



TIAA-CREF LIFE INSURANCE COMPANY

Audited Statutory – Basis Financial
Statements as of December 31, 2015
and 2014 and for the three years
ended December 31, 2015

TIAA-CREF LIFE INSURANCE COMPANY
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DECEMBER 31, 2015

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Independent Auditor's Report

To the Board of Directors of
TIAA-CREF Life Insurance Company

We have audited the accompanying statutory-basis financial statements of TIAA-CREF Life Insurance Company (the "Company"), which comprise the statutory-basis statements of admitted assets, liabilities and capital and surplus as of December 31, 2015 and 2014, and the related statutory-basis statements of operations, of changes in capital and surplus and of cash flows for each of the three years in the period ended December 31, 2015.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the statutory-basis financial statements in accordance with the accounting practices prescribed or permitted by the New York State Department of Financial Services. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the statutory-basis financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the statutory-basis financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statutory-basis financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 to the statutory-basis financial statements, the statutory-basis financial statements are prepared by the Company on the basis of the accounting practices prescribed or permitted by the New York State Department of Financial Services, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the statutory-basis financial statements of the variances between the statutory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.



Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section, the statutory-basis financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Company as of December 31, 2015 and 2014, or the results of its operations or its cash flows thereof for each of the three years in the period ended December 31, 2015.

Opinion on Statutory Basis of Accounting

In our opinion, the statutory-basis financial statements referred to above present fairly, in all material respects, the admitted assets, liabilities and capital and surplus of the Company as of December 31, 2015 and 2014, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2015 in accordance with the accounting practices prescribed or permitted by the New York State Department of Financial Services described in Note 2.

A handwritten signature in black ink that reads "PricewaterhouseCoopers LLP". The signature is written in a cursive, flowing style.

New York, New York
April 11, 2016

TIAA-CREF LIFE INSURANCE COMPANY

**STATUTORY- BASIS STATEMENTS OF ADMITTED ASSETS,
LIABILITIES AND CAPITAL AND SURPLUS**

	December 31,	
	2015	2014
	(in thousands)	
ADMITTED ASSETS		
Bonds	\$ 5,242,138	\$ 4,743,873
Preferred stocks	183	183
Common stocks	879	607
Cash, cash equivalents and short-term investments	166,031	90,507
Contract loans	18,683	16,077
Other long-term investments.....	9,638	10,847
Investment income due and accrued.....	47,860	43,297
Federal income tax recoverable from TIAA	1,634	86
Net deferred federal income tax asset.....	18,469	17,494
Other assets	46,065	56,943
Separate account assets	5,222,661	4,851,892
TOTAL ADMITTED ASSETS	\$ 10,774,241	\$ 9,831,806
 LIABILITIES, CAPITAL AND SURPLUS		
Liabilities		
Reserves for life and health, annuities and deposit-type contracts.....	\$ 5,121,946	\$ 4,550,556
Asset valuation reserve	33,643	27,305
Interest maintenance reserve	1,218	7,066
Other amounts payable on reinsurance	23,724	28,647
Other liabilities.....	27,480	25,450
Separate account liabilities	5,203,712	4,838,207
TOTAL LIABILITIES	10,411,723	9,477,231
 Capital and Surplus		
Capital (2,500 shares of \$1,000 par value common stock issued and outstanding) ...	2,500	2,500
Additional paid-in capital.....	407,500	357,500
Surplus (deficit)	(47,482)	(5,425)
TOTAL CAPITAL AND SURPLUS	362,518	354,575
 TOTAL LIABILITIES, CAPITAL AND SURPLUS	\$ 10,774,241	\$ 9,831,806

See notes to statutory - basis financial statements

TIAA-CREF LIFE INSURANCE COMPANY

STATUTORY - BASIS STATEMENTS OF OPERATIONS

	For the Years Ended December 31,		
	2015	2014	2013
REVENUES	(in thousands)		
Insurance and annuity premiums and other considerations.....	\$ 716,392	\$ 677,464	\$ 481,814
Net investment income	181,541	162,279	150,329
Commissions and expense allowances on reinsurance ceded.....	28,376	29,581	29,607
Reserve adjustments on reinsurance ceded	51,598	59,209	58,534
Other revenue	24,860	21,788	16,626
TOTAL REVENUES	\$ 1,002,767	\$ 950,321	\$ 736,910
EXPENSES			
Policy and contract benefits	\$ 173,712	\$ 181,624	\$ 118,156
Increase in policy and contract reserves.....	366,031	349,405	320,016
Insurance expenses and taxes (excluding federal income taxes).....	146,618	127,947	110,293
Commissions on premiums.....	33,930	34,937	31,785
Interest on deposit-type contracts.....	30,105	25,616	26,752
Net transfers to separate accounts	259,745	227,552	143,230
Transfers to deposit-type contracts.....	24,337	16,868	9,020
TOTAL EXPENSES	\$ 1,034,478	\$ 963,949	\$ 759,252
Income (loss) before federal income tax and net realized capital gains (losses)	(31,711)	(13,628)	(22,342)
Federal income tax expense	3,543	6,867	6,949
Net realized capital gains (losses) less capital gains taxes, after transfers to the interest maintenance reserve	(4,539)	2,969	(37)
NET INCOME (LOSS)	\$ (39,793)	\$ (17,526)	\$ (29,328)

See notes to statutory - basis financial statements

TIAA-CREF LIFE INSURANCE COMPANY

STATUTORY - BASIS STATEMENTS OF CHANGES IN CAPITAL AND SURPLUS

	<u>Capital Stock</u>	<u>Additional Paid-In Capital</u>	<u>Surplus (Deficit)</u>	<u>Total</u>
	(in thousands)			
Balance, December 31, 2012	\$ 2,500	\$ 357,500	\$ 52,931	\$ 412,931
Net income (loss).....	—	—	(29,328)	(29,328)
Net unrealized capital gains on investments.....	—	—	314	314
Change in asset valuation reserve.....	—	—	(3,773)	(3,773)
Change in surplus in separate accounts.....	—	—	(3,680)	(3,680)
Change in liability for reinsurance in unauthorized companies...	—	—	(6,837)	(6,837)
Change in net deferred income tax.....	—	—	16,015	16,015
Change in non-admitted assets:				
Deferred federal income tax asset.....	—	—	(10,488)	(10,488)
Deferred premium asset limitation.....	—	—	(1,321)	(1,321)
Balance, December 31, 2013	<u>\$ 2,500</u>	<u>\$ 357,500</u>	<u>\$ 13,833</u>	<u>\$ 373,833</u>
Net income (loss).....	—	—	(17,526)	(17,526)
Net unrealized capital gains on investments.....	—	—	54	54
Change in asset valuation reserve.....	—	—	(9,368)	(9,368)
Change in surplus in separate accounts.....	—	—	3,663	3,663
Change in liability for reinsurance in unauthorized companies...	—	—	(88)	(88)
Change in net deferred income tax.....	—	—	10,932	10,932
Change in non-admitted assets:				
Deferred federal income tax asset.....	—	—	(5,237)	(5,237)
Deferred premium asset limitation.....	—	—	(1,638)	(1,638)
Other assets.....	—	—	(50)	(50)
Balance, December 31, 2014	<u>\$ 2,500</u>	<u>\$ 357,500</u>	<u>\$ (5,425)</u>	<u>\$ 354,575</u>
Net income (loss).....	—	—	(39,793)	(39,793)
Net unrealized capital gains on investments.....	—	—	290	290
Change in asset valuation reserve.....	—	—	(6,338)	(6,338)
Change in surplus in separate accounts.....	—	—	3,441	3,441
Change in liability for reinsurance in unauthorized companies...	—	—	3,199	3,199
Change in net deferred income tax.....	—	—	16,437	16,437
Change in non-admitted assets:				
Deferred federal income tax asset.....	—	—	(15,462)	(15,462)
Deferred premium asset limitation.....	—	—	(1,929)	(1,929)
Other assets.....	—	—	(1,902)	(1,902)
Capital contribution.....	—	50,000	—	50,000
Balance, December 31, 2015	<u>\$ 2,500</u>	<u>\$ 407,500</u>	<u>\$ (47,482)</u>	<u>\$ 362,518</u>

See notes to statutory - basis financial statements

TIAA-CREF LIFE INSURANCE COMPANY

STATUTORY - BASIS STATEMENTS OF CASH FLOWS

	For the Years Ended December 31,		
	2015	2014	2013
CASH FROM OPERATIONS		(in thousands)	
Insurance and annuity premiums and other considerations	\$ 708,531	\$ 670,596	\$ 500,895
Miscellaneous income	44,258	48,947	34,259
Net investment income	176,308	159,529	149,421
Total receipts	929,097	879,072	684,575
Policy and contract benefits	105,002	120,851	76,543
Commissions and expenses paid	204,007	180,525	150,895
Federal income tax (benefit) expense	6,819	10,636	(4,426)
Net transfers to separate accounts	256,943	228,279	144,632
Total disbursements	572,771	540,291	367,644
Net cash from operations	356,326	338,781	316,931
CASH FROM INVESTMENTS			
Proceeds from long-term investments sold, matured, or repaid:			
Bonds	473,427	518,847	594,673
Stocks	26	2,500	—
Other invested assets	—	2,000	—
Net gains on cash, cash equivalents and short-term investments	5	31	12
Cost of investments acquired:			
Bonds	979,161	1,135,774	1,014,981
Net increase in contract loans	2,606	5,610	3,338
Net cash from investments	(508,309)	(618,006)	(423,634)
CASH FROM FINANCING AND OTHER			
Additional paid in capital	50,000	—	—
Net deposits on deposit-type contracts funds	175,461	259,540	127,392
Other cash provided (applied)	2,046	(4,690)	6,240
Net cash from financing and other	227,507	254,850	133,632
NET CHANGE IN CASH, CASH EQUIVALENTS & SHORT-TERM INVESTMENTS	75,524	(24,375)	26,929
CASH, CASH EQUIVALENTS & SHORT-TERM INVESTMENTS, BEGINNING OF YEAR	90,507	114,882	87,953
CASH, CASH EQUIVALENTS & SHORT-TERM INVESTMENTS, END OF YEAR	\$ 166,031	\$ 90,507	\$ 114,882

See notes to statutory - basis financial statements

TIAA-CREF LIFE INSURANCE COMPANY
NOTES TO STATUTORY - BASIS FINANCIAL STATEMENTS - (continued)
DECEMBER 31, 2015

Note 1 – Organization and Operations

TIAA-CREF Life Insurance Company commenced operations as a legal reserve life insurance company under the insurance laws of the State of New York on December 18, 1996, under its former name, TIAA Life Insurance Company and changed its name to TIAA-CREF Life Insurance Company (“TIAA-CREF Life” or the “Company”) on May 1, 1998. TIAA-CREF Life is a direct wholly-owned subsidiary of Teachers Insurance and Annuity Association of America (“TIAA” or the “Parent”), a legal reserve life insurance company established under the insurance laws of the State of New York in 1918.

