REPORT ON EXAMINATION

OF THE

AMERICAN LIFE INSURANCE COMPANY

AS OF

DECEMBER 31, 2014

Karen Weldin Stewart, CIR-ML
Commissioner

Delaware Department of Insurance

I, Karen Weldin Stewart, Insurance Commissioner of the State of Delaware, do hereby certify that the attached REPORT OF EXAMINATION, made as of December 31, 2014 of the

AMERICAN LIFE INSURANCE COMPANY

is a true and correct copy of the document filed with this Department.

Attest By: _____

Date: May 10, 2016

Insurance Commissioner of the State of Delaware

In Witness Whereof, I have hereunto set my hand and affixed the official seal of this Department at the City of Dover, this 10th day of May, 2016.

_____
Karen Weldin Stewart, CIR-ML
Insurance Commissioner

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Karen Weldin Stewart, CIR-ML
Commissioner

Delaware Department of Insurance

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AMERICAN LIFE INSURANCE COMPANY

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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.

Karen Weldin Stewart, CIR-ML
Insurance Commissioner

Dated this 10th day of May, 2016

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SALUTATION

March 9, 2016

Honorable Karen Weldin Stewart, CIR-ML
Delaware Insurance Commissioner
Delaware Department of Insurance
Rodney Building
841 Silver Lake Blvd.
Dover, Delaware 19904

Dear Commissioner:

In compliance with instructions and pursuant to statutory provisions contained in Certificate of Authority No. 15.018, dated February 3, 2015, an Association examination has been made of the affairs, financial condition and management of the

AMERICAN LIFE INSURANCE COMPANY

hereinafter referred to as "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 office of the Company, located at 18210 Crane Nest Drive, Tampa, Florida 33647. The report of this examination is submitted herewith.

SCOPE OF EXAMINATION

We have performed our multi-state examination of American Life Insurance Company. The last examination covered the period of January 1, 2008 through December 31, 2012. This examination covers the period of January 1, 2013 through December 31, 2014.

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, are not included within the examination report but separately communicated to other regulators and/or the company.

SUMMARY OF SIGNIFICANT FINDINGS

There were no significant findings or material adjustments to the Company's financial statements. Please refer to the summary of recommendations section of this report for examination findings.

COMPLIANCE WITH PRIOR REPORT RECOMMENDATIONS

Corporate Records

Prior Exam Recommendation: It was recommended that the Company comply with the Delaware Insurance Code by filing all future Form B's and Form C's in accordance with 18 Del. C. §5004, as well as 18 Del. Admin. Code 1801

Current Exam Finding: The Company has complied with this recommendation.

Intercompany Agreements

Prior Exam Recommendation: It was recommended that once the arrangement with Alico Italia S.p.A is documented in a formal agreement with MEL, the Company submit this agreement to the Department for review and approval in accordance with 18 Del. C. 5005(a)(2)(d).

Current Exam Finding: This recommendation was no longer applicable; on November 1, 2012, Alico Italia S.p.A was merged into MEL.

Prior Exam Recommendation: It was recommended going forward that the Company notify the Commissioner in writing of its intention to enter into those transactions defined under 18 Del. C. §5005(a)(2), at least 30 days prior to entry.

Current Exam Finding: The Company has complied with this recommendation.

Accounts and Records

Prior Exam Recommendation: It was recommended that the Company complete its annual statement blank in accordance with the *Purposes and Procedures Manual of the NAIC Securities Valuation Office*, NAIC *Accounting Practices and Procedures*, NAIC *Annual Statement Instructions* and 18 Del. C. §526(a), verifying that all financial and non-financial data is reported accurately, completely, and appropriately.

Current Exam Finding: The Company has not completely complied with this recommendation. Refer to the "Accounts and Records" section of this Report, under the caption "Accounts and Records Findings – Reinsurance" for details of current examination findings.

Notes to Financial Statements – Common Stocks and Asset Valuation Reserve

Prior Exam Recommendation: It was recommended that the Company ensure proper valuation of subsidiary common stock in accordance with 18 Del. C. 1101 (2), and that proper valuation be reported in accordance with *NAIC Accounting Practices and Procedures*, *NAIC Annual Statement Instructions* and 18 Del. C. §526(a), verifying that all financial and non-financial data is reported accurately, completely, and appropriately.

Current Exam Finding: The Company has complied with this recommendation.

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, Inc. ("MetLife"), a Delaware corporation. MetLife acquired the Company from ALICO Holdings LLC, along with its affiliate Delaware American Life Insurance Company (DELAM) from AIG, for approximately $16 billion. In connection with the acquisition, MetLife filed with the State of Delaware Insurance Department (the "Department") a Statement Regarding the Acquisition of Control of or Merger with a Domestic Insurer on Form A, dated April 14, 2010 (the "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.

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.

Common Capital Stock and Paid-in Surplus

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 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 Delaware Insurance Department on September 11, 2014. Therefore, as of December 31, 2014 the Company’s capitalization totaled $40,000,000.

As of December 31, 2014, all outstanding shares of the Company's common stock were owned by the Parent, MetLife, Inc.

During the period under examination, the Company received the following contributions from the Parent:

Year	Contribution	
2013	$ 225,000,000	1
2014	$ 462,792,710	2

(1) In 2013, the Company received three cash contributions, (1) $90 million on May 21, 2013, (2) $90 million contribution on September 23, 2013, and (3) $45 million on December 18, 2013.
(2) This contribution consists of (1) $499.75 million contribution associated with an "Umbrella Contribution Agreement" dated October 29, 2014. This agreement was between MetLife, Inc., ALICO, MetLife Global Holding Company I GmbH, and MetLife Global Holding Company II GmbH, and (2) the transfer of $36,957,290 from gross paid-in and contributed surplus to common stock.

Dividends to Shareholders

The Company did not pay any dividends in 2013 or 2014.

Surplus Notes

As of December 31, 2014, the Company had the following outstanding Surplus Notes:

Surplus Note Amount		Date Issued	Date Matures	Issued To	Interest Rate	CY Interest Paid
$ 289,000,000	1	12/19/2011	12/19/2016	MetLife Mexico, S.A.	3.990%	$ 11,691,254
$ 100,000,000	2	12/31/2014	6/30/2020	MetLife, Inc.	3.170%	0
$ 100,000,000	3	12/31/2014	6/30/2020	MetLife Credit Corp	3.170%	0

(1) The Company issued this surplus note to MetLife Mexico, S.A., an affiliate, in exchange for cash. As of December 31, 2014, the surplus note had $385 thousand of unapproved accrued interest.
(2) The Company issued this surplus note to MetLife, Inc. in exchange for cash. As of December 31, 2014, the surplus note had $9 thousand of unapproved accrued interest.
(3) The Company issued this surplus note to MetLife, Credit Corp. in exchange for cash. As of December 31, 2014, the surplus note had $9 thousand of unapproved accrued interest.

Borrowed Money

As of December 31, 2014, the Company had no borrowed money.

MANAGEMENT AND CONTROL

Stockholder

Section 4 of the Company's amended and restated bylaws, states, "Annual meetings of the stockholders entitled to vote shall be held at the office of the corporation in Wilmington, Delaware, or at such other place or places as the directors shall from time to time designate; and shall be held once in every calendar year and no more than thirteen (13) months after the date of the last preceding annual stockholders' meeting as the directors shall determine. A majority in amount of the stock issued and outstanding and entitled to vote shall constitute a quorum at any stockholders' meeting, but in the absence of a quorum any meeting may be adjourned to a future date by the voting stock present or represented thereat." Special meetings of the stockholders shall be called by the Secretary on the written request of two directors, or on the written request of the owners of a majority of the stock outstanding and entitled to vote, by notice given at least two days prior to such meetings to each holder of such stock. Such notice shall briefly state the objects of such meetings, and no other business shall be transacted at such meetings without the consent of all the holders of stock outstanding and entitled to vote.

Board of Directors

Pursuant to the General Corporation Laws of the State of Delaware, as implemented by the Company's Certificate of Incorporation and bylaws, all corporate powers are exercised by or under the direction of the Board of Directors. Section 5(a) of the bylaws, as amended and restated as of December 26, 2012, provide that the property and business of the corporation shall be managed by a "board of not less than two (2) nor more than twenty-two (22) directors, and they shall hold office until the next annual meeting of the stockholders, or until successors are elected and qualified." The Board of Directors 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. Regular meetings of the Board of Directors are to be held quarterly. Special meetings of the Board of Directors may be called by the Chairman, President, any two Directors, or by the holders of not less than fifty percent (50%) of the outstanding capital stock of the corporation.

At all meetings of the Board of Directors, the presence of a majority of the total number of Directors shall constitute a quorum for the transaction of business. Except as otherwise required by law, the vote of a majority of the Directors present at any meeting at which a quorum is present shall be the act of the Board of Directors.

At December 31, 2014, the members of the Board of Directors together with their principal business affiliations were as follows:

Name	**Principal Occupation**
Marlene Beverly Debel	Chairman, Chief Executive Officer and Treasurer
John Dennis McCallion	Regional Senior Vice President and Chief Financial Officer - EMEA
Peter Martin Carlson	Executive Vice President and Chief Accounting Officer

The minutes of the meetings of the shareholders and Board of Directors, which were held during the period of examination, were read and noted. Attendance at meetings, election of directors and officers, and approval of investment transactions were also noted.

