

EXAMINATION REPORT
OF
DELAWARE AMERICAN LIFE INSURANCE COMPANY
AS OF
DECEMBER 31, 2023

TRINIDAD NAVARRO
COMMISSIONER



STATE OF DELAWARE
DEPARTMENT OF INSURANCE

REPORT ON EXAMINATION
OF
DELAWARE AMERICAN 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.

Trinidad Navarro
Insurance Commissioner

Dated this 26th day of June, 2025

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May 28, 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. 24.012, dated March 7, 2024, an examination has been made of the affairs, financial condition and management of the

DELAWARE AMERICAN LIFE INSURANCE COMPANY

hereinafter referred to as the Company or DELAM, incorporated under the laws of the State of Delaware as a stock company with its statutory home office located at 1209 Orange Street, Wilmington, Delaware 19801. The main administrative office of the Company is located at 18210 Crane Nest Drive, Tampa, Florida 33647.

SCOPE OF EXAMINATION

We have performed our multi-state examination of DELAM. The last examination was conducted as of December 31, 2018, by the Delaware Department of Insurance (Department). This examination covers the five-year period from January 1, 2019 through December 31, 2023. The examination was a coordinated examination, and was conducted concurrently with examination of MetLife, Inc. (MetLife), New York holding company and the life and health insurance entities within MetLife, including the Delaware domiciled affiliate, American Life Insurance Company

(ALICO), Metropolitan Life Insurance Company (MLIC), Metropolitan Tower Life Insurance Company (MTL), SafeHealth Life Insurance Company, MetLife Health Plans, Inc., Superior Vision of NJ Inc., MetLife Reinsurance Company of Charleston, Block Vision of TX, Inc., SafeGuard Health Plans, Inc. and MetLife Reinsurance Company of Vermont. The State of New York was assigned the lead state by the National Association of Insurance Commissioners (NAIC). To the fullest extent, the efforts, resources, project materials and findings were coordinated and made available to all examination participants. Separate reports of examination were filed for each company.

We conducted our examination in accordance with the NAIC *Financial Condition Examiners Handbook* (Handbook). The Handbook requires that we plan and perform the examination to evaluate the financial condition, assess corporate governance, identify current and prospective risks of the company and evaluate system controls and procedures used to mitigate those risks. An examination also includes identifying and evaluating significant risks that could cause an insurer's surplus to be materially misstated both currently and prospectively.

All accounts and activities of the company were considered in accordance with the risk-focused examination process. This may include assessing significant estimates made by management and evaluating management's compliance with Statutory Accounting Principles. 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 an adjustment will be documented separately following the Company's financial statements.

This examination report includes significant findings of fact, as mentioned in 18 *Del. C.* § 321, and general information about the insurer and its financial condition. There may be other items identified during the examination that, due to their nature (e.g. subjective conclusions,

proprietary information, etc.), are not included within the examination report but separately communicated to other regulators and/or the Company.

During the course of this examination, consideration was given to work performed by the Company's external accounting firm, Deloitte & Touche LLP (D&T). Certain auditor work papers of the 2023 audit of the Company have been incorporated into the work papers of the examiners and have been 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.

HISTORY

The Company was incorporated under the laws of the State of Delaware on November 4, 1964, as a subsidiary of Delaware affiliate ALICO, and commenced business on August 1, 1966. In 1968, the Company became a member of the American International Group, Inc. (AIG) holding company system when ALICO was acquired by AIG. In 1992, the Company became a direct, wholly owned subsidiary of AIG when it was acquired from ALICO as a dividend.

On November 30, 2009, AIG transferred all outstanding shares of ALICO to a special purpose vehicle, ALICO Holdings, LLC (referred to as ALICO Holdings or the ALICO SPV), in exchange for all common and preferred shares of ALICO Holdings. Subsequently, AIG assigned its preferred membership interest in ALICO Holdings to the Federal Reserve Bank of New York (FRBNY) to settle approximately \$9.0 billion in outstanding obligations related to the FRBNY credit facility provided to AIG.

On March 7, 2010, AIG and ALICO Holdings entered into a definitive agreement with MetLife regarding the sale of ALICO by the ALICO SPV to MetLife, along with the sale of DELAM by AIG to MetLife.

On November 1, 2010, MetLife completed the acquisition of the Company and ALICO for \$16.2 billion. MetLife sought approval from the Department to gain control via a Form A submission on April 14, 2010, which was approved on August 26, 2010.

