

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

TRINIDAD NAVARRO
COMMISSIONER



STATE OF DELAWARE
DEPARTMENT OF INSURANCE

REPORT ON EXAMINATION
OF
DELAWARE 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 23rd day of June, 2025

Table of Contents

SCOPE OF EXAMINATION.....	1
SUMMARY OF SIGNIFICANT FINDINGS	3
COMPANY HISTORY	3
CAPITALIZATION	4
SURPLUS NOTES.....	5
DIVIDENDS.....	5
MANAGEMENT AND CONTROL	6
DIRECTORS	6
OFFICERS	6
CORPORATE RECORDS	7
INSURANCE HOLDING COMPANY SYSTEM	7
AGREEMENTS WITH AFFILIATES – NEW OR AMENDED.....	11
AGREEMENTS WITH AFFILIATES – PRIOR PERIODS.....	15
AGREEMENTS WITH RELATED PARTIES – PRIOR PERIODS	18
TERRITORY AND PLAN OF OPERATION	19
REINSURANCE.....	19
FINANCIAL STATEMENTS	23
STATEMENT OF ASSETS.....	24
STATEMENT OF LIABILITIES, SURPLUS AND OTHER FUNDS.....	25
SUMMARY OF OPERATIONS.....	26
RECONCILIATION OF CAPITAL AND SURPLUS	27
SEPARATE ACCOUNT STATEMENT OF ASSETS, LIABILITIES AND SURPLUS	28
ANALYSIS OF CHANGES IN FINANCIAL STATEMENTS RESULTING FROM THE EXAMINATION	29
COMMENTS ON FINANCIAL STATEMENT ITEMS.....	29
SUBSEQUENT EVENTS	29
SUMMARY OF RECOMMENDATIONS	30

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. 24.030, dated March 7, 2024, an examination has been made of the affairs, financial condition and management of:

DELAWARE LIFE INSURANCE COMPANY

hereinafter referred to as DLIC 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 Sun Life Assurance Company of Canada (U.S.) (SLUS) under the laws of Delaware on January 12, 1970, and commenced business on January 1, 1973. SLUS was a member of the Sun Life Financial insurance holding company system.

Effective August 1, 2013, Delaware Life Holdings, LLC (DLH LLC) acquired SLUS and its subsidiary, Sun Life Insurance and Annuity Company of New York (SLNY), from Sun Life Financial Inc. (SLF) for approximately \$1.35 billion. DLH LLC was formed as an acquisition vehicle for the transaction with SLF. DLH LLC was ultimately controlled by Mark R. Walter and Todd L. Boehly. Mr. Walter and Mr. Boehly were officers and non-controlling owners of Guggenheim Partners, LLC, a privately held investment firm. Effective July 14, 2014, SLUS's name was changed to DLIC and SLNY's name was changed to Delaware Life Insurance Company of New York (DLNY). DLNY was subsequently sold to a third party in July of 2023.

On July 5, 2016, the Department received notice from Mr. Boehly of his intent to divest his indirect controlling interest in DLH LLC. On September 20, 2016, DLIC filed an amended Form B with the Department on behalf of DLIC and DL Reinsurance Company (DLRC), and DLNY filed an amended Form HC-1 with the New York State Department of Financial Services, documenting the change in control as a result of Mr. Boehly's divestiture. Mr. Walter remained the ultimate controlling party of the Company after this transaction.

On October 5, 2017, the name of the Company's parent was changed from DLH LLC to Group One Thousand One, LLC (GOTO). During 2021, GOTO's name was changed to DLIC Holdings, LLC (DLH). On November 12, 2021, Group 1001, Inc. and Group 1001 Insurance Holdings, LLC (G1001 IH) were formed. Group 1001, Inc. was established as the principal holding company and G1001 IH was added as an intermediate holding company to own DLH. On February 24, 2022, DLIC Sub-Holdings, LLC (DLSH) was formed as an intermediate holding company between DLH and the Company whereby DLH transferred its ownership in the Company to DLSH.

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 Amended and Restated Certificate of Incorporation authorizes the issue of 10,000 shares of common stock with a par value of \$1,000 per share. As of December 31, 2023, the Company had common shares issued and outstanding totaling \$6,437,000. All outstanding

shares of the Company are owned by DLSH. As of December 31, 2023, the Company reported gross paid in and contributed surplus of \$1,590,920,461. The Company received capital contributions totaling \$820,480,968 during the examination period. Capital contributions included \$7,500,000, \$647,980,968, \$50,000,000 and \$115,000,000 for the years ended 2020, 2021, 2022 and 2023, respectively.

