

# STATE OF CONNECTICUT

## INSURANCE DEPARTMENT

### ORDER ADOPTING REPORT OF EXAMINATION

I, Katharine L. Wade, Insurance Commissioner of the State of Connecticut, having fully considered and reviewed the Examination Report (the "Report") of VOYA Retirement Insurance and Annuity Company (the "Company") as of December 31, 2014, do hereby adopt the findings and recommendations contained therein based on the following findings and conclusions.

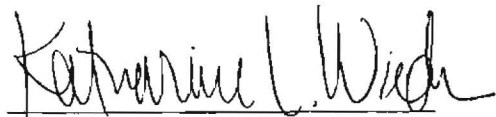
#### **TO WIT:**

1. I, Katharine L. Wade, Insurance Commissioner of the State of Connecticut, and as such is charged with the duty of administering and enforcing the provisions of Title 38a of the Connecticut General Statutes ("C.G.S.").
2. The Company is a domestic insurer authorized to transact the business of insurance in the State of Connecticut.
3. On February 11, 2016, the verified Report of the Company was filed with the Connecticut Insurance Department (the "Department").
4. In accordance with C.G.S. §38a-14(e)(3), the Company was afforded a period of thirty (30) days within which to submit to the Department a written submission or rebuttal with respect to any matters contained in the Report.
5. On February 29, 2016, the Company filed a written submission indication that they were in agreement with all of the recommendations contained in the Report. A copy of the Report is attached hereto and incorporated herein as Exhibit A.

**NOW, THEREFORE**, it is ordered as follows:

1. That the Report of the Company hereby is adopted as filed with the Department.
2. That the Company shall comply with the recommendations set forth in the Report, and that failure by the Company to so comply shall result in sanctions or administrative action as provided by Title 38a of the C.G.S.

Dated at Hartford, Connecticut, this 9<sup>th</sup> day of March, 2016.

A handwritten signature in black ink, reading "Katharine L. Wade". The signature is written in a cursive style with a horizontal line underneath the name.

Katharine L. Wade  
Insurance Commissioner

Exhibit A

**EXAMINATION REPORT**

**OF THE**

**VOYA RETIREMENT INSURANCE AND ANNUITY COMPANY  
NAIC # 86509**

**AS OF**

**DECEMBER 31, 2014**

**BY THE**

**CONNECTICUT INSURANCE DEPARTMENT**



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February 5, 2016

The Honorable Katharine L. Wade  
Insurance Commissioner  
State of Connecticut Insurance Department  
153 Market Street, 6<sup>th</sup> Floor  
Hartford, Connecticut 06103

Dear Commissioner Wade:

In compliance with your instructions and pursuant to the requirements of Section 38a-14 of the Connecticut General Statutes (CGS), the undersigned has made an examination of the condition and affairs of

**VOYA RETIREMENT INSURANCE AND ANNUITY COMPANY**

(hereinafter referred to as the Company), a corporation with capital stock, incorporated under the laws of the State of Connecticut and having its statutory home office and main administrative office located at One Orange Way, Windsor, Connecticut. The report of such examination is submitted herewith.

**SCOPE OF EXAMINATION**

The previous examination of the Company was conducted by the Financial Regulation Division of the Connecticut Insurance Department (the Department) as of December 31, 2010. The current examination, which covers the period from January 1, 2011, to December 31, 2014, was conducted at the main administrative office of the Company. A concurrent coordinated financial examination was conducted by the State of Minnesota's Department of Commerce on the ReliaStar Life Insurance Company (ReliaStar). As part of the examination planning procedures, the Department reviewed the following materials submitted by the Company from 2011 through 2014:

- audit reports completed by the CPA firm retained by the Company;
- Board of Director (Board) minutes;
- Committee minutes;
- Management's Discussion and Analysis;
- Statements of Actuarial Opinion;
- reports of the Company's Internal Audit Department;
- documentation supporting Section 404 of the Sarbanes Oxley Act (SOX);
- documentation supporting Management's Report of Internal Control over Financial Reporting for 2014;
- Form 10K reports filed with the Securities and Exchange Commission; and
- Annual statements filed with the Department.

## VOYA RETIREMENT INSURANCE AND ANNUITY COMPANY

A review of the 2011 through 2014 independent audit reports and a comprehensive analysis of the Company's financial statements and other filings submitted to the Financial Analysis Unit of the Department indicated no material concerns with respect to financial condition or regulatory compliance issues.

Work papers prepared by the Company's independent public accountants, Ernst & Young, LLP (E&Y), in connection with its annual statutory audit, were reviewed and relied upon to the extent deemed appropriate.

Oliver Wyman Actuarial Consulting Inc., (Oliver Wyman) was engaged by the Department to assist in the actuarial review. Jennan Enterprises, LLC (Jennan) was engaged to conduct an evaluation of the Company's information technology (IT) controls. JP Consulting was engaged by the State of Minnesota to assist in the review of investments.

