

**EXAMINATION REPORT**  
**OF**  
**CLEAR SPRING LIFE AND ANNUITY COMPANY**  
**AS OF**  
**DECEMBER 31, 2023**

TRINIDAD NAVARRO  
COMMISSIONER



STATE OF DELAWARE  
DEPARTMENT OF INSURANCE

REPORT ON EXAMINATION  
OF  
CLEAR SPRING LIFE AND ANNUITY 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.

Trinidad Navarro  
Insurance Commissioner

Dated this 23rd day of June, 2025

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May 29, 2025

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 Examination Certification No. 24.029, dated March 7, 2024, an examination has been made of the affairs, financial condition and management of

**CLEAR SPRING LIFE AND ANNUITY COMPANY**

hereinafter referred to as CSLAC or the Company. The Company was incorporated under the laws of the State of Delaware as a stock company with its registered office located at 1209 Orange Street, Wilmington, Delaware 19801. The administrative offices of the Company are located at 10555 Group 1001 Way, Zionsville, Indiana 46077.

**SCOPE OF EXAMINATION**

We have performed our multi-state examination of the Company. The last examination was conducted as of December 31, 2019, by the Delaware Department of Insurance (Department) and covered the period from January 1, 2016 through December 31, 2019. This examination covers the period of January 1, 2020 through December 31, 2023.

Our examination was performed as part of the coordinated examination of the Group 1001 Insurance Holdings Group of regulated entities (Group 1001) wherein Delaware is the lead state.

Group 1001 operates four business units including Life & Annuity (L&A), Property & Casualty (P&C), Health and Specialty. The examination was conducted concurrently with that of the Company's Delaware domiciled L&A and Specialty affiliates as well as its P&C and Health affiliates domiciled in various states. Each business unit was examined as a standalone subgroup with a unique exam facilitator. To the fullest extent, the efforts, resources, project material and findings were coordinated and made available to all examination participants.

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 Laws 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 separately communicated to other regulators and/or the Company.

During the course of this examination, consideration was given to work performed by the Company's external accounting firm, KPMG LLP (KPMG). Certain auditor work papers of the 2023 KPMG audit of the Company, and certain of its affiliates, have been incorporated into the work papers of the examiners. The work papers were utilized in determining the scope, areas of emphasis in conducting the examination and in the area of risk mitigation and substantive testing.

### **SUMMARY OF SIGNIFICANT FINDINGS**

There were no significant findings or material changes in financial statements as a result of this examination.

### **COMPANY HISTORY**

The Company was originally incorporated as Kansas City Variable Life Company (KCVLC) in the State of Missouri on August 29, 1985, and commenced operations on October 1, 1985. On June 30, 1993, after an acquisition by Heartland Health Network Corp. and IASD Health Services Corp., KCVLC re-domesticated to the State of Iowa and changed its name to Community Financial and Insurance Corp. (CFIC). Effective April 2, 1997, CFIC changed its name to Wellmark Community Insurance, Inc. (Wellmark).

Effective August 31, 2009, Wellmark was acquired by GLAC Holdings, LLC (GLH). At the time, GLH was a wholly owned subsidiary of GPFT Holdco, LLC, which was an indirect subsidiary of Guggenheim Capital, LLC (GC). On September 9, 2009, Wellmark's name was changed to Guggenheim Life and Annuity Company (GLAC). GLAC re-domesticated from the State of Iowa to the State of Delaware effective June 1, 2010.

On December 15, 2010, GLAC entered into a definitive agreement (Reorganization Agreement) with Standard Life Insurance Company of Indiana (Standard Life) and its rehabilitator. Under the Reorganization Agreement, which closed March 2, 2011, GLAC indemnity reinsured 100% of Standard Life's annuity business. GLAC subsequently assumed all of Standard Life's annuity business as direct obligations, and retroceded the business to an affiliate, Paragon Life Insurance Company of Indiana (PLIC).

On February 28, 2018, PLIC was merged with and into GLAC. As a result of this merger, the Company recaptured 100% of the business ceded to PLIC. The Company issued 48,529 shares of \$10 par value common stock for \$485,290 to PLIC's parent, PLIC Holdings, LLC (PLH). Thereafter, GLAC was owned 85% by GLH and 15% by PLH. GLAC's upstream intermediate parent, GC, indirectly owned 100% of GLH and PLH. At this time, Sammons Enterprises, Inc. (SEI) was the only owner of more than 10% of GC. As a result, the SEI Employee Stock Ownership Trust (ESOT) was the ultimate controlling party of GLAC. SEI was and remains a related party of the Company given Mark R. Walter's relationship with SEI through his affiliation with Guggenheim Partners, LLC.

On February 5, 2021, Group 1001, Inc. and its wholly owned subsidiary, CSLIC Holdings, LLC (CSLIC Holdings), notified the Department of its intended acquisition of GLAC and its subsidiaries via a Form A filing. On November 3, 2021, the acquisition was approved. Effective November 12, 2021, the Company became a wholly owned subsidiary of CSLIC Holdings and indirect subsidiary of Group 1001, Inc. GLAC's name was changed to CSLAC on May 31, 2022. Group 1001 is ultimately controlled by Mark R. Walter.

