EXAMINATION REPORT

OF

AMERICAN LIFE INSURANCE COMPANY

AS OF

DECEMBER 31, 2018

Office of the
Commissioner

Delaware
Department of Insurance

REPORT ON EXAMINATION

OF

AMERICAN LIFE INSURANCE COMPANY

AS OF

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The above-captioned report was completed by examiners of the Delaware Department of Insurance.

Consideration has been duly given to the comments, conclusions and recommendations of the examiners regarding the status of the company as reflected in the report.

This report is hereby accepted, adopted and filed as an official record of this Department.

Trinidad Navarro
Insurance Commissioner

Dated this 15 day of June, 2020

1351 West North Street, Suite 101, Dover, DE 19904-2465 • www.delawareinsurance.gov
(302) 674-7300 Dover • (302) 739-5280 fax • (302) 577-5280 Wilmington

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April 30, 2020

Honorable Trinidad Navarro
Commissioner of Insurance
Delaware Department of Insurance
1351 West North StreetSuite 101
Dover, Delaware 19904

Dear Commissioner:

In compliance with instructions and pursuant to statutory provisions contained in Exam Authority No. 19.010, dated May 9, 2019, an examination has been made of the affairs, financial condition and management of the

AMERICAN LIFE INSURANCE COMPANY

hereinafter referred to as the Company or ALICO, incorporated under the laws of the State of Delaware as a stock company with its statutory home office located at 1209 Orange Street, Wilmington, Delaware 19801. The examination was conducted at the main administrative offices of the Company, located at 18210 Crane Nest Drive, Tampa, Florida 33647. The report of examination thereon is respectfully submitted.

SCOPE OF EXAMINATION

We have performed our multi-state examination of ALICO. The last examination was conducted as of December 31, 2014 by the Delaware Department of Insurance (Department). This examination covers the four-year period from January 1, 2015 through December 31, 2018. The examination was a coordinated examination, and was conducted concurrently with examination of MetLife, Inc. (MetLife), and life insurance entities within the Metropolitan

Group, including: Metropolitan Life Insurance Company (MLIC), Metropolitan Tower Life Insurance Company (MTL), Delaware American Life Insurance Company (DELAM), MetLife Reinsurance Company of Charleston, SafeGuard Health Plans, Inc. , and SafeHealth Life Insurance Company. The State of New York was the assigned lead state by the National Association of Insurance Commissioners (NAIC). To the fullest extent, the efforts, resources, project materials and findings were coordinated and made available to all examination participants. Separate reports of examination were filed for each company.

We conducted our examination in accordance with the NAIC *Financial Condition Examiners Handbook* (Handbook). The Handbook requires that we plan and perform the examination to evaluate the financial condition, assess corporate governance, identify current and prospective risks of the company and evaluate system controls and procedures used to mitigate those risks. An examination also includes identifying and evaluating significant risks that could cause an insurer's surplus to be materially misstated both currently and prospectively.

All accounts and activities of the company were considered in accordance with the risk-focused examination process. This may include assessing significant estimates made by management and evaluating management's compliance with Statutory Accounting Principles. The examination does not attest to the fair presentation of the financial statements included herein. If, during the course of the examination an adjustment is identified, the impact of such adjustment will be documented separately following the Company's financial statements.

This examination report includes significant findings of fact, as mentioned in 18 *Del. C.* § 321, and general information about the insurer and its financial condition. There may be other items identified during the examination that, due to their nature (e.g. subjective conclusions, proprietary information, etc.), are not included within the examination report but separately communicated to other regulators and/or the company.

During the course of this examination, consideration was given to work performed by the Company's external accounting firm, Deloitte & Touche LLP (D&T). Certain auditor work papers of the 2018 audit of the Company have been incorporated into the work papers of the examiners and have been utilized in determining the scope, areas of emphasis in conducting the examination and in the area of risk mitigation and substantive testing.

SUMMARY OF SIGNIFICANT FINDINGS

There were no significant findings or material changes in financial statements as a result of this examination.

COMPANY HISTORY

The Company was incorporated under the laws of the State of Delaware on August 18, 1921, as the Asia Life Insurance Company, with the principal office located in Shanghai, China. In 1951, the Company amended its Certificate of Incorporation, changing the corporate title to American Life Insurance Company and changing the principal office to Bermuda. The Company became a member of the American International Group, Inc. (AIG) holding company system in 1968 when ALICO was acquired by AIG. In 1969, the Company relocated its principal office to Wilmington, Delaware.

On November 30, 2009, AIG contributed all the outstanding shares of ALICO to a special purpose vehicle, ALICO Holdings, LLC (ALICO Holdings) in exchange for all common and preferred shares of ALICO Holdings. AIG subsequently transferred the preferred membership interest in ALICO Holdings to the Federal Reserve Bank of New York (FRBNY) in satisfaction of $9 billion in outstanding obligations to the FRBNY credit facility provided to AIG.

On November 1, 2010, the Company became a wholly-owned subsidiary of MetLife, a Delaware corporation. MetLife acquired the Company from ALICO Holdings, along with its affiliate DELAM from AIG, for approximately $16 billion. In connection with the acquisition, MetLife filed with the Department a Statement Regarding the Acquisition of Control of or Merger with a Domestic Insurer on Form A, dated April 14, 2010 (Form A), seeking the approval of the Department to acquire control of the Company. The Form A was approved by the Department on August 26, 2010.

Capitalization

The Company's capital is comprised of 500,000 shares of common stock authorized, of which 304,271 shares are issued and outstanding, at $10 per share par value. There are no other classes of capital stock. Based upon ALICO's Board of Directors (Board) Resolution dated June 30, 2014, ALICO transferred $36,957,290 from gross paid-in and contributed surplus to common capital stock. Approval for this transfer was received from the Department on September 11, 2014. As of December 31, 2018, the Company's capitalization totaled $40,000,000. All outstanding shares of the Company's common stock were owned by MetLife.

The Company received surplus contributions from its parent and made dividend distributions to its parent during the examination period as follows (dollars in thousands):

Year	**Contribution**		
2015	$	8,233,000	(1)
2016	$	16,417	(2)
2017	$	(2,200,000)	(3)
2018	$	(3,200,000)	(4)

(1) On May 27, 2015, the Company received all of the outstanding shares of MetLife International Holdings, Inc., (MIHI) with a value of $8,233,000 thousand from MetLife, as a non-cash capital

contribution. On May 28, 2015, the Company recorded a return of capital from MIHI in the amount of $178,888 thousand and then MIHI converted from a Delaware corporation to a Delaware LLC. On May 29, 2015, the Company contributed its investment in MIHI to MetLife Global Holding I GmbH (Global I), a direct subsidiary domiciled in Switzerland.

