



DEPARTMENT OF COMMERCE & INSURANCE

P.O. Box 690, Jefferson City, Mo. 65102-0690

In Re:

TRANSAMERICA LIFE
INSURANCE COMPANY
(NAIC # 468-86231)

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Market Conduct Investigation No. 392159

ORDER OF THE DIRECTOR

NOW, on this 28th day of May, 2024, Director, Chlora Lindley-Myers, after consideration and review of the Stipulation of Settlement and Voluntary Forfeiture (hereinafter “Stipulation”) entered into by the Division of Insurance Market Regulation (hereinafter “Division”), and Transamerica Life Insurance Company (NAIC #468-86231) (hereinafter “TLIC”), relating to the market conduct investigation no. 392159, does hereby issue the following orders:

This order, issued pursuant to §374.046.15¹ and §374.280 is in the public interest.

IT IS THEREFORE ORDERED that TLIC and the Division having agreed to the Stipulation, the Director does hereby approve and agree to the Stipulation.

IT IS FURTHER ORDERED that TLIC shall not engage in any of the violations of statutes and regulations set forth in the Stipulation, shall implement procedures to place it in full compliance with the requirements in the Stipulation and the statutes and regulations of the State of Missouri, shall maintain those corrective actions at all times, and shall fully comply with all terms of the Stipulation.

¹ All references, unless otherwise noted, are to Revised Statutes of Missouri 2016.

IT IS FURTHER ORDERED that TLIC shall pay, and the Department of Commerce and Insurance, State of Missouri, shall accept, the Voluntary Forfeiture of \$37,000.00, payable to the Missouri State School Fund.

IT IS SO ORDERED.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of my office in Jefferson City, Missouri, this 28th day of May, 2024.



Chlora Lindley Myers
Chlora Lindley-Myers
Director

**IN THE DEPARTMENT OF COMMERCE AND INSURANCE
STATE OF MISSOURI**

In Re:)
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TRANSAMERICA LIFE) **Market Conduct Investigation No. 392159**
INSURANCE COMPANY)
(NAIC # 468-86231))
)

STIPULATION OF SETTLEMENT AND VOLUNTARY FORFEITURE

It is hereby stipulated and agreed by the Division of Insurance Market Regulation (hereinafter the “Division”), and Transamerica Life Insurance Company (hereinafter “TLIC”), as follows:

WHEREAS, the Division is a unit of the Missouri Department of Commerce and Insurance (hereinafter the “Department”), an agency of the State of Missouri, created and established for administering and enforcing all laws in relation to insurance companies doing business in the State of Missouri;

WHEREAS, TLIC has been granted a certificate of authority to transact the business of insurance in the State of Missouri;

WHEREAS, the Division conducted a market conduct investigation of TLIC, investigation no. 392159 (“Investigation”);

WHEREAS, based on the Investigation of TLIC, the Division alleges that:

1. In 64 instances, TLIC did not effectuate timely change of group certificate holder / policy ownership according to the age of majority (“AOM”) provision found in whole life insurance policies acquired from Veterans Life Insurance Company, in violation of §§ 375.445.1(2), 375.936(13), and 375.934(2) RSMo.¹

¹ All statutory references, unless otherwise noted, are to the 2016 Revised Statutes of Missouri.

2. In four instances, TLIC processed automatic premium loans and executed non-forfeiture actions when individuals without valid ownership rights ceased making premium payments, and failed to notify the rightful owner of these actions, in violation of §§ 375.445.1(2), 375.936(13), and 375.934(2).

WHEREAS, TLIC denies that its activities constituted a failure to act in good faith in carrying out its contracts under section 375.445.1(2); and

WHEREAS, the Division and TLIC have agreed to resolve the issues raised in the Investigation as follows:

A. **Scope of Agreement.** This Stipulation of Settlement and Voluntary Forfeiture (hereinafter “Stipulation”) embodies the entire agreement and understanding of the signatories with respect to the subject matter contained herein. The signatories hereby declare and represent that no promise, inducement or agreement not herein expressed has been made, and acknowledge that the terms and conditions of this agreement are contractual and not a mere recital.

