

EXAMINATION REPORT OF  
TRANSAMERICA PREMIER LIFE INSURANCE COMPANY  
CEDAR RAPIDS, IOWA  
AS OF DECEMBER 31, 2019

Cedar Rapids, Iowa  
June 10, 2021

HONORABLE DOUG OMMEN  
Commissioner of Insurance  
State of Iowa  
Des Moines, Iowa

Commissioner:

In accordance with your authorization and pursuant to Iowa statutory provisions, an Examination has been made of the records, business affairs and financial condition of

TRANSAMERICA PREMIER LIFE INSURANCE COMPANY

CEDAR RAPIDS, IOWA

AS OF DECEMBER 31, 2019

at its Home Office located at 4333 Edgewood Road, Northeast, Cedar Rapids, Iowa.

INTRODUCTION

Transamerica Premier Life Insurance Company, hereinafter referred to as the "Company," was last examined as of December 31, 2014. The examination reported herein was conducted by the Iowa Insurance Division (the Division).

SCOPE OF EXAMINATION

This is the regular comprehensive financial examination of the Company covering the intervening period from January 1, 2015, to the close of business on December 31, 2019, including any material transactions and events occurring and noted subsequent to the examination period.

The examination was conducted in accordance with the National Association of Insurance Commissioners (NAIC) Financial Condition Examiners Handbook. The Handbook requires that the Division plan and perform the examination to evaluate the financial condition, identify current and prospective risks of the Company and evaluate system controls and procedures used to mitigate those risks. An examination also includes identifying and evaluating significant risks that could cause an insurer's surplus to be materially misstated both currently and prospectively.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. This may include assessing significant estimates made by management and evaluating management's compliance with Statutory Accounting Principles. The examination does not attest to the fair presentation of the financial statements included herein. If, during the course of the examination an adjustment is identified, the impact of such adjustment will be documented separately following the Company's financial statements.

This examination report includes significant findings of fact and general information about the insurer and its financial condition.

HISTORY

The Company was originally incorporated as a mutual insurance company in 1858 under the name Maryland Mutual Life and Fire Insurance Company. The name was changed in 1870 to Mutual Life Insurance Company of Baltimore. In 1928, the Company was converted to a stock company, and in 1935, the name Monumental Life Insurance Company was adopted. The Company was formed to issue pension, annuity and endowment contracts and policies of insurance in various forms on life, accident, sickness, and disability risks. On September 3, 1998, the Company's Charter was amended to include other contracts

and policies such as, but not limited to, guaranteed investment contracts, funding agreements, and deposit administration contracts.

Effective November 30, 1998, three indirect subsidiaries of Commonwealth General Corporation, Commonwealth Life Insurance Company, Peoples Security Life Insurance Company and Capital Security Life Insurance Company, merged into the Company. As a result of these mergers, the direct owner of the merged subsidiaries, Capital General Development Corporation, was issued 7,444 shares of capital stock of the Company. Capital General Development Corporation became the owner of 73.23% of the Company with First AUSA Life Insurance Company's ownership of the Company being reduced from 100% to 26.77%. Capital General Development Corporation was owned 100% by Commonwealth General Corporation, a Delaware holding company.

During 2004, First AUSA Life Insurance Company merged into AEGON USA, Inc., an Iowa holding company that conducted substantially all of its insurance operations through its subsidiary companies, with AEGON USA, Inc. becoming the surviving company. Prior to the merger, all business reported by First AUSA was recaptured by its affiliates who had originally ceded the corresponding business. First AUSA did not write direct business. As a result, as of December 31, 2004, the Company was owned 73.23% by Capital General Development Corporation and 26.77% by AEGON USA, Inc. AEGON USA, Inc. was indirectly owned by AEGON N.V., a holding company organized under the laws of the Netherlands, which in turn is ultimately controlled by Vereniging AEGON Membership Association.

The Company redomiciled to Iowa on April 1, 2007. On October 1, 2007, Peoples Benefit Life Insurance Company merged into the Company with the Company being the sole survivor.

Pursuant to the approvals of the Division and the New York Department of Financial Services, the Transamerica Reinsurance Division was sold by the Company, Transamerica Life Insurance Company (TLIC), and other affiliates to SCOR S.E., a global reinsurance company, in 2011.

On April 10, 2014, Aegon USA, LLC contributed 100% of the stock it owned of Monumental Life Insurance Company (now Transamerica Premier Life Insurance Company) to Commonwealth General Corporation (CGC). As a result of the contribution the Company is 100% owned by CGC.

Pursuant to the approval of the Division, Monumental Life Insurance Company changed its name to Transamerica Premier Life Insurance Company on July 31, 2014.

Pursuant to the approval of the Division and the Ohio Insurance Department, Western Reserve Life Assurance Co. of Ohio merged into the Company on October 1, 2014.

Effective October 1, 2020, the Company merged with and into TLIC, with TLIC being the surviving entity.

#### CAPITAL STOCK AND DIVIDENDS

The Amended Articles of Incorporation provide for authorized capital in the amount of \$15,000,000, consisting of 10,000 shares of Class A common capital stock with a par value of \$750 per share, and 10,000 shares of Class B common capital stock of \$750 par value per share. As of December 31, 2019, there were 13,516.2 common shares issued and outstanding representing \$10,371,150 in common capital stock. Issued and outstanding common shares did not change during the period under review. All shares of the Company's capital stock are owned by Commonwealth General Corporation.