(2) On December 23, 2016, MetLife contributed its shares in MetLife Seguros S.A. to the Company with a value of $16,417 thousand. On the same day, the Company contributed all of it shares of MetLife Seguros S.A. to Alico Operations, LLC (Alico Ops). The Company then contributed Alico Ops and its subsidiaries to Global I.

(3) On December 6, 2017, the Company paid an extraordinary cash dividend to MetLife of $2,200,000 thousand. The extraordinary dividend was approved by the Department and was paid out of gross paid-in and contributed surplus.

(4) The Company paid extraordinary dividends to MetLife of $1,500,000 thousand, $700,000 thousand and $1,000,000 thousand, in the form of cash on June 27, 2018, September 26, 2018 and December 17, 2018, respectively. All extraordinary dividends were approved by the Department and were paid out of gross paid-in and contributed surplus.

As of December 31, 2018, the Company reported gross paid in and contributed surplus of $5,778,348,543.

Dividends

The Company's Board approved the payment of extraordinary dividends during the exam period (dollars in thousands) as follows:

Year		**Dividends**
2015	$	-
2016	$	-
2017	$	2,200,000
2018	$	3,200,000

All dividends were approved in the Board minutes and proper filings were made to the Department for extraordinary dividends. The Company did not pay any dividends in 2015 and 2016. In the years 2017 and 2018, the extraordinary dividends were paid out of gross paid-in and contributed surplus, which are included in the Capitalization section above.

Surplus Notes

As of December 31, 2018, the Company held the following outstanding Surplus Notes (dollars in thousands):

Surplus Note Amount		Date Issued	Date Matures	Issued To	Interest Rate	Interest and/or Principal Paid CY	
$	100,000	12/31/2014	6/30/2020	MetLife, Inc.	3.170%	3,214	(1)
$	100,000	12/31/2014	6/30/2020	MetLife Credit Corp	3.170%	3,214	(2)

(1) The Company issued a surplus note to MetLife in exchange for cash. As of December 31, 2018, the surplus note had $9 thousand of unapproved accrued interest.

(2) The Company issued a surplus note to MetLife Credit Corp. (MCC) in exchange for cash. As of December 31, 2018, the surplus note had $9 thousand of unapproved accrued interest.

Borrowed Money

The Company borrows under its revolving credit agreement with MCC, an affiliate. The Company did not have any debt, including capital notes outstanding as of December 31, 2018.

MANAGEMENT AND CONTROL

Directors

Pursuant to the General Corporation Law of the State of Delaware, as implemented by the Company's Articles of Incorporation and bylaws, the property, business and affairs of the Company shall be managed by a Board. The amended and restated bylaws require that the Board consist of not less than two (2) nor more than twenty-two (22) directors, chosen by the stockholders, who hold office until the next annual meeting of the stockholders, or until successors are elected. The Board may at any regular or special meeting increase its number by electing additional members to hold office until the next meeting of stockholders or until their successors are elected.

As of December 31, 2018, the members of the Board, together with their principal business affiliations, were as follows:

Name and Location	**Principal Occupation**
Edward Allen Spehar, Jr. [1, 3] Montclair, New Jersey	Chairman, Chief Executive Officer and Treasurer

William Charles O'Donnell (2) Port Washington, New York	Executive Vice President and Chief Accounting Officer
Joseph David Vaccaro Lloyd Harbor, New York	Senior Vice President
Richard Jay Leist Edison, New Jersey	Executive Vice President and Executive Investment Officer

(1) Effective July 22, 2019, Mr. Spehar resigned as Chairman of the Board and Audit Committee, Chief Executive Officer and Treasurer of the Company. Mr. Spehar subsequently left the MetLife organization on July 26, 2019. Effective July 23, 2019, Mr. John Dennis McCallion was appointed as Chairman of the Board and Audit Committee, Chief Executive Officer and Treasurer of the Company.

(2) Effective June 1, 2019, Mr. O'Donnell resigned as Chief Accounting Officer of the Company. Ms. Tamara Lynn Schock was appointed as Chief Accounting Officer of the Company, also effective June 1, 2019. Effective July 24, 2019, Mr. O'Donnell resigned as Director of the Company.

(3) Effective August 5, 2019, Mr. McCallion resigned as Chairman of the Board and Audit Committee, Chief Executive Officer and Treasurer of the Company. Effective August 6, 2019, Ms. Tamara Lynn Schock was appointed as Chairman of the Board, Chief Executive Officer and Treasurer of the Company. Ms. Schock was previously appointed to the Audit Committee on July 25, 2019. Upon Mr. McCallion's resignation, effective August 6, 2019, Ms. Schock became Chairman of the Audit Committee.

Committees

Section 14 of the amended and restated bylaws states that the Board may appoint from among its members any committees, standing or special, which it shall deem advisable.

As of December 31, 2018, the Board had one designated committee; the Audit Committee, established on March 31, 2011, for the purpose of assisting the Board in fulfilling its responsibilities to the shareholders(s) for the oversight and management of (i) the quality and integrity of the Company's financial statements and accounting practices, (ii) ALICO's compliance with legal and regulatory requirements, (iii) the independent auditors qualifications, performance and independence and (iv) the performance of ALICO's internal auditors and audit function.

During the period covered by this examination, the full Board served as the Audit Committee of the Company. None of the members of the Audit Committee were considered independent.

Officers

Section 8 of the Company's restated and amended bylaws states, "The officers of the Company shall be a Chairman of the Board, a President, one or more Vice Presidents, a Secretary, a Treasurer and such other officers as may be from time to time elected or appointed by the Board of Directors or in a manner prescribed by the Board of Directors; the Secretary and Treasurer may or may not be the same person, and any one of the Vice Presidents may if deemed advisable by the Board of Directors hold the offices of Vice President and Treasurer, or Vice President and Secretary, but not the offices of Vice President, Secretary and Treasurer."

As of December 31, 2018, the Company's principal officers and their respective titles were as follows:

Name	**Principal Occupation**
Edward Allen Spehar, Jr. (1, 2, 3)	Chairman, Chief Executive Officer and Treasurer
Robert Charles Dill (4)	Senior Vice President and Acting Chief Financial Officer
Junyi nmn Wang	Appointed Actuary

(1) Effective July 22, 2019, Mr. Spehar resigned as Chairman of the Board and Audit Committee, Chief Executive Officer and Treasurer of the Company. Mr. Spehar subsequently left the MetLife organization on July 26, 2019. Effective July 23, 2019, Mr. John Dennis McCallion was appointed as Chairman of the Board and Audit Committee, Chief Executive Officer and Treasurer of the Company.