Capitalization

The Company's amended Certificate of Incorporation authorizes the issue of 50,000 shares of common stock at \$100.00 per share par value. As of December 31, 2023, 25,000 shares were issued and outstanding, resulting in total capital stock of \$2,500,000. All outstanding shares of the Company's common stock are owned by MetLife.

During the period under examination, the Company did not receive any surplus contributions from its parent MetLife. As of December 31, 2023, the Company reported gross paid in and contributed surplus of \$35,971,736.

Dividends

The Company's Board of Directors (Board) approved the following dividends during the exam period (amount in thousands):

<u>Year</u>	<u>Dividend</u>
2019	\$ 12,000 ⁽¹⁾
2020	\$ 8,000 ⁽²⁾
2021	\$ 8,000 ⁽³⁾
2022	\$ 5,000 ⁽⁴⁾
2023	\$ 9,000 ⁽⁵⁾

(1) On December 27, 2019, the Company paid an ordinary cash dividend of \$12,000 thousand to MetLife.

(2) On December 27, 2020, the Company paid an ordinary cash dividend of \$8,000 thousand to MetLife.

(3) On December 27, 2021, the Company paid an ordinary cash dividend of \$8,000 thousand to MetLife.

(4) On December 28, 2022, the Company paid an ordinary cash dividend of \$5,000 thousand to MetLife.

(5) On December 28, 2023, the Company paid an ordinary cash dividend of \$9,000 thousand to MetLife.

All dividends were approved in the Board minutes and proper filings were made to the Department for the ordinary dividends. All dividends were paid out of unassigned funds (surplus).

MANAGEMENT AND CONTROL

Directors

Pursuant to the General Corporation Law of the State of Delaware, as implemented by the Company's Certificate of Incorporation and bylaws, the property, business and affairs of the Company shall be managed by a Board. The bylaws, as amended December 10, 2010 and December 31, 2021, require that the Board consist of three (3) or more directors.

Each director is elected annually by the stockholder and holds office until the next annual election and until their successors are elected and qualified except as removed for cause and the successor elected by a special meeting of the stockholder. Directors duly elected and serving as of December 31, 2023, are as follows:

<u>Name and Location</u>	<u>Title</u>
Fernando Maria Jamie New York, New York	Chairman, President and Chief Executive Officer
Roberto nm Baron New York, New York	Senior Vice President
Dermot Michael Cryan* Brooklyn, New York	Vice President and Chief Financial Officer

Effective May 20, 2023, Mr. Timothy Imre was appointed as Director of DELAM, replacing Mr. Dermot Cryan, who left the Company on May 3, 2024.

Committees

Article III, Section 6 of the amended and restated bylaws states that the Board may appoint from among its members any committees, standing or special which it shall deem advisable.

As of December 31, 2023, the Board had one designated committee: the Audit Committee, established on March 31, 2011, for the purpose of assisting the Board in fulfilling its

responsibilities to the shareholders(s) for the oversight and management of (i) the quality and integrity of the Company's financial statements and accounting practices, (ii) DELAM's compliance with legal and regulatory requirements, (iii) the independent auditors qualifications, performance and independence and (iv) the performance of DELAM's internal auditors and audit function.

During the period covered by this examination, the full Board served as the Audit Committee of the Company. None of the members of the Audit Committee were considered independent.

Officers

Article IV, Section 1 of the Company's restated and amended bylaws states that the Company officers shall be a Chief Executive Officer, a President, a Treasurer and a Secretary, all of whom shall be elected by the Board and shall hold office until their successors are elected and qualified. In addition, the Board may elect a chairman, one or more Vice Presidents, Assistant Secretaries and Assistant Treasurers as they may deem proper. The Chief Executive Officer shall be a director; however, none of the other officers' need be directors, unless required by law. The officers shall be elected at each annual meeting and more than two offices may be held by the same person except that the President shall not also hold the office of Secretary.

As of December 31, 2023, the Company's principal officers and their respective titles were as follows:

<u>Name</u>	<u>Title</u>
Fernando Maria Jaime	Chairman, President and Chief Executive Officer
Tamara Lynn Schock	Executive Vice President and Chief Accounting Officer
Charles Patrick Connery	Vice President and Treasurer

Kelli Jean Buford	Secretary
Roberto nmn Baron	Senior Vice President
Dermot Michael Cryan	Vice President and Chief Financial Officer
Douglas Andrew Wesley Turner	Vice President and Appointed Actuary
Craig David Rogers	Vice President and Controller

The directors and officers of the Company are subject to MetLife's formal written Code of Business Ethics, which sets out minimum standards of ethical conduct that apply to all employees, officers and directors. Incorporated into the Code of Business Ethics are conflict of interest disclosure requirements. Each year, all officers and directors are required to complete a Conflict-of-Interest Disclosure, disclosing all actual and potential conflicts of interest and any outside business activities or personal relationships that could lead to a conflict or the appearance of a conflict.