Surplus Notes

As of December 31, 2023, the Company had four outstanding surplus notes with a principal balance outstanding totaling \$390,212,683. Each surplus note may have multiple noteholders, and the notes are transferable by the noteholder. The Company maintains an agreement with Deutsche Bank Trust Company Americas (DBTCA), whereby DBTCA is the custodian for the surplus notes. The agreement allows the holder of the surplus note to transfer ownership subject to the consent of the Company and with proper notice given to DBTCA. DBTCA collects all surplus note payments and distributes such funds to the noteholder. The following is a summary of key provisions of the outstanding surplus notes as of December 31, 2023:

Assets	Counterparty	Date Issued	Original Principal	Interest Rate	Maturity Date	Carrying Value
Note A	Lange Trust	12/22/1997	\$ 250,000,000	8.625%	11/6/2027	\$ 20,712,683
Note A	Group 1001 Finance Company, LLC	11/6/2022	134,699,000	7.750%	11/6/2052	134,699,000
Note B	Group 1001 Finance Company, LLC	6/15/2023	52,301,000	7.750%	12/15/2052	52,301,000
Note B	Various	6/15/2023	25,000,000	7.750%	12/15/2052	25,000,000
Note C	Midland National Life Insurance Company ¹	12/15/1995	100,000,000	7.626%	12/15/2052	100,000,000
Note C	North American Company for Life and Health ¹	12/15/1995	50,000,000	7.626%	12/15/2052	50,000,000
Note D	Group 1001 Finance Company, LLC	6/15/2023	7,500,000	7.750%	12/15/2052	7,500,000
			<u>\$ 619,500,000</u>			<u>\$ 390,212,683</u>

¹Midland National Life Insurance Company and North American Company for Life and Health are considered related parties given Mr. Walter's relationship with Sammons Enterprises, Inc. through his affiliation with Guggenheim Partners, LLC.

Dividends

The Company declared and paid ordinary dividends to its parent totaling \$365 million

during the examination period. Dividend payments included \$65 million, \$200 million and \$100 million for the years ended 2020, 2021 and 2022, 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 Amended and Restated 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 no less than three 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, Treasurer and Secretary. The Board may also elect one or more Vice Presidents. 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
Michael S. Bloom	Chief Legal Officer and Secretary
John J. Miceli, Jr.	Treasurer
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:

<u>Company</u>	<u>Domicile</u>	<u>% Own</u>
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%
Clear Spring Life and Annuity Company	Delaware	100%
Gainbridge Life Insurance Company	Delaware	100%
Elsmere Insurance Agency, LLC	Delaware	100%
Efland Funding 2015-1, LLC	Delaware	100%

<u>Company</u>	<u>Domicile</u>	<u>% Own</u>
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

- Effective January 1, 2021, as amended effective January 1, 2021, DLIC entered into a Lease Agreement with Group 1001 Indiana Holdings, LLC.

- Effective July 1, 2021, DLIC entered into a Letter of Credit Facility Agreement with Clear Spring Health (SC), Inc.
- Effective September 22, 2020, as amended and restated effective November 3, 2021, a syndicated credit facility arranged by BMO Capital Markets Corp. and consisting of four bank lenders (BMO Facility) was provided to Clear Spring Health Holdings, LLC (CSHH) and its wholly owned subsidiary, Clear Spring Health Insurance Company (CSHIC), with a maximum borrowing of \$125.0 million as of December 31, 2023. Pursuant to the BMO Facility and a related separate fee letter, DLIC guarantees all principal and interest obligations of CSHH and CSHIC and is subject to certain covenants related to risk-based capital and surplus.
- Effective August 10, 2021, as amended effective October 4, 2021, February 24, 2022, August 23, 2022 and November 8, 2022, DLIC is a co-borrower under a short-term money market facility (ST Facility) with Société Générale (SocGen), acting through its New York Branch. DLIC and CSHIC were co-borrowers under the ST Facility until August 16, 2022. At that time, as part of a corporate financing strategy, Group 1001 Finance Company, LLC (1001 FC), an affiliate, was added via an amendment (Amended ST Facility) to the original ST Facility. As part of the strategy, CSHIC was removed as a borrower and no longer has the ability to directly borrow from the Amended ST Facility or incur any liability related to the Amended ST Facility.
- Effective August 7, 2020, as amended effective December 8, 2021 and May 18, 2022, DLIC authorized its wholly owned subsidiary DL Investment Holdings 2016-2, LLC to enter into a Société Générale credit facility (SG Facility) with an original maximum borrowing amount of \$150.0 million, and \$225.0 million as of December 31, 2023, as part

of an investment program. Pursuant to the SG Facility, DLIC is required to pledge collateral to support borrowings. The pledged collateral secures obligations of a non-recourse guarantee by DLIC, which is limited to the pledge of collateral assets.

