REPORT ON EXAMINATION

OF THE

AXA CORPORATE SOLUTIONS LIFE REINSURANCE COMPANY

AS OF

DECEMBER 31, 2015

Trinidad Navarro
Commissioner

Delaware Department of Insurance

I, Trinidad Navarro, Insurance Commissioner of the State of Delaware, do hereby certify that the attached REPORT ON EXAMINATION, made as of December 31, 2015 of the

AXA CORPORATE SOLUTIONS LIFE REINSURANCE COMPANY

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

Attest By: Rufynn Brown

Date: March 31, 2017

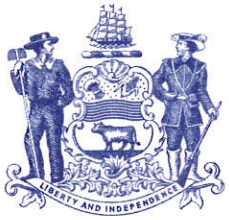
Insurance Commissioner of the State of Delaware

In Witness Whereof, I have hereunto set my hand and affixed the official seal of this Department at the City of Dover, this 31st day of March, 2017.

Trinidad Navarro
Insurance Commissioner

841 Silver Lake Blvd., Dover, DE 19904-2465 • www.insurance.delaware.gov
(302) 674-7300 Dover • (302) 739-5280 fax • (302) 577-5280 Wilmington

Trinidad Navarro
Commissioner



Delaware Department of Insurance

REPORT ON EXAMINATION

OF THE

AXA CORPORATE SOLUTIONS LIFE 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.

Trinidad Navarro
Insurance Commissioner

Dated this 31st day of March, 2017

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SALUTATION

January 26, 2017

Honorable Trinidad Navarro
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. 16.011, NAIC # 68365 dated March 30, 2016, an examination has been made of the affairs, financial condition and management of the

AXA CORPORATE SOLUTIONS LIFE REINSURANCE COMPANY

hereinafter referred to as "Company" or "ACSLRC", incorporated under the laws of the State of Delaware as a stock company with its statutory home office located at 2711 Centerville Road, Suite 400, Wilmington, Delaware 19808. The examination was conducted at the Company's administrative office located at 1290 Avenue of the Americas, New York, NY 10104. Concurrent with this examination, the following affiliated insurance companies within AXA America Holdings, Inc. (a Delaware domiciled holding company), were also examined and separate Reports of Examination have been issued:

- AXA Equitable Life Insurance Company
- AXA Equitable Life & Annuity Company
- MONY Life Insurance Company of America
- US Financial Life Insurance Company

- CS Life RE Company
- AXA RE Arizona Company

The New York Department of Financial Services ("Department") facilitated this examination as the lead state. The States of Arizona, Colorado, Delaware and Ohio participated on the examination with New York.

SCOPE OF EXAMINATION

The last examination covered the period January 1, 2008 through December 31, 2010. This examination covered the period of January 1, 2011 through December 31, 2015 and encompasses a general review of transactions during the period, the Company's business policies and practices, as well as management and relevant corporate matters, with a determination of the financial condition of the Company at December 31, 2015. Transactions subsequent to the examination date were reviewed where deemed necessary.

The Multi-state examination was conducted in accordance with the National Association of Insurance Commissioners *(NAIC) Financial Condition Examiners Handbook* (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 identification and evaluation of 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 examination an adjustment is identified, the impact of such adjustment will be documented separately following the Company's financial statements.

During this examination, consideration was given to work performed by the Company's external accounting firm, PricewaterhouseCoopers LLP (PwC) and the internal audit department. Certain auditor workpapers of their 2015 audit have been incorporated into the workpapers of the examiners and have been utilized in determining the scope, areas of emphasis in conducting the examination and in risk mitigation and substantive testing.

SUMMARY OF SIGNIFICANT FINDINGS

There were no significant findings as a result of this examination.

COMPANY HISTORY

The Company was originally known as MML Life Insurance Company. On January 13, 1995, the company was sold to AXA America Corporate Solutions, Inc. On January 13, 1995, the company was sold to AXA America Corporate Solutions, Inc. (the Parent Company) and effective September 11, 2000, the name of the Company was changed to its current name. Effective December 23, 2013, after a corporate restructuring, the Company is now owned by AXA America Holdings, Inc. (AAH Inc.) Both the Company and AXA America Corporate Solutions, Inc. are wholly-owned subsidiaries of AAH Inc., and ultimately owned by AXA SA.

Common Capital Stock and Paid-in Surplus

The Company is authorized to issue one thousand five hundred (1,500) shares of common stock with a par value of seven thousand dollars ($7,000) per share. As of December 31, 2015,

four hundred sixty-seven (467) shares, representing capital totaling $3,269,000 were issued and outstanding.

