

**EXAMINATION REPORT**  
**OF**  
**AMERICAN CREDITORS LIFE INSURANCE COMPANY**  
**AS OF**  
**DECEMBER 31, 2022**

TRINIDAD NAVARRO  
COMMISSIONER



STATE OF DELAWARE  
DEPARTMENT OF INSURANCE

REPORT ON EXAMINATION  
OF  
AMERICAN CREDITORS LIFE INSURANCE COMPANY  
AS OF  
DECEMBER 31, 2022

The above-captioned report was completed by examiners of the Delaware Department of Insurance.

Consideration has been duly given to the comments, conclusions and recommendations of the examiners regarding the status of the company as reflected in the report.

This report is hereby accepted, adopted and filed as an official record of this Department.

A handwritten signature in blue ink, which appears to read "Trinidad Navarro", is written over a horizontal line.

Trinidad Navarro  
Insurance Commissioner

Dated this   3   day of   June  , 2024

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April 24, 2024

Honorable Trinidad Navarro  
Commissioner of Insurance  
Delaware Department of Insurance  
1351 West North Street, Suite 101  
Dover, Delaware 19904

Dear Commissioner:

In compliance with instructions and pursuant to statutory provisions contained in Exam Authority No. 23.017, dated November 21, 2022, an examination has been made of the affairs, financial condition and management of

**AMERICAN CREDITORS LIFE INSURANCE COMPANY**

hereinafter referred to as (the Company) or (ACLIC) and incorporated under the laws of the State of Delaware. The Company's registered office in the State of Delaware is located at 2711 Centerville Road, Suite 400, Wilmington, Delaware. The administrative offices of the Company are located at 11385 Corsica Mist Avenue, Las Vegas, Nevada 89135.

**SCOPE OF EXAMINATION**

We have performed our risk-focused surveillance examination of the Company. The last examination was conducted as of December 31, 2017, and covered the five-year period from January 1, 2013 through December 31, 2017. This examination covers the five-year period from January 1, 2018 through December 31, 2022, and encompasses a general review of transactions during the period, the Company's business policies and practices, as well as management and relevant corporate matters, with a determination of the financial condition of the Company as of

December 31, 2022. Transactions subsequent to the examination date were reviewed where deemed necessary.

We conducted our examination in accordance with the *National Association of Insurance Commissioners (NAIC) Financial Condition Examiners Handbook* (Handbook) and generally accepted statutory insurance examination standards consistent with the Insurance Code and Regulations of the State of Delaware. The NAIC Handbook requires that we plan and perform the examination to evaluate the financial condition, assess corporate governance, identify current and prospective risks of the Company and evaluate system controls and procedures used to mitigate those risks. An examination also includes identifying and evaluating significant risks that could cause an insurer's surplus to be materially misstated both currently and prospectively.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. This may include assessing significant estimates made by management and evaluating management's compliance with Statutory Accounting Principles. The examination does not attest to the fair presentation of the financial statements included herein. If, during the course of the examination, an adjustment is identified, the impact of such adjustment will be documented separately following the Company's financial statements.

This examination report includes significant findings of fact, pursuant to the General Corporation Law of the State of Delaware as required by 18 *Del. C.* § 321, along with general information about the insurer and its financial condition. There may be other items identified during the examination that, due to their nature, are not included within the examination report but are separately communicated to other regulators and/or the Company.

## **SUMMARY OF SIGNIFICANT FINDINGS**

There were no significant findings or material changes to the financial statements resulting from this examination.

