REPORT ON EXAMINATION

OF

SCOR GLOBAL LIFE USA 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 USA REINSURANCE COMPANY

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

Attest By: ______________________

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
Insurance Commissioner

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Trinidad Navarro
Commissioner

Delaware Department of Insurance

REPORT ON EXAMINATION

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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.

Trinidad Navarro
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. 17.028, dated May 3, 2017, an examination has been made of the affairs, financial condition and management of the

SCOR GLOBAL LIFE USA REINSURANCE COMPANY

hereinafter referred to as "Company" or "SGLUSA" 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 SCOR Global Life Americas Reinsurance Company's ("SGLA") main administrative office located at 101 South Tryon Street, Charlotte, North Carolina, 28202. The report of this examination is submitted herewith.

SCOPE OF EXAMINATION

We have performed our examination of SGLUSA. The last examination covered the period of January 1, 2009 through December 31, 2013. This examination covers the period of January 1, 2014 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 originally organized in the State of Delaware under a Certificate of Incorporation dated July 13, 1982, as The Mercantile and General Life Reassurance Company of America.

On December 29, 1993, the Company was re-domiciled to the State of Michigan.

On November 22, 1996, Swiss Reinsurance Company of Zurich Switzerland acquired all outstanding shares of the Company from Prudential Corporation plc. As part of the transaction, the parties executed a Transfer and Assumption Agreement on December 31, 1997. Pursuant to this agreement the Company's entire reinsurance business was transferred and novated to Swiss Re Life and Health America, Inc. with the prior approval of the Michigan Insurance Bureau. The Company conducted no insurance operations from this date until May 1, 2003.

On December 23, 1998, Sun Life Assurance Company of Canada ("Sun Life") acquired all outstanding shares of M&G Holdings, which owned all outstanding shares of the Company.

On February 19, 1999, the Company's name was changed to Sun Life of Canada Reinsurance Company (U.S.).

On April 10, 2000, the Company was acquired by Clarica Reinsurance Holdings, Inc. from Sun Life. The Company's name was changed to Clarica Life Reinsurance Company.

On February 13, 2002, the Company was acquired by Assicurazioni Generali, S.p.A. ("Generali"), Italy's largest insurer.

On May 1, 2003, the Company entered into an Assumption Reinsurance and Coinsurance Agreement with Business Men's Assurance Company ("BMA"), thus assuming 100% of BMA's rights, duties, risks, liabilities and obligations under or related to BMA's reinsurance block of business. This block of business provided the foundation for the current operations for the Company. As part of this transaction, the Company paid just under $100 million in goodwill. The goodwill was amortized into operations on a straight-line basis over a ten year period and became fully amortized in 2013.

On August 28, 2003, the Company's name was changed to Generali USA Life Reassurance Company ("Generali USA").

On December 30, 2003, the Company was re-domiciled to the State of Missouri.

On March 25, 2004, Generali contributed all the issued and outstanding stock of the Company to Generali US Holdings, Inc. ("Generali Holdings"), a Delaware corporation that is wholly owned by Generali.

In 2012, the Company's former ultimate parent, Generali, expressed the desire to sell Generali Holdings and its subsidiaries, Generali USA and Generali Reassurance (Bermuda) Ltd. ("Generali Bermuda"). Pursuant to a Master Transaction and Stock Purchase Agreement ("MTA"), dated as of June 3, 2013, amended August 20, 2013, the Company, Generali Holdings and Generali Bermuda were acquired by SGLA Holdings, a Delaware corporation, on October 1, 2013. Prior to the acquisition, the Company redomiciled to the State of Delaware. Approval of the redomestication was received on August 20, 2013, from the State of Delaware and on August 27, 2013, from the State of Missouri. SGLA Holdings is wholly owned by SCOR Global Life SE ("SGL SE"), a French holding company, ultimately owned by SCOR SE ("SCOR"), a French holding company organized as a Societas Europa.

On October 1, 2013, upon acquisition by SGLA Holdings, the Company's name was changed to SGLUSA.