Dividends

The Company did not pay any dividends during the examination period.

Surplus Notes

On December 11, 2006, the Company's Board of Directors, by written consent, approved the issuance of a $70 million Surplus Note to its parent, Coliseum Re. The Surplus Note had a maturity date of December 20, 2011 and carried an annual interest rate of 5.75%. Semi-annual interest payments were to be paid on June 20th and December 20th in each year after the Company had obtained the approval of the Delaware Insurance Commissioner to make such payments. The Company amended the Surplus Note in December 2011, extending the maturity by 10 years to December 20, 2021 at a rate of 7.7% per annum. The Delaware Department of Insurance approved the execution of the agreement. On December 1, 2008, the Company issued a $250 million Surplus Note to Coliseum Re. The Surplus Note had a maturity date of December 1, 2018 with a 6.35% annual interest rate. Semi-annual interest payments were to be paid on June 1st and December 1st in each year after the Company has obtained the approval of the Delaware Insurance Commissioner to make such payments.

Effective December 23, 2013, the Delaware Department of Insurance approved the Company's proposed realignment transferring Coliseum Reinsurance Company's ownership of AXA Corporate Solutions Life Reinsurance Company to AXA America Holdings Inc. Simultaneously, the $250 million surplus note was reduced to $171.9 million.

With the approval of the Delaware Department of Insurance, interest payments were made as follows:

Year	2008 Surplus Note	2006 Surplus Note
2011	$ 15,875,000	$ 4,025,000
2012	15,875,000	5,390,000
2013	15,875,000	5,390,000
2014	10,915,650	5,390,000
2015	5,457,825	2,695,000

On June 9, 2015, the Delaware Department of Insurance approved the Company's request to repay the surplus notes and the accrued interest to AAH, Inc. effective June 22, 2015. On June 25, 2015, the Company repaid the principal of $241,900,000 on the Surplus Notes plus $802,571 in accrued interest for the days beyond the semi-annual interest payment dates.

MANAGEMENT AND CONTROL

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 and its business, property and affairs are managed by or under the direction of the Board of Directors.

Stockholder

In accordance with Article II, Section 1 of the Company's bylaws, the annual shareholder's meeting shall be held each year on a date and time designated by the Board of Directors.

Board of Directors

The Board of Directors shall consist of no less than three (3) and no more than ten (10) members. Currently the Board is comprised of four (4) members. Directors are elected for one year terms at the annual meeting of the stockholders. Individuals elected and serving on the Board of Directors at December 31, 2015 were:

Director	Principal Business Affiliation
Joshua Ethan Braverman	AXA Equitable Life Insurance Company
Stephane Fernand Decker	AXA Life Invest
Anders Bjorn Malmstrom	AXA Equitable Life Insurance Company
Kevin Molloy	AXA Equitable Life Insurance Company

Newly elected directors may hold their first meeting for organization and the transaction of business, if a quorum is present, immediately after the annual meeting of the stockholders or at any such time and place as may be fixed by written consent of all the Directors. The Company's bylaws provide that the Board of Directors, by resolution, may designate one or more committees as deemed appropriate and each committee must consist of at least two members.

Audit Committee

The Audit Committee shall have the powers and responsibilities as set forth in the Charter of the Audit Committee, including having the responsibility for the appointment, compensation, oversight, evaluation, termination, and replacement of the outside auditors. It shall review and discuss with management the audited financial statements to be filed with the Delaware Department of Insurance and the NAIC and the committee shall review with the outside auditors any serious audit problems or differences encountered, management's response as well as other duties described in the charter. Members appointed and serving on the Audit Committee at December 31, 2015 were:

Officer	Title
Joshua E. Braverman	President and CEO
Anders B. Malmstrom	Chairman of the Board
Kevin Molloy	Director

Investment Committee

At December 31, 2015, following company officers regularly served on the investment committee:

Officer	Title
Joshua E. Braverman	President and CEO
Glen Gardner	Vice President and Chief Investment Officer
Yun Zhang	Vice President and Treasurer
John Sawula	Vice President and Controller
Daniel Boylan	Vice President and CFO

The bylaws of the Company state that the elected officers of the corporation shall be a President, a Treasurer and a Secretary. The Board of Directors may elect other officers as it may from time to time deem appropriate. Officers elected and serving at December 31, 2015 were:

Officers

Officer	Title
Anders Malmström	Chairman of the Board
Josh Braverman	President and Chief Executive Officer
William Casill	Senior Vice President
Adrienne Johnson	Senior Vice President and Chief Auditor
Paul Boucher	Vice President
Daniel Boylan	Vice President and Chief Financial Officer
Glen Gardner	Vice President and Chief Investment Officer
Darryl Gibbs	Vice President
Gerard Green	Vice President
Rosa Iturbides	Vice President
John Sawula	Vice President & Controller
Charles Schwartz	Vice President and Chief Derivatives Officer
Samuel Schwartz	Vice President
Michael Sheiowitz	Vice President
Ira Shuman	Vice President and Associate General Counsel
Steven Sutter	Vice President and Assistant Treasurer
Yun ("Julia") Zhang	Vice President and Treasurer
Franco Cefalo	Assistant Vice President
Louis Kyriacou	Assistant Vice President
Jens Nachtigal	Assistant Vice President

David Spence	Assistant Vice President
Chun Sze	Assistant Vice President, Actuary and Chief Risk Officer and Appointed Actuary
Denise Tedeschi	Assistant Vice President
Francesca Divone	Assistant Secretary
Kadeidre Screen	Assistant Secretary

HOLDING COMPANY SYSTEM

The Company is a wholly owned subsidiary of AXA America Holdings, Inc., a Delaware holding company. AXA America Holdings, Inc. is in turn a wholly owned subsidiary of AXA SA, a French holding company for a group of international insurance and financial service companies.

Organizational Chart

An organization chart reflecting the relationship between the Company and significant entities in its holding company system as of December 31, 2015, follows:

AXA SA
- AXA America Holdings, Inc.
  - **AXA Corporate Solutions Life Reinsurance Company**
    - CS Life RE Company
  - AXA Financial, Inc.
    - AXA Equitable Financial Services, LLC
      - AXA Distribution Holding Corporation
        - AXA Advisors, LLC
        - AXA Network, LLC
      - AXA RE Arizona Company
      - AXA Equitable Life Insurance Company
        - Equitable Holdings, LLC
          - AXA Distributors, LLC
      - AXA Equitable Life and Annuity Company
      - MONY Life Insurance Company of America
      - U.S. Financial Life Insurance Company

INTERCOMPANY AGREEMENTS

Consolidated Service Agreement

Effective March 1, 2004, the Company entered an Administration and Service Agreement with AXA Equitable Life Insurance Company, covering such costs associated with technology support, financial and actuarial services, legal and compliance services and human resources functions. Pursuant to terms of this agreement, AXA Equitable is to provide the Company with personnel, property and services necessary to perform the Company's management, administrative and other required operational functions. The services to be provided include, but are not limited to, management, corporate finance, strategic planning, administration, office and general supplies, financial and cash management, printing, actuarial, accounting, tax, auditing, legal, human resources, corporate and financial communications, marketing, risk management, technology, data processing and corporate secretarial services. The Company pays direct or indirect expenses incurred by AXA Equitable in providing such services.

On June 26, 2014, the Company entered into a service agreement with CS Life RE Company, where the Company may provide from time to time, personnel, property and services reasonably necessary to perform its management, administration and other functions.

Indemnification and Guarantee Agreement

With the approval of the Delaware Department on Insurance, effective December 29, 2000, the Company and an affiliate, AXA RE (France), entered into an indemnification and guarantee agreement, commonly called a "surplus maintenance agreement". AXA RE is to provide additional funding support to the Company that may be needed to maintain the Company's year-end surplus at or above Risk Based Capital "Company Action Level". This agreement cannot be terminated without the approval of the Delaware Department of Insurance.

Investment Advisory Agreements

The Company entered into an Investment Advisory and Management Agreement with Alliance-Bernstein, LP (the Adviser) dated April 27, 2005, whereby the Adviser provides non-discretionary advisory and asset management services regarding its investment portfolio. Services are paid in accordance with a fee schedule attached to the agreement and were considered reasonable.

Tax Allocation Agreements

The Company is party to the January 1, 2010 as amended, Consolidated Income Tax Agreement. In accordance with the tax sharing agreement between AXA America Holdings, Inc. and AXA Corporate Solutions Life Reinsurance Company, tax expense is allocated based on separate copay computations. Any loss not currently usable is carried forward and credited when usable by the company on a separate basis.

The Company entered into a Consolidated Federal Income Tax Agreement effective June 26, 2014 with its wholly-owned subsidiary, CS Life Re Company, an Arizona Company. At December 31, 2014, CS Life Re Company was included in a consolidated federal income tax return together with its ultimate domestic parent AXA America Holdings Inc.

Technology Services Agreement

On January 1, 2011, the Company entered an agreement with AXA Technology Services America, Inc. Per the agreement the Company is provided technology-related Services including purchasing and reselling of hardware and software and advice regarding the delivery of quality services meeting the needs and requirements of the Company. AXA Tech will act in a purchasing and management agent role for the procurement of telecommunication services for the Company's benefit.