The examination was conducted on a full scope, comprehensive basis in accordance with the procedures outlined in the National Association of Insurance Commissioners (NAIC) Financial Condition Examiners Handbook (Handbook). The Handbook requires that we plan and perform the examination to evaluate the financial condition and identify prospective risks of the Company by obtaining information about the Company, including corporate governance, identifying inherent risks within the Company, and evaluating system controls and procedures used to mitigate those risks. An examination also includes assessing the principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation, management compliance with Statutory Accounting Principles and Annual Statement Instructions.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process.

Comments in this report are generally limited to exceptions noted or to items considered to be of a material nature.

Failure of items in this report to add to totals or for totals to agree with captioned amounts is due to rounding.

### HISTORY

The Company, founded in 1976, is a Connecticut domiciled life and health insurance company and a wholly-owned subsidiary of Voya Holdings Inc. ((Voya Holdings) which changed its name from Lion Connecticut Holdings Inc. on September 1, 2014), a Connecticut holding and management company. Voya Holdings is a wholly-owned subsidiary of Voya Financial, Inc. (which changed its name from ING U.S., Inc. on April 7, 2014), a publicly traded corporation. The Company has two wholly owned non-insurance subsidiaries: Voya Financial Partners, LLC (which changed its name from ING Financial Advisers, LLC on September 1, 2014); and Directed Services LLC.

Prior to May 2013, Voya Financial, Inc., together with its subsidiaries, including the Company, was an indirect, wholly owned subsidiary of ING Groep N.V. (ING Groep), a global financial

## VOYA RETIREMENT INSURANCE AND ANNUITY COMPANY

services holding company based in Netherlands. In 2009, ING Groep announced the anticipated separation of its global banking and insurance businesses, including the divestiture of Voya Financial, Inc., together with its subsidiaries, including the Company. On May 2, 2013, the common stock of Voya Financial, Inc. began trading on the New York Stock Exchange under the symbol "VOYA".

On May 7, 2013, and May 31, 2013, Voya Financial, Inc. completed its initial public offering of common stock, including the issuance and sale of 30,769,230 shares of common stock and the sale by ING Insurance International B.V. (ING International), an indirect wholly owned subsidiary of ING Groep and previously the sole stockholder of Voya Financial, Inc., of 44,201,773 shares of outstanding common stock of Voya Financial, Inc. On September 30, 2013, ING International transferred all of its remaining shares of Voya Financial, Inc. common stock to ING Groep.

On October 29, 2013, ING Groep completed a sale of 37,950,000 shares of common stock of Voya Financial, Inc. in a registered public offering, reducing ING Groep's ownership of Voya Financial, Inc. to 57%.

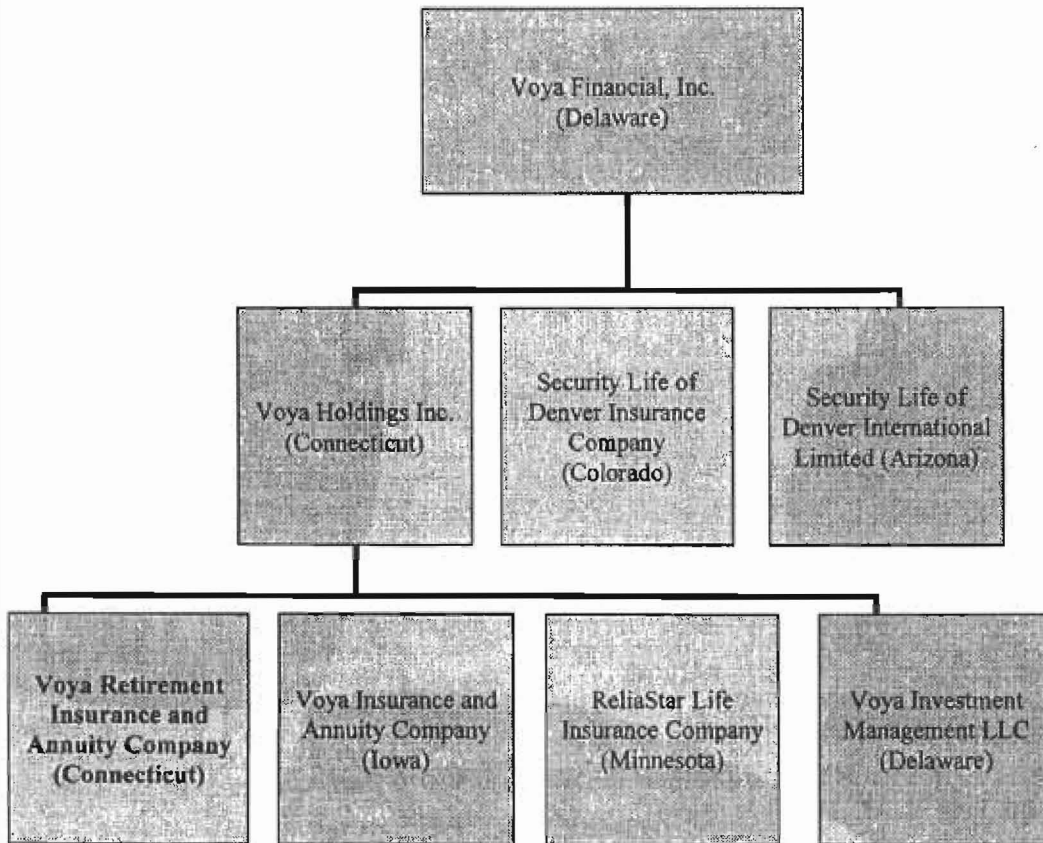
In 2014, ING Groep completed sales of 82,783,006 shares of common stock of Voya Financial, Inc. in three registered public offerings throughout the year. In conjunction with each of these offerings, pursuant to the terms of share repurchase agreements between ING Groep and Voya Financial, Inc., Voya Financial, Inc. acquired 19,447,847 shares of its common stock from ING Groep. Upon completion of these transactions, ING Groep's ownership of Voya Financial, Inc. was reduced to approximately 19%.