The Company issues non-qualified annuity contracts with fixed and variable components, fixed and variable universal life contracts, funding agreements, book value separate account agreements, term-life insurance and single premium immediate annuities.

Note 2 – Significant Accounting Policies

Basis of Presentation:

The accompanying financial statements have been prepared on the basis of statutory accounting principles prescribed or permitted by the New York State Department of Financial Services (“NYDFS” or the “Department”); a comprehensive basis of accounting that differs from accounting principles generally accepted in the United States (“GAAP”). The Department requires insurance companies domiciled in the State of New York to prepare their statutory-basis financial statements in accordance with the National Association of Insurance Commissioners’ (“NAIC”) Accounting Practices and Procedures Manual (“NAIC SAP”), subject to any deviation prescribed or permitted by the Department (“New York SAP”).

The table below provides a reconciliation of the Company’s net income and capital and surplus between NAIC SAP and the New York SAP annual statement filed with the Department.

The deferred premium asset limitation results from the Department requiring that any deferred premium asset established along with the corresponding mean reserve should be reduced by the proportionate amount reinsured on a coinsurance basis. Under this approach the deferred premium asset for reinsurance is adjusted based upon the premium mode of the direct policy rather than the premium mode of the reinsurance agreement.

The additional reserve for the term conversions results from the Department requiring in Regulation No. 147 (11NYCRR 98) Valuation of Life Insurance Reserves Section 98.4 for any policy which guarantees renewal, or conversion to another policy, without evidence of insurability, additional reserves shall be held that account for excess mortality due to anti-selection with appropriate margins to cover expenses and risk of moderately adverse deviations in experience.

TIAA-CREF LIFE INSURANCE COMPANY
NOTES TO STATUTORY - BASIS FINANCIAL STATEMENTS - (continued)
DECEMBER 31, 2015

	<u>For The Years Ended December 31,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
	(in thousands)		
Net Loss, New York SAP	\$ (39,793)	\$ (17,526)	\$ (29,328)
New York SAP Prescribed Practices:			
Additional Reserves for:			
Term Conversions	392	330	340
Net Loss, NAIC SAP	<u>\$ (39,401)</u>	<u>\$ (17,196)</u>	<u>\$ (28,988)</u>
Capital and Surplus, New York SAP	\$ 362,518	\$ 354,575	\$ 373,833
New York SAP Prescribed Practices:			
Deferred Premium Asset Limitation.....	32,635	30,706	29,068
Additional Reserves for:			
Term Conversions	2,651	2,259	1,929
Deferred and Payout Annuities issued after 2000	1	1	2
Capital and Surplus, NAIC SAP	<u>\$ 397,805</u>	<u>\$ 387,541</u>	<u>\$ 404,832</u>

Accounting Principles Generally Accepted in the United States: The Financial Accounting Standards Board ("FASB") dictates the accounting principles for financial statements that are prepared in conformity with GAAP with applicable authoritative accounting pronouncements. As a result, the Company cannot refer to financial statements prepared in accordance with NAIC SAP and New York SAP as having been prepared in accordance with GAAP.

The primary differences between GAAP and NAIC SAP can be summarized as follows:

Under GAAP:

- Investments in bonds considered to be "available for sale" are carried at fair value under GAAP rather than at amortized cost under NAIC SAP;
- Impairments on securities (other than loan-backed and structured securities) due to credit losses are recorded as other-than-temporary impairments ("OTTI") through earnings for the difference between amortized cost and discounted cash flows when a security is deemed impaired. Other declines in fair value related to factors other than credit are recorded as other comprehensive income, which is a separate component of stockholder's equity. Under NAIC SAP, an impairment for such securities is recorded through earnings for the difference between amortized cost and fair value;
- For loan-backed and structured securities that are other-than-temporarily impaired, declines in fair value related to factors other than credit are recorded as other comprehensive income, which is a separate component of stockholder's equity. Under NAIC SAP, such declines in fair value are not recorded until a credit loss occurs;
- Changes in the allowance for estimated uncollectible amounts related to mortgage loans are recorded through earnings under GAAP rather than as unrealized losses on impairments included in the Asset Valuation Reserve, which is a component of surplus under NAIC SAP;
- Changes in the value of certain other long-term investments accounted for under the equity method of accounting are recorded through earnings under GAAP rather than as unrealized gains (losses), which is a component of surplus under NAIC SAP;
- Investments in wholly-owned subsidiaries, other entities under the control of the parent, and certain variable interest entities are consolidated in the parent's financial statements rather than being carried at the parent's share of the underlying GAAP equity or statutory surplus of a domestic insurance subsidiary;

TIAA-CREF LIFE INSURANCE COMPANY
NOTES TO STATUTORY - BASIS FINANCIAL STATEMENTS - (continued)
DECEMBER 31, 2015

- Contracts that contain an embedded derivative are not bifurcated between components and are accounted for as part of the host contract, whereas under GAAP, the embedded derivative would be bifurcated from the host contract and accounted for separately;
- Certain assets designated as “non-admitted assets” and excluded from assets in the statutory balance sheet are included in the GAAP balance sheet;
- Surplus notes are reported as a liability rather than a component of capital and contingency reserves;
- The Asset Valuation Reserve (“AVR”) is eliminated as it is not recognized under GAAP. The AVR is established under NAIC SAP with changes recorded as a direct charge to surplus;
- The Interest Maintenance Reserve (“IMR”) is eliminated as it is not recognized under GAAP. The realized gains and losses resulting from changes in interest rates are reported as a component of net income under GAAP rather than being deferred and subsequently amortized into income over the remaining expected life of the investment sold;
- Dividends on participating policies are accrued when earned under GAAP rather than being recognized for the year when they are approved;
- Policy acquisition costs, such as commissions, and other costs incurred in connection with acquiring new business, are deferred and amortized over the expected lives of the policies issued under GAAP rather than being expensed when incurred;
- Policy and contract reserves are based on management's best estimates of expected mortality, morbidity, persistency and interest under GAAP rather than being based on statutory mortality, morbidity and interest requirements;
- Deferred income taxes, subject to valuation allowance, include federal and state income taxes and changes in the deferred tax are reflected in earnings. Under NAIC SAP, deferred taxes exclude state income taxes and are admitted to the extent they can be realized within three years subject to a 15% limitation of capital and surplus with changes in the net deferred tax reflected as a component of surplus;
- Contracts that do not subject the Company to risks arising from policyholder mortality or morbidity are reported as a deposit liability. Under NAIC SAP, contracts that have any mortality and morbidity risk, regardless of significance, and contracts with life contingent annuity purchase rate guarantees are classified as insurance contracts and amounts received under these contracts are reported as revenue;
- Assets and liabilities are reported gross of reinsurance under GAAP and net of reinsurance under NAIC SAP. Certain reinsurance transactions are accounted for as financing transactions under GAAP and as reinsurance under NAIC SAP. Transactions recorded as financing have no impact on premiums or losses incurred, while under NAIC SAP, premiums paid to the reinsurer are recorded as ceded premiums (a reduction in revenue) and expected reimbursement for losses from the reinsurer are recorded as a reduction in losses;
- When reserves ceded to an unauthorized reinsurer exceed the assets or letters of credit supporting the reserves no liability is established under GAAP. Under NAIC SAP, a liability is established and changes to these amounts are credited or charged directly to unassigned surplus (deficit).

The effects of these differences, while not determined, are presumed to be material.

Use of Estimates: The preparation of statutory-basis financial statements requires management to make estimates and assumptions that impact the reported amounts of assets and liabilities at the date of the financial statements. Management is also required to disclose contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results may differ from those estimates.

TIAA-CREF LIFE INSURANCE COMPANY
NOTES TO STATUTORY - BASIS FINANCIAL STATEMENTS - (continued)
DECEMBER 31, 2015

The most significant estimates include those used in the recognition of other-than-temporary impairments, reserves for life and health insurance, annuities and deposit-type contracts and the valuation of deferred tax assets.

Accounting Policies:

The following is a summary of the significant accounting policies followed by the Company:

Investments: Publicly traded securities are accounted for as of the date the investments are purchased or sold (trade date). Other investments are recorded on the settlement date. Realized capital gains and losses on investment transactions are accounted for under the specific identification method. A realized loss is recorded when an impairment is considered to be other-than-temporary.

Bonds: Bonds are stated at amortized cost using the current effective interest method. Bonds in or near default (rated NAIC 6) are stated at the lower of amortized cost or fair value. Bonds the Company intends to sell prior to maturity ("held for sale") are stated at the lower of amortized cost or fair value.

Included within bonds are loan-backed and structured securities. Estimated future cash flows and expected prepayment speeds are used to determine the amortization of loan-backed and structured securities under the prospective method. Expected future cash flows and prepayment speeds are evaluated quarterly. Certain loan-backed and structured securities are reported at the lower of amortized cost or fair value as a result of the NAIC modeling process.

If it is determined that a decline in the fair value of a bond, excluding loan-backed and structured securities, is other-than-temporary, the cost basis of the bond is written down to fair value and the amount of the write down is accounted for as a realized loss. The new cost basis is not changed for subsequent recoveries in fair value. Future declines in fair value which are determined to be other-than-temporary are recorded as realized losses.

For loan-backed and structured securities, which the Company has the intent and ability to hold for a period of time sufficient to recover the amortized cost basis, when an OTTI has occurred because the Company does not expect to recover the entire amortized cost basis of the security, the amount of the OTTI recognized as a realized loss is the difference between the security's amortized cost basis and the present value of cash flows expected to be collected, discounted at the loan-backed or structured security's effective interest rate.

For loan-backed and structured securities, when an OTTI has occurred because the Company intends to sell the security or the Company does not have the intent and ability to retain the security for a period of time sufficient to recover the amortized cost basis, the amount of the OTTI realized is the difference between the security's amortized cost basis and fair value at the balance sheet date.

In periods subsequent to the recognition of an OTTI loss for a loan-backed or structured security, the Company accounts for the other-than-temporarily impaired security as if the security had been purchased on the measurement date of the impairment. The difference between the new amortized cost basis and the cash flows expected to be collected is accreted as interest income in future periods based on prospective changes in cash flow estimates.

Preferred Stocks: Preferred stocks are stated at amortized cost unless they have an NAIC rating designation of 4, 5, or 6 which are stated at the lower of amortized cost or fair value. The fair values of preferred stocks are determined using prices provided by third party pricing services or valuations from the NAIC. When it is determined that a decline in fair value of an investment is other-than-temporary, the cost basis of the investment is reduced to its fair value and the amount of the reduction is accounted for as a realized loss.

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NOTES TO STATUTORY - BASIS FINANCIAL STATEMENTS - (continued)
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Common Stocks: Unaffiliated common stocks are stated at fair value, which is based on quoted market prices, where available. Changes in fair value are recorded through surplus as an unrealized gain or loss. For common stocks without quoted market prices, fair value is estimated using independent pricing services or internally developed pricing models. When it is determined that a decline in fair value of an investment is other-than-temporary, the cost basis of the investment is reduced to its fair value and the amount of the reduction is accounted for as a realized loss.

