



Report on

Market Conduct Examination

of

Transamerica Premier Life Insurance Company

Cedar Rapids, Iowa

by Representatives of the

North Carolina Department of Insurance

as of

February 18, 2021

TABLE OF CONTENTS

SALUTATION	1
SCOPE OF EXAMINATION	2
EXECUTIVE SUMMARY.....	2
POLICYHOLDER TREATMENT.....	3
Department of Insurance Consumer Complaints.....	3
Non-Department of Insurance Consumer Complaints	4
MATURITIES AND RESCISSIONS.....	5
Individual Life Policy Maturities.....	5
Individual Life Policy Rescissions	5
CLAIM PRACTICES.....	6
Individual Life Claims Denied.....	6
Individual Life Claims Paid.....	6
Individual Cancer Claims Denied	7
Individual Cancer Claims Paid.....	8
COMMENTS, RECOMMENDATIONS, AND DIRECTIVES	8
CONCLUSION.....	9

Raleigh, North Carolina
February 18, 2021

Honorable Michael Causey
Commissioner of Insurance
Department of Insurance
State of North Carolina
Albemarle Building
325 N. Salisbury Street
Raleigh, North Carolina 27603

Honorable Doug Ommen
Commissioner of Insurance
Iowa Insurance Division
1963 Bell Avenue, Suite 100
Des Moines, Iowa 50315

Honorable Commissioners:

In accordance with the provisions of North Carolina General Statute (NCGS) 58-2-131 through 58-2-134, a target examination has been made of the market conduct activities of the following entity:

Transamerica Premier Life Insurance Company
(NAIC #66281)
NAIC Exam Tracking System Exam Number: NC-NC094-17
Cedar Rapids, Iowa
(hereinafter generally referred to as the Company)

The examination was conducted at the Company's home office located at 4333 Edgewood Road NE, Cedar Rapids, Iowa and at the North Carolina Department of Insurance (Department) office located at 325 N. Salisbury Street, Raleigh, North Carolina. A report thereon is respectfully submitted.

SCOPE OF EXAMINATION

This examination commenced on May 20, 2019 and covered the period of January 1, 2016 through December 31, 2018. Analyses of certain operations of the Company were concluded during the Wrap-Up Conference which was held December 17, 2020. This action was taken due to market analysis of the policyholder treatment, policy maturities, rescissions and claims practices. All comments made in this report reflect conditions observed during the periods of the examination.

This examination was performed in accordance with auditing standards established by the Department and procedures established by the National Association of Insurance Commissioners (NAIC). The scope of this examination was not comprehensive but included a limited review of the Company's practices and procedures in policyholder treatment, policy maturities, policy rescissions and claims practices. The findings and conclusions contained within the report are based solely on the work performed and are referenced within the appropriate sections of the examination report.

It is the Department's practice to cite companies in violation of a statute or rule when the results of a sample show errors/non-compliance that fall outside certain tolerance levels. The Department applied a 0 percent tolerance level for consumer complaints, 7 percent tolerance level for claims practice and 10 percent for all other areas reviewed. When errors are detected in a sample, but the error rate is below the applicable threshold for citing a violation, the Department issues a reminder to the company.

EXECUTIVE SUMMARY

This market conduct target examination revealed concerns with Company procedures and practices in the following areas:

Policyholder Treatment –

- Failure to log Departmental complaints into the complaint register and include required information
- Failure to respond to complaints within seven calendar days of receipt of claim

Claims Practices –

- Failure to send notification within 30 calendar days after receipt of claims
- Failure to send status report every 45 days until claim was settled

Specific violations are noted in the appropriate section of this report. All North Carolina General Statutes and rules of the North Carolina Administrative Code cited in this report may be viewed on the North Carolina Department of Insurance Website <https://www.ncdoi.gov/insurance-industry/market-regulation>.

This examination identified various statutory violations which may extend to other jurisdictions. The Company is directed to take immediate corrective action to demonstrate its ability and intention to conduct business in North Carolina per its insurance laws and regulations.