- Effective February 24, 2022, DLIC entered into a Support and Reimbursement Agreement with CSHH and CSHIC.
- As a requirement under a Master Receivables Purchase Agreement between CSHIC and Société Générale Factoring S.A. dated October 4, 2021, as amended August 16, 2022, DLIC guarantees the performance and observance of all obligations and covenants by CSHIC.
- Effective August 23, 2022, DLIC entered into a Co-Borrowers, Support, and Reimbursement Agreement with 1001 FC.
- Effective October 4, 2022, DLIC and Clear Spring Property and Casualty Company (CSPC) entered into an interest-bearing Reciprocal Demand Loan Agreement with a maximum borrowing capacity of \$18 million.
- Effective November 11, 2020, as amended effective February 27, 2023, DLIC entered into a Revolving Loan Agreement with R.V.I. Guaranty Co., Ltd.
- DLIC and DL Investment Holdings 2016-1, LLC (DLIH 2016-1) entered into a \$100 million Reciprocal Demand Loan Agreement, originally dated March 31, 2021, as amended and restated effective June 11, 2023, with interest at the Secured Overnight Financing Rate (SOFR) plus 1.21% per annum.
- DLIC and CSLAC entered into a \$200 million Reciprocal Demand Loan Agreement, originally dated June 1, 2022, as amended and restated effective June 11, 2023, with interest at SOFR plus 1.21% per annum.

- Effective August 25, 2023, DLIC entered into a \$60 million Demand Promissory Note with CSHIC.
- Effective September 27, 2023, DLIC entered into a Reciprocal Demand Loan Agreement with Group 1001 IP Solutions, LLC.
- DLIC is a guarantor of lease obligations related to leases entered into by certain affiliates. CSPC is the lessee under an amended lease agreement for an office in Boca Raton, Florida, that expires on March 31, 2026. PSA Realty Company (PSA Realty), an affiliate, is the lessee under a lease for office space in Fort Lauderdale, Florida, that expires on April 30, 2030, as well as two Waltham, Massachusetts leases of which one expires on October 31, 2029 and the second expires on October 31, 2030.

Management, Administrative, and Services Agreements

- Effective January 1, 2019, DLIC entered into a Facilities Use Agreement with Group 1001 Resources, LLC (G1001 Resources), pursuant to which DLIC provides use of certain of its facilities to G1001 Resources.
- Effective January 1, 2020, DLIC entered into a Services and Resource Sharing Agreement with Clear Spring Casualty Insurance Company (CSCIC), Clear Spring American Insurance Company (CSAIC) and Clear Spring National Insurance Company (CSNIC), pursuant to which DLIC provides services and makes resources available upon request to CSCIC, CSAIC and CSNIC.
- Effective January 1, 2022, DLIC entered into a License Agreement with Group 1001 IP Solutions, LLC.
- Effective April 1, 2002, as amended and restated effective August 1, 2022, DLIC entered into an Amended and Restated Distributor and Principal Underwriter Agreement with

Clarendon Insurance Agency, Inc. (Clarendon) pursuant to which Clarendon serves as principal underwriter and distributor for all variable insurance products issued by DLIC.

- Effective June 1, 2023, DLIC entered into an Administrative Services Agreement with Delaware Life and Annuity Company (DLAC), pursuant to which DLIC provides certain services at cost and use of its facilities to DLAC related to the day-to-day operations of DLAC.
- Effective October 1, 2023, DLIC entered into a Hedging Program Agreement with DLIH 2016-1, pursuant to which DLIH 2016-1 acquires and holds hedging instruments to support specified contracts issued or assumed by DLIC in accordance with the written investment objectives, policies, and restrictions of DLIC and its Derivative Use Plan. This Agreement was subsequently amended effective January 1, 2024.

Tax Allocation Agreement

- Effective December 15, 2014, as amended effective October 14, 2020 and September 1, 2023, the Company is party to a Tax Sharing Agreement between and among Group 1001, Inc. and certain of its subsidiaries.

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:

Guarantees, Loans, Leases and Letter of Credit Facility Agreements

- Pursuant to a Guarantee Agreement effective January 20, 2017, DLIC guarantees punctual payment to Merrill Lynch Professional Clearing Corp. (ML Pro) and certain affiliates of ML Pro (collectively, the Guaranteed Parties) by certain subsidiaries of DLIC that may be added to the guaranty (collectively, the ML Customers), in connection with accounts the

ML Customers have with the Guaranteed Parties. The obligations of DLIC under the Guaranty Agreement are limited to \$300 million.