As part of the MTA, upon close of the transaction all business that was retroceded to the former Generali parent or Generali Bermuda was to be recaptured by the Company and then immediately retroceded to two SCOR entities, SCOR Life Assurance Company ("SLAC") and SCOR Global Life Reinsurance Ireland Ltd. ("SGLRI"). The day after the close, all business retroceded was recaptured and retroceded to SLAC and SGLRI. In addition, a large portion of the existing business that had been retained by the Company prior to the acquisition was likewise retroceded to SLAC and SGLRI.

On April 14, 2014, Generali Holdings was renamed SGLUSA Holdings.

Common Capital Stock and Paid-in Surplus

The Certificate of Incorporation provides that the Company has 10,000 shares of common stock authorized, of which 10,000 shares are issued and outstanding, at $1,000 par value per share. The capital represented by the 10,000 shares of common stock issued and outstanding is $10,000,000.

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

During the period under examination, the Company did not receive any capital contributions from its Parent; however, changes in capital were recorded as dividends paid by the Company to its Parent represented a return of capital.

Dividends to Shareholders

During the period under examination, the Company paid the following dividends to its Parent.

Year	Dividends
2013	-
2014	$(58,147,495) [1]
2015	$(36,760,836) [2]
2016	$(35,025,568) [3]

(1) On October 29, 2014, the Company paid an extraordinary dividend as a return of capital to SGLUSA Holdings of $58,147,495. Approval was received from the Delaware Insurance Department ("Department") on October 8, 2014.
(2) On July 24, 2015, the Company paid an extraordinary dividend as a return of capital to SGLUSA Holdings of $36,760,836. Approval was received from the Department on July 6, 2015.
(3) On June 29, 2016, the Company paid an extraordinary dividend as a return of capital to SGLUSA Holdings of $35,025,568. Approval was received from the Department on July 13, 2016.

Surplus Notes

As of December 31, 2013, the Company did not have any outstanding Surplus Notes.

Borrowed Money

As of December 31, 2013, 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 of Directors ("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 October 1, 2013, 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	**Principal Occupation**
Denis Jean Marie Kessler (CH) Paris, France	Chairman and Chief Executive Officer SCOR SE
Henry nmn Klecan, Jr. New York, New York	Non-Executive Board Member SCOR Reinsurance Company
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 Paris, France	Non-Executive Board Member Independent Consultant

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 SGLA directors and/or officers were members of the SGLA Executive and Finance Committee, which was designated as the Executive and Finance Committee of the Company:

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 October 23, 2013, the Board had designated the existing Audit Committee of SGLA, consisting of three (3) independent members of the SGLA Board, as the Audit Committee of the Company. The Audit Committee of SGLA was established on February 18, 2010, in accordance with 18 *Del. Admin. C.* § 301. As of December 31, 2016, the following SGLA 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 of SGLA, consisting of three (3) independent members of the SGLA Board, as the Risk Committee of the Company. As of December 31, 2016, the following SGLA 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
Donna Kay Weninger	Vice President & Appointed Actuary
Maxine Hilary Verne	Senior Vice President, Deputy General Counsel and Corporate Secretary
Michael James Colannino	Executive Vice President, Head of Strategy for the Americas
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 shareholder and Board were reviewed for the period under examination. The recorded minutes of the Board adequately documented its meetings and approval of Company transactions and events, including the authorization of investments as required by 18 *Del. C.* § 1304. Reference was noted by the Board of the Report on Examination as of December 31, 2013, in the minutes of the Board as of April 17, 2015.

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 SGLUSA Holdings. The Company had no 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:

Company	Domicile	% own
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 dao	Ireland	100%
SCOR Telemud Siu	Spain	100%
SCOR Global Life Chile Services Tecricosy y Representaciones Limitada (1)	Chile	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 Chile.
(2) SCOR owns 2 shares (< 1%) of SCOR Global Life Americas Reinsurance Company Escritório de Representação no Brasil Ltda per local regulations.
(3) On December 31, 2013, SCOR Global Life Re Insurance Company of Texas redomesticated from the State of Texas to the State of Delaware. It name was changed to SCOR Global Life Reinsurance Company of Delaware ("SGLDE").