(2) Effective August 5, 2019, Mr. McCallion resigned as Chairman of the Board and Audit Committee, Chief Executive Officer and Treasurer of the Company. Effective August 6, 2019, Ms. Tamara Lynn Schock was appointed as Chairman of the Board and Audit Committee, President, and Chief Executive Officer of the Company. Ms. Schock was previously appointed to the Audit Committee on July 25, 2019. Upon Mr. McCallion's resignation, effective August 6, 2019, Ms. Schock became Chairman of the Audit Committee.

(3) Effective August 6, 2019, Mr. Charles Patrick Connery, Vice President, was appointed as Treasurer of the Company.

(4) Effective November 11, 2019, Mr. Dill resigned as Acting Chief Financial Officer. Effective November 16, 2019, Mr. Steven Belcher was appointed Chief Financial Officer of the Company.

In addition to the above, other officers were appointed.

The directors and officers of the Company are subject to MetLife's formal written Code of Business Ethics, which sets out minimum standards of ethical conduct that applies to all employees, officers and directors. Incorporated into the Code of Business Ethics are conflict of interest disclosure requirements. Each year, all officers and directors are required to complete a Conflict of Interest Disclosure, disclosing all actual and potential conflicts of interest and any outside business activities or personal relationships that could lead to a conflict or the appearance of conflict.

In accordance with the Department Examination Handbook, Section 12, a review of biographies and inquiries with Management noted that there was no indication of any criminal conviction of officers, directors or key employees of the Company.

Corporate Records

The recorded minutes of the shareholder and Board were reviewed for the period under examination. The recorded minutes of the Board adequately documented its meetings and approval of Company transactions and events including approval of investment transactions in accordance with 18 *Del. C.* §1304. In addition, review of Company files indicated that written correspondence was submitted to the Department with regards to the changes in officers and directors during the period under examination in compliance with 18 *Del. C.* §4919, with minor exception.

Insurance Holding Company System

The Company is a member of an insurance holding company system as defined in 18 *Del. C.* §5001 of the Delaware Insurance Code. The Company's Holding Company Registration Statements were timely filed with the Department for the years under examination. As noted above, the Company is a wholly-owned subsidiary of MetLife. MetLife's common stock is publicly traded on the New York Stock Exchange under the ticker symbol MET.

An abbreviated organizational chart of the MetLife holding company system as of December 31, 2018, is as follows:

Company	Domicile	% own
MetLife Inc.	Delaware	
Metropolitan Life Insurance Company	New York	100%
Metropolitan Property and Casualty Insurance Company	Rhode Island	100%
Metropolitan Tower Life Insurance Company	Nebraska	100%
SafeGuard Health Enterprises, Inc.	Delaware	100%
MetLife Investment Advisors, LLC	Delaware	100%
MetLife Investment Management Holdings, LLC	Delaware	100%
MetLife Chile Inversiones Limitda [(1)]	Chile	72.351%
MetLife Global, Inc.	Delaware	100%
Newbury Insurance Company, Limited	Delaware	100%
MetLife Reinsurance Company of Charleston	South Carolina	100%
MetLife Reinsurance Company of Vermont	Vermont	100%
MetLife European Holdings, LLC	Delaware	100%
MetLife Group, Inc.	New York	100%
MetLife Services and Solutions, LLC	Delaware	100%
MetLife Investors Group, LLC	Delaware	100%
Delaware American Life Insurance Company	Delaware	100%
American Life Insurance Company	**Delaware**	**100%**
MetLife Life Insurance K.K.	Japan	100%
Communication One Kabushiki Kaisha	Japan	100%
International Investment Holding Company Limited	Russia	100%
Borderland Investments Limited	Delaware	100%
ALICO Hellas Single Member Limited Liability Company	Greece	100%
International Technical and Advisory Services Limited	Delaware	100%
MetLife, American International Group and Arab National Bank Cooperative Insurance Company [(2, 3)]	Saudi Arabia	30%
ALICO Properties, Inc. [(4)]	Delaware	51%
Global Properties, Inc.	Delaware	100%
MetLife Global Holding Company I GmbH	Switzerland	100%
MetLife, Life Insurance Company [(5)]	Egypt	84.125%
MetLife Global Holding Company II GmbH	Switzerland	100%
ALICO European Holdings Limited	Ireland	100%
MetLife Emeklilik ve Hayat A.S. [(6)]	Turkey	99.98%
MetLife Reinsurance Company of Bermuda Ltd.	Bermuda	100%
MM Global Operations Support Center, S.A. de C.V. [(7)]	Mexico	99.999%
PJSC MetLife [(8)]	Ukraine	99.998%
MetLife International Holdings, LLC	Delaware	100%
MetLife Investments Management Limited	United Kingdom	100%
MetLife Innovation Centre Limited	Ireland	100%
MetLife Asia Holding Company Pte. Ltd.	Singapore	100%
MetLife Columbia Seguros de Vida S.A. [(9)]	Columbia	89.999%
ALICO Operations LLC.	Delaware	100%
MetLife EU Holding Company Limited	Ireland	100%
MetLife Investment Management Holdings Limited	Ireland	100%
MetLife Investment Asia Limited	Hong Kong	100%

MetLife Investments Limited [(10)]	United Kingdom	99.9%
MetLife Latin America Asesorias e Inversiones Limitada [(11)]	Chile	99.9%
MetLife Global Infrastructure LUX GP, S.a.r.l	Luxembourg	100%

(1) 72.35109659% of MetLife Chile Inversiones Limitada is owned by MetLife, 24.8823628% is owned by ALICO, 2.76654057% is owned by Inversiones MetLife Holdco Dos Limitada and 0.00000004% is owned by Natiloportem Holdings, LLC (Natiloportem)
(2) The Department approved a disclaimer of affiliation and therefore, this company is not considered an affiliate under Delaware Law.
(3) 30% of MetLife American International Group and Arab National Bank Cooperative Insurance Company is owned by ALICO and the remaining interest by third parties.
(4) 51% of ALICO Properties, Inc. is owned by ALICO and the remaining by third parties.
(5) 84.125% of MetLife, Life Insurance Company (Egypt) is owned by Global I and the remaining interest by third parties.
(6) 99.98% of MetLife Emeklilik ve Hayat A.S. is owned by MetLife Global Holding Company II GmbH (Global II) and the remaining by third parties.
(7) 99.999509% of MM Global Operations Support Center S.A. de C.V. (Mexico) is held by Global II and 0.00049095% is held by Globa lI.
(8) 99.9988% of PJSC MetLife is owned by Global II, 0.0006% is owned by International Technical and Advisory Services Limited (ITAS) and the remaining 0.0006% is owned by Borderland Investments Limited (Borderland).
(9) 89.9999657134583% of MetLife Columbia Seguros de Vida S.A. is owned by Global II, 10.0000315938813% is owned by Global I and ITAS, Borderland and Natiloportem each owns 0.000000897553447019009%.
(10) 99.9% of MetLife Investments Limited is owned by MetLife Investment Management Holdings Limited (MIMHL) and 0.1% is owned by Global II.
(11) 99.99% of MetLife Latin American Asesorias e Inversiones Limitada is owned by MIMHL and 0.01% is owned by Global II.