## **COMPANY HISTORY**

The Company was incorporated on November 28, 1978, under the laws of the State of Delaware. Since its formation until 2002, the Company wrote single premium credit life and credit disability business written through independent agents, servicing automobile dealerships on automobile loans and leases. The Company was placed in run-off in 2002. The Company underwent a substantial ownership and capital restructuring in 2003. As part of planning for management succession and estate planning, additional common and preferred stock were authorized and were issued. Mr. Nelson Bobb, the Company's founder and owner transferred all of his stock into a revocable Inter Vivos Trust and then into the Nelson and Gail Bobb Family Limited Partnership (Partnership). Mr. Bobb designated Mr. Joel Rosenblum as general partner of the Partnership. Mr. Bobb resigned as Director and President of the Company in November 2003 and elected Mr. Rosenblum to succeed him as President. All of the Company's common stock is held by the Partnership. Mr. Rosenblum, as general partner of the Partnership, is authorized to vote all the common stock. The Company has no outstanding preferred stock, and all the voting shares of the Company are controlled by Mr. Rosenblum.

### **Capitalization**

The Company's Certificate of Incorporation authorizes the issue of 2,000,000 shares of common stock with a par value of \$1.00 per share. As of December 31, 2022, the Company had 1,774,000 common shares issued and outstanding totaling \$1,774,000 and reported gross paid-in and contributed surplus of \$1,753,974. There were no changes in capitalization during the examination period.

Dividends

The Company did not pay any dividends to policyholders during the examination.

**MANAGEMENT AND CONTROL**

Directors

Pursuant to the *General Corporation Laws* of the State of Delaware, as implemented by the Company's Certificate of Incorporation and bylaws, the business and affairs of the Company are managed by or under the direction of its Board of Directors (Board). The bylaws filed with the Department state that the number of directors shall be three (3) members. Each director shall be elected for a term of one year and serve until such director's successor is elected and qualified.

Directors duly elected and serving as of December 31, 2022, are as follows:

<u>Name</u>	<u>Title</u>
Joel M. Rosenblum	Chairman, ACLIC
Thomas M. Madison	Secretary, Retired

The prior examination of the Company included a finding that the number of directors did not comply with its bylaws and that the bylaws should be amended and filed with the Department to allow for two (2) directors. Refer to the section below titled "Compliance with Prior Examination Recommendations."

Officers

Officers were elected by the Board in accordance with the bylaws during the period under examination. The bylaws require election of a President, Secretary and Treasurer. Any number of offices may be held by the same person. The officers serving as of December 31, 2022, were as follows:

<u>Name</u>	<u>Title</u>
Joel M. Rosenblum	President and Treasurer
Thomas M. Madison	Secretary
Christopher H. Hause	Actuary

### Corporate Records

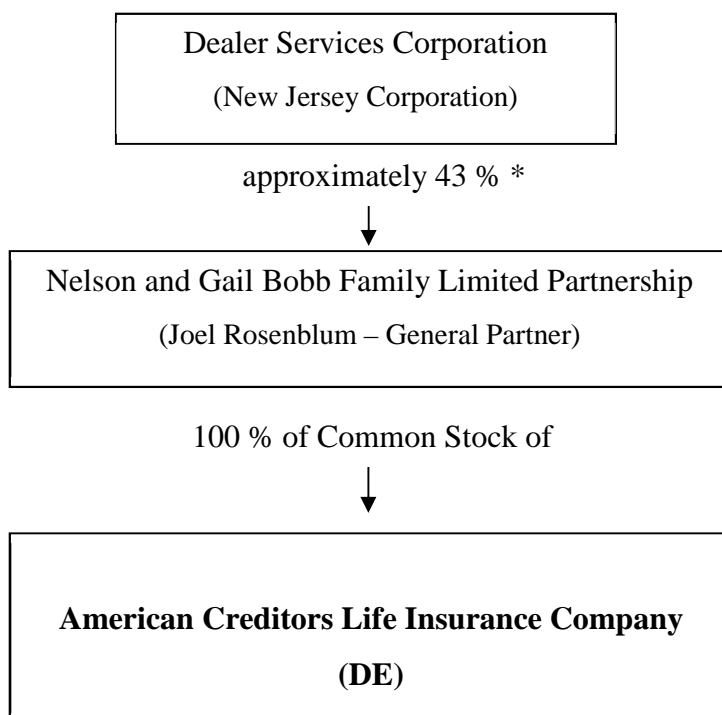
The recorded minutes of the shareholder and Board were reviewed for the period under examination. The recorded minutes of the Board adequately documented its meetings and approval of Company transactions and events including approval of investment transactions in accordance with 18 *Del. C.* § 1304.

