

**REPORT ON EXAMINATION
OF THE
DL REINSURANCE COMPANY
AS OF
DECEMBER 31, 2015**

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, 2015 of the

DL REINSURANCE COMPANY

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

Attest By: Ryann Brown

Date: December 15, 2016



In Witness Whereof, I have hereunto set my hand and affixed the official seal of this Department at the City of Dover, this 15th day of December, 2016.

Karen Weldin Stewart, CIR-ML
Insurance Commissioner

Karen Weldin Stewart, CIR-ML
Commissioner



Delaware Department of Insurance

REPORT OF EXAMINATION
OF THE
DL REINSURANCE COMPANY
AS OF
DECEMBER 31, 2015

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.

A handwritten signature in black ink, appearing to read "Karen Weldin Stewart", is written over a horizontal line.

Karen Weldin Stewart, CIR-ML
Insurance Commissioner

Dated this 15th day of December, 2016

TABLE OF CONTENTS

SALUTATION	1
SCOPE OF EXAMINATION.....	1
SUMMARY OF SIGNIFICANT FINDINGS	2
HISTORY	2
Common Capital Stock and Paid-in Surplus	3
Dividends	4
Surplus Notes	4
Borrowed Money	4
MANAGEMENT AND CONTROL	4
Stockholder	4
Board of Directors.....	5
Committees	5
Officers	6
Conflicts of Interest.....	7
Articles of Incorporation and bylaws.....	7
Corporate Records	8
Holding Company System	8
Affiliated Management and Service Agreements	10
TERRITORY AND PLAN OF OPERATION	10
Territory	10
Plan of Operation	11
A.M. Best's Rating	11
REINSURANCE.....	11
Assumed.....	11
Ceded	12
Reinsurance Contract Review.....	12
FINANCIAL STATEMENTS	12
NOTES TO FINANCIAL STATEMENTS.....	15
Liabilities	15
SUBSEQUENT EVENTS	18

COMPLIANCE with PRIOR EXAMINATION RECOMMENDATIONS	19
SUMMARY OF RECOMMENDATIONS	19
CONCLUSION.....	20

SALUTATION

October 19, 2016

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

Commissioner:

In compliance with instructions and pursuant to statutory provisions contained in Certificate of Authority No. 16.003, dated November 17, 2015, an Association examination has been made of the affairs, financial condition and management of the

DL REINSURANCE COMPANY

hereinafter sometimes referred to as the “Company” or “DLRC” 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 1601 Trapelo Road, Suite 30, Waltham, Massachusetts, 02451. The report of this examination is submitted herewith.

SCOPE OF EXAMINATION

We have performed our multi-state examination of DL Reinsurance Company. This is the first risk focused examination of the Company, and covers the period of December 31, 2014 through December 31, 2015.

We conducted our examination in accordance with the NAIC *Financial Condition Examiners Handbook, 2015 Edition* (the 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.

HISTORY

On October 23, 2014, the Company was formed and capitalized as a new insurance subsidiary of the Delaware Life Insurance Company (DLIC or the Parent). The Company is a Delaware domestic insurance company, licensed only in Delaware. DLIC contributed a total of \$30.0 million to capitalize the Company in the fourth quarter of 2014.

Effective December 31, 2014, the Company entered into a combination modified coinsurance and funds held reinsurance agreement with DLIC under which the Company reinsured certain of DLIC's variable annuity contracts with guaranteed benefits. Effective January 1, 2015, the Company entered into a second reinsurance agreement with DLIC under which DLIC cedes and the Company reinsures, on an indemnity coinsurance funds withheld basis, the quota share of risks associated with various fixed index annuity products and associated riders.

The Company plans to serve solely as reinsurer of DLIC's variable annuity and fixed index annuity products with no intention to issue new life insurance or annuity products.

Common Capital Stock and Paid-in Surplus

The Company's Certificate of Incorporation, as amended, provides that the Company has authority to issue 3,000 common stock shares without par value. The Company has 100 shares of common stock issued and outstanding. In 2014, the Company received a total of \$30 million in capital contributions from DLIC, of which \$300,000 was recorded as common capital stock (which is the minimum paid-in capital stock required for a stock life insurance company per 18 Del. C. §511(a)) and \$29,700,000 was recorded as gross paid in capital.

As of December 31, 2015, all outstanding shares of the Company's common stock were owned by DLIC.