In accordance with the Department Examination Handbook, Section 12, a review of biographies and inquiries with Management noted that there was no indication of any criminal conviction of officers, directors, or key employees of the Company.

Insurance Holding Company System

The Company is a member of an insurance holding company system as defined in 18 *Del. C.* §5001 (7) of the Delaware Insurance Code. The Company's Insurance Holding Company Registration Statements were timely filed with the Department for the years under examination.

As noted above, the Company is a wholly owned subsidiary of MetLife. MetLife's common stock is publicly traded on the New York Stock Exchange under the ticker symbol MET. The following abbreviated organizational chart reflects the MetLife holding company system as of December 31, 2023:

<u>Company</u>	<u>Domicile</u>	<u>Ownership %</u>
MetLife Inc.	DE	
Metropolitan Life Insurance Company	NY	100%
MetLife Holdings, Inc.	DE	100%
MetLife Credit Corp.	DE	100%
Metropolitan Tower Life Insurance Company	NE	100%
MetLife Investment Management Holdings, LLC	DE	100%
MetLife Chile Inversiones Limitda ⁽¹⁾	CHL	72.351
MetLife Global, Inc.	DE	100%
SafeGuard Health Enterprises, Inc.	DE	100%
MetLife Health Plans, Inc.	NJ	100%
SafeGuard Health Plans, Inc.	CA	100%
SafeHealth Life Insurance Company	CA	100%
SafeGuard Health Plans, Inc.	FL	100%
SafeGuard Health Plans, Inc.	TX	100%
Newbury Insurance Company, Limited	DE	100%
MetLife Reinsurance Company of Charleston	SC	100%
MetLife Reinsurance Company of Vermont	VT	100%
MetLife European Holdings, LLC	DE	100%
MetLife Group, Inc	NY	100%
MetLife Services and Solutions, LLC	DE	100%
MetLife Investors Group, LLC	DE	100%
MetLife Investors Distribution Company	MO	100%
MetLife Investments Securities, LLC	DE	100%
Versant Health, Inc.	DE	100%
MetLife Reinsurance Company of Hamilton Ltd.	BERM	100%
Cova Life Management Company	DE	100%
MetLife Consumer Services, Inc.	DE	100%
MetLife Global Benefits, Ltd.	CYM	100%
MetLife Capital Trust IV	DE	100%
MetLife Home Loans LLC	DE	100%
Inversiones MetLife Holdco Dos Limitada ⁽²⁾	CHL	99.99946%
MetLife Pet Insurance Solutions LLC	KY	100%
Metropolitan General Insurance Company	RI	100%
MetLife Insurance Brokerage, Inc.	NY	100%
Delaware American Life Insurance Company	DE	100%
American Life Insurance Company	DE	100%
BIDV MetLife Life Insurance LLC ⁽³⁾	VNM	60.61%
MetLife Life Insurance K.K.	JPN	100%
Fortissimo Co. Ltd.	JPN	100%
MetLife Japan Water Tower Owner (Blocker) LLC	DE	100%
MetLife Japan Owner (Blocker) LLC	DE	100%
Borderland Investments Limited	DE	100%
ALICO Hellas Single Member LLC	GRC	100%