Affiliated Management and Service Agreements

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

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

Description	Effective Date
Capital Maintenance Agreement (1)	September 24, 2013
Parental Guarantee Agreement (2)	October 1, 2013

(1) Parties to this agreement include Generali USA (now known as SGLUSA) and SCOR.
(2) Parties to this agreement include SGLUSA and SCOR.

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 Group entities. However, SGLA first subscribed to the Share Recharge Agreement by virtue of Amendment 1, effective as of January 1, 2014. Further, the Company first subscribed to the Share Recharge Agreement by virtue of Amendment 2, effective as of December 31, 2013.

Parental Guarantee Cost Allocation Agreement

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

Compensation Agreement

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

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 will 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.

Reinsurance Cooperation Agreement

Effective August 1, 2016, the Company entered into a Reinsurance Cooperation Agreement with ReMark International B.V. ("ReMark"), whereby ReMark offers its clients the option to reinsure a portion of its business with the Company. For the benefit of receiving a portion of the reinsurance, the Company pays a share of the upfront acquisition expenses, as well as future marketing campaign expenses.

Surplus Note Agreement

Effective September 1, 2016, the Company entered into a Surplus Note Agreement with SCOR Financial Life Insurance Company ("SFLIC"), whereby SFLIC issued a 20 year surplus note in the amount of $45 million to the Company.

Amended and Restated Service Agreement

Effective December 1, 2016, the Company entered into an Amended and Restated Service Agreement with certain affiliated companies, whereby SGLA provides certain facilities, financial/accounting services, regulatory services, administrative services, actuarial services, data/information services, and underwriting services for the benefit of the Company to conduct their business.

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 50 states and the District of Columbia. Of those 50 states, the Company was qualified as an accredited reinsurer in 25 states and the District of Columbia.

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

The principal office facilities of the Company are located in Leawood, Kansas.

Plan of Operation

The Company is a professional reinsurer, and as such, has no direct written business.

The Company is engaged in the business of life and health insurance. The Company assumes primarily life business from affiliated and non-affiliated companies, with group life and accident and health business, and an insignificant amount of individual disability income premium.

Reinsurance

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

The Company's currently assumed business includes term, permanent, and universal life reinsurance business reinsured on a 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. Four sales roles (Regional Vice Presidents) 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 markets. 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. On the rare occasion when an intermediary is used to help place Individual Life business, the intermediary represents the interest of the cedent and not the interest of SCOR, has no privity of contract with SCOR, and is compensated by the ceding company it represents and not by SCOR. SCOR's Regional Vice Presidents 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	$	-
Reinsurance assumed (from affiliates)		(39,040)
Reinsurance assumed (from non-affiliates)		1,456,348,206
Total direct and assumed	$	1,456,309,166
Reinsurance ceded (to affiliates)		1,167,969,046
Reinsurance ceded to (non-affiliates)		120,993,479
Net premiums written	$	167,346,641

The Company uses reinsurance as part of its enterprise risk management, optimization of business flows, and capital management program. The Company has no direct premiums; the Company's premiums are derived from reinsuring individual life policies written by insurers across the United States.

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

Assumed

The Company assumes risk from affiliates and third party ceding companies in the United States. The Company's assumed business consists of traditional life mortality business with new business derived from an expanding client base comprised principally of medium to large U.S. direct writers reinsured on a Yearly Renewable Term basis. The remaining assumed premium consists of group life and accident policies and an insignificant amount of individual disability income premium. These policies are written nearly exclusively by life insurance companies domiciled in the United States.

Individual life reinsurance on a fully underwritten basis, along with a modest volume of select simplified issue life reinsurance, generates most assumed premium income. The Company began accepting group business in 2004 and expanded that line of business through the years. In addition, the Company still owns a small book of run-off individual disability (guaranteed renewable) and group accidental death reinsurance.

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.

Ceded

The Company's ceded reinsurance (i.e., retroceded business) is associated with two major lines of business: 1) the domestic business that the Company had reinsured prior to its acquisition by SGLA Holdings on October 1, 2013 and 2) domestic business subsequent to October 1, 2013. The Company's retrocession program consisted of the following major categories.