Management, Administrative, and Services Agreements

- Effective December 1, 2008, DLIC entered into an Administrative Services Agreement with Clarendon, pursuant to which DLIC provides services and facilities in connection with Clarendon's business of supporting the wholesale distribution of DLIC's variable insurance and annuity products.
- Effective December 22, 2014, DLIC entered into an Administrative Services Agreement with DLRC, pursuant to which DLIC provides certain investment, actuarial and administrative services to DLRC.
- Effective January 1, 2017, DLIC entered into a Services Agreement with CSPC, pursuant to which DLIC provides certain administrative and functional services to CSPC.
- Effective October 1, 2017, DLIC entered into a Services Agreement with Delaware Life Reinsurance (Barbados) Corp. (Barbco), pursuant to which DLIC provides administrative and functional services to Barbco on a cost-reimbursement basis.
- Effective June 1, 2018, DLIC entered into a Services and Resource Sharing Agreement with Eon Health Plan, LLC (EHP), pursuant to which DLIC provides certain services and resources to EHP, including finance, legal, compliance, human resources, investment, administrative, information technology and other support functions.
- Effective January 1, 2018, DLIC entered into a Services and Resource Sharing Agreement with Group One Thousand One Advisory Services, LLC (now known as Group 1001 Advisory Services LLC) (G1001 Advisory), pursuant to which DLIC provides certain

services and resources to G1001 Advisory, including the provisions of investment management services and related resources.

- Effective October 1, 2018, DLIC entered into a Services and Resource Sharing Agreement with CSHH, pursuant to which DLIC provides certain services and resources to CSHH, including personnel for finance, legal, compliance, human resources, administrative, information technology and other operational support functions.
- Effective January 1, 2019, DLIC entered into an Administrative Services Agreement with G1001 Resources, pursuant to which G1001 Resources provides certain services and resources to DLIC, including personnel for finance, legal, compliance, human resources, administrative, information technology and other operational support functions.
- Effective January 1, 2019, DLIC entered into a Services and Resource Sharing Agreement with Clear Spring Health Management Services, LLC (CSHMS), pursuant to which CSHMS provides certain services and resources to DLIC, including personnel for finance, legal, compliance, human resources, administrative, information technology and other operational support functions.
- Effective January 1, 2019, DLIC entered into a Services and Resource Sharing Agreement with CSHMS, pursuant to which DLIC provides certain services and resources to CSHMS, including personnel for finance, legal, compliance, human resources, administrative, information technology and other operational support functions.
- Effective January 1, 2019, DLIC entered into an Administrative Services Agreement with Delaware Life Marketing, LLC (DLM), pursuant to which DLIC agrees to provide certain services and use of facilities to DLM related to the business of DLM.

- Effective January 1, 2019, as amended and restated effective January 1, 2019 and September 1, 2021, DLIC entered into a Second Amended and Restated Master Agency Agreement with DLM, pursuant to which DLM provides certain distribution and agent management services to DLIC.
- Effective January 1, 2019, DLIC entered into a Paymaster Agreement with DLM, G1001 Resources, and Clarendon, which enables DLIC, on behalf of Clarendon, to provide G1001 Resources, in its role as payroll employer of DLM personnel, with certain amounts to be paid to DLM in connection with their activities as registered persons of Clarendon.

Agreements with Related Parties – Prior Periods

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

- Effective August 1, 2013, DLIC entered into a Services Agreement with Insurance Management Services, LLC (IMS) (formerly Guggenheim Insurance Services, LLC), pursuant to which IMS provides advisory services to DLIC, including services related to accounting and general services, insurance services and other advisory services using IMS's personnel, facilities, systems and equipment in conjunction with the provision of such services, and makes available its personnel to serve as officers of the Company.
- Effective August 1, 2013, DLIC entered into an Intercompany Services Agreement with Guggenheim Commercial Real Estate Finance, LLC (GCREF), pursuant to which GCREF provides mortgage loan sourcing, origination and administration services to the Company.
- Effective October 1, 2014, DLIC entered into an Amended and Restated Investment Management Agreement with Guggenheim Partners Investment Management, LLC

(GPIM), pursuant to which GPIM provides investment management services for certain of the Company's investments.

- Effective September 1, 2018, DLIC entered into a Limited Discretionary Investment Advisory Agreement with Guggenheim Investment Advisors, LLC (GIA), pursuant to which GIA provides investment advisory services to the Company.

TERRITORY AND PLAN OF OPERATION

As of December 31, 2023, the Company is authorized to transact business in forty-nine states, the District of Columbia, Puerto Rico and the U.S. Virgin Islands. The Company's business includes a variety of wealth accumulation products, protection products and institutional investment contracts. These products include individual and group variable life insurance, individual universal life insurance, individual and group fixed and variable annuities, and funding agreements.