On March 9, 2015, ING Groep completed a sale of 32,018,100 shares of common stock of Voya Financial, Inc. in a registered public offering. Also on March 9, 2015, pursuant to the terms of a share repurchase agreement between ING Groep and Voya Financial, Inc., Voya Financial, Inc. acquired 13,599,274 shares of its common stock from ING Groep. Upon completion of these transactions, ING Groep had exited its stake in Voya Financial, Inc. common stock. ING Groep continues to hold warrants to purchase up to 26,050,846 shares of Voya Financial, Inc. common stock at an exercise price of \$48.75, in each case subject to adjustments. As a result of the completion of these transactions, ING Groep had satisfied the provisions of its agreement with the European Union regarding the divestment of its U.S. insurance and investment operations, which required ING Groep to divest 100% of its ownership interest in Voya Financial, Inc. together with its subsidiaries, including the Company, by the end of 2016.

# VOYA RETIREMENT INSURANCE AND ANNUITY COMPANY

## ORGANIZATIONAL CHART

The following is the Company's organizational chart as of December 31, 2014:



## MANAGEMENT AND CONTROL

The bylaws of the Company as amended and restated as of September 1, 2014, require the annual meeting of the shareholders of the Company be held each year at a time and place designated by the Board. Special meetings of the shareholders may be called by the chairman, the Board acting upon a majority vote, the president, or secretary of the Company. A quorum at any meeting of the shareholders shall consist of the number of shareholders holding a majority of the shares of each class of outstanding voting stock, present in person or represented by proxy.

The bylaws provide that the affairs, property and business of the Company be managed by a Board consisting of not less than five and not more than fifteen directors. Directors elected to the Board may hold office until the next annual meeting of the shareholders, until the successor has been duly elected and qualified, or until his earlier resignation or removal. Regular meetings of the Board are held at periodic intervals at any place and date as the Board may designate. Special meetings of the Board may be called by the chairman, or any other member of the Board,



## VOYA RETIREMENT INSURANCE AND ANNUITY COMPANY

the president, or the secretary. A majority of the entire Board currently holding office shall constitute a quorum for the transaction of business.

The Board may, at its discretion, appoint one or more committees consisting of two or more members of the Board. The duties and responsibilities of each committee so appointed shall be determined in accordance with customary corporate practice and as more specifically set forth in the Board resolution creating such committee and in the charter of such committee which must be approved by the Board.

Members of the Board serving the Company at December 31, 2014, were as follows:

<b><u>Name</u></b>	<b><u>Title and Principal Business Affiliation</u></b>
Rodney O. Martin, Jr.	Chief Executive Officer and Chairman of the Board, Voya Financial
Alain M. Karaoglan	Executive Vice President and Chief Operating Officer, Voya Financial
Chetlur S. Ragavan	Executive Vice President and Chief Risk Officer, Voya Financial
Michael S. Smith	Chief Executive Officer, Insurance Solutions and Closed Block Variable Annuities, Voya Financial
Ewout L. Steenbergen	Executive Vice President and Chief Financial Officer, Voya Financial

The executive officers serving the Company at December 31, 2014, were as follows:

<b><u>Name</u></b>	<b><u>Title</u></b>
Alain M. Karaoglan	President
David S. Pendergrass	Senior Vice President and Treasurer
Jennifer M. Ogren	Secretary
Patrick D. Lusk	Senior Vice President and Appointed Actuary
Joseph J. Elmy	Senior Vice President, Tax
Bridget M. Healy	Executive Vice President
Ralph R. Ferraro	Senior Vice President