ALICO Properties Inc ⁽⁴⁾	DE	51%
Global Properties, Inc.	DE	100%
International Technical and Advisory Services Limited	DE	100%
MetLife Global Holding Company I GmbH (Swiss)	CHE	100%
MetLife, Life Insurance Company ⁽⁵⁾	EGY	84.125%
MetLife Global Holding Company II GmbH (Swiss)	CHE	100%
Closed Joint-stock Company Master-D	RUS	100%
MetLife Colombia Seguros de Vida S.A. ⁽⁶⁾	COL	89.9999%
MetLife Reinsurance Company of Bermuda Ltd.	BMU	100%
MetLife Emeklilik ve Hayat A.S. ⁽⁷⁾	TUR	99.98%
PJSC MetLife ⁽⁸⁾	UKR	99.9988%
MM Global Operations Support Center, S.A. de C.V. ⁽⁹⁾	MEX	100%
MetLife International Holdings, LLC	DE	100%
MetLife Global Holdings Corporation S.A. de C.V. ⁽¹⁰⁾	IRL	98.9%
MetLife Ireland Treasury d.a.c.	IRL	100%
Metropolitan Global Management, LLC ⁽¹¹⁾	IRL	97.7%
MetLife Investment Management Limited	GB -	100%
	ENG	
MetLife Innovation Center Limited	IRL	100%
MetLife Asia Holding Company Pte. Ltd.	SGP	100%
ALICO Operations, LLC	DE	100%
MetLife Asia Services Sdn. Bhd	MYS	100%
MetLife EU Holding Company Limited	IRL	100%
MetLife UK Limited	UK	100%
MetLife Investment Management Holdings Limited	IRL	100%
Affirmative Investment Management Partners Ltd	GBR	100%
MetLife Investments Asia Limited	HKG	100%
MetLife Investments Limited	GB -	100%
	ENG	
MetLife Latin America Asesorias e Inversiones Limitada ⁽¹²⁾	CHL	100%
MetLife Investment Management Europe Limited	IRL	100%

- (1) 72.35109659% of MetLife Chile Inversiones Limitada is owned by MetLife, 24.8823628% is owned by ALICO, 2.76654057% is owned by Inversiones MetLife Holdco Dos Limitada and 0.00000004% is owned by Natiloportem Holdings, LLC (Natiloportem,)
- (2) 99.99946% of Inversiones MetLife Holdco Dos Limitada is owned by MetLife, Inc., 0.000535% is owned by MetLife International Holdings, LLC. and 0.0000054% is owned by Natiloportem Holdings, LLC.
- (3) 60.61% of BIDV MetLife Life Insurance Limited Liability Company is held by ALICO and the remainder by third parties.
- (4) 51% of ALICO Properties, Inc. is owned by ALICO and the remaining interest by third parties.
- (5) 84.125% of MetLife, Life Insurance Company (Egypt) is owned by MetLife Global Holding Company I GmbH and the remaining interest by third parties.
- (6) 89.9999657134583% of MetLife Colombia Seguros de Vida S.A. is owned by MetLife Global Holding Company II GmbH, 10.0000315938813% is owned by MetLife Global Holding Company I GmbH, International Technical and Advisory Services Limited, Borderland Investments Limited and Natiloportem Holdings, LLC each own 0.000000897553447019009%.
- (7) 99.98% of MetLife Emeklilik ve Hayat A.S. is owned by MetLife Global Holding Company II GmbH (Swiss) and the remaining by third parties.

- (8) 99.9988% of PJSC MetLife is owned by MetLife Global Holding Company II GmbH, .0006% is owned by International Technical and Advisory Services Limited and the remaining .0006% is owned by Borderland Investments Limited.
- (9) 99.999509% of MM Global Operations Support Center S.A. de C.V. (Mexico) is held by MetLife Global Holding Company II GmbH (Swiss) and 0.000491% is held by MetLife Global Holding Company I GmbH (Swiss).
- (10) 98.9% is owned by MetLife International Holdings, LLC and 1.1% is owned by MetLife International Limited, LLC.
- (11) 99.7% is owned by MetLife Global Holdings Corporation S.A. de C.V. and 0.3% is owned by MetLife International Holdings, LLC.
- (12) 99.99% of MetLife Latin American Asesorias e Inversiones Limitada is owned by MetLife Investment Management Holdings (Ireland) Limited and .01% is owned by MetLife Global Holding Company II GmbH (Swiss)

Agreements with Affiliates

The following is a summary of the Company's significant affiliated agreements in-force as of December 31, 2023:

Tax Sharing Agreement with MetLife, Inc.

Effective December 31, 2014, the Company became a party to the Consolidated Tax Allocation Agreement with MetLife and other affiliated companies, originally effective January 1, 1985, and as amended. Under the agreement, the Federal income tax provision is computed on a separate return basis and provides that the members of the consolidated group shall receive reimbursement to the extent that their losses and other credits result in a reduction of the consolidated tax liability. Affiliates considered ineligible companies, as they have not met the five-year membership period eligibility test for life/non-life consolidated purposes, will not have their tax losses currently utilized by life members. The apportionment of tax liability follows Section 1552 (a) of the Internal Revenue Code.