As of December 31, 2019, the Company reported a balance of gross paid-in and contributed surplus of \$1,057,861,323. The following changes were made to this account during the examination period:

	<u>Paid-in Surplus</u>	<u>Surplus Notes</u>
Balance, December 31, 2014	\$ 910,045,176	\$ 160,000,000
2015	(1) (199,665,605)	-
2016	(2) (247,959)	-
2017	(3) 347,778,133	-
2018	(2) (52,820)	-
2019	(2) 4,398	(4) (100,000,000)
Balance, December 31, 2019	<u>\$ 1,057,861,323</u>	<u>\$ 60,000,000</u>

- (1) Represents the combination of a \$200,000,000 return of capital on December 22, 2015, and a \$334,395 change in long-term compensation plan expenses.
- (2) Represents a change in long-term compensation plan expenses.
- (3) Represents the combination of a \$200,000,000 capital contribution on December 22, 2017, a \$150,000,000 capital contribution receivable on December 31, 2017, and a \$2,221,867 change in long-term compensation plan expenses.
- (4) Represents the December 20, 2019, repayment in full of \$57,266,000 in surplus notes due to Transamerica Corporation, and a partial repayment of \$42,734,000 to Commonwealth General Corporation.

During the period under examination, the Company paid the following dividends to its immediate parent, Commonwealth General Corporation:

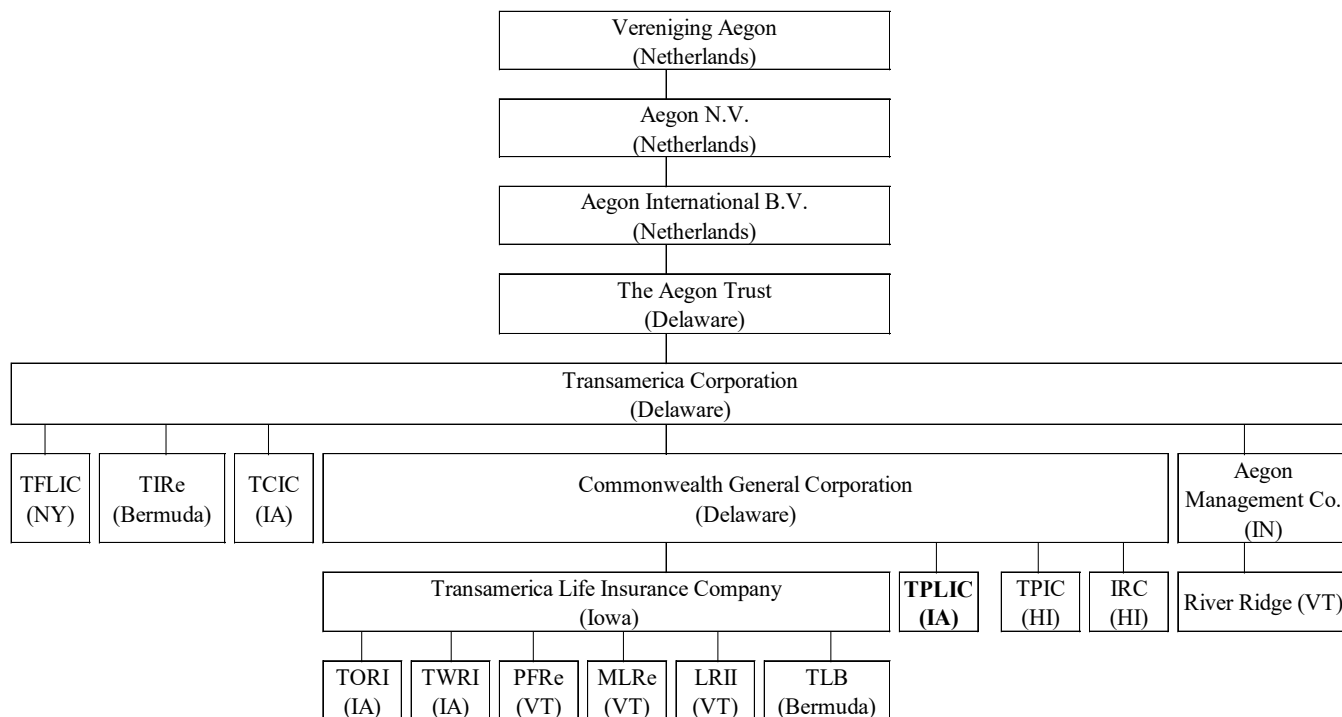
<u>Date Paid</u>	<u>Amount</u>
June 20, 2016	<u>\$ 125,000,000 (A)</u>
Total 2016	125,000,000
June 28, 2017	175,000,000 (A)
September 12, 2017	<u>175,000,000 (A)</u>
Total 2017	350,000,000
February 1, 2019	<u>\$ 8,444,338 (B)</u>
Total 2019	8,444,338
Total	<u>\$ 483,444,338</u>

- (A) Ordinary common stock dividend.
- (B) Represents forgiveness of debt transactions resulting in a capital contribution from Transamerica Asset Management to the Company that was passed through to Commonwealth General Corporation.