## VOYA RETIREMENT INSURANCE AND ANNUITY COMPANY

Chetlur S. Ragavan	Executive Vice President
Richard T. Mason	Senior Vice President
Tina A. Campbell	Senior Vice President
Michael J. Gioffre	Senior Vice President
Steven T. Pierson	Senior Vice President and Chief Accounting Officer
Howard F. Greene	Senior Vice President
Megan A. Huddleston	Senior Vice President
Christine L. Hurtsellers	Senior Vice President
Carolyn M. Johnson	Senior Vice President
Mark B. Kaye	Senior Vice President and Chief Financial Officer
Gilbert E. Mathis	Senior Vice President
Justin Smith	Senior Vice President
Ewout L. Steenberg	Executive Vice President

### RELATED PARTIES

#### Investment Management and Administration Agreements

The Company is party to an investment advisory agreement with Voya Investment Management LLC (VIM), approved by the Department, under which VIM provides the Company with asset management, administrative and accounting services for the Company's general account. The Company is also a party to an administrative services agreement with VIM, approved by the Department, under which VIM provides the Company with asset liability management services. The Company has entered into an investment advisory, management and support services agreement with Voya Investment Management Co. LLC (VIM Co.), under which VIM Co. provides the Company with investment advisory services and investment management services with respect to the Company's Stabilizer Separate Accounts.

#### Cost Sharing Agreements

The Company is party to a number of management and service contracts and cost sharing arrangements with other affiliated Voya Financial, Inc. companies. Expenses are allocated among companies in accordance with normal generally accepted expense and cost allocation methods.

## VOYA RETIREMENT INSURANCE AND ANNUITY COMPANY

### Service Agreement

The Company entered into an inter-insurer services agreement as amended in 2002, 2007 and 2008, with certain of its affiliated insurance companies in the U.S. and Voya Institutional Plan Services, LLC (VIPS) whereby the affiliated insurers and VIPS provide certain administrative, management, professional, advisory, consulting, and other services to each other.

### Tax Sharing Agreement

The Company entered into a federal tax sharing agreement with members of an affiliated group as defined in Section 1504 of the Internal Revenue Code of 1986, as amended and approved by the Department. In addition, the Company entered into a state tax sharing agreement with certain affiliates. The agreement was approved by the Department in 2002.

## INSURANCE COVERAGE

The Company's parent, Voya Financial Inc., maintains a financial institution bond insurance policy through National Union Fire Insurance Company of Pittsburgh, PA. The limit of liability exceeds the suggested minimum limits of insurance pursuant to the Handbook.

In addition to the fidelity insurance policy, Voya Financial Inc. and its subsidiaries maintain, with various insurance carriers, insurance coverage including; property, foreclosed property, professional and management liability, insurance company professional liability, workers' compensation, and general liability.

## TERRITORY AND PLAN OF OPERATION

The restated certificate of incorporation states that the business of the Company shall be life insurance, endowments, annuities, accident insurance, health insurance, and any other business or type of business of a Connecticut licensed life insurance company, to accept and cede reinsurance, and to engage in any lawful activity for which a stock insurance corporation may be formed.

The Company is licensed to write business in all states, Canada, Guam, Puerto Rico, and the U.S. Virgin Islands.

The Company offers qualified and non-qualified annuity contracts that include a variety of funding and payout options for individuals and employer-sponsored retirement plans qualified under Internal Revenue Code (IRC) Sections 401, 403, 408, and 457, as well as nonqualified deferred compensation plans.

The Company's products are offered primarily to individuals, pension plans, small businesses, and employer-sponsored groups in the health care, government, education (collectively, "not-for-profit" organizations), and corporate markets. The Company's products generally are distributed through pension professionals, independent agents and brokers, third party administrators, banks, dedicated career agents, and financial planners.

## VOYA RETIREMENT INSURANCE AND ANNUITY COMPANY

### REINSURANCE

#### Assumed Reinsurance Program

On October 1, 1998, the Company entered into a coinsurance agreement with Aetna Life Insurance Company (ALIC) to assume all of ALIC's non-participating individual life insurance business and settlement annuities on participating individual life insurance.

#### Ceded Reinsurance Program

The Company has a significant concentration of reinsurance arising from the disposition of its individual life insurance business. On October 1, 1998, the Company entered into an indemnity reinsurance arrangement with Lincoln Life and Annuity Company (Lincoln), a subsidiary of Lincoln National Corporation. Effective March 1, 2007, Lincoln established a trust to secure its obligations to the Company under the reinsurance transaction.

In 2012, the Company entered into a reinsurance agreement with its affiliate, Security Life of Denver International Limited (SDLI) to reinsure a portion of its deferred annuities business. Under the terms of the reinsurance agreement, the Company reinsures to SDLI, on an indemnity reinsurance basis, a quota share of its liabilities on the covered contracts.