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

<u>Year</u>	<u>Contributions</u>
2014	\$ 30,000,000 ¹

(1) In 2014, The Company received a total of \$30 million in capital contributions, of which \$300,000 was recorded as common capital stock (which is the minimum paid-in capital stock required for a stock life insurance company per 18 Del. C. §511(a)) and \$29,700,000 was recorded as gross paid in capital.

Dividends

As of December 31, 2015, no dividends were paid or declared during the examination period.

Surplus Notes

As of December 31, 2015, the Company had no surplus notes outstanding.

Borrowed Money

As of December 31, 2015, the Company had no borrowed money.

MANAGEMENT AND CONTROL

Stockholder

Article 2 of the Company's bylaws states that annual meetings of Stockholders shall be held in each year on such date and at such time as shall be determined from time to time by the Board of Directors and stated in the notice of the meeting or in a duly executed waiver of notice thereof. At each annual meeting the Stockholders shall elect by a plurality vote a Board of Directors, and transact such other business as may properly be brought before the meeting. Special meetings of the Stockholders, for any purpose or purposes, unless otherwise prescribed by statute or by the Certificate of Incorporation, may be called by the Chief Executive Officer and shall be called by the Chief Executive Officer or Secretary at the request in writing of a majority of the Board of Directors or at the request in writing of the holders of a majority of the outstanding stock. Notices of Special Meetings shall be given not less than ten nor more than sixty days before the date of the meeting. Any action required to be taken at any annual or special meeting of Stockholders of the Company, or any action which may be taken at any annual or special meeting of such Stockholders, may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, shall be signed

by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted.

Board of Directors

Pursuant to the General Corporation Laws of the State of Delaware, as implemented by the Company's Certificate of Incorporation, as amended, and bylaws, the business and affairs of the Company shall be managed under the direction of the Board of Directors (Board). The bylaws, adopted October 23, 2014, provide that the number of directors which shall constitute the whole Board shall not be less than three. The number of directors shall be determined by resolution of the Board or by the stockholders at the annual meeting.

At December 31, 2015, the members of the company's Board together with their principal business affiliations were as follows:

Name and Location	Principal Occupation
Dennis A. Cullen Northbrook, Illinois	Independent Director Retired
David E. Sams, Jr. Waltham, Massachusetts	Chief Executive Officer Delaware Life Insurance Company
Daniel J. Towriss Indianapolis, Indiana	President and Chief Risk Officer Delaware Life Insurance Company

The minutes of the meetings of the Shareholders and Board of Directors, which were held during the period under examination, were obtained and reviewed. Attendance at meetings, election of directors and officers, and approval of investment transactions were noted.

Committees

In Article III of Company's bylaws it is stated that the Board may designate one or more committees. Each committee shall consist of one or more of the directors of the Company. The

Board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee.

As of December 31, 2015, the Board had designated one committee, an audit committee.

During the period covered by this examination, there were three members of the audit committee. Mr. Dennis A. Cullen, a member of the audit committee, was considered independent.

Officers

Article V of the Company's bylaws states that the Company's officers shall consist of a chief executive officer, a president, a secretary, and a treasurer. The Board may also appoint a chairman, one or more vice presidents, and such other officers as are from time to time desired.

The Board at its first meeting after each annual meeting of stockholders shall choose a chief executive officer, a president, a secretary, a treasurer and such other officers as it shall deem necessary.

The officers of the Company shall hold office until their successors are chosen and qualified or until their earlier resignation or removal. Any officer elected or appointed by the Board may be removed at any time by the affirmative vote of a majority of the whole Board. Any vacancy occurring in any office of the Company shall be filled by the Board.

At December 31, 2015, the Company's principal officers and their respective titles were as follows:

Name	Principle Occupation
David Eugene Sams, Jr.	Chief Executive Officer
Michael Scott Bloom	Senior Vice President and General Counsel and Secretary
Michael Kevin Moran	Senior Vice President and Chief Accounting Officer and Treasurer

DL Reinsurance Company

Daniel Jonathan Towriss	President and Chief Risk Officer
Keith Anthony Dall	Executive Vice President, Chief Actuary
Andrew Francis Kenney	Chief Investment Officer
James Darrell Purvis	Chief Operating Officer

Conflicts of Interest

The Company maintains a formal written Code of Conduct, which sets out minimum standards of ethical conduct that applies to all employees, officers and directors. Incorporated into the Code of Conduct is a conflict of interest policy. Each year, all officers and directors are required to complete a Code of Conduct Annual Compliance Confirmation, confirming their compliance with the Code of Conduct. The Vice President and Chief Compliance Officer of the Company provides an annual report to the Board concerning compliance with the Code of Conduct, as required by the code.