All ordinary dividends were paid in accordance with Chapter 521A.5(3)c., Code of Iowa, and all extraordinary dividends were paid in accordance with Chapter 521A.5(3)b.

## HOLDING COMPANY SYSTEM

The Company is a member of an insurance holding company system as defined by Chapter 521A, Code of Iowa. A simplified organizational chart as of December 31, 2019, reflecting the ultimate parent and holding company system, is shown below:



### Primary Regulated Entities (Abbreviated above)

TFLIC	Transamerica Financial Life Insurance Company
TIRe	Transamerica International Re (Bermuda) Ltd.
TCIC	Transamerica Casualty Insurance Company
<b>TPLIC</b>	<b>Transamerica Premier Life Insurance Company</b>
TPIC	Transamerica Pacific Insurance Company, Ltd.
IRC	Ironwood Re Corp.
River Ridge	River Ridge Insurance Company
TORI	TLIC Oakbrook Reinsurance, Inc.
TWRI	TLIC Watertree Reinsurance, Inc.
PFRre	Pine Falls Re, Inc.
MLRe	MLIC Re I, Inc.
LRII	LIICA Re II, Inc.
TLB	Transamerica Life (Bermuda) Ltd.

Other significant affiliated organizations with whom the companies transact business include the following:

- AEGON USA Investment Management, LLC (Investment Management)
- Transamerica Capital, Inc. (Wholesaling Distribution)
- AEGON USA Realty Advisors, LLC (Mortgage Loan Operations)
- Transamerica Asset Management, Inc. (Administrative Services)

All ownership is 100%, with the exception of Vereniging Aegon, which owns 31.5% of Aegon N.V., and Transamerica Financial Life Insurance Company, which is owned 92.3% by Transamerica Corporation and 7.7% by Transamerica Life

Insurance Company. No other person or entity was identified as owning or controlling 10% or more of Aegon, N.V. As of December 31, 2019, there were approximately 360 U.S. and international legal entities comprising the holding company system.

TPIC, IRC, TORI, TWRI, PFR, MLR and LR II are all reinsurers under Transamerica's captive financing program, with each representing a specific business and/or solution type.

Changes made to the holding company structure during the examination period, primarily to aid in simplifying the structure, included merging Stonebridge Reinsurance Company into LR II, merging TLIC Riverwood Reinsurance, Inc., into TORI, merging Firebird Re Corp into TLIC, merging Harbor View Re Corp. into IRC, and dissolving LIICA Re I, Inc. (all captives related to the reinsurance operations) during 2017-2019, and merging Transamerica Advisors Life Insurance Company into TLIC in 2019.

## MANAGEMENT AND CONTROL

### Shareholders

The Articles of Incorporation prescribe that the annual meeting of the shareholders shall be held on the first day of April in each year, or within twenty-nine days thereafter, at Cedar Rapids, Iowa, or in such other place as the Directors may deem more convenient to a majority of stockholders.

Each outstanding share of Class A Common Stock shall be entitled to four votes upon any matter submitted to a vote at a meeting of stockholders and shall have equal rights with each other share of Class A Common Stock in respect of dividends, voting and in liquidation.

Each outstanding share of Class B Common Stock shall be entitled to one vote upon any matter submitted to a vote at a meeting of stockholders and shall have equal rights with each other share of Class B Common Stock in respect of dividends, voting and in liquidation.

### Board of Directors

The Articles of Incorporation provide that the affairs of the Company shall be managed by a Board of Directors of not less than five nor more than twelve directors which number may be increased or decreased pursuant to the Bylaws. Directors are elected for a term of one year at the annual meeting of the stockholders.

The Bylaws state that the regular meetings of the Board of Directors shall be held at such times and locations as the Board of Directors may designate. The Secretary shall serve by mail a written notice of each regular meeting addressed to the members of the Board of Directors not less than five days before the date set for such meeting unless the Board of Directors by resolution shall otherwise direct.

Special meetings of the Board of Directors shall be held whenever called by direction of its Chairman or the President, or by at least three of the directors for the time being in office. The Secretary shall give notice of the time and place of holding each meeting by mailing such notice at least two days before the meeting or by telegraphing the same at least one day before the meeting to each director. Unless otherwise indicated in the notice thereof, any and all business may be transacted at a special meeting.

Any action required or permitted to be taken at any regular or special meeting of the Board of Directors may be taken without a meeting, prior notice, or a vote, if a consent in writing, setting forth the action so taken, shall be signed by all the members of the Board of Directors.

The directors serving as of December 31, 2019 were as follows.

<u>Name and Address</u>	<u>Primary Occupation</u>	<u>Term Expires</u>
Blake S. Bostwick Denver, CO	Chief Executive Officer-Individual Solutions Transamerica Corporation	2020

<u>Name and Address</u>	<u>Primary Occupation</u>	<u>Term Expires</u>
C. Michiel van Katwijk Baltimore, MD	Executive Vice President and Chief Financial Officer Transamerica Corporation	2020
Mark W. Mullin Baltimore, MD	Chairman of the Board Transamerica Corporation	2020
Jay Orlandi Baltimore, MD	Chief Operating Officer Transamerica Corporation	2020
David Schulz Cedar Rapids, IA	Senior Vice President and Chief Tax Officer Transamerica Corporation	2020

Effective September 14, 2020, Jay Orlandi resigned as a Director.