REINSURANCE

The Company cedes insurance risk utilizing reinsurance agreements with both affiliates and third parties. The Company reported direct 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
	2023		2019	
Direct business	\$ 5,803,753,408	100%	\$ 2,616,422,032	100%
Reinsurance assumed from affiliates	-	-	-	-
Reinsurance assumed from non-affiliates	-	-	-	-
Gross premiums written	\$ 5,803,753,408	100%	\$ 2,616,422,032	100%
Reinsurance ceded to affiliates	\$ 49,873,137	0.9%	\$ 28,989,574	1.1%
Reinsurance ceded to non-affiliates	307,555,348	5.3%	175,148,949	6.7%
Total ceded	\$ 357,428,485	6.2%	\$ 204,138,523	7.8%
Net premiums written	\$ 5,446,324,923	93.8%	\$ 2,412,283,509	92.2%

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

Assumed Reinsurance

The Company did not actively assume business as part of its ongoing business strategy during the period under examination. The Company assumed a block of fixed annuities from Fidelity and Guaranty Life Insurance Company (formerly Old Mutual Financial Life Insurance Company) on a 100% coinsurance basis under an agreement effective July 26, 1999. The Company reported reserves totaling \$61.3 million under this agreement as of December 31, 2023.

Ceded Reinsurance

The Company cedes business to both affiliates and third parties in accordance with the overall corporate strategy and planned retention limits for each line of business or specific product. The following is a summary of significant ceded reinsurance as of December 31, 2023.

Life Products

The Company's individual life insurance product retention limits are set periodically by the Board, which approved an increase in the retention limit from \$2 million to \$6 million per life at the end of 2009. Retained amounts in excess of \$6 million are ceded to Sun Life Assurance Company of Canada (SLOC), a former affiliate. Some retained amounts in excess of \$2 million

but less than \$6 million are ceded via Yearly Renewable Term (YRT) reinsurance agreements effective January 1, 2016 to Canada Life Assurance Company for executive variable universal life (VUL) and effective June 1, 2017 to Swiss Re Life & Health America for corporate-owned life insurance (COLI) products.

The majority of the Company's variable life products are reinsured through automatic first dollar quota share pool structures with some risk ceded on a facultative basis. Most contracts are written on a YRT basis with multiple reinsurers. The pool participants change periodically as reinsurers exit the business and are replaced with new pool members.

The Company's COLI VUL and pooled stable value bank-owned life insurance (BOLI) products are reinsured by Barbco (which was known as Sun Life Reinsurance (Barbados) No. 3 Corp. at the time) effective December 31, 2008. In accordance with the agreement, general account reserves were 100% ceded on a funds withheld basis and all separate account risks are ceded, after some third party YRT. This agreement is a combination of coinsurance, funds withheld coinsurance and modified coinsurance.

For large BOLI products, the Company entered into a Novation Agreement with SLOC and Barbco, effective July 31, 2013. Pursuant to the Novation Agreement, Barbco was substituted as reinsurer under the June 12, 2000 reinsurance agreement between the Company and SLOC. In accordance with the agreement, the Company cedes certain risks under group flexible premium VUL policies on a YRT basis.

For COLI policies, the Company is party to an Accidental Death Carve Out Reinsurance Agreement with SCOR Global Life USA Reinsurance Company originally effective July 1, 2017 through June 30, 2019 and renegotiated effective July 1, 2019 through June 30, 2021. A new agreement between the same parties was not re-negotiated after June 30, 2021. This was an

indemnity reinsurance agreement for accidental death coverage carve out from retention for COLI policies.

Variable Annuity Products

Effective December 31, 2014, the Company entered into a combination modified coinsurance and funds withheld coinsurance agreement (VA Treaty) with DLRC. Under this agreement, the Company cedes certain risks of its variable annuity products to DLRC. The VA Treaty does not transfer insurance risks to DLRC, rather its main purpose is to reinsure hedging risks associated with the Company's variable annuity products. The agreement is accounted for using deposit accounting in accordance with NAIC Statutory Statement of Accounting Principles (SSAP) No. 61R – *Life, Deposit-Type and Accident and Health Reinsurance*.

Effective January 1, 2018, and amended and restated effective July 1, 2018, the Company entered a reinsurance treaty with Hannover Life Reinsurance Company of America to cede in-force variable annuity base policies on a coinsurance and modified coinsurance basis. The treaty only covers the policyholder base contract risks and not any guaranteed benefit living or death benefit risks. Effective January 1, 2021, this treaty was amended to include the Masters Prime product.

Fixed Annuity Products

Effective April 1, 2018, the Company entered a reinsurance treaty with Hannover Life Reassurance Company of America covering guaranteed living withdrawal benefits (GLWBs) on its fixed index annuity product, Target Income 10, whereby 80% of the GLWB risks are ceded on a coinsurance basis with a funds withheld account.

Effective January 1, 2020, the Company entered into a reinsurance agreement with Heritage Life Insurance Company, where it cedes 50% of the liabilities associated with a block of

non-qualified structured settlements.

On December 6, 2023, and effective December 31, 2023, the Company entered into a reinsurance agreement with DLAC to cede a block of multi-year guaranteed annuity (MYGA) contracts on a coinsurance basis. Pursuant to the agreement, the Company cedes a 10% quota share of the activity associated with the MYGAs, including initial statutory reserves totaling \$118.9 million as of December 31, 2023. In exchange for the initial statutory reserves, the Company agreed to transfer assets totaling \$118.9 million to DLAC within thirty days of the agreement's effective date. DLAC agreed to pay the Company a \$6.7 million ceding commission, payable within fifteen days of the agreement's effective date.