In accordance with Section 12 of the Delaware Insurance Department Examination Handbook, a review of the Company's Annual Compliance Confirmations 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

On October 23, 2014, the Company filed a Certificate of Incorporation with the Delaware Secretary of State. On November 21, 2014, a Certificate of Amendment of Certificate of

Incorporation was filed, changing the par value of the Company's authorized common stock from \$0.01 to common stock without par value.

On October 24, 2014, the Company's Board of Directors, via a unanimous written consent in lieu of a meeting adopted the Company's Bylaws.

Corporate Records

The recorded minutes of the sole Stockholder 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 for 2014 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 (4) "Insurance Holding Company System." The Company's Holding Company Registration Statements were timely filed with the Delaware Insurance Department for the years under examination.

Organization Chart

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, 2015:

<u>Company</u>	<u>Domicile</u>	<u>% own</u>
Mr. Mark R. Walter (individual)		
Delaware Life Holdings Manager, LLC ¹	Delaware	50%
DLICM, LLC	Delaware	100%
Delaware Life Equity Investors, LLC ²	Delaware	50%
Mr. Todd L. Boehly (individual)		
Delaware Life Holdings Manager, LLC ¹	Delaware	50%
DLICT, LLC	Delaware	100%
Delaware Life Equity Investors, LLC ²	Delaware	50%
Delaware Life Holdings Parent II, LLC ³	Delaware	34%
Delaware Life Holdings Parent, LLC	Delaware	100%
Delaware Life Holdings, LLC	Delaware	100%
Delaware Life Insurance Company	Delaware	100%
Delaware Life Insurance Company of New York	New York	100%
DL Reinsurance Company	Delaware	100%
DL Information Services Canada Inc.	Canada	100%
DL Private Placement Investment Company I, LLC	Delaware	100%
Clarendon Insurance Agency, Inc.	Massachusetts	100%
DL Investment DELRE Holdings 2009-1, LLC	Delaware	100%
DL Services Holdings, LLC	Delaware	100%
IDF, IX LLC	Delaware	100%
IDF, X LLC	Delaware	100%
DL Investment Holdings 2015-1, LLC	Delaware	100%
Delaware Life (Bermuda) Holdings, Inc.	Delaware	100%
Delaware Life Ins. and Annuity Company (Bermuda) Ltd.	Bermuda	100%
Delaware Life Reinsurance (Barbados) Corp.	Barbados	100%
Armstrong STF IV, LLC	Delaware	100%
Marcy STF I, LLC	Delaware	100%
Redfield STF II, LLC	Delaware	100%
Wright STF III, LLC	Delaware	100%

1. Delaware Life Holdings Manager, LLC has no ownership; it is the designated Manager of (1) Delaware Life Holdings Parent II, LLC, (2) Delaware Life Holdings Parent, LLC and (3) Delaware Life Holdings, LLC.
2. Ownership of entities under Delaware Life Equity Investors, LLC, are shown only once.
3. Delaware Life Holdings Parent II, LLC has a 66% economic / non-voting ownership by Delaware Life Partners, LLC. Delaware Life Equity Investors, LLC has a 34% economic / 100% voting ownership in Delaware Life Holdings Parent II, LLC.

Affiliated Management and Service Agreements

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

Agreements newly entered into during the period covered by this examination and remaining in effect are summarized as follows:

Administrative Services Agreement

Effective December 22, 2014, an Administrative Services Agreement was entered into by the Company and DLIC, pursuant to which DLIC furnishes certain investment, actuarial, and administrative services to the Company.

Federal Tax Allocation Agreement

Effective December 15, 2014, a federal tax allocation agreement was entered into between DLIC as the common parent of an affiliated group of companies that includes the Company and Delaware Life Insurance Company of New York (DLNY).

The Company submitted notification to, and received approval from, the Delaware Insurance Department in accordance with 18 Del. C. §5005(a)(2)(d) for the affiliated agreements noted above. Furthermore, the aforementioned agreements require quarterly or more frequent settlement and include a thirty, sixty, ninety day or other appropriate termination clause. Balances associated with the above agreements as of December 31, 2015 were reviewed as part of this examination.