Master Services and Facilities Agreement

Effective October 1, 2018, the Company entered into a Master Services and Facilities Agreement with MetLife Services and Solutions LLC (MSS) that provides a broad range of services to be rendered and facilities and equipment to be provided to the Company. Named

services included legal, communications, human resources, broker-dealer, general management, controller, investment management, actuarial, treasury, benefits management, systems and technology, adjusting services and claims, underwriting and policyholder services. Services, facilities and equipment are requested by the recipient as deemed necessary to its operations. The agreement provides that the Company is to pay MSS a charge equal to all expenses, direct and indirect, reasonably and equitably determined to be attributable to the services, facilities and equipment provided.

Other Affiliated Agreements

The following agreements became effective prior to the examination period and remained in-force as of December 31, 2023:

<u>Description</u>	<u>Effective Date</u>
Master Services and Facilities Agreement with Affiliates	November 1, 2010
Master Services Agreement with MLIC	November 1, 2010
Assignment and Assumption Agreements with AAM and MIA	November 1, 2010
Discretionary Investment Management Agreement with MIM	November 1, 2010 ⁽¹⁾
Common Paymaster Agreement with MIHL	November 1, 2010
Service Agreement with MetLife Mexico S.A.	February 9, 2012
Administrative Services Agreement with MGB	August 1, 2013
Global Service Agreement with MIHL	June 19, 2014
Administrative Services Agreement with Sino-US MIC	July 1, 2016
Master Services and Facilities Agreement with MLIC	January 1, 2017

(1) MetLife Investment Management, LLC (MIM), formerly known as MetLife Investment Advisors, LLC (MIA), as successor to AIG Asset Management (US), LLC via the 2010 Assignment and Assumption Agreement.

Acronym Legend

AAM – AIG Asset Management (US), LLC

MIHL – MetLife International Holdings, LLC (formerly known as MetLife International Holdings, Inc.)

MGB – MetLife Global Benefits Ltd.

For the year 2023, the Company reported related party expenses of \$3,152,402 under its various Management Agreements and Service Contracts and reported total general insurance

expenses of \$18,196,673. The amounts for 2023 were considered consistent with amounts reported over the examination period.

TERRITORY AND PLAN OF OPERATION

Territory

As of December 31, 2023, the Company was licensed in the District of Columbia and all fifty (50) States. The Company is authorized as a stock insurer to transact the business of life and health insurance as defined in 18 *Del. C.* § 902 "Life insurance" defined and 18 *Del. C.* § 903 "Health insurance" defined.

Plan of Operation

As of December 31, 2023, approximately 91.4% of direct premium was produced outside of the United States. The geographical breakdown of direct written premiums as of December 31, 2023, was: Aggregate Other Alien, \$60,386,183 (90.1%); Canada, \$862,919 (1.3%); New York, \$809,232 (1.2%); Delaware, \$691,400 (1.0%); California, \$551,199 (0.8%) and other jurisdictions, \$3,737,762 (5.6%).

The Company's operations consist of affiliated reinsurance, and expatriate business, the focus of which is on multi-national organizations with employees on international assignments, i.e., executives working outside their own country of citizenship. Lines of business market included life, AD&D, medical, dental, long-term disability (LTD) and International Business Travel Medical (IBTM) on a group basis through its sales force and independent brokers and consultants. DELAM operates in the Americas (which is part of the U.S. business segment) and MetLife's Corporate and Other business segment.

The Corporate and Other business segment contains various start-ups, developing and run-off businesses. Also, included in Corporate and Other are: the excess capital, as well as certain

charges and activities, not allocated to the segments, (including external integration and disposition costs, internal resource costs for associates committed to acquisitions and dispositions and enterprise -wide strategic initiatives), interest expense related to the majority of MetLife Inc.'s outstanding debt, expenses associated with certain legal proceeding and income tax audit issues, the elimination of intersegment amounts (which generally relate to investment expenses and intersegment loans bearing interest rates commensurate with related borrowings), and MetLife Inc.'s investment management business (through which Metlife Inc. provides public fixed income, private capital and real estate investment solutions to institutional investors worldwide).

Agency Relations and Sales Distribution

The Company markets group life, AD&D, medical, dental, LTD, and IBTM business on a group basis. The customer focus of this business is on employees working outside their own country of citizenship. This "expatriate benefits" business is marketed through its sales force, consisting of 7 sales associates and 1 sales leader. The sales force is organized by regional sales areas covering the North, Mid-Atlantic, Southeast, South, and West Coast regions. The regional sales personnel are licensed agents who work with various licensed brokers/agencies throughout the United States. All policies are written in the State of Delaware, either directly (if the client has a presence in Delaware) or through a group insurance trust. As the Company's insured memberships are not necessarily U.S. residents, this approach allows the Company to offer a streamlined, simple product to its customer base.