### Committees

The Bylaws state that the Board of Directors may appoint an Executive Committee of three or more directors and/or officers, which committee shall have and may exercise all the powers of the Board of Directors. The Board of Directors shall not be required to constitute an Executive Committee. There was no Executive Committee on December 31, 2019.

The membership of the Investment Committee and Separate Accounts Compliance Committees as of December 31, 2019, was as follows:

<u>Investment</u>	<u>Separate Accounts Compliance</u>
Gregory E. Miller-Breetz	Mark Mullin
Joel L. Coleman	Mark Pinocci
David Schulz	Allison Ryan

### Officers

The Articles of Incorporation and Bylaws provide that the officers of the Company shall be elected for a term of one year by the Board of Directors at its regular meeting and shall consist of a Chairman of the Board, a President, one or more Vice Presidents, a Secretary, a Treasurer, and such other officers as they see fit. One person may hold more than one office, except that the offices of the President, Secretary and Treasurer may not be combined.

Principal officers serving as of December 31, 2019, were as follows:

<u>Officer</u>	<u>Office</u>
Blake S. Bostwick	President
Jay Orlandi	Executive Vice President and Secretary
Fredrick J. Gingerich	Vice President and Controller

Effective September 14, 2020, Jay Orlandi resigned as Executive Vice President and Secretary.

The salaries of the officers shown on the jurat page of the annual statement are contained in Exhibit A which will be found immediately following the signature page of this report.

### CONFLICT OF INTEREST STATEMENTS

Transamerica Corporation has a Code of Conduct Policy, which addresses conflicts of interest and is acknowledged by key employees on an annual basis. No significant conflicts of interest were reported in the Conflict of Interest Statements reviewed by examiners.

## CORPORATE RECORDS

The minutes of the shareholder and Board of Directors meetings were reviewed for the period under examination. The meeting minutes of the Board appeared to adequately document its meetings and approval of Company transactions and events.

The Articles of Incorporation and Bylaws were not amended during the examination period.

## INTERCOMPANY AGREEMENTS

The Company is a party to a number of agreements with its affiliates. Where required, all agreements have been filed with and approved by the Division. Agreements considered to be significant are described in more detail in the following:

### Administration Agreement

Effective January 1, 2017, a group of fifty-five Transamerica companies entered into an agreement under which five companies were designated to provide a full range of services necessary for the day-to-day operations of each participating company. The Company has been designated as both a providing and receiving company. As applicable, such services include accounting, actuarial and product development, administrative services, advisory, billing/premium collection, capital management, claims adjustment/processing, customer service, employee services, executive benefits, facilities, transportation and real estate management, financial and regulatory reporting, information security, information technology, internal audit, legal/compliance & government affairs, licensing/marketing, procurement and vendor management, public relations and communications, reinsurance, risk management and internal controls, sales and distribution, tax, treasury, and underwriting.

### Second Amended and Restated Investment Management Agreement

Effective August 1, 2019, the Company and Aegon USA Investment Management, LLC (AUIM) entered into an investment management agreement under which AUIM provides advice and services necessary for the sound management of the designated assets, including supplying investment research portfolio management in accordance with Investment Guidelines attached to the agreement (including, the selection of securities to purchase, hold, sell or otherwise effect transactions, as well as the selection of brokers to execute portfolio transactions), directing the investment and reinvestment of the assets in securities, cash or cash equivalents, and periodic reporting to the Board of Directors.

### Management and Administrative and Advisory Agreement

Effective January 1, 2008, the Company and Aegon USA Realty Advisors, Inc. (AURA) entered into an investment management agreement under which AURA is to administer the day-to-day real estate and mortgage loan operations of the Company.

### Tax Allocation Agreement

The Company, along with various other subsidiaries of the Transamerica Corporation holding company system, is a party to a Federal Income Tax Allocation Agreement with its parent, Transamerica Corporation. An agreement was originally entered into effective for tax years commencing 2005 and after, and the agreement was amended/restated effective for tax years commencing 2013 and after.

Transamerica Corporation agrees to file a consolidated federal income tax return and make payment on behalf of this affiliated group. Amounts payable by the Company will be equal to that which would be payable had the Company filed a separate income tax return. The Company will pay interim payments due within fifteen days following the due date for estimated payment filings and within thirty days of the final federal income tax filing.

## FIDELITY BONDS AND OTHER INSURANCE

The Company's parent, Transamerica Corporation, maintains fidelity bond coverage up to \$5,000,000, which adequately covers the suggested minimum amount of coverage for the Company as recommended by the NAIC. The Company is identified as a named insured in the fidelity bond policy.



The Company also maintains Errors and Omissions Liability, Professional Liability, Commercial General Liability, along with an overall Umbrella Limit of Liability in the amount of \$25,000,000.

### EMPLOYEES' WELFARE

All U.S. employees in the Transamerica group are employed by one of five companies, including the Company. Eligible Company employees participate in one or more compensation programs related to base salary and other forms of incentive pay and deferred compensation, all in accordance with Transamerica Corporation guidelines and oversight.