TERRITORY AND PLAN OF OPERATION

Territory:

The Company is licensed to transact business in 45 states and the District of Columbia and is recognized as an accredited reinsurer in Maine, North Carolina, Virginia and Wyoming.

Plan of Operation:

The Company has been in run-off status since December 31, 2002, ceasing all underwriting for all lines of business. All existing reinsurance treaties with open facilities were closed to additional business by December 31, 2004. The Company's operations consist primarily of asset-based reinsurance (ABR) covering variable annuity products, with select traditional risks assumed for individual, ordinary life and group long term disability.

On June 27, 2014, with the approval from the Delaware Department of Insurance and the Arizona Department of Insurance, the Company entered into a retrocession agreement with CS Life RE Company, retroceding 100% of the Company's individual variable annuity business.

REINSURANCE

The Company reported the following distribution of premiums in 2015:

Type of Premium	Direct	Assumed	Ceded	Net Premiums or Net Considerations
Ordinary Life	$ 0	$ 7,323,252	$ 882,379	$ 6,440,873
Individual Annuities	0	38,214,178	38,214,178	0
2015 Totals	$ 0	$ 45,537,430	$ 39,096,557	$ 6,440,873

Assumed

The Company's business has been in run off since 2002 and all existing reinsurance treaties with open facilities were closed to additional business by December 31, 2004.

Ceded

On June 27, 2014 with the approval from the Delaware Department of Insurance and the Arizona Department of Insurance, the Company entered into a retrocession agreement with CS Life RE Company, retroceding 100% of the Company's individual variable annuity business. The Company transferred net assets and liabilities equal to approximately $586.0 million to CS Life RE Company comprised of $564.0 million in initial premium $231.8 million additional paid in capital contribution, offset by a reinsurance expense allowance of $209.8 million. The expense allowance (post tax) of $136.4 million was reported on Summary of Operations, Line 51.4 Change in surplus as a result of reinsurance. During the second half of 2014 the Company amortized approximately $12.8 million of the expense allowance to operating income with no effect on surplus.

FINANCIAL STATEMENTS

Financial statements, as reported and filed by the Company with the State Department of Insurance, are reflected in the following:

Statement of assets and liabilities

Statement of operations

Capital Changes During the Examination Period

STATEMENT OF ASSETS
AS AT DECEMBER 31, 2015

	Assets Current Year	Nonadmitted Assets Current Year	Net Admitted Assets Current Year	Note
Bonds	$ 135,566,777	$ -	$ 135,566,777	1
Common stocks (stocks)	71,601,662	-	71,601,662	2
Cash $23,335,487; cash equivalents $0 and short-term investments $8,023,317	31,358,804	-	31,358,804	
Other invested assets	13,134	-	13,134	
Receivables for securities	1,885,000	-	1,885,000	
Subtotals; cash and invested assets	$ 240,425,377	$ -	$ 240,425,377	
Investment income due and accrued	1,780,728	-	1,780,728	
Uncollected premiums and agents' balances in the course of collection	10,077,476	-	10,077,476	
Amounts recoverable from reinsurers (reinsurance)	2,099,860	-	2,099,860	
Funds held by or deposited with reinsured companies (reinsurance)	7,746	-	7,746	
Other amounts receivable under reinsurance contracts (reinsurance)	1,116	-	1,116	
Receivables from parent; subsidiaries and affiliates	839,301	-	839,301	
Total assets excluding Separate Accounts; Segregated Accounts and Protected Cell Accounts	$ 255,231,604	$ -	$ 255,231,604	
From Separate Accounts; Segregated Accounts and Protected Cell Accounts	-	-	-	
Totals	$ 255,231,604	$ -	$ 255,231,604	

