



TARGETED MARKET CONDUCT REPORT ON EXAMINATION

OF THE

TRANSAMERICA FINANCIAL LIFE INSURANCE COMPANY

AS OF DECEMBER 31, 2020

EXAMINER:

TARN KHERA

DATE OF REPORT:

JANUARY 24, 2022

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KATHY HOCHUL
Governor



ADRIENNE A. HARRIS
Superintendent

August 18, 2022

Honorable Adrienne A. Harris
Superintendent of Financial Services
New York, New York 10004

Dear Adrienne A. Harris:

In accordance with instructions contained in Appointment No. 32327, dated December 7, 2021, and annexed hereto, an examination has been made into the condition and affairs of Transamerica Financial Life Insurance Company, hereinafter referred to as “the Company”. The Company’s home office is located at 440 Mamaroneck Avenue, Harrison, New York 10528. Due to the COVID-19 pandemic, the examination was conducted remotely.

Wherever “Department” appears in this report, it refers to the New York State Department of Financial Services.

The report indicating the results of this examination is respectfully submitted.

1. SCOPE OF EXAMINATION

This examination covers the period from January 1, 2019, to December 31, 2020.

The examination comprised a review of the Company's electronic application process and related market conduct activities.

This report on examination is confined to comments on matters which involve departure from laws, regulations or rules, or which require explanation or description.

2. DESCRIPTION OF COMPANY

A. History

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 the outstanding shares of the Company and adopted the name Dreyfus Life Insurance Company. In 1993, the Company was purchased by First AUSA Life Insurance Company, a Maryland domiciled insurer and an indirect subsidiary of AEGON US Holding Corporation, 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"), whereby MONY ceded on a 100% coinsurance basis \$2,733,787,100 of its general account liabilities relating to fixed and variable annuities.

On December 31, 1993, MONY transferred the general account assets to the Company at market value which consisted of \$1,045,010,955 of mortgage loans, \$1,486,230,389 of bonds, \$199,894,462 of short-term investments and \$40,549,857 of accrued investment income.

In 1994, the Company assumed an additional \$3.4 billion of separate account assets and liabilities from MONY.

Effective July 1, 1996, International Life Investors Insurance Company was merged into the Company. The Company was the surviving corporation.

Effective October 1, 1998, First Providian Life and Health Insurance Company was merged into the Company. The Company was the surviving corporation.

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

Effective July 1, 2014, Transamerica Advisors Life Insurance Company of New York, an affiliated New York-domiciled life insurer, merged into the Company. The Company was the surviving corporation.

In June 2017, the Company and affiliates Transamerica Life Insurance Company and Transamerica Premier Life Insurance Company completed the divestment of their two largest US run-off businesses, the structured settlement annuity business and the bank owned life insurance/corporate owned life insurance (BOLI/COLI) through reinsurance to Wilton Reassurance Company. The structured settlement annuity block was placed in run-off in 2003 and the BOLI/COLI products were discontinued in 2010.

B. Territory and Plan of Operation

The Company is authorized to write life insurance, annuities and accident and health insurance as defined in paragraphs 1, 2 and 3 of Section 1113(a) of the New York Insurance Law.

The Company is licensed to transact business in 50 states and the District of Columbia. In 2020, 87% of life premiums, 92% of annuity considerations, and 92% of accident and health premiums were received from New York State. Policies are written on a non-participating basis.

The following tables show the percentage of direct premiums received, by state, and by major lines of business for the year 2020:

Life Insurance Premiums

New York	86.9%
New Jersey	2.5
Florida	1.7
Minnesota	1.3
Pennsylvania	<u>0.9</u>
Subtotal	93.4%
All others	<u>6.6</u>
Total	<u>100.0%</u>

Annuity Considerations

New York	91.8%
Missouri	2.7
New Jersey	2.1
Connecticut	0.6
Massachusetts	<u>0.6</u>
Subtotal	97.7%
All others	<u>2.3</u>
Total	<u>100.0%</u>

Accident and Health
Insurance Premiums

New York	87.9%
New Jersey	4.7
Florida	2.3
Connecticut	1.4
Pennsylvania	<u>0.9</u>
Subtotal	97.0%
All others	<u>3.0</u>
Total	<u>100.0%</u>

3. MARKET CONDUCT ACTIVITIES

The examiner reviewed various elements of the Company's electronic application processes for life insurance and annuities to determine compliance with applicable statutes and regulations and the operating rules of the Company.

A. Advertising and Sales Activities

The examiner reviewed a sample of the Company's sales activities of the agency force including trade practices, solicitation and the replacement of insurance policies as part of the Company's electronic application process review.

Based upon the sample reviewed, no significant findings were noted.

B. Underwriting and Policy Forms

The examiner reviewed a sample of new underwriting files, both issued and declined, and the applicable policy forms as part of the Company's electronic application process review.

Based upon the sample reviewed, no significant findings were noted.

C. Option to Opt-Out

The examiner verified that the applicants had an opportunity to opt out of the electronic process as required by Section 309 of the New York State Technology Law.

Respectfully submitted,

Tarn Khera

Tarn Khera
Senior Insurance Examiner

STATE OF NEW YORK)
)SS:
COUNTY OF NEW YORK)

Tarn Khera, being duly sworn, deposes and says that the foregoing report, subscribed by him, is true to the best of his knowledge and belief.

Tarn Khera

Tarn Khera

Subscribed and sworn to before me

this 29th day of August, 2022

Audrey Hall

AUDREY HALL
Notary Public, State of New York
No. 01HA6274900
Qualified in Kings County
Commission Expires January 28, 2025

Respectfully submitted,

_____/s/
Courtney Williams
Principal Insurance Examiner

STATE OF NEW YORK)
)SS:
COUNTY OF NEW YORK)

Courtney Williams, being duly sworn, deposes and says that the foregoing report, subscribed by him, is true to the best of his knowledge and belief.

_____/s/
Courtney Williams

Subscribed and sworn to before me
this _____ day of _____

APPOINTMENT NO. 32327

NEW YORK STATE

DEPARTMENT OF FINANCIAL SERVICES

I, ADRIENNE A. HARRIS, Acting Superintendent of Financial Services of the State of New York, pursuant to the provisions of the Financial Services Law and the Insurance Law, do hereby appoint:

TARN KHERA

as a proper person to examine the affairs of the
TRANSAMERICA FINANCIAL LIFE INSURANCE COMPANY
and to make a report to me in writing of the condition of said
COMPANY

with such other information as he shall deem requisite.

*In Witness Whereof, I have hereunto subscribed my name
and affixed the official Seal of the Department
at the City of New York*

this 7th day of December, 2021

ADRIENNE A. HARRIS
Acting Superintendent of Financial Services

By: *Mark McLeod*

MARK MCLEOD
DEPUTY CHIEF - LIFE BUREAU