Eligible Company employees also participate in various defined contribution and benefit plans, as well as other postretirement benefit plans, all of which are sponsored by Transamerica Corporation. As appropriate, plans are actuarially evaluated annually or when significantly amended. Pension and postretirement expenses are allocated to the Company based on actuarial participant benefit calculations.

Among the available benefit plans are a contributory defined contribution 401(k) plan, a qualified defined benefit pension plan, and four other supplemental retirement plans. In addition to pension and supplemental retirement benefits, Transamerica Corporation sponsors unfunded plans that provide health care and life insurance benefits to retired Company employee meeting certain eligibility requirements. Certain portions of the medical and dental plans are contributory.

### REINSURANCE

#### General

All significant reinsurance agreements reviewed were noted to include an insolvency clause that is in compliance with Iowa Code section 521.B. Where required, all agreements have been filed with and approved by the Iowa Insurance Division. Agreements considered to be significant are described in more detail in the following.

#### Assumed

The Company no longer assumes new life reinsurance business and all existing assumed life reinsurance business is in run-off. For 2019, the Company reported total assumed life reserves of \$196.5 million. An unaffiliated third-party is the primary counterparty for assumed life business, representing 93% of assumed life reserves. For 2019, assumed accident and health reserves (other than unearned premiums) totaled \$4.84 billion. Of this amount, \$4.81 billion was represented by long-term care business assumed from the Company's affiliate, TLIC, under an agreement originally made effective in 2014, and restated in 2017.

Under the terms of an agreement with TLIC, made effective December 1, 2017, the Company assumed 100% of the liabilities on scheduled long-term care policies on a quota share/funds withheld basis. This agreement amended and restated an earlier agreement, made effective December 31, 2014, under which the business was assumed by the Company on a modified coinsurance basis.

#### Ceded - Life

Under the terms of two agreements with Ironwood Re Corp., both made effective October 1, 2014, the Company ceded a 100% quota share liability on scheduled term life insurance policies and applicable riders. Both agreements call for the establishment of a funds withheld balance as security for reserve credits taken by the Company. In addition to the funds withheld account, Ironwood Re has obtained two letters of credit to secure the unauthorized reinsurance.

Under the terms of an amended and restated agreement with MLIC Re I Inc. (MLIC Re), made effective September 30, 2012, the Company ceded a 100% quota share liability on scheduled industrial life, ordinary life and universal life insurance policies on a combination coinsurance and modified coinsurance basis. In addition to the Modco custody account called for by the agreement, MLIC Re also obtained a letter of credit in order to secure reserve credits taken by the Company for unauthorized reinsurance. The current agreement amended and restated an earlier agreement made effective October 1, 2009.

Under the terms of an agreement with TLIC, made effective December 31, 2007, the Company ceded a 100% quota share liability on scheduled universal life insurance policies issued between January 1, 2000 and December 31, 2007.

Under the terms of an agreement with TLIC, made effective April 14, 2015, the Company ceded a 100% quota share liability on scheduled annuity products. The agreement was originally executed between the Company and Firebird Re Corp., but Firebird Re Corp. merged with and into TLIC effective October 1, 2018.

Under the terms of an agreement with an unaffiliated third-party, made effective April 1, 2017, the Company ceded 100% of a scheduled closed block of payout annuity business and scheduled Bank Owned Life Insurance/Corporate Owned Life Insurance (BOLI/COLI). Reinsurance is ceded on a 100% coinsurance basis for general account liabilities and modified coinsurance basis for separate account liabilities. The unaffiliated third-party is an authorized insurer in the State of Iowa.

#### Ceded – Accident and Health

The Company was not a party to any significant ceded accident and health reinsurance agreement.

#### STATUTORY DEPOSIT

As of December 31, 2019, the book/adjusted carrying value of securities that were held as special deposits in the states of Arkansas, Massachusetts, Nevada, New Jersey, and North Carolina for the benefit of all policyholders totaled \$2,717,598. As of December 31, 2019, the book/adjusted carrying value of securities that were held as special deposits by Georgia, New Mexico, Guam, and Puerto Rico totaled \$1,462,023. The State of Iowa does not have a statutory deposit requirement, but does have a legal reserve requirement

#### TERRITORY AND PLAN OF OPERATIONS

The Company was authorized to transact life and accident and health business in forty-nine of the United States, the District of Columbia, Guam, and Puerto Rico. There were no changes made to the jurisdictions in which the Company was licensed to write business during the period under examination.

#### Lines of Business

The Company was formed to issue pension, annuity and endowment contracts and policies of insurance in various forms on life, accident, sickness, and disability risks. On September 3, 1998, the Company's charter was amended to include other contracts and policies such as, but not limited to, guaranteed investment contracts, funding agreements, and deposit administration. The Company sold individual life, group life, annuity, credit and accident and health policies, as well as investment products including synthetic guaranteed investment contracts.