Group 1001 consists of the following brands: Delaware Life, Gainbridge®, Clear Spring Life and Annuity Company, Clear Spring Property and Casualty Group, Clear Spring

Health and the RVI Group, among others. Group 1001's United States domiciled insurance companies operate in the life and annuity, property and casualty, health and specialty insurance markets.

### Capitalization

The Company's Certificate of Incorporation authorizes the issue of 1,000,000 shares of common stock with a par value of \$10 per share. As of December 31, 2023, the Company had common shares issued and outstanding totaling \$3,235,290. All outstanding shares of the Company are owned by CSLIC Holdings. As of December 31, 2023, the Company reported gross paid in and contributed surplus of \$874,014,710.

### Dividends

The Company declared and paid ordinary dividends to its parent totaling \$365.3 million during the examination period. Dividend payments included \$25 million, \$74.3 million, \$100 million and \$166 million for the years ended 2020, 2021, 2022 and 2023, respectively. The dividends for each year were authorized by the Company's Board of Directors (Board) and notice of the dividend declaration was properly provided to the Department as required by 18 *Del. C.* §5004(e).

## **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 must be managed by or under the direction of its Board. The Company's bylaws require the Board consist of not less than one and not more than five members. Further, the directors must be elected at the annual meeting of the shareholders and each director elected shall hold office until his or her



successor is duly elected and qualified. As of December 31, 2023, the members of the Board, together with their principal business affiliations, were as follows:

<u>Name</u>	<u>Principal Occupation</u>
Dennis Arthur Cullen Fort Myers, Florida	Retired Former Financial Executive
Curtis Paul Steger Lafayette, Indiana	Retired Former Chief Actuary
Michael Kevin Moran Bedford, Massachusetts	Retired Former Chief Accounting Officer

#### Officers

Officers were elected in accordance with the bylaws during the period under examination. The Company's bylaws require election of a Chief Executive Officer, President, Chief Operating Officer, Secretary, Treasurer, Chief Risk Officer and Chief Actuary. The Board may also elect one or more Vice Presidents, Assistant secretaries, Assistant Treasurers and other officers as may be appointed by the Board. All elected officers hold office until his or her successor is elected and qualified or until his or her earlier resignation or removal. Any number of offices may be held by the same person. As of December 31, 2023, the Company's principal officers, together with their respective titles, were as follows:

<u>Name</u>	<u>Title</u>
Daniel J. Towriss	Chief Executive Officer and President
F. Linda Wang	Chief Financial Officer
Stephen M. Coons	Secretary
John J. Miceli, Jr.	Treasurer
Ryan T. Cloud	Chief Legal Officer and Assistant Secretary
Robert B. Stanton*	Chief Operating Officer
Andrew F. Kenney	Chief Investment Officer
Ellyn M. Nettleton	Chief Accounting Officer

\*Officer was changed subsequent to the examination period.

### 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 as required by 18 *Del. C.* § 1304. In addition, a review of Company files found that written correspondence was submitted to the Department with regard to changes in certain principal officers and directors during the period under examination as required by 18 *Del. C.* § 4919.

### Insurance Holding Company System

The Company is a member of an insurance holding company system, known as Group 1001, as defined under 18 *Del. C.* § 5001 (7) of the Delaware Insurance Code. The following is an abbreviated organizational chart of the insurance holding company system as of December 31, 2023:

<b><u>Company</u></b>	<b><u>Domicile</u></b>	<b><u>% Own</u></b>
Mark R. Walter (individual)		
DLICM, LLC	Delaware	100%
TWG Global Holdings, LLC	Delaware	72.92%
DLHPH Equity Participation Company, LLC	Delaware	100%
TWG Global Holdings, LLC	Delaware	27.08%
TWG Financial Holdings, LLC	Delaware	100%
Group 1001, Inc.	Delaware	91.89%
Group 1001 Capital, LLC	Delaware	100%
Evolution of Sports, Inc.	Delaware	82.76%
Group 1001 Finance Company, LLC	Delaware	100%
Group 1001 Investment Holdings, LLC	Delaware	100%
Group 1001 Equity Holdings, LLC	Delaware	100%
Group 1001 Insurance Holdings, LLC	Delaware	100%
DLIC Holdings, LLC	Delaware	100%
DLIC Sub-Holdings, LLC	Delaware	100%
Delaware Life Insurance Company	Delaware	100%
DL Reinsurance Company	Delaware	100%
Delaware Life and Annuity Company	Delaware	100%
Delaware Life Reinsurance (U.S.) Corp.	Oklahoma	100%
Clarendon Insurance Agency, Inc.	Massachusetts	100%
Ellendale Insurance Agency, LLC	Delaware	100%
EDIA Funding I, LLC	Delaware	100%
EDIA Funding III, LLC	Delaware	100%
EDIA Funding IV, LLC	Delaware	100%
EDL Holdings, LLC	Delaware	100%
ELND Collateral Company II, LLC	Delaware	100%
EDIA Funding II, LLC	Delaware	100%
EDL Holdings II, LLC	Delaware	100%
ELND Collateral Company Parent, LLC	Delaware	100%
Delaware Life 1099 Reporting Company, LLC	Delaware	100%
DLIC Real Estate, LLC	Delaware	100%
DL Investment Holdings 2016-1, LLC	Delaware	100%
DL Investment Holdings 2016-2, LLC	Delaware	100%
DL Private Placement Investment Company I, LLC	Delaware	100%
DL Service Holdings, LLC	Alaska	100%
IDF IX, LLC	Delaware	100%
McMillan Street, LLC	Delaware	100%

