

DELAWARE DEPARTMENT OF INSURANCE
MARKET CONDUCT EXAMINATION REPORT

Symetra Life Insurance Company
NAIC #68608

777 108th Avenue NE, Suite 1200
Bellevue, WA, USA 98004

As of

December 31, 2023

TRINIDAD NAVARRO
COMMISSIONER



STATE OF 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, 2023 on

Symetra Life Insurance Company

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

Attest By:





In Witness Whereof, I have hereunto set my hand and affixed the official seal of this Department at the City of Dover, this 17th day of December, 2024.


Trinidad Navarro
Insurance Commissioner

TRINIDAD NAVARRO
COMMISSIONER



STATE OF DELAWARE
DEPARTMENT OF INSURANCE

REPORT ON EXAMINATION
OF THE
Symetra Life Insurance Company
AS OF
December 31, 2023

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.



In Witness Whereof, I have hereunto set my hand
and affixed the official seal of this Department at the
City of Dover, this 17th day of December, 2024.

Trinidad Navarro
Insurance Commissioner

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

Dear Commissioner Navarro:

In compliance with the instructions contained in Examination Authority Number 68608-24-507 and pursuant to statutory provisions including 18 *Del. C.* §§ 318-322, a market conduct examination has been conducted of the affairs and practices of:

Symetra Life Insurance Company
NAIC #68608

The examination was performed as of December 31, 2023.

The examination was conducted at the offices of the Delaware Department of Insurance, hereinafter referred to as the Department or DDOI, or other suitable locations.

The report of examination herein is respectfully submitted.

EXECUTIVE SUMMARY

The examination was announced as a market conduct examination to review the Company's practices in the life insurance marketplace in Delaware. The examination focused on the Company's life insurance business in the following areas of operation: Company Operations and Management, Complaints Handling, Marketing and Sales, Producer Licensing, Policyholder Services, Underwriting and Rating, and Claims.

All the exceptions noted were in the areas of Producer Licensing and Underwriting and Rating.

The following exceptions were noted:

5 Exceptions

18 Del. C. § 1716(d). Notification to Insurance Commissioner of termination.

(d) Copy of notification to be provided to producer. --

(1) Within 15 days after making the notification required by subsections (a), (b) and (c) of this section, the insurer shall mail a copy of the notification to the producer at his or her last known address. If the producer is terminated for cause for any of the reasons listed in § 1712 of this title, the insurer shall provide a copy of the notification to the producer at that producer's last known address by certified mail, return receipt requested, postage prepaid or by overnight delivery using a nationally recognized carrier.

The Company failed to mail a copy of the termination notification to the producer at his or her last known address.

2 Exceptions

18 Del. C. § 2708. Consent of insured; life, health insurance.

No life or health insurance contract upon an individual, except a contract of group life insurance or of group or blanket health insurance, shall be made or effectuated unless at the time of the making of the contract the individual insured, being of competent legal capacity to contract, applies therefor or has consented thereto in writing.

The Company failed to ensure that the applicant signed the application form.

74 Exceptions

18 Del. Admin. C. § 1203-4.1 Definitions

4.1 For the purposes of this regulation, the following definitions shall apply:

“Buyer's Guide” *A Buyer's Guide is a document which contains, and is limited to, the language approved by the National Association of Insurance Commissioners in its Life Insurance Buyer's Guide or language approved by the Commissioner.*

“Policy Summary” *A policy summary is not required to include information available in the policy form or illustrations. If an illustration subject to the provisions of the Delaware Insurance regulation 1210 is used in the sale of a policy, delivery of a policy summary is not required. A policy summary may not include any element that is not guaranteed. For*

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the purposes of this regulation, Policy Summary means a written statement describing the elements of the policy including but not limited to:

- *A prominently placed title as follows: STATEMENT OF POLICY COST AND BENEFIT INFORMATION.*
- *The name and address of the insurance agent, or, if no agent is involved, a statement of the procedure to be followed in order to receive responses to inquiries regarding the Policy Summary.*
- *The full name and home office or administrative office address of the company in which the life insurance policy is to be or has been written.*
- *The Generic Name of the basic policy and each rider.*
- *The following amounts, where applicable, for the first five policy years and representative policy years thereafter sufficient to clearly illustrate the premium and benefit patterns, including, but not necessarily limited to, the years for which Life Insurance Cost Indexes are displayed and at least one age from sixty through sixty-five or maturity whichever is earlier:*
 - *The annual premium for the basic policy.*
 - *The annual premium for each optional rider.*
 - *Guaranteed amount payable upon death, at the beginning of the policy year regardless of the cause of death other than suicide, or other specifically enumerated exclusions, which is provided by the basic policy and each optional rider, with benefits provided under the basic policy and each rider shown separately.*
 - *Total guaranteed cash surrender values at the end of the year with values shown separately for the basic policy and each rider.*
 - *Cash Dividends payable at the end of the year with values shown separately for the basic policy and each rider. (Dividends need not be displayed beyond the twentieth policy year.)*
 - *Guaranteed endowment amounts payable under the policy which are not included under guaranteed cash surrender values above.*
 - *The effective policy loan annual percentage interest rate, if the policy contains this provision, specifying whether this rate is applied in advance or in arrears. If the policy loan interest rate is variable, the Policy Summary includes the maximum annual percentage rate.*
 - *Life Insurance Cost Indexes for ten and twenty years but in no case beyond the premium paying period. Separate indexes are displayed for the basic policy and for each optional term life insurance rider. Such indexes need not be included for optional riders which are limited to benefits such as accidental death benefits, disability waiver of premium, preliminary term life insurance coverage of less than 12 months and guaranteed insurability benefits nor for the basic policies or optional riders covering more than one life.*
 - *The Equivalent Level Annual Dividend, in the case of participating policies and participating optional term life insurance riders, under the same circumstances and for the same durations at which Life Insurance Cost Indexes are displayed.*
- *A Policy Summary which includes dividends shall also include a statement that dividends are based on the company's current dividend scale and are not guaranteed in addition to a statement in close proximity to the Equivalent Level Annual Dividend as follows: An explanation of the intended use of the Equivalent Level Annual Dividend is included in the Life Insurance Buyer's Guide.*

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- *A statement in close proximity to the Life Insurance Cost Indexes as follows: An explanation of the intended use of these indexes is provided in the Life Insurance Buyer's Guide.*
- *The date on which the Policy Summary is prepared. The Policy Summary must consist of a separate document. All information required to be disclosed must be set out in such a manner as to not minimize or render any portion thereof obscure. Any amounts which remain level for two or more years of the policy may be represented by a single number if it is clearly indicated what amounts are applicable for each policy year. Amounts in section 4.1.7.5 shall be listed in total, not on a per thousand nor per unit basis. If more than one insured is covered under one policy or rider, guaranteed death benefits shall be displayed separately for each insured or for each class of insureds if death benefits do not differ within the class. Zero amounts shall be displayed as zero and shall not be displayed as a blank space.*

The Company failed to include on the policy summary a statement in close proximity to the life insurance cost indexes as follows: an explanation of the intended use of these indexes is provided in the life insurance buyer's guide.

2 Exceptions

18 Del. Admin. C. § 1204-7.1.1 Duties of Insurers That Use Agents and Brokers

Each insurer that uses an agent or broker in a life insurance or annuity sale shall:

7.1.1 *Require with or as a part of each completed application for life insurance or annuity, a statement signed by the agent or broker as to whether he or she knows replacement is or may be involved in the transaction.*

The Company failed to ensure that the agent signed the agent's statement on replacement.

1 Exception

18 Del. C. § 1703. License required.

A person shall not sell, solicit or negotiate insurance in this State for any class or classes of insurance unless the person is licensed for that line of authority in accordance with this chapter.

The Company failed to ensure that the producer was licensed before accepting the application for insurance.

1 Exception

18 Del. C. § 1715. Appointments.

(a) An insurance producer shall not act as an agent of an insurer unless the insurance producer becomes an appointed agent of that insurer. An insurance producer who is not acting as an agent of an insurer is not required to become appointed.

(b) To appoint a producer as its agent, the appointing insurer shall file, in a format approved by the Insurance Commissioner, a notice of appointment within 15 days from the date the agency contract is executed or the first insurance application is submitted. An insurer may also elect to appoint a producer to all or some insurers within the insurer's holding company system or group by the filing of a single appointment request. The group

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appointment provision of this section is only applicable upon implementation by this Department of an electronic appointment process.

(c) Upon receipt of the notice of appointment, the Insurance Commissioner shall verify within a reasonable time not to exceed 30 days that the insurance producer is eligible for appointment. If the insurance producer is determined to be ineligible for appointment, the Insurance Commissioner shall notify the insurer within 5 days of its determination.

(d) An insurer shall pay an appointment fee, in the amount and method of payment set forth in Chapter 7 of this title, for each insurance producer appointed by the insurer.

The Company failed to ensure that the producer was appointed within 15 days of submitting the application.

14 Exceptions

18 Del. Admin. C. § 1204-7.1.2.2 Duties of Insurers That Use Agents and Brokers

Each insurer that uses an agent or broker in a life insurance or annuity sale shall:

7.1.2 Where a replacement is involved:

7.1.2.2 Send to each existing insurer a written communication advising of the replacement or proposed replacement of the policy. The communication should include the information obtained pursuant to section 7.1.2.1 above and a Summary or Ledger Statement describing the proposed new policy. This written communication shall be made within 7 working days of the date the application is received in the replacing insurer's home office, or the date the proposed life insurance policy or annuity contract is issued, whichever is sooner.