Agreements with Affiliates

ALICO Credit Agreements

On July 3, 2018, the Company obtained a line of credit of $400,000,000 with an interest rate of LIBOR +1.50% with a maturity date of July 2, 2021 from MetLife. There were no borrowings in 2018.

On July 20, 2015, the Company obtained a line of credit of $400,000,000 with an interest rate of LIBOR +1% with a maturity date of July 31, 2017 from MetLife. The line of credit matured as scheduled in 2017, with no outstanding borrowings.

Master Services and Facilities Agreement

Effective October 1, 2018, the Company entered into a Master Services and Facilities Agreement with MetLife Services and Solutions, LLC (MSS) that provides for a broad range of services to be rendered and facilities and equipment to be provided to the Company. Services, facilities and equipment are requested by the recipient as deemed necessary to its operations. The agreement provides that the Company is to pay MSS a charge equal to all expenses, direct and indirect, reasonably and equitably determined to be attributable to the services, facilities and equipment provided. A total of $10,471,600 was paid or payable by the Company for services and facilities under this agreement for the year ended December 31, 2018.

Other Intercompany Agreements

The following agreements became effective prior to the examination period and remained in-force as of December 31, 2018:

Description	**Effective Date**
Master Services and Facilities Agreement with Affiliates	November 1, 2010
Master Service Agreement with MLIC	November 1, 2010 (1)
Secondment and Reimbursement Agreement with MetLife Global, Inc.	November 1, 2010
Service Agreement with MetLife Group, Inc.	November 1, 2010 (2)
Secondment and Reimbursement Agreement with MetLife Group, Inc.	November 1, 2010
Assignment and Assumption Agreement with AAM and MIA	November 1, 2010
Common Paymaster Agreement with MIHL	November 1, 2010
Interim Cost Sharing Agreement with MetLife Europe Services Limited	January 1, 2011
Long Term Compensation Payment Agreement with Affiliates	February 23, 2011
Master Intercompany IT Services Agreement with MSS	June 1, 2011
Metropolitan Money Market Pool (MMMP) Partnership Agreement	July 11, 2011 (3)
Software Product Licensing Agreement with ITAS	Various Dates
Service Agreement between ALICO Gulf and DELAM	January 1, 2013
Profit Participation Agreement with Global I and ME Branches	March 1, 2013
Global Service Agreement with DELAM, MTL and MIHL	June 19, 2014

(1) This agreement is substantially inoperative due to entry into the new MSS Master Service Agreement discussed above; however, there may continue to be particular instances in which MLIC may perform a discrete service. As such, the Company has not terminated this agreement. If the Company does terminate it, a notice will be provided in the Form B filings of ALICO and DELAM at such time.

(2) This agreement was terminated effective April 1, 2019.

(3) The MMMP is a general partnership consisting of certain affiliates of MLIC. The MMMP was originally managed by MLIC, and beginning in 2018, MIA became the manager of the MMMP.

Acronym Legend
ITAS – International Technical and Advisory Services
AAM – AIG Asset Management (US), LLC
MIA – MetLife Investment Advisors, LLC, (formerly known as MetLife Investment Management, LLC)
MIHL – MetLife International Holdings, LLC (formerly known as MetLife International Holdings, Inc.)
UAE – United Arab Emirates Branch of ALICO
ALICO Gulf – Consists of ALICO's branch operations in Bahrain, Kuwait, ME Pensions, Oman, Qatar, Qatar Financial Center, UAE and Saudi Arabia
ME Branches – Middle East Branches represents ALICO Gulf, and branches in Jordan, Lebanon, and PNA Palestine

TERRITORY AND PLAN OF OPERATION

Territory

As of December 31, 2018, the Company was licensed in the State of Delaware although it does not write business in Delaware or other parts of the United States.

The Company is authorized as a stock insurer to transact the business of life, health, property, surety, casualty and marine and transportation as defined in 18 *Del. C.* § 902 "Life insurance" defined, 18 *Del. C.* § 903 "Health insurance" defined, 18 *Del. C.* § 904 "Property insurance" defined, 18 *Del. C.* § 905 "Surety insurance" defined, 18 *Del. C.* § 906 "Casualty insurance" defined, and 18 *Del. C.* § 907 Marine and transportation, "wet marine" insurance defined. The Company is unique in that it is permitted to write both Life and Accident and Health (A&H) along with Property and Casualty (P&C) insurance. The Company and its subsidiaries are also licensed to write or maintain existing business in over 50 foreign countries through both branch operations and subsidiaries.

The Company operates in certain territories by way of a subsidiary and may also be required to have minority local shareholders. In accordance with Delaware Insurance Laws and Regulations, the Company's subsidiaries are not consolidated for statutory filing purposes. The business is diversified to include operations in Europe, Latin America, the Middle East and the

Far East, with Japan being the largest territory. The Company, through its branches and subsidiaries, offers individual life (variable universal life (VUL), term, whole, endowment and annuity policies), individual A&H (accidental death and dismemberment, disability, critical illness and accident medical expenses), and Corporate Solutions, which consists of group medical, group life and disability and credit life (credit card insurance, mortgage loan insurance, personal and auto loan insurance, and bill protector insurance).

The Company has P&C business undertaken in the Company's branch in the UAE, and wrote direct and assumed business which is 100 percent ceded to formerly affiliated and non-affiliated reinsurers. The major lines of business reported are credit, fire, other liability, group A&H, and international. The branch ceased writing new business and renewals of existing policies has been transferred to a former AIG affiliate, Chartis Overseas Ltd, and is currently in run-off.

