

REPORT ON EXAMINATION
OF
SCOR GLOBAL LIFE AMERICAS REINSURANCE COMPANY
AS OF
DECEMBER 31, 2016

Trinidad Navarro
Commissioner



Delaware Department of Insurance

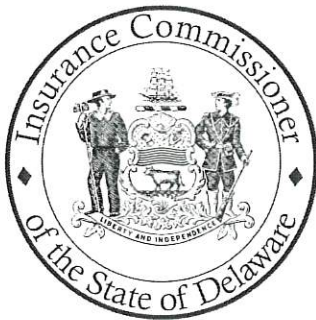
I, Trinidad Navarro, Insurance Commissioner of the State of Delaware, do hereby certify that the attached REPORT ON EXAMINATION, made as of December 31, 2016 of the

SCOR GLOBAL LIFE AMERICAS REINSURANCE COMPANY

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

Attest By: *Rafael Brown*

Date: June 15, 2018



In Witness Whereof, I have hereunto set my hand and affixed the official seal of this Department at the City of Dover, this 26 day of June, 2018.

Trinidad Navarro
Trinidad Navarro
Insurance Commissioner

Trinidad Navarro
Commissioner



Delaware Department of Insurance

REPORT ON EXAMINATION
OF THE
SCOR GLOBAL LIFE AMERICAS REINSURANCE COMPANY
AS OF
DECEMBER 31, 2016

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.

Handwritten signature of Trinidad Navarro in blue ink.

Trinidad Navarro
Insurance Commissioner

Dated this 26 day of June, 2018

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SALUTATION

April 25, 2018

Honorable Trinidad Navarro
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 Exam Authority No. 17.027, dated April 25, 2017, an examination has been made of the affairs, financial condition and management of the

SCOR GLOBAL LIFE AMERICAS REINSURANCE COMPANY

hereinafter sometimes referred to as the “Company” or “SGLA” 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 main administrative office of the Company, located at 101 South Tryon Street, Charlotte, NC 28202. The report of this examination is submitted herewith.

SCOPE OF EXAMINATION

We have performed our examination of SGLA. 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, 2016.

We conducted our examination in accordance with the *National Association of Insurance Commissioners* (“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 ("SSAP"). The examination does not attest to the fair presentation of the financial statements included herein. If, during the course of the examination an adjustment is identified, the impact of such adjustment will be documented separately following the Company's financial statements.

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

SUMMARY OF SIGNIFICANT FINDINGS

There were no significant findings or material adjustments to the Company's financial statements.

HISTORY

The Company was incorporated on February 28, 1945, under the laws of the State of Texas, as the Industrial Life Insurance Company of the State of Texas. On December 30, 1991, the Company's name was changed to Winterthur Life Re Insurance Company. On December 31,

1997, the Company was acquired by Credit Suisse Group. On December 18 1998, the Company was acquired by PartnerRe Ltd, and its name was change to PartnerRe Life Insurance Company of the U.S. on April 2, 1999. On July 18, 2000, SCOR SE (“SCOR”) acquired the Company and changed its name to SCOR Life U.S. Re Insurance Company on September 20, 2000. On June 15, 2007, the Company’s name was changed to SCOR Global Life U.S. Re Insurance Company (“SGLUS”).

Prior to October 1, 2008, the Company was wholly owned by SCOR Financial Services Corporation, an Irish holding company, which in turn was wholly owned by SCOR Global Life SE (“SGL SE”), a French holding company, ultimately owned by SCOR, a French holding company.

Effective October 1, 2008, there was an internal corporate restructuring to change the Company’s parent and make SCOR Global Life Re Insurance Company of Texas (“SGLTX”) a wholly owned subsidiary of the Company. The outstanding shares of SGLTX, which had a book value of \$39 million as of June 30, 2008, were contributed to the Company. Additionally, the Company became a wholly owned subsidiary of SCOR Global Life Americas Holdings, Inc. (“SGLA Holdings”) (formerly known as Revios U.S. Holdings, Inc.), a Delaware holding company. SGLA Holdings is wholly owned by SGL SE.

Effective July 18, 2009, the Company entered into a stock purchase agreement to acquire all the issued and outstanding shares of common stock of XL Re Life America Inc. (“XLRLA”) from XL Life and Annuity Holding Company, a Delaware Holding Company, ultimately owned by XL Capital Ltd. Consideration for the purchase was \$32.4 million with a provision for subsequent adjustments relative to the actual closing of the transaction.

Upon regulatory approval by various insurance authorities, the purchase closed effective December 4, 2009. The Company paid an additional \$1,102,768 on January 8, 2010, to settle realized and unrealized gains/losses related to the XLRLA's invested assets for the current year through the closing date of acquisition for a total cost of \$33.5 million.

In conjunction with the aforementioned statutory purchase business combination, a separate novation agreement was consummated between XLRLA, XL Life Ltd., and the Company, whereas XLRLA had a 75% quota share coinsurance agreement with XL Life Ltd. Under terms and conditions of the agreement, XLRLA transferred all rights and obligations of performance under this treaty to the Company, and the Company paid \$12 million to XL Life Ltd., representing an aggregate amount equal to the ceding commission.

Effective January 5, 2010, XLRLA was renamed SCOR Global Life Reinsurance Company of America ("SGLRA").

On April 26, 2011, SCOR and AEGON N.V. entered into a definitive agreement whereby SCOR acquired the mortality risk reinsurance business of Transamerica Re ("Transamerica") through a series of reinsurance agreements. Both the Company and its subsidiary, SGLTX reinsured portions of this business. The retrocession agreements were executed August 9, 2011.

On July 14, 2011, the Company redomesticated from Texas to Delaware.

On July 18, 2011, the Company sold its subsidiary Investors Insurance Corporation ("IIC"), a Delaware domiciled life and health-company, to Athene Holdings, Ltd ("Athene") for \$53.9 million. Prior to the transaction, IIC entered into an agreement to recapture all business ceded to SGLUS.

On September 27, 2011, the Company's name was changed from SGLUS to SGLA.