Other Long-term Investments: Other long-term investments include the Company's investments in surplus notes, which are stated at amortized cost. All of the Company's investments in surplus notes have an NAIC 1 rating designation.

The Company monitors the effects of current and expected market conditions and other factors on these investments to identify and quantify any impairment in value. The Company assesses the investments for potential impairment by performing analysis between the fair value and the cost basis of the investments. The Company evaluates recoverability of the asset to determine if OTTI is warranted. When it is determined that a decline in fair value of an investment is other-than-temporary, the cost basis of the investment is reduced to its fair value and the amount of the reduction is accounted for as a realized loss.

Investments in wholly-owned subsidiaries are stated at the value of their underlying net assets as follows: (1) domestic insurance subsidiaries are stated at the value of their underlying statutory surplus; (2) non-insurance subsidiaries are stated at the value of their underlying audited GAAP equity. Dividends and distributions from subsidiaries are recorded in investment income to the extent they are not in excess of the investee's undistributed accumulated earnings and changes in the equity of subsidiaries are recorded directly to surplus as unrealized gains or losses.

Cash and Cash Equivalents: Cash includes cash on deposit and cash equivalents. Cash equivalents are short-term, highly liquid investments, with original maturities of three months or less at the date of purchase and are stated at amortized cost.

Short-Term Investments: Short-term investments (investments with remaining maturities of one year or less at the time of acquisition, excluding those investments classified as cash equivalents) that are not impaired are stated at amortized cost using the straight line interest method. Short-term investments that are impaired are stated at the lower of amortized cost or fair value.

Contract Loans: Contract loans are stated at outstanding principal balances. The excess of unpaid contract loan balances over the cash surrender value, if any, is non-admitted and reflected as an adjustment to surplus. Interest income on such contract loans is recorded as earned using the contractually agreed upon interest rate.

Investment Income Due and Accrued: Investment income due is investment income earned and legally due to be paid to the Company at the reporting date. Investment income accrued is investment income earned but not legally due to be paid to the Company until subsequent to the reporting date. The Company writes off amounts deemed uncollectible as a charge against investment income in the period such determination is made. Amounts deemed collectible, but over 90 days past due for any invested asset except mortgage loans in default are non-admitted. Amounts deemed collectible, but over 180 days past due for mortgage loans in default are non-admitted. The Company accrues interest income on impaired loans to the extent it is deemed collectible.

Separate Accounts: Separate Accounts are established in conformity with insurance laws, are segregated from the Company's general account and are maintained for the benefit of separate account contract holders. Separate account assets are accounted for at fair value, except the Stable Value Separate Account ("SVSA") which supports book value separate account agreements, in which case the assets are accounted for at amortized cost in accordance with NYDFS guidance. Separate account liabilities reflect the contractual obligations of the insurer arising out of the provisions of the insurance contract.

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NOTES TO STATUTORY - BASIS FINANCIAL STATEMENTS - (continued)
DECEMBER 31, 2015

Foreign Currency Transactions and Translation: Investments denominated in foreign currencies and foreign currency contracts are valued in U.S. dollars, based on exchange rates at the end of the relevant period. Investment transactions in foreign currencies are recorded at the exchange rates prevailing on the respective transaction dates. All other asset and liability accounts denominated in foreign currencies are adjusted to reflect exchange rates at the end of the relevant period. Realized and unrealized gains and losses due to foreign exchange transactions and translation adjustments are not separately reported but are collectively included in realized and unrealized capital gains and losses, respectively.

Non-Admitted Assets: For statutory accounting purposes, certain assets are designated as non-admitted assets. Changes in non-admitted assets are reported as a direct adjustment to surplus in the accompanying Statements of Changes in Capital and Surplus.

At December 31, the major categories of assets that are non-admitted are as follows (in thousands):

	2015	2014	Change
Net deferred tax assets	\$ 47,585	\$ 32,123	\$ 15,462
Deferred premium assets.....	32,635	30,706	1,929
Other invested assets.....	1,178	—	1,178
Sundry receivables	774	50	724
Total	\$ 82,172	\$ 62,879	\$ 19,293

Insurance and Annuity Premiums: Life insurance premiums are recognized as revenue over the premium-paying period of the related policies. Annuity considerations are recognized as revenue when received. Deposits on deposit-type contracts are recorded directly as a liability when received. Expenses incurred when acquiring new business are charged to operations as incurred.

Reserves for Life and Health Insurance, Annuities and Deposit-type Contracts: Policy and contract reserves are determined in accordance with standard valuation methods approved by the Department and are computed in accordance with standard actuarial methodology. The reserves established utilize assumptions for interest, mortality and other risks insured. Such reserves are established to provide for adequate contractual benefits guaranteed under policy and contract provisions.

Liabilities for deposit-type contracts, which do not contain any life contingencies, are equal to deposits received and interest credited to the benefit of contract holders, less surrenders or withdrawals (that represent a return to the contract holders) plus additional reserves (if any) necessitated by actuarial regulations.

The Company performed Asset Adequacy Analysis in order to test the adequacy of its reserves in light of the assets supporting such reserves, and determined that its reserves are sufficient to meet its obligations.

Asset Valuation Reserve (“AVR”) and Interest Maintenance Reserve (“IMR”): Mandatory reserves have been established for the General Account and Separate Account investments, where required. Such reserves consist of the AVR for potential credit-related losses on applicable General Account and Separate Account invested assets. Changes to the AVR are reported as direct additions to or deductions from surplus. An IMR is established for interest-related realized capital gains (losses) resulting from changes in the general level of interest rates for the General Account, as well as any Separate Accounts, not carried at fair value. Transfers to the IMR are deducted from realized capital gains and losses and are net of related federal income tax. IMR amortization, as calculated under the grouped method as specified by NY SAP, is included in net investment income. Net realized capital gains (losses) are presented net of federal income tax expense or benefit and IMR transfer.

TIAA-CREF LIFE INSURANCE COMPANY
NOTES TO STATUTORY - BASIS FINANCIAL STATEMENTS - (continued)
DECEMBER 31, 2015

Statements of Cash Flows: Noncash activities are excluded from the Statutory - Basis Statements of Cash Flows. These noncash activities for the years ended December 31 include the following (in thousands):

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Exchange/restructure/transfer of bond investments	\$ 141,469	\$ 86,601	\$ 120,379
Capitalized interest on bonds	—	—	882
Total	<u>\$ 141,469</u>	<u>\$ 86,601</u>	<u>\$ 121,261</u>

Note 3 – Long-Term Bonds

The book/adjusted carrying value, estimated fair value, excess of fair value over book/adjusted carrying value and excess of book/adjusted carrying value over fair value of long-term bonds at December 31 are shown below (in thousands):

	<u>2015</u>	<u>Excess of</u>			<u>Estimated Fair Value</u>
		<u>Book/ Adjusted Carrying Value</u>	<u>Fair Value Over Book/ Adjusted Carrying Value</u>	<u>Book/ Adjusted Carrying Value Over Fair Value</u>	
Bonds:					
U.S. governments.....	\$ 367,529	\$ 8,324	\$ (2,083)	\$ 373,770	
All other governments	22,824	—	(415)	22,409	
States, territories & possessions	59,634	1,569	(330)	60,873	
Political subdivisions of states, territories, & possessions....	11,176	194	(127)	11,243	
Special revenue & special assessment, non-guaranteed agencies & government	280,261	11,098	(2,217)	289,142	
Industrial & miscellaneous	4,489,930	115,430	(106,475)	4,498,885	
Credit tenant loans	5,769	564	—	6,333	
Hybrids	5,015	2	—	5,017	
Total	<u>\$ 5,242,138</u>	<u>\$ 137,181</u>	<u>\$ (111,647)</u>	<u>\$ 5,267,672</u>	

TIAA-CREF LIFE INSURANCE COMPANY
NOTES TO STATUTORY - BASIS FINANCIAL STATEMENTS - (continued)
DECEMBER 31, 2015

2014	Book/ Adjusted Carrying Value	Excess of		Estimated Fair Value
		Fair Value Over Book/ Adjusted Carrying Value	Book/ Adjusted Carrying Value Over Fair Value	
Bonds:				
U.S. governments.....	\$ 376,839	\$ 9,001	\$ (3,021)	\$ 382,819
All other governments.....	18,623	—	(265)	18,358
States, territories & possessions	59,625	2,056	(191)	61,490
Political subdivisions of states, territories, & possessions ...	11,175	134	(232)	11,077
Special revenue & special assessment, non-guaranteed agencies & government	344,186	13,850	(2,629)	355,407
Industrial & miscellaneous	3,918,679	213,713	(18,154)	4,114,238
Credit tenant loans	6,449	645	—	7,094
Hybrids	8,297	153	—	8,450
Total	\$ 4,743,873	\$ 239,552	\$ (24,492)	\$ 4,958,933

Impairment Review Process: All securities are subjected to the Company's process for identifying OTTI. The Company writes down securities that it deems to have an OTTI in value in the period that the securities are deemed to be impaired, based on management's case-by-case evaluation of the decline in value and prospects for recovery. Management considers a wide range of factors in the impairment evaluation process, including, but not limited to, the following: (a) the length of time the fair value has been below amortized cost; (b) the financial condition and near-term prospects of the issuer; (c) whether the debtor is current on contractually obligated interest and principal payments; (d) the intent and ability of the Company to retain the investment for a period of time sufficient to allow for any anticipated recovery in fair value or repayment; (e) information obtained from regulators, ratings agencies and various public sources; (f) the potential for impairments in an entire industry sector or sub-sector; (g) the potential for impairments in certain economically-depressed geographic locations; and (h) the potential for impairment based on an estimated discounted cash flow analysis for loan-backed and structured securities. Where impairment is considered to be other-than-temporary, the Company recognizes a write-down as a realized loss and adjusts the cost basis of the security accordingly. The Company does not change the revised cost basis for subsequent recoveries in value. Once an impairment write-down has been recorded, the Company continues to review the impaired security for potential impairments on an ongoing basis.