The Company failed to send the written communication advising of the replacement to the existing insurer in ten files.

The Company failed to send the written communication advising of the replacement to the existing insurer within seven working days in two files.

The Company failed to include a summary or ledger statement in the written communication advising of the replacement or proposed replacement of the policy to the existing insurer in two files.

48 Exceptions

18 Del. Admin. C. § 1210-6.1 General Rules and Prohibitions

6.1 An illustration used in the sale of a life insurance policy shall satisfy the applicable requirements of this regulation, be clearly labeled "life insurance illustration" and contain the following basic information:

6.1.1 Name of insurer;

6.1.2 Name and business address of producer or insurer's authorized representative, if any;

6.1.3 Name, age and sex of proposed insured, except where a composite illustration is permitted under this regulation.

6.1.4 Underwriting or rating classification upon which the illustration is based;

6.1.5 Generic name of policy, the company product name, if different, and form number;

6.1.6 Initial death benefit; and

The Company failed to clearly label the Illustration “Life Insurance Illustration”.

1 Exception

18 Del. C. § 2712. Filing, approval of forms.

(a) No basic insurance policy or annuity contract, form, or application form where written application is required and is to be made a part of the policy or contract or printed rider or endorsement form or form of renewal certificate shall be delivered or issued for delivery in this State, unless the form has been filed with the Commissioner.

The Company failed to file the form with the Commissioner as required.

1 Exception

18 Del. Admin. C. § 1204-6.1.2 Duties of all Insurers.

Each Agent shall:

6.1.1 *Inform its field representatives or other personnel responsible for compliance with this regulation of the requirements of this regulation.*

6.1.2 *Require with or as a part of each completed application for life insurance or annuity a statement signed by the applicant as to whether such proposed insurance or annuity will replace existing life insurance or annuity.*

The Company failed to ensure that the applicant signed the statement as to whether the proposed insurance or annuity will replace an existing life insurance or annuity.

SCOPE OF EXAMINATION

The Market Conduct Examination was conducted pursuant to the authority granted by 18 Del. C. §§ 318-322 and covered the experience period of January 1, 2020, through December 31, 2023, unless otherwise noted. The primary purpose of the examination was to review the life insurance Company’s practices surrounding underwriting, complaints, claims – both paid and denied, and marketing and sales of the individual life insurance products sold in the State of Delaware.

The examination is a market conduct examination of the Company’s life insurance business in the following areas of operation: Company Operations and Management, Complaints Handling, Marketing and Sales, Producer Licensing, Policyholder Services, Underwriting and Rating, and Claims.

METHODOLOGY

This examination was performed in accordance with Market Regulation standards established by the Department and examination procedures suggested by the NAIC. While

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examiners report on the errors found in individual files, the examiners also focus on general business practices of the Company. The Company was requested to identify the universe of files for each segment of the review. Based on the universe sizes identified, random sampling was utilized to select the files reviewed for this examination.

Delaware Market Conduct Examination Reports generally note only those items to which the Department, after review, takes exception. An exception is any instance of Company activity that does not comply with an insurance statute or regulation. Exceptions contained in the Report may result in imposition of penalties. Generally, practices, procedures, or files that were reviewed by Department examiners during the course of an examination may not be referred to in the Report if no improprieties were noted.

However, the Examination Report may include management recommendations addressing areas of concern noted by the Department, but for which no statutory violation was identified. This enables Company management to review these areas of concern in order to determine the potential impact upon Company operations or future compliance.

Throughout the course of the examination, Company officials were provided status memoranda, which referenced specific policy numbers with citation to each section of law violated. Additional information was requested to clarify apparent violations. An exit conference was conducted with Company officials to discuss the various types of exceptions identified during the examination and review written summaries provided on the exceptions found.

COMPANY HISTORY AND PROFILE

The Company was incorporated as General Life Company of America under the laws of the State of Washington on January 23, 1957, and commenced business on April 5, 1957. Through subsequent amendments to the Articles of Incorporation, as provided by the Company, the following changes were made:

1959 – The Company name was changed to LIFECO Insurance Company of America.

1964 – The Company name was changed to Safeco Life Insurance Company. Safeco Life Insurance Company was part of Safeco Life and Investments, which was one of the main business lines of Safeco Corporation.

2004 – On August 2, 2004, a private investor group led by White Mountains Insurance Group, Ltd. and Berkshire Hathaway Inc. acquired Safeco Life and Investments from Safeco Corporation through an acquisition vehicle, Occum Acquisition Corp. Symetra Financial Corporation (“Symetra Financial” or “SFC”) was the resulting incorporated holding company entity formed, which wholly owns the Company, and the Company’s name was changed to Symetra Life Insurance Company (“Symetra”).

