

EXAMINATION REPORT
OF
DELAWARE LIFE AND ANNUITY COMPANY
AS OF
DECEMBER 31, 2023

TRINIDAD NAVARRO
COMMISSIONER



STATE OF DELAWARE
DEPARTMENT OF INSURANCE

REPORT ON EXAMINATION
OF
DELAWARE LIFE AND ANNUITY COMPANY
AS OF
DECEMBER 31, 2023

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

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

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

Trinidad Navarro
Insurance Commissioner

Dated this 23rd day of June, 2025

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May 29, 2025

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

Dear Commissioner:

In compliance with instructions and pursuant to statutory provisions contained in Examination Certification No. 24.031, dated March 7, 2024, an examination has been made of the affairs, financial condition and management of

DELAWARE LIFE AND ANNUITY COMPANY

hereinafter referred to as DLAC 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. This examination was conducted by the Delaware Department of Insurance (Department) and covered the period from the inception of the Company 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

General History

The Company was incorporated under the laws of the State of Delaware on November 15, 2022, and received an initial contribution on February 3, 2023. The Company is a wholly owned subsidiary of Delaware Life Insurance Company (DLIC) and an indirect subsidiary of Group 1001, Inc. Group 1001, Inc. is ultimately controlled by Mark R. Walter.

Group 1001 consists of the following brands: Delaware Life, Gainbridge®, Clear Spring Life and Annuity Company, Clear Spring Property and Casualty Group, Clear Spring Health and the RVI Group, among others. Group 1001's United States domiciled insurance companies operate in the life and annuity, property and casualty, health, and specialty insurance markets.

Capitalization

The Company's Certificate of Incorporation authorizes the issue of 3,000 shares of common stock with no par value. As of December 31, 2023, the Company had 100 shares of

common stock issued and outstanding totaling \$3,000,000. All outstanding shares of the Company are owned by DLIC. As of December 31, 2023, the Company reported gross paid in and contributed surplus of \$20,000,000.

Dividends

The Company's Board of Directors (Board) did not approve or authorize any dividends during the examination period.

MANAGEMENT AND CONTROL

Directors

Pursuant to the General Corporation Laws of the State of Delaware, as implemented by the Company's Certificate of Incorporation and bylaws, the business and affairs of the Company must be managed by or under the direction of its Board. The Company's bylaws require the Board consist of 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 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:

Delaware Life and Annuity Company

| <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% |
| Groveswood 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

The following is a summary of the Company's significant affiliated agreements (excluding reinsurance agreements) in effect as of December 31, 2023:

Administrative Services Agreement

- Effective June 1, 2023, the Company entered into an Administrative Services Agreement with DLIC, pursuant to which DLIC provides various services and the use of property, equipment and facilities. Services include contract and general administrative services; accounting data processing, tax and audit services and functional support services.

- Effective June 1, 2023, the Company entered into a Distributor and Principal Underwriter Agreement with Clarendon Insurance Agency, Inc. (Clarendon), pursuant to which Clarendon agrees to serve as principal underwriter and distributor for certain annuity contracts when issued by the Company.

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.

TERRITORY AND PLAN OF OPERATION

DLAC commenced business in 2023 and is licensed to transact business in 26 states and the District of Columbia. The Company's only business is the reinsurance of multi-year guaranteed annuity (MYGA) contracts it assumes from DLIC. The Company had no direct business during the examination period.

REINSURANCE

The Company does not cede business to either affiliates or third parties. On December 6, 2023, and effective December 31, 2023, the Company entered into a reinsurance agreement with DLIC to assume a block of MYGA contracts on a coinsurance basis. Pursuant to the agreement, the Company assumed a 10% quota share of the activity associated with the MYGA contracts, including initial statutory reserves totaling \$118.9 million as of December 31, 2023. In exchange for the initial statutory reserves, DLIC agreed to transfer assets totaling \$118.9 million to the Company within thirty days of the agreement's effective date. The Company agreed to pay DLIC 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 Company's Inception as of January 1, 2023 to December 31, 2023

Statement of Assets
As of December 31, 2023

| | Assets | Nonadmitted Assets | Net Admitted Assets |
|--|------------------------------|----------------------------|------------------------------|
| Bonds | \$ 3,089,902 | \$ - | \$ 3,089,902 |
| Cash and cash equivalents | 20,463,239 | - | 20,463,239 |
| Subtotals, Cash and Invested Assets | <u>\$ 23,553,141</u> | <u>\$ -</u> | <u>\$ 23,553,141</u> |
| Investment income due and accrued | 81,363 | - | 81,363 |
| Reinsurance: | | | |
| Other amounts receivable under reinsurance contracts | 118,857,141 | - | 118,857,141 |
| Net deferred tax asset | <u>2,078,517</u> | <u>2,078,517</u> | <u>-</u> |
| Total assets excluding Separate Accounts | <u>\$ 144,570,162</u> | <u>\$ 2,078,517</u> | <u>\$ 142,491,645</u> |
| Total Assets | <u><u>\$ 144,570,162</u></u> | <u><u>\$ 2,078,517</u></u> | <u><u>\$ 142,491,645</u></u> |