MetLife's expatriate benefits operating model utilizes a foundation of leveraging existing MetLife and partner operations to complement the Company's global headquarters in Wilmington, Delaware. The Expatriate Unit (in Wilmington, Delaware) provides a local service model for its global membership providing three foundation pillars: 1) local multilingual customer service

support, 2) local health claim processing service and 3) access to proprietary networks of hospitals and clinics. Using a traditional “hub and spoke” approach, the Company headquarters in Wilmington, Delaware, is responsible for overall program management, underwriting/pricing, business/network development, claim processing/service, as well as overall client management.

The Expatriate Unit utilizes Regional Service Centers to provide local administration of policies. Over the span of years, the Expatriate Unit has selected a collection of 9 geographical hubs and MetLife wholly owned offices to provide global service support for its global membership. At the basis of each partnership, there is a set of core elements, which include:

- Dedicated Account Executive / Key Contact
- Dedicated Claims / Service / Case Management teams
- Network Management
- Access to established networks of hospitals and clinics with local fee schedules and discount arrangements
- A local team with knowledge of reasonable and customary rates
- Local fraud detection support teams.

The global membership business can access the same type of service as the local book of business. Using data specific to the Expatriate Unit in the U.S., local partners can activate members in their system to access network providers, provide customer assistance, and pay claims on behalf of the Company’s policy.

REINSURANCE

For 2023, the Company reported the following breakdown of premiums:

Direct	\$ 69,913,010
Reinsurance assumed (from affiliates)	4,136,533
Reinsurance assumed (from non-affiliates)	<u>4,966,235</u>
Total direct and assumed	\$ 79,015,779
Reinsurance ceded (to affiliates)	2,428,827
Reinsurance ceded (to non-affiliates)	<u>6,463,593</u>
Net premium written	<u><u>\$ 70,123,359</u></u>

The Company enters into reinsurance agreements as a purchaser of reinsurance for its insurance products and as a provider of reinsurance for some insurance products issued by affiliated and unaffiliated companies. The Company participates in reinsurance activities to limit losses and provide additional capacity for future growth.

The Company entered into various agreements with reinsurers to cover individual risks, group risks or defined blocks of business, primarily on an excess of retention or quota share basis. These reinsurance agreements spread risk and minimize the effect of losses. The extent of each risk retained by the Company depends on an evaluation of the specific risk, subject, in certain circumstances, to maximum retention limits based on the characteristics of coverages. The Company obtains reinsurance for capital requirement purposes and also when the economic impact of the reinsurance agreement makes it appropriate to do so. Additionally, the Company cedes and assumes risk with other insurance companies when either company requires a business partner with the appropriate local licensing to issue certain types of policies in certain countries. In these cases, the assuming company typically underwrites the risks, develops the products and assumes most or all of the risk. The Company evaluates its reinsurance programs routinely and may increase or decrease its retention at any time.

The Company reinsures its business through a diversified group of reinsurers. The Company analyzes recent trends in arbitration and litigation outcomes in disputes, if any, with its reinsurers. The Company monitors ratings and evaluates the financial strength of its reinsurers by analyzing their financial statements. The Company also periodically monitors the collectability of reinsurance balances. No single unaffiliated reinsurer has a material obligation to the Company nor is the Company's business substantially dependent upon any reinsurance agreement. The

Company remains liable for all risks reinsured in the event the reinsurers are unable to meet their obligations under these agreements.

Credit for Reinsurance

The letters of credit and the trust agreements for unauthorized reinsurers were reviewed and were determined to comply with the requirements of 18 *Del. Admin. Code* 1003 “Credit for Reinsurance” and the NAIC Accounting Practices and Procedures Manual, SSAP No. 61.

Reinsurance Contract Review

A review was performed of significant reinsurance contracts put into place during the examination period for compliance with 18 *Del. Admin Code* §1000 and the NAIC Accounting Practices and Procedures Manual, SSAP No. 61.