Subsidiarization and Sale of Branches

Historically, ALICO conducted most of its insurance business abroad through branches. In 2004, the Internal Revenue Service (IRS) issued a ruling (Rev. Rul. 2004-75) requiring certain U.S. insurance companies to withhold U.S. tax when making income payments to foreign policyholders. Prior to being acquired by MetLife on November 1, 2010, the Company entered into a Closing Agreement with the IRS in which the IRS agreed not to apply Rev. Rul. 2004-75 to the Company through the end of 2013, and in return, the Company agreed to modify its branch structure and materially eliminate the issue. As of May 2016, the Company had completed its subsidiarization and reorganization of its branch operations. In the end, the project accomplished the following:

- All fourteen European Union (EU) insurance legal entities were put underneath a single EU holding company based in Ireland, MetLife EU Holding Company (MEUHC);
- Eleven country businesses were converted from U.S. ALICO branches or local subsidiaries into EU-passport branches based from the Irish solo insurance subsidiaries (MetLife Europe and MetLife Europe Insurance);
- Greece was converted into a local Greek subsidiary.

Remaining Branch Operations

Certain of ALICO’s operations in the Middle East and Asia are subject to local laws that require local insurance operations to be jointly owned by a local entity or person. Certain of ALICO’s historic branches are currently grandfathered from this requirement. Conversion of these branches to subsidiaries would result in MetLife losing this grandfathering and thus losing full ownership and control, which is not commercially viable. Accordingly, there are no plans to convert the following branches into subsidiaries:

- Middle East - Bahrain, Jordan, Kuwait, Lebanon, ME Pensions, PNA Palestine, Oman, Qatar, Qatar Financial Centre, UAE and Saudi Arabia;
- Asia – Bangladesh and Nepal.

Direct premiums written by former branches, which were converted to subsidiaries, i.e., branches in Eastern and Western Europe, the United Kingdom and Japan, are reported at the subsidiary level. Consequently, direct written premiums from these regions are not reported in ALICO’s blue book exhibits.

<u>Plan of Operation</u>

ALICO operates exclusively outside the United States. For 2018, the Company reported the following geographical distribution of its direct premiums and annuity considerations:

Branch	2018 Premiums	Percentage of Total	2014 Premiums [1]	Percentage of Total
UAE	$ 872,449,450	56.40%	$ 790,515,993	56.10%
Bangladesh	292,560,232	18.91%	225,861,851	16.03%
Lebanon	122,695,156	7.93%	93,858,504	6.66%
ME Pensions	7,035,170	0.45%	61,228,435	4.35%
Jordan	43,112,489	2.79%	17,806,132	1.26%
Kuwait	37,091,189	2.40%	33,712,220	2.39%
Bahrain	31,224,621	2.02%	58,230,624	4.13%
Oman	24,944,387	1.61%	19,580,604	1.39%
Qatar	64,733,698	4.18%	30,568,907	2.17%
Qatar Financial Center	8,967,066	0.58%	6,621,367	0.47%
Nepal	30,928,238	2.00%	17,399,295	1.23%
Saudi Arabia	0	0.00%	4,630,833	0.33%
PNA Palestine	619,981	0.04%	930,225	0.07%
Subtotal	$ 1,536,361,677	99.32%	$ 1,360,944,990	96.58%
Other [2]	10,512,870	0.68%	48,166,974	3.42%
Total Direct Premium and Annuity Considerations December 31, 2018	$ 1,546,874,548	100.00%	$ 1,409,111,964	100.00%

Branch	2018 Premiums	Percentage of Total	2014 Premiums (1)	Percentage of Total
UAE	$ 872,449,450	56.40%	$ 790,515,993	56.10%
Bangladesh	292,560,232	18.91%	225,861,851	16.03%
Lebanon	122,695,156	7.93%	93,858,504	6.66%
ME Pensions	7,035,170	0.45%	61,228,435	4.35%
Jordan	43,112,489	2.79%	17,806,132	1.26%
Kuwait	37,091,189	2.40%	33,712,220	2.39%
Bahrain	31,224,621	2.02%	58,230,624	4.13%
Oman	24,944,387	1.61%	19,580,604	1.39%
Qatar	64,733,698	4.18%	30,568,907	2.17%
Qatar Financial Center	8,967,066	0.58%	6,621,367	0.47%
Nepal	30,928,238	2.00%	17,399,295	1.23%
Saudi Arabia	0	0.00%	4,630,833	0.33%
PNA Palestine	619,981	0.04%	930,225	0.07%
Subtotal	$ 1,536,361,677	99.32%	$ 1,360,944,990	96.58%
Other (2)	10,512,870	0.68%	48,166,974	3.42%
Total Direct Premium and Annuity Considerations December 31, 2018	$ 1,546,874,548	100.00%	$ 1,409,111,964	100.00%

(1) 2014 premium information extracted from the 2014 Exam Report.
(2) Other includes run-off blocks of business, Involuntary Loss of Employment business, International Dollar business and a block of reinsurance business within the ALICO Home Office, which is not considered a branch operation.

Operations in the Middle East, Africa and South Asia Markets

After the 2012 and 2013 subsidiarization and transfer of branches, the direct premium remaining on ALICO’s books is primarily from the Middle East, Africa, and South Asia (MEASA) markets. As of year-end 2018, business produced by MEASA branches accounted for 99.32% of the Company’s total direct premiums and annuity considerations. The remaining percentage consists of run-off blocks of business, Involuntary Loss of Employment (ILOE) business, and International Dollar business.

The Company's direct 2018 premiums were written in the following lines of business:

Lines of Business	2018 Direct Premiums	Percentage of Total
Ordinary Life	$ 986,489,988	63.77%
Individual Annuities	25,616,710	1.66%
Credit	19,548,544	1.26%
Group Life	34,519,328	2.23%
Group Annuities	9,688,215	0.63%
Group A&H	354,218,291	22.90%
Credit (Group & Individual)	3,080,459	0.20%
Other Accident and Health	113,713,013	7.35%
Property and Casualty	-	0.00%
Total	$ 1,546,874,548	100.00%

Products offered by the MEASA Branches

The following is a brief description of the major products offered by the MEASA branches.

a) **Individual Life** products include the basic products of VUL, term, whole, endowment, and annuity policies.

b) **Individual A&H** products include accidental death and dismemberment, disability, critical illness, and accident medical expenses. The products generally provide a lump sum or periodic payments in case of an accidental death or disability, a diagnosis of major illness, or medical expenses on an accident.

c) **Corporate Solutions** products offered are group medical, group life and disability, and credit life. Group medical products are designed to provide group medical packages to small, medium sized and multinational corporations that offer in-patient, outpatient and additional benefits to covered employees. Group life and disability products are designed to provide group life cover for small, medium sized companies and multinational corporations. Packages can be tailor created to offer basic life cover with variations that include supplementary life cover, voluntary life cover, and dependents life cover, in addition to disability protection. Credit life products include credit card insurance, mortgage loan insurance, personal and auto loan insurance, and bill protector insurance.