In 2014, the Company entered in to a coinsurance agreement with a newly formed affiliate, Langhorne I, LLC (LHI), to mitigate the volatility and capital strain from reserves in connection with a portion of the Company Stabilizer and Managed Custody Guarantee business.

### INFORMATION TECHNOLOGY CONTROLS

Jennan performed an evaluation of the IT controls in accordance with the guidelines and procedures set forth in Exhibit C (Exhibit C) Evaluation of Controls in Information Technology of the Handbook.

Jennan's objectives were to determine whether IT resources align with the Company's objectives and to ensure that significant risk (strategic, operational, reporting and compliance) arising out of its IT environment was appropriately mitigated by strategies and controls as outlined in the Handbook's Exhibit C Part Two – Evaluation of Controls in Information Technology.

The objectives above were achieved through a combination of reviewing the Company's policies and procedures, testing in key areas related to Exhibit C, interviewing the Company's IT senior management, reviewing IT risk assessment processes, and leveraging the risk assessment procedures performed by E&Y.

Based upon the risk-focused assessment and review, no material findings were noted which would have a significant effect on the annual statement.

### ACCOUNTS AND RECORDS

The Company utilizes PeopleSoft as its general ledger system. The Company uses WINGS, an Eagle Technology Management statutory annual statement package for the preparation of its annual statement. The Company utilizes multiple systems which feed into PeopleSoft.

## VOYA RETIREMENT INSURANCE AND ANNUITY COMPANY

General ledger account balances were reconciled and traced to the amounts reported in the annual statement for 2014. Further detail analyses were performed on the individual accounts throughout the examination.

### FINANCIAL STATEMENTS

The following statements represent the Company's financial position, as filed by the Company as of December 31, 2014. No adjustments were made to surplus as a result of the examination.

#### ASSETS

	Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	\$19,233,151,824		\$19,233,151,824
Preferred stocks	80,135,300		80,135,300
Common stocks	30,160		30,160
Mortgage loans on real estate:			
First liens	3,514,050,592		3,514,050,592
Real Estate:			
Properties occupied by the company	74,834,840		74,834,840
Cash, cash equivalents and short-term investments	563,231,825		563,231,825
Contract loans	273,952,863	\$564,804	273,388,059
Derivatives	407,914,005		407,914,005
Other invested assets	548,680,274		548,680,274
Receivable for securities	2,561,658		2,561,658
Securities lending reinvested collateral assets	164,351,394		164,351,394
Subtotals, cash and invested assets	24,862,894,735	564,804	24,862,329,931
Investment income due and accrued	262,022,747		262,022,747
Premiums and considerations:			
Uncollected premiums and agents balances in course of collections	(25,386,752)		(25,386,752)
Reinsurance:			
Amounts recoverable from reinsurers	(297,162)		(297,162)
Other amounts receivable under reinsurance			
Contracts	9,591,975		9,591,975
Current federal and foreign income tax recoverable	10,085,543		10,085,543
Net deferred tax asset	401,213,652	115,158,486	286,055,166
Guaranty funds receivable or on deposit	11,035,238		11,035,238
Receivables from parent, subsidiaries and affiliates	30,695,971	135,197	30,560,774
Health care and other amounts receivable	288,206	288,206	0
Aggregate write-ins for other than invested assets	164,793,743	13,346,304	151,447,439
Total assets excluding Separate Accounts	25,726,937,896	129,492,997	25,597,444,899
From Separate Accounts	63,656,037,656		63,656,037,656
Totals	<u>\$89,382,975,552</u>	<u>\$129,492,997</u>	<u>\$89,253,482,555</u>

VOYA RETIREMENT INSURANCE AND ANNUITY COMPANY

LIABILITIES, SURPLUS AND OTHER FUNDS

Aggregate reserve for life contracts	\$21,002,840,820
Liability for deposit-type contracts	446,551,206
Contract claims: Life	101,201
Contract liabilities not included elsewhere:	
Other amounts payable on reinsurance	1,865,960
Interest Maintenance Reserve	126,193,107
Commissions to agents due or accrued	3,077,285
General expenses due or accrued	133,051,500
Transfers to Separate Accounts due or accrued	(174,069,241)
Taxes, licenses and fees due or accrued	8,860,892
Unearned investment income	4,229,627
Amounts withheld or retained by company as agent or trustee	33,640,780
Amounts held for agents' account	124,189
Remittances and items not allocated	9,848,265
Borrowed money and interest thereon	5,343,008
Miscellaneous liabilities:	
Asset valuation reserve	251,130,725
Funds held under reinsurance treaties with unauthorized and certified reinsurers	805,339,392
Payable to parent, subsidiaries and affiliates	89,660,582
Derivatives	151,861,121
Payable for securities	12,061,402
Payable for securities lending	164,351,394
Aggregate write-ins for liabilities	587,284,988
Total liabilities excluding Separate Accounts business	23,663,348,202
From Separate Accounts Statement	63,582,247,087
Total liabilities	87,245,595,289
Common capital stock	2,750,000
Aggregate write-ins for other than special surplus funds	214,866,702
Gross paid in and contributed surplus	1,420,871,050
Unassigned funds (surplus)	369,399,514
Surplus	2,005,137,266
Total capital and surplus	2,007,887,266
Total liabilities and surplus	<u>\$89,253,482,555</u>