Committees

Section 14 of the amended and restated bylaws, states "The Board of Directors may appoint any committees, standing or special which it shall deem advisable. Any such committee appointed by the Board shall consist of one or more Board members and shall have and exercise any of the Board's powers that are delegable and that the Board deems fit to delegate to a standing or special committee from time to time."

As of December 31, 2014, 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. As the Company is an indirect wholly owned subsidiary of MetLife, Inc., this designation is appropriate and meets the requirements of 18 Del. Admin. Code 301 §4.0 "General Requirements Related to Filing and Extensions for Filing of Annual Audited Financial Reports and Audit Committee Appointment." 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."

At December 31, 2014, the Company's principal officers and their respective titles were as follows:

Name	Principal Occupation
Marlene Beverley Debel	Chairman, Chief Executive Officer and Treasurer
Tyla Lynn Reynolds	Vice President and Secretary
Alma Carmen Garcia-Tanjuakio	Vice President and Appointed Actuary
Frank nmn Donnantuono[1]	Senior Vice President and Chief Investment Officer
Leonidas Efstathios Gavelas	Senior Vice President
Paul Joseph Kehoe	Vice President and Chief Information Officer
Matthew Michael Ricciardi	Senior Vice President and General Counsel
Kenneth Anthony Thomas	Senior Vice President and Controller

(1) Effective March 10, 2015, Mr. Donnantuono resigned as Senior Vice President and Chief Investment Officer of the Company. Effective March 10, 2015, Mr. John Lloyd Rosenthal, was appointed Senior Vice President and Chief Investment Officer of the Company.
(2) Effective December 31, 2014, Mr. William Charles O'Donnell was appointed Senior Vice President and Chief Financial Officer of the Company.

In addition to the above officers, additional Vice Presidents, Assistant Vice Presidents and other assistant officers were also appointed.

Numerous changes in directors and officers occurred during the period under review. As required, proper notification was provided to the Delaware Department of Insurance with no exception.

Conflicts of Interest

The Company maintains a formal written Code of Business Conduct, which sets out minimum standards of ethical conduct that applies to all employees, officers and directors. Incorporated into the Code of Business Conduct is a conflict of interest policy. Each year, all officers and directors are required to complete a Business Conduct Certificate Acknowledgement, re-affirming the commitment to comply with the Code, and reporting any breaches of which they are aware and potential conflicts of interest. The Chief Compliance Officer of the Company provides an annual report to the Board concerning the compliance with the Code of Conduct, as required by the Company's Risk Management Policies, including any potential conflicts of interest.

In accordance with the Delaware Insurance Department Examination Handbook, Section 12, a review of the Company's Annual Code Acknowledgement Statements for officers, directors and key employees was performed for the purpose of identifying anyone with a felony conviction involving dishonesty or a breach of trust. There was no indication of any criminal conviction in any of the responses reviewed.

A review of executed conflict of interest disclosure statements was conducted for all years under examination with no concerns or issues identified.

Articles of Incorporation and bylaws

The Company's Articles of Incorporation and bylaws were not amended during the examination period.

Corporate Records

The recorded minutes of the sole shareholder and Board of Directors 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 the authorization of investments as required by 18 Del. C. §1304 "Authorization; record of investments".

A review of the Insurance Holding Company Annual Registration Statement filings (Form B and Form C) made by and on behalf of the Company during the period under examination revealed that the Company had materially complied with 18 Del. C. §5004 and 18 Del. Admin. Code 1801.

Holding Company System

The Company is a member of an insurance holding company system as defined in 18 Del. C. §5001 (6) "Insurance Holding Company System". The Company's Holding Company Registration Statements (Form B and Form C) were timely filed with the Delaware Insurance Department for the years under examination. The immediate parent of the Company at

December 31, 2014 was MetLife, Inc. The Company had numerous subsidiaries as of December 31, 2014.

The following abbreviated presentation of the holding company system reflects the identities and interrelationships between the Company, its Parent, affiliated insurers and other members of the holding company system as of December 31, 2014:

Company	Domicile	% own
MetLife Inc.	Delaware	
Metropolitan Life Insurance Company	New York	100%
MetLife International Holdings, Inc.	Delaware	100%
Metropolitan Property and Casualty Insurance Company	Rhode Island	100%
MetLife Insurance Company USA	Delaware	100%
Metropolitan Tower Life Insurance Company	Delaware	100%
SafeGuard Health Enterprises, Inc.	Delaware	100%
Newbury Insurance Company, Limited	Delaware	100%
First MetLife Investors Insurance Company	New York	100%
MetLife Reinsurance Company of South Carolina	South Carolina	100%
MetLife Reinsurance Company of Charleston	South Carolina	100%
MetLife Reinsurance Company of Vermont	Vermont	100%
MetLife Reinsurance Company of Delaware	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%
UBB Zhivotozastrahovatelno Drujestvo A.D. (1)	Bulgaria	40%
Pharaonic American Life Insurance Company (2)	Egypt	84.125%
International Investment Holding Company Limited	Russia	100%
MetLife Mas. S.A. de C.V. (3)	Mexico	99.999%
Borderland Investments Limited	Delaware	100%
ALICO Hellas Single Member Limited Liability Company	Greece	100%
IGI Life Insurance Limited (4)	Pakistan	12.298%
Epsilon Properties Japan, Inc.	Delaware	100%
Kappa Properties Japan, Inc.	Delaware	100%
MetLife Akicionarsko Drustvo za Zivotno Osiguranje (5)	Serbia	99.98%
International Technical and Advisory Services Limited	Delaware	100%
ALICO Operations Inc.	Delaware	100%
MetLife Asset Management Corp.	Japan	100%
PJSC MetLife (6)	Ukraine	99.998%
Alpha Properties, Inc.	Delaware	100%
Beta Properties, Inc.	Delaware	100%
Delta Properties Japan, Inc.	Delaware	100%
MetLife Columbia Seguros de Vida S.A. (7)	Columbia	90.999%
ALICO Management Services Limited	United Kingdom	100%
Iris Properties, Inc.	Delaware	100%

MetLife Seguros S.A. [8]	Uruguay	74.918%
MetLife, American International Group and Arab National Bank Cooperative Insurance Company [9], [10]	Saudi Arabia	30%
ALICO Properties, Inc. [11]	Delaware	51%
Global Properties, Inc.	Delaware	100%
MetLife Global Holding Company I GmbH	Switzerland	100%
MetLife Global Holding Company II GmbH	Switzerland	100%
ALICO European Holdings Limited	Ireland	100%
ZAO Master D	Russia	100%
Closed Joint Stock Company MetLife Insurance Company [12]	Russia	51%
MetLife Emeklilik ve Hayat A.S. [13]	Turkey	99.98%
MetLife Reinsurance Company of Bermuda Ltd.	Bermuda	100%
MetLife Asia Holding Company Pte. Ltd.	Singapore	100%
MetLife Innovation Centre Pte. Ltd.	Singapore	100%
MetLife EU Holding Company Limited	Ireland	100%
MetLife Holdings (Cyrpus) Limited	Cyprus	100%
American Life Insurance Company (Cyprus) Limited	Cyprus	100%
Hellenic Alico Life Insurance Company LTD [14]	Cyprus	27.5%
MetLife Towarzystwo Ubezpieczen na Zycie i Reasekuracji S.A.	Poland	100%
MetLife Services Sp z.o.o.	Poland	100%
MetLife Towarzystwo Funduszy Inwestycyjnych S.A.	Poland	100%
MetLife Powzechne Towarzystwo Emerytaine [15]	Poland	50%
Metropolitan Life Asigurari S.A. [16]	Romania	99.998%
MetLife Societate de Administrare a unui Fond de Pensi Administrat Privat S.A. [17]	Romania	99.983%
Metropolitan Life Training & Consulting S.R.L.	Romania	100%
APF Societate de Administrare a Fondurilor De Pensil Facultative [18]	Romania	99.99%
MetLife Investments Management Limited	United Kingdom	100%
MetLife Amslico poist'ovna, a.s.	Slovakia	100%
MetLife Slovakia s.r.o. [19]	Slovakia	99.956%
ALICO Funds Central Europe sprav.spol., a.s.	Slovakia	100%
ALICO (Bulgaria) Zhivotozastrahovatelno Druzestvo EAD	Bulgaria	100%
MetLife Solutions S.A.S.	France	100%
Agenvita S.r.l.	Italy	100%
MetLife Services, Sociedad Limitada	Spain	100%
MetLife Insurance Limited	United Kingdom	100%
MetLife Limited	United Kingdom	100%
MetLife Europe Limited [20]	Ireland	93%
MetLife Pension Trustees Limited	United Kingdom	100%
MetLife Bulgaria Services EOOD	Bulgaria	100%
MetLife Europe Insurance Limited [20]	Ireland	93%
MetLife Europe Services Limited	Ireland	100%
MetLife pojist'ovna a.s.	Czech Republic	100%
MetLife Biztosito Zrt.	Hungary	100%
First American-Hungarian Insurance Agency Limited	Hungary	100%
MetLife Insurance S.A.	Greece	100%
MetLife Mutual Fund S.A. [21]	Greece	90%

