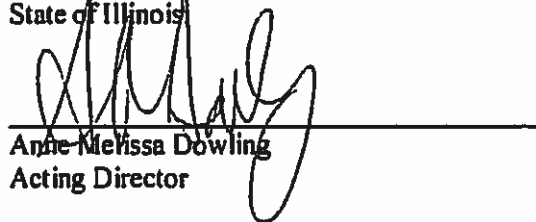
Subscribed and sworn to before me this  
27<sup>th</sup> day of September 2015.



  
\_\_\_\_\_  
Notary Public

DATE 9/28/15

DEPARTMENT OF INSURANCE of the  
State of Illinois

  
\_\_\_\_\_  
Anne-Melissa Dowling  
Acting Director

STATE OF IDAHO            )  
                                  ) ss  
COUNTY OF BONNER        )

Ann M. McClain, 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 Transamerica Life Group:

- Transamerica Life Insurance Company, NAIC Number: 86231
- Monumental Life Insurance Company, NAIC Number: 66281
- Stonebridge Life Insurance Company, NAIC Number: 65021
- Western Reserve Life Assurance Co. of Ohio, NAIC Number: 91413
- Transamerica Advisors Life Insurance Company, NAIC Number: 79022
- Transamerica Financial Life Insurance Company, NAIC Number: 70688

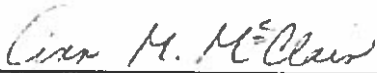
That the Examiner-In-Charge was directed to make a full and true report to the Director of the examination with a full statement of the condition and operation of the business and affairs of the Company with any other information as shall in the opinion of the Examiner-In-Charge be requisite to furnish the Director with a statement of the condition and operation of the Transamerica Life Group'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.

  
\_\_\_\_\_  
Examiner-In-Charge

Subscribed and sworn to before me  
this 7 day of April, 2014<sup>5</sup>.

Lucinda J Wylie  
Notary Public

my Commission Exp. 3-30-17