LIABILITIES SURPLUS AND OTHER FUNDS
AS AT DECEMBER 31, 2015

	Current Year	Note
Aggregate reserve for life contracts $24,616,596 less $0 including in coupons and similar benefits (including $0 Modco reserve)	$ 24,616,596	3
Aggregate reserve for accident and health contracts (including $0 Modco reserve)	13,777,374	4
Life (contract claims)	4,228,082	5
Accident and health (contract claims)	806,089	6
Other amounts payable on reinsurance including $0 assumed and $12,509,373 ceded (contract liabilities not included elsewhere)	12,509,373	
Interest maintenance reserve (contract liabilities not included elsewhere)	6,256,100	
Commissions and expense allowances payable on reinsurance assumed	1,116	
General expenses due or accrued	1,768,146	
Taxes; licenses and fees due or accrued; excluding federal income taxes	587,096	
Current federal and foreign income taxes including $0 on realized capital gains (losses)	8,227,877	
Remittances and items not allocated	326,336	
Asset valuation reserve (miscellaneous liabilities)	9,625,941	
Reinsurance in unauthorized and certified ($0) companies (miscellaneous liabilities)	18,017,306	
Aggregate write-ins for liabilities	367,110	
Total liabilities excluding Separate Accounts business	$ 101,114,541	
From Separate Accounts statement	-	
Total liabilities	$ 101,114,541	
Common capital stock	$ 3,269,000	
Gross paid in and contributed surplus	575,650,087	
Unassigned funds (surplus)	(424,802,024)	
Surplus (including $0 in Separate Accounts statement)	$ 150,848,063	
Totals of common and preferred stock and surplus	$ 154,117,063	
Totals of liabilities; common and preferred stock and surplus	$ 255,231,604	

SUMMARY OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Current Year	Note
Premiums and annuity considerations for life and accident and health contracts	$ 6,440,873	
Considerations for supplementary contracts with life contingencies	-	
Net investment income	2,727,710	
Amortization of Interest Maintenance Reserve (IMR)	2,070,078	
Separate Accounts net gain from operations excluding unrealized gains or losses	-	
Commissions and expense allowances on reinsurance ceded	2,947	
Reserve adjustments on reinsurance ceded	-	
Income from fees associated with investment management; administration and contract guarantees from Separate Accounts	-	
Charges and fees for deposit-type contracts	-	
Aggregate write-ins for miscellaneous income	-	
Totals	$ 11,241,608	
Death benefits	5,349,025	
Matured endowments (excluding guaranteed annual pure endowments)	-	
Annuity benefits	1,473,599	
Disability benefits and benefits under accident and health contracts	2,289,383	
Coupons; guaranteed annual pure endowments and similar benefits	-	
Surrender benefits and withdrawals for life contracts	-	
Group conversions	-	
Interest and adjustments on contract or deposit-type contract funds	32,575	
Payments on supplementary contracts with life contingencies	-	
Increase in aggregate reserves for life and accident and health contracts	(1,427,788)	
Totals	$ 7,716,794	
Commissions on premiums; annuity considerations and deposit-type contract funds (direct business only)	-	
Commissions and expense allowances on reinsurance assumed	45,793	
General insurance expenses	3,851,841	
Insurance taxes; licenses and fees; excluding federal income taxes	51,836	
Increase in loading on deferred and uncollected premiums	-	
Net transfers to or (from) Separate Accounts net of reinsurance	-	
Aggregate write-ins for deductions	-	
Totals	$ 11,666,264	
Net gain from operations before dividends to policyholders and federal income taxes	$ (424,656)	
Dividends to policyholders	-	
Net gain from operations after dividends to policyholders and before federal income taxes	$ (424,656)	
Federal and foreign income taxes incurred (excluding tax on capital gains)	5,793,953	
Net gain from operations after dividends to policyholders and federal income tax and before realized capital gains or (losses)	$ (6,218,609)	
Net realized capital gains or (losses) (excluding gains (losses) transferred to the IMR) less capital gains tax of $27,273 (excluding taxes of $3,369,704 transferred to the IMR)	250,869	
Net income (net gain from operations after dividends to policyholders plus net realized capital gains or (losses))	$ (5,967,740)	

Capital and Surplus Accounts

Capital and surplus; December 31; prior year	$ 419,468,416
Net income	(5,967,740)
Change in net unrealized capital gains (losses) less capital gains tax of $0	8,054,319
Change in liability for reinsurance in unauthorized and certified companies	(18,017,306)
Change in asset valuation reserve	(7,520,626)
Other changes in surplus in Separate Accounts statement	$(241,900,000)
Net change in capital and surplus for the year	$(265,351,353)
Capital and surplus; December 31; current year	$ 154,117,063

CAPITAL CHANGES DURING THE EXAMINATION PERIOD

Capital and Surplus, December 31, 2010		$ 265,185,755
Net income		101,560,130
Additions:		
Change in non-admitted assets	155,325,066	
Cummulative effect of changes in accounting principal	515,491	
Surplus adjustment as a result of reinsurance	123,528,526	
Correction of error in prior annual statement	54,233,599	
Surplus adjustment paid in	78,100,000	
Aggregate write in for special surplus funds	1,376,223	
Total additions		413,078,905
Deductions		
Change in net unrealized capital gains (losses) less captial gains tax	92,738,515	
Change in net deferred income tax	187,860,431	
Change in liability for resinsurance in unauthorized companies	18,017,306	
Change in asset valuation reserve	7,091,475	
Change in surplus note	320,000,000	
Total deductions		625,707,727
Capital and Surplus, December 31, 2015		$ 154,117,063