(1) 40% of UBB Zhivotozastrahovatelno Drujestvo A.D. is owned by American Life Insurance Company and the remaining by third parties.
(2) 84.125% of Pharaonic American Life Insurance Company is owned by American Life Insurance Company and the remaining interests are owned by third parties.
(3) 99.9997546% of MetLife Mas. S.A. de C.V. is owned by American Life Insurance Company and .0002454% is owned by International Technical and Advisory Services Limited.
(4) 12.296% of IGI Life Insurance Limited is owned by American Life Insurance Company and the remaining interest is owned by third parties.
(5) 99.98% of MetLife Akciornarska Drustvoza za Zivotno Osiguranje is owned by American Life Insurance Company and the remaining 0.02% is owned by International Technical and Advisory Services Limited.
(6) 99.9988% PJSC ALICO Ukraine is owned by American Life Insurance Company, .0006% is owned by International Technical and Advisory Services Limited and the remaining .0006% is owned by Borderland Investments Limited.
(7) 90.9999942% of MetLife Colombia Seguros de Vida S.A. is owned by American Life Insurance Company, 9.0000011% is owned by International Technical and Advisory Services Limited, 0.0000016% is owned by Borderland Investments Limited, 0.0000016% is owned by MetLife International Holdings Inc., and Natiloportem Holdings, Inc. owns the remaining 0.0000016%.
(8) 74.9187% of MetLife Seguros S.A. (Uruguay) is owned by American Life Insurance Company, 25.0798% is owned by MetLife, Inc., and 0.0015% by third party (Oscar Schmidt).
(9) 30% of MetLife, American International Group and Arab National Bank Cooperative Insurance Company is owned by American Life Insurance Company and the remaining interest by third parties.
(10) On May 21, 2015, ALICO filed a "Disclaimer of Affiliation" pursuant to 18 Del. C. 5001(3), 5004(k). The Department approved this filing on June 10, 2015. Therefore, this company is not considered an affiliate under Delaware Law.
(11) 51% of ALICO Properties, Inc. is owned by American Life Insurance Company and the remaining by third parties.
(12) ZAO Master D owns 51% of Closed Joint Stock Company, MetLife Insurance Company and MetLife Global Holding Company II GmbH owns the other 49%.
(13) 99.98% of MetLife Emeklilik ve Hayat A.S. is owned by MetLife Global Holding Company II GmbH, and the remaining by third parties.
(14) 27.5% of Hellenic Alico Life Insurance Company Ltd. is owned by American Life Insurance Company (Cyprus) Limited and the remaining by a third party.
(15) 50% of MetLife Powzechne Towarzystwo Emerytaine is owned by MetLife EU Holding Company Limited.
(16) 99.9982018% of Metropolitan Life Asigurari S.A. is owned by MetLife EU Holding Company Limited and the remaining 0.0017982% is owned by International Technical and Advisory Services Limited.
(17) 99.9836% of MetLife Societate de Administrare a unui Fond de Pensi Administrat Privat S.A. is owned by Metropolitan Life Asigurari S.A. and 0.0164% is owned by MetLife Services Sp z.o.o.
(18) 99.99% of APF Societate de Administrare a Fondurilor De Pensil Facultative is owned by Metropolitan Life Asigurari S.A. and 0.0001% is owned by International Technical and Advisory Services Limited.
(19) 99.956% of MetLife Slovakia s.r.o. is owned by MetLife Amslico poist'ovna, a.s. and 0.044% is owned by International Technical and Advisory Services Limited.
(20) American Life Insurance Company holds a 7% interest in this company.
(21) 90% of MetLife Mutual Fund S.A. is owned by MetLife Life Insurance S.A. and the remaining interest by a third party.

Affiliated Management and Service Agreements

The Company was party to several inter-company agreements, which were disclosed in the Form B filings with the Delaware Insurance Department.

The following agreements were entered into prior to the period covered by this examination and remained in effect as of December 31, 2014:

Description	Effective Date
Management Agreement with PALIC	January 1, 1997
IT Services Framework Agreement with Amplico Services Sp. Z.o.o	May 10, 2010
Master Intercompany IT Services Agreement with MSS	June 1, 2010
Discretionary Investment Management Agreement with MIM	September 24, 2010 (1)
Master Services and Facilities Agreement with Affiliates	November 1, 2010

Master Service Agreement with MLIC	November 1, 2010
Secondment and Reimbursement Agreement with MetLife Global, Inc.	November 1, 2010
Secondment and Reimbursement Agreement with MetLife Group, Inc.	November 1, 2010
Assignment and Assumption Agreement with AAM and MIM	November 1, 2010
Common Paymaster Agreement with MIHI	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
Metropolitan Money Market Pool Partnership Agreement	July 11, 2011
Software Product Licensing Agreement with ITAS	Various Dates

(1) This agreement was amended November 1, 2010, May 20, 2011, November 1, 2011, November 1, 2013 and January 1, 2015.

Acronym Legend
PALIC - Pharaonic American Life Insurance Company
ITAS - International Technical and Advisory Services
AAM – AIG Asset Management (US), LLC
MIM – MetLife Investment Management, LLC
MIHI – MetLife International Holdings, Inc.
MSS – MetLife Services and Solutions, LLC

The above agreements have previously been reviewed; however, balances associated with the above agreements as of December 31, 2014, were reviewed as part of this examination.

In addition to the above, the Company is party to the following agreements with affiliates, which were entered into during the period covered by this examination, and remain in effect as of December 31, 2014. These agreements are summarized as follows:

Service Agreement – ALICO Gulf (United Arab Emirates Branch of ALICO)

Effective January 1, 2013, the United Arab Emirates Branch of ALICO (ALICO Gulf) and DELAM were party to an arrangement whereby ALICO Gulf provides administrative services to DELAM with respect to the Company's insureds in the Gulf region who are covered under a group insurance policy issued by DELAM to cover an employer's expatriate employees and their eligible dependents. Services provided by ALICO Gulf include claim processing, claims data file handling and customer service with respect to claims inquiries.

Profit Participation Agreement

Effective March 1, 2013, the Company entered into a Profit Participation Agreement (PPA) with MetLife Global Holding Company I GmbH (MetLife Global I). Under the terms of the PPA, the Company and MetLife Global I will have a 98% and 2% economic interest, respectively, in the capital, profits, and losses of the ALICO's Branches located in the Middle East, i.e., Bahrain, Bangladesh, Jordan, Kuwait, Lebanon, Nepal, Oman, the Palestine National Authority, Qatar, Qatar Financial Centre, Saudi Arabia and the United Arab Emirates (the "ME Branches"). This 2% economic participation will satisfy certain requirements of the IRS Closing Agreement by creating a foreign business entity which eliminates U.S. tax withholding requirements for payments to policyholders by the ME Branches.

The ME Branches remain a direct part of the Company, and the Company will continue to own 100% of the ME Branches from a legal perspective. The ME Branches are not parties to the PPA.

Global Service Agreement

Effective June 19, 2014, the Company, DELAM, and MTL (the "Companies") entered into a service agreement with MetLife International Holdings, Inc. (MIHI), wherein MIHI will serve as a conduit for foreign vendors, including MIHI's foreign subsidiaries and affiliates within the MetLife enterprise, to provide shared services and facilities used by the Companies.

MIHI will provide such services requested by each of the Companies as each company may determine to be reasonably necessary or beneficial to the conduct of its operations. The services to be provided will allow the Companies to obtain services necessary or beneficial for their operations in a cost efficient manner. The types of services that will be available to the Companies under the agreement will include: actuarial advice and assistance; benefits management; controller and finance support; human resource support; information technology

services; product management and development; data entry processing services; and global brand marketing initiatives.

Guarantees and Indemnities

At December 31, 2014, the Company's aggregate compilation of guarantee obligations was $160,603,745.

TERRITORY AND PLAN OF OPERATION

Territory

As of December 31, 2014, 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 is 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 Caribbean, the Middle East and the Far East, with Japan being the largest territory. The Company, through its branches and subsidiaries, offers life insurance, annuities, credit life and A&H to individuals and groups.

The Company has P&C business undertaken in the Company's branches in the United Arab Emirates (UAE), Oman and Kuwait, and writes 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 branches ceased writing new business, and renewals of existing policies have been transferred to a former AIG affiliate, Chartis Overseas Ltd (Chartis), at their renewal and are currently in run-off.