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	\$ 18,134,459,419	\$ -	\$ 18,134,459,419
Stocks:			
Preferred stocks	802,140,384	-	802,140,384
Common stocks	166,602,195	4,163,312	162,438,883
Mortgage loans on real estate:			
First liens	1,426,559,180	-	1,426,559,180
Other than first liens	294,942,378	-	294,942,378
Cash, cash equivalents and short-term investments	3,859,773,442	-	3,859,773,442
Contract loans	352,018,465	99,546	351,918,919
Derivatives	575,141,170	-	575,141,170
Other invested assets	1,510,864,221	17,635,628	1,493,228,593
Receivables for securities	127,334,401	-	127,334,401
Aggregate write-ins for invested assets	16,129,321	-	16,129,321
Subtotals, Cash and Invested Assets	<u>\$ 27,265,964,576</u>	<u>\$ 21,898,486</u>	<u>\$ 27,244,066,090</u>
Investment income due and accrued	480,365,798	58,382	480,307,416
Premiums and considerations:			
Accrued retrospective premiums	162,143	-	162,143
Reinsurance:			
Amounts recoverable from reinsurers	17,759,505	1,006,153	16,753,352
Other amounts receivable under reinsurance contracts	9,020,873	-	9,020,873
Amount receivable relating to underinsured plans	636,152	-	636,152
Net deferred tax asset	176,588,537	-	176,588,537
Electronic data processing equipment and software	71,572	-	71,572
Furniture and equipment, including health care delivery assets	1,776,657	1,776,657	-
Receivable from parent, subsidiaries and affiliates	185,276,500	-	185,276,500
Aggregate write-ins for other than invested assets	271,091,229	20,919,046	250,172,183
Total assets excluding Separate Accounts	<u>\$ 28,408,713,542</u>	<u>\$ 45,658,724</u>	<u>\$ 28,363,054,818</u>
From Separate Accounts	<u>17,727,809,937</u>	<u>-</u>	<u>17,727,809,937</u>
Total Assets	<u><u>\$ 46,136,523,479</u></u>	<u><u>\$ 45,658,724</u></u>	<u><u>\$ 46,090,864,755</u></u>

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

		Note
Aggregate reserves for life contracts	\$ 21,040,252,678	1
Liability for deposit type contracts	1,979,496,813	1
Contract claims:		
Life	32,706,438	1
Accident and Health	31,919	1
Contract liabilities not included elsewhere:		
Surrender values on canceled contracts	2,682,760	
Other amounts payable on reinsurance	147,653,380	
Commissions to agents due or accrued	38,163,759	
General expenses	29,467,602	
Transfers to Separate Accounts	(195,531,052)	
Taxes, licenses and fees	3,385,565	
Current federal and foreign income taxes	81,263,341	
Unearned investment income	41,048,308	
Amounts withheld or retained by reporting entity as agent or trustee	1,599,932	
Remittances and items not allocated	232,459,655	
Asset valuation reserve	282,462,413	
Funds held under reinsurance treaties with unauthorized and certified reinsurers	260,713,133	
Payable to parent, subsidiaries, and affiliates	59,678,655	
Liability for amounts held under uninsured plans	5,213	
Funds held under coinsurance	106,268,764	
Derivatives	435,849,806	
Payable for securities	1,122,768,651	
Aggregate write-ins for liabilities	98,379,923	
Total liabilities excluding Separate Accounts	<u>\$ 25,800,807,656</u>	
From Separate Accounts Statement	<u>17,727,808,662</u>	
Total Liabilities	<u><u>\$ 43,528,616,318</u></u>	
Common capital stock	\$ 6,437,000	
Surplus notes	390,212,683	
Gross paid in and contributed surplus	1,590,920,461	
Aggregate write-ins for special surplus funds	140,735,418	
Unassigned funds (surplus)	433,942,875	
Total Capital and Surplus	<u>\$ 2,562,248,437</u>	
Total Liabilities, Surplus and Other Funds	<u><u>\$ 46,090,864,755</u></u>	