NOTES TO THE FINANCIAL STATEMENTS

Note 1:

Schedule D – Bonds **$135,566,777**

Schedule DA – Short-term Investments **8,023,317**

As of December 31, 2015, the Company reported total bond investments on Schedule D – Part 1 with book adjusted carrying values in the amount of $135.6 million and fair market values of $146.7 million. Bonds were comprised of the following classes:

Schedule D - Part 1		Statement Value	% of Total
U.S. Government Bonds	$	6,224,797	4.3%
All Other Governments		1,952,709	1.4%
U.S. Special Revenue - Non-Guarantee		3,923,428	2.7%
Industrial and Miscellaneous		123,465,843	86.0%
Sub-total	$	135,566,777	94.4%
Schedule DA - Part 1			
Exempt Money Market Funds	$	8,023,317	5.6%
Total Bonds and Short-term Investments	$	143,590,094	100.0%

Of the Company's total bond holdings, 65% were categorized as class 1, 30.6% as class 2, 4.2% as class 3 and 0.2% as class 6. With respect to NAIC credit quality standards 97.4% were publicly traded securities. Bond maturities were structured with maturities of 15.4%, 51.0%, 11.0%, 20.1% and 2.5% maturing in less than one year, one to five years, five to ten years, ten to twenty years and over twenty years.

Note 2:

Common Stock **$71,601,662**

The Company's common stock consists of shares in its subsidiary CS Life RE, an Arizona Captive. The Company owns 100% interest in CS Life RE which exceeds 10% of the

admitted assets of the Company. CS Life RE is valued in accordance with SSAP#97 as permitted by the State of Arizona on a modified IFRS basis. The financial presentation of the summary of operations is very different on a modified IFRS basis as compared to the NAIC basis. If CS Life RE followed NAIC accounting and procedures net income (loss) in 2015 would have been ($34.9 million) and statutory capital and surplus (deficit) would have been ($75.8 million).

CS Life RE would have triggered a regulatory event had it used NAIC statutory accounting practice and procedures.

Note 3:

Aggregate reserves for life contracts **$24,616,596**

This liability is reported on Page 3, Line 1 and in Exhibit 5 of the 2015 Annual Statement. The net reserve breakdown in Exhibit 5 by type of benefit is as follows:

Reserve type	Gross	Ceded	Net
Life Insurance	$4,470,584	$409,110	$4,061,474
Annuities	16,993,722	0	16,993,722
Disability – Active Lives	61,400	0	61,400
Miscellaneous Reserves	568,918,866	565,418,866	3,500,000
Total (Net)	$590,444,572	$565,827,976	$24,616,596

As part of the valuation certificate process, ACSLRC provided valuation extract files and summary reconciliation workpapers in support of these reserves. INS traced the reserves from the extract files and reconciliation workpapers to Exhibit 5 of the December 31, 2015 Annual Statement. No discrepancies were noted.

Life Insurance (Net) $4,061,474

The Exhibit 5, Section life insurance reserve can be broken down as follows:

Product / reserve Item	Reserve
Traditional ordinary life insurance	$4,470,584
Reinsurance Retroceded	409,110
Total (Net)	$4,061,474

This business is a closed block consisting of yearly renewable term (YRT) reinsurance coverage primarily for traditional ordinary life insurance contracts. ACSLRC receives summary reserve reports from the ceding companies on a periodic (quarterly or monthly) basis. Since the December 31 reports arrive after the financial reporting process deadline, ACSLRC estimates the year end reserve for each ceding company based on the September 30 in-force and trended reserve per unit of insurance analysis. INS Consultants, Inc. (INS) reviewed ACSLRC's methodology and found it reasonable. Actual reserves subsequently reported by the ceding companies as of December 31, 2015 were compared with the estimated reserves. No material differences were noted and the estimated reserves appeared satisfactory. INS also performed a trend analysis for the examination period and found the decreasing trend to be reasonable (see Appendix C).

Based on the above discussion and analysis, INS concluded that the life insurance reserve is reasonable.

Annuities (Gross and net) $16,993,722

This reserve is entirely for structured settlement annuities (SSA) assumed by ACSLRC. INS has performed extensive reserve calculations for sample policies in previous exams and valuation certificate submissions. No exceptions were noted. Since this is a closed block of business and reserves have been thoroughly tested in previous exams (including compliance with AG9), no sample reserve calculations were done for this exam. INS performed a trend analysis

for the examination period and found the slightly decreasing trend to be reasonable (see Appendix C). Additional actuarial reserves of $3.5 million were held for the SSA and are discussed later in the miscellaneous section and in Appendix A.