Subsidiarization and Sale of Branches

During the examination period, the Company continued to implement a reorganization plan to accommodate Internal Revenue Service (IRS) rulings. A Closing Agreement was entered into with the IRS prior to the Company's acquisition by MetLife, Inc., whereby the Company agreed to modify its branch structure. As of December 31, 2014, all business operations have been sold, subsidiarized or merged with MetLife, Inc. affiliates where similar entities are in the same international jurisdiction. Details for transactions occurring during the examination period are as follows:

- On February 28, 2013, the Company transferred the shares it held in ALICO Asigurari Romania S.A., an insurance subsidiary domiciled in Romania, to MetLife Global Holding Company I GmbH (Global I), a direct subsidiary.
- On February 28, 2013, the Company transferred the shares it held in ALICO First American Hungary Insurance Company Zrt, an insurance subsidiary domiciled in Hungary, to Global I.
- On March 1, 2013, the Company transferred the shares it held in MetLife poiist'ovna a.s., an insurance subsidiary domiciled in the Czech Republic, to Global I.
- On March 18, 2013, the Company transferred the shares it held in MetLife Amslico poist'ovna, a.s., an insurance subsidiary domiciled in Slovakia, to Global I.

- On May 7, 2013, the Company transferred the shares it held in AMPLICO Life First American Polish Life Insurance & Reinsurance Company, S.A., an insurance subsidiary domiciled in Poland, to Global I.
- On May 21, 2013, the Company transferred the shares it held in AMPLICO Powszechne Towarzystwo Emerytaine S.A., an insurance subsidiary domiciled in Poland, to Global I.
- On May 31, 2013, the Company transferred the shares it held in ALICO European Holdings Limited, a holding company subsidiary domiciled in Ireland, to Global I.
- On May 31, 2013, the Company transferred the shares it held in Zao Master D, an insurance subsidiary domiciled in Russia, to Global I.
- On June 1, 2013, the Company's Cyprus branch operation was converted to a subsidiary, American Life Insurance Company (Cyprus) Limited.
- On June 29, 2013, the Company transferred the shares it held in American Life Insurance Company (Cyprus) Limited, a direct insurance subsidiary domiciled in Cyprus to MetLife Holding (Cyprus) Limited.
- On June 30, 2013, the Company transferred the shares it held in MetLife Holdings (Cyprus) Limited, a direct holding company domiciled in Cyprus to Global I.

Plan of Operation

ALICO operates exclusively outside the United States. For 2014, ALICO reported the following geographical distribution of its direct premiums and annuity considerations.

	2014 Premiums	% of Total	2012 Premiums	% Change During Exam Period	Note
Japan	$ -	0.00%	$ 7,623,877,389	-100.00%	1
UAE	790,515,993	56.10%	326,014,216	142.48%	
Greece	-	0.00%	308,870,058	-100.00%	2
Bangladesh	225,861,851	16.03%	183,145,581	23.32%	
Spain	-	0.00%	88,268,142	-100.00%	3
Lebanin	93,858,504	6.66%	79,849,603	17.54%	
Portugal	-	0.00%	59,802,946	-100.00%	3
Cyprus	-	0.00%	45,079,461	-100.00%	3
United Kingdom	-	0.00%	34,111,639	-100.00%	4
Panama	-	0.00%	23,386,978	-100.00%	5
Jordan	17,806,132	1.26%	19,866,500	-10.37%	
Subtotal	$ 1,128,042,480	80.05%	$ 8,792,272,513	-87.17%	
Other Branches	281,069,485	19.95%	199,157,883	41.13%	
Total Direct Premiums & Annuity Considerations	$ 1,409,111,965	100%	$ 8,991,430,396	-84.33%	

(1) On May 31, 2012, the Company transferred the business of its Japan branch to MetLife Alico Life Insurance KK. All premiums subsequent are reported at the subsidiary level.
(2) The Greece branch was converted to a subsidiary on November 28, 2012. All premiums subsequent are reported at the subsidiary level.
(3) The Spain, Portugal and Cyprus branches were transferred to subsidiary operations in 2013. All premiums subsequent are reported at the subsidiary level.
(4) During 2012, the UK branch transferred all of its in-force business to affiliated and non-affiliated entities. The premium recorded is premium earned in UK branch before transfer.
(5) In 2011, the Company announced the sale of its operations in Panama; the sale was finalized in mid-2013.

The Company's direct 2014 premiums were written in the following lines of business:

Lines of Business	2014 Direct Premiums	% of Tot
Ordinary Life	$ 904,278,489	65.07%
Individual Annuities	44,128,893	3.18%
Credit	34,922,704	2.51%
Group Life	9,336,158	0.67%
Group Annuities	63,499,043	4.57%
Group Accident and Health	292,620,377	21.06%
Other Accident and Health	40,893,432	2.94%
Property and Casualty	-	0.00%
Total	$ 1,389,679,095	100.00%

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 solely from the Middle East, Africa and South Asia (MEASA) markets. At year-end 2014, business produced by MEASA branches accounted for 97.9% of the Company's total direct premiums and annuity considerations.

Branch	2014 Direct Premiums	% of Tot
United Arab Emirates	790,515,993	58.09%
Bangladesh	225,861,851	16.60%
Lebanon	93,858,504	6.90%
ME Pensions	61,228,435	4.50%
Kuwait	33,712,220	2.48%
Bahrain	58,230,623	4.28%
Jordan	17,806,132	1.31%
Oman	19,580,604	1.44%
Qatar	30,568,907	2.25%
Qatar Financial Center	6,621,367	0.49%
Nepal	17,399,296	1.28%
Saudi Arabia	4,630,833	0.34%
Palestine National Authority	930,245	0.07%
Total	$ 1,360,945,011	100.00%

Operations in the Middle East, Africa and South Asia

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

a) **Individual Life** products in the Middle East include the basic products of variable universal life (VUL), term, and annuity policies.

b) **Individual Accident & Health** 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 diagnoses 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 Delaware Insurance Department to write both Life-Heath and Property-Casualty insurance. In 2000, the Company began writing personal auto insurance in the United Arab Emirates (UAE). Subsequently, the Company began writing other property-casualty business in the UAE, Oman and Kuwait.

ALICO P&C also reinsures Involuntary Loss of Employment (ILOE) business in Italy, France, Poland, Switzerland, Russia, Slovakia, and Greece.

The P&C business undertaken in the Company's branches in UAE and Oman 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 accident and health 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 2015.

The Company previously filed a separate P&C Annual Statement. With approval from the Delaware Department of Insurance, this business was combined with the Life and Accident and Health annual statement effective January 1, 2012.

Agency Relations and Sales Distribution

In Asia, the Middle East and Africa, 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 accident & health). 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.

Best's Rating

The Company is not rated by A.M. Best

REINSURANCE

For 2014, the Company reported the following breakdown of premiums:

Direct	$ 1,389,679,095
Reinsurance assumed (from affiliates)	127,460,752
Reinsurance assumed (from non-affiliates)	152,272,918
Total direct and assumed	$ 1,669,412,765
Reinsurance ceded (to affiliates)	(24,801,749)
Reinsurance ceded (to non-affiliates)	(235,499,050)
Net premium written	$ 1,409,111,966

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 assumes business such as various individual and group life and health products, and credit life products. Approximately one-half of premium assumed is from affiliates. The Company also cedes the same type of business, in addition to ceding individual fixed annuity products. The Company utilizes ceded reinsurance mainly as a financial management tool. The maximum retained liability is $5 million per life across all lines of business.

As a part of its reinsurance program, the Company participated in the following reinsurance transactions.

International Captive Reinsurance Agreements

For selected large multinational corporate clients, the Company participates in an international retrocession arrangement, reinsuring the client's group employee benefits or credit insurance business. The one remaining international retrocession arrangement with respect to

credit insurance business, GMAC, was terminated on December 31, 2014 and is in run-off. The reinsurance contracts are subsequently retroceded back to the client's captive insurance company. The inbound reinsurance treaties and the captive retrocession treaties are short duration, coinsurance contracts, which indemnify on a quota-share basis against loss and transfer insurance risk of the underlying group contracts. At year-end 2014, there were approximately 23 captive reinsurance agreements covering multinational clients with multiple group policies issued from the local offices.

International MetLife Entities Group Life Reinsurance Treaties with Pooling Arrangements

The Company participates in international reinsurance agreements between various MetLife international subsidiaries as ceding entities. There are approximately 20 treaties, each with multiple policies and many multinational pooling clients covered under each treaty. The short duration agreements provide for indemnity reinsurance on a coinsurance basis of the insurer's liability. Annual experience of the multinational pooling client is aggregated at ALICO Home Office to determine the net amount owed to/from the group customer.

Other International Pooling Arrangements

The Company also participates in other pooling programs involving reinsurance syndicates. One such arrangement is with MAXIS S.A.S (MAXIS), a limited liability company incorporated in France, whereby there is a multinational pooling of employee benefit plans as a service option to multinational client companies. A pooling arrangement utilizing both coinsurance and stop-loss reinsurance is utilized to allow profits and losses across the risk bearing entities to be aggregated. The goal of the arrangement is to pool experience across both ALICO and MAXIS so that neither will absorb losses of the other party beyond its ability to offset such losses against its own underwriting gain.

International Accident and Health Reinsurance Arrangements

The Company is party to a population of international accident and health reinsurance agreements whereby the Company assumes business from various international affiliates and subsequently retrocedes activity in excess of $1.5 million per life to DELAM. Additionally, under this arrangement, the Company also cedes A&H business to DELAM on behalf of its international branches. The agreements are either short duration (group business) or long duration (individual A&H business) coinsurance contracts. At year-end 2014, there were approximately 15 affiliates that were ceding A&H business to the Company. Additionally, 11 of the Company's branches and 5 of the Company's affiliates were reinsuring A&H business to DELAM.

