

# TRANSAMERICA LIFE (BERMUDA) LTD.

## Enduring Strength Lasting Value



FALL 2011

At Transamerica Life (Bermuda) Ltd. (TLB), we take very seriously the trust our policyholders place in us to help ensure their financial security. Since 1906, when the original Transamerica life insurance company was founded, we have navigated through good times and tough times. Throughout our history, TLB has remained resilient, strong and dedicated to helping policyholders protect their financial future.

We accomplish this by:

- Delivering on our long-term commitments,
- Maintaining a prudent risk management culture,
- Implementing effective capital and liquidity strategies, and
- Adhering to a sound and disciplined investment philosophy.

Both TLB and its parent company, Transamerica Life Insurance Company (TLIC), are AEGON companies. As an international life insurance, pension and asset management company based in The Hague, AEGON has businesses in over twenty markets in the Americas, Europe and Asia. AEGON companies employ approximately 27,500 people and have some 40 million customers across the globe.

### Financial Data

U.S. Statutory Basis as of June 30, 2011

	Transamerica Life Bermuda (in USD millions)	Transamerica Life Insurance Company (in USD millions)
Total Assets	\$1,730	\$106,713
Total Liabilities	\$1,092	\$101,437
Net Worth	\$638	\$5,276*

\* Includes Asset Valuation Reserve

### Financial Strength Ratings

TLB has received the same high rating as TLIC from Standard & Poor's, one of the industry's most respected independent rating services. TLB and TLIC are rated "AA-" (Very Strong) by Standard & Poor's. TLIC is also rated by A.M. Best, Moody's and Fitch. All ratings are as of August 19, 2011.

	A.M. Best	Moody's	Fitch	Standard & Poor's
Transamerica Life Insurance Company	A+	A1	AA-	AA-
Transamerica Life Bermuda				AA-

**A.M. Best:** An insurer rating of A+ is considered '**superior**'. Best's Financial Strength Rating is an opinion of an insurer's ability to meet its obligations to policyholders. This is the second highest rating of 16 ratings in the A.M. Best scale.

**Moody's:** Insurance companies rated A1 offer '**good**' financial security. The A1 rating is the fifth highest of 21 ratings in the Moody's scale.

**Fitch:** AA- ratings indicate '**very strong**,' denoting a very low expectation of ceased or interrupted payments. They indicate very strong capacity to meet policyholder and contract obligations on a timely basis. The AA- rating is the fourth highest of 19 ratings in the Fitch scale.

**Standard & Poor's:** An insurer rated AA- has '**very strong**' financial security characteristics. This is the fourth highest rating of 21 ratings in the S&P scale.

*Note: All data as of June 30, 2011 except where noted*

## Policyholder Safeguards

TLB is a Bermuda insurer, subject to the Bermuda Insurance Law and governed by the Bermuda Monetary Authority (BMA). The BMA supervises, regulates and inspects financial institutions operating in or from the jurisdiction. TLB exceeds the solvency requirements set forth by the BMA.

As an authorized insurer in Hong Kong, TLB's Hong Kong branch office is also subject to regulatory oversight by the Hong Kong Insurance Authority (HKIA). The HKIA protects the interest of policyholders with stringent controls on operations of life insurance companies. For example, the assets and liabilities are separately accounted for in the books and records, and the HKIA requires regular reports.

To further protect the security of policyholders, the HKIA also prescribes the method and assumptions for valuing liabilities and the level of assets relative to liabilities that an insurance company must maintain. TLB meets the regulatory requirements of the HKIA, including fulfilling minimum paid-up capital, and the maintenance of an excess of assets over liabilities of not less than the required solvency margin. TLB has an appointed actuary who is responsible for the regular monitoring of its solvency position.

While solvency position is an important factor in considering the relative strengths of insurance companies, it is not the only consideration. Other important factors include the company's financial strength rating (please see previous page) and any guarantees or agreements that protect the security of policyholders' benefits.

TLIC provides two additional levels of reassurance and support for TLB policyholders.

The first is a Claims Payment Guarantee which TLIC provides to every TLB policyholder. It provides that in the unlikely event TLB fails to pay a valid claim in accordance with the terms of the insurance policy solely by reason of becoming insolvent (as defined by Bermuda law), then TLIC, to the extent permitted by applicable insolvency laws, will pay the amount of the claim directly to the policyholder or the named beneficiary.

The second is an agreement between TLIC and TLB under which TLIC will provide financial assistance to TLB (if needed) in order to maintain appropriate levels of capital and liquidity.

In summary, TLB's regulatory compliance, high financial strength rating, Claims Payment Guarantee and support from its parent company all provide strong safeguards to protect policyholder benefits.