Unrealized Losses on Bonds: The gross unrealized losses and estimated fair values for bonds by the length of time that individual securities had been in a continuous unrealized loss position are shown in the table below (in thousands):

	Less than twelve months			Twelve months or more		
	Amortized Cost	Gross Unrealized Loss	Estimated Fair Value	Amortized Cost	Gross Unrealized Loss	Estimated Fair Value
December 31, 2015						
All other bonds.....	\$ 1,986,891	\$ (71,595)	\$ 1,915,296	\$ 314,250	\$ (36,276)	\$ 277,974
Loaned-backed and structured bonds	107,438	(1,613)	105,825	52,028	(2,163)	49,865
Total	\$ 2,094,329	\$ (73,208)	\$ 2,021,121	\$ 366,278	\$ (38,439)	\$ 327,839

TIAA-CREF LIFE INSURANCE COMPANY
NOTES TO STATUTORY - BASIS FINANCIAL STATEMENTS - (continued)
DECEMBER 31, 2015

	Less than twelve months			Twelve months or more		
	Amortized Cost	Gross Unrealized Loss	Estimated Fair Value	Amortized Cost	Gross Unrealized Loss	Estimated Fair Value
December 31, 2014						
All other bonds.....	\$ 488,980	\$ (8,767)	\$ 480,213	\$ 490,794	\$ (12,506)	\$ 478,288
Loaned-backed and structured bonds	30,151	(96)	30,055	116,447	(3,123)	113,324
Total	\$ 519,131	\$ (8,863)	\$ 510,268	\$ 607,241	\$ (15,629)	\$ 591,612

Based upon the Company's current evaluation of these securities in accordance with its impairment policy, the Company has concluded that these securities are not other-than-temporarily impaired. Additionally, the Company currently intends and has the ability to hold the securities with unrealized losses for a period of time sufficient for them to recover.

Scheduled Maturities of Bonds: The carrying value and estimated fair value of bonds, categorized by contractual maturity, are shown below. Bonds not due at a single maturity date have been included in the following table based on the year of final maturity. Actual maturities may differ from contractual maturities because borrowers may prepay obligations with or without call or prepayment penalties. Mortgage-backed and asset-backed securities are shown separately in the table below, as they are not due at a single maturity date (in thousands):

	December 31, 2015		December 31, 2014	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Due in one year or less.....	\$ 330,274	\$ 333,965	\$ 274,922	\$ 277,845
Due after one year through five years.....	1,269,800	1,269,273	1,419,864	1,441,372
Due after five years through ten years.....	1,616,301	1,616,815	1,224,277	1,262,722
Due after ten years	1,575,568	1,585,895	1,302,832	1,437,790
Subtotal	4,791,943	4,805,948	4,221,895	4,419,729
Residential mortgage-backed securities....	232,402	239,224	293,170	302,739
Commercial mortgage-backed securities...	55,514	58,408	113,715	117,285
Asset-backed securities	162,279	164,092	115,093	119,180
Subtotal	450,195	461,724	521,978	539,204
Total	\$ 5,242,138	\$ 5,267,672	\$ 4,743,873	\$ 4,958,933

The following table presents the carrying value of the long-term bond portfolio by investment grade as of December 31, (dollars in thousands):

	2015		2014	
	Carrying Value	%	Carrying Value	%
NAIC 1 and 2.....	\$ 5,183,481	98.9%	\$ 4,670,278	98.4%
NAIC 3 through 6	58,657	1.1	73,595	1.6
Total	\$ 5,242,138	100.0%	\$ 4,743,873	100.0%

TIAA-CREF LIFE INSURANCE COMPANY
NOTES TO STATUTORY - BASIS FINANCIAL STATEMENTS - (continued)
DECEMBER 31, 2015

Bond Diversification: The carrying values of long-term bond investments were diversified by the following classification at December 31 as follows:

	<u>2015</u>	<u>2014</u>
Manufacturing.....	24.0%	24.5%
Finance and financial services.....	14.9%	15.3%
Public utilities.....	12.8%	12.2%
Transportation	8.5%	5.5%
Oil and gas.....	6.8%	7.7%
U.S. and other governments	6.3%	7.1%
Residential mortgage-backed securities	4.4%	6.2%
Communication	4.2%	3.9%
Services	4.1%	3.2%
Real estate investment trusts.....	3.1%	1.9%
Asset Backed Securities	3.1%	2.4%
Mining	2.8%	3.8%
Revenue and special obligation.....	2.4%	2.7%
Retail and wholesale trade.....	1.5%	1.2%
Commercial mortgage backed securities.....	1.1%	2.4%
Total	<u>100.0%</u>	<u>100.0%</u>

Loan-backed and Structured Securities: The near-term prepayment assumptions for loan-backed and structured securities are based on historical averages drawing from performance experience for a particular transaction and may vary by security type. The long-term assumptions are adjusted based on expected performance.

For the years ended December 31, 2015 and 2014, the Company did not recognize any OTTI on loan-backed or structured securities where it lacked the ability to retain the security for a period of time sufficient to recover the amortized cost basis or where the present value of the cash flows expected to be collected was less than the amortized cost basis.

For the year ended December 31, 2015, the Company did not recognize any OTTI on loan-backed or structured securities where it had the intent to sell. The following table represents OTTI on securities with the intent to sell for the year ended December 31, 2014 (in thousands):

	<u>1</u>	<u>2</u>		<u>3</u>
	<u>Amortized Cost Basis Before OTTI</u>	<u>OTTI Recognized in Loss</u>		<u>Fair Value 1-(2a+2b)</u>
		<u>2a Interest</u>	<u>2b Non-interest</u>	
OTTI recognized Intent to sell.....	\$ 2,922	\$ —	\$ 72	\$ 2,850

Note 4 - Subsidiaries and Affiliates

The Company has no investments in subsidiary, controlled or affiliated entities ("SCA") that exceed 10% of its admitted assets.

TIAA-CREF LIFE INSURANCE COMPANY
NOTES TO STATUTORY - BASIS FINANCIAL STATEMENTS - (continued)
DECEMBER 31, 2015

At December 31, 2015 or 2014, respectively, the Company has the following as amounts due to parent, subsidiaries, and affiliates (in thousands):

	2015	2014
Amounts due to parent, subsidiaries, and affiliates.....	\$ 15,266	\$ 13,100

Note 5 - Investment Income and Capital Gains and Losses

Net Investment Income: The components of net investment income for the years ended December 31, are as follows (in thousands):

	2015	2014	2013
Bonds.....	\$ 183,389	\$ 163,914	\$ 151,290
Stocks.....	—	167	151
Other long-term investments.....	641	798	781
Cash, cash equivalents and short-term investments.....	47	33	28
Contract loans.....	759	594	400
Total gross investment income.....	184,836	165,506	152,650
Less investment expenses.....	(3,872)	(4,471)	(3,846)
Net investment income before amortization of IMR.....	180,964	161,035	148,804
Plus amortization of IMR.....	577	1,244	1,525
Net investment income.....	\$ 181,541	\$ 162,279	\$ 150,329

Realized Capital Gains and Losses: The net realized capital gains (losses) on sales, redemptions of investments and write-downs due to OTTI for the years ended December 31 are as follows (in thousands):

	2015	2014	2013
Bonds.....	\$ (8,112)	\$ 4,434	\$ 3,031
Stocks.....	26	212	—
Cash, cash equivalent and short-term investments.....	5	31	13
Total before capital gain (loss) tax and transfers to IMR.....	(8,081)	4,677	3,044
Transfers to IMR.....	5,270	(540)	(2,360)
Capital gain/loss tax benefit (expense).....	(1,728)	(1,168)	(721)
Net realized capital gains (losses) less capital gains tax, after transfers to IMR.....	\$ (4,539)	\$ 2,969	\$ (37)

Write-downs of investments resulting from OTTI, included in the preceding table, are as follows for the years ended December 31 (in thousands):

	2015	2014	2013
Other-than-temporary impairments:			
Bonds.....	\$ 5,968	\$ 72	\$ 876

Information related to the sales of long term bonds for the years ended December 31 are as follows (in thousands):

	2015	2014	2013
Proceeds from sales.....	\$ 59,926	\$ 39,351	\$ 66,840
Gross gains on sales.....	\$ 477	\$ 119	\$ 2,513
Gross losses on sales.....	\$ 2,759	\$ 54	\$ 373

TIAA-CREF LIFE INSURANCE COMPANY
NOTES TO STATUTORY - BASIS FINANCIAL STATEMENTS - (continued)
DECEMBER 31, 2015

The Company generally holds its investments until maturity. The Company performs periodic reviews of its portfolio to identify investments which may have deteriorated in credit quality to determine if any are candidates for sale in order to maintain a quality portfolio of investments. Investments which are deemed candidates for sale are continually monitored until sold and carried at the lower of amortized cost or fair value. In accordance with the Company's valuation and impairment process the investment will be monitored quarterly for further declines in fair value at which point an OTTI will be recorded until actual disposal of the investment.

Note 6 - Disclosures about Fair Value of Financial Instruments

Fair Value of Financial Instruments

Included in the Company's financial statements are certain financial instruments carried at fair value. Other financial instruments are periodically measured at fair value, such as when impaired, or for certain bonds and preferred stock when carried at the lower of cost or fair value.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair values of financial instruments are based on quoted market prices when available. When market prices are not available, fair values are primarily provided by a third party-pricing service for identical or comparable assets, or through the use of valuation methodologies using observable market inputs. These fair values are generally estimated using discounted cash flow analyses, incorporating current market inputs for similar financial instruments with comparable terms and credit quality. In instances where there is little or no market activity for the same or similar instruments, the Company estimates fair value using methods, models and assumptions that management believes market participants would use to determine a current transaction price in a hypothetical market. These valuation techniques involve management estimation and judgment for many factors including market bid/ask spreads, and such estimations may become significant with increasingly complex instruments or pricing models.

The Company's financial assets and liabilities have been classified, for disclosure purposes, based on a hierarchy defined by SSAP No. 100, Fair Value Measurements. The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3). An asset's or a liability's classification is based on the lowest level input that is significant to its measurement. For example, a Level 3 fair value measurement may include inputs that are both observable (Levels 1 and Level 2) and unobservable (Level 3). The levels of the fair value hierarchy are as follows:

Level 1 – Inputs are unadjusted quoted prices in active markets for identical assets and liabilities that the Company has the ability to access at the measurement date.

Level 2 – Other than quoted prices within Level 1 inputs are observable for the asset or liability, either directly or indirectly.

Level 2 inputs include:

- Quoted prices for similar assets or liabilities in active markets,
- Quoted prices for identical or similar assets or liabilities in markets that are not active,
- Inputs other than quoted prices that are observable for the asset or liability,
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

TIAA-CREF LIFE INSURANCE COMPANY
NOTES TO STATUTORY - BASIS FINANCIAL STATEMENTS - (continued)
DECEMBER 31, 2015

Level 3 – Inputs are unobservable inputs for the asset or liability supported by little or no market activity. Unobservable inputs reflect the Company's own assumptions about the assumptions that market participants would use in pricing the asset or liability. The Company's data used to develop unobservable inputs is adjusted if information is reasonably available without undue cost and effort that indicates that market participants would use different assumptions.