### Insurance Holding Company System

The Company is a member of an insurance holding company system as defined under 18 *Del. C.* § 50 of the Delaware Insurance Code. The Partnership owns 100% of the Company's outstanding common stock. Dealer Services Corporation (DSC) owns approximately 43.0% of the Partnership. DSC is a related entity that had been a general agency involved in marketing credit insurance products but is now dormant and is no longer involved in any insurance-related business. The remaining 56.0% of the Partnership is owned by assorted family trusts and Mr. Rosenblum. Mr. Rosenblum, as general partner of the Partnership, is authorized to vote all shares of the Company's common stock and is the ultimate controlling person in the holding company system.

The following organizational chart illustrates the holding company system as of December 31, 2022:





\* The remaining approximately 57 % is owned by assorted family trusts and Joel Rosenblum.

#### Affiliated Agreements

The Company had no affiliated agreements in effect during the examination period.

#### **TERRITORY AND PLAN OF OPERATION**

As of December 31, 2022, the Company was licensed to transact business in eleven (11) states, including Delaware, but is no longer writing business or offering any insurance products. By the end of 2009, all of the Company's credit life and credit disability policies had expired or been cancelled.

The Company's only in-force policy as of December 31, 2022, is a deferred annuity policy carried at surrender value with Mr. Joel Rosenblum, Company President, as the policyholder.

**FINANCIAL STATEMENTS**

The following financial statements, as reported and filed by the Company with the Department, are reflected in the following:

- Assets as of December 31, 2022
- Liabilities, Surplus, and Other Funds as of December 31, 2022
- Summary of Operations For the Year Ended December 31, 2022
- Reconciliation of Capital and Surplus for the Period from the Prior Examination as of December 31, 2017 to December 31, 2022

Assets  
As of December 31, 2022

	Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	\$ 5,329,117	\$ -	\$ 5,329,117
Common stocks	1,389,954		1,389,954
Cash	1,967,297		1,967,297
Short-term investments	2,408,121		2,408,121
Subtotals, cash and invested assets	<u>\$ 11,094,489</u>	<u>\$ -</u>	<u>\$ 11,094,489</u>
Investment income due and accrued	62,925		62,925
Total	<u><u>\$ 11,157,414</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 11,157,414</u></u>

Liabilities, Surplus, and Other Funds  
As of December 31, 2022

		Notes
Aggregate reserve for life contracts	\$ 1,379,376	1
Interest maintenance reserve	3,211	
General expenses due and accrued	2,500	
Taxes, licenses and fees	93,500	
Asset valuation reserve	228,534	
Aggregate write-ins for liabilities	2,045,921	
Total liabilities	\$ 3,753,042	
Common capital stock	1,774,000	
Gross paid in and contributed surplus	1,753,974	
Unassigned funds (surplus)	3,876,398	
Surplus as regards policyholders	\$ 7,404,372	
Total	\$ 11,157,414	

Summary of Operations  
For the Year Ended December 31, 2022

Premiums and annuity considerations	\$ -
Net investment income	168,303
Amortizaion of interest maintenance reserve	2,273
Totals	<u>\$ 170,576</u>
Increase in aggregate reserves	42,801
General insurance expense	224,482
Insurance taxes, licenses and fees	47,512
Aggregate write-ins for deductions:	-
Interest Expense on Deferred Compensation	139,584
Totals	<u>\$ 454,379</u>
Net gain from operations before dividends	\$ (283,803)
Dividends to policyholders	-
Net gain from operations after dividends	<u>\$ (283,803)</u>
Federal and foreign income taxes incurred	-
Net gain from operations after dividends and federal tax and before realized capital gains	\$ (283,803)
Net realized capital gains (losses)	310
Net Income	<u><u>\$ (283,493)</u></u>