Summary of Operations
For the Year Ended December 31, 2023

Premiums and annuity considerations for life and accident and health contracts	\$ 5,446,324,923
Considerations for supplementary contracts with life contingencies	33,719,460
Net investment income	1,242,007,279
Amortization of Interest Maintenance Reserve	1,786,910
Commissions and expense allowances on reinsurance ceded	103,236,900
Reserve adjustments on reinsurance ceded	(964,496,805)
Miscellaneous Income:	
Income from fees associated with investment management, administration and contract guarantee from Separate Accounts	312,625,008
Aggregate write-ins for miscellaneous income	(262,607,129)
Total revenue and other policyholder adjustments	<u>\$ 5,912,596,546</u>
Death benefits	\$ 131,919,058
Annuity benefits	381,780,429
Disability benefits and benefits under accident and health contracts	51,061
Surrender benefits and withdrawals for life contracts	2,039,160,950
Interest and adjustments on contract or deposit type contract funds	53,499,149
Payments on supplementary contracts with life contingencies	43,820,284
Increase in aggregate reserves for life and accident and health contracts	3,734,432,482
Total benefits and policyholder adjustments	<u>\$ 6,384,663,413</u>
Commissions on premiums, annuity considerations and deposit type contract funds	\$ 115,453,373
Commissions and expense allowances on reinsurance assumed	116,208
General insurance expenses	296,677,888
Insurance taxes, licenses and fees	6,902,781
Net transfers to/(from) Separate Accounts net of reinsurance	(983,184,173)
Aggregate write ins for deductions	(229,553,405)
Total selling general and other expenses	<u>\$ 5,591,076,085</u>
Net gain from operations before dividends to policyholders and federal income taxes	\$ 321,520,461
Dividends to policyholders	-
Net gain from operations after dividends to policyholders and before federal income taxes	<u>\$ 321,520,461</u>
Federal and foreign income taxes incurred	183,751,438
Net gain from operations after dividends to policyholders and federal income taxes and before realized capital gains/(losses)	<u>\$ 137,769,023</u>
Net realized capital gains/(losses)	7,206,676
Net Income	<u><u>\$ 144,975,699</u></u>

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

	Common Capital Stock	Paid In & Contributed Surplus	Unassigned Funds (Surplus)	Aggregate Write-in For Other Special Surplus Funds	Surplus Notes	Total
Balance at December 31, 2019	\$ 6,437,000	\$ 770,439,493	\$ 241,436,049	\$ -	\$ 565,000,000	\$1,583,312,542
Net Income (Loss)	-	-	220,550,110	-	-	220,550,110
Paid in (surplus adjustments) ³	-	7,500,000	-	-	-	7,500,000
Other Changes ¹	-	-	136,065,663	-	-	136,065,663
Surplus Notes	-	-	-	-	(7,500,000)	(7,500,000)
Dividends	-	-	(65,000,000)	-	-	(65,000,000)
Aggregate Write-Ins for Gains and						
Losses in Surplus ²	-	-	(276,381,854)	-	-	(276,381,854)
Balance at December 31, 2020	<u>\$ 6,437,000</u>	<u>\$ 777,939,493</u>	<u>\$ 256,669,968</u>	<u>\$ -</u>	<u>\$ 557,500,000</u>	<u>\$1,598,546,461</u>
Net Income (Loss)	-	-	215,379,748	-	-	215,379,748
Other Changes ¹	-	-	(176,127,294)	-	-	(176,127,294)
Paid in (surplus adjustments) ³	-	647,980,968	-	-	-	647,980,968
Surplus Notes	-	-	-	-	(167,287,317)	(167,287,317)
Dividends	-	-	(200,000,000)	-	-	(200,000,000)
Aggregate Write-Ins for Gains and						
Losses in Surplus ²	-	-	157,849,397	-	-	157,849,397
Balance at December 31, 2021	<u>\$ 6,437,000</u>	<u>\$ 1,425,920,461</u>	<u>\$ 253,771,819</u>	<u>\$ -</u>	<u>\$ 390,212,683</u>	<u>\$2,076,341,963</u>
Net Income (Loss)	-	-	259,288,198	-	-	259,288,198
Other Changes ¹	-	-	(260,098,816)	-	-	(260,098,816)
Paid in (surplus adjustments) ³	-	50,000,000	-	-	-	50,000,000
Dividends	-	-	(100,000,000)	-	-	(100,000,000)
Aggregate Write-Ins for Gains and						
Losses in Surplus ²	-	-	219,115,240	-	-	219,115,240
Balance at December 31, 2022	<u>\$ 6,437,000</u>	<u>\$ 1,475,920,461</u>	<u>\$ 372,076,441</u>	<u>\$ -</u>	<u>\$ 390,212,683</u>	<u>\$2,244,646,585</u>
Net Income (Loss)	-	-	144,975,699	-	-	144,975,699
Other Changes ¹	-	-	40,000,446	-	-	40,000,446
Admitted Disallowed Interest						
Maintenance Reserve	-	-	(140,735,418)	140,735,418	-	-
Paid in (surplus adjustments) ³	-	115,000,000	-	-	-	115,000,000
Aggregate Write-Ins for Gains and						
Losses in Surplus ²	-	-	17,625,707	-	-	17,625,707
Balance at December 31, 2023	<u>\$ 6,437,000</u>	<u>\$ 1,590,920,461</u>	<u>\$ 433,942,875</u>	<u>\$ 140,735,418</u>	<u>\$ 390,212,683</u>	<u>\$2,562,248,437</u>

¹ Other Changes in Unassigned Funds (Surplus) for each year may include: change in net unrealized capital gains/(losses); change in net unrealized foreign exchange capital gains/(losses); change in net deferred income tax; change in non-admitted assets; change in liability for reinsurance in unauthorized and certified companies, change in reserve on account of change in valuation basis, change in asset valuation reserve and other changes in surplus in separate accounts.