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2010 – Symetra Financial became a public company and was traded on the New York Stock Exchange under the stock symbol SYA, until its acquisition by Sumitomo Life Insurance Company (“Sumitomo Life”) on February 1, 2016.

2014 – On July 1, 2014, the Company redomesticated from Washington to Iowa following regulatory approvals from the Washington State Office of the Insurance Commissioner and Iowa Insurance Division. Articles of Incorporation for the Company were filed with the Iowa Secretary of State and approved by the Iowa Insurance Commissioner.

2016 – On February 1, 2016, pursuant to the Agreement and Plan of Merger, dated August 11, 2015, by and among Symetra Financial, Sumitomo Life, a mutual company (*sougo kaisha*) organized under the laws of Japan and SLIC Financial Corporation, a Delaware corporation and wholly owned subsidiary of Sumitomo Life, SLIC Financial Corporation merged with and into Symetra Financial, with Symetra Financial surviving as a wholly owned subsidiary of Sumitomo Life.

Symetra offers products and services that serve the retirement, employment-based benefits, and life insurance markets. The products and services are marketed through financial institutions, broker-dealers, financial professionals, independent agents and benefits consultants in 49 States and the District of Columbia. Symetra manages its business through three divisions, which are summarized below:

- Benefits Division:** Offers medical stop-loss insurance and workforce benefits. The Company’s workforce benefits products include group term life and disability insurance (DI) and group voluntary products. Group life and DI products and services include group term life, short-term disability (STD) and long-term disability (LTD) income insurance. These products are considered group accident and health products.

- Retirement Division:** Offers fixed deferred annuity, fixed indexed annuity (FIA), and registered index-linked annuity (RILA) products to consumers who want to accumulate assets for retirement on a tax-deferred basis. Also offers single premium immediate annuity (SPIA) products to customers seeking a reliable source of retirement income or protection against outliving their assets during retirement. These annuities are considered either individual or group annuity products.

- Individual Life Division:** Offers individual life insurance products, primarily universal life (UL), including indexed universal life (IUL), term life, and variable universal life (VUL) insurance. The business also includes bank-owned life insurance (BOLI), an institutional product. These products are considered either ordinary or group life products.

According to the Certificate of Authority, Symetra Life Insurance Company is authorized to transact the business of Chapter 37 Credit Life, Chapter 37 Credit Health, Regulation 1 Variable Annuities, Regulation 44 Variable Life, Section 902 Life and Section 903 Health insurance within the State of Delaware.

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As of their 2020, Annual Statement for the State of Delaware, Symetra Life Insurance Company reported life insurance direct premiums for \$37,571,907.

As of their 2021, Annual Statement for the State of Delaware, Symetra Life Insurance Company reported life insurance direct premiums for \$49,431,084.

As of their 2022, Annual Statement for the State of Delaware, Symetra Life Insurance Company reported life insurance direct premiums for \$83,707,768.

As of their 2023, Annual Statement for the State of Delaware, Symetra Life Insurance Company reported life insurance direct premiums for \$31,973,162.

COMPANY OPERATIONS AND MANAGEMENT

The Company provided the requested information documenting its management and operational procedures in the areas for which they conduct business in the State of Delaware, including:

- The State of Delaware Department of Insurance Certificate of Authority,
- The Company History and Profile narrative,
- The management structure narrative and copies of two organization charts,
- A list of three audits conducted during the experience period,
- A copy of the procedure for identifying suspected insurance fraud,
- A statement that Symetra does not have any Third-Party Administrators (TPAs) or vendors,
- A copy of the records management policy,
- A list of fines, penalties and recommendations from any State for the last five (5) years,
- And copies of the Annual Statements for 2020, 2021, 2022 and 2023.

The documents were reviewed for compliance with the State of Delaware Statutes and Regulations.

No exceptions were noted.

COMPLAINTS HANDLING

A. Individual Life Insurance Consumer Complaints

The Company was requested to provide a list of all complaints filed with the Company during the experience period. The list was to include complaints received from the Delaware Department of Insurance as well as complaints made directly to the Company on behalf of Delaware consumers. The Company was also requested to provide the complaint

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procedures and complaint logs. The Company provided the requested documentation along with the complaint log. The Company also indicated that there were no complaints received during the experience period.

The complaint procedures and log were reviewed for compliance with the State of Delaware Statutes and Regulations.

No exceptions were noted.

MARKETING AND SALES

A. Advertising and Sales Policies and Procedures

The Company was requested to provide documentation of the Company's policies and procedures related to advertising and sales. The Company provided their producer training material, replacement procedures, suitability procedures, replacement procedures, product specific training materials, approval process for marketing and sales material, incentives and motivational awards policies, notification procedures for changes in insurance regulations, and procedures to monitor compliance with education and training requirements. The advertising and sales policies and procedures were reviewed for compliance with applicable State of Delaware Statutes and Regulations.

No exceptions were noted.