P&C Operations – Currently in run-off

As noted previously, the Company has the authority from the Department to write both Life and A&H and P&C insurance. In 2000, the Company began writing personal auto insurance in the UAE. Subsequently, the Company began writing other P&C business in the UAE, Oman and Kuwait.

ALICO also reinsures ILOE business in Italy, France, Poland, Russia, and Greece.

The P&C business undertaken in the Company's branch in UAE consists of direct and assumed business that is 100 percent ceded to formerly affiliated and non-affiliated reinsurers. The major lines of business reported are credit, fire, other liability, group A&H and international. The company no longer writes P&C business and it is expected that most, if not all, P&C business will be off the books by year end 2019. The Company previously filed a separate P&C Annual Statement. With approval from the Department, this business was combined with the Life and A&H annual statement effective January 1, 2012.

Agency Relations and Sales Distribution

In MEASA, the Company markets its products and services through a multi-distribution strategy which varies by geographic region and stage of market development. The various distribution channels include: career agency, Bancassurance, direct marketing, brokerage, other third-party distribution, and e-commerce. In developing countries, the career agency channel covers the needs of the emerging middle class with primarily traditional products (e.g., whole life, term, endowment and A&H). In more developed and mature markets, career agents, while continuing to serve their existing customers to keep pace with their developing financial needs, also target upper middle class and mass affluent customer bases with a more sophisticated product set including more investment sensitive products, such as universal life insurance, unit-linked life insurance, mutual funds, and single premium deposit insurance. In the Bancassurance channel, MetLife leverages partnerships that span all regions and have developed extensive and far reaching capabilities in all regions. MetLife's direct marketing operations, the largest of which is in Japan, deploy both broadcast marketing approaches (e.g. direct response TV, web-based lead generation), and traditional direct marketing techniques such as inbound and outbound telemarketing.

REINSURANCE

For 2018, the Company reported the following breakdown of premiums:

Direct	$	1,546,874,548
Reinsurance assumed (from affiliates)		128,699,395
Reinsurance assumed (from non-affiliates)		337,014,078
Total direct and assumed	$	2,012,588,021
Reinsurance ceded (to affiliates)		3,935,709
Reinsurance ceded (to non-affiliates)		567,526,036
Net premium written	$	1,441,126,276

The Company enters into reinsurance agreements as a purchaser of reinsurance for its various insurance products and also as a provider of reinsurance for some insurance products issued by affiliated and unaffiliated companies. The Company participates in reinsurance activities in order to limit losses, minimize exposure to significant risks, and provide additional capacity for future growth.

The Company enters into various agreements with reinsurers that cover individual risks, group risks, or defined blocks of business, primarily on an excess of retention or quota share basis. These reinsurance agreements spread risk and minimize the effect of losses. The extent of each risk retained by the Company depends on an evaluation of the specific risk, subject, in certain circumstances, to maximum retention limits based on the characteristics of coverages. The Company obtains reinsurance for capital requirement purposes and also when the economic impact of the reinsurance agreement makes it appropriate to do so. The Company reinsures, for selected large corporate customers, its group employee benefits or credit insurance business with various client-affiliated reinsurance companies, covering policies issued to the employees or customers of the clients. Additionally, the Company cedes and assumes risk with other insurance companies when either company requires a business partner with the appropriate local licensing to issue certain types of policies in certain countries. In these cases, the assuming company typically underwrites the risks, develops the products, and assumes most or all of the risk. The Company evaluates its reinsurance programs routinely and may increase or decrease its retention at any time.

The Company has exposure to catastrophes, which could contribute to significant fluctuations in the Company's results of operations. The Company, acting on behalf of its branches outside of the United States, purchases catastrophic coverage from affiliates. This coverage includes nuclear and terrorism risks.

The Company also has reinsurance agreements in force that reinsure a portion of the living and death benefit guarantees issued in connection with its variable annuities. Under these agreements, the Company pays reinsurance fees associated with the guarantees collected from the policyholders, and receives reimbursement for benefits paid or accrued in excess of account values, subject to certain limitations.

The Company reinsures its business through a diversified group of reinsurers. The Company analyzes recent trends in arbitration and litigation outcomes in disputes, if any, with its reinsurers. The Company monitors ratings and evaluates the financial strength of its reinsurers by analyzing their financial statements. In addition, the reinsurance recoverable balance due from each reinsurer is evaluated as part of the overall monitoring process. No single unaffiliated reinsurer has a material obligation to the Company nor is the Company's business substantially dependent upon any reinsurance agreement. The Company is contingently liable with respect to ceded reinsurance should any reinsurer be unable to meet its obligations under these agreements.

Credit for Reinsurance

The letters of credit and the trust agreements for unauthorized reinsurers were reviewed and were determined to comply with the requirements of 18 *Del. Admin. Code* 1003 "Credit for Reinsurance" and the NAIC *Accounting Practices and Procedures Manual*, SSAP No. 61.

Reinsurance Contract Review

A review was performed of significant reinsurance contracts put into place during the examination period for compliance with 18 *Del. Admin Code* §1000, NAIC Guidelines and Statutory Accounting Principles (SSAP). No exceptions were noted.

FINANCIAL STATEMENTS

The following financial statements, as reported and filed by the Company with the Department, are reflected in the following:

General Account:
- Statement of Assets and Liabilities as of December 31, 2018
- Statement of Income for the year ended December 31, 2018
- Reconciliation of Capital and Surplus for the Period from the Prior Examination as of December 31, 2014 to December 31, 2018

Separate Accounts:
- Statement of Assets and Liabilities as of December 31, 2018

Statement of Assets and Liabilities
As of December 31, 2018

	Assets	Nonadmitted Assets	Net Admitted Assets	Notes
Bonds	$ 2,531,594,556	$	$ 2,531,594,556	
Stocks:				
Common stocks	4,563,756,943	46,566,609	4,517,190,334	
Mortgage loans on real estate				
First liens	30,090,107		30,090,107	
Real estate				
Properties occupied by the company	9,878,490	549,063	9,329,427	
Properties held for the production of income	949,688	406,965	542,723	
Cash, cash equivalents and short-term investments	733,269,211		733,269,211	
Contract loans	153,918,651		153,918,651	
Other invested assets	38,641,405	12,584,969	26,056,436	
Receivables for securities	22,670,463		22,670,463	
Investment income due and accrued	68,010,898		68,010,898	
Premiums and considerations				
Uncollected premiums and agents' balances in course of collection	565,006,511	61,635,577	503,370,934	
Reinsurance:				
Amounts recoverable from reinsurers	256,338,972		256,338,972	
Funds held by or deposited with reinsured companies	135,002,119		135,002,119	
Other amounts receivable under reinsurance contracts	119,590,992		119,590,992	
Net deferred tax asset	26,030,605	26,030,605	-	
Electronic data processing equipment and software	4,383,691	3,507,074	876,617	
Furniture and equipment, including health care delivery assets	4,895,523	4,895,523	-	
Receivable from parent, subsidiairies and affiliates	14,000,520	9,670,975	4,329,545	
Aggregate write-ins for other than invested assets	37,656,068	37,656,068	-	
Total assets excluding Separate Accounts	$ 9,315,685,413	$ 203,503,428	$ 9,112,181,985	
From Separate Accounts	1,694,945,472	-	1,694,945,472	
Total	$ 11,010,630,885	$ 203,503,428	$ 10,807,127,457	