On November 10, 2010, the Board of Directors (“Board”) of the Company approved a strategic plan to merge SGLRA with, and into the Company. Regulatory approval for the statutory merger was granted effective December 30, 2011.

Common Capital Stock and Paid-in Surplus

The Company’s Certificate of Incorporation provides that the Company has authority to issue 28,000 common stock shares, par value \$100 per share. As of the examination date, the Company had 26,775 shares of common stock issued and outstanding. The capital represented by the 26,775 shares of common stock issued and outstanding was \$2,677,500.

As of December 31, 2016, all outstanding shares of the Company’s common stock were owned by the Parent, SGLA Holdings.

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

<u>Year</u>	<u>Contribution</u>
2012	\$ 4,141,462 ¹
2013	\$ 29,479,957 ²
2014	\$ (5,516,880) ³
2015	\$ (587,429) ⁴
2016	\$ (11,665,322) ⁵

- (1) Contribution received from SCOR. This capital contribution represents a Share Based Payment (stock award option) given to managers (executives and higher) for services rendered. The share based payments are held by the Company as a capital contribution until the awards five year vesting period is over at which time the stock award options are distributed.
- (2) On July 1, 2013, SGLA Holdings contributed \$25,000,000 to SGLA. The funds were subsequently contributed as paid in capital to the company’s subsidiary, SCOR Global Life Reinsurance Company of Delaware (“SGLDE”). The remaining \$4,479,957 represents Share Based Payments, as defined in the previous notation.
- (3) SCOR provides for a stock award and share option plan, and certain SGLA employees are eligible to participate. The SCOR Board determines the amount and allocation of awards based on the fulfillment of the performance conditions outlined in the plan. For shares awarded prior to 2015, these awards vest ratably over a period of five years for U.S employees. Effective 2015 and forward, these awards vest ratably over a period of three years. Share awards are recognized as contributions to equity for International Financial Reporting Standards and originally were also reflected in surplus/capital for statutory reporting. Effective January 1, 2014, the Delaware Insurance Department (“Department”) approved the recharge agreement between SCOR and SGLA and was re-classed as a liability for the portion of share awards/stock options due to SCOR post approval date. Amounts invoiced prior to approval were re-classed back to surplus/capital.

- (4) See reference 3 for details regarding this amount.
- (5) This amount consist of (a) a return of capital from SGLDE to SGLA of \$7,313,968, paid December 1, 2016; (b) a return of capital from SGLA to SGLA Holdings of \$18,944,940, paid December 1, 2016; and (c) Share Based Payments of (\$34,350) as defined in reference 3.

Dividends to Shareholders

On December 1, 2016, the Company paid an extraordinary dividend in the form of return in capital – paid in, in the amount of \$18,944,940 to the sole shareholder. The dividend was approved by the Department on October 27, 2016.

Surplus Notes

As of December 31, 2016, the Company did not have any outstanding surplus notes.

Borrowed Money

As of December 31, 2016, the Company did not have any borrowed money.

MANAGEMENT AND CONTROL

Stockholder

Article II of the Company's amended bylaws, states that annual meetings of the stockholders shall be held at the Registered Office of the corporation, or at such other place, within or without Delaware, on a day and at a place and time set by the Board between January 1 and May 1 of each year, as the Board may designate, as stated in notice of such meeting or a duly executed waiver of notice thereof. At each annual meeting, the stockholders entitled to vote shall elect a Board and they may transact such other company business as is stated in the notice of meeting or as otherwise appropriate. Special meetings of stockholders for any purpose may be called by the Chairman of the Board, the Vice Chairman of the Board, the President, the Board, or the holders of not less than one-tenth (1/10) of all shares entitled to vote at the meeting. The business transacted at any special meeting shall be limited to the purposes stated in the notice thereof. The holders of a majority of the shares entitled to vote, represented in person or

by proxy, shall constitute a quorum at a meeting of the shareholders, but in no event shall a quorum consist of the holders of less than one-third (1/3) of the shares entitled to vote. Each outstanding share, regardless of class, shall be entitled to one vote on each matter submitted to a vote at a meeting of the shareholders. Cumulative voting in the election of directors or otherwise is expressly prohibited by the Articles of Incorporation. Any action required or permitted by law, the Articles of Incorporation or the bylaws to be taken at a shareholders meeting may be taken without a meeting if consent in writing is signed by all of the shareholders entitled to vote.

Board of Directors

Pursuant to the General Corporation Laws of the State of Delaware, as implemented by the Company's Articles of Incorporation and bylaws, all corporate powers are exercised by or under the direction of the Board. The bylaws, as amended September 27, 2011, provide that the Company's business and affairs shall be managed by the Board. Subject to restrictions imposed by law, the Articles of Incorporation, or the bylaws, the Board can exercise all of the powers of the Company. The Board shall consist of no less than five (5) or more than thirteen (13) members, and cumulative voting for Directors is prohibited pursuant to the Articles of Incorporation. The Board shall be elected at the annual meeting of stockholders and each director shall be elected to hold office until the next succeeding annual meeting and until his/her successor is elected and qualified or until his/her earlier death, resignation or removal.

As of December 31, 2016, the members of the Board, together with their principal business affiliations, were as follows:

Name and Location

Denis Jean Marie Kessler (CH)
Paris, France

Henry nmn Klecan, Jr.
New York, New York

Principal Occupation

Chairman and Chief Executive Officer
SCOR SE

Non-Executive Board Member
Independent Consultant

Pierre Andre Chiappori New York, New York	Professor of Economics Columbia University
Jerry Michael de St. Paer New York, New York	Senior Advisory Partner Grail Partners, LLC
Mark nmn Kociancic New York, New York	Executive Vice President, Chief Financial Officer and Treasurer of SCOR Reinsurance Company
Ingrid Elisabeth Clarisse Carlou Mexico City, Mexico	Reaseguradora Patria S.A. Mexico D.F Managing Director
Kathleen Theresa McGahran Palm Beach, Florida	Chief Executive Officer/Owner Pelham Associates, Inc.
Paolo nmn De Martin Zurich, Switzerland	Chief Executive Officer SCOR Global Life
Paul Edmund Rutledge III Charlotte, North Carolina	Reinsurance Professional Independent Consultant
Kory Beth Sorenson Pars, France	Non-Executive Board Member Independent Consultant

(1) The above individuals were reappointed to the Board of the Company effective August 14, 2017.