B. Advertising and Sales Materials - Symetra Generated

The Company was requested to provide a list of all advertising materials - whether printed or audio/visual - approved for use by field personnel during the experience period. The Company provided a universe of 1,066 pieces of advertising generated by the Company and utilized in Delaware. The advertising consisted of flyers, brochures, screenshots, social media, web content, interest rate sheets, fact sheets, illustrations, guides, presentations, frequently asked questions, case studies, and competitive pieces. A sample of 113 pieces of advertising was requested, received and reviewed. The 113 advertising materials were reviewed for compliance with the State of Delaware Statutes and Regulations, including but not limited to, 18 *Del. C.* §2303, Unfair Methods of Competition and Unfair or Deceptive Acts or Practices.

No exceptions were noted.

C. Advertising and Sales Materials - Producer Generated

The Company provided a universe of 56 pieces of advertising and sales materials generated by the producers and utilized in Delaware during the experience period. The advertising consisted of articles, banner ads, calculators, emails, LinkedIn posts, logos, power points, sample illustrations, sample quotes, video and web pages. All 56 pieces of producer generated advertising were requested, received and reviewed. The advertising materials

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were reviewed for compliance with the State of Delaware Statutes and Regulations, including but not limited to, 18 *Del. C.* §2303, Unfair Methods of Competition and Unfair or Deceptive Acts or Practices.

No exceptions were noted.

PRODUCER LICENSING

A. Producer Licensing and Appointments

The Company provided a universe of 580 active producers during the experience period. A random sample of 86 producers was selected. The list was compared to departmental records of producers, and the NAIC State Based System (SBS) Lookup Search, to verify the licensing and appointments for compliance with the State of Delaware Statutes and Regulations. For this examination purposes, producer licensing and appointment exceptions found in the other sections of the examination are addressed in their respective sections.

No exceptions were noted.

B. Producer Terminations

The Company provided a universe of 241 producers terminated during the experience period. A random sample of 79 terminated producers was selected for review. The sample was reviewed for compliance with the State of Delaware Statutes and Regulations.

The following exceptions were noted:

5 Exceptions - 18 *Del. C.* § 1716(d). Notification to Insurance Commissioner of termination.

The Company failed to mail a copy of the termination notification to the producer at his or her last known address.

Recommendation: It is recommended that the Company review its procedures to ensure the Company sends a copy of the termination notification to all producers as required by 18 *Del. C.* § 1716(d).

POLICYHOLDER SERVICES

A. Policyholder Services Policies and Procedures

The Company was requested to provide documentation of the Company's policies and procedures related to policyholder and/or beneficiary services. This was to include the

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documentation of procedures for locating missing policyholder or beneficiary information, non-forfeiture options and how that is communicated to policyholders, that each policy owner is provided with an annual report of policy values, and the procedures for handling unearned premium calculation and refund. The Company was also requested to provide documentation that policy loan and surrender requests were processed timely and accurately. The Company provided the requested documentation, which was reviewed for compliance with the State of Delaware Statutes and Regulations.

No exceptions were noted.

B. Individual Life Insurance Policy Loans

The Company provided a universe of five individual life insurance policy loans requested during the experience period. All five policy loan files were requested, received and reviewed. The files were reviewed for compliance with State of Delaware Statutes and Regulations.

No exceptions were noted.

C. Individual Life Insurance Policies Surrendered

The Company provided a universe of 11 individual life insurance policies surrendered during the experience period. All 11 surrendered policy files were requested, received and reviewed. The files were reviewed for compliance with the State of Delaware Statutes and Regulations.

No exceptions were noted.

UNDERWRITING AND RATING

A. Individual Life Insurance Policy Rates

The Company was requested to provide copies of the rates approved for use in Delaware during the experience period. The Company provided copies of 71 rate documents. The documentation was reviewed for compliance with any applicable State of Delaware Statutes and Regulations.

No exceptions were noted.

B. Individual Life Insurance Underwriting Guidelines

The Company was requested to provide copies of the underwriting guidelines in use in Delaware during the experience period. The underwriting guidelines were to include the Company's accelerated underwriting and predictive modeling and a detailed description of

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the processes, including, a copy of the application, the application denial process, along with a copy of a denial letter, and the application denial appeal process. The Company was also requested to provide an explanation whether the universal life policies were being marketed as a long-term investment that could provide retirement income.

The Company provided various documents related to their underwriting policies, procedures and guidelines. The Company also indicated that Symetra Life Underwriting uses the Swiss Reinsurance Manual to provide consistency and guidance during the underwriting process augmented by the guidelines provided as well as the underwriter's knowledge and experience; risk factors developed during the underwriting process, and documented factors considered during the risk evaluation.

The Company provided copies of the life insurance applications as requested. The Company also provided a copy of notice of underwriting action sent upon the declination of coverage and a notice of insurance information practices, which is provided upon request or when the Company makes an adverse underwriting decision about an insurance coverage applicant. The notice includes the application denial appeal process.