TERRITORY AND PLAN OF OPERATION

Territory

As of December 31, 2015, the Company was licensed to transact multiple lines of insurance business solely in the state of Delaware.

The Company is authorized as a stock insurer to transact the business of life, including annuities, variable life and variable annuities insurance as defined in 18 Del. C. § 902 "Life insurance."

The principal office facilities of the Company are located in Waltham, Massachusetts.

Plan of Operation

The Company was formed to act as a reinsurer for DLIC's annuity products with no intention to issue new life insurance or annuity products. As of December 31, 2015, the Company did not have any direct written premium.

A.M. Best's Rating

The Company is not rated by A.M. Best. However, based on A.M. Best's current opinion of the financial condition and operating performance of the Parent, the Parent was assigned an A.M. Best's rating of A- (Excellent) for the year ending December 31, 2015.

REINSURANCE

The Company had the following reinsurance program in effect as of December 31, 2015:

Assumed

Effective December 31, 2014, the Company entered into a combination modified coinsurance and funds withheld coinsurance agreement with DLIC. Under this agreement, the Company reinsures certain risks of DLIC's variable annuity products. Approval of this agreement was received from the Delaware Insurance Department on December 29, 2014.

In 2015, the Company entered into a reinsurance agreement with DLIC under which DLIC cedes and the Company reinsures, on an indemnity coinsurance funds withheld basis, the quota share of risks associated with various fixed index annuity products and associated riders.

The agreement was effective as of January 1, 2015. Approval of this agreement was received from the Delaware Insurance Department on June 30, 2015.

Ceded

The Company does not cede any business to affiliates or non-affiliates.

The Company did not have any inter-company pooling arrangements at December 31, 2015.

Reinsurance Contract Review

A review was performed of the two 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 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, 2015. The accompanying comments on the 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

Analysis of Changes in Financial Statements Resulting from Exam

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, 2015

	Assets	Nonadmitted Assets	Net Admitted Assets	Notes
Bonds	\$ 22,305,238	\$ -	\$ 22,305,238	
Mortgage loans on real estate				
First liens	4,074,900		4,074,900	
Cash, cash equivalents and short-term investments	4,354,018		4,354,018	
Investment income due and accrued	199,896		199,896	
Reinsurance:				
Funds held by or deposited with reinsured companies	1,332,097,241		1,332,097,241	
Other amounts receivable under reinsurance contracts	184,659		184,659	
Total assets excluding Separate Accounts	\$ 1,363,215,952	\$ -	\$ 1,363,215,952	
From Separate Accounts				-
Total	<u>\$ 1,363,215,952</u>	<u>\$ -</u>	<u>\$ 1,363,215,952</u>	

Liabilities, Surplus and Other Funds
As of December 31, 2015

Liabilities, Surplus and Other Funds

	Notes
Aggregate reserves for life contracts	\$ -
Liability for deposit type contracts	-
Interest maintenance reserve	60
General expenses due or accrued	61,567
Current federal and foreign income taxes	315,002
Miscellaneous liabilities:	
Asset valuation reserve	85,051
Payable to parent, subsidiaries and affiliates	83,706
Aggregate write-ins for liabilities	1,332,097,241
Total Liabilities	<u>\$ 1,332,642,626</u>
Common capital stock	300,000
Gross paid-in and contributed surplus	29,700,000
Unassigned funds	573,326
Capital and Surplus	<u>\$ 30,573,326</u>
Total Liabilities, Capital and Surplus	<u>\$ 1,363,215,952</u>

**Summary of Operations
As of December 31, 2015**

Premiums and annuity considerations for life and accident and health contracts	\$ -0-
Net investment income	577,844
Amortization of Interest Maintenance Reserve	9
Aggregate write-ins for miscellaneous income	47,630,739
Totals	<u>\$ 48,208,592</u>
General insurance expenses	174,510
Insurance taxes, licenses and fees, excluding federal income taxes	4,241
Aggregate write-ins for deductions	46,818,321
Totals	<u>\$ 46,997,072</u>
Net gain from operations before dividends to policyholders and federal income taxes	\$ 1,211,520
Dividend to policyholders	
Net gain from operations after dividends to policyholders and before federal income taxes	<u>1,211,520</u>
Federal and foreign income taxes incurred	355,952
Net gain from operations after dividends to policyholders and federal income taxes and before realized capital gains (losses)	<u>855,568</u>
Net realized capital gains (losses)	38
Net Income	<u><u>\$ 855,606</u></u>