- Affiliate Reinsurance
- Non-affiliate Reinsurance Pools with Third Party Participants and Shares
- 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

- SFLIC
- SLAC
- SGLA
- SGLDE

Unauthorized Non-U.S Affiliates

- SGLRI

Certified – Non-U.S. Affiliates [1]

- SGLRI

(1) Reinsurer designation to be used by reporting entities whose domiciliary state has enacted the *Credit for Reinsurance Model Law (#785)* and/or *Credit for Reinsurance Model Regulation (#786)* with the defined certified reinsurer provisions,

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. Code* § 1000, 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	$ 388,300,746	$	$ 388,300,746
Cash, cash equivalents and short-term investments	32,080,840		32,080,840
Other invested assets	57,405,230		57,405,230
Investment income due and accrued	2,482,326		2,482,326
Premiums and considerations			
Uncollected premiums and agents' balances in course of collection	87,444,251	72,602	87,371,649
Deferred premiums, agents' balances and installments booked but deferred	1,032,628		1,032,628
Reinsurance:			
Amounts recoverable from reinsurers	45,329,319		45,329,319
Other amounts receivable under reinsurance contracts	134,885,539		134,885,539
Current federal and foreign income tax recoverable and interest thereon	11,179,696		11,179,696
Net deferred tax asset	15,159,252	8,542,202	6,617,051
Electronic data processing equipment and software	1,074,906		1,074,906
Furniture and equipment, including health care delivery assets	7,931,146	7,931,146	-
Aggregate write-ins for other than invested assets	79,580	79,580	-
Total assets excluding Separate Accounts	$ 784,385,459	$ 16,625,529	$ 767,759,929
From Separate Accounts		-	-
Total	$ 784,385,459	$ 16,625,529	$ 767,759,929

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

Aggregate reserves for life contracts	$	37,796,910
Aggregate reserves for accident and health contracts		18,004,573
Contract claims:		
Life		66,399,226
Accident and health		7,322,557
Premiums and annuity considerations for life and accident and health contracts received in advance		289,906
Contract liabilities not included elsewhere:		
Provision for experience rating refunds		1,935,255
Interest maintenance reserve		34,323,082
Commissions and expense allowances payable on reinsurance assumed		341,910
General expenses due or accrued		39,432,083
Taxes, licenses and fees		1,905,000
Amounts withheld or retained by company as agent or trustee		187,973
Amounts held for agents' account, including $ agents' credit balances		
Remittances and items not allocated		193,030,557
Liability for benefits for employees and agents if not included elsewhere		28,877,171
Miscellaneous liabilities:		
Asset valuation reserve		2,640,816
Payable to parent, subsidiaries and affiliates		2,244,179
Total liabilities excluding Separate Accounts	$	434,731,198
From Separate Accounts Statement		-
Total Liabilities	$	434,731,198
Common capital stock		10,000,000
Gross paid-in and contributed surplus		207,013,826
Unassigned funds		116,014,906
Capital and Surplus	$	333,028,732
Total Liabilities, Capital and Surplus	$	767,759,930

Summary of Operations
For the Year Ended December 31, 2016

Premiums and annuity considerations for life and accident and health contracts	$	167,346,641
Net investment income		9,374,937
Amortization of Interest Maintenance Reserve		4,475,993
Commissions and expense allowances on reinsurance ceded		142,306,625
Miscellaneous income:		
Aggregate write-ins for miscellaneous income		106,446
Totals	$	323,610,642
Death benefits	$	123,417,069
Disability benefits and benefits under accident and health contracts		6,393,610
Surrender benefits and withdrawals for life contracts		248,246
Interest and adjustments on contract or deposit-type contract funds		695,048
Increase in aggregate reserves for life and accident and health contracts		(3,444,261)
Totals	$	127,309,713
Commissions and expense allowances on reinsurance assumed		110,152,184
General insurance expenses		66,596,612
Insurance taxes, licenses and fees, excluding federal income taxes		3,237,797
Increase in loading on deferred and uncollected premiums		(3,600,228)
Aggregate write-ins for deductions		12,466,407
Totals	$	316,162,484
Net gain from operations before dividends to policyholders and federal income taxes	$	7,448,158
Dividend to policyholders		16,604
Net gain from operations after dividends to policyholders and before federal income taxes		7,431,554
Federal and foreign income taxes incurred		4,299,766
Net gain from operations after dividends to policyholders and federal income taxes and before realized capital gains (losses)		3,131,788
Net realized capital gains (losses)		334,620
Net Income	$	3,466,408