The following table provides information about the aggregate fair value for all financial instruments and the level within the fair value hierarchy at December 31, 2015 (in thousands):

	<u>Aggregate Fair Value</u>	<u>Admitted Assets</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Assets:					
Bonds	\$ 5,267,672	\$ 5,242,138	\$ —	\$ 5,263,853	\$ 3,819
Common stock	879	879	879	—	—
Preferred stock	1,500	183	1,500	—	—
Separate account assets	5,199,035	5,222,661	1,907,088	3,291,947	—
Contract loans	18,683	18,683	—	—	18,683
Cash, cash equivalent & short term investments	166,032	166,031	13,195	152,837	—
Total	<u>\$ 10,653,801</u>	<u>\$ 10,650,575</u>	<u>\$ 1,922,662</u>	<u>\$ 8,708,637</u>	<u>\$ 22,502</u>
	<u>Aggregate Fair Value</u>	<u>Statement Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Liabilities:					
Deposit-type contracts	\$ 2,503,805	\$ 2,503,805	\$ —	\$ —	\$ 2,503,805
Separate account liabilities	5,203,712	5,203,712	—	—	5,203,712
Total	<u>\$ 7,707,517</u>	<u>\$ 7,707,517</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 7,707,517</u>

The following table provides information about the aggregate fair value for all financial instruments and the level within the fair value hierarchy at December 31, 2014 (in thousands):

	<u>Aggregate Fair Value</u>	<u>Admitted Assets</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Assets:					
Bonds	\$ 4,958,933	\$ 4,743,873	\$ —	\$ 4,951,439	\$ 7,494
Common stock	607	607	607	—	—
Preferred stock	1,680	183	1,680	—	—
Separate account assets	4,846,688	4,851,892	1,714,724	3,131,964	—
Contract loans	16,077	16,077	—	—	16,077
Cash, cash equivalent & short term investments	90,507	90,507	62,515	27,992	—
Total	<u>\$ 9,914,492</u>	<u>\$ 9,703,139</u>	<u>\$ 1,779,526</u>	<u>\$ 8,111,395</u>	<u>\$ 23,571</u>

TIAA-CREF LIFE INSURANCE COMPANY
NOTES TO STATUTORY - BASIS FINANCIAL STATEMENTS - (continued)
DECEMBER 31, 2015

	<u>Aggregate Fair Value</u>	<u>Statement Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Liabilities:					
Deposit-type contracts	\$ 2,298,473	\$ 2,298,473	\$ —	\$ —	\$ 2,298,473
Separate account liabilities	4,838,207	4,838,207	—	—	4,838,207
Total	<u>\$ 7,136,680</u>	<u>\$ 7,136,680</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 7,136,680</u>

The estimated fair values of the financial instruments presented above were determined by the Company using market information available as of December 31, 2015 and 2014. Considerable judgment is required to interpret market data in developing the estimates of fair value for financial instruments for which there are no available market value quotations. The estimates presented are not necessarily indicative of the amounts the Company could have realized in a market exchange. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts.

Level 1 financial instruments

Unadjusted quoted prices for these securities are provided to the Company by independent pricing services. Common stocks and separate account assets in Level 1 primarily include mutual fund investments valued by the respective mutual fund companies and exchange traded equities.

Level 2 financial instruments

Bonds included in Level 2 are valued principally by third party pricing services using market observable inputs. Because most bonds do not trade daily, independent pricing services regularly derive fair values using recent trades of securities with similar features. When recent trades are not available, pricing models are used to estimate the fair values of securities by discounting future cash flows at estimated market interest rates. Typical inputs to models used by independent pricing services include but are not limited to benchmark yields, reported trades, broker-dealer quotes, issuer spreads, benchmark securities, bids, offers, reference data, and industry and economic events. Additionally, for loan-backed and structured securities, valuation is based primarily on market inputs including benchmark yields, expected prepayment speeds, loss severity, delinquency rates, weighted average coupon, weighted average maturity and issuance specific information. Issuance specific information includes collateral type, payment terms of underlying assets, payment priority within the tranche, structure of the security, deal performance and vintage of loans.

Separate account assets in Level 2 consist principally of corporate bonds, short term government agency notes and commercial paper.

Level 3 financial instruments

Valuation techniques for bonds included in Level 3 are generally the same as those described in Level 2 except that the techniques utilize inputs that are not readily observable in the market, including illiquidity premiums and spread adjustments to reflect industry trends or specific credit-related issues. The Company assesses the significance of unobservable inputs for each security and classifies that security in Level 3 as a result of the significance of unobservable inputs.

There are no securities measured and reported at fair value in Level 3 as of December 31, 2015 and 2014.

TIAA-CREF LIFE INSURANCE COMPANY
NOTES TO STATUTORY - BASIS FINANCIAL STATEMENTS - (continued)
DECEMBER 31, 2015

Assets and Liabilities Measured and Reported at Fair Value

The following table provides information about the Company's financial assets and liabilities measured and reported at fair value at December 31 (in thousands):

2015	Level 1	Level 2	Level 3	Total
Assets at fair value:				
Common stock				
Industrial and miscellaneous	\$ 879	\$ —	\$ —	\$ 879
Separate account assets	1,887,181	43,544	—	1,930,725
Total assets at fair value	\$ 1,888,060	\$ 43,544	\$ —	\$ 1,931,604
Total liabilities at fair value	\$ —	\$ —	\$ —	\$ —
2014	Level 1	Level 2	Level 3	Total
Assets at fair value:				
Common stock				
Industrial and miscellaneous	\$ 607	\$ —	\$ —	\$ 607
Separate account assets	1,645,363	45,450	—	1,690,813
Total assets at fair value	\$ 1,645,970	\$ 45,450	\$ —	\$ 1,691,420
Total liabilities at fair value	\$ —	\$ —	\$ —	\$ —

Transfers between Level 1 and Level 2

Periodically, the Company has transfers between Level 1 and Level 2 due to the availability of quoted prices for identical assets in active markets at the measurement date. The Company's policy is to recognize transfers between levels as of the actual date of the event or change in circumstances that caused the transfer.

For assets and liabilities held at December 31, 2015 and 2014, the Company had no transfers between Level 1 and Level 2 of the fair value hierarchy.

Reconciliation of Level 3 assets and liabilities measured and reported at fair value

At December 31, 2015 and 2014, there are no assets or liabilities measured and reported at fair value using Level 3 inputs. The Company's policy is to recognize transfers into and out of Level 3 at the actual date of the event or change in circumstances that caused the transfer.

TIAA-CREF LIFE INSURANCE COMPANY
NOTES TO STATUTORY - BASIS FINANCIAL STATEMENTS - (continued)
DECEMBER 31, 2015

Note 7 - Restricted Assets

The following table provides information on amounts and the nature of assets pledged to others as collateral or otherwise restricted by the Company (dollars in thousands):

Restricted Asset Category	Gross Restricted							Percentage		
	12/31/2015							9	10	
	1	2	3	4	5	6	7			
Total General Account (G/A)	G/A Supporting (S/A) Activity	Total Separate Account (S/A) Restricted Assets	S/A Assets Supporting G/A Activity	Total (1 plus 3)	Total From Prior Year	Increase/ (Decrease) (5 minus 6)	Total Current Year Admitted Restricted	Gross Restricted to Total Assets	Admitted Restricted to Total Admitted Assets	
On deposit with states.	\$ 8,154	\$ —	\$ —	\$ —	\$ 8,154	\$ 8,242	\$ (88)	\$ 8,154	0.075%	0.076%

Restricted Asset Category	Gross Restricted							Percentage		
	12/31/2014							9	10	
	1	2	3	4	5	6	7			
Total General Account (G/A)	G/A Supporting (S/A) Activity	Total Separate Account (S/A) Restricted Assets	S/A Assets Supporting G/A Activity	Total (1 plus 3)	Total From Prior Year	Increase/ (Decrease) (5 minus 6)	Total Current Year Admitted Restricted	Gross Restricted to Total Assets	Admitted Restricted to Total Admitted Assets	
On deposit with states.	\$ 8,242	\$ —	\$ —	\$ —	\$ 8,242	\$ 8,324	\$ (82)	\$ 8,242	0.084%	0.084%

Note 8 - Premiums and Annuity Considerations Deferred and Uncollected

Premium and annuity considerations deferred and uncollected at December 31 (in thousands):

	2015		2014	
	Gross	Net of Loading	Gross	Net of Loading
Ordinary new business	\$ 1,394	\$ 1,746	\$ 1,402	\$ 1,714
Ordinary renewal	17,079	47,349	15,614	44,427
Total	\$ 18,473	\$ 49,095	\$ 17,016	\$ 46,141

Deferred premium is the portion of the annual premium not earned at the reporting date. Loading of deferred premium is an amount obtained by subtracting the valuation net deferred premium from the gross deferred premium and generally includes allowances for acquisition costs and other expenses.

Uncollected premium is gross premium net of reinsurance that is due and unpaid at the reporting date. Net premium is the amounts used in the calculation of reserves.

Note 9 – Separate Accounts

The Company utilizes separate accounts to record and account for assets and liabilities for particular lines of business and/or transactions. As of December 31, 2015, the Company reported separate account assets and liabilities for the following products: variable life, variable annuity, fixed annuity, group life and group annuity.

TIAA-CREF LIFE INSURANCE COMPANY
NOTES TO STATUTORY - BASIS FINANCIAL STATEMENTS - (continued)
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The Company's Separate Account VLI-1 ("VLI-1") is a unit investment trust and was organized on May 23, 2001, and established under New York Law for the purpose of issuing and funding flexible premium variable universal life insurance policies. The assets of this account are carried at fair value.

The Company's Separate Account VLI-2 ("VLI-2") is a unit investment trust and was organized on February 15, 2012 and established under New York Law for the purpose of issuing and funding group and individual variable life insurance policies. The assets of this account are carried at fair value.

The Company's Separate Account VA-1 ("VA-1") was established on July 27, 1998 to fund individual non-qualified variable annuities. VA-1 is registered with the Securities and Exchange Commission (the "Commission") as a unit investment trust under the Investment Company Act of 1940. The assets of this account are carried at fair value.

The Company's Separate Account MVA-1 ("MVA-1") was established on July 23, 2008, as a non-unitized Separate Account that supports flexible premium deferred fixed annuity contracts subject to withdrawal charges and a market value adjustment feature. The assets of this account are carried at fair value. During 2014, the Company redeemed \$23,084 thousand of seed money from the Separate Account.

The Company's Stable Value Separate Account-1 ("SVSA-1") was established on May 14, 2012 as a non-unitized guaranteed separate account that supports book value separate account agreement contracts issued to certain externally managed stable value funds. The assets of this account are carried at amortized cost.

The Company's Stable Value Separate Account-2 ("SVSA-2") was established on May 21, 2012 as a non-unitized guaranteed separate account that supports book value separate account agreement contracts issued to certain externally managed stable value funds. The assets of this account are carried at amortized cost.

The Company's Stable Value Separate Account-3 ("SVSA-3") was established on November 13, 2013 as a non-unitized guaranteed separate account that supports book value separate account agreement contracts issued to certain externally managed stable value funds. The assets of this account are carried at amortized cost.

SVSA accounts support contracts issued as one of several vehicles for stable value funds. Participant withdrawals from the stable value fund are typically funded through the stable value fund's cash buffer account which is held outside of the contract. In the event that the stable value fund's cash buffer account is insufficient to pay participant and plan sponsor withdrawals, the sponsor of the stable value fund may request that the Company's pro-rata share of such excess amounts be paid from the Company's contract. Certain participant withdrawals requested from the Company's contract are paid at book value and others are paid at the lesser of book value or market value. Plan Sponsor withdrawals from the stable value fund are typically paid (to the extent the fund's cash buffer account is insufficient) at book value as long as 12 months advance notice is provided by the plan sponsor.