During the examination period, the Company's products were distributed through large and diverse distribution channels that included affiliated and non-affiliated sales outlets. Depending on the nature of the product, the Company made use of independent broker-dealers, banks, wirehouses, independent financial planners, and independent insurance producers. Products were also offered through institutions, including large broker-dealer research and advisory platforms, and registered investment advisers. Additionally, certain protection products (life insurance, supplemental health insurance and long-term care insurance products) were sold through third-party distribution outlets known as "Brokerage General Agents" or "Independent Marketing Organizations." These were predominantly non-registered products sold through independent insurance producers. This channel offered life insurance (term life, universal life, index universal life, and whole life insurance), long-term care insurance and supplemental health products and services (Medicare Supplement, accident, and cancer insurance) through approximately 25,000 independent brokerage distributors and financial institutions that operate in the affluent, emerging affluent and middle markets.

## GROWTH OF COMPANY

A summary of significant financial data (000's) for the past five years is presented below (Separate Accounts are excluded):

Year	Total Admitted Assets	Aggregate Life Reserves	Capital and Surplus	Life and Annuity Premium	A&H Premium	Deposit Type Funds	Life Insurance In-Force
2015	\$ 20,329,567	\$ 11,288,933	\$ 1,507,978	\$ 1,972,708	\$ 1,123,016	\$ 1,732	\$ 204,181,235
2016	19,413,237	11,767,004	1,677,677	2,115,435	1,182,595	1,301,112	219,900,002
2017	24,994,230	10,503,705	1,593,266	(651,416)	2,901,910	303,607	222,043,675
2018	24,340,368	11,033,988	1,965,160	2,471,979	1,040,218	245,502	226,151,962
2019	26,006,618	11,828,509	2,307,487	2,408,554	888,537	454	229,317,029

## ACCOUNTS AND RECORDS

The Company's accounting records were maintained on a computerized system. The Company's balance sheet accounts were verified with the line items of the annual statement submitted to the Division of Insurance.

During the course of the examination, no statutory compliance issues were noted nor material aggregate surplus differences were identified from the amount reflected in the financial statements, as presented in the annual statement as of December 31, 2019.

## SUBSEQUENT EVENTS

### COVID-19 Pandemic

In March 2020, the World Health Organization declared Coronavirus disease (COVID-19) a pandemic. As of the date of this report, there is significant uncertainty as to the impact the pandemic will have on the economy, insurance industry and the Company. In addition, this uncertainty has contributed to extreme volatility in the financial markets. As such, the Iowa Insurance Division will continue to monitor COVID-19 developments.

### Transamerica Pacific Re

On June 30, 2020, the Company provided \$5,000,000 to Transamerica Pacific Re, Inc. (TPRe) in consideration for 5,000 shares of its stock becoming the sole shareholder of TPRe. The Company provided an additional capital contribution of \$70,000,000 to TPRe on June 30, 2020.

### Surplus Note Repayment

On June 22, 2020, the Company repaid \$60,000,000 of a surplus note to Commonwealth General Corporation (CGC). The Company received approval from the Division prior to its repayment of the surplus note.

### Sale of Transamerica Pyramid Property

On February 3, 2020, Transamerica accepted an offer to sell the Transamerica Pyramid property through a signed letter of intent. On June 30, 2020, a final agreement was reached with the seller for a sales price of \$650,000,000. As such, the asset was classified as held for sale beginning on June 30, 2020 until final sale closure. The sale was closed on October 28, 2020.

### Merger

Pursuant to the September 1, 2020, approval of the Iowa Insurance Division and the Iowa Attorney General, effective October 1, 2020, the Company merged with and into TLIC, with TLIC being the surviving entity.



FINANCIAL STATEMENTS  
AND COMMENTS THEREON

Note: The following financial statements are based on the statutory financial statements filed by the Company with the Iowa Insurance Division and present the financial condition of the Company for the period ending December 31, 2019.

## ASSETS

	Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	\$ 17,877,965,260		\$ 17,877,965,260
Preferred stocks	4,955,093		4,955,093
Common stocks	158,425,358		158,425,358
Mortgage loans on real estate:			
First liens	2,737,109,073		2,737,109,073
Real estate:			
Properties held for the production of income	186,893,998		186,893,998
Properties held for sale	744,643		744,643
Cash and cash equivalents	468,180,583		468,180,583
Short-term investments	260,039,793		260,039,793
Contract loans	962,407,520		962,407,520
Derivatives	25,530,845		25,530,845
Other invested assets	1,053,147,980	13,600,790	1,039,547,190
Receivables for securities	116,878		116,878
Securities lending reinvested collateral assets	757,186,228		757,186,228
Other invested asset receivable	1,990,089	1,990,089	0
Subtotals, cash and invested assets	24,494,693,341	15,590,879	24,479,102,462
Investment income due and accrued	227,046,268	482,274	226,563,994
Premiums and considerations:			
Uncollected premiums and agents' balances in the course of collection	38,994,050	113,954	38,880,096
Deferred premiums, agents' balances and installments booked but deferred and not yet due	112,258,558		112,258,558
Reinsurance:			
Amounts recoverable from reinsurers	3,092,246		3,092,246
Funds held by or deposited with reinsured companies	524,066,638		524,066,638
Other amounts receivable under reinsurance contracts	46,373,143		46,373,143
Current federal and foreign income tax recoverable	34,712,576		34,712,576
Net deferred tax asset	566,141,919	334,892,774	231,249,145
Guaranty funds receivable or on deposit	5,960,731		5,960,731
Receivables from parent, subsidiaries and affiliates	28,746,218		28,746,218
Health care and other amounts receivable	88,770,689	88,770,689	0
Company owned life insurance	170,123,691		170,123,691
Accounts receivable	105,658,703	3,568,726	102,089,977
Estimated premium tax offset on provision for GFA	2,124,656		2,124,656
Investment receivable	1,128,182	422,680	705,502
State transferable tax credits	567,969		567,969
Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts	26,450,459,578	443,841,976	26,006,617,602
From Separate Accounts, Segregated Accounts and Protected Cell Accounts	26,508,334,257	0	26,508,334,257
Total assets	\$ 52,958,793,835	\$ 443,841,976	\$ 52,514,951,859