International Catastrophic Reinsurance

The Company has exposures to catastrophes, which could contribute to significant fluctuations in the Company's results in operations. The Company currently purchases catastrophe coverage for certain countries deemed to be exposed to the greatest catastrophic risk. This coverage may include nuclear and terrorism risk. The agreements are internal and external.

In 2014, there were approximately 12 internal catastrophe reinsurance treaties with the Company as the reinsurer for its affiliates. There were also an additional 12 internal catastrophe reinsurance treaties with DELAM as the reinsurer for 10 of the Company's branches and 16 of the Company's affiliates. The internal catastrophe reinsurance program has been in effect for over 10 years and originated between local affiliates and the Company or AIRCO, AIG's Bermuda Reinsurance entity. DELAM replaced AIRCO as reinsurer in 2009 when AIRCO was divested.

In addition to the internal catastrophe reinsurance treaties, there is one external catastrophic reinsurance agreement between the Company, DELAM, and MetLife Alico Life

Insurance KK as ceding entities and various reinsurers that provide worldwide catastrophic coverage for business written in Japan, Mexico and the U.K. The business related to Mexico and the UK reinsurance under this agreement is being retroceded and if first covered under internal catastrophe treaties. The coverage for Japan is being reinsured directly to third parties.

PALIG Reinsurance Transactions

The Company has sold the majority of its operations in Central America and the Caribbean to Pan American Life Insurance Group (PALIG). PALIG has a captive, Inreco International Reinsurance Company (INRECO). As a part of the broad scheme to divest the ALICO business in the Caribbean, Panama and Costa Rica, there were various reinsurance treaties entered into with INRECO which work interdependently.

a. *Omnibus Coinsurance Agreement*: The Omnibus Agreement was designed to temporarily provide indemnity reinsurance for ALICO new and renewal policies issued by Panama and the Cayman Islands. In addition, the agreement serves as a back stop if there are newly discovered policies or reinstated policies in remaining Caribbean jurisdictions. The agreement is a simple coinsurance/modified coinsurance agreement designed only to provide an interim means of transferring business to INRECO.

b. *Quota Share Multinational Group Pooling Facultative Retrocession Agreement*: This agreement reinsures group life, medical & disability business written by Caribbean entities on a facultative basis and reinsured to INRECO under the Omnibus Agreement. It also reinsures the group business issued by INRECO affiliates on a facultative basis and reinsured to INRECO that pertains to business subject to the multinational pooling program sponsored by the Company. The group employee

benefits will be retroceded from INRECO to the Company on a 100% coinsurance basis.

c. *Multinational Group Pooling Stop-Loss Reinsurance Agreement*: The Stop Loss Agreement pertains to the group employee benefits reinsured for the multinational pooling programs under the Quota Share Multinational Group Pooling Retrocession Agreement. Under the agreement, the Company cedes 100% of the losses on a facultative stop-loss basis back to INRECO.

d. *Quota Share Multinational Group Captive Facultative Retrocession Agreement*: This agreement retrocedes the group employee benefit business reinsured by INRECO which was issued by affiliates of INRECO entities on a facultative basis under the multinational captive program. In essence, the Company is ultimately reinsuring its own business related to the multinational captive activity.

e. *Offshore Coinsurance Agreement*: Under this agreement, the Company cedes to INRECO several closed blocks of in-force business including International Dollar Business, Multi-currency policies, and assumed business from American Security Life Insurance Company (ASL). The agreement is a standard reinsurance agreement that provides for 100% indemnity coinsurance of the underlying policies.

In addition to the above outlined reinsurance arrangements, the Company also 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 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.

There are additional reinsurance transactions that transpired due to the restructuring and subsidiarization of certain Company branches in prior years.

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.

Accounts and Records Findings - Reinsurance

The following findings and recommendation were noted during the examination and pertain to presentation discrepancies noted within Reinsurance. These discrepancies included the following non-financial items:

- A review of ceded reinsurance agreements reported on Schedule S – Part 3 identified numerous reporting issues with regards to column 6 "Type of reinsurance," where agreements were reported as yearly renewable term (YRT) instead of catastrophe excess of loss (CAT).
- A review of assumed reinsurance noted that the Company was unable to identify and/or produce a valid reinsurance contract that generated reported amounts in Schedule S – Part 1 – Section 1 and Section 2 for certain ceding companies. Due to immateriality, no adjustment was carried to the financial statements.

The above findings identified represent non-compliance with 18 Del. C. §526(a), which states in part,

> "(a) Each authorized insurer shall annually on or before March 1, . . , file with the Commissioner a full and true statement of its financial condition, transactions and affairs as of December 31 preceding. The statement filing shall be the annual statement form approved by the National Association of Insurance Commissioners ("NAIC") prepared in accordance with NAIC annual statement requirements and the NAIC accounting practices and procedures manual, except as otherwise prescribed or permitted by this title or by the Commissioner."

Therefore, as noted in the prior examination,

> **It is recommended that the Company complete its annual statement blank in accordance with NAIC *Accounting Practices and Procedures*, NAIC *Annual Statement Instructions* and 18 Del. C. §526(a), verifying that all financial and non-financial data is reported accurately, completely, and appropriately.**

FINANCIAL STATEMENTS

The following financial statements are based on the statutory financial statements filed by the Company with the Delaware Department of Insurance and present the financial condition of the Company for the period ending December 31, 2014. The accompanying comments on financial statements reflect any examination adjustments to the amounts reported in the annual statements, and should be considered an integral part of the financial statements.

General Account:

- Assets
- Liabilities, Surplus and Other Funds
- Summary of Operations
- Capital and Surplus Account
- Reconciliation of Capital and Surplus for the Examination Period

Separate Accounts:

- Assets
- Liabilities and Surplus
- Schedule of Examination Adjustments

The narrative on the reserve related balances is presented in the Notes to the Financial Statements section of this report.

Assets
As of December 31, 2014

	Assets	Nonadmitted Assets	Net Admitted Assets	Notes
Bonds	$ 2,151,562,330	$	$ 2,151,562,330	
Stocks:				
Common stocks	3,368,237,194	34,867,569	3,333,369,625	
Mortgage loans on real estate				
First liens	244,318		244,318	
Real estate				
Properties occupied by the company	11,118,393	359,698	10,758,695	
Properties held for the production of income	986,526	440,146	546,380	
Cash, cash equivalents and short-term investments	637,351,007		637,351,007	
Contract loans	131,832,078		131,832,078	
Other invested assets	137,178,574	15,188,052	121,990,522	
Receivables for securities	25,704,760		25,704,760	
Investment income due and accrued	78,004,556		78,004,556	
Premiums and considerations				
Uncollected premiums and agents' balances in course of collection	135,768,394	36,517,882	99,250,512	
Reinsurance:				
Amounts recoverable from reinsurers	50,344,026		50,344,026	
Funds held by or deposited with reinsured companies	93,820,857		93,820,857	
Other amounts receivable under reinsurance contracts	43,385,567		43,385,567	
Current federal and foreign income tax recoverable and interest thereon	51,552,674		51,552,674	
Net deferred tax asset	-0-	-0-	-	
Guarantee funds receivable or on deposit	-		-	
Electronic data processing equipment and software	2,703,277	1,213,959	1,489,318	
Furniture and equipment, including health care delivery assets	6,866,845	6,866,845	-	
Receivable from parent, subsidiairies and affiliates	41,244,881	11,713,477	29,531,404	
Aggregate write-ins for other than invested assets	11,699,452	11,699,452	-	
Total assets excluding Separate Accounts	$ 6,979,605,709	$ 118,867,080	$ 6,860,738,629	
From Separate Accounts	1,355,198,821	-	1,355,198,821	
Total	$ 8,334,804,530	$ 118,867,080	$ 8,215,937,450	