SVSA contracts utilize an interest crediting formula that includes a guaranteed crediting rate adjusted for the market value of the separate account assets over a period reflecting the duration of such assets.

TIAA-CREF LIFE INSURANCE COMPANY
NOTES TO STATUTORY - BASIS FINANCIAL STATEMENTS - (continued)
DECEMBER 31, 2015

In accordance with the domiciliary state procedures for approving items within the separate account, the separate account classifications of the following items are supported by a specific state statute:

Product Identification	Product Classification	State Statute Reference
TC Life VLI - 1	Variable life	Section 4240 of the New York Insurance Law
TC Life VLI - 2	Variable life	Section 4240 of the New York Insurance Law
TC Life VA - 1	Variable annuity	Section 4240 of the New York Insurance Law
TC Life MVA - 1	Fixed annuity	Section 4240 of the New York Insurance Law
TC Life SVSA - 1	Group annuity GIC	Section 4240 (a)(5)(ii) of the New York Insurance Law
TC Life SVSA - 2	Group annuity GIC	Section 4240 (a)(5)(ii) of the New York Insurance Law
TC Life SVSA - 3	Group annuity GIC	Section 4240 (a)(5)(ii) of the New York Insurance Law

In accordance with the provisions of the separate account products, some assets are considered legally insulated while others are not legally insulated from the general account. Legal insulation of the separate account assets prevents such assets from being generally available to satisfy claims resulting from the general account.

As of December 31, 2015, the Company's Separate Account assets includes both assets legally insulated and not legally insulated from the general account as follows (in thousands):

Product	2015		2014	
	Separate Account Assets		Separate Account Assets	
	Legally Insulated	Not Legally Insulated	Legally Insulated	Not Legally Insulated
TC Life VLI - 1	\$ 122,836	\$ —	\$ 99,979	\$ —
TC Life VLI - 2	75,611	—	53,634	—
TC Life VA - 1	1,684,224	—	1,484,466	—
TC Life MVA - 1	—	48,054	—	52,734
TC Life SVSA - 1	1,186,681	—	1,270,479	—
TC Life SVSA - 2	985,253	—	784,300	—
TC Life SVSA - 3	1,120,002	—	1,106,300	—
Total	\$ 5,174,607	\$ 48,054	\$ 4,799,158	\$ 52,734

In accordance with the specific rules for products recorded within the separate account, some separate account liabilities are guaranteed by the general account.

As of December 31, 2015 and 2014, the general account of the Company has a maximum guarantee for separate account liabilities of \$7,779 thousand and \$2,323 thousand, respectively. The amount paid for risk charges is not explicit, but rather embedded within the mortality and expense charges. The separate accounts had no reserves for asset default risk that were recorded in lieu of contributions to AVR.

Although the Company owns the assets of these separate accounts, the separate accounts' income, investment gains and investment losses are credited to or charged against the assets of the separate accounts without regard to the Company's other income, gains or losses.

TIAA-CREF LIFE INSURANCE COMPANY
NOTES TO STATUTORY - BASIS FINANCIAL STATEMENTS - (continued)
DECEMBER 31, 2015

Information regarding separate accounts of the Company is as follows (in thousands):

	2015			
	Non-indexed Guarantee less than/equal to 4%	Non-indexed Guarantee more than 4%	Non-guaranteed Separate Accounts	Total
Premiums, considerations or deposits	\$ 403,757	\$ —	\$ 374,557	\$ 778,314
Reserves at 12/31/15 for accounts at:				
Fair value	\$ 20,804	\$ 17,613	\$ 1,878,761	\$ 1,917,178
Amortized cost	3,275,936	—	—	3,275,936
Total reserves	<u>\$ 3,296,740</u>	<u>\$ 17,613</u>	<u>\$ 1,878,761</u>	<u>\$ 5,193,114</u>
By withdrawal characteristics:				
Subject to discretionary withdrawal:				
With market value adjustment	\$ 20,804	\$ 17,613	\$ —	\$ 38,417
At fair value	3,275,936	—	1,878,761	5,154,697
Not subject to discretionary withdrawal	—	—	—	—
Total reserves	<u>\$ 3,296,740</u>	<u>\$ 17,613</u>	<u>\$ 1,878,761</u>	<u>\$ 5,193,114</u>
	2014			
	Non-indexed Guarantee less than/equal to 4%	Non-indexed Guarantee more than 4%	Non-guaranteed Separate Accounts	Total
Premiums, considerations, or deposits ..	\$ 824,282	\$ —	\$ 354,973	\$ 1,179,255
Reserves				
Reserves at 12/31/14 for accounts at:				
Fair value	\$ 22,325	\$ 20,792	\$ 1,635,095	\$ 1,678,212
Amortized cost	3,115,288	—	—	3,115,288
Total reserves	<u>\$ 3,137,613</u>	<u>\$ 20,792</u>	<u>\$ 1,635,095</u>	<u>\$ 4,793,500</u>
By withdrawal characteristics:				
Subject to discretionary withdrawal:				
With market value adjustment	\$ 22,325	\$ 20,792	\$ —	\$ 43,117
At fair value	3,115,288	—	1,635,095	4,750,383
Not subject to discretionary withdrawal	—	—	—	—
Total reserves	<u>\$ 3,137,613</u>	<u>\$ 20,792</u>	<u>\$ 1,635,095</u>	<u>\$ 4,793,500</u>

TIAA-CREF LIFE INSURANCE COMPANY
NOTES TO STATUTORY - BASIS FINANCIAL STATEMENTS - (continued)
DECEMBER 31, 2015

2013

	Non-indexed Guarantee less than/equal to 4%	Non-indexed Guarantee more than 4%	Non-guaranteed Separate Accounts	Total
Premiums, considerations, or deposits ..\$	1,540,355	\$ —	\$ 247,444	\$ 1,787,799
Reserves				
Reserves at 12/31/13 for accounts at:				
Fair value	\$ 34,473	\$ 22,367	\$ 1,300,243	\$ 1,357,083
Amortized cost	2,269,111	—	—	2,269,111
Total reserves.....	\$ 2,303,584	\$ 22,367	\$ 1,300,243	\$ 3,626,194
By withdrawal characteristics:				
Subject to discretionary withdrawal:				
With market value adjustment.....\$	34,473	\$ 22,367	\$ —	\$ 56,840
At fair value	2,269,111	—	1,300,243	3,569,354
Not subject to discretionary withdrawal.....	—	—	—	—
Total reserves	\$ 2,303,584	\$ 22,367	\$ 1,300,243	\$ 3,626,194

The following is a reconciliation of transfers to or (from) the Company to the Separate Accounts (in thousands):

	2015	2014	2013
Transfers as reported in the Summary of Operations of the separate accounts statement:			
Transfers to separate accounts	\$ 381,946	\$ 366,901	\$ 266,154
Transfers from separate accounts	(121,515)	(139,172)	(122,691)
Net transfers to separate accounts	260,431	227,729	143,463
Reconciling adjustments:			
Fund transfer exchange gain (loss).....	(686)	(177)	(233)
Transfers as reported in the Company's Statements of Operations	\$ 259,745	\$ 227,552	\$ 143,230

Note 10 – Related Party Transactions

The majority of services for the operation of the Company are provided at cost by TIAA pursuant to a service agreement. Expense reimbursement payments under the service agreement are made monthly by the Company to TIAA based on TIAA's costs for providing such services. The Company also reimburses TIAA, at cost, on a monthly basis for certain investment management services, according to the terms of an investment management agreement. Reimbursements made to TIAA for the years ended December 31, are as follows (in thousands):

	2015	2014	2013
Reimbursements to TIAA.....	\$ 120,676	\$ 105,472	\$ 91,136

Teachers Advisors, Inc. ("Advisors"), a subsidiary of TIAA-CREF Asset Management LLC ("TCAM"), which is an indirectly owned subsidiary of TIAA, provides investment advisory services and other administrative services for the Company's Separate Accounts in accordance with an Investment Management Agreement. Teachers Personal Investors Services, Inc. ("TPIS"), a subsidiary of TCAM and TIAA-CREF Individual & Institutional Services, LLC ("Services"), a subsidiary of TIAA, are authorized to distribute contracts for the Separate Accounts. Reimbursement made to Advisors for services for the years ended December 31, are as follows (in thousands):

TIAA-CREF LIFE INSURANCE COMPANY
NOTES TO STATUTORY - BASIS FINANCIAL STATEMENTS - (continued)
DECEMBER 31, 2015

	2015	2014	2013
Reimbursements to Advisors	\$ 4,724	\$ 3,798	\$ 2,229

Effective May 1, 2012, the Company reimbursed TPIS and Services, on an at cost basis, for distribution services for variable life and after tax annuities. Expenses associated with the distribution services agreement for the years ended December 31, are as follows (in thousands):

	2015	2014	2013
Reimbursement to TPIS and Services	\$ 14,013	\$ 14,265	\$ 11,807

Services for certain funding agreements for qualified state tuition programs for which TIAA-CREF Tuition Financing, Inc. ("TFI"), a wholly-owned subsidiary of TIAA, is the program manager, are provided to the Company by TFI pursuant to a service agreement between the Company and TFI. Payments associated with this service agreement for the years ended December 31, are as follows (in thousands):

	2015	2014	2013
Payments to TFI	\$ 10,296	\$ 8,724	\$ 8,754

The Company has a financial support agreement with TIAA. Under this agreement, TIAA will provide support so that the Company will have the greater of (a) capital and surplus of \$250,000 thousand, (b) the amount of capital and surplus necessary to maintain the Company's capital and surplus at a level not less than 150% of the NAIC Risk Based Capital model or (c) such other amount as necessary to maintain the Company's financial strength ratings at least the same as TIAA's rating. This agreement is not an evidence of indebtedness or an obligation or liability of TIAA and does not provide any creditor of the Company with recourse to TIAA.

The Company maintains a \$100,000 thousand unsecured 364-day revolving line of credit with TIAA. This line has an expiration date of July 11, 2016. As of December 31, 2015, \$30,000 thousand of this facility was maintained on a committed basis for which the Company paid a commitment fee of 7.0 basis points on the unused committed amount. During the period ending December 31, 2015, 28 draw-downs totaling \$51,500 thousand were made under this line of credit arrangement of which none were outstanding as of December 31, 2015.

Note 11 – Federal Income Taxes

The application of SSAP No. 101 requires a company to evaluate the recoverability of deferred tax assets and to establish a valuation allowance if necessary to reduce the deferred tax asset to an amount which is more likely than not to be realized. As of December 31, 2015, and December 31, 2014, the Company has not recorded a valuation allowance on deferred tax assets.