**Capital and Surplus Account
As of December 31, 2015**

Capital and surplus, December 31, prior year	\$ 30,000,000
Net income (Loss)	855,606
Change in asset valuation reserve	(85,051)
Aggregate write-ins for gains and losses in surplus	(197,230)
Net change in capital and surplus for the year	<u>\$ 573,326</u>
Capital and surplus, December 31, current year	<u><u>\$ 30,573,326</u></u>

**Reconciliation of Capital and Surplus
From December 31, 2014 to December 31, 2015**

Capital and Surplus, December 1, 2014	\$ <u> -</u>
Net Loss	(339,801,998)
Additions:	
Capital paid in	300,000
Surplus paid in	29,700,000
Aggregate write-ins for gains and losses in surplus	340,460,374
Total Additions	<u>370,460,374</u>
Deductions	
Change in reserve on account of change in valuation basis (increase) or decrease	(85,051)
Total Deductions	<u>(85,051)</u>
Capital and Surplus, December 31, 2015	<u>\$30,573,326</u>

Analysis of Changes in Financial Statements Resulting from Exam

There were no changes to surplus as a result of the financial examination.

NOTES TO FINANCIAL STATEMENTS

Liabilities

As of December 31, 2015, the Company's business is to serve as the reinsurer of DLIC's variable annuity and fixed indexed annuity products with no intention to issue new life insurance or annuity products. These reinsurance arrangements have the main purpose to reinsure hedging risks associated with DLIC's variable deferred annuity (VDA) contracts (effective December 31, 2014) and fixed indexed annuity (FIA) contracts (effective January 1, 2015). Refer to the "Reinsurance" section of this report for details of the aforementioned two reinsurance treaties with DLIC.

Prior the establishment of the Company, statutory accounting for hedging activities and the change in reserves created significant volatility in DLIC's Annual Statement. The volatility

resulted because certain hedging activities were recorded in net income while other activities were recorded in surplus.

DLIC pays the Company an annual risk charge equal to $\frac{1}{4}$ of 1 bps of account value quarterly. The Company pays DLIC all administration expenses. A refund may be paid by the Company or DLIC, based on experience.

To qualify as reinsurance, a treaty must provide indemnification (meaning the Company must potentially have significant losses associated with insurance risk). Due to the definition of the experience refund, the two treaties between DLIC and the Company do not meet the transfer of risk requirements per Statement of Statutory Accounting Principles (SSAP) No. 61R – *Life, Deposit-Type and Accident and Health Reinsurance*. As such, the companies are using deposit accounting for statutory reporting purposes.

Asset Adequacy Analysis

The Company is exempt from providing its own Asset Adequacy Analysis.

Data Validity, Inclusion Testing and Testing of Reserves

The examination of the Company was conducted as a Risk-Focused Examination following the procedures as outlined in the Handbook.

As the Company serves solely as the reinsurer of certain aspects of DLIC's VDA and FIA contracts, all data validity, inclusion testing, and testing of reserves was performed within DLIC. Refer to the December 31, 2015 Examination Report of DLIC for details of data validity, inclusion testing, and testing of reserves.

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

The Consulting Actuary reviewed reserves for compliance with standard valuation laws and applicable NAIC Actuarial Guidelines and Model Regulations. No financial adjustments were noted for business assumed from DLIC by the Company as of December 31, 2015.

Reinsurance

The Financial Examiners conducted a review of the two reinsurance treaties for the assumed business from DLIC. Pursuant to the treaties, DLIC pays the Company an annual risk charge equal to $\frac{1}{4}$ of 1 bps of account value quarterly. The Company pays DLIC all administration expenses. A refund may be paid by the Company or DLIC, based on experience. To qualify as reinsurance, a treaty must provide indemnification (meaning the Company must potentially have significant losses associated with insurance risk). Due to the definition of the experience refund, the two treaties between DLIC and the Company do not qualify as a transfer of risk agreement per statutory accounting purposes and reinsurance accounting does not apply.

The Consulting Actuary relied on the Financial Examiners' review for compliance with 18 Del. Admin. Code 1002. No exceptions noted.

Conclusion

Based on the above discussion and analysis performed, the Consulting Actuary concluded that the December 31, 2015 balance sheet items covered in the actuarial examination are accepted as stated.