<u>Company</u>	<u>Domicile</u>	<u>% Own</u>
NCS Franklin Park, LLC	Delaware	100%
Clear Spring PC Holdings, LLC	Delaware	100%
Clear Spring PC Acquisition Corp.	Delaware	100%
Clear Spring Property and Casualty Company	Indiana	100%
Clear Spring Casualty Insurance Company	Indiana	100%
Clear Spring National Insurance Company	Indiana	100%
Clear Spring American Insurance Company	Indiana	100%
Delaware Life Reinsurance (Barbados) Corp.	Barbados	100%
Clear Spring Health Holdings, LLC	Delaware	100%
Clear Spring Health of Illinois, Inc.	Illinois	100%
Eon Health Plan, LLC	Delaware	100%
Clear Spring Health (GA), Inc.	Georgia	100%
Clear Spring Health (SC), Inc.	South Carolina	100%
Clear Spring Health Community Care, Inc.	Illinois	100%
Clear Spring Health (CO), Inc.	Colorado	100%
Clear Spring Health Insurance Company	Arizona	100%
Clear Spring Health (VA), Inc.	Virginia	100%
Clear Spring Health Management Services, LLC	Delaware	100%
Clear Spring Health Administrative Services, LLC	Delaware	100%
Advisor Advantage Marketing, LLC	Delaware	100%
Clear Spring Advisory Services, LLC	Delaware	100%
Healthcare Distribution Partners, LLC	Delaware	100%
Delaware Life Marketing, LLC	Delaware	100%
Daltonville Capital, LLC	Delaware	100%
Danetown Funding, LLC	Delaware	100%
Dansbury Capital, LLC	Delaware	100%
Delta Lane Funding, LLC	Delaware	100%
Dixon Canyon Capital, LLC	Delaware	100%
DLMF1, LLC	Delaware	100%
Dolomites Range Capital, LLC	Delaware	100%
Dovemont Capital, LLC	Delaware	100%
Drawford Holdings, LLC	Delaware	100%
Duststorm Road Capital, LLC	Delaware	100%
Dyewood Forest Capital, LLC	Delaware	100%
Armstrong STF IV, LLC	Delaware	100%
Wright STF III, LLC	Delaware	100%
Delaware Life (Bermuda) Holdings, Inc.	Delaware	100%
CSLIC Holdings, LLC	Delaware	100%
<b>Clear Spring Life and Annuity Company</b>	<b>Delaware</b>	<b>100%</b>
Gainbridge Life Insurance Company	Delaware	100%
Elsmere Insurance Agency, LLC	Delaware	100%
Efland Funding 2015-1, LLC	Delaware	100%

<b><u>Company</u></b>	<b><u>Domicile</u></b>	<b><u>% Own</u></b>
Efland Funding 2015-2, LLC	Delaware	100%
Efland Funding 2015-3, LLC	Delaware	100%
Efland Funding 2015-4, LLC	Delaware	100%
Efland Funding 2016-1, LLC	Delaware	100%
Efland Funding 2016-2, LLC	Delaware	100%
Efland Parent 2015-3, LLC	Delaware	100%
Efland Parent 2016-1, LLC	Delaware	100%
ELSL Funding V, LLC	Delaware	100%
ELSL Funding VI, LLC	Delaware	100%
ELSL Funding VII, LLC	Delaware	100%
Elsmere Renewable Energy, LLC	Delaware	100%
Saganaw Insurance Agency, LLC	Delaware	100%
Saganaw Receivables, LLC	Delaware	100%
CL Investment Holdings 2022-1, LLC	Delaware	100%
GLAC GBM Investco, LLC	Delaware	100%
CSLAC Investment Holdings, LLC	Delaware	100%
CSLAC Investment Holdings II, LLC	Delaware	100%
CSLAC Investment Holdings III, LLC	Delaware	100%
CSLAC Real Estate, LLC	Delaware	100%
Clear Spring Life 1099 Reporting Company, LLC	Delaware	100%
IDF I, LLC	Delaware	100%
IDF II, LLC	Delaware	100%
Paragon GBM Investco, LLC	Delaware	100%
Renewable Energy Investors, LLC	Delaware	100%
Retail Investors III, LLC	Delaware	100%
STFP Aggregator I, LLC	Delaware	100%
STFP Aggregator II, LLC	Delaware	100%
STFP Aggregator III, LLC	Delaware	100%
GL Acquisition Defeasance Co, LLC	Delaware	100%
Clear Spring Life Marketing, LLC	Delaware	100%
Cannonville Funding, LLC	Delaware	100%
Gallahan Funding, LLC	Delaware	100%
Geiger Funding, LLC	Delaware	100%
GLMF1, LLC	Delaware	100%
Grayson Road Capital, LLC	Delaware	100%
Groewood Funding, LLC	Delaware	100%
Group 1001 Distribution Holdings, LLC	Delaware	100%
Gainbridge Insurance Agency, LLC	Delaware	100%
Gainbridge Loyalty Services, LLC	Delaware	100%
Group 1001 Insurance Marketing, LLC	Delaware	100%
Gainbridge Risk Solutions, LLC	Delaware	100%
Gainbridge P&C Services, LLC	Delaware	100%