**LIABILITIES, SURPLUS AND OTHER FUNDS**

Aggregate reserve for life contracts	\$	11,828,508,513
Aggregate reserve for accident and health contracts		6,066,092,484
Liability for deposit-type contracts		356,309,330
Contract claims:		
Life		126,564,738
Accident and health		328,858,611
Policyholders' dividends/refunds to members		57,974
Provision for policyholders' dividends and coupons payable in following calendar year-estimated amounts:		
Dividends apportioned for payment		931,624
Premiums and annuity considerations for life and accident and health contracts received in advance		8,800,567
Contract liabilities not included elsewhere:		
Provision for experience rating refunds		7,148,672
Other amounts payable on reinsurance, including \$69,063,341 assumed and \$125,076,870 ceded		194,140,211
Interest maintenance reserve (IMR)		1,039,809,788
Commissions to agents due or accrued - life and annuity contracts		16,056,224
Commissions and expense allowances payable on reinsurance assumed		3,764,010
General expenses due or accrued		2,345,671
Transfers to Separate Accounts due or accrued (net)		(26,477,733)
Taxes, licenses and fees due or accrued, excluding federal income taxes		17,378,482
Unearned investment income		13,833,592
Amounts withheld or retained by company as agent or trustee		37,022,424
Amounts held for agents' account		6,377,893
Remittances and items not allocated		81,713,636
Borrowed money \$1,429,814,412 and interest thereon \$4,601,694		1,434,416,106
Miscellaneous liabilities:		
Asset valuation reserve (AVR)		384,649,827
Reinsurance in unauthorized companies		2,136,501
Funds held under reinsurance treaties with unauthorized reinsurers		419,536,554
Funds held under coinsurance		222,321,919
Derivatives		81,072,195
Payable for securities		84,790,868
Payable for securities lending		757,186,228
Payable for derivative cash collateral		202,298,112
Deferred derivative gain/loss		1,185,782
Interest payable on surplus notes		300,000
Total Liabilities excluding Separate Accounts business		23,699,130,803
From Separate Accounts statement		26,508,334,257
Total liabilities		<u>50,207,465,060</u>
Common capital stock	\$	10,137,150
Surplus notes		60,000,000
Gross paid in and contributed surplus		1,057,861,323
ACA section 9010 estimated assessment		1,334,024
Unassigned funds (surplus)		<u>1,178,154,302</u>
Total capital and surplus		2,307,486,799
Total liabilities, capital and surplus	\$	<u>52,514,951,859</u>

## SUMMARY OF OPERATIONS

Premiums and annuity considerations for life and accident and health policies and contracts	\$ 3,297,090,993
Considerations for supplementary contracts with life contingencies	50,789,706
Net investment income	1,025,200,859
Amortization of interest maintenance reserve (IMR)	69,657,823
Commissions and expense allowances on reinsurance ceded	116,940,396
Reserve adjustments on reinsurance ceded	(287,687,915)
Miscellaneous income:	
Income from fees associated with investment management, administration and contract guarantees from Separate Accounts	284,462,935
Miscellaneous income	(377,640)
Funds withheld assumed investment income	74,767,603
Consideration received on reinsurance recaptured and novations	210,890
Income earned on company owned life insurance	2,997,919
Surrender charges	39,399
Totals	4,634,092,968
Death benefits	376,663,575
Matured endowments	6,502,364
Annuity benefits	318,391,290
Disability benefits and benefits under accident and health contracts	831,057,900
Surrender benefits and withdrawals for life contracts	1,939,576,980
Interest and adjustments on contract or deposit type contract funds	11,566,042
Payments on supplementary contracts with life contingencies	42,234,413
Increase in aggregate reserves for life and accident and health contracts	961,715,015
Totals	4,487,707,579
Commissions on premiums, annuity considerations and deposit-type contract funds	510,834,909
Commissions and expense allowances on reinsurance assumed	1,691,709
General insurance expenses and fraternal expenses	359,872,840
Insurance taxes, licenses and fees, excluding federal income taxes	56,831,640
Increase in loading on deferred and uncollected premiums	(3,720,585)
Net transfers from Separate Accounts net of reinsurance	(1,261,077,596)
Funds withheld ceded investment income	46,679,441
Interest expense on surplus notes	9,433,333
Fines and penalties	43,346
Consideration paid on reinsurance	42,116,335
Write-ins other	355,629
Change in provision for liquidity guarantees	(1,170,194)
Modco reserve adjustment	(7,160,093)
Totals	4,242,438,293
Net gain from operations before dividends to policyholders and federal income taxes	391,654,675
Dividends to policyholders	1,030,087
Net gain from operations after dividends to policyholders and before federal income taxes	390,624,588
Federal and foreign income taxes incurred (excluding tax on capital gains)	40,999,995
Net gain from operations after dividends and taxes	349,624,593
Net realized capital gains (excluding gains (losses) transferred to the IMR) less capital gains tax of \$1,686,395	229,130,328
Net income	\$ 578,754,921