Committees

Article V of the amended bylaws states that the Board, by resolution adopted by a majority of the full Board, may designate from among its members, an Executive and Finance Committee, to the extent provided in such resolution, that shall have all the powers of the Board in the business and affairs of the corporation except as denied in Section 5.01 of Article V in the bylaws. As of December 31, 2016, the following directors and/or officers were members of the Executive and Finance Committee:

Name and Location	Principal Occupation
Denis Jean Marie Kessler (CH) Paris, France	Chairman and Chief Executive Officer SCOR SE
John Charles Brueckner Leawood, Kansas	President and Chief Executive Officer SCOR Americas

Paolo nmn De Martin
Zurich, Switzerland

Chief Executive Officer
SCOR Global Life

In addition to the Executive and Finance Committee, the Board by resolution adopted by a majority of the Board, may designate such other committees, as it deems appropriate. Each committee shall have and exercise only that authority of the Board delegated to it by the resolution creating such committee, except that no such committee shall have the authority of the Board in reference to matters denied to the Executive and Finance Committee in Section 5.01 of Article V.

On February 18, 2010, in accordance with 18 *Del. Admin. C.* § 301, the Board designated an Audit Committee, consisting of three (3) independent members of the Board. As of December 31, 2016, the following directors were members of the Audit Committee:

Name and Location	Principal Occupation
Jerry Michael de St. Paer (CH) New York, New York	Senior Advisory Partner Grail Partners, LLC
Kathleen Theresa McGahran Palm Beach, Florida	Chief Executive Officer/Owner Pelham Associates, Inc.
Paul Edmund Rutledge III Charlotte, North Carolina	Reinsurance Professional Independent Consultant

On April 17, 2015, the Board designated a Risk Committee, consisting of three (3) independent members of the Board. As of December 31, 2016, the following directors were members of the Risk Committee:

Name and Location	Principal Occupation
Pierre Andre Chiappori New York, New York	Professor of Economics Columbia University
Jerry Michael de St. Paer New York, New York	Senior Advisory Partner Grail Partners, LLC
Paul Edmund Rutledge III Charlotte, North Carolina	Reinsurance Professional Independent Consultant

Officers

Article VIII of the amended bylaws states that the company's executive officers shall consist of a President, one or more Vice Presidents, one or more Secretaries, and a Treasurer, all of whom shall be elected by the Board and who shall hold office until their successors are elected and qualified. The Board may designate one of its members as Chairman of the Board and another of its members as Vice Chairman of the Board, but neither of such persons shall be deemed an officer of the corporation unless the Board shall expressly specify by resolution that he or she is to be an officer of the corporation.

The Board, at its first meeting after each annual meeting of shareholders, shall choose one of its directors to serve as President. The Board may elect one or more Vice Presidents, a Secretary, one or more Assistant Secretaries, a Treasurer and one or more Assistant Treasurers, none of whom need be a member of the Board. The officers shall be elected at each annual meeting. Any two or more offices may be held by the same person. Each officer shall hold office for the term for which he is elected and until his successor shall have been duly elected and qualified, or until death, resignation, or removal.

As of December 31, 2016, the Company's principal officers and their respective titles were as follows:

Name	Principal Occupation
John Charles Brueckner	President and Chief Executive Officer
Brona nmn Magee ⁽¹⁾	Deputy Chief Executive Officer & Executive Vice President
Michael James Colannino	Executive Vice President, Head of Strategy for the Americas
Maxine Hilary Verne	Senior Vice President, Deputy General Counsel and Corporate Secretary
Brock Edward Robbins ⁽¹⁾	Executive Vice President, Head of US Market
Lawrence Paul Moews ⁽²⁾	Senior Vice President, Chief Risk Officer, and Head of Optimization
Mary Jane Bahna-Nolan	Executive Vice President, Life R&D Canada Markets
Tamora Ann Kapeller ⁽³⁾	Senior Vice President, Chief Operations Officer
Michael Joseph Lynch ⁽⁴⁾	Senior Vice President, Chief Financial Officer
Bruce Alan Lundeen	Senior Vice President, Chief Pricing Officer

Sean Robert Harley ⁽⁵⁾	Senior Vice President, Head of Human Resources
Nathan Alan Johnson	Senior Vice President and Head of Americas Underwriting
Matthew Frederick Daitch	Senior Vice President, Chief Risk Officer
Stephanie Taylor Dunn	Senior Vice President, Chief Legal Counsel
David Patrick Dorans	Senior Vice President, Velogica
Mary Beth Ramsey	Senior Vice President, Pricing

- (1) Effective February 13, 2017, Mr. Robbins was appointed Deputy Chief Executive Officer of the Company. Mr. Robins replaced Ms. Brona Magee.
- (2) Effective November 7, 2016, Mr. Lawrence Moews was appointed Senior Vice President, Head of Inforce Optimization. His previous role of Chief Risk Officer and Head of Optimization was split into two roles with Mr. Matthew Daitch appointed as Chief Risk Officer.
- (3) Effective January 1, 2017, Ms. Tamora Kapeller was appointed Executive Vice President, Head of U.S. Markets. Ms. Kapeller replaced Mr. Brock Robbins.
- (4) Effective April 9, 2018, Mr. David Fridell was appointed Senior Vice President, Chief Financial Officer. Mr. Lynch was appointed Chief Accounting Officer.
- (5) Effective February 3, 2017, Mr. Sean Harley was appointed Chief Operations Officer. Mr. Harley replaced Ms. Kapeller.