Reconciliation of Capital and Surplus  
For the Period from the Prior Examination  
As of December 31, 2017, to December 31, 2022

	Common Capital Stock	Gross Paid-in and Contributed Surplus	Unassigned Surplus	Total
12/31/2017	\$ 1,774,000	\$ 1,753,974	\$ 5,476,403	\$ 9,004,377
12/31/2018 (1)			(319,315)	(319,315)
12/31/2018 (2)			(22,721)	(22,721)
12/31/2019 (1)			(269,920)	(269,920)
12/31/2019 (2)			99,368	99,368
12/31/2020 (1)			(243,676)	(243,676)
12/31/2020 (2)			(162,442)	(162,442)
12/31/2021 (1)			(435,493)	(435,493)
12/31/2021 (2)			83,123	83,123
12/31/2022 (1)			(283,493)	(283,493)
12/31/2022 (2)			(45,436)	(45,436)
12/31/2022	<u>\$ 1,774,000</u>	<u>\$ 1,753,974</u>	<u>\$ 3,876,398</u>	<u>\$ 7,404,372</u>

(1) Net income

(2) Change in net unrealized capital gains (losses) and change in asset valuation

**ANALYSIS OF CHANGES IN FINANCIAL STATEMENTS RESULTING FROM THE EXAMINATION**

There were no changes made to the financial statements resulting from this examination.

**COMMENTS ON FINANCIAL STATEMENT ITEMS**

Note 1:

Aggregate Reserves for Life Contracts \$1,379,376

The examination liability for the captioned item of \$1,379,376 is the same as reported by the Company as of December 31, 2022. The examination analysis of Aggregate Reserves for Life Contracts was conducted in accordance with Generally Accepted Actuarial Principles and Statutory Accounting Principles, including NAIC Accounting Practices and Procedures Manual, Statement of Statutory Accounting Principle No. 59.

The Department retained the services of INS Consultants, Inc. (INS) to perform actuarial services in conjunction with the financial examination of the Company as of December 31, 2022. INS concluded that as of December 31, 2022, the balance sheet item above is accepted as reported.

#### **SUBSEQUENT EVENTS**

There were no subsequent events noted during the examination considered to have a material impact on the Company's financial statements or have a significant impact on the Company's operations.

#### **COMPLIANCE WITH PRIOR EXAMINATION RECOMMENDATIONS**

The Company did not comply with the prior examination recommendation to amend its bylaws allowing for two (2) directors and to file the amendment with the Department.

#### **SUMMARY OF RECOMMENDATIONS**

There were no recommendations resulting from this examination. However, as a repeat recommendation from the prior examination, the Company should amend its bylaws allowing for two (2) directors and file the amendment with the Department.

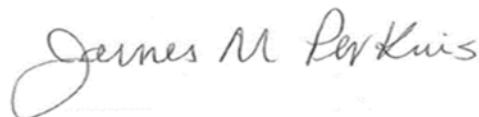
The assistance and cooperation of the consulting actuarial firm (INS) and the Company's management and staff was appreciated and is acknowledged.

Respectfully submitted,



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Albert M. Piccoli, Sr., CFE  
Examiner In-Charge  
State of Delaware

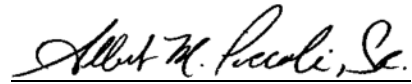


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James M. Perkins, CFE  
Supervising Examiner  
State of Delaware



I, Albert M. Piccoli Sr., hereby verify and attest, under penalty of perjury, that the above is a true and correct copy of the examination report and findings submitted to the Delaware Department of Insurance pursuant to Examination Certification No. 23.017.

A handwritten signature in black ink, reading "Albert M. Piccoli, Sr.", written in a cursive style. The signature is positioned above a horizontal line.

Albert M. Piccoli, Sr., CFE  
Examiner In-Charge  
State of Delaware