

**REPORT ON EXAMINATION**  
**OF THE**  
**AMERICAN GENERAL LIFE INSURANCE COMPANY OF DELAWARE**  
**AS OF**  
**DECEMBER 31, 2011**

Karen Weldin Stewart, CIR-ML  
Commissioner



Delaware Department of Insurance

I, Karen Weldin Stewart, Insurance Commissioner of the State of Delaware, do hereby certify that the attached REPORT ON EXAMINATION, made as of December 31, 2011 of the

**AMERICAN GENERAL LIFE INSURANCE COMPANY OF DELAWARE**

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

Attest By: Brandi Biddle

Date: June 25, 2013



In Witness Whereof, I have hereunto set my hand and affixed the official seal of this Department at the City of Dover, this 25<sup>th</sup> day of June, 2013.

Karen Weldin Stewart, CIR-ML  
Insurance Commissioner

Karen Weldin Stewart, CIR-ML  
Commissioner



Delaware Department of Insurance

REPORT ON EXAMINATION  
OF THE  
AMERICAN GENERAL LIFE INSURANCE COMPANY OF DELAWARE  
AS OF  
DECEMBER 31, 2011

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.

A handwritten signature in black ink, appearing to read "Karen Weldin Stewart", is written over a horizontal line.

Karen Weldin Stewart, CIR-ML  
Insurance Commissioner

Dated this 25<sup>th</sup> day of June, 2013

## TABLE OF CONTENTS

SALUTATION .....	1
SCOPE OF EXAMINATION.....	1
SUMMARY OF SIGNIFICANT FINDINGS .....	3
SUBSEQUENT EVENTS .....	3
COMPANY HISTORY .....	5
CAPITALIZATION .....	6
Preferred and Common Capital Stock .....	6
Gross Paid-In and Contributed Surplus .....	6
Dividends .....	7
CORPORATE RECORDS .....	7
MANAGEMENT AND CONTROL .....	8
Directors.....	8
Officers .....	8
Insurance Holding Company System.....	9
Intercompany Management and Service Agreements .....	11
TERRITORY AND PLAN OF OPERATION .....	13
GROWTH OF THE COMPANY .....	14
LOSS EXPERIENCE .....	16
REINSURANCE.....	17
Assumed.....	17
Ceded .....	17
ACCOUNTS AND RECORDS .....	18
STATUTORY DEPOSITS .....	19
FINANCIAL STATEMENTS .....	20
General Account.....	21
Assets .....	21
Liabilities, Surplus and Other Funds .....	22
Summary of Operations .....	23
Capital and Surplus Account .....	24
Separate Accounts .....	25
Assets .....	25
Liabilities and Surplus .....	25
SCHEDULE OF EXAMINATION ADJUSTMENTS.....	26
NOTES TO FINANCIAL STATEMENTS.....	26
Assets .....	26
Liabilities .....	27
SUMMARY OF RECOMMENDATIONS .....	33
CONCLUSION.....	34

## **SALUTATION**

May 13, 2013

Honorable Karen Weldin Stewart, CIR-ML  
Commissioner  
Delaware Department of Insurance  
Rodney Building  
841 Silver Lake Blvd.  
Dover, Delaware 19904

Dear Commissioner:

In compliance with instructions and pursuant to statutory provisions contained in Certificate of Authority No. 12.001, dated December 21, 2011, an examination has been made of the affairs, financial condition and management of the

### **AMERICAN GENERAL LIFE INSURANCE COMPANY OF DELAWARE**

hereinafter referred to as, (Company or AGLD) and incorporated under the laws of the state of Delaware as a stock company with its statutory home office located at 450 King Street, Wilmington, Delaware 19801. The examination was conducted at the administrative office of the Company located at 2727A Allen Parkway, Houston, Texas 77019.

The report of this examination is submitted herewith.

### **SCOPE OF EXAMINATION**

This examination was a multistate coordinated examination of American General Life Insurance Company (TX) (AGL), Western National Life Insurance Company (TX) (WNL), The Variable Annuity Life Insurance Company (TX) (VALIC), and the Company, with the Texas Department of Insurance acting as Lead State. In addition, examiners representing the states of

American General Life Insurance Company of Delaware

Arizona, New York and Tennessee communicated regularly, coordinated efforts, shared work, and leveraged off of work contributed by each examination team regarding the separately conducted examinations of: SunAmerica Life Insurance Company (AZ) (SALIC), SunAmerica Annuity and Life Insurance Company (AZ) (SAAL), The United States Life Insurance Company of the City of New York (NY) (USL), and American General Life and Accident Insurance Company (TN) (AGLA). All companies are ultimately owned and controlled by the ultimate parent, American International Group, Inc. (AIG), a Delaware holding company.

The concurrent and coordinated examinations were conducted in accordance with the Association Plan of Examination guidelines established by the National Association of Insurance Commissioners (NAIC). Examiners representing the states of Arizona, Delaware, New York, Tennessee and Texas participated in these concurrent examinations, and Reports on Examination for domestic companies were filed separately.

The last examination of AGLD was as of December 31, 2006. This examination is a comprehensive risk-focused examination which covers the five year period from January 1, 2007 to December 31, 2011, and encompassed a general review of the Company's business policies and practices, as well as management and relevant corporate matters, with a determination of financial condition at December 31, 2011. Transactions and operations subsequent to the examination date were reviewed where deemed necessary.

We conducted our examination in accordance with the *National Association of Insurance Commissioners (NAIC) Financial Condition Examiners Handbook* (Handbook). The NAIC Handbook requires that we plan and perform the examination to assess financial condition and identify prospective risks by evaluating Company information including operations, corporate governance, identifying and assessing material inherent risks to which the Company is

considered exposed and evaluating processes, systems, controls and other procedures used to mitigate those risks. The examination also included assessing principles used and significant estimates made by management, as well as evaluating overall financial statement presentation and management's compliance with Statutory Accounting Principles and annual statement instructions.