Liabilities, Surplus and Other Funds
As of December 31, 2014

		Notes
Aggregate reserves for life contracts	$ 2,152,042,450	1
Aggregate reserves for accident and health contracts	96,325,340	2
Liability for deposit type contracts	3,573,454	3
Contract claims:		
Life	99,694,310	4
Accident and health	135,437,261	5
Policyholders' dividends and coupons due and unpaid	2,476,787	
Provision for policyholder dividends and coupons payable in following calendar yeasr-estimated amounts:		
Dividends apportioned for payment	51,927,850	
Premiums and annuity considerations for life and accident and health contracts received in advance	5,892,640	
Contract liabilities not included elsewhere:		
Provision for experience rating refunds	19,981,498	6
Other amounts payable on reinsurance	179,824,557	
Interest maintenance reserve	85,458,462	
Commissions to agents due or accrued	2,148,514	
Commissions and expense allowances payable on reinsurance assumed	19,660,518	
General expenses due or accrued	55,642,032	
Transfers to Separate Accounts due or accrued	108,315,577	7
Taxes, licenses and fees	(2,136,136)	
Current federal and foreign income taxes	-0-	
Unearned investment income	7,801,207	
Amounts withheld or retained by company as agent or trustee	364,202	
Amounts held for agents' account, including $0 agents' credit balances	2,746,031	
Remittances and items not allocated	11,746,215	
Liability for benefits for employees and agents if not included above	106,314,297	
Borrowed money	-0-	
Miscellaneous liabilities:		
Asset valuation reserve	163,140,931	
Reinsurance in unauthorized and certified companies	935,098	
Funds held under reinsurance treaties and unauthorized reinsurers	39,593,881	
Payable to parent, subsidiaires and affiliates	104,369,636	
Funds held under coinsurance	286,771	
Derivatives	-0-	
Payable for securities	26,201,664	
Payable for securities lending	-0-	
Aggregate write-ins for liabilities	22,428,473	
Total liabilities excluding Separate Accounts	$ 3,502,193,520	
From Separate Accounts Statement	1,355,198,821	
Total Liabilities	$ 4,857,392,341	
Common capital stock	40,000,000	
Preferred capital stock		
Surplus notes	489,000,000	
Gross paid-in and contributed surplus	2,928,931,102	
Aggregate write-ins for special surplus funds	-0-	
Unassigned funds	(99,385,993)	
Surplus	$ 3,358,545,109	
Total Liabilities, Capital and Surplus	$ 8,215,937,450	

Summary of Operations
As of December 31, 2014

Premiums and annuity considerations for life and accident and health contracts	$	1,409,111,964
Consideration for supplementary contracts with life contingencies		3,093,266
Net investment income		398,069,125
Amortization of Interest Maintenance Reserve		36,401,969
Commissions and expense allowances on reinsurance ceded		51,938,781
Miscellaneous income:		
Income from fees associated with investment management, administration and contract guarantees from Separate Accounts		45,897,300
Aggregate write-ins for miscellaneous income		28,302,797
Totals	$	1,972,815,202
Death benefits	$	41,858,603
Matured endowments (excluding guaranteed annual pure endowments)	$	95,260,042
Annuity benefits		3,449,174
Disability benefits and benefits under accident and health contracts		232,138,972
Surrender benefits and withdrawals for life contracts		313,170,232
Interest and adjustments on contract or deposit-type contract funds		38,299,581
Payments on supplementary contracts with life contingencies		2,063,999
Increase in aggregate reserves for life and accident and health contracts		284,168,237
Totals	$	1,010,408,840
Commissions on premiums, annuity considerations and deposit-type contracts funds		167,197,737
Commissions and expense allowances on reinsurance assumed		57,867,585
General insurance expenses		544,367,751
Insurance taxes, licenses and fees, excluding federal income taxes		3,611,128
Increase in loading on deferred and uncollected premiums		(751,227)
Net transfers to or (from) Separate Accounts net of reinsurance		278,536,631
Aggregate write-ins for deductions		6,622,516
Totals	$	2,067,860,961
Net gain from operations before dividends to policyholders and federal income taxes	$	(95,045,759)
Dividend to policyholders		2,446,268
Net gain from operations after dividends to policyholders and before federal income taxes		(97,492,027)
Federal and foreign income taxes incurred		(58,637,551)
Net gain from operations after dividends to policyholders and federal income taxes and before realized capital gains (losses)		(38,854,476)
Net realized capital gains (losses)		2,756,872
Net Income	$	(36,097,604)

Capital and Surplus Account
As of December 31, 2014

Capital and surplus, December 31, prior year	$	2,711,168,702
Net income (Loss)		(36,097,604)
Change in net unrealized capital gains or (losses)		
less capital gains tax of $ (5,623,915)		(197,090,854)
Change in net unrealized foreign exchange capital gain (loss)		(16,290,414)
Change in net deferred income tax		(920,070,268)
Change in nonadmitted assets		887,651,715
Change in liability for reinsurance in unauthorized companies		9,689,964
Change in reserve on account of change in valuation basis (increase) or dec		14,566,833
Change in asset valuation reserve		34,630,133
Change in surplus notes		200,000,000
Capital changes:		
Paid in		36,957,290
Surplus adjustment		
Paid in		462,792,710
Aggregate write-ins for gains and losses in surplus		170,636,902
Net change in capital and surplus for the year	$	647,376,407
Change as a result of December 31, 2014 examination		0
Capital and surplus, December 31, current year	$	3,358,545,109

Reconciliation of Capital and Surplus
From December 31, 2012 to December 31, 2014

Capital and Surplus, December 31, 2012		$ 3,043,616,126
Net income		594,411,609
Additions:		
Change in non-admitted assets	$ 159,745,752	
Change in liability for reinsurance in unauthorized and certified companies	24,097,164	
Change in reserve on account of change in valuation basis, (increase) or decrease	24,595,499	
Change in surplus notes	200,000,000	
Surplus (contributed to) withdrawn from Separate Accounts during period	-	
Capital changes: Paid in	36,957,290	
Surplus adjustment: Paid in	687,792,710	
Aggregate write-ins for gains and losses in surplus	50,843,877	
Total Additions		1,184,032,292
Deductions		
Change in net unrealized capital gains (losses) less capital gains tax of $ (5,623,915)	(792,707,479)	
Change in net unrealized foreign exchange capital gain (loss)	(133,309,307)	
Change in net deferred income tax	(215,899,364)	
Change in asset valuation reserve	(319,933,002)	
Surplus adjustment: Change in surplus as a result of reinsurance	(1,665,766)	
Change as a result of December 31, 2014 examination	-	
Total Deductions		(1,463,514,918)
Capital and Surplus, December 31, 2014		$ 3,358,545,109

Separate Accounts
Assets
As of December 31, 2014

	General Account Basis	Fair Value Basis	Total
Bonds	$ -	$ 120,405,755	$ 120,405,755
Stocks:			
Common Stocks	-	1,144,475,643	1,144,475,643
Contract loans	-	39,280	39,280
Cash and cash equivalents	-	82,151,262	82,151,262
Investment income due and accrued	-	2,475,668	2,475,668
Receivable for securities	-	5,624,255	5,624,255
Aggregate write-ins for other than invested assets	-	26,958	26,958
Total	$ -	$ 1,355,198,821	$ 1,355,198,821

Liabilities
As of December 31, 2014

	General Account Basis	Fair Value Basis	Total	Notes
Aggregate reserve for life, annuity and accident and health contracts	$ -	$ 1,404,958,596	$ 1,404,958,596	8
Liability for deposit-type contracts	-	55,239,128	55,239,128	9
Other transfers to general account due or acrued	-	(108,315,577)	(108,315,577)	10
Remittances and items not allocated		(59,233)	(59,233)	
Payable for securities	-	3,320,793	3,320,793	
Aggregate write-ins for liabilities	-	55,114	55,114	
Total	$ -	$ 1,355,198,821	$ 1,355,198,821	

SCHEDULE OF EXAMINATION ADJUSTMENTS

There were no financial adjustments to the Company's General or Separate Account balance sheets as a result of this examination.

NOTES TO FINANCIAL STATEMENTS

Liabilities – General Account

General

As of December 31, 2014, the Company's business is written and administered internationally through regional branch offices and wholly-owned subsidiaries. The Company therefore reports the various business segments on a branch by branch basis. The General Account (GA) business is comprised of life insurance, deferred and immediate annuities and accident and health business. There is also a Separate Accounts (SA) Statement containing the reserves and liabilities of those branches with variable business. Because of the Company's decentralized administration of its business (where reserves are often calculated at the branch offices), greater emphasis was placed on reviewing the Actuarial Opinion Memoranda, and less emphasis on detailed line item testing.

Asset Adequacy Analysis

The Consulting Actuary reviewed ALICO's asset adequacy analysis (AAA) for calendar year 2014. This analysis is performed annually as part of the Actuarial Opinion Memorandum (AOM). The Company prepares separate AOMs by branch/country. The Consulting Actuary reviewed the 2014 country specific AOMs provided by the Company. As a result of the AAA performed, the Company's Appointed Actuary concluded that no additional reserves were required as of December 31, 2014. Based on the Consulting Actuary's review, this conclusion was accepted for the purposes of this report.

Data Validity / Inclusion Testing

The examination of the Company was conducted as a Risk-Focused Examination following the procedures as outlined in the Financial Condition Examiners Handbook, 2015 Edition (Handbook) as published by the National Association of Insurance Commissioners (NAIC).

The two data risks which are significant for reserve verification are the validity of underlying valuation data and the inclusion of all business in the valuation. Following the Handbook procedures, it appeared that the valuation extract files were generally accurate and INS concluded that the underlying data provided was accurate and complete for the purposes of its actuarial review.

Summary of the Analysis for the Liability and Asset Balance Sheet Items

The Company sells insurance in foreign countries only and therefore is not required to comply with standard valuation laws, applicable National Association of Insurance Commissioners (NAIC) Actuarial Guidelines and Model Regulations. The reserves may be calculated on insurance written in each foreign jurisdiction in accordance with the reserve standards required by such jurisdiction. The Consulting Actuary analysis of the aggregate reserves for life and for accident and health contracts indicated that they were fairly stated based on the reserve basis of the foreign jurisdiction. The Consulting Actuary's review of claim liabilities for life and accident and health contracts indicated that the Company made adequate provision for these liabilities.