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 pursuant to 18 *Del. C.* § 4919, proper notification was provided to the Department with minor 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 an Annual Code Acknowledgement, re-affirming the commitment to comply with the Code and reporting any Code breaches of which they are aware. The Corporate Secretary reviews and provides an annual report to the Audit Committee concerning the compliance with the Code of Conduct, as required by the Company's Risk Management Policies.

In accordance with the 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.

The review of executed conflict of interest disclosure statements was conducted for all years under examination. No conflicts of interest were noted.

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 stockholder and Board were reviewed for the period under examination. The recorded minutes of the Board adequately documented its meetings and approval of Company transactions and events, including the authorization of investments as required by 18 *Del. C.* § 1304. Receipt by the Board of the Report on Examination as of December 31, 2012 was noted in the minutes of the Board as of July 22, 2014.

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 2016 revealed that the Company had materially complied with 18 *Del. C.* § 5004 and 18 *Del. Admin. C.* § 1801.

Holding Company System

The Company is a member of an insurance holding company system as defined in 18 *Del. C.* § 5001(4). The Company's Holding Company Registration Statements were timely filed with the Department for the years under examination for which the Company was a Delaware

domestic. The immediate parent of the Company as of December 31, 2016, was SGLA Holdings. The Company had two subsidiaries as of December 31, 2016.

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, 2016:

<u>Company</u>	<u>Domicile</u>	<u>% own</u>
SCOR SE	France	
SCOR Global Life SE	France	100%
ReMark Group BV	Netherlands	100%
SCOR Global Life SE Representative Offices in USA, Mexico		100%
SCOR Global Life SE Representative Offices in China, Taiwan, Israel		100%
Rehalto SA	France	100%
SCOR Service Belux	Belgium	100%
SCOR Global Life Australia Ply Ltd.	Australia	100%
SCOR Global Life Reinsurance Ireland dac	Ireland	100%
SCOR Telemud Siu	Spain	100%
SCOR Global Life Chile Services Tecricosy y Representaciones		50%
Revios Canada Holding Corp.	Canada (Ontario)	100%
Revios Canada Ltd.	Canada (Ontario)	100%
SCOR Global Life Americas Holding Inc.	Delaware	100%
Qualitative Data Solutions	Delaware	100%
SCOR Global Life USA Holdings, Inc.	Delaware	100%
SCOR Global Life USA Reinsurance Company	Delaware	100%
SCOR Global Life Reinsurance International (Barbados) Ltd.	Barbados	100%
SCOR Life Assurance Company	Delaware	100%
SCOR Life Reassurance Company	Delaware	100%
SCOR Global Life Americas Reinsurance Company	Delaware	100%
SCOR Global Life Americas Reinsurance Company Escritório de Representação no Brasil Ltda ⁽²⁾	Brazil	99.99%
SCOR Global Life Reinsurance Company of Delaware ⁽³⁾	Delaware	100%
SCOR Financial Life Insurance Company	Delaware	100%

- (1) SCOR owns 50% of SCOR Global Life Chile Servicios Tecricosy y Representaciones Limitada (“SCOR Chile”)
- (2) SCOR owns 2 shares (< 1%) of SCOR Global Life Americas Reinsurance Company Escritório de Representação no Brasil Ltda (“SGLA REP”) per local regulations.
- (3) On December 31, 2013, SGLRTX redomesticated from the State of Texas to the State of Delaware. Its name was changed to SGLDE.

Affiliated Management and Service Agreements

The Company was party to numerous intercompany agreements, which were disclosed in the Form B filings with the Department.

The following agreements were entered into prior to the period covered by this examination and remained in effect as of December 31, 2016:

<u>Description</u>	<u>Effective Date</u>
Service and Expense Allocation Agreement ⁽¹⁾	October 1, 2000
Inter-Affiliate Agreement ⁽²⁾	August 9, 2011
Capital Maintenance Agreement ⁽³⁾	December 15, 2011
Amended and Restated Consulting and Administrative Services Agreement ⁽⁴⁾	March 1, 2012

- (1) Parties to this agreement included SCOR Reinsurance Company, SGLUS (now known as SGLA effective September 20, 2000), IIC, Investors Marketing Group, Inc., (“IMG”), SGLTX (now known as SGLDE effective December 31, 2013), SGLA REP, SCOR U.S. Corporation, SCOR Chile, and SGLRA. Effective June 30, 2008, August 30, 2008, and December 4, 2009, this agreement was amended by Amendment No. 1, Amendment No. 2, and Amendment No. 3, respectively. Upon the sale of IIC to Athene on July 18, 2011, IIC was removed from the agreement per a Termination Amendment. Upon the merger of SGLRA with and into SGLA effective December 30, 2011, SGLRA as no longer a party to this agreement. Upon dissolution of IMG effective September 24, 2012, IMG was removed as party to the agreement. This agreement was again amended and restated effective October 1, 2013, adding SCOR Global Life USA Reinsurance Company (“SGLUSA”) as party to the agreement.
- (2) Parties to this agreement include SGL SE - Singapore Branch, SGLA and SCOR Global Life Reinsurance Ireland Ltd. (“SGLRI”)
- (3) Parties to this agreement include SGLA and SGL SE.
- (4) Parties to this agreement include SGLA and SGLI. Effective July 1, 2014, this agreement was amended by Amendment No. 1.

Affiliated agreements entered into during the period covered by this examination and remaining in effect as of December 31, 2016, are summarized as follows:

Share Recharge Agreement

Effective January 1, 2011, as amended December 31, 2013 and January 1, 2014, the Company entered into a Share Recharge Agreement with its ultimate parent, SCOR, and certain affiliated companies, whereby SCOR charges the Companies for the cost associated with issuing SCOR’s shares to their Beneficiaries.

The Share Recharge Agreement was implemented by SCOR effective January 1, 2011, and it was intended to be subscribed to by all SCOR entities. However, the Company first subscribed to the Share Recharge Agreement by virtue of Amendment 1, effective as of January 1, 2014. Further, SGLUSA first subscribed to the Share Recharge Agreement by virtue of Amendment 2, effective as of December 31, 2013.