VOYA RETIREMENT INSURANCE AND ANNUITY COMPANY

SUMMARY OF OPERATIONS

Premiums and annuity considerations	\$9,826,837,459
Considerations for supplementary contracts with life contingencies	10,657,657
Net investment income	1,352,666,327
Amortization of Interest Maintenance Reserve	(13,123,271)
Commissions and expense allowances on reinsurance ceded	58,992,624
Reserve adjustments on reinsurance ceded	(19,344,280)
Miscellaneous Income:	
Income from fees associated with investment management, administration and contract guarantees from Separate Accounts	282,460,228
Aggregate write-ins for miscellaneous income	285,768,289
Totals	11,784,915,033
Annuity benefits	242,273,766
Surrender benefits and withdrawals for life contracts	11,737,643,079
Interest and adjustments on contract or deposit-type contract funds	11,946,573
Payments on supplementary contracts with life contingencies	9,253,842
Increase in aggregate reserves for life and accident and health contracts	440,150,721
Totals	12,441,267,981
Commissions on premiums, annuity considerations, and deposit-type contract funds	228,649,959
Commissions and expense allowances on reinsurance assumed	25,669
General insurance expenses	458,363,592
Insurance taxes, licenses and fees	21,139,215
Net transfers to or (from) Separate Accounts	(1,844,260,578)
Aggregate write-ins for deductions	47,952,841
Totals	11,353,138,679
Net gain from operations before dividends to policyholders and federal income taxes	431,776,354
Dividends to policyholders	0
Net gain from operations after dividends to policyholders and before federal income taxes	431,776,354
Federal and foreign income taxes incurred	109,947,943
Net gain from operations after dividends to policyholders and federal income taxes and before realized capital gains or (losses)	321,828,411
Net realized capital gains or (losses) less capital gains tax	(144,289)
Net income	<u>\$321,684,122</u>

VOYA RETIREMENT INSURANCE AND ANNUITY COMPANY

CAPITAL AND SURPLUS ACCOUNT

Capital and surplus, December 31, prior year	\$2,010,761,757
Net income	321,684,122
Change in net unrealized capital gains (losses)	17,887,625
Change in net deferred income tax	(3,831,129)
Change in nonadmitted assets	68,570,669
Change in reserve on account of change in valuation basis	(58,994,566)
Change in asset valuation reserve	(35,735,027)
Other changes in surplus in Separate Accounts Statement	910,234
Surplus adjustment:	
Changes in surplus as a result of reinsurance	57,832,832
Dividends to stockholders	(371,000,000)
Aggregate write-ins for gains and losses in surplus	(199,251)
Net change in capital and surplus for the year	<u>(2,874,491)</u>
Capital and surplus, December 31, current year	<u>\$2,007,887,266</u>

INVESTMENTS

JP Consulting assisted in an evaluation of investment risk management practices and procedures of the Company, as of December 31, 2014.

The scope of the review by JP Consulting included, but was not limited to:

- review and evaluation of the Company’s process for identifying and addressing financial, concentration, credit, liquidity, currency, and counterparty risk;
- review and evaluation of the Company’s investment policies and guidelines;
- review and evaluation of the Company’s process for valuing investments, especially methodologies and assumptions used to price securities internally and to make other-than-temporary impairment decisions;
- review and evaluation of the “liability-supporting” investment strategies and hedging programs;
- review and evaluation of the Company’s process for valuing its derivative instruments and determination of hedge accounting effectiveness;
- an Investment Portfolio Analysis of both the General Account and Separate Account, primarily to identify investment risks to the Company; and
- interviews with the Company’s key investment executives.

Based on the review:

- the Company appears to be in compliance with its investment policies and guidelines and those policies and guidelines related to investment management are appropriate;
- the investment strategies employed by the Company appear to be fundamentally sound and are adequately monitored;
- the Company’s process for valuing and reporting securities appears to be adequate;
- the Company’s process for implementing, valuing and monitoring derivative transactions appears to be adequate;



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- the Company's process for valuing, monitoring and reporting alternative assets appears to be adequate; and
- the Company's process for identifying and evaluating investments for other-than-temporary impairment appears to be adequate.

The assessment of liquidity and market risk completed by JP Consulting included:

- the risk of the Company's inability to meet contractual obligations as they become due because of an inability to liquidate assets or obtain adequate funding without incurring unacceptable losses; and
- the risk that movement in market prices, such as interest rates, foreign exchange rates, or equity prices adversely affect the reported and/or market value of investments.