B. **Remedial Action.** TLIC agrees to take remedial action bringing it into compliance with the statutes and regulations of Missouri and agrees to maintain those remedial actions at all times. Such remedial actions shall include the following:

1. TLIC agrees to establish systems and processes to ensure TLIC timely effectuates ownership changes in accordance with policy and certificate provisions.

2. TLIC agrees to conduct an audit of all individual life insurance policies and group life certificates issued in Missouri, on the life of an insured who was under the age of 26 when the policy or certificate was issued, that have not previously been audited and were in force at any time since January 1, 2019, to verify that TLIC has fulfilled their obligation under the age of majority (“AOM”) provisions of their contracts. TLIC agrees to take the following actions for all policies where overdue AOM ownership changes are made:

- a. TLIC shall make best efforts to contact all impacted insured-owners by sending written correspondence to the appropriate mailing address of each insured-owner. In order to identify the appropriate address, TLIC shall utilize a professional address location system such as TLOxp from TransUnion to attempt to locate and update the mailing address of each insured-owner;
- b. For all impacted insured-owners not separately identified in section B.2(d), (e), and (f) of this Stipulation, TLIC shall send written notice of the ownership change; the amount of insurance provided by the policy or certificate; the premium obligation to maintain such coverage; their right to cancel or surrender the policy or certificate; and their right to request a specimen copy of their policy or certificate;
- c. TLIC further agrees, where impacted policy or certificate ownership should have transferred to the insured due to the contractual date of the applicable AOM provision, and a policy loan was issued after the contractual AOM date to an individual other than the insured-owner, to forgive the post AOM loan and restore the policy or certificate value to the value as if the post AOM loan had not occurred. TLIC shall send such insured-owners the written notice described in section B.2(b) of this Stipulation;
- d. For all impacted policies or certificates which were surrendered by someone other than the insured-owner after the contractual AOM date, TLIC shall offer to 1) reinstate the policy or certificate without evidence of insurability provided that the insured-owner pay any outstanding loan taken prior to the contractual AOM date or 2) issue payment for the cash surrender value as of the contractual AOM date together with interest pursuant to § 374.191 to the insured-owner. In this offer, TLIC shall, at a minimum, set out: the amount of premium which would be required

annually to maintain the policy or certificate values if the insured-owner accepts this offer; the face value of the policy or certificate; and the cash surrender value of the policy or certificate as of the contractual AOM date. If the insured-owner accepts option 1) of this offer, TLIC shall not collect back premiums which were due from the time the insured reached the contractual AOM date to the time of reinstatement. Any payment issued under option 2) shall be accompanied by a letter stating that as a result of a Missouri Market Conduct Investigation, it was determined that the payment was owed;

- e. For all policies or certificates which were subject to a non-forfeiture conversion after the insured-owner reached the contractual AOM date but before the ownership change, TLIC shall offer to 1) reinstate the policy or certificate without evidence of insurability provided that the insured-owner pay any outstanding loan taken prior to the contractual AOM date or 2) issue payment for the cash surrender value as of the contractual AOM date to the insured-owner. In this offer, TLIC shall, at a minimum, set out: the amount of premium which would be required annually to maintain the policy or certificate values if the insured-owner accepts this offer; the face value of the policy or certificate; and the cash surrender value of the policy or certificate as of the contractual AOM. If the insured-owner accepts option 1) of this offer, TLIC shall not collect back premiums which were due from the time the insured reached contractual AOM to the time of reinstatement. Any payment issued under option 2) shall be accompanied by a letter stating that as a result of a Missouri Market Conduct Investigation, it was determined that the payment was owed;
- f. For all policies or certificates which lapsed after the contractual AOM date and prior to the ownership change, TLIC shall offer to 1) reinstate the policy or

certificate without evidence of insurability provided that the insured-owner pay any outstanding loan taken prior to the contractual AOM date or 2) issue payment for the cash surrender value as of the contractual AOM date to the insured-owner. In this offer, TLIC shall, at a minimum, set out: the amount of premium which would be required annually to maintain the policy or certificate values if the insured-owner accepts this offer; the face value of the policy or certificate; and the cash surrender value of the policy or certificate as of the contractual AOM date. If the insured-owner accepts option 1) of this offer, TLIC shall not collect back premiums which were due from the time the insured reached the contractual AOM date to the time of reinstatement. Any payment issued under option 2) shall be accompanied by a letter stating that as a result of a Missouri Market Conduct Investigation, it was determined that the payment was owed.