Based on the above discussion and analysis, INS concluded the annuity reserve is reasonable.

Disability-Disabled Lives (Gross and net) $61,400

This reserve represents waived premiums for group life policyholders who are disabled. ACSLRC provided supporting documentation for this reserve. INS reviewed the documentation and found it was reasonable. INS performed a trend analysis for the examination period and found the decreasing trend to be reasonable (see Appendix C). Based on materiality, no further work was deemed necessary.

Based on the above discussion and analysis, INS concluded the Disability-Disabled Lives reserve is reasonable.

Miscellaneous Reserves (Gross and net) $3,500,000

The Exhibit 5, Section miscellaneous reserves can be broken down as follows:

Guarantees for Variable Annuities	$565,418,866
Additional Actuarial Reserve - Asset Liability Analysis	3,500,000
Total (Gross)	$568,918,866
Reinsurance Retroceded	565,418,866
Total (Net)	$ 3,500,000

The reserves are for assumed reinsurance business under which ACSLRC reinsures guaranteed minimum death benefits (GMDB) and guaranteed minimum income benefits (GMIB) associated with variable deferred annuities and for the additional actuarial reserve for the structured settlement annuities (SSA).

INS reviewed ACSLRC's reserve methodology and calculation for the asset based reinsurance (ABR) business on a gross basis. Actuarial Guideline 43 (AG43) is the reserve methodology for ABR business. Therefore, INS reviewed ACSLRC's AG43 memorandum for compliance (see Appendix B) with AG43. Based on INS' review of the AG43 memorandum, the reserve methodology and calculation appears reasonable.

In compliance with Delaware Regulation 305, ACSLRC prepared an Actuarial Opinion Memorandum (AOM). Based on ACSLRC's analysis performed as part of the AOM (see Appendix A), ACSLRC held $3.5 million of additional actuarial reserves for SSA and no additional reserves for the ABR business. The additional actuarial SSA reserve was based on results from sensitivity tests involving increased expenses and caps on net bond yields. This level of reserve strengthening first occurred as of December 31, 2005 and continued through December 31, 2015.

Based on INS' review, the additional actuarial reserve as of December 31, 2015 appears reasonable.

Exhibit 5, Grand Total (Net)..... $24,616,596

Based on the previous discussion and analysis, INS concluded that the aggregate reserve for life contracts as reported by ACSLRC on Page 3, Line 1 and in Exhibit 5 of the December 31, 2015 Annual Statement appears fairly stated. It has been accepted as stated for the purpose of this report.

Note 4:

Aggregate reserve for accident and health contracts **$13,777,374**

This liability is reported on Page 3, Line 2 and Exhibit 6 of the 2015 Annual Statement. The reserve breakdown in Exhibit 6 is as follows:

Item	Reserve
Present value of amounts not yet due on claims	$10,777,374
Additional actuarial reserves-Asset Liability Analysis	3,000,000
Total Claim Reserve	$13,777,374

(i) Present value of amount not yet due on claims (claims reserve) $10,777,374

The claim reserve consists of two treaties. During the examination, INS reviewed the supporting workpapers and found them to be in order. ACSLRC also provided electronic files for the two treaties, which INS reconciled with the December 31, 2015 Annual Statement. No discrepancies were noted

Most of this reserve arises from claims under group long term disability business. The two companies provided reserves as of September 2015, and claims cash flows. ACSLRC used this information to calculate the reserve as of December 2015. INS reviewed ACSLRC's methodology and found it reasonable. INS performed a trend analysis over the examination period, which indicates that the claim reserves are declining, which is reasonable, since the business is in run off (see Appendix C).

INS also reviewed the 2011 through 2015 Annual Statements Schedule H, Part 3 test of prior year's claim reserves and liabilities. The claim reserves and liabilities were slightly insufficient (5.7% on average) for all years under consideration (see Appendix C). After adjusting for interest, on the underlying group long term disability reserves, the insufficiency is

not considered significant. Based on actuarial judgment no additional work was deemed necessary and the claim reserve was accepted as stated.

(ii) Additional actuarial reserve – Asset Adequacy Analysis $3,000,000

In compliance with Delaware Regulation 305, ACSLRC prepared an Actuarial Opinion Memorandum (AOM). Based on ACSLRC's analysis performed as part of the AOM, ACSLRC held an additional actuarial reserve of $3.0 million for group long term disability claims. The additional actuarial reserve was based on results from sensitivity tests involving increased expenses and caps on net bond yields. This level of reserve strengthening first occurred as of December 31, 2005 and continued through December 31, 2015. This is further discussed in Appendix A.