Consulting and Administrative Services Agreement

Effective January 1, 2013, the Company entered into a Consulting and Administrative Services Agreement with SGL SE, whereby the Company provides certain consulting and administrative services to SGL SE for equitable compensation. These services are provided to manage the Latin American and Canadian business.

Parental Guarantee Cost Allocation Agreement

Effective January 1, 2014, the Company entered into a Parental Guarantee Cost Allocation Agreement with its ultimate parent, SCOR, and SGLDE, whereby charges are allocated to the Companies by SCOR in consideration of certain services that are provided. These charges are based on the benefit that the Companies receive from the Group's Credit Rating, and the associated underwriting/marketing benefits.

Consulting and Administrative Services Agreement

Effective March 31, 2014, the Company entered into a Consulting and Administrative Services Agreement with Quantitative Data Solutions, LLC ("QDS"), whereby the Company provides certain consulting and administrative services to QDS for equitable compensation.

Exclusive License Agreement

Effective July 15, 2014, the Company entered into an Exclusive License Agreement with QDS, whereby QDS exclusively licenses to the Company the right to use the patented Velogica

technology, together with certain intellectual property in connection with Velogica. The Company uses the Velogica technology and the intellectual property that is associated with it to help underwrite business for its clients.

Compensation Agreement

Effective July 15, 2014, the Company entered into a Compensation Agreement with SGLUSA and QDS, whereby the Company sublicenses to SGLUSA the right to use certain intellectual property and the rights to use Velogica for equitable compensation.

Parental Guarantee Agreement

Effective October 29, 2014, the Company entered into a Parental Guarantee Agreement with its ultimate parent, SCOR, whereby SCOR guarantees full performance of the Company's payment obligations pursuant to the Company's contracts in the event the Company is unable to make its loss payments. The purpose of the agreement is to allow the Company to obtain and benefit from any Group (Parent and all affiliated companies) rating issued by any recognized statistical rating organizations.

Amended and Restated Tax Allocation Agreement

Effective December 15, 2014, the Company entered into an Amended and Restated Tax Allocation Agreement with its parent, SGLA Holdings and certain affiliated companies. In accordance with the terms of the agreement, the affiliated companies file a consolidated U.S. Federal Income Tax Return. The purpose of the agreement is to provide the methodology and procedures for allocating the Group's consolidated Federal Income Tax Liability (or Benefit) to and amongst the Group.

Master Service Agreement

Effective January 1, 2015, the Company entered into a Master Service Agreement with, its ultimate parent, SCOR, SGL SE, SCOR Global P&C SE (“SGPC”), and certain affiliated companies. In accordance with the terms of the agreement, SCOR, SGL SE, and SGPC perform Shared Services and pay expenses on behalf of the Company.

Service Level Agreement

Effective January 1, 2015, the Company entered into a Service Level Agreement with SCOR Management Services Ireland Limited (“SMSI”), whereby SMSI provides various actuarial modeling, accounting, and financial services to the Company.

Intragroup Outsourcing Framework Agreement

Effective January 1, 2016, the Company entered into an Intragroup Outsourcing Framework Agreement with SGLRI, whereby the Company provides actuarial, claims, IT, and risk management services to SGLRI.

Amended and Restated Service Agreement

Effective December 1, 2016, the Company entered into an Amended and Restated Service Agreement with certain affiliated companies, whereby the Company provides certain facilities, financial/accounting services, regulatory services, administrative services, actuarial services, data/information services, underwriting services, and legal services for the benefit of SCOR subsidiaries to conduct their business. The agreement was amended to add SGL SE - Canada Branch, which will be receiving legal services from the Company.

For the affiliated and related party agreements noted above that were newly entered into, and amendments to previously approved agreements, the Company submitted notification to, and received approval from, the Department in accordance with 18 *Del. C.* § 5005.

TERRITORY AND PLAN OF OPERATION

Territory

As of December 31, 2016, the Company was licensed in the District of Columbia, as well as 49 states. In six of these states, the Company was an accredited reinsurer. The Company is also registered as a reinsurer in Brazil, Chile, Columbia, The Dominican Republic, Ecuador, Guatemala, Mexico, Paraguay, Bolivia, Honduras, and Panama.

The Company is authorized as a stock insurer to transact the business of life and health insurance as defined in 18 *Del. C.* § 902 and 18 *Del. C.* § 903.

The principal office facilities of the Company are located in Charlotte, North Carolina.

Plan of Operation

The geographical breakdown of direct written premiums as of December 31, 2012 was as follows: North Carolina, \$79,086 (89.4%); Wisconsin, \$3,430 (3.8%); Minnesota, \$3,098 (3.5%); Colorado, \$1,154 (1.3%); and other jurisdictions, \$1,620 (1.8%).

The Company is engaged in the business of life and health reinsurance. The Company assumes primarily life and some annuity business from affiliated and non-affiliated companies, in addition to some group life and accident and health business.

Reinsurance

The Company assumes risk from third party ceding companies primarily located in the United States and Latin America. The Company retrocedes business to affiliated companies within the SCOR Group and participates with affiliated companies in an excess retrocession pool to third party retrocessionaires, as well as facultative retrocession coverage for selected risks.

The Company's current assumed business includes term, permanent, and universal life reinsurance business, reinsured on a coinsurance, modified coinsurance, or yearly renewable

term basis. Within the risk appetite and underwriting guidelines of SCOR Group, the Company may reinsure mortality, morbidity, longevity, and other biometric risk associated with the life insurance products sold by its primary client base, life insurance enterprises. The forms of reinsurance, as described above, can be either proportional or non-proportional depending on the needs of the client.

Sales Distribution

SCOR utilizes its own sales resources to distribute its reinsurance solutions to client companies in the U.S. Three sales roles (with the titles of Account Executives) cover approximately 75 life insurance companies doing business in the U.S. Their duties include building relationships with key decision-makers, understanding the client company's life insurance product portfolio and likely reinsurance needs, and getting opportunities to provide proposals for the clients Request for Proposals. SCOR does not routinely utilize life reinsurance brokers as this is not common practice in the life reinsurance market. On occasion a client will choose to utilize an intermediary and SCOR will work with the intermediary and also directly with the life insurance company to provide a reinsurance proposal. SCOR's Account Executives all have 20+ years of experience in the market and are well known in the industry.