<u>Company</u>	<u>Domicile</u>	<u>% Own</u>
Vesper Risk, LLC	Delaware	100%
Group 1001 Services, Inc.	Delaware	100%
Group 1001 IP Holdings, LLC	Delaware	100%
Group 1001 IP Properties, LLC	Delaware	100%
Group 1001 IP Lab, LLC	Delaware	100%
Group 1001 IP Development, LLC	Delaware	100%
Group 1001 IP Solutions, LLC	Delaware	100%
AxiaTP Holdings, LLC	Delaware	90%
Axia Technology Partners, LLC	Indiana	100%
DG Telecom, LLC	Indiana	100%
G1001 Innovations Group, LLC	Delaware	100%
G1001 Advisory Resources, LLC	Delaware	100%
PSA Realty Company	Pennsylvania	100%
Group 1001 Indiana Holdings, LLC	Indiana	100%
Group 1001 Portfolio Services, LLC	Delaware	100%
Group 1001 Resources, LLC	Delaware	100%
R.V.I. Manager, LLC	Delaware	100%
R.V.I. Holdings, LLC	Delaware	100%
R.V.I. Acquisition Holdings, LLC	Delaware	100%
R.V.I. Guaranty Co., Ltd.	Bermuda	100%
R.V.I. America Corporation	Delaware	100%
R.V.I. America Insurance Company	Delaware	100%
7109 Harvard Avenue, LLC	Ohio	100%
RVI Analytical Services, Inc.	Delaware	100%
R.V.I. Services Co., Inc.	Connecticut	100%
Transition Services, Inc.	Delaware	100%
Group One Thousand One Advisory Services, LLC	Delaware	100%
Insurance Management Services, LLC	Delaware	100%

#### Agreements with Affiliates – New or Amended

The following is a summary of the Company's significant affiliated agreements (excluding reinsurance agreements) that were entered into or amended during the examination period and in effect as of December 31, 2023:

#### *Guarantees, Loans, Leases and Letter of Credit Facility Agreements*

- CSLAC and Delaware Life Insurance Company entered into a \$200 million Bilateral Loan Agreement, originally dated June 1, 2022, as amended and restated effective June 11, 2023, with interest at Secured Overnight Financing Rate (SOFR) plus 1.21% per annum.

- CSLAC and Gainbridge Life Insurance Company (GLIC) entered into a \$5 million Bilateral Loan Agreement dated September 14, 2022, as amended effective June 11, 2023, with interest at SOFR plus 1.21% per annum.
- CSLAC entered into a \$100 million Bilateral Loan Agreement with its wholly owned subsidiary, CSLAC Investment Holdings, LLC (CSLAC Investco), dated May 11, 2022, as amended effective June 11, 2023, with interest at SOFR plus 1.21% per annum.
- Effective November 22, 2023, CSLAC entered into a \$100 million Demand Promissory Note with Clear Spring Health Insurance Company.
- CSLAC signed an Unconditional Financial Guaranty on January 26, 2021 (BMO Guaranty), on behalf of Elsmere Renewable Energy, LLC (ERE), that could obligate CSLAC in the event of default by ERE to promptly and completely pay all present and future obligations and liabilities arising out of a Master Agreement dated as of January 26, 2021, between BMO Harris Bank N.A. and CSLAC.
- CSLAC provides unconditional financial guarantees to various counterparties of CSLAC Investco, as well as to counterparties of the inactive affiliates CSLAC Investment Holdings II, LLC and CSLAC Investment Holdings III, LLC.
- CSLAC provides financial guarantees on behalf of PSA Realty Company (PSA Realty) to guarantee two lease agreements between PSA Realty and unaffiliated landlords for office space in New York, New York.
- Effective January 1, 2020, as amended effective December 22, 2020, and January 1, 2021, CSLAC entered into a Lease Agreement with Group 1001 Indiana Holdings, LLC.