TIAA-CREF LIFE INSURANCE COMPANY
NOTES TO STATUTORY - BASIS FINANCIAL STATEMENTS - (continued)
DECEMBER 31, 2015

The components of net deferred tax assets ("DTA") and deferred tax liabilities ("DTL") at December 31 are as follows (in thousands):

	12/31/2015			12/31/2014			Change		
	(1) Ordinary	(2) Capital	(3) (Col 1+2) Total	(4) Ordinary	(5) Capital	(6) (Col 4+5) Total	(7) (Col 1-4) Ordinary	(8) (Col 2-5) Capital	(9) (Col 7+8) Total
a) Gross deferred tax assets	\$ 60,872	\$ 7,522	\$ 68,394	\$ 47,252	\$ 4,692	\$ 51,944	\$ 13,620	\$ 2,830	\$ 16,450
b) Statutory valuation allowance adjustments.....	—	—	—	—	—	—	—	—	—
c) Adjusted gross deferred tax assets (a-b)	60,872	7,522	68,394	47,252	4,692	51,944	13,620	2,830	16,450
d) Deferred tax assets non-admitted	41,471	6,114	47,585	29,101	3,022	32,123	12,370	3,092	15,462
e) Subtotal net admitted deferred tax asset (c-d)	19,401	1,408	20,809	18,151	1,670	19,821	1,250	(262)	988
f) Deferred tax liabilities	1,538	802	2,340	1,263	1,064	2,327	275	(262)	13
g) Net admitted deferred tax assets/(net deferred tax liability) (e-f)	\$ 17,863	\$ 606	\$ 18,469	\$ 16,888	\$ 606	\$ 17,494	\$ 975	\$ ---	\$ 975

	12/31/2015			12/31/2014			Change		
	(1) Ordinary	(2) Capital	(3) (Col 1+2) Total	(4) Ordinary	(5) Capital	(6) (Col 4+5) Total	(7) (Col 1-4) Ordinary	(8) (Col 2-5) Capital	(9) (Col 7+8) Total

Admission Calculation Components SSAP No. 101 (in thousands)

a) Federal income taxes paid in prior years recoverable through loss carrybacks	\$ 17,863	\$ 606	\$ 18,469	\$ 16,337	\$ 606	\$ 16,943	\$ 1,526	\$ ---	\$ 1,526
b) Adjusted gross DTA expected to be realized (excluding the amount of DTA from 2(a) above after application of the threshold limitation.(The lesser of (b)1 and (b)2 below)	—	—	—	551	—	551	(551)	—	(551)
1. Adjusted gross DTA expected to be realized following the balance sheet date	—	—	—	551	—	551	(551)	—	(551)
2. Adjusted gross DTA allowed per limitation threshold.	—	—	51,607	—	—	50,562	XXX	XXX	1,045
c) Adjusted gross DTA (excluding the amount of DTA from (a) and (b) above) offset by gross DTL.....	1,538	802	2,340	1,263	1,064	2,327	275	(262)	13
d) DTA admitted as the result of application of SSAP No. 101. Total ((a)+(b)+(c))	\$ 19,401	\$ 1,408	\$ 20,809	\$ 18,151	\$ 1,670	\$ 19,821	\$ 1,250	\$ (262)	\$ 988

TIAA-CREF LIFE INSURANCE COMPANY
NOTES TO STATUTORY - BASIS FINANCIAL STATEMENTS - (continued)
DECEMBER 31, 2015

(a) Ratio percentage used to determine recovery period and threshold limitation amount.....	839%	914%
(b) Amount of adjusted capital and surplus used to determine the threshold limitation in (b)2 above (in thousands).....	\$344,049	\$ 337,081

	12/31/2015		12/31/2014		Change	
	(1) Ordinary	(2) Capital	(3) Ordinary	(4) Capital	(5) (Col 1-3) Ordinary	(6) (Col 2-4) Capital
Impact of Tax Planning Strategies: (dollars in thousands)						
Determination of adjusted gross deferred tax assets and net admitted deferred tax assets, by tax character as a percentage						
Adjusted gross DTAs amount from note 10A1(c).....	\$ 60,872	\$ 7,522	\$ 47,252	\$ 4,692	\$ 13,620	\$ 2,830
Percentage of adjusted gross DTAs by tax character attributable to the impact of tax planning strategies.....	—%	—%	—%	—%	—%	—%
Net admitted adjusted gross DTAs amount from note 10A1(e).....	\$ 19,401	\$ 1,408	\$ 18,151	\$ 1,670	\$ 1,250	\$ (262)
Percentage of net admitted adjusted gross DTAs by tax character admitted because of the impact of tax planning strategies.....	—%	—%	—%	—%	—%	—%

The Company does not have deferred tax liabilities that are not recognized.

The Company does not use reinsurance in its tax-planning strategy.

Current income taxes incurred consist of the following major components (in thousands):

	<u>12/31/2015</u>	<u>12/31/2014</u>	<u>12/31/2013</u>
Current Income Tax:			
Federal income tax expense.....	\$ 4,198	\$ 7,074	\$ 7,007
Foreign taxes.....	—	—	—
Subtotal.....	<u>\$ 4,198</u>	<u>\$ 7,074</u>	<u>\$ 7,007</u>
Federal income taxes expense on net capital gains.....	649	1,322	720
Other.....	424	(362)	(57)
Federal and foreign income tax expense.....	<u>\$ 5,271</u>	<u>\$ 8,034</u>	<u>\$ 7,670</u>

TIAA-CREF LIFE INSURANCE COMPANY
NOTES TO STATUTORY - BASIS FINANCIAL STATEMENTS - (continued)
DECEMBER 31, 2015

Deferred Tax Assets:	<u>12/31/2015</u>	<u>12/31/2014</u>	<u>Change</u>
Ordinary:			
Policyholder reserves.....	\$ 16,993	\$ 12,216	\$ 4,777
Deferred acquisition costs	41,602	31,809	9,793
Unauthorized reinsurance	1,721	2,840	(1,119)
Receivables - non - admitted	271	—	271
Other (including items < 5% of total ordinary tax assets).....	285	387	(102)
Subtotal.....	<u>\$ 60,872</u>	<u>\$ 47,252</u>	<u>\$ 13,620</u>
Non-admitted	41,471	29,101	12,370
Admitted ordinary deferred tax assets.....	<u>\$ 19,401</u>	<u>\$ 18,151</u>	<u>\$ 1,250</u>
Capital:			
Investments.....	\$ 7,522	\$ 4,692	\$ 2,830
Net capital loss carry-forward.....	—	—	—
Subtotal.....	<u>\$ 7,522</u>	<u>\$ 4,692</u>	<u>\$ 2,830</u>
Statutory valuation allowance adjustment.....	—	—	—
Non-admitted	6,114	3,022	3,092
Admitted capital deferred tax assets.....	<u>1,408</u>	<u>1,670</u>	<u>(262)</u>
Admitted deferred tax assets	<u>\$ 20,809</u>	<u>\$ 19,821</u>	<u>\$ 988</u>
Deferred Tax Liabilities:			
Ordinary:			
Investments.....	\$ 1,219	\$ 1,263	\$ (44)
Tax reserve weakening	319	—	319
Capital:			
Investments.....	802	1,064	(262)
Deferred tax liabilities.....	<u>\$ 2,340</u>	<u>\$ 2,327</u>	<u>\$ 13</u>
Net Admitted Deferred Tax:			
Assets/Liabilities	<u>\$ 18,469</u>	<u>\$ 17,494</u>	<u>\$ 975</u>

TIAA-CREF LIFE INSURANCE COMPANY
NOTES TO STATUTORY - BASIS FINANCIAL STATEMENTS - (continued)
DECEMBER 31, 2015

The provision for federal and foreign income taxes incurred is different from that which would be obtained by applying the statutory federal income tax rate to income before income taxes. The significant items causing this difference at December 31, 2015, are as follows (dollars in thousands):

Description	Amount	Effective Tax Rate
Provision computed at statutory rate	\$ (13,927)	35.00 %
Dividends received deduction.....	(130)	0.33
SAGIC - ordinary income & capital gains.....	2,138	(5.37)
Amortization of interest maintenance reserve.....	(202)	0.51
Other permanent differences: lobbying expenses & tax exempt interest.....	(44)	0.11
Liability for unauthorized reinsurance.....	1,120	(2.81)
Prior year true-up.....	414	(1.04)
Other.....	(535)	1.33
Total	<u>\$ (11,166)</u>	<u>28.06 %</u>
Federal and foreign income tax incurred	\$ 5,271	(13.25)%
Change in net deferred income tax charge (benefit).....	(16,437)	41.31
Total statutory income taxes	<u>\$ (11,166)</u>	<u>28.06 %</u>

At December 31, 2015, the Company had no net operating loss carry forwards or capital loss carry forwards.

Income tax, ordinary and capital available for recoupment from its parent, TIAA, in the event of future net losses include (in thousands):

Year Incurred	Ordinary	Capital	Total
2013	\$ 6,632	\$ —	\$ 6,632
2014	6,305	2,228	8,533
2015	4,198	649	4,847
Total	<u>\$ 17,135</u>	<u>\$ 2,877</u>	<u>\$ 20,012</u>

There were no deposits reported as admitted assets under IRC Section 6603.

TIAA-CREF LIFE INSURANCE COMPANY
NOTES TO STATUTORY - BASIS FINANCIAL STATEMENTS - (continued)
DECEMBER 31, 2015

The Company files a consolidated federal income tax return with its parent, TIAA and its affiliates:

- | | |
|--|---|
| 1) 730 Texas Forest Holdings, Inc. | 18) T-C Sports Co., Inc. |
| 2) Covariance Capital Management, Inc. | 19) T-Investment Properties Corp. |
| 3) Greenwood Resources, Inc. | 20) TCT Holdings, Inc. |
| 4) JWL Properties, Inc. | 21) Teachers Advisors, Inc. |
| 5) ND Properties, Inc. | 22) Teachers Insurance and Annuity Association of America |
| 6) Nuveen Asia Investments, Inc. * | 23) Teachers Personal Investors Service, Inc. |
| 7) Nuveen Holdings, Inc. * | 24) Terra Land Company |
| 8) Nuveen Investments, Inc. * | 25) TIAA Asset Management Finance Company, LLC * |
| 9) Nuveen Investments Advisers Inc. * | 26) TIAA Board of Overseers |
| 10) Nuveen Investments Holdings, Inc. * | 27) TIAA-CREF Tuition Financing, Inc. |
| 11) Nuveen Investments Institutional Services Group, LLC * | 28) TIAA-CREF Trust Company, FSB |
| 12) Nuveen Investment Solutions, Inc.* | 29) Westchester Group Asset Management, Inc. |
| 13) Nuveen Securities, LLC* | 30) Westchester Group Farm Management, Inc. |
| 14) Oleum Holding Company, Inc. | 31) Westchester Group Investment Management, Inc. |
| 15) Rittenhouse Asset Management, Inc. * | 32) Westchester Group Investment Management Holding, Inc. |
| 16) T-C Europe Holdings, Inc. | 33) Westchester Group Real Estate, Inc. |
| 17) T-C SP, Inc. | |

All consolidating companies, excluding those denoted with an asterisk (*) above, participate in a tax sharing agreement under the following criteria. Under the agreement, current federal income tax expense (benefit) is computed on a separate return basis and provides that members shall make payments or receive reimbursements to the extent that their income (loss) contributes to or reduces consolidated federal tax expense. The consolidating companies included in this agreement are reimbursed for net operating losses or other tax attributes they have generated when utilized in the consolidated return.