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, 2023
- 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, 2018 to December 31, 2023

Assets
As of December 31, 2023

	Assets	Assets Nonadmitted	Net Admitted Assets
Bonds	\$ 79,481,250	\$ -	\$ 79,481,250
Cash, cash equivalents, short-term investments	12,409,672		12,409,672
Receivables for securities	1,000,000		1,000,000
Subtotals, cash and invested assets	<u>\$ 92,890,922</u>	<u>\$ -</u>	<u>\$ 92,890,922</u>
Investment income due and accrued	522,279		522,279
Premiums and considerations:			
Uncollected premiums and agents' balances in the course of collection	10,334,942	1,388,726	8,946,216
Reinsurance			
Amounts recoverable from reinsurers	1,687,700		1,687,700
Funds held by or deposited with reinsured companies	4,100,000		4,100,000
Other amounts receivable under reinsurance contracts	690,270		690,270
Net deferred tax asset	1,595,158	483,792	1,111,366
Guaranty funds receivable or on deposit	16,520		16,520
Receivables from parent, subsidiaries and affiliates	396,818		396,818
Aggregate write-ins for other than invested assets:			
Global service center funding	2,517,613	2,517,613	-
Miscellaneous	26,803	26,803	-
Total	<u><u>\$ 114,779,025</u></u>	<u><u>\$ 4,416,934</u></u>	<u><u>\$ 110,362,091</u></u>

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

		Notes
Aggregate reserves for life contracts	\$ 484,398	1
Aggregate reserves for accident and health contracts	17,667,082	1
Contract claims:		
Life	1,939,735	1
Accident and health	15,973,676	1
Premiums and annuity considerations for life and accident and health contracts received in advance less discount	1,291,171	
Contract liabilities not included elsewhere:		
Provision for experience rating refunds	5,335	
Other amounts payable on reinsurance	3,444,238	
Interest maintenance reserve	181,684	
Commissions to agents due or accrued-life and annuity contracts	224,840	
Commissions and expense allowances payable on reinsurance assumed	745,292	
General expenses due or accrued	15,466	
Taxes, licenses and fees	288,944	
Current federal and foreign income taxes	368,747	
Remittances and items not allocated	1,496,081	
Miscellaneous liabilities:		
Asset valuation reserve	387,344	
Reinsurance in unauthorized and certified companies	951,685	
Funds held under reinsurance treaties and unauthorized reinsurers	573,672	
Payable to parent, subsidiaries and affiliates	931,377	
Aggregate write-ins for liabilities	918,318	
Total liabilities excluding Separate Accounts	<u>\$ 47,889,085</u>	
From Separate Accounts Statement	<u>-</u>	
Total Liabilities	<u>\$ 47,889,085</u>	
Common capital stock	2,500,000	
Gross paid-in and contributed surplus	35,971,736	
Unassigned funds	24,001,270	
Capital and surplus	<u>\$ 62,473,006</u>	
Total Liabilities, Capital and Surplus	<u><u>\$ 110,362,091</u></u>	

Summary of Operations
For the Year Ended December 31, 2023

Premiums and annuity considerations for life and accident and health contracts	\$ 70,123,359
Net investment income	3,273,636
Amortization of Interest Maintenance Reserve	37,364
Commissions and expense allowances on reinsurance ceded	1,777,927
Aggregate write-ins for miscellaneous income	158,469
Totals	<u>\$ 75,370,755</u>
Death benefits	\$ 1,918,181
Disability benefits and benefits under accident and health contracts	33,596,718
Increase in aggregate reserves for life and accident and health contracts	378,957
Totals	<u>\$ 35,893,856</u>
Commissions on premiums, annuity considerations and deposit-type contracts funds	4,509,996
Commissions and expense allowances on reinsurance assumed	2,050,840
General insurance expenses	18,196,673
Insurance taxes, licenses and fees, excluding federal income taxes	1,336,512
Increase in loading on deferred and uncollected premiums	21,674
Aggregate write-ins for deductions	2,705
Totals	<u>\$ 62,012,256</u>
Net gain from operations before dividends to policyholders and federal income taxes	\$ 13,358,499
Dividend to policyholders	<u>-</u>
Net gain from operations after dividends to policyholders and before federal income taxes	\$ 13,358,499
Federal and foreign income taxes incurred	<u>2,635,000</u>
Net gain from operations after dividends to policyholders and federal income taxes and before realized capital gains (losses)	\$ 10,723,499
Net realized capital gains (losses)	<u>(14,943)</u>
Net Income	<u><u>\$ 10,708,556</u></u>

Reconciliation of Capital and Surplus
For the Period from the Prior Examination
As of December 31, 2018, to December 31, 2023