Capital and Surplus Account
As of December 31, 2016

Capital and surplus, December 31, prior year	$	360,255,681
Net income (Loss)		3,466,410
Change in net unrealized capital gains or (losses)		
less capital gains tax of $ (41,887)		77,683
Change in net unrealized foreign exchange capital gain (loss)		148,847
Change in net deferred income tax		(276,443)
Change in nonadmitted assets		(1,472,618)
Change in asset valuation reserve		(319,970)
Surplus adjustment		
Paid in		(35,025,568)
Change in surplus as a result of reinsurance		9,135,713
Aggregate write-ins for gains and losses in surplus		(2,961,003)
Net change in capital and surplus for the year		(27,226,949)
Capital and surplus, December 31, current year	$	333,028,732

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

Capital and Surplus, December 31, 2013			$	422,574,405
Net income				44,150,352
Additions:				
Change in net unrealized foreign exchange capital gain (loss)	$	1,308,010		
Change in asset valuation reserve		190,098		
Surplus adjustment: Change in surplus as a result of reinsurance		8,676,858		
Total Additions			$	10,174,966
Deductions				
Change in net unrealized capital gains (losses) less capital gains tax of $ (4,151,208)	$	(86,612)		
Change in net deferred income tax		(1,801,365)		
Change in non-admitted assets		(3,100,834)		
Surplus adjustment: Paid-in		(129,933,899)		
Aggregate write-ins for gains and losses in surplus		(8,948,281)		
Total Deductions			$	(143,870,991)
Capital and Surplus, December 31, 2016			$	333,028,732

Analysis of Changes in Financial Statements Resulting from Exam

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

COMMENTS TO FINANCIAL STATEMENT ITEMS

Liabilities

In order for the examination team to gain an adequate comfort level with the Company's loss and loss adjustment expense ("LAE") reserve estimates, 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 net loss and LAE reserves are reasonably stated as of December 31, 2016.

SUBSEQUENT EVENTS

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

Dividends

Subsequent to the period under examination, the Company paid the following extraordinary dividend:

Year	Contribution
3Q2017	$ 32,302,873 [1]

(1) On August 20, 2017, the Company paid an extraordinary dividend as a return of capital to SGLUSA Holdings of $32,302,873. Approval was received from the Department on July 11, 2017.

Surplus Note Agreement

Effective October 1, 2017, the Company entered into a Surplus Note Agreement with SFLIC, pursuant to which SFLIC issued to the Company a 20-year term surplus note ("Surplus Note") in the amount of $45 million. The Surplus Note would be treated as additional capital on SFLIC's regulatory GAAP-based financial statements, and as an admitted asset on the Company's statutory-based balance sheet.

The Surplus Note is being issued to support SFLIC's anticipated growth and optimize SGLUSA's capital efficiency. The rate of interest for the Surplus Note is 4.41% per annum. Said interest will be payable on an annual basis upon the approval of the Department. Under the Surplus Note Agreement, any repayment of the Surplus Note or interest payments thereunder may only be made out of SFLIC's free and divisible surplus and is subject to the Department's prior approval.

The Department approved of the agreement on September 25, 2017.

Affiliated Retro Reinsurance Agreement

Effective January 1, 2017, the Company entered into an affiliated retrocession agreement with General Security National Insurance Company ("GSNIC") whereby GSNIC assumes, under a quota share agreement, all acceptances of Medical Insurance including but not limited to Employer Stop Loss Insurance, HMO Excess Reinsurance, Provider Excess Insurance, and Medical Excess Reinsurance written on behalf of SGLUSA by SCOR Advantages Managing General Agency. Approval of the agreement was provided by the Department on December 15, 2016.

SUMMARY OF RECOMMENDATIONS

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

CONCLUSION

The assistance of Department's consulting actuarial firm, INS Consultants, Inc. 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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