SUBSEQUENT EVENTS

The following material subsequent events occurred, requiring disclosure in this examination report. Please refer to the summary of recommendations section of this report for examination findings.

Divestiture of Todd Boehly's interest in Delaware Life Holdings, LLC

On July 5, 2016, the Delaware Department of Insurance (DEDOI) received a divestiture notice from Todd L. Boehly stating that he would be divesting his indirect controlling interest in DLH, the ultimate controlling person in the Delaware Life Holdings Group. Mr. Boehly informed the DEDOI that no funds would come from DLH or its subsidiaries upon the divestiture, but that the source of funds was from cash and/or securities on hand from proceeds of prior dividend distributions.

No party or person would be acquiring Mr. Boehly's shares, including Mr. Mark Walter himself. In the event that a party or person was to purchase Mr. Boehly's shares, a Form A or other form may need to be filed with the DEDOI.

On September 20, 2016, DLIC filed an amendment to its Form B Insurance Holding Company System Annual Registration Statement as of December 31, 2015 with the DEDOI on behalf of DLIC and DLRC, and DLNY filed an amendment to its Form HC-1 Registration Statement as of December 31, 2015 with the New York State Department of Financial Services.

Following is an updated organization chart as a result of Mr. Boehly's divestiture:

<u>Company</u>	<u>Domicile</u>	<u>% own</u>
Mr. Mark R. Walter (individual)		
DLICM, LLC	Delaware	100%
Delaware Life Holdings Parent II, LLC ¹	Delaware	21.3%
Delaware Life Holdings Parent, LLC	Delaware	100%
Delaware Life Holdings, LLC	Delaware	100%
Delaware Life Insurance Company	Delaware	100%
Conway Capital, LLC	Delaware	50%

Delaware Life Insurance Company of New York	New York	100%
DL Reinsurance Company	Delaware	100%
DL Information Services Canada Inc.	Canada	100%
DL Private Placement Investment Company I, LLC	Delaware	100%
Clarendon Insurance Agency, Inc.	Massachusetts	100%
DL Investment DELRE Holdings 2009-1, LLC	Delaware	100%
DL Services Holdings, LLC	Delaware	100%
IDF, IX LLC	Delaware	100%
IDF, X LLC	Delaware	100%
DL Investment Holdings 2015-1, LLC	Delaware	100%
Ellendale Insurance Agency, LLC	Delaware	100%
Delaware Life (Bermuda) Holdings, Inc.	Delaware	100%
Delaware Life Ins. and Annuity Company (Bermuda) Ltd.	Bermuda	100%
Delaware Life Reinsurance (Barbados) Corp.	Barbados	100%
Armstrong STF IV, LLC	Delaware	100%
Marcy STF I, LLC	Delaware	100%
Redfield STF II, LLC	Delaware	100%
Wright STF III, LLC	Delaware	100%

(1) Delaware Life Holdings Parent II, LLC has a 21.3% economic / 100% voting ownership held by DLICM, LLC. Delaware Life Partners, LLC has a 78.7% economic / non-voting ownership in Delaware Life Holdings Parent II, LLC.

COMPLIANCE with PRIOR EXAMINATION RECOMMENDATIONS

As this was the first examination of the Company, there were no prior examination report recommendations.

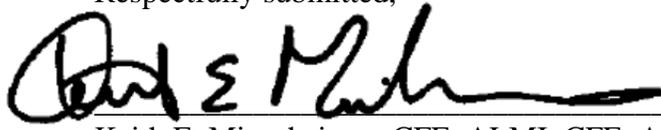
SUMMARY OF RECOMMENDATIONS

No examination report recommendations were noted as a result of this examination.

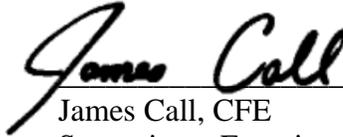
CONCLUSION

The assistance of Delaware's consulting actuarial firm, INS Consultants, Inc., and consulting investment specialist, Rutter Associates, LLC, is acknowledged. In addition, the assistance and cooperation of the Company's outside audit firm, PricewaterhouseCoopers LLP, and the Company's management and staff were appreciated and are acknowledged.

Respectfully submitted,



Keith E. Misenheimer, CFE, ALMI, CFE, ARM
Examiner-In-Charge
Delaware Insurance Department



James Call, CFE
Supervisory Examiner
Delaware Department of Insurance