Based on INS' review, the additional actuarial reserve as of December 31, 2015 appears reasonable.

Exhibit 6, Grand Total (Net) $13,777,374

Based on the previous discussion and analysis, INS concluded that the aggregate reserve for accident and health contracts as reported by ACSLRC on Page 3, Line 2 and in Exhibit 6 of the December 31, 2015 Annual Statement is reasonable.

Note 5:

Contract claims: Life (net) **$4,228,082**

This liability is reported on Page 3, Line 4.1 and in Exhibit 8, Part 1, columns 3 and 4 of the 2015 Annual Statement. The liability breakdown in Exhibit 8, Part 1 is as follows:

Item	Liability
Claims in Course of Settlement assumed	$17,571,128
Claims in Course of Settlement retroceded	15,151,419
Total (Net)	$ 2,419,709

IBNR assumed – life	$ 2,112,057
IBNR assumed – annuity	12,957,556
Total IBNR (Gross)	$15,069,613
Retroceded	13,261,240
Total (Net)	$ 1,808,373
Grand Total (Net)	$ 4,228,082

During the examination, INS reviewed the supporting workpapers for the claims in course of settlement (ICOS) liability and found it reasonable. The assumed ICOS consists of $2,557,416 for ordinary life and $15,013,712 for individual annuity business. The retroceded ICOS consists of $273,380 for ordinary life business and $14,878,039 for individual annuity business. Based on actuarial judgment no additional work was deemed necessary and the ICOS liability was accepted as stated.

INS reviewed the supporting workpapers for the IBNR and found them to be in order. INS reconciled the supporting workpapers with the December 31, 2015 Annual Statement. No discrepancies were noted.

ACSLRC calculates the life IBNR of $2,112,057 for life contracts based on the expected claims times a monthly delay factor divided by twelve for each treaty. INS reviewed the methodology and found it reasonable. Based on actuarial judgment no additional work was deemed necessary and the life IBNR was accepted as stated.

ACSLRC provided a worksheet which supported the annuity IBNR gross liability of $12,957,556. ACSLRC calculates the annuity IBNR based on two sources: a) delay by the ceding company and b) delay in reporting claims by the contract holder to the ceding company. Both of these sources are estimated based on historical experience. INS reviewed the supporting documentation for determining the IBNR calculation and found it to be reasonable. Based on

actuarial judgment no additional work was deemed necessary and the annuity IBNR was accepted as stated.

INS also performed a trend analysis over the examination period and found the trend was reasonable (see Appendix C).

INS reviewed ACSLRC'S work papers for the reinsurance retroceded and found them to be in order. The liability credit taken by ACSLRC agrees with the amounts shown in Schedule S Parts 2 and 4 and appears reasonable.

Based on the above discussion and analysis, INS concluded that the contract claims: life liability as reported by ACSLRC on Page 3, Line 4.1 and in Exhibit 8, Part 1, columns 3 and 4 of the December 31, 2015 Annual Statement appears fairly stated. It has been accepted as stated for the purpose of this report.

Note 6:

Contract claims: Accident and Health (Gross and net) $806,089

This liability is reported on Page 3, Line 4.2 and in Exhibit 8, Part 1, Column 9 of the 2015 Annual Statement. The liability is entirely for the claims in course of settlement (ICOS).

During the examination, INS reviewed the supporting workpapers for the ICOS liability and found it reasonable. INS also performed a trend analysis for the examination period and found the trend reasonable (see Appendix C). Based on actuarial judgment no additional work was deemed necessary and the ICOS liability was accepted as stated.

Based on the above discussion and analysis, INS concluded that contract claims: accident and health liability as reported by ACSLRC on Page 3, Line 4.2 and in Exhibit 8, Part 1, column

9 of the December 31, 2015 Annual Statement appears fairly stated. It has been accepted as stated for the purpose of this report.

SUBSEQUENT EVENTS

On June 2, 2016, the Company's Board of Directors approved a $30 million capital contribution to CS Life RE.

CONCLUSION

The following schedule shows a comparison of the results from the December 31, 2015 examination to the December 31, 2010 Annual Statement balances, with changes between:

Description	December 31, 2010	December 31, 2015	Increase (Decrease)
Assets	$ 1,276,457,700	$ 255,231,604	$(1,021,226,096)
Liabilities	1,011,271,945	101,114,541	(910,157,404)
Total Capital and Surplus	$ 265,185,755	$ 154,117,063	$ (111,068,692)

Respectfully submitted,

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