*Management, Administrative, and Services Agreements*

- Effective January 1, 2019, as amended and restated effective January 19, 2019 and September 1, 2021, as amended effective July 1, 2023, CSLAC entered into a Second Amended and Restated Master Agency Agreement with Clear Spring Life Marketing, LLC (CSLM), pursuant to which CSLAC pays CSLM: (i) a marketing fee allowance for advertising, marketing, bonuses and other sales incentive payments and other expenses undertaken by CSLM in connection with the promotion and sales of CSLAC's products; (ii) servicing fees for services relating to the oversight, supervision, training and monitoring of CSLAC's independent agent and independent marketing organization distribution force based on CSLM's anticipated operating budget for the year and (iii) heaped commission payments.
- Effective November 15, 2021, CSLAC entered into a Facilities Use Agreement with Group 1001 Resources, LLC (G1001 Resources) pursuant to which CSLAC provides use of certain of its facilities to G1001 Resources, including the use of communications, processing and computing equipment, software programming and documentation, informational technology, bank accounts, intellectual property, business property, furniture and fixtures, third-party vendor contracts and licenses and support and maintenance services related to the use by G1001 Resources of the facilities.
- Effective November 15, 2021, CSLAC entered into an Administrative Services Agreement with G1001 Resources, pursuant to which G1001 Resources provides services to CSLAC, including professional staffing for financial, legal, compliance, investment, human resources, information technology, administrative and other operational support functions



related to the maintenance and operation of business enterprises, as well as makes available to CSLAC for its use certain property, equipment and facilities of G1001 Resources.

- Effective January 15, 2019, and amended and restated effective July 1, 2020 and November 15, 2021, as amended January 1, 2023, CSLAC entered into a Second Amended and Restated Agency and Distribution Agreement with Gainbridge Insurance Agency, LLC (GIA), pursuant to which GIA (i) serves as an agency of CSLAC for the purposes of soliciting and producing applications and effectuating consumer-directed sales of specified annuity or life insurance products issued by CSLAC and (ii) provides certain design, implementation, administration, and support services with respect to GIA's digital distribution and administration platform. This agreement was subsequently amended effective January 1, 2024.
- Effective January 1, 2022, CSLAC entered into a License Agreement with Group 1001 IP Solutions, LLC (formerly known as Group 1001 Innovation Solutions, LLC).
- Effective July 1, 2023, CSLAC entered into a Hedging Program Agreement with CSLAC Investco, pursuant to which CSLAC Investco acquires and holds hedging instruments to support specified contracts issued or assumed by CSLAC in accordance with the written investment objectives, policies and restrictions of CSLAC and its Derivative Use Plan. This Agreement was subsequently amended effective January 1, 2024.
- Effective January 1, 2019, the Company entered into an Employee Transition Services Agreement with CSLM. Subsequent to the examination period, this agreement was terminated effective December 31, 2023 and replaced by a new Administrative Services Agreement with CSLM effective January 1, 2024.

### Agreements with Affiliates – Prior Periods

The following agreements were entered into prior to the period covered by this examination and remained in effect as of December 31, 2023:

#### *Management, Administrative, and Services Agreements*

- Effective January 30, 2015, CSLAC entered into a Administrative Services Agreement with GLIC, pursuant to which CSLAC provides GLIC services including: accounting, data processing, tax and auditing; functional support services; policyholder services; collection services, underwriting and issue support; claims assistance and public relations, advertising, sales and marketing promotional services.
- Effective May 28, 2015, CSLAC entered into a Books and Records Under Administrative Services Agreement with GLIC, pursuant to which CSLAC agrees to maintain all books, records and accounts of GLIC.

#### *Tax Allocation Agreement*

- Effective August 20, 2015, with an Addendum thereto made effective August 20, 2015, the Company is party to a Tax Sharing Agreement between CSLAC and GLIC pursuant to which CSLAC, as part of an affiliated group, files U.S. federal income tax returns on a consolidated basis. CSLAC is required under the Code and Treasury Regulations as the parent corporation of the affiliated group to pay the U.S. federal income taxes shown as due on the consolidated return.

### Agreements with Related Parties – Prior Periods

The following agreements were entered into prior to the period covered by this examination and remained in effect as of December 31, 2023:

- Effective December 17, 2009, CSLAC entered into an Investment Management Agreement with Guggenheim Partners Investment Management, LLC (GPIM), pursuant to which GPIM provides investment management services including administrative and reporting services for assets that are currently under management with GPIM.
- Effective January 1, 2013, CSLAC entered into a Services Agreement with Insurance Management Services, LLC (IMS) (formerly Guggenheim Insurance Services, LLC), pursuant to which IMS provides accounting, tax compliance, planning and reporting, general compliance, office administration and technology services. IMS also provides services to the Company related to marketing and compliance, risk management, reporting, customer and client services and reinsurance administration.

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

As of December 31, 2023, the Company was licensed to transact insurance business in the District of Columbia, Puerto Rico and all states except the State of New York.

CSLAC issues new fixed and fixed index annuity business through independent marketing organizations, as well as funding agreements issued to Federal Home Loan Bank of Indianapolis. The Company has primarily been an annuity focused company, acquiring primarily annuity business through reinsurance transactions and direct issuance of fixed annuities and fixed-index annuities. During the examination period, the Company also issued a multi-year guaranteed annuity (MYGA) product and a single premium immediate annuity product through a direct-to-consumer (D2C) model administered by GIA in accordance with the related Agency and Distribution Agreement. During 2023, the Company discontinued issuing D2C products.