Overall, the Company's investment related risk management practices, including the corporate governance framework, Enterprise Risk Management processes, documented policies and risk limits, hedging strategies and compliance monitoring, adequately address investment risks.

### RESERVES

<u>AGGREGATE RESERVE FOR LIFE CONTRACTS (General Account)</u>	<u>\$21,002,840,820</u>
<u>AGGREGATE RESERVE FOR LIFE, ANNUITY AND</u>	
<u>ACCIDENT AND HEALTH CONTRACTS (Separate Accounts)</u>	<u>\$61,323,030,792</u>
<u>LIABILITY FOR DEPOSIT-TYPE CONTRACTS (General Account)</u>	<u>\$446,551,206</u>
<u>LIABILITY FOR DEPOSIT-TYPE CONTRACTS (Separate Accounts)</u>	<u>\$93,010,078</u>
<u>CONTRACT CLAIMS: LIFE (General Account)</u>	<u>\$101,201</u>

Oliver Wyman performed a risk-based actuarial analysis of reserving, pricing and underwriting, liquidity, and reinsurance risk to ensure that:

- the life, annuity and deposit-type reserve computations were performed correctly and the selected estimates were reasonable;
- the assumptions and methodologies used were accurate and appropriate;
- the reinsurance risk transfer was classified appropriately and reinsurance credits were accurately reflected in actuarial balances;
- the assets held in support of the reserves make adequate provision for all anticipated cash flows required by the contractual obligations and related expenses of the Company; and
- pricing and/or underwriting practices were appropriate for risks assumed.

In performing the review, Oliver Wyman relied upon information supplied by the Company and the Department. The information included the following:

- 2014 Annual Statement and Separate Account Statement;
- 2014 Actuarial Memorandum;
- 2014 Regulatory Asset Adequacy Issues Summary;
- 2014 Actuarial Guideline XLIII (AG 43) Memorandum and Certification;

## VOYA RETIREMENT INSURANCE AND ANNUITY COMPANY

- assumption documentation and experience studies;
- model risk management policies, model documentation and model validation documentation for selected models;
- seriatim extracts and valuation system audit trail;
- pricing documentation and supporting analyses;
- asset liability management and liquidity risk management documentation;
- LHI reinsurance treaty and SLDI reinsurance treaty; and
- interviews with Company staff and subsequent Company feedback on meeting notes.

### Reserving Risk

Oliver Wyman's reserving analysis included:

- interviews with Company staff responsible for reserving and asset adequacy analysis;
- review of the actuarial opinion and memorandum regarding the cash flow testing and asset adequacy analysis provided by the Company; and
- sample testing and output review of Actuarial Guideline XXXIII (AG 33) and AG 43 standard scenario calculations.

### Pricing and Underwriting Risk

Oliver Wyman's pricing and underwriting analysis included:

- interviews with Company staff responsible for pricing and underwriting practices;
- review of new business strategy;
- review of select pricing models and pricing processes; and
- review of corporate-level capital projection model.

### Liquidity Risk

Oliver Wyman's liquidity analysis included:

- interviews with Company staff responsible for asset liability management;
- review of liquidity policies and guidelines; and
- review of asset liability management program.

### Reinsurance Risk

Oliver Wyman's reinsurance analysis included:

- interviews with Company staff responsible for reserving and asset adequacy analysis;
- review of affiliated ceded reinsurance treaties to confirm that the reinsurance reserve credit was eligible based on the qualification guidelines applicable to unauthorized insurers as codified in Section 38a-88 of the CGS and that the treaties met the risk transfer requirements codified in Section 38a-72a-3 of the CGS; and
- a high-level review of reserve development and asset adequacy testing to confirm that the

## VOYA RETIREMENT INSURANCE AND ANNUITY COMPANY

reinsurance reserve credit provided by both treaties was accurately reflected.

### Conclusion

Based upon the risk-based assessment and review, no material findings were noted with respect to the Company's reserving, pricing and underwriting, liquidity, or reinsurance risks.

### CAPITAL AND SURPLUS

\$2,007,887,266

The reconciliation of surplus for the period under examination, January 1, 2011, through December 31, 2014, was as follows:

Surplus, as of December 31, 2010	\$ 1,667,330,390
Net income	952,908,830
Change in net unrealized capital gains (losses)	109,771,121
Change in net unrealized foreign exchange gains (losses)	(1,276,422)
Change in net deferred income tax	38,573,690
Change in nonadmitted assets and related items	183,817,125
Change in asset valuation reserve	(132,353,814)
Surplus (contributed to)/withdrawn from Separate Accounts during period	25,000,000
Change in reserve on account of change in valuation basis	(67,730,425)
Other changes in surplus in Separate Accounts statements	(24,085,381)
Cumulative effect of changes in accounting principles	9,151,743
Surplus adjustment – paid in	(98,954,258)
Surplus adjustment – change in surplus as a result of reinsurance	127,839,704
Dividends to stockholders	(825,045,742)
Aggregate write-ins for gains and losses in surplus	<u>42,940,706</u>
Surplus, December 31, 2014	<u>\$2,007,887,266</u>

As indicated above, changes to the Company's policyholder surplus over the exam period were largely due from results of operations and payment of ordinary dividends to stockholders.