The Consulting Actuary reviewed the Company's assets for uncollected premiums and agents' balances. Based on this review, the Consulting Actuary concluded that the Company made adequate provision for these assets.

Reinsurance

The Consulting Actuary reconciled assumed reserves from Exhibits 5, 6 and 7 to the Annual Statement Schedule S – Part 1 – Sections 1 & 2. No exceptions were noted. The Consulting Actuary reconciled reinsurance ceded reserves from Exhibits 5, 6 and 7 to the Annual Statement Schedule S – Part 3 – Sections 1 & 2. No exceptions were noted.

The Financial Examiners conducted a review of all significant reinsurance treaties and amendments for assumed and ceded business. The Consulting Actuary selected a sample of material reinsurance treaties to review transfer of risk; no concerns were found. The Consulting Actuary relied on the Financial Examiners' review for compliance with Delaware Insurance Regulation 1002. The Consulting Actuary reconciled reinsurance ceded reserves to the Annual Statement Schedule S, and concluded that the reserves reported in Schedule S were reasonable.

The financial examiners discovered a few discrepancies with the sampled contracts; however, these discrepancies did not affect the reserve amount for year-end 2014. Refer to the "Accounts and Records" section of this Report, under the caption "Accounts and Records Findings – Reinsurance" for details of the issue identified by the financial examiners. The Company provided sufficient documentation to verify the reserve amounts were correct. No other exceptions were noted.

Summary

The balance sheet items covered in the examination scope appear fairly stated and were calculated using valuation parameters which appear to be substantially free of any material error that would adversely affect reserve calculations. Valuation extract files appear to be complete. Based on the above discussion and analysis performed, the Consulting Actuary concluded that the December 31, 2014 balance sheet items covered in this actuarial examination are accepted as stated.

(1) Aggregate reserves for life contracts **($2,152,042,450)**

The above-captioned amount, which is the same as that reported by the Company in its 2014 Annual Statement, is reported on Page 3, Line 1 and in Exhibit 5.

The reserve breakdown of Exhibit 5, by type of benefit, is as follows:

	Gross	Ceded	Net
Life insurance	$1,619,937,707	$97,815,189	$1,522,122,518
Annuity	465,051,563	0	465,051,563
Supplementary contracts	11,576,547	0	11,576,547
Accidental death benefits	508,700	0	508,700
Disability – active lives	8,182,853	0	8,182,853
Disability – disabled lives	99,456	0	99,456
Miscellaneous reserves	144,500,813	0	144,500,813
Totals	$2,249,857,639	$97,815,189	$2,152,042,450

The reserve is held primarily for fixed benefit life insurance policies and fixed benefit deferred and immediate annuities and is reported on a branch office basis. ALICO work papers and electronic data files supporting the above amounts were reviewed and found to be in order. ALICO's decentralized administration led to the primary examination focus being a thorough review of the asset adequacy analysis. Some substantive line item testing was also performed for the branches with significant amounts of reserves. The remaining branch office reserve segments were analyzed by trend analysis, with reasonable results.

As part of the annual certificate of reserve valuation procedure, INS reviewed the December 31, 2014 life reserves and deposit-type contract liabilities. During that process, valuation files and summary work papers were reviewed and found to be in order. Reserves were reconciled from the summary work papers to Exhibit 5. The Actuarial Opinion was reviewed and found to be in order.

Review of reserves was performed through a combination of trend analysis (covering the years 2010 through 2014), review of various supporting documentation prepared by the

Company, actuarial analysis, and verification of reserves by recalculating the reserve for a sample of contracts. No material exceptions were noted.

The primary risks associated with Exhibit 5 are adverse mortality, asset default, interest rate volatility and mismatching of asset and liability cash flows. These risks were reviewed by evaluating the 2014 AOM. Based on that review, the Consulting Actuary accepted the Company's conclusion that additional reserves as the result of Asset Adequacy Analysis were not required.

The LifeMaster portion of the reserves refers to the administrative system used by the Company in support of this business, and is comprised of business from 19 different countries. The LifeMaster life reserves (excluding annuities where the reserve equals the account value) amounted to approximately $931 million. Also note the terminal bonus reserve amount (which is held in the Exhibit 5 miscellaneous section) was included in the reserve verification.

The Consulting Actuary performed reserve verification, concentrating on the Company's three largest branches: Bangladesh (70%), United Arab Emirates (10%) and Nepal (9%) - the percentages refer to the total LifeMaster reserves in the branch as a percentage of all branches in the Company. The judgmental sample of contracts selected during the prior examination was utilized for reserve verification. No data verification was necessary for this examination, since the data was verified for these sampled contracts during the prior examination. Inclusion testing was performed by selecting a sample of premium payments made during 2015 and verifying the contracts were included in the reserve file. No exceptions were noted and it appears that the valuation files are complete.

Deferred annuity reserves are equal to full account values. Based on testing performed and the risk assessment, no calculations were deemed necessary. Based on materiality no detail testing was deemed necessary for the other exhibit 5 reserve items.

The Consulting Actuary reviewed the AOMs included in the examination period. The Company requires that each segment be self-supporting. Assets are deemed to be sufficient to meet a segment's liabilities if the aggregated blocks of business within the segment show positive results under at least six of the seven required scenarios, provided that the failing scenario (if any) is not among the level, gradually up or gradually down scenarios.

Based on procedures performed, the Consulting Actuary concluded that the aggregate reserve for life contracts as reported on Page 3, Line 1 and in Exhibit 5 of the December 31, 2014 Annual Statement appears fairly stated, and has been accepted for examination purposes.

(2) Aggregate reserve for accident and health contracts **($96,325,340)**

The above-captioned amount, which is the same as that reported by the Company in its 2014 Annual Statement, is reported on Page 3, Line 2 and in Exhibit 6. The reserve breakdown in Exhibit 6 is as follows:

Active Life Reserve	
Unearned premium reserves	$128,093,123
Reinsurance ceded	35,584,531
Total (Net)	$ 92,508,592
Claim Reserve	
Present value of amounts not yet due	$ 56,646,833
Reinsurance ceded	52,830,085
Total (Net)	$ 3,816,748
Grand Total (Net)	$ 96,325,340

The Company's work papers supporting the above amount were reviewed and found to be in order. The Consulting Actuary performed a trend analysis of the Exhibit 6 reserves covering the years 2010 through 2014 and the trends appear reasonable.

The primary risks associated with Exhibit 6 are product related risks and include adverse morbidity, asset default, interest rate volatility and mismatching of asset and liability cash flows.

These risks were reviewed by evaluating the 2014 Actuarial Opinion and Memorandum (AOM). Based on that review, the Consulting Actuary accepted the Company's conclusion that additional reserves as the result of Asset Adequacy Analysis were not required.

Inclusion testing was performed by selecting a sample of premium payments made during 2015 and verifying the contracts were included in the reserve file. No exceptions were noted and it appears that the valuation files are complete.

Based on procedures performed, the Consulting Actuary concluded that the aggregate reserve for accident and health contracts as reported by the Company on Page 3, Line 2 and in Exhibit 6 of the December 31, 2014 Annual Statement appears fairly stated, and has been accepted for examination purposes.

(3) Liability for deposit-type contacts **($3,573,454)**

The above-captioned amount, which is the same as that reported by the Company in its 2014 Annual Statement, is reported on Page 3, Line 3 and in Exhibit 7. A breakdown of the December 31, 2014 reserve by type of benefit is as follows:

Liability Item	Total Net
Supplemental Contracts	$ 168,229
Divided Accumulations	2,655,855
Premium and Other Deposit funds	749,370
Totals	$ 3,573,454

The Company's work papers supporting the above amount were reviewed and found to be in order.

Reserves reported in Exhibit 7 were reviewed using trend analysis and sampling techniques. The trend analysis of the Exhibit 7 liability produced a decreasing pattern, which was reasonable considering this is a closed block of business and with certain branches becoming subsidiaries in 2013.

The liabilities are mostly for dividend accumulations and deposit funds which are inventory items and do not involve actuarial judgment. No detail testing was deemed necessary. The Consulting Actuary relied on the review of the AOMs for this business and the trend of the remaining business. The AOM results and the trends appear reasonable.

Based on procedures performed, the Consulting Actuary concluded that the liability for deposit-type contracts as reported by the Company on Page 3, Line 3 and in Exhibit 7 of the December 31, 2014 Annual Statement appears fairly stated, and has been accepted for examination purposes.

(4) Contract claims - Life **($99,694,310)**

The above-captioned amount, which is the same as that reported by the Company in its 2014 Annual Statement, is reported on Page 3, Line 4.1 and in Exhibit 8, Part 1, columns 2 through 8. The liability breakdown by type is as follows (differences due to rounding):

Liability Type	Total Gross	Reinsurance Ceded	Total Net
In course of settlement (ICOS)	$101,278,588	$17,420,728	$83,857,860
Incurred but unreported (IBNR)	21,392.856	5,556,407	15,836,449
Total	$122,671,444	$22,977,135	$99,694,309

During the examination, the Consulting Actuary reviewed summary reconciliation work papers provided by the Company in support of the liability and found them to be in order. The Consulting Actuary relied on the review of the AOMs for this liability and the trend of the remaining business. The AOM results and the trends appear reasonable.