The Company indicated that Symetra offers an accelerated underwriting program that does not require fluid collection. The underwriting decision is based on review of the application, motor vehicle report and a risk score developed by Symetra's vendor. If the information developed yields a Standard or better risk class, an offer is made. Symetra reaches out and attempts to fully underwrite a case if the case did not receive a Standard or better score.

In addition, the Company indicated that third party developed predictive mortality models are developed using machine learning techniques. The Risk Scores utilize external data collected by consumer reporting agencies and regulated by the Fair Credit Reporting Act. Per the Company, "the Risk Scores directly predict mortality and data elements are only included to the extent they help achieve this objective."

The Company indicated that Symetra's Universal Life policies are not marketed solely as a long-term investment. One of the indexed universal life ("IUL") products is marketed as protection/death benefit, but with some cash accumulation. The other IUL product offers death benefit protection with cash value accumulation potential that can help provide clients tax-efficient supplemental income for retirement or other future needs.

The guidelines, and all the information provided, were reviewed to ensure that underwriting guidelines were in place and being followed in a uniform and consistent manner and that no underwriting practices or procedures were in place that could be considered discriminatory in nature, or specifically prohibited by the State of Delaware Statutes or Regulations.

No exceptions were noted.

C. Individual Life Insurance Policy Forms

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The Company provided a universe of 148 forms in use during the experience period. A random sample of 79 forms was requested, received and reviewed. The forms provided were reviewed for compliance with the State of Delaware Statutes and Regulations, including but not limited to, 18 *Del. C.* § 2712, Filing, approval of forms. For this examination purposes, any form exceptions found in the other sections of the examination are addressed in their respective sections.

No exceptions were noted.

D. Individual Term Life Insurance Policies Issued as New

The Company provided a universe of 80 individual term life insurance policies issued as new during the experience period. All 80 policy files were requested, received and reviewed. The files were reviewed for compliance with the State of Delaware Statutes and Regulations.

The following exceptions were noted:

1 Exception - 18 *Del. C.* § 2708. Consent of insured; life, health insurance.

The Company failed to ensure that the applicant signed the application form.

Recommendation: It is recommended that the Company review its procedures to ensure that the applicant signs the application form as required by 18 *Del. C.* § 2708.

56 Exceptions - 18 *Del. Admin. C.* § 1203-4.1 Definitions

The Company failed to include on the policy summary a statement in close proximity to the life insurance cost indexes as follows: an explanation of the intended use of these indexes is provided in the life insurance buyer's guide.

Recommendation: It is recommended that the Company review its procedures to ensure that the policy summary contains the statement in close proximity to the life insurance cost indexes as required by 18 *Del. Admin. C.* § 1203-4.1.

1 Exception - 18 *Del. Admin. C.* § 1204-7.1.1 Duties of Insurers That Use Agents and Brokers

The Company failed to ensure that the agent signed the agent's statement on replacement.

Recommendation: It is recommended that the Company review its procedures to ensure that the agent signs the agent's statement on replacement as required by 18 *Del. Admin. C.* § 1204-7.1.1.

1 Exception - 18 *Del. C.* § 1703. License Required.

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The Company failed to ensure that the producer was licensed before accepting the application for insurance.

Recommendation: It is recommended that the Company review its procedures to ensure that all producers are licensed for the line of authority as required by 18 *Del. C.* § 1703.

1 Exception – 18 *Del. C.* § 1715. Appointments.

The Company failed to ensure that the producer was appointed within 15 days of submitting the application.

Recommendation: It is recommended that the Company review its procedures to ensure that all producers are appointed by the Company within 15 days of submitting an application as required by 18 *Del. C.* § 1715.

E. Individual Term Life Insurance Policies Issued as Replacements

The Company provided a universe of 18 individual term life insurance policies issued as replacements during the experience period. All 18 policy files were requested, received and reviewed. The files were reviewed for compliance with the State of Delaware Statutes and Regulations.

The following exceptions were noted:

18 Exceptions - 18 *Del. Admin. C.* § 1203-4.1 Definitions

The Company failed to include on the policy summary a statement in close proximity to the life insurance cost indexes as follows: an explanation of the intended use of these indexes is provided in the life insurance buyer's guide.

Recommendation: It is recommended that the Company review its procedures to ensure that the policy summary contains the statement in close proximity to the life insurance cost indexes as required by 18 *Del. Admin. C.* § 1203-4.1.

12 Exceptions - 18 *Del. Admin. C.* § 1204-7.1.2.2 Duties of Insurers That Use Agents and Brokers

The Company failed to send the written communication advising of the replacement to the existing insurer in ten files.

The Company failed to send the written communication advising of the replacement to the existing insurer within seven working days in two files.