			Notes
Aggregate reserves for life contracts	$	2,276,475,476	1
Aggregate reserves for accident and health contracts		110,170,928	1
Liability for deposit type contracts		2,499,914	1
Contract claims:			
Life		178,424,099	1
Accident and health		315,182,449	1
Policyholders' dividends and coupons due and unpaid		28,210	
Provision for policyholder dividends and coupons payable in following calendar year - estimated amounts:			
Dividends apportioned for payment		66,704,620	
Premiums and annuity considerations for life and accident and health contracts received in advance		10,371,824	
Contract liabilities not included elsewhere:			
Provision for experience rating refunds		14,649,442	
Other amounts payable on reinsurance		537,124,904	
Interest maintenance reserve		12,841,954	
Commissions to agents due or accrued		5,451,567	
Commissions and expense allowances payable on reinsurance assumed		77,547,253	
General expenses due or accrued		61,331,758	
Transfers to Separate Accounts due or accrued		2,645,719	
Taxes, licenses and fees		622,389	
Current federal and foreign income taxes		116,926,871	
Unearned investment income		9,182,599	
Amounts withheld or retained by company as agent or trustee		1,420,115	
Amounts held for agents' account, including $0 agents' credit balances		428,089	
Remittances and items not allocated		22,424,695	
Liability for benefits for employees and agents if not included above		88,106,554	
Miscellaneous liabilities:			
Asset valuation reserve		52,959,412	
Reinsurance in unauthorized and certified companies		12,665,753	
Funds held under reinsurance treaties and unauthorized reinsurers		68,379,843	
Payable to parent, subsidiaires and affiliates		102,612,453	
Payable for securities		285,811	
Aggregate write-ins for liabilities		44,073,391	
Total liabilities excluding Separate Accounts	$	4,191,538,092	
From Separate Accounts Statement		1,694,945,472	
Total Liabilities	$	5,886,483,564	
Common capital stock		40,000,000	
Surplus notes		200,000,000	
Gross paid-in and contributed surplus		5,778,348,543	
Unassigned funds		(1,097,704,650)	
Surplus	$	4,920,643,893	
Total Liabilities, Capital and Surplus	$	10,807,127,457	

Statement of Income
For the Year Ended December 31, 2018

Premiums and annuity considerations for life and accident and health contracts	$ 1,441,126,276
Consideration for supplementary contracts with life contingencies	11,663,652
Net investment income	2,799,839,694
Amortization of Interest Maintenance Reserve	10,259,695
Commissions and expense allowances on reinsurance ceded	80,781,216
Miscellaneous income:	
Income from fees associated with investment management, administration and	52,608,540
Aggregate write-ins for miscellaneous income	63,602,058
Totals	$ 4,459,881,131
Death benefits	$ 28,962,694
Matured endowments (excluding guaranteed annual pure endowments)	153,059,209
Annuity benefits	16,476,797
Disability benefits and benefits under accident and health contracts	207,666,097
Surrender benefits and withdrawals for life contracts	584,939,317
Interest and adjustments on contract or deposit-type contract funds	54,718
Payments on supplementary contracts with life contingencies	3,258,247
Increase in aggregate reserves for life and accident and health contracts	(7,175,490)
Totals	$ 987,241,589
Commissions on premiums, annuity considerations and deposit-type contracts funds	172,627,912
Commissions and expense allowances on reinsurance assumed	101,838,596
General insurance expenses	872,263,285
Insurance taxes, licenses and fees, excluding federal income taxes	19,642,533
Increase in loading on deferred and uncollected premiums	1,011,027
Net transfers to or (from) Separate Accounts net of reinsurance	222,052,631
Aggregate write-ins for deductions	333,795
Totals	$ 2,377,011,368
Net gain from operations before dividends to policyholders and federal income taxes	$ 2,082,869,763
Dividend to policyholders	6,568,626
Net gain from operations after dividends to policyholders and before federal income taxes	2,076,301,137
Federal and foreign income taxes incurred	(53,956,531)
Net gain from operations after dividends to policyholders and federal income taxes and before realized capital gains (losses)	2,130,257,668
Net realized capital gains (losses)	(44,730,106)
Net Income	$ 2,085,527,562

Separate Accounts
Statement of Assets and Liabilities
As of December 31, 2018

	General Account Basis	Fair Value Basis	Total	Notes
Bonds	$ -	$ 105,435,403	$ 105,435,403	
Stocks:				
Common Stocks	-	1,448,774,838	1,448,774,838	
Cash and cash equivalents	-	125,833,670	125,833,670	
Investment income due and accrued	-	3,509,623	3,509,623	
Receivable for securities	-	11,215,587	11,215,587	
Aggregate write-ins for other than invested assets	-	176,351	176,351	
Total	$ -	$ 1,694,945,472	$1,694,945,472	

	General Account Basis	Fair Value Basis	Total
Aggregate reserve for life, annuity and accident and health contracts	$ -	$ 1,687,042,974	$1,687,042,974
Liability for deposit-type contracts	-	900,277	900,277
Other transfers to general account due or accrued	-	(2,645,719)	(2,645,719)
Remittances and items not allocated		1,018,171	1,018,171
Payable for securities	-	4,790,235	4,790,235
Aggregate write-ins for liabilities	-	3,839,534	3,839,534
Total	$ -	$ 1,694,945,472	$1,694,945,472

Reconciliation of Capital and Surplus
For the Period from the Prior Examination
As of December 31, 2014, to December 31, 2018