**REINSURANCE**

The Company reported direct, assumed, and ceded premiums and annuity considerations for the years ended December 31, 2023, and the prior examination date of December 31, 2019, as follows:

		% of Gross Premium Written		% of Gross Premium Written
	<u>2023</u>		<u>2019</u>	
Direct business	\$ 731,988,990	98%	\$ 911,929,566	96.0%
Reinsurance assumed from affiliates	-	-	2,839,872	0.3%
Reinsurance assumed from non-affiliates	17,243,356	2%	34,905,209	3.7%
Gross premiums written	<u>\$ 749,232,346</u>	<u>100%</u>	<u>\$ 949,674,647</u>	<u>100%</u>
Reinsurance ceded to affiliates	\$ -	-	\$ (194)	0.0%
Reinsurance ceded to non-affiliates	-	-	-	-
Total ceded	<u>\$ -</u>	<u>-</u>	<u>\$ (194)</u>	<u>0.0%</u>
Net premiums written	<u>\$ 749,232,346</u>	<u>100.0%</u>	<u>\$ 949,674,841</u>	<u>100.0%</u>

The following is a summary of the Company's assumed and ceded reinsurance program as of December 31, 2023.

**Assumed Reinsurance**

The Company is a reinsurer of life insurance and annuity products under assumptive contracts with various insurance companies with individual fixed deferred annuities making up the majority of in-force contracts. The Company did not enter into any significant new assumed reinsurance contracts during the examination period. The following is a summary of significant assumed reinsurance as of December 31, 2023.

The Company has a reinsurance agreement with Midland National Life Insurance Company, a related party affiliated with SEI, to assume a MYGA block of business on a coinsurance basis. As of December 31, 2023, the amount payable by the Company for the business assumed was \$3,554,444.

The Company has a reinsurance agreement with North American Company for Life and

Health (NAC), a related party affiliated with SEI, to assume a MYGA block of business on a coinsurance basis. As of December 31, 2023, the amount payable by the Company for the business assumed was \$2,361,374.

The Company also has a reinsurance agreement with NAC to assume a fixed indexed annuity (FIA) block of business on a coinsurance basis. As of December 31, 2023, the amount payable by the Company for the business assumed was \$6,069,502.

#### Ceded Reinsurance

Certain of the Company's individual life insurance, annuity, and group insurance policies are reinsured on a coinsurance and funds held coinsurance basis with both affiliated and unaffiliated companies using indemnity reinsurance agreements. The Company accounts for funds held under coinsurance in accordance with SSAP No. 61R, *Life, Deposit-Type and Accident and Health Reinsurance*. The following is a summary of significant ceded reinsurance as of December 31, 2023.

The Company has a reinsurance agreement with GLIC under which the Company retrocedes a block of MYGA and FIA business on a coinsurance basis. On April 20, 2016, GLIC received assets from the Company, subsequently ending the funds withheld aspect of the reinsurance treaty. As of December 31, 2023, the Company had a receivable from GLIC in the amount of \$2,413,568 related to this agreement.

## **FINANCIAL STATEMENTS**

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

- Statement of Assets as of December 31, 2023
- Statement of Liabilities, Surplus and Other Funds as of December 31, 2023
- Summary of Operations for the Year Ended December 31, 2023
- Reconciliation of Capital and Surplus for the Period from the Prior Examination as of December 31, 2019 to December 31, 2023
- Separate Account Statement of Assets, Liabilities and Surplus as of December 31, 2023

Statement of Assets  
As of December 31, 2023

	Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	\$ 7,076,797,373	\$ -	\$ 7,076,797,373
Stocks:			
Preferred stocks	195,927,792	-	195,927,792
Common stocks	128,708,961	-	128,708,961
Mortgage loans on real estate:			
First liens	262,494,387	-	262,494,387
Cash and cash equivalents	426,854,966	-	426,854,966
Short-term investments	1,333,152,776	-	1,333,152,776
Contract loans	5,436,479	-	5,436,479
Other invested assets	887,928,862	-	887,928,862
Receivables for securities	34,881,298	-	34,881,298
Subtotals, Cash and Invested Assets	<u>\$ 10,352,182,894</u>	<u>\$ -</u>	<u>\$ 10,352,182,894</u>
Investment income due and accrued	365,978,770	259,843	365,718,927
Premiums and considerations:			
Deferred premiums, agents' balances and installments booked but deferred	246,845	-	246,845
Reinsurance:			
Funds held by or deposited with reinsured companies	2,029,959,743	-	2,029,959,743
Other amounts receivable under reinsurance contracts	1,023,364	-	1,023,364
Current federal and foreign income tax recoverable and interest thereon	84,526,276	-	84,526,276
Net deferred tax asset	9,251,605	-	9,251,605
Furniture and equipment, including health care delivery assets	1,530,769	1,530,769	-
Receivable from parent, subsidiaries and affiliates	135,496,950	60,830,998	74,665,952
Aggregate write-ins for other than invested assets	6,431,839	2,741,103	3,690,736
Total assets excluding Separate Accounts	<u>\$ 12,986,629,055</u>	<u>\$ 65,362,713</u>	<u>\$ 12,921,266,342</u>
From Separate Accounts	<u>2,583,579,044</u>	<u>-</u>	<u>2,583,579,044</u>
Total Assets	<u><u>\$ 15,570,208,099</u></u>	<u><u>\$ 65,362,713</u></u>	<u><u>\$ 15,504,845,386</u></u>