Based on the above discussion and analysis, the Consulting Actuary concluded that the Contract claims: Life, as reported by the Company on Page 3, Line 4.1 and in Exhibit 8, Part 1 of the December 31, 2014 Annual Statement appears fairly stated, and has been accepted for examination purposes.

(5) Contract claims: Accident and health **($135,437,261)**

The above-captioned amount, which is the same as that reported by the Company in its 2013 Annual Statement, is reported on Page 3, Line 4.2 and in Exhibit 8, Part 1, columns 9 through 11. The liability breakdown by type is as follows (differences due to rounding):

Liability Type	Total Gross	Reinsurance Ceded	Total Net
In course of settlement (ICOS)	$ 81,185,092	$ 9,231,024	$ 71,954,068
Incurred but unreported (IBNR)	86,013,019	22,529,825	63,483,194
Total	$167,198,111	$31,760,849	$135,437,262

During the examination, the Consulting Actuary reviewed summary reconciliation work papers provided by the Company in support of the liability and found them to be in order. The Consulting Actuary relied on the review of the AOMs for this liability and the trend of the remaining business. The AOM results and the liability trends appear reasonable.

In addition, the overall claim liability was reviewed for reasonableness using the claim liability adequacy test from Schedule H of the Annual Statement. The claim liability was adequate for all years covered by examination.

Based on the above discussion and analysis, the Consulting Actuary concluded that the Contract claims: Accident and health, as reported by the Company on Page 3, Line 4.2 and in Exhibit 8, Part 1 of the December 31, 2014 Annual Statement appears fairly stated, and has been accepted for examination purposes.

(6) Provision for experience rated refunds **($19,981,498)**

The above-captioned amount, which is the same as that reported by the Company in its 2014 Annual Statement, is reported on Page 3, Line 9.2. This liability is held for experience refunds determined for group life and group accident and health insurance policies.

During the examination, the Consulting Actuary reviewed the Company's supporting work papers and found them to be in order. The Consulting Actuary performed a trend analysis

of the experience rating refund liability over the examination period, which includes business that was spun-off in 2013. The trend appears decreasing from 2011 to 2014, which is reasonable. Due to low risk associated with this item, no further examination work was deemed necessary and the liability was accepted as stated.

Based on the above discussion and analysis, the Consulting Actuary concluded that total claim reserves as reported on Page 3, Line 9.2 of the 2014 Annual Statement appears fairly stated, and has been accepted for examination purposes.

(7) Transfers to Separate Accounts due or accrued **($108,315,577)**

The above-captioned amount, which is the same as that reported by the Company in its 2014 Annual Statement, is reported on Page 3, Line 13.

Typically, this liability mostly consists of the Commissioners Reserve Valuation Method (CRVM) expense allowance for the reserves held in the Separate Accounts. However, the liability is entirely for accounting transactions (premiums, surrender, death benefits) between the Separate and General Accounts and no actuarial review is required. A trend analysis over the examination period shows a reasonable trend and that the CRVM expense allowance is zero for all examination years. Due to low risk associated with this item, no further examination work was deemed necessary and the liability was accepted as stated.

Based on the above discussion and analysis, the Consulting Actuary concluded that total claim reserves as reported on Page 3, Line 13 of the 2014 Annual Statement appears fairly stated, and has been accepted for examination purposes.

Liabilities – Separate Accounts

(8) Aggregate reserve for life, annuity and accident and health contracts **($1,404,958,596)**
(9) Liability for deposit-type contracts **($55,239,128)**

The above-captioned amounts, which are the same as that reported by the Company in its 2014 (All Other Branches) Separate Accounts (SA) Annual Statement, is reported on Page 3, Lines 1 and 2, respectively.

The liabilities within the SA are comprised of variable life insurance products and pension funds. The products emanate from various Middle East country branch offices. All products within this SA have policy owner account values that reflect changes in asset values directly, i.e., the policy owner bears the full investment risk. The Company holds reserves equal to full account values for all products, and there are no other contractual guarantees such as guaranteed minimum death benefits (GMDB) that would require reserves over and above the account value.

The Consulting Actuary received electronic data files and/or reconciliation work papers supporting these various line items as part of the annual Certificate of Reserve Valuation process. The files and work papers were reviewed and found to be in order. The Consulting Actuary performed a trend analysis, which indicates that in aggregate the reserves are increasing. These results appear reasonable.

Based on reserves being equal to full account values and on policy owners bearing the full investment risk, the risks to which the Company is exposed are limited to mortality and expenses. Asset adequacy analysis of these segments was covered within the respective AOMs. Most of the liabilities were considered insensitive to interest rate volatility.

The Consulting Actuary has accepted the Company's conclusion that no additional actuarial reserves are required for the All Other Branches December 31, 2014 SA actuarial liabilities.

Based on the above analysis, the Consulting Actuary concluded that both (i) the aggregate reserve for life, annuity and accident and health contracts reported by the Company on Page 3, Line 1 and in Exhibit 3 and (ii) the liability for deposit-type contracts as reported on

Page 3, Line 2 and in Exhibit 4 of the December 31, 2014 (All Other Branches) SA Annual Statement appear fairly stated, and have been accepted for examination purposes.

(10) Other transfers to general account due or accrued ($108,315,577)

The above-captioned amount, which is the same as that reported by the Company in its 2014 (All Other Branches) SA Annual Statement, is reported on Page 3, Line 10. During the examination, the Consulting Actuary confirmed that the liability consisted of other transfers to general account due or accrued of ($108,315,577). This item is discussed in Note 7, in the "Liabilities – General Account" section above.

Based on the above discussion and analysis, the other transfers to general account due or accrued as reported by the Company on Page 3, Line 10 of the December 31, 2014 (All Other Branches) SA Annual Statement appears fairly stated, and has been accepted for examination purposes.

SUBSEQUENT EVENTS

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

Surplus adjustment: Paid-in

On May 27, 2015, the Company received all of the outstanding shares of MetLife International Holdings, Inc., (MIHI) with a value of $8,233,000,000 from MetLife, Inc., as a non-cash capital contribution. On May 28, 2015, the Company recorded a return of capital from MIHI in the amount of $178,888,000. On May 29, 2015, the Company contributed its investment in MIHI to MetLife Global Holding Company I GmbH, a direct subsidiary domiciled in Switzerland.

Intercompany Agreements

Subsequent to December 31, 2014, the Company entered into the following intercompany agreement:

Credit Agreement between MetLife, Inc. and ALICO

Effective July 20, 2015, the Company entered into a Credit Agreement (Agreement) with MetLife, Inc. (MetLife) pursuant to which MetLife may make loans to the Company in an aggregate principal amount of up to $400 million. Each loan under the Agreement will bear interest at an interest rate equal to the LIBOR Base Rate, as defined in the Agreement, plus 1.00% on the basis of a 360-day year consisting of 12 months of 30 days each. Each borrowing outstanding pursuant to the Agreement may have a maturity of 1 month, 2 months, 3 months, 6 months or 12 months from the borrowing date, provided that, any borrowing shall mature no later than the Agreement's termination date July 31, 2017 or on an earlier date mutually agreed on by the parties. The Company may prepay all amounts outstanding, in whole or in part, at any time together with interest accrued on the prepaid loan up to the date of prepayment. Upon termination of the Agreement, all outstanding principal and interest will immediately become due and payable.

SUMMARY OF RECOMMENDATIONS

1. **It is recommended that the Company complete its annual statement blank in accordance with NAIC *Accounting Practices and Procedures*, NAIC *Annual Statement Instructions* and 18 Del. C. §526(a), verifying that all financial and non-financial data is reported accurately, completely, and appropriately. (Accounts and Records – Accounts and Records Findings – Reinsurance, page 30)**

CONCLUSION

The following schedule shows a comparison of the results from the December 31, 2014 examination to the December 31, 2012 Annual Statement, with changes between:

Description	December 31, 2012	December 31, 2014	(Decrease)
Assets	$ 8,224,762,120	$ 8,215,937,450	$ (8,824,670)
Liabilities	$ 5,181,145,995	$ 4,857,392,341	$ (323,753,654)
Common capital stock	3,042,710	40,000,000	36,957,290
Surplus notes	289,000,000	489,000,000	200,000,000
Gross paid in and contributed surplus	2,228,223,392	2,928,931,102	700,707,711
Unassigned funds (surplus)	523,350,024	(99,385,993)	(622,736,017)
Total Capital and Surplus	3,043,616,126	3,358,545,109	314,928,984
Total Liabilities, Capital and Surplus	$ 8,224,762,120	$ 8,215,937,450	$ (8,824,670)

The assistance of Delaware's consulting actuarial firm, INS Consultants, Inc. is acknowledged. In addition, the assistance and cooperation of the Company's outside audit firm, Deloitte & Touche LLP, and the Company's management and staff were appreciated and are acknowledged.

Respectfully submitted,

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Examiner-In-Charge
Delaware Insurance Department