The companies denoted with an asterisk above (collectively, "TAMF subgroup"), are subject to a separate tax sharing agreement, under which current federal income tax expense (benefit) is computed on a separate subgroup return basis. Under the Agreement, TIAA Asset Management Finance Company, LLC ("TAMF") makes payments to TIAA for amounts equal to the federal income payments that the TAMF subgroup would be obliged to pay the federal government if the TAMF subgroup had actually filed a separate consolidated tax return. TAMF is reimbursed for the subgroup losses to the extent that the subgroup tax return reflects a tax benefit that the TAMF subgroup could have carried back to a prior consolidated return year. However, in the event the TIAA consolidated group owes Alternative Minimum Tax ("AMT") in a given year, TAMF will pay or receive reimbursements for its allocable share of tax, in an amount equal to the ratio that its standalone AMT liability bears to that of the consolidated group's liability.

The Company had no federal or foreign income tax loss contingencies as determined in accordance with SSAP No. 5R. with the modifications provided in SSAP No. 101 for which it is reasonably possible that the total liability will significantly increase within 12 months of the reporting date.

The Company's tax years 2010 through 2015 are open to examination by the IRS.

TIAA-CREF LIFE INSURANCE COMPANY
NOTES TO STATUTORY - BASIS FINANCIAL STATEMENTS - (continued)
DECEMBER 31, 2015

Note 12 – Pension Plan and Post-retirement Benefits

The Company has no employees. TIAA allocates employee benefit expenses based on salaries attributable to the Company. The Company's share of net expense for the qualified defined contribution plan and for other post-retirement benefit plans for the years ended December 31, are as follows (in thousands):

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Qualified defined contribution plan	\$ 3,739	\$ 2,885	\$ 2,499
Other post-retirement benefit plans	\$ 113	\$ 429	\$ 696

Note 13 – Policy and Contract Reserves

Policy and contract reserves are determined in accordance with standard valuation methods approved by the Department and are computed in accordance with standard actuarial methodology. The reserves are based on assumptions for interest, mortality and other risks insured.

For annuities and supplementary contracts, policy and contract reserves are calculated using Commissioner's Annuity Reserve Valuation Method ("CARVM") in accordance with New York State Regulation 151, Actuarial Guideline 43 ("AG43") for variable annuity products and Actuarial Guideline 33 for all other products.

Based on the asset adequacy and AG43 analysis, the Company maintains additional reserve at the level of \$45,000 thousand and \$30,000 thousand for 2015 and 2014, respectively. On this basis, the Company determined that the Company's reserves are sufficient to meet its obligations.

The Company performed asset adequacy analysis in order to test the adequacy of its reserves in light of the assets supporting such reserves, and determined that its reserves are sufficient to meet its obligations.

Withdrawal characteristics of annuity actuarial reserves and deposit-type contracts at December 31 are as follows (dollars in thousands):

	<u>2015</u>				
	<u>General Account</u>	<u>Separate Account with Guarantees</u>	<u>Separate Account Nonguaranteed</u>	<u>Total</u>	<u>% of Total</u>
Subject to discretionary withdrawal:					
With fair value adjustment	\$ —	\$ 38,417	\$ —	\$ 38,417	0.4%
At book value less current surrender charge of 5% or more	—	—	—	—	—
At fair value	—	3,275,936	1,684,752	4,960,688	56.2
Total with adjustment or at fair value	\$ —	\$ 3,314,353	\$ 1,684,752	\$ 4,999,105	56.6%
At book value without adjustment (minimal or no charge or adjustment)	3,711,463	—	—	3,711,463	41.9
Not subject to discretionary withdrawal	137,010	—	—	137,010	1.5
Total (gross)	<u>\$ 3,848,473</u>	<u>\$ 3,314,353</u>	<u>\$ 1,684,752</u>	<u>\$ 8,847,578</u>	<u>100.0%</u>
Reinsurance ceded	—	—	—	—	
Total (net)	<u>\$ 3,848,473</u>	<u>\$ 3,314,353</u>	<u>\$ 1,684,752</u>	<u>\$ 8,847,578</u>	

TIAA-CREF LIFE INSURANCE COMPANY
NOTES TO STATUTORY - BASIS FINANCIAL STATEMENTS - (continued)
DECEMBER 31, 2015

	2014				
	General Account	Separate Account with Guarantees	Separate Account Nonguaranteed	Total	% of Total
Subject to discretionary withdrawal:					
With fair value adjustment	\$ —	\$ 43,117	\$ —	\$ 43,117	0.5%
At book value less current surrender charge of 5% or more.....	2,043	—	—	2,043	—
At fair value.....	—	3,115,287	1,484,854	4,600,141	55.6
Total with adjustment or at fair value	\$ 2,043	\$ 3,158,404	\$ 1,484,854	\$ 4,645,300	56.1%
At book value without adjustment (minimal or no charge or adjustment).....	3,527,228	—	—	3,527,228	42.6
Not subject to discretionary withdrawal .	105,674	—	—	105,674	1.3
Total (gross)	\$ 3,634,945	\$ 3,158,404	\$ 1,484,854	\$ 8,278,202	100.0%
Reinsurance ceded.....	—	—	—	—	
Total (net)	\$ 3,634,945	\$ 3,158,404	\$ 1,484,854	\$ 8,278,202	

For Ordinary Life Insurance (including term plans, universal life and variable universal life), reserves for all policies are calculated in accordance with New York State Insurance Regulation 147 using the 1980 CSO Table or 2001 CSO Table and interest rates of 3.5% through 4.5%. Term conversion reserves are based on the Company's term conversion mortality experience and interest at 4.0%.

Liabilities for incurred but not reported life insurance claims and disability waiver of premium claims are based on historical experience and are set equal to a percentage of reserves. Reserves for amounts not yet due for incurred but not reported disability waiver of premium claims are a percentage of the total Active Lives Disability Waiver of Premium Reserve.

The Company waives deduction of deferred fractional premiums upon death of the insured and returns any portion of the final premium beyond the date of death. The Company has no policies where the surrender values were in excess of the legally computed reserves as of December 31, 2015 and 2014. The Company has \$35,813,998 thousand and \$32,914,168 thousand of insurance in force for which the gross premiums are less than the net premiums according to the standard of valuation set by the State of New York as of December 31, 2015 and 2014, respectively. Premium deficiency reserves related to the above insurance total \$15,604 thousand and \$16,343 thousand at December 31, 2015 and 2014, respectively.

For retained assets, an accumulation account issued from the proceeds of annuity and life insurance policies, reserves are held equal to the current account balances.

The Tabular Interest, Tabular Less Actual Reserve Released and Tabular Cost have all been determined by formulae as prescribed by the NAIC except for deferred annuities, for which tabular interest has been determined from the basic data.

TIAA-CREF LIFE INSURANCE COMPANY
NOTES TO STATUTORY - BASIS FINANCIAL STATEMENTS - (continued)
DECEMBER 31, 2015

Note 14 – Reinsurance

Reinsurance transactions included in the statutory - basis statements of operations within "Insurance and annuity premiums and other considerations" are as follows (in thousands):

	Years Ended December 31,		
	2015	2014	2013
Direct premiums	\$ 842,146	\$ 802,560	\$ 599,917
Ceded premiums	(125,754)	(125,096)	(118,103)
Net premiums	\$ 716,392	\$ 677,464	\$ 481,814

The Company enters into reinsurance agreements in the normal course of its insurance business to reduce overall risk. The Company remains liable for reinsurance ceded if the reinsurer fails to meet its obligation on the business assumed. All reinsurance is placed with unaffiliated reinsurers. A liability is established for reserves ceded to unauthorized reinsurers which are not secured by or in excess of letters of credit or trust agreements. The Company does not have reinsurance agreements in effect under which the reinsurer may unilaterally cancel the agreement. Amounts shown in the financial statements are reported net of the impact of reinsurance. The major lines in the accompanying financial statements that are reduced by the effect of these reinsurance agreements include (in thousands):

	2015	2014	2013
Reinsurance ceded:			
Insurance and annuity premiums and other considerations	\$ 125,754	\$ 125,096	\$ 118,103
Policy and contract benefits	22,708	29,940	26,240
Increase in policy and contract reserves	36,514	39,000	39,454
Reserves for life and health, annuities and deposit-type contracts	512,734	476,220	437,220

Note 15 – Capital and Contingency Reserves and Shareholders' Dividends Restrictions

The portion of unassigned surplus increased or (reduced) by each item below as of December 31 are as follows (in thousands):

	2015	2014
Net unrealized capital gains	\$ 290	\$ 54
Asset valuation reserve	(6,338)	(9,368)
Net deferred federal income tax	16,437	10,932
Change in non-admitted assets	(19,293)	(6,925)
Change in liability for reinsurance of unauthorized companies	3,199	(88)
Surplus withdrawn from separate accounts	—	23,379
Change in surplus of separate accounts	3,441	(19,716)
Surplus paid in	50,000	—

During 2015, TIAA contributed \$50,000 thousand in capital to the Company to support continued business growth.

Capital: The Company has 2,500 shares of common stock authorized, issued and outstanding. All shares are Class A. The Company has no preferred stock outstanding.

TIAA-CREF LIFE INSURANCE COMPANY
NOTES TO STATUTORY - BASIS FINANCIAL STATEMENTS - (concluded)
DECEMBER 31, 2015

Dividend Restrictions: Under the New York Insurance Law, the Company is permitted without prior insurance regulatory clearance to pay a stockholder dividend as long as the aggregated amount of all such dividends in any calendar year does not exceed the lesser of (i) 10% of its surplus to policyholders as of the immediately preceding calendar year and (ii) its net gain from operations for the immediately preceding calendar year (excluding realized investment gains). The Company generally has not paid dividends to its shareholder.

Note 16 – Contingencies

It is the opinion of management that any liabilities which might arise from litigation, state guaranty fund assessments, and other matters, over and above amounts already provided for in the financial statements, are not considered material in relation to the Company's financial position or the results of its operations.

The Company receives and responds to subpoenas or other inquiries from state regulators, including state insurance commissioners; state attorneys general and other state governmental authorities; Federal regulators, including the SEC and Federal governmental authorities. The Company cooperates in these inquiries.

Note 17 – Subsequent Events

In preparing these financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through April 11, 2016, the date the financial statements were available to be issued.

TIAA approved a \$50,000 thousand capital contribution to the Company from its parent, TIAA, to support continued business growth. This contribution of cash occurred on February 25, 2016.