	Correction of Errors	Common Capital Stock	Surplus Notes	Gross Paid-in and Contributed Surplus	Unassigned Surplus	Total
12/31/14 (1)	$ 148,632,436	$ 40,000,000	$ 489,000,000	$ 2,928,931,102	$ (248,018,429)	$ 3,358,545,109
12/31/15				8,233,000,000	(5,476,427,250)	2,756,572,750
12/31/16 (2)	(382,566,000)		(289,000,000)	16,417,441	(224,656,886)	(879,805,445)
12/31/17				(2,200,000,000)	3,512,332,047	1,312,332,047
12/31/18 (3)	55,147,794			(3,200,000,000)	1,517,851,638	(1,627,000,568)
	$ (178,785,770)	$ 40,000,000	$ 200,000,000	$ 5,778,348,543	$ (918,918,880)	$ 4,920,643,893

(1) Correction of errors increased surplus by $148,632 thousand. The increase includes (1) an overstatement of the asset valuation reserve ($208,632 thousand), (2) an understatement of pension expenses ($12,915 thousand) and (3) the recognition of the New York litigation settlement liability ($60,000 thousand). The increase in pension expenses was offset by a non-cash capital contribution (forgiveness of intercompany payable) from the Company's parent, MetLife.

(2) Correction of errors decreased surplus by ($382,566 thousand). The decrease includes (1) an error in the reserve calculations related to individual A&H policies in Lebanon that was discovered in 2016 ($3,518 thousand), (2) an error related to the calculation of the carrying value of certain subsidiaries in Mexico and Korea ($375,126 thousand) and (3) the signing a reinsurance agreement covering a Global Employee Benefit program for a policyholder with unaffiliated entity to retrospectively cede the reinsurance activity for the agreement effective since 2013 ($3,922 thousand). Additionally, the Company's surplus note issued December 19, 2011 for $200,000 thousand, matured on December 19, 2016.

(3) Correction of errors increased surplus by $55,148 thousand. During 2018, the Company discovered an error related to the calculation of certain reserves associated with variable annuity guarantees assumed from a former operating joint venture in Japan by a Bermuda-based insurance company that is indirectly owned by Global I. The impact of this correction was an increase in surplus by $37,681 thousand. The remaining amount included in the correction of error and likewise increasing surplus, totaled $17,467 thousand.

ANALYSIS OF CHANGES IN FINANCIAL STATEMENTS RESULTING FROM THE EXAMINATION

There were no changes made to the Financial Statements as a result of this Examination.

COMMENTS ON FINANCIAL STATEMENT ITEMS

Note 1:

Aggregate reserve for life contracts	$2,276,475,476
Aggregate reserve for A&H contracts	$ 110,170,928
Liability for deposit-type contracts	$ 2,499,914
Contract claims:	
Life	$ 178,424,099
A&H	$ 315,182,449

In order for the examination team to gain an adequate comfort level with the Company's reserve estimates for Aggregate reserve for life contracts, Aggregate reserves for A&H contracts, Liability for deposit-type contacts, and Contract claims: life and A&H, the Department retained the actuarial services of INS Consultants (INS) to perform a risk-focused review of the Company's reserving and pricing activities. Certain risks within the reserving processes required Phase 5 substantive test work.

Based on the procedures performed and results obtained by INS, the examination team obtained sufficient evidence to support the conclusion that the Company's net reserves for the aforementioned balance sheet items are reasonably stated as of December 31, 2018, subject to the following recommendation,

> The Actuarial Opinion and Memorandum Regulation (AOMR) indicates that the Appointed Actuary should address specified items in the Actuarial Opinion and Memorandum (AOM). The documentation should be such that an actuary reviewing the AOM could form a conclusion as to the reasonableness of the assumptions. Accordingly, it is recommended that future AOMs:
>
> i. Ensure that each method is discussed (Insensitive) including the business subject to the method, the assets supporting the liabilities, the risks associated with the contracts, and why the Appointed Actuary concluded the assets are adequate to support the liabilities; and
>
> ii. Ensure the date and amounts disclosed in the memorandum are verified and reconciled.

SUBSEQUENT EVENTS

The following material subsequent events occurred, requiring disclosure in this examination report.

Dividend Payment

On May 21, 2019, ALICO submitted a request to pay an extraordinary dividend in the amount of $600 million to MetLife on or before June 28, 2019. The Department approved the payment on June 3, 2019.

On November 27, 2019, ALICO submitted a request to pay an ordinary dividend in the amount of $500 million to MetLife on or before December 31, 2019. The Department approved the payment on November 27, 2019.

Prior Period Adjustment

During 2019, the Company discovered errors related to the value of affiliated common stock and a corresponding change in asset valuation reserve of $232,000,000 and $35,961,000, respectively, and non-admitted premiums for ceded reinsurance of $28,428,000. The correction of these errors was reported as a prior period adjustment in surplus. The total impact of these corrections on surplus was a decrease of $167,611,000 as of December 31, 2019.

Other - COVID-19

The Company noted the following in its 2019 Statutory Management Discussion & Analysis, which was filed on or about March 31, 2020: “The novel coronavirus COVID-19 pandemic is causing illnesses and deaths. This pandemic, other pandemics, and their related major public health issues are having a major impact on the global economy and financial markets. Governmental and non-governmental organizations may not effectively combat the spread and severity of such a pandemic, increasing its harm to the company. Any of these events could materially adversely affect the company’s operations, business, financial results, or financial condition.”

SUMMARY OF RECOMMENDATIONS

1. The AOMR indicates that the Appointed Actuary should address specified items in the AOM. The documentation should be such that an actuary reviewing the AOM could form a conclusion as to the reasonableness of the assumptions. Accordingly, it is recommended that future AOMs:

   i. Ensure that each method is discussed (Insensitive) including the business subject to the method, the assets supporting the liabilities, the risks associated with the contracts, and why the Appointed Actuary concluded the assets are adequate to support the liabilities; and

   ii. Ensure the date and amounts disclosed in the memorandum are verified and reconciled. (Comments on Financial Statement Items, Liabilities – General Account, page 28)

The assistance and cooperation of examiners representing the states on the coordinated examination is acknowledged. In addition, the assistance of the consulting actuarial firm, INS, the Company's outside audit firm, D&T, and the Company's management and staff was appreciated and is acknowledged.

Respectfully submitted,

Keith E. Misenheimer, CFE, ALMI, CFE, ARM
Examiner-In-Charge
State of Delaware

James Call, CFE
Supervising Examiner
State of Delaware

I, Keith E. Misenheimer, hereby verify and attest, under penalty of perjury, that the above is a true and correct copy of the examination report and findings submitted to the Delaware Department of Insurance pursuant to examination authority 19.010.

Keith E. Misenheimer, CFE, ALMI, CFE, ARM