Statement of Liabilities, Surplus and Other Funds  
As of December 31, 2023

		Note
Aggregate reserves for life contracts	\$ 9,096,066,412	1
Aggregate reserves for accident and health contracts	32,803	1
Liability for deposit-type contracts	1,923,274,997	1
Contract claims:		
Life	25,274,118	1
Premiums and annuity considerations for life and accident and health contracts received in advance	32,941	
Contract liabilities not included elsewhere:		
Other amounts payable on reinsurance	19,749,361	
Interest Maintenance Reserve	46,798,113	
Commissions to agents due or accrued	6,231,562	
General expenses due or accrued	11,416,795	
Current federal and foreign income taxes	967,818	
Unearned investment income	167,015	
Amounts withheld or retained by company as agent or trustee	7,240,338	
Remittances and items not allocated	50,604,466	
Borrowed money	200,000,000	
Dividends to stockholders declared and unpaid	51,000,000	
Asset valuation reserve	87,186,553	
Payable to parent, subsidiaries, and affiliates	15,310,893	
Payable for securities	58,585,718	
Aggregate write-ins for liabilities	159,791,648	
Total liabilities excluding Separate Accounts	<u>\$ 11,759,731,551</u>	
From Separate Accounts Statement	<u>2,583,579,044</u>	
Total Liabilities	<u><u>\$ 14,343,310,595</u></u>	
Common capital stock	\$ 3,235,290	
Gross paid in and contributed surplus	874,014,710	
Unassigned funds (surplus)	284,284,791	
Total Capital and Surplus	<u>\$ 1,161,534,791</u>	
Total Liabilities, Surplus and Other Funds	<u><u>\$ 15,504,845,386</u></u>	



Summary of Operations  
For the Year Ended December 31, 2023

Premiums and annuity considerations for life and accident and health contracts	\$ 749,232,346
Considerations for supplementary contracts with life contingencies	766,200
Net investment income	782,074,183
Amortization of Interest Maintenance Reserve	961,044
Commissions and expense allowances on reinsurance ceded	538,167
Aggregate write ins for miscellaneous income	1,165,881
Total revenue and other policyholder adjustments	<u>\$ 1,534,737,821</u>
Death benefits	\$ 4,696,599
Matured endowments	73,755
Annuity benefits	420,245,181
Disability benefits and benefits under accident and health contracts	67,887
Surrender benefits and withdrawals for life contracts	893,298,222
Interest and adjustments on contract or deposit type contract funds	56,424,202
Payments on supplementary contracts with life contingencies	2,360,483
Increase in aggregate reserves for life and accident and health contracts	(232,567,348)
Total benefits and policyholder adjustments	<u>\$ 1,144,598,981</u>
Commissions on premiums, annuity considerations and deposit type contract funds	\$ 16,521,731
Commissions and expense allowances on reinsurance assumed	20,527,682
General insurance expenses	142,866,101
Insurance taxes, licenses and fees	5,527,914
Aggregate write ins for deductions	2,402,935
Total selling general and other expenses	<u>\$ 1,332,445,344</u>
Net gain from operations before dividends to policyholders and federal income taxes	\$ 202,292,477
Dividends to policyholders	-
Net gain from operations after dividends to policyholders and before federal income taxes	\$ 202,292,477
Federal and foreign income taxes incurred	(3,453,850)
Net gain from operations after dividends to policyholders and federal income taxes and before realized capital gains/(losses)	\$ 205,746,327
Net realized capital gains/(losses)	(66,373,304)
Net Income	<u><u>\$ 139,373,023</u></u>

Reconciliation of Capital and Surplus  
For the Period from the Prior Examination  
As of December 31, 2019 to December 31, 2023