A.M. Best's Rating

Based on A.M. Best's current opinion of the financial condition and operating performance of the Company, the Company was assigned a Best's rating of A+ (STABLE) for the year ended December 31, 2016.

REINSURANCE

For 2016, the Company reported the following distribution of net premiums written:

Direct business	\$ 88,388
Reinsurance assumed (from affiliates)	17,259,957
Reinsurance assumed (from non-affiliates)	<u>2,253,239,407</u>
Total direct and assumed	\$ 2,270,587,753
Reinsurance ceded (to affiliates)	2,106,709,004
Reinsurance ceded to (non-affiliates)	<u>49,871,347</u>
Net premiums written	<u>\$ 114,007,402</u>

The Company uses reinsurance as part of its enterprise risk management, optimization of business flows, and capital management programs. As noted under the section “Territory and Plan of Operation” as of December 31, 2016, the Company had a negligible amount of direct written premiums, as the Company’s premiums are derived from reinsuring individual life policies written by affiliate and non-affiliated companies across the United States and Latin America, in addition to some group life and accident and health business.

The Company had the following reinsurance programs and agreements in effect as of December 31, 2016:

Assumed

The Company assumes risk from third party ceding companies in the United States and Latin America. The Company’s current assumed business primarily includes term, permanent, and universal life reinsurance business, reinsured on a coinsurance, modified coinsurance, or yearly renewable term basis. Within the risk appetite and underwriting guidelines of SCOR Group, the Company may reinsure mortality, morbidity, longevity, and other biometric risk associated with the life insurance products sold by its primary client base, life insurance enterprises. Other risks, such as lapse and asset risk, may be transferred as part of the contracts

related to such biometric risk. The forms of reinsurance as described above can be either proportional or non-proportional depending on the needs of the client.

Ceded

The Company's ceded reinsurance (i.e., retroceded business) is associated with two major lines of business: 1) the domestic and international business that SCOR had reinsured prior to the acquisition of the Transamerica business, which had been administered in the Company's New York office ("Legacy SCOR") and 2) the domestic and international business SCOR acquired and reinsured as part of the Transamerica acquisition ("Ex TARE"). The Company's retrocession program consisted of the following major categories.

- Affiliate Reinsurance
- Non-Affiliate Reinsurance Pools with Third Party Participants
- Special Retrocession and Facultative

Affiliate Reinsurance

These programs are primarily used to optimize business flows and capital management. The following affiliate legal entities are involved with these reinsurance programs and a majority, if not all, are quota share arrangements:

Authorized U.S. Affiliates

- SGLDE
- SGLUSA
- SCOR Life Assurance Company⁽ⁱ⁾
- SCOR Life Reassurance Company⁽ⁱ⁾
- SCOR Financial Life Insurance Company⁽ⁱ⁾

i. Captive reinsurers

Unauthorized Non-U.S Affiliates

- SGL SE
 - SGLRI⁽ⁱⁱ⁾
- ii. Effective January 1, 2013, SGLRI and SCOR International Reinsurance Ireland Ltd. were merged through statutory merger, with SGLRI, the surviving and successor entity. SGLRI was re-registered as a DAC company in 2016.

Non-Affiliate Reinsurance Pools with Third Party Participants

These programs are primarily intended for the Company's enterprise risk management program to provide for risk transfer in excess of corporate retention.

Special Retrocession and Facultative

These programs were instituted to address reinsurance needs not encompassed by Affiliate or Non-Affiliate Reinsurance Pools. These programs were established for a specific purpose, generally capital management or to manage retention on a risk from a specific block of business aside from the general retention program.

The Company retrocedes its business through a diversified group of retrocessionaires and monitors collectability of retrocessionaire balances. No single unaffiliated retrocessionaire has a material obligation to the Company nor is the Company's business substantially dependent upon any reinsurance agreement. The Company is contingently liable with respect to retroceded reinsurance should any retrocessionaire be unable to meet its obligations under these agreements. The Company analyzes recent trends in arbitration and litigation outcomes in disputes, if any, with its retrocessionaires. The Company monitors ratings and evaluates the financial strength of the Company's retrocessionaires by analyzing their financial statements. Retention programs are reviewed and approved by the parent company and the Board no less often than annually.

Reinsurance Contract Review

A review was performed of reinsurance contracts put into place during the examination period for compliance with 18 *Del. Admin. C.* § 1001, NAIC Handbook Guidelines, and SSAPs. No exceptions were noted.

FINANCIAL STATEMENTS

The following financial statements are based on the statutory financial statements filed by the Company with the Department and present the financial condition of the Company for the period ended December 31, 2016. 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

Schedule of Examination Adjustments

Analysis of Changes in Financial Statements Resulting from Examination

Assets
As of December 31, 2016

	Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	\$ 796,809,664	\$	\$ 796,809,664
Stocks:			
Common stocks	101,042,927		101,042,927
Cash, cash equivalents and short-term investments	87,658,554		87,658,554
Contract loans	16,245,944		16,245,944
Receivables for securities	1,381,975		1,381,975
Investment income due and accrued	5,093,043		5,093,043
Premiums and considerations			
Uncollected premiums and agents' balances in course of collection	70,308,838	240,854	70,067,984
Reinsurance:			
Amounts recoverable from reinsurers	26,652,259		26,652,259
Funds held by or deposited with reinsured companies	3,309,722		3,309,722
Other amounts receivable under reinsurance contracts	76,614,111		76,614,111
Amounts receivable related unisured plans			-
Current federal and foreign income tax recoverable and interest thereon	27,615,358		27,615,358
Net deferred tax asset	42,799,543	22,264,890	20,534,653
Electronic data processing equipment and software	3,308,141		3,308,141
Furniture and equipment, including health care delivery assets	5,904,900	5,904,900	-
Receivable from parent, subsidiaries and affiliates	91,148,835		91,148,835
Aggregate write-ins for other than invested assets	937,200	816,961	120,239
Total assets excluding Separate Accounts	<u>\$ 1,356,831,014</u>	<u>\$ 29,227,605</u>	<u>\$ 1,327,603,409</u>
From Separate Accounts	-	-	-
Total	<u><u>\$ 1,356,831,014</u></u>	<u><u>\$ 29,227,605</u></u>	<u><u>\$ 1,327,603,409</u></u>