All statutory violations may not have been discovered or noted in this report. Failure to identify statutory violations in North Carolina or in other jurisdictions does not constitute acceptance of such violations.

POLICYHOLDER TREATMENT

Department of Insurance Consumer Complaints

The Company's complaint handling procedures were reviewed to determine compliance with applicable North Carolina statutes and rules. The Company's complaint register was reconciled with a listing furnished by the Consumer Services Division of the Department. The Company did not log each Departmental complaint into the complaint register and did not include the required information. The Company was deemed to be in violation of the provisions of Title 11 of the North Carolina Administrative Code (NCAC) Chapter 19, Section 0103.

Fifty of the 172 complaints from the Department's listing were randomly selected for review. The following table displays the types of complaints received for each year of the examination:

Type	2016	2017	2018
Administrative Related	9	12	11
Agent Related	0	1	5
Claim Related	2	8	1
Underwriting Related	0	0	1
Total	11	21	18

Five complaint files (10.0 % error ratio) were not responded to within seven calendar days of receipt and no extension was requested or granted. The Company was deemed to be in violation of the provisions of 11 NCAC 1.0602.

One complaint file (2.0 % error ratio) referenced a claim in which proof of loss forms were not furnished to the claimant within 15 days after notice of loss. The Company was reminded of the provisions of NCGS 58-3-40.

The average service time to respond to a Departmental complaint was six calendar days. A chart of the service time follows:

Service Days	Number of Files	Percentage of Total
1 – 7	43	86.0
8 – 14	6	12.0
Over 14	1	2.0
Total	50	100.0

Non-Department of Insurance Consumer Complaints

As a result of the Department's market surveillance activities, 50 Non-Department of Insurance consumer complaints from a population of 118 were randomly selected and reviewed to determine adherence to Company guidelines and compliance with applicable North Carolina statutes and rules. No adverse trends or unfair trade practices were observed in this section of the examination.

The following table displays the types of complaints received for each year of the examination:

Type	2016	2017	2018
Administrative Related	9	16	12
Agent Related	1	1	3
Claim Related	2	1	2
Underwriting Related	0	1	2
Total	12	19	19

The average service time to respond to a Non-Departmental complaint was 20 calendar days. A chart of the service time follows:

Service Days	Number of Files	Percentage of Total
1 – 7	9	18.0
8 – 14	7	14.0
15 – 21	15	30.0
22 – 30	15	30.0
31 - 60	1	6.0
Over 60	1	2.0
Total	50	100.0

POLICY MATURITIES AND RESCISSIONS

Individual Life Policy Maturities

The Company's practices regarding matured policies were reviewed to determine adherence to Company guidelines and compliance with applicable North Carolina statutes and rules.

The Company provided a listing of 27,765 individual life policy maturity files. One hundred individual life policy maturity files were randomly selected for review. No adverse trends or unfair trade practices were observed in this section of the examination.

Individual Life Policy Rescissions

The Company's practices regarding rescinded policies were reviewed to determine adherence to Company guidelines and compliance with applicable North Carolina statutes and rules.

The Company provided a listing of 306 individual life rescission files. Fifty individual life policy rescission files were randomly selected for review. No adverse trends or unfair trade practices were observed in this section of the examination.

The average service time to process a rescission was 196 calendar days. A chart of the service time follows:

Service Days	Number of Files	Percentage of Total
1 – 7	1	2.0
8 – 14	1	2.0
15 – 21	1	2.0
Over 60	47	94.0
Total	50	100.0

CLAIMS PRACTICES

Individual Life Claims Denied

The Company's claims practices were reviewed to determine adherence to Company guidelines and compliance with applicable North Carolina statutes and rules.

The Company provided a listing of 505 individual life claims denied files. Fifty individual life claims denied files were randomly selected for review.

One file (2% error ratio) referenced a waiver of premium request, not a denied claim and was considered an invalid receipt. The Company was reminded of the provisions of NCGS 58-3-131(i), 58-2-185 and 11 NCAC 19.0105. The review and survey were based on the remaining 49 claim files.