	Common Capital Stock	Gross Paid-in and Contributed Surplus	Unassigned Surplus	Total
12/31/18	\$ 2,500,000	\$ 35,971,736	\$ 26,656,527	\$ 65,128,263
12/31/19 ⁽¹⁾			(3,365,422)	(3,365,422)
12/31/20 ⁽²⁾			(1,901,302)	(1,901,302)
12/31/21 ⁽³⁾			(6,836,526)	(6,836,526)
12/31/22 ⁽⁴⁾			7,242,359	7,242,359
12/31/23 ⁽⁵⁾			2,205,634	2,205,634
	<u>\$ 2,500,000</u>	<u>\$ 35,971,736</u>	<u>\$ 24,001,270</u>	<u>\$ 62,473,006</u>

- (1) In 2019, the Company had a net increase to surplus of \$1,378,651, net of taxes, which was composed of missed prior year tax assets, tax liabilities, unreported claim activity and calculation provisions error.
- (2) In 2020, the company identified a reinsurance recoverable and an adjustment to the provision for experience rated refunds which were slightly offset by a credit for overpayment to a Regional Service Center which had a net result of decreasing the surplus by \$881,574, net of taxes.
- (3) In 2021, the surplus decreased by \$417,639, net of taxes, due to claims not being ceded, some claims not being recorded and a correction to an allowance for various exchange rates.
- (4) In 2022, the Company uncovered a 1-month lag in claims and regional service center fees which was slightly offset by a previous overstatement of liabilities, which had a net result of decreasing the surplus by \$70,106, net of taxes.
- (5) During 2023, the Company identified negative interest credited on funds withheld and an invoice payment that was incorrectly attributed resulting in an understatement of general insurance expense which had a net impact of a decrease to surplus of \$191,771, net of taxes.

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

There were no changes made to the financial statements as a result of this examination.

COMMENTS ON FINANCIAL STATEMENT ITEMS

Note 1:

Aggregate reserve for life contacts	\$ 484,398
Aggregate reserve for accident and health`	\$ 17,667,082
Contract Claims:	
Life	\$ 1,939,735
Accident and health	\$ 15,973,676

The Department retained the actuarial services of INS Consultants, Inc. (INS) to perform a risk-focused review of the Company's reserving and pricing activities. The INS Consulting Actuary assisted in review of the inherent risks, management oversight and other mitigating controls over the Company's actuarial processes and procedures. The INS Consulting Actuary also 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. In addition, the INS Consulting Actuary 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

Dividend Payment

On December 11, 2024, the Company submitted a request to pay an ordinary dividend in the amount of \$10.0 million to MetLife on or before December 28, 2024. The Department approved payment on December 16, 2024.

Intercompany Agreements

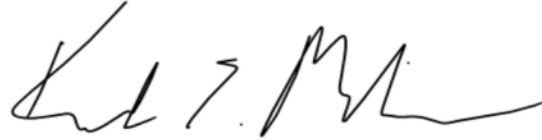
On October 21, 2024, the Company submitted a 6th Amendment to the Discretionary Investment Management Agreement with MIM. The Department approved the amendment on November 26, 2024, with an effective date of January 1, 2025.

SUMMARY OF RECOMMENDATIONS

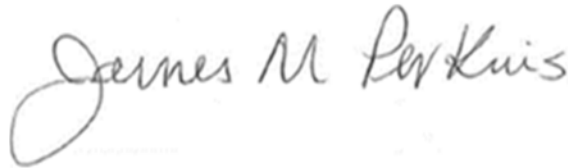
There were no examination report findings or recommendations as a result of the December 31, 2023, examination.

The assistance and cooperation of the consulting actuarial firm, INS Consultants, Inc., the consulting information system specialist firm, INS Services, Inc., the investment specialist firm, Rutter Associates, LLC, the Company's outside audit firm, D&T, and the Company's management and staff were appreciated and is acknowledged.

Respectfully submitted,

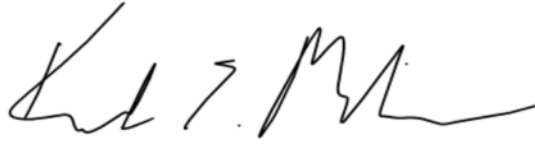
A handwritten signature in black ink, appearing to read "Keith E. Misenheimer".

Keith E. Misenheimer, CFE, ALMI, CFE, ARM
Examiner-In-Charge
Delaware Department of Insurance

A handwritten signature in black ink, appearing to read "James M. Perkins".

James M. Perkins, CFE
Supervising Examiner
Delaware Department of Insurance

I, Keith E. Misenheimer, 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. 24.012.

A handwritten signature in black ink, appearing to read 'Keith E. Misenheimer', written in a cursive style.

Keith E. Misenheimer, CFE, ALMI, CFE, ARM