**Liabilities, Surplus and Other Funds
As of December 31, 2016**

Aggregate reserves for life contracts	\$ 292,800,243
Aggregate reserves for accident and health contracts	8,499,759
Liability for deposit type contracts	8,228,325
Contract claims:	
Life	72,028,588
Accident and health	16,338,748
Contract liabilities not included elsewhere:	
Interest maintenance reserve	13,636,086
Commissions and expense allowances payable on reinsurance assumed	73,451,363
General expenses due or accrued	19,565,448
Remittances and items not allocated	317,115,887
Miscellaneous liabilities:	
Asset valuation reserve	3,993,131
Reinsurance in unauthorized companies	5,352,870
Funds held under reinsurance treaties and unauthorized reinsurers	191,507,323
Payable to parent, subsidiaries and affiliates	63,890,819
Funds held under coinsurance	29,993,374
Payable for securities	3,056,533
Aggregate write-ins for liabilities	4,084,022
Total liabilities excluding Separate Accounts	<u>\$ 1,123,542,518</u>
From Separate Accounts Statement	<u>-</u>
Total Liabilities	<u>\$ 1,123,542,518</u>
Common capital stock	2,677,500
Gross paid-in and contributed surplus	252,799,516
Unassigned funds	(51,416,125)
Surplus	<u>\$ 204,060,891</u>
Total Liabilities, Capital and Surplus	<u><u>\$ 1,327,603,409</u></u>

**Summary of Operations
For the Year Ended December 31, 2016**

Premiums and annuity considerations for life and accident and health contracts	\$ 114,007,402
Consideration for supplementary contracts with life contingencies	296,313
Net investment income	17,712,918
Amortization of Interest Maintenance Reserve	4,623,167
Commissions and expense allowances on reinsurance ceded	167,640,799
Miscellaneous income:	
Aggregate write-ins for miscellaneous income	703,070
Totals	<u>\$ 304,983,669</u>
Death benefits	\$ 110,269,671
Annuity benefits	1,050,104
Disability benefits and benefits under accident and health contracts	1,666,446
Surrender benefits and withdrawals for life contracts	2,239,966
Interest and adjustments on contract or deposit-type contract funds	495,327
Payments on supplementary contracts with life contingencies	627,139
Increase in aggregate reserves for life and accident and health contracts	(6,095,837)
Totals	<u>\$ 110,252,816</u>
Commissions on premiums, annuity considerations and deposit-type contracts funds	\$ 161,231,459
Commissions and expense allowances on reinsurance assumed	17,065,235
General insurance expenses	3,201,661
Aggregate write-ins for deductions	5,972,357
Totals	<u>\$ 297,723,529</u>
Net gain from operations before dividends to policyholders and federal income taxes	\$ 7,260,140
Dividend to policyholders	
Net gain from operations after dividends to policyholders and before federal income taxes	<u>\$ 7,260,141</u>
Federal and foreign income taxes incurred	(318,508)
Net gain from operations after dividends to policyholders and federal income taxes and before realized capital gains (losses)	<u>\$ 7,578,649</u>
Net realized capital gains (losses)	(11,166)
Net Income	<u><u>\$ 7,567,483</u></u>

**Capital and Surplus Account
As of December 31, 2016**

Capital and surplus, December 31, prior year	\$ 192,126,902
Net income (Loss)	7,567,483
Change in net unrealized capital gains or (losses) less capital gains tax of \$ (21,336)	23,205,809
Change in net unrealized foreign exchange capital gain (loss)	(579,855)
Change in net deferred income tax	2,135,996
Change in nonadmitted assets	(5,736,408)
Change in liability for reinsurance in unauthorized and certified companies	(3,943,664)
Change in asset valuation reserve	1,063,727
Surplus adjustment	
Paid in	(11,665,322)
Change in surplus as a result of reinsurance	(245,180)
Aggregate write-ins for gains and losses in surplus	131,403
Net change in capital and surplus for the year	<u>\$ 11,933,989</u>
Capital and surplus, December 31, current year	<u><u>\$ 204,060,891</u></u>

**Reconciliation of Capital and Surplus
From January 1, 2013 to December 31, 2016**

Capital and Surplus, December 31, 2012		<u>\$ 157,784,344</u>
Net income		\$ (17,116,216)
Additions:		
Change in net deferred income tax	\$ 16,253,383	
Change in net unrealized capital gains (losses) less capital gains tax of \$ (21,336)	51,992,031	
Change in asset valuation reserve	6,530,796	
Surplus adjustment: Paid in	11,710,326	
Total Additions		<u>\$ 86,486,536</u>
Deductions		
Change in liability for reinsurance in unauthorized companies	\$ (2,391,880)	
Change in net unrealized foreign exchange capital gain (loss)	(298,054)	
Change in non-admitted assets	(12,871,759)	
Surplus adjustment: Change in surplus as a result of reinsurance	(4,920,796)	
Aggregate write-ins for gains and losses in surplus	(2,611,283)	
Total Deductions		<u>\$ (23,093,772)</u>
Capital and Surplus, December 31, 2016		<u>\$ 204,060,891</u>