Recommendation: It is recommended that the Company review its procedures to ensure that the written communication advising of the replacement to the existing insurer is sent

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as required by 18 *Del. Admin. C.* § 1204-7.1.2.2.

Recommendation: It is recommended that the Company review its procedures to ensure that the written communication advising of the replacement to the existing insurer is made within seven working days of the date the application is received in the replacing insurer's home office as required by 18 *Del. Admin. C.* § 1204-7.1.2.2.

F. Individual Universal Life Insurance Policies Issued as New

The Company provided a universe of 45 individual universal life insurance policies issued as new during the experience period. All 45 policy files were requested, received and reviewed. The files were reviewed for compliance with the State of Delaware Statutes and Regulations.

The following exceptions were noted:

42 Exceptions - 18 *Del. Admin. C.* § 1210-6.1 General Rules and Prohibitions

The Company failed to clearly label the Illustration "Life Insurance Illustration".

Recommendation: It is recommended that the Company review its procedures to ensure that the illustration is clearly labeled "life insurance illustration" as required by 18 *Del. Admin. C.* § 1210-6.1.

1 Exception – 18 *Del. C.* § 2712(b). Filing, approval of forms.

The Company failed to file the form with the Commissioner as required.

Recommendation: It is recommended that the Company review its procedures to ensure that all pertinent forms are filed as required by 18 *Del. C.* § 2712.

G. Individual Universal Life Insurance Policy Replacements

The Company provided a universe of 26 individual universal life insurance policies issued as replacements during the experience period. All 26 policy files were requested, received and reviewed. The files were reviewed for compliance with the State of Delaware Statutes and Regulations.

The following exceptions were noted:

2 Exceptions - 18 *Del. Admin. C.* § 1204-7.1.2.2 Duties of Insurers That Use Agents and Brokers

The Company failed to include a summary or ledger statement in the written communication advising of the replacement or proposed replacement of the policy to the existing insurer.

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Recommendation: It is recommended that the Company review its procedures to ensure that the written communication advising of the replacement to the existing insurer includes a summary or ledger statement as required by 18 *Del. Admin. C.* § 1204-7.1.2.2.

2 Exceptions - 18 *Del. Admin. C.* § 1210-6.1 General Rules and Prohibitions

The Company failed to clearly label the Illustration “Life Insurance Illustration”.

Recommendation: It is recommended that the Company review its procedures to ensure that the illustration is clearly labeled “life insurance illustration” as required by 18 *Del. Admin. C.* § 1210-6.1.

H. Individual Life Insurance Policy Applications Cancelled

The Company provided a universe of nine individual life insurance policy applications cancelled during the experience period. All nine policy applications were requested, received and reviewed. The policy application files were reviewed for compliance with the State of Delaware Statutes and Regulations.

The following exceptions were noted:

4 Exceptions - 18 *Del. Admin. C.* § 1210-6.1 General Rules and Prohibitions

The Company failed to clearly label the Illustration “Life Insurance Illustration”.

Recommendation: It is recommended that the Company review its procedures to ensure that the illustration is clearly labeled “life insurance illustration” as required by 18 *Del. Admin. C.* § 1210-6.1.

I. Individual Life Insurance Policy Applications Declined

The Company provided a universe of 16 individual life insurance policy applications declined during the experience period. All 16 policy application files were requested, received and reviewed. The files were reviewed for compliance with the State of Delaware Statutes and Regulations.

No exceptions were noted.

J. Individual Life Insurance Application Incomplete

The Company provided a universe of 24 individual life insurance policy applications that were incomplete during the experience period. All 24 policy application files were requested, received and reviewed. The files were reviewed for compliance with the State of Delaware Statutes and Regulations.

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The following exception was noted:

1 Exception - 18 *Del. Admin. C.* § 1204-7.1.1 Duties of Insurers That Use Agents and Brokers

The Company failed to ensure that the agent signed the required statement as to whether the agent knows a replacement is or may be involved in the transaction.

Recommendation: It is recommended that the Company review its procedures to ensure that the required statement as to whether the agent knows a replacement is or may be involved in the transaction is signed by the agent as required by 18 *Del. Admin. C.* § 1204-7.1.1.

K. Individual Life Insurance Policies Not Taken

The Company provided a universe of 22 individual life insurance policies not taken during the experience period. All 22 policy files were requested, received and reviewed. The files were reviewed for compliance with the State of Delaware Statutes and Regulations.

The following exceptions were noted:

1 Exception - 18 *Del. Admin. C.* § 1204-6.1.2 Duties of all Insurers.

The Company failed to ensure that the applicant signed the statement as to whether the proposed insurance or annuity will replace an existing life insurance or annuity.

Recommendation: It is recommended that the Company review its procedures to ensure that the required statement as to whether the proposed insurance or annuity will replace an existing life insurance or annuity is signed by the applicant as required by 18 *Del. Admin. C.* § 1204-6.1.2.