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

| | | <u>Note</u> |
|---|-----------------------|-------------|
| Aggregate reserves for life contracts | \$ 118,857,141 | 1 |
| Contract liabilities not included elsewhere: | | |
| Other amounts payable on reinsurance | 6,700,000 | |
| Interest Maintenance Reserve | - | |
| General expenses | 86,942 | |
| Current federal and foreign income taxes | 778,065 | |
| Payable to parent, subsidiaries, and affiliates | 40,196 | |
| Total Liabilities | <u>\$ 126,462,344</u> | |
| Common capital stock | \$ 3,000,000 | |
| Gross paid in and contributed surplus | 20,000,000 | |
| Unassigned funds (surplus) | (6,970,699) | |
| Total Capital and Surplus | <u>\$ 16,029,301</u> | |
| Total Liabilities, Surplus and Other Funds | <u>\$ 142,491,645</u> | |

Summary of Operations
For the Year Ended December 31, 2023

| | |
|---|------------------------------|
| Premiums and annuity considerations for life and accident and health contracts | \$ - |
| Net investment income | 838,593 |
| Aggregate write ins for miscellaneous income | 118,857,141 |
| Total revenue and other policyholder adjustments | <u>\$ 119,695,734</u> |
| Increase in aggregate reserves for life and accident and health contracts | 118,857,141 |
| Total benefits and policyholder adjustments | <u>\$ 118,857,141</u> |
| Commissions and expense allowances on reinsurance assumed | 6,700,000 |
| General insurance expenses | 252,478 |
| Insurance taxes, licenses and fees | 78,749 |
| Total selling general and other expenses | <u>\$ 125,888,368</u> |
| Net gain from operations before dividends to policyholders and federal income taxes | \$ (6,192,634) |
| Dividends to policyholders | <u>-</u> |
| Net gain from operations after dividends to policyholders and before federal income taxes | \$ (6,192,634) |
| Federal and foreign income taxes incurred | 778,065 |
| Net gain from operations after dividends to policyholders and federal income taxes and before realized capital gains/(losses) | \$ (6,970,699) |
| Net realized capital gains/(losses) | <u>-</u> |
| Net Income | <u><u>\$ (6,970,699)</u></u> |

Reconciliation of Capital and Surplus
For the Period from the Company's Inception
As of January 1, 2023 to December 31, 2023

| | Common Capital Stock | Paid In & Contributed Surplus | Unassigned Funds (Surplus) | Total |
|--|-------------------------------------|--|---|----------------------|
| Balance at January 1, 2023 | \$ - | \$ - | \$ - | \$ - |
| Net Income (Loss) | - | - | (6,970,699) | (6,970,699) |
| Paid in (Capital Changes) ¹ | 3,000,000 | - | - | 3,000,000 |
| Paid in (surplus adjustments) ¹ | - | 20,000,000 | - | 20,000,000 |
| Balance at December 31, 2023 | <u>\$3,000,000</u> | <u>\$20,000,000</u> | <u>\$ (6,970,699)</u> | <u>\$ 16,029,301</u> |

¹On February 3, 2023, the Company received a capital contribution of \$3,000,000 in cash from DLIC. \$3,000,000 of this contribution related to DLIC's purchase of 100 common shares with no par value. The remaining \$2,700,000 was recognized by the Company as gross paid in and contributed surplus. On March 31, 2024, the Company received a capital contribution of \$20,000,000 in cash from DLIC that was recognized by the Company as gross paid in and contributed surplus. On July 13, 2023, by unanimous written consent, the Company's Board confirmed that \$2,700,000 in assets held in the Company's surplus account were intended to be in the Company's capital account and approved the transfer of such amount, such that the Company's financial statements reflect a capital account of \$3,000,000.

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 Annual Statement as a result of this examination.

COMMENTS ON FINANCIAL STATEMENT ITEMS

Note 1:

| | |
|--------------------------------------|---------------|
| Aggregate reserve for life contracts | \$118,857,141 |
|--------------------------------------|---------------|

The examination liability for the aforementioned captioned item of \$118,857,141 is 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 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.

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

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

In the third quarter of 2024, the Company received a \$7.0 million capital contribution, recorded as gross paid in and contributed surplus.

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 24.031.

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

Craig Jackson, CPA, CFE