	<b>Common Capital Stock</b>	<b>Paid In &amp; Contributed Surplus</b>	<b>Unassigned Funds (Surplus)</b>	<b>Total</b>
Balance at December 31, 2019	\$3,235,290	\$474,014,710	\$ 236,813,941	\$ 714,063,941
Net Income	-	-	67,416,431	67,416,431
Other Changes <sup>1</sup>	-	-	(10,866,658)	(10,866,658)
Dividends	-	-	(25,000,000)	(25,000,000)
Balance at December 31, 2020	<u>\$3,235,290</u>	<u>\$474,014,710</u>	<u>\$ 268,363,714</u>	<u>\$ 745,613,714</u>
Net Income	-	-	29,848,401	29,848,401
Other Changes <sup>1</sup>	-	-	62,050,504	62,050,504
Paid-in Surplus	-	400,000,000	-	400,000,000
Dividends	-	-	(74,256,588)	(74,256,588)
Balance at December 31, 2021	<u>\$3,235,290</u>	<u>\$874,014,710</u>	<u>\$ 286,006,031</u>	<u>\$1,163,256,031</u>
Net Income	-	-	159,050,207	159,050,207
Other Changes <sup>1</sup>	-	-	(40,366,398)	(40,366,398)
Dividends	-	-	(100,000,000)	(100,000,000)
Balance at December 31, 2022	<u>\$3,235,290</u>	<u>\$874,014,710</u>	<u>\$ 304,689,840</u>	<u>\$1,181,939,840</u>
Net Income	-	-	139,373,023	139,373,023
Other Changes <sup>1</sup>	-	-	6,221,928	6,221,928
Dividends	-	-	(166,000,000)	(166,000,000)
Balance at December 31, 2023	<u>\$3,235,290</u>	<u>\$874,014,710</u>	<u>\$ 284,284,791</u>	<u>\$1,161,534,791</u>

<sup>1</sup> Other Changes in Unassigned Funds (Surplus) for each year may include: change in net unrealized capital gains/(losses); change in net deferred income tax; change in nonadmitted assets and change in asset valuation reserve.

Separate Account Statement of Assets, Liabilities and Surplus  
As of December 31, 2023

	Total
Other invested assets	<u>\$ 2,583,579,044</u>
Subtotals - Cash and Invested Assets	<u>\$ 2,583,579,044</u>
Investment income due and accrued	<u>\$ -</u>
Total Assets	<u><u>\$ 2,583,579,044</u></u>
Liability for deposit type contracts	<u>\$ 2,583,579,044</u>
Total Liabilities	<u>\$ 2,583,579,044</u>
Unassigned funds	<u>-</u>
Total Liabilities and Surplus	<u><u>\$ 2,583,579,044</u></u>

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

There were no changes made to the Company's financial statements as reported in its 2023 NAIC Annual Statement as a result of this examination.

### **COMMENTS ON FINANCIAL STATEMENT ITEMS**

Note 1:

Aggregate reserve for life contracts	\$9,096,066,412
Aggregate reserve for accident and health contracts	32,803
Liability for deposit-type contracts	1,923,274,997
Contract claims: Life	25,274,118

The examination liability for the aforementioned captioned items of \$9,096,066,412, \$32,803, \$1,923,274,997 and \$25,274,118 are the same as reported by the Company as of December 31, 2023. The Department retained the actuarial services of INS Consultants Inc. (Consulting Actuary) to perform a risk-focused review of the Company's significant reserving and pricing activities. The Consulting Actuary assisted in reviewing the inherent risks, management oversight and other mitigating controls over the Company's actuarial processes and procedures. The Consulting Actuary performed an independent reserve analysis including an assessment of the Company's reserves for compliance with standard valuation laws, applicable NAIC Actuarial Guidelines and Model Regulations. The Consulting Actuary also reviewed the Company's asset adequacy analysis filed in accordance with the Actuarial Opinion Memorandum Regulation for the year ended December 31, 2023.

### **SUBSEQUENT EVENTS**

Subsequent events were evaluated through the date that this examination report was available to be issued. Based on this evaluation, the following transactions were deemed material for disclosure in this examination report.

### Significant Transactions

- Effective January 1, 2024, CSLAC entered into an Administrative Services Agreement with CSLM, pursuant to which CSLAC agrees, to the extent requested by CSLM, to provide certain services and use of facilities to CSLM. This agreement replaced the prior Employee Transition Services Agreement dated January 1, 2019 between CSLAC and CSLM, which was terminated effective December 31, 2023.
- Effective January 1, 2024, the Second Amended and Restated Agency and Distribution Agreement between the Company and GIA was amended.
- CSLAC paid ordinary dividends totaling \$150 million to CSLIC Holdings for the year ended December 31, 2024.
- As of December 31, 2024, CSLAC recorded a capital contribution payable of \$15 million to GLIC. The capital contribution was paid in cash on February 13, 2025.
- CSLAC paid an ordinary dividend in the amount of \$55 million to CSLIC Holdings on February 24, 2025.

### Changes in Key Personnel

Martin B. Woll became Chief Operating Officer in 2024, replacing Robert B. Stanton.

### **SUMMARY OF RECOMMENDATIONS**

There were no recommendations as a result of this examination.

The assistance and cooperation of examiners representing the states on the coordinated examination is acknowledged. In addition, the assistance of the Consulting Actuary, the consulting information systems specialist firm, INS Services, Inc., Investment Specialist, Rutter and Associates, LLC, the Company's outside audit firm, KPMG, and the Company's management and staff was appreciated and is acknowledged.

Respectfully submitted,



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Craig Jackson, CPA, CFE  
Examiner In-Charge  
State of Delaware



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Richard Palmatary, CPA, CFE  
Supervising Examiner  
State of Delaware

I, Craig Jackson, 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 authority 24.029.

A handwritten signature in black ink, appearing to read "Craig Jackson", is positioned above a horizontal line.

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Craig Jackson, CPA, CFE