The average service time to process a claim denial was 102 calendar days. A chart of the service time follows:

Service Days	Number of Files	Percentage of Total
1 - 7	4	8.2
8 - 14	8	16.3
15 - 21	10	20.4
22 - 30	9	18.3
31 - 60	4	8.2
Over 60	14	28.6
Total	49	100.0

Individual Life Claims Paid

The Company's claims practices were reviewed to determine adherence to Company guidelines and compliance with applicable North Carolina statutes and rules.

The Company provided a listing of 20,445 individual life claims paid files. One hundred individual life claims paid files were randomly selected for review. No adverse trends or unfair trade

practices were observed in this section of the examination.

The average service time to process a claim payment was 123 calendar days. A chart of the service time follows:

Service Days	Number of Files	Percentage of Total
1 – 7	3	3.0
8 – 14	10	10.0
15 – 21	22	22.0
22 – 30	11	11.0
31 - 60	22	22.0
Over 60	32	32.0
Total	100	100.0

Individual Cancer Claims Denied

The Company's claims practices were reviewed to determine adherence to Company guidelines and compliance with applicable North Carolina statutes and rules.

The Company provided a listing of 227 individual cancer claims denied files. Fifty individual life claims denied files were randomly selected for review.

Four individual cancer claims denied files (8.0 % error ratio) contained evidence that the Company did not send notification within 30 days of receipt of claim and status reports were not sent every 45 days until claim was settled. The Company is deemed to be in violation of the provisions of NCGS 58-3-100 (c).

The average service time to process a claim payment was 18 calendar days. A chart of the service time follows:

Service Days	Number of Files	Percentage of Total
1 – 7	5	10.0
8 – 14	20	40.0
15 – 21	16	32.0
22 – 30	3	6.0
31 – 60	4	8.0
Over 60	2	4.0
Total	50	100.0

Individual Cancer Claims Paid

The Company's claims practices were reviewed to determine adherence to Company guidelines and compliance with applicable North Carolina statutes and rules.

The Company provided a listing of 679 individual cancer claims paid files. Fifty individual life claims paid files were randomly selected for review.

Seven individual cancer claims paid files (14.0 % error ratio) contained evidence that the Company did not send notification within 30 days of receipt of claim and status reports were not sent every 45 days until claim was settled. The Company is deemed to be in violation of the provisions of NCGS 58-3-100 (c).

The average service time to process a claim payment was 22 calendar days. A chart of the service time follows:

Service Days	Number of Files	Percentage of Total
1 – 7	5	10.0
8 – 14	12	24.0
15 – 21	13	26.0
22 – 30	10	20.0
31 - 60	8	16.0
Over 60	2	4.0
Total	50	100.0

COMMENTS, RECOMMENDATIONS, AND DIRECTIVES

The Company is directed to respond to consumer complaints received from the Department within 7 calendar days, log each complaint in the complaint register and include the required information. The Company is also directed to send notification to the claimant within 30 days of receipt of the claim and send status reports every 45 days until the claim is paid or denied.

Upon acceptance of the Report the Company shall provide the Department with a statement of corrective action plan to address the violations identified during the examination. The Department will conduct a future investigation, if warranted, to determine if the Company successfully implemented its statement of corrective action.

CONCLUSION

A target examination has been conducted on the market conduct affairs of Transamerica Premier Insurance Company for the period January 1, 2016, through December 31, 2018.

This examination was conducted in accordance with the North Carolina Department of Insurance and the National Association of Insurance Commissioners Market Regulation Handbook procedures, including analyses of Company operations in the areas of consumer complaints, policy maturities, policy rescissions, and claims practices.

In addition to the undersigned, Shane E. Jordan, MHS, MCM, North Carolina Market Conduct Senior Examiner participated in this examination.

Respectfully submitted,



Vicki S. Royal, CPM, MCM, ACS, AIAA, AIRC
Examiner-In-Charge
Market Regulation Division
State of North Carolina

I have reviewed this examination report and it meets the provisions for such reports prescribed by this Division and the North Carolina Department of Insurance.



Teresa Knowles, ACS
Deputy Commissioner
Market Regulation Division
State of North Carolina