1 Exception - 18 *Del. C.* § 2708. Consent of insured; life, health insurance.

The Company failed to ensure that the applicant signed the application form.

Recommendation: It is recommended that the Company review its procedures to ensure that the application form is signed by the applicant as required by 18 *Del. C.* § 2708.

L. Individual Life Insurance Policy Applications Pending

The Company provided a universe of eight individual life insurance policy applications pending during the experience period. All eight policy application files were requested, received and reviewed. The files were reviewed for compliance with the State of Delaware Statutes and Regulations.

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No exceptions were noted.

CLAIMS

A. Policyholder Services Policies and Procedures

The Company was requested to provide copies of all claim manuals and the Company's claims procedures. The Company was also requested to provide an explanation how the payments are distributed, the procedures and program specifications on how the Company determines if interest is due on claim payments and how such interest is calculated, and a copy of all claims processing reports generated during the experience period which measure actual performance against standards. The Company provided the requested documentation, which was reviewed for compliance with the State of Delaware Statutes and Regulations.

No exceptions were noted.

B. Individual Life Insurance Claims Paid

The Company provided a universe of ten claims received and paid during the experience period. All ten claim files were requested, received and reviewed. The files were reviewed for compliance with the State of Delaware Statutes and Regulations.

No exceptions were noted.

C. Individual Life Insurance Claims Denied

The Company was requested to provide a list of all claims received and denied during the experience period. The Company indicated that there were no claims denied during the experience period.

No exceptions were noted.

CONCLUSION

The recommendations made below identify corrective measures the Department finds necessary as a result of the exceptions noted in the Report. Location in the Report is referenced in parenthesis.

1. It is recommended that the Company review its procedures to ensure that the Company sends a copy of the termination notification to all producers as required by 18 *Del. C.* § 1716(d). (Producer Licensing and Appointments)
2. It is recommended that the Company review its procedures to ensure that the application form is signed by the applicant as required by 18 *Del. C.* § 2708. (Underwriting and Rating)
3. It is recommended that the Company review its procedures to ensure that the policy summary contains the statement in close proximity to the life insurance cost indexes as required by 18 *Del. Admin. C.* § 1203-4.1. (Underwriting and Rating)
4. It is recommended that the Company review its procedures to ensure that the statement as to whether the agent knows a replacement is or may be involved in the transaction is signed by the agent as required by 18 *Del. Admin. C.* § 1204-7.1.1. (Underwriting and Rating)
5. It is recommended that the Company review its procedures to ensure that all producers are licensed for the line of authority as required by 18 *Del. C.* § 1703. (Underwriting and Rating)
6. It is recommended that the Company review its procedures to ensure all producers are appointed by the Company within 15 days of submitting an application as required by 18 *Del. C.* § 1715. (Underwriting and Rating)
7. It is recommended that the Company review its procedures to ensure that the written communication advising of the replacement to the existing insurer is sent as required by 18 *Del. Admin. C.* § 1204-7.1.2.2. (Underwriting and Rating)
8. It is recommended that the Company review its procedures to ensure that the written communication advising of the replacement to the existing insurer is made within seven working days of the date the application is received in the replacing insurer's home office as required by 18 *Del. Admin. C.* § 1204-7.1.2.2. (Underwriting and Rating)
9. It is recommended that the Company review its procedures to ensure that the written communication advising of the replacement to the existing insurer includes a summary or ledger statement as required by 18 *Del. Admin. C.* § 1204-7.1.2.2. (Underwriting and Rating)

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10. It is recommended that the Company review its procedures to ensure that the illustration is clearly labeled “life insurance illustration” as required by 18 *Del. Admin. C.* § 1210-6.1. (Underwriting and Rating)
11. It is recommended that the Company review its procedures to ensure that all pertinent forms are filed as required by 18 *Del. C.* § 2712. (Underwriting and Rating)
12. It is recommended that the Company review its procedures to ensure the required statement as to whether the proposed insurance or annuity will replace an existing life insurance or annuity is signed by the applicant as required by 18 *Del. Admin. C.* § 1204-6.1.2. (Underwriting and Rating)

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The examination conducted by Joseph Krug, CPA, AFE, MCM; Christina Hughart, JD, MCM; and Frank Kyazze, MCM, CIE, FLMI, ALHC, MBA, is respectfully submitted.

Frank W. K. Kyazze, MCM, CIE, FLMI, ALHC
Examiner-in-Charge
Market Conduct
Delaware Department of Insurance

I, Frank W.K. Kyazze, hereby verify and attest, under oath, that the above is a true and correct copy of the examination report and findings of the market conduct examination submitted to the Delaware Department of Insurance pursuant to examination authority #68608-24-507.

Frank W. K. Kyazze, MCM, CIE, FLMI, ALHC