**CAPITAL AND SURPLUS ACCOUNT**

Capital and surplus, December 31, 2018 \$ 1,965,159,703

**GAINS AND (LOSSES) IN SURPLUS**

Net income	\$ 578,754,921	
Change in net unrealized capital gains, less capital gains tax of \$9,535,735	49,710,148	
Change in net unrealized foreign exchange capital gain (loss)	1,987,697	
Change in net deferred income tax	10,084,064	
Change in nonadmitted assets	14,015,318	
Change in liability for reinsurance in unauthorized and certified companies	9,529,582	
Change in reserve on account of change in valuation basis (increase) or decrease	30,451,884	
Change in asset valuation reserve	(66,810,265)	
Change in surplus notes	(100,000,000)	
Surplus adjustment:		
Paid in	4,397	
Change in surplus as a result of reinsurance	(181,854,126)	
Dividends to stockholders	(8,444,338)	
Correction of error	4,897,814	
	<hr/>	
Net change in capital and surplus for the year		342,327,096
Capital and surplus, December 31, 2019		<u><u>\$ 2,307,486,799</u></u>

## CASH FLOW

<b>Cash from Operations</b>	
Premiums collected net of reinsurance	\$ 3,374,816,732
Net investment income	1,049,463,473
Miscellaneous income	119,111,723
Total	\$ 4,543,391,928
Benefit and loss related payments	3,470,951,252
Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts	(1,276,608,825)
Commissions, expenses paid and aggregate write-ins for deductions	1,151,521,641
Dividends paid to policyholders	1,090,868
Federal and foreign income taxes paid	25,440,141
Total	3,372,395,077
Net cash from operations	1,170,996,851
<b>Cash from Investments</b>	
Proceeds from investments sold, matured, or repaid:	
Bonds	3,206,132,677
Stocks	19,063,424
Mortgage loans	154,492,971
Real estate	55,507,843
Other invested assets	110,060,007
Net gains or (losses) on cash, cash equivalents and short-term invest	32,338
Miscellaneous proceeds	305,475,310
Total investment proceeds	3,850,764,570
Cost of investments acquired (long-term only):	
Bonds	4,261,041,753
Stocks	8,648,162
Mortgage loans	458,273,132
Real estate	14,463,795
Other invested assets	309,285,256
Miscellaneous applications	182,030,938
Total investments acquired	5,233,743,036
Net increase (decrease) in contract loans and premium notes	25,523,826
Net cash from investments	(1,408,502,292)

**CASH FLOW (continued)**

**Cash from Financing and Miscellaneous Sources**

Cash provided (applied):		
Surplus notes, capital notes	(100,000,000)	
Capital and paid in surplus, less treasury stock	4,397	
Borrowed funds	144,774,397	
Net deposits on deposit-type contracts and other insurance liabilities	(237,635,274)	
Other cash provided (applied)	<u>256,508,621</u>	
Net cash from financing and miscellaneous sources		<u>63,652,141</u>

**RECONCILIATION OF CASH, CASH EQUIVALENTS  
AND SHORT-TERM INVESTMENTS**

Net change in cash, cash equivalents and short-term investments		(173,853,300)
Cash, cash equivalents and short-term investments:		
Beginning of year		<u>902,073,676</u>
End of year		<u><u>\$ 728,220,376</u></u>

## CONCLUSION

Acknowledgment is hereby made of the cooperation and assistance extended by the officers and employees of the Company during this examination.

The following examiners from INS Regulatory Insurance Services, Inc., assisted the Iowa Insurance Division:

Sarah Lucibello	Field Manager
Jerry L. Kennedy, CFE, CPA	Lead Examiner-in-Charge
Robert J. Rodack, CFE	Financial Regulation Senior Specialist
Mary L. Rodack, CFE, CPA, CPCU	Financial Regulation Senior Specialist
Donna Letterio, CFE, CPA	Financial Regulation Senior Examiner
Dawn B. Harlow, CFE, CPA, CGMA	Financial Regulation Senior Examiner
James W. Davis, CFE, MBA	Financial Regulation Senior Examiner

A review of the information technology system was performed under the direction of David Gordon, of INS Services, Inc.

A review of the Company's reserves was performed under the direction of Frank Edwards, FSA, MAAA of INS Consultants, Inc.

Respectfully submitted,

/s/ Jerry Kennedy  
Jerry L. Kennedy, CFE  
Examiner-in-Charge  
INS Regulatory Insurance Services, Inc. on behalf of the  
Iowa Insurance Division

/s/ Daniel Mathis  
Daniel Mathis, CFE  
Assistant Chief Examiner  
Iowa Insurance Division