

Life Insurer Financial Analysis

Company Transamerica
Life Ins

Ratings

A.M. Best Company (Best's Rating, 15 ratings)	A
Standard & Poor's (Financial Strength, 20 ratings)	AA-
Moody's (Financial Strength, 21 ratings)	A1
Fitch Ratings (Financial Strength, 21 ratings)	AA

Asset Analysis

Total Admitted Assets	101,455,188
Total Liabilities	96,428,363
Separate Accounts	33,205,532
Total Surplus & AVR	5,895,512
As % of General Account Assets	8.6%

Invested Assets	65,253,834
Bonds (%)	72.3%
Stocks (%)	1.8%
Mortgages (%)	14.3%
Real Estate (%)	0.2%
Policy Loans (%)	1.2%
Cash & Short-Term (%)	6.0%
Other Invested Assets (%)	<u>4.2%</u>
	100.0%

Net Yield on Mean Invested Assets	
2009 (Industry Average 4.63%)	4.50%
2008 (Industry Average 5.40%)	5.39%
2007 (Industry Average 5.63%)	5.68%
2006 (Industry Average 5.54%)	5.60%
2005 (Industry Average 5.52%)	5.44%
5 Year Average (Industry Average 5.34%)	5.32%

Total Investment Return	
2009 (Industry Average 4.72%)	2.95%
2008 (Industry Average 3.36%)	5.46%
2007 (Industry Average 5.74%)	6.42%
2006 (Industry Average 6.06%)	7.05%
2005 (Industry Average 5.80%)	5.78%
5 Year Average (Industry Average 5.14%)	5.53%

Asset Growth	
2009 Total Admitted Assets	101,455,188
1-Year Growth	-2.3%
3-Year Compound Growth	-4.0%
2009 Total Surplus & AVR	5,895,512
1-Year Growth	-4.9%
3-Year Compound Growth	-5.6%

Data for Year-End 2009 from the life insurance companies' statutory annual statements. All dollar amounts are in thousands. All ratings shown are current as of June 15, 2010.

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Asset Quality Analysis

Non-Investment Grade Bonds (Class 3 - 6)	
Non-Investment Grade Bonds/Total Bonds	11.7%
Non-Investment Grade Bonds/Surplus & AVR	99.3%
Non-Performing Bonds (Class 6)	
Non-Performing Bonds/Total Bonds	0.4%
Non-Performing Bonds/Surplus & AVR	3.8%
Non-Performing Mortgages & Real Estate	
Non-Performing Mort & R.E./ Total Mort & R.E.	0.1%
Non-Performing Mort & R.E./Surplus & AVR	0.1%
Non-Performing Assets/Surplus & AVR	
Bonds In or Near Default	3.8%
Problem Mortgages	0.0%
Real Estate Acquired by Foreclosure	<u>0.1%</u>
Total Non-Performing Assets/Surplus & AVR	3.9%
As a Percent of Invested Assets	0.4%

Bond Portfolio Analysis

Total Bonds Book Value	47,161,769
Total Bonds Market Value	45,480,766
Bonds Market Value/BookValue	96.4%
Quality	
Class 1: Highest Quality	59.4%
Class 2: Higher Quality	29.0%
Class 3: Medium Quality	4.9%
Class 4: Low Quality	4.0%
Class 5: Lower Quality	2.3%
Class 6: In or Near Default	0.4%
Weighted Bond Class	1.6
Maturity	
1 Year or Less	12.2%
1 to 5 Years	33.6%
5 to 10 Years	28.4%
10 to 20 Years	9.7%
Over 20 Years	16.1%
Weighted Bond Maturity (Years)	8.7

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Operating Income Analysis

Total Income	12,143,931
Total General Expenses	762,309
Total General Expenses/Total Income	6.3%
Earnings Before Policy Dividends & Taxes	600,164
Policy Dividends	11,010
Policy Dividends/Earnings	<u>1.8%</u>
Pretax Earnings from Operations	589,154
Federal Income Taxes	-11,895
Income Taxes/Pretax Earnings	<u>-2.0%</u>
Net Earnings from Operations	601,050
Net Realized Capital Gains	<u>-700,521</u>
Net Income	-99,471
As % of Admitted Assets	-0.1%
Unrealized Capital Gains	-381,912

Premium Growth

2009 Total Premium Income	8,085,118
1-Year Growth	8.2%
3-Year Compound Growth	2.4%
2009 Ordinary Life Premium	1,258,826
1-Year Growth	-33.5%
3-Year Compound Growth	-9.8%

Profitability

Return on Assets	0.6%
Return on Equity	12.2%
2009 Lapse Ratio	8.8%
3-Year Average Lapse Ratio	10.6%
Net Investment Income	3,073,157
Required Interest	1,798,714
Interest Margin	70.9%
Ordinary Life Expenses/Premiums	7.4%
General Expenses/Total Income	6.3%
Commissions & General Expenses/Total Income	10.2%

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Analysis of Face Amount of Insurance

Total Insurance In Force	1,155,823,618
Ordinary Life	97.9%
Group Life	1.8%
Other	0.3%
Total Reinsurance Ceded	936,263,333
% of In Force Ceded	
Ordinary Life	82.2%
Group Life	20.9%
Other	42.7%
Ordinary Life Policies In Force	13,378,694
Average Policy Size (in dollars)	84,570
Ordinary Life Policies Issued in 2009	140,020
Average Policy Size (in dollars)	301,814

Analysis by Line of Business

Net Premiums Written	8,085,118
Individual	
Life	15.6%
Annuities	40.5%
Health	5.7%
Group	
Life	1.5%
Annuities	33.7%
Health	2.8%
Credit Life & Health	0.3%
Other Lines	0.0%
Net Earnings from Operations	601,050
Individual	
Life	34.3%
Annuities	-39.0%
Health	20.3%
Group	
Life	6.1%
Annuities	74.4%
Health	1.6%
Credit Life & Health	2.4%
Other Lines	0.0%

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