² The Aggregate Write-Ins for Gains and Losses in Surplus for the years 2020, 2021, 2022 and 2023 were related to the unrealized change in Investment expense on funds withheld (unrealized), certain prior period adjustments and miscellaneous adjustments for reinsurance for 2021, 2022 and 2023.

³ In February 2020, the Company received a \$100 million capital contribution from its parent that was recorded as receivable in 2019. In December 2020, the Company received an additional cash contribution from its parent totaling \$7.5 million. In August 2021, the Company received a cash contribution from its parent totaling \$479.2 million, and in December 2021, the Company received another \$168.8 million in contributed capital related to a release in liabilities for the retirement of surplus notes. The Company received cash contributions from its parent in the amount of \$50 million and \$115 million for the years ended December 31, 2022 and December 31, 2023, respectively.

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

	Insulated Fair Value Basis	Non-Insulated Fair Value Basis	Total Fair Value Basis
Bonds	\$ 3,393,419,215	\$ 376,339,120	\$ 3,769,758,335
Stocks:			
Preferred stocks	-	4,436,241	4,436,241
Common stocks	9,739,513,762	-	9,739,513,762
Mortgage loans on real estate	-	510,522	510,522
Cash and cash equivalents	1,176,552,809	22,948,397	1,199,501,206
Short-term investments	1,624,084,268	-	1,624,084,268
Remittances and items not allocated	679,652	-	679,652
Other invested assets	284,805,458	1,993,206	286,798,664
Subtotals - Cash and Invested Assets	<u>\$ 16,219,055,164</u>	<u>\$ 406,227,486</u>	<u>\$ 16,625,282,650</u>
Investment income due and accrued	\$ 35,339,235	\$ 4,114,235	\$ 39,453,470
Receivables for securities	432,602,735	480,496	433,083,231
Aggregate write-ins for other than invested assets	618,945,222	11,045,364	629,990,586
Total Assets	<u><u>\$ 17,305,942,356</u></u>	<u><u>\$ 421,867,581</u></u>	<u><u>\$ 17,727,809,937</u></u>
Aggregate reserves for life, annuity and accident and health contracts	\$ 16,062,361,617	\$ 269,370,302	\$ 16,331,731,919
Liability for deposit type contracts	323,124,424	-	323,124,424
Other transfers to General Account	43,033,773	152,497,279	195,531,052
Remittances and items not allocated	1,413,221	-	1,413,221
Payable for securities	868,935,680	-	868,935,680
Aggregate write ins for liabilities	7,072,366	-	7,072,366
Total Liabilities	<u>\$ 17,305,941,081</u>	<u>\$ 421,867,581</u>	<u>\$ 17,727,808,662</u>
Aggregate write ins for special surplus funds	-	11,045,364	11,045,364
Unassigned funds	1,275	(11,045,364)	(11,044,089)
Total Surplus	<u>\$ 1,275</u>	<u>\$ -</u>	<u>\$ 1,275</u>
Total Liabilities and Surplus	<u><u>\$ 17,305,942,356</u></u>	<u><u>\$ 421,867,581</u></u>	<u><u>\$ 17,727,809,937</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	\$21,040,252,678
Liability for deposit-type contracts	1,979,496,813
Contract claims: Life	32,706,438
Contract claims: Accident and health	31,919

The examination liability for the aforementioned captioned items of \$21,040,252,678, \$1,979,796,813, \$32,706,438 and \$31,919 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

A commission refund recorded by DLIC in the amount of \$130.8 million as of December 31, 2023 in accordance with the terms of the Second Amended and Restated Master Agency Agreement between DLIC and DLM was settled in the first quarter of 2024.

Effective January 1, 2024, the Hedging Program Agreement between the Company and DLIH 2016-1 was amended.

In the first quarter of 2024, DLAC settled a \$6.7 million ceding commission payable to DLIC and DLIC transferred \$118.9 million of assets to DLAC related to a coinsurance agreement effective December 31, 2023.

Effective January 1, 2025, the Company transferred all assets and liabilities of the Company's non-insulated separate account to the Company's general account. The transfer had no effect on the capital and surplus of the Company. The Company received approval from the Department for this transaction on October 10, 2024.

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,



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



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 24.030.

A handwritten signature in black ink, appearing to read "Craig Jackson", is centered on the page.

Craig Jackson, CPA, CFE