Analysis of Changes in Financial Statements Resulting from Exam

Surplus at December 31, 2016 per Annual Financial Statement			\$ 204,060,891
	<u>Increase</u>	<u>Decrease</u>	
Uncollected premiums and agents' balances in course of collection	\$ 673,220		
Amounts recoverable from reinsurers		\$(1,653,785)	
Other amounts receivable under reinsurance contracts		(369,988)	
Contract claims - Life	2,655,299		
Commissions and expense allowances payable on reinsurance		(99,610)	
Unassigned funds (surplus)	1,205,135		
Net Increase or (Decrease)			<u>\$ 1,205,137</u>
Surplus at December 31, 2016 after adjustment			<u>\$ 205,266,028</u>

COMMENTS ON FINANCIAL STATEMENTS

Assets

(1) <u>Uncollected premiums and agents' balances in course of collection</u>	<u>\$70,741,204</u>
<u>Reinsurance: Amounts recoverable from reinsurers</u>	<u>\$24,998,474</u>
<u>Reinsurance: Other amounts receivable under reinsurance contracts</u>	<u>\$76,244,123</u>

The above-captioned amounts are \$673,220 more than, and \$1,653,785 and \$369,988, less than, respectively, that reported by the Company in its 2016 Annual Statement.

During 2016, the Company identified variances when reconciling and validating year end 2016 accounts as part of its ongoing migration and stabilization project associated with the Everest reinsurance system. The Company booked these variances subsequent to the filing of its 2016 Annual Statement; however, due to immateriality, the Company did not refile this statement upon discussion with the Department. The Company's external auditor reflected these changes in the 2016 Audited Financial statement, issue on May 31, 2017. The above adjusted balances reflect the correction of errors directly impacting the 2016 Annual Statement balance sheet accounts and mirror the balances reported in the Company's 2016 Audited Financial statement.

Liabilities

(1) <u>Contract claims: Life</u>	<u>\$69,373,289</u>
<u>Commissions and expense allowances payable on reinsurance assumed</u>	<u>\$73,550,973</u>

The above-captioned amounts are \$2,655,299 less than and \$99,610 more than, respectively, that reported by the Company in its 2016 Annual Statement.

For details regarding these adjustments, refer to comments noted under “Assets,” Note 1.

Review of the Company’s actuarial reserves and liabilities

In order for the examination team to gain an adequate comfort level with the Company’s actuarial reserves and liabilities, the Department retained the actuarial services of INS Consultants (“INS”) to perform a risk- focused review of the Company’s reserving and pricing activities. Certain risks within the pricing and reserving processes required Phase 5 substantive test work.

Based on the procedures performed and results obtained by INS, the examination team obtained sufficient evidence to support the conclusion that the Company’s actuarial reserves and liabilities are reasonably stated as of December 31, 2016.

SUBSEQUENT EVENTS

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

Intercompany Management and Service Agreements

Subsequent to the period under examination, the Company entered into the following intercompany agreement:

Amended and Restated Services Agreement

Effective November 15, 2017, the Company amended and restated the existing Amended and Restated Services Agreement with an original effective date of December 1, 2016.

Provisions were added to include an audit clause, a subcontracting clause, and a business continuity clause. Additionally, a new Exhibit II was added to the Agreement defining the services being provided to SCOR SE - Canada Branch, which aligns to Canadian regulatory guidance.

The Department approved the amendment and restatement on October 17, 2017.

Intercompany Reinsurance Agreements

Subsequent to the period under examination, the Company entered into the following intercompany reinsurance agreements:

Retrocession Agreements with SGLRI and SFLIC

Effective October 1, 2017, the Company entered into two affiliate retrocession agreements with (i) SGLRI and (ii) SCOR Financial Life Insurance Company (“SFLIC”). These two agreements are being entered into in conjunction with the acquisition of a block of term life business (“Block”) from Transamerica Life Insurance Company (“TLIC”). The TLIC Block was acquired by SCOR when SCOR purchased AEGON’s Transamerica business in 2011 because it was then financed through a securitized captive structure. TLIC is unwinding that structure so that SGLA may acquire the TLIC Block.

Upon acquiring the in-force TLIC Block, the Company will then simultaneously retrocede seventy-percent (70%) of the business to SGLRI and thirty-percent (30%) of the business to SFLIC. SGLA intends to take reserve credit for the retrocession of the TLIC Block to SGLRI and SFLIC pursuant to SGLRI and SFLIC’s status as a certified reinsurer.

The term of the Agreement shall be from the Effective Date until the earlier of (i) the date on which the Ceding Company has no further Reinsured Liabilities or the obligations hereunder or (ii) by mutual consent of the Parties or when all Reinsured Liabilities are satisfied.

Department approval of this reinsurance agreement was received on December 14, 2017.

Recapture Reinsurance Agreement with SGLSE

Effective December 31, 2017, the Company entered into a recapture reinsurance agreement with SGL SE.

Previously, the Company retroceded an in-force block of business on a yearly-renewable term basis to an affiliate, SGLSE, with an original effective date of December 31, 2003. The Company plans to recapture all of the liabilities ceded to SGL SE under a certain treaty effective December 31 2017. The Company is currently evaluating, and may eventually, retrocede such liabilities to SFLIC or SGLRI, both affiliates. The Company will notify the Department once the retrocession portion of the transaction has been determined.

Department approval of this reinsurance agreement was received on January 24, 2018.

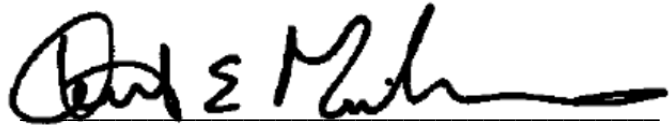
SUMMARY OF RECOMMENDATIONS

There were no examination report findings or recommendations as a result of the December 31, 2016 examination.

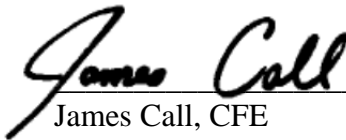
CONCLUSION

The assistance of the Department's consulting actuarial firm, INS is acknowledged. In addition, the assistance and cooperation of the Company's outside audit firm, Ernst & Young LLP and the Company's management and staff were appreciated and are acknowledged.

Respectfully submitted,



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Examiner-In-Charge
Delaware Department of Insurance



James Call, CFE
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