3. TLIC agrees to provide documentation showing that it corrected the certificate values for Certificate No. XXXXXX8490 reviewed during the investigation. If the insured-owner declines to pay to maintain the certificate past 2002, then TLIC shall offer to cash surrender the certificate based on the value in 2002 as of the AOM ownership change due date.

4. From the results of the audit conducted pursuant to section B.2 above, if the policy or certificate had a non-forfeiture status applied after the now deceased insured should have become the policy or certificate owner and had a subsequent claim, TLIC agrees to make payment to the claimant(s) in the amount necessary to increase the death benefit to the face amount as of the contractual AOM date non-forfeiture conversion minus any premiums that should have been paid to maintain the original face value of the policy or certificate, and minus any outstanding loan amounts where the loan was made prior to the contractual AOM date. Said payment shall include interest in the amount determined by § 374.191, from the date of death to the date of restitution

payment. TLIC shall include a letter with the payment stating that as a result of a Missouri Market Conduct Investigation, it was determined that the payment was owed.

C. **Compliance.** TLIC agrees to file documentation pursuant to § 374.190 with the Division, in a format acceptable to the Division, within 120 days of the entry of an Order approving this Stipulation, of any remedial action taken to implement compliance with the terms of this Stipulation. TLIC and the Division may mutually agree upon any reasonable extensions necessary for TLIC to provide documentation of remedial action.

D. **Voluntary Forfeiture.** TLIC agrees, voluntarily and knowingly, to surrender and forfeit the sum of \$37,000.00, such sum payable to the Missouri State School Fund, in accordance with §§ 374.049.11 and 374.280.2.

E. **Waivers.** TLIC, after being advised by legal counsel, does hereby voluntarily and knowingly waive any and all rights to procedural requirements, including notice and an opportunity for a hearing, and review or appeal by any trial or appellate court, which may have otherwise applied to the Investigation.

F. **Non-Admission.** In light of the complicated issues raised and the probability that long-term litigation and/or administrative proceedings would be required to resolve the disputes between the parties hereto, the Company has agreed to resolve all regulatory issues relating to the Investigation through this Stipulation. It is the position of the Company that this Stipulation is a compromise of disputed facts and legal allegations and that the signing of this Stipulation and the Company's consent to take the remedial actions required by it, if any, and to pay the voluntary forfeiture set forth in it, if any, does not constitute an admission of wrongdoing or liability on its part and is done to fully and completely resolve the Investigation. The Company is voluntarily entering into this Stipulation solely for the purpose of reaching a compromise and settlement to fully and finally resolve all issues raised in the Investigation without the need for a hearing or further

administrative action as to the Investigation.

G. **Amendments.** No amendments to this Stipulation shall be effective unless made in writing and agreed to by authorized representatives of the Division and TLIC.

H. **Governing Law.** This Stipulation shall be governed and construed in accordance with the laws of the State of Missouri.

I. **Authority.** The signatories below represent, acknowledge and warrant that they are authorized to sign this Stipulation, on behalf of the Division and TLIC, respectively.

J. **Counterparts.** This Stipulation may be executed in multiple counterparts, each of which shall be deemed an original and all of which taken together shall constitute a single document. Execution by facsimile or by electronically transmitted signature shall be fully and legally effective and binding.

K. **Effect of Stipulation.** This Stipulation shall not become effective until entry of an Order by the Director of the Department (hereinafter "Director") approving this Stipulation.

L. **Request for an Order.** The signatories below request that the Director issue an Order approving this Stipulation and ordering the relief agreed to in the Stipulation, and consent to the issuance of such Order.

DATED: May 6, 2024



Teresa Kroll
Chief Market Conduct Examiner
Division of Insurance Market Regulation

DATED: 04/25/2024

Kimberly King

Name: Kimberly King
Title: Head of Life Operations
Transamerica Life Insurance Company