### SEPARATE ACCOUNTS

Under the authority granted by Section 38a-459 of the CGS, the Company has established separate accounts to which it allocates certain amounts received under variable and fixed pension, retirement and profit-sharing plans and certain forms of life insurance business. The allocation is in accordance with the provisions of Section 38a-433 of the CGS. The Company, through its general and separate accounts, offers deferred compensation and investment services to individuals and employer sponsored defined benefit and defined contribution pension and retirement plans. Compensation is earned in the form of investment management fees, investment margin and asset value expense charges.

**VOYA RETIREMENT INSURANCE AND ANNUITY COMPANY**

The following exhibit summarizes the balance sheet of the insulated separate accounts as of December 31, 2014:

ASSETS

	<b>General Account Basis</b>	<b>Fair Value Basis</b>	<b>Total</b>
Bonds		\$8,390,910,573	\$8,390,910,573
Stocks:			
Preferred stocks		2,696,456	2,696,456
Common stocks		52,913,821,094	52,913,821,094
Cash and cash equivalents		675,220,354	675,220,354
Short-term investments		252,350,454	252,350,454
Derivatives		11,864,236	11,864,236
Securities lending reinvested collateral assets		17,684,842	17,684,842
Aggregate write-ins for invested assets		595,008	595,008
Investment income due and accrued		41,580,999	41,580,999
Receivables for securities		1,325,398,401	1,325,398,401
Aggregate write-ins for other than invested assets		23,915,240	23,915,240
<b>Totals</b>		<u>\$63,656,037,657</u>	<u>\$63,656,037,657</u>

LIABILITIES AND SURPLUS

	<b>General Account Basis</b>	<b>Fair Value Basis</b>	<b>Total</b>
Aggregate reserve for life, annuity and accident and health contracts		\$61,323,030,792	\$61,323,030,792
Liability for deposit-type contracts		93,010,078	93,010,078
Investment expenses due and accrued		4,295,936	4,295,936
Other transfers to general account due or accrued		174,069,241	174,069,241
Derivatives		8,643,571	8,643,571
Payable for securities		1,959,296,573	1,959,296,573
Payable for securities lending		17,684,842	17,684,842
Aggregate write-ins for liabilities		2,216,054	2,216,054
<b>Total liabilities</b>		<b>63,582,247,087</b>	<b>63,582,247,087</b>
Contributed surplus		75,000,000	75,000,000
Unassigned funds		(1,209,430)	(1,209,430)
<b>Total Surplus</b>		<b>73,790,570</b>	<b>73,790,570</b>
<b>Totals</b>		<u>\$63,656,037,657</u>	<u>\$63,656,037,657</u>

CONCLUSION

As of December 31, 2014, the Company reported admitted assets of \$89,253,482,555, liabilities of \$87,245,595,289, and capital and surplus of \$2,007,887,266. During the period under examination, admitted assets increased \$20,310,252,543, liabilities increased \$19,969,695,667, and capital and surplus increased \$340,555,876.

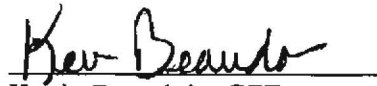
VOYA RETIREMENT INSURANCE AND ANNUITY COMPANY

SIGNATURE

In addition to the undersigned, Michael Daniels, CFE, CPA; Grace Jiang, CFE; Chiffon King, AFE; Kent Krajick, CFE; Joseph Marcantonio, AFE, CISA, AES; Ellen McCarthy; Mark Murphy, CFE; Kenneth Roulier, AFE, CISA, AES; William Tacy, CFE, CIA, CISA, FLMI; and the consulting firms of Jennan, Oliver Wyman and JP Consultants participated in this examination.

I, Kevin Beaudoin, do solemnly swear that the foregoing report of examination is hereby represented to be a full and true statement of the condition and affairs of the subject insurer as of December 31, 2014, to the best of my information, knowledge and belief.

Respectfully submitted,



Kevin Beaudoin, CFE  
Insurance Certified Financial Examiner  
State of Connecticut  
Insurance Department

State of Connecticut            ss

County of Hartford

Subscribed and sworn before me, Patricia A. Butler, Notary Public/Commissioner of the Superior Court, on this 11<sup>th</sup> day of February 2016.

  
Notary Public/Commissioner of the Superior Court

My Commission Expires September 30, 2018