# Safety

# Security



*Note: All data as of June 30, 2011 except where noted*

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## Delivering on Our Long-term Commitments

At TLB, our aim is to deliver long-term value and profitable growth – within a proven culture of disciplined risk management. TLB uses Asset Liability Management (ALM) practices which include taking into consideration liquidity management, credit risk diversification, concentration limits, appropriate asset allocation and duration matching. This approach has been instrumental in driving our solid financial results and it supports our commitment to serving the long-term prospects of our policyholders. Our disciplined approach to pricing our products and managing risk helps ensure profitability and sustainable growth into the future.

## A Prudent Risk Management Culture

Managing risk is integral to the way we conduct our business. The team that manages our investment portfolio is comprised of dedicated and talented risk management professionals who have decades of experience and the expertise to ensure our financial strength is maintained well into the future. They stay abreast of economic changes, following strict risk measuring, reporting and monitoring processes and make adjustments as market conditions warrant. Every step we take is with one goal in mind: honoring our commitments to policyholders.

## Effective Capital and Liquidity Strategies

TLB maintains strong capital levels and ample liquidity. While we are not immune to events in the financial markets, we have managed our investments to ensure that we have a sufficient level of highly liquid assets in order to meet the cash needs of policyholders. Liquidity and capital are monitored closely so we can respond quickly to changing market conditions. With the recent downgrade of US debt from AAA to AA+ by the rating agency Standard and Poor's, we have assessed the risks to TLB and believe the potential impact to TLB's investment portfolio and capital position is limited. TLB has ample liquidity to meet its obligations and the cash needs of our policyholders. Our general practice has been to maintain sufficient levels of liquidity allowing us to avoid being a forced seller of assets in adverse market conditions.

## Sound and Disciplined Investment Philosophy

TLB investment philosophy is consistent with the nature of our business, which is the financial promise we make to our policyholders for the future. To ensure we deliver on that promise, we take a long-term and conservative approach to investing the premiums we receive. The disciplined investment team understands the full spectrum of risk and how to balance risk and reward in order to find the most compelling total return opportunities.

# Stability



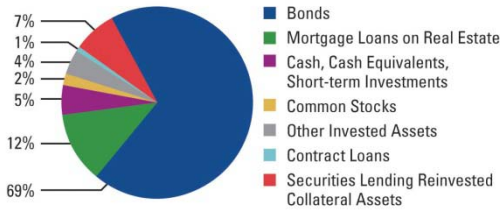
# Strength



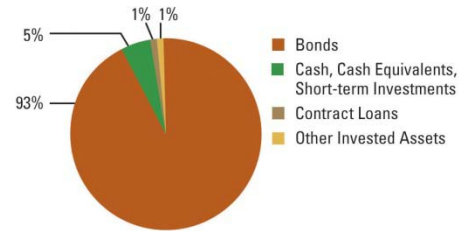
*Note: All data as of June 30, 2011 except where noted.*

## TLIC Investment Portfolio

### General Account Assets Only



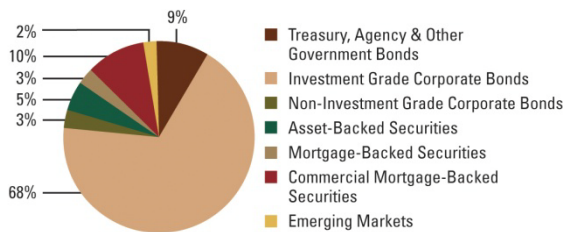
## TLB Investment Portfolio



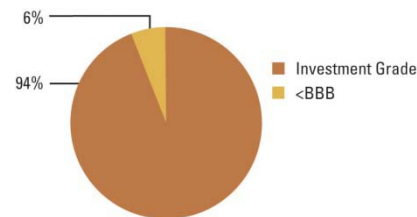
*The portfolio is conservatively positioned to limit exposure to Below-Investment Grade bonds.*

## TLB Investment Portfolio Detail

### Bond Type



### Bond Rating Allocation



TLB's high quality bond portfolio is diversified across bond types, issuers, and sectors.

- 100% of Commercial Mortgage-Backed Securities are investment grade.
- 68% of Asset-Backed Securities are investment grade, with 40% rated AAA.

TLB holds a limited amount of Below-Investment Grade bonds and will not necessarily divest from bonds that have fallen below Investment Grade when TLB believes they continue to have good value. Employing a system of diversification, proper risk management and valuation, and sound security selection, TLB can add value and enhanced performance to its overall bond portfolio by holding a limited amount of Below-Investment Grade bonds as well as bonds from emerging markets.

## Transamerica Life (Bermuda) Ltd.

Hong Kong Branch Office

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[www.transamerica.com.hk](http://www.transamerica.com.hk)

Life insurance policies are issued by Transamerica Life (Bermuda) Ltd., incorporated in Hamilton, Bermuda. Policies are only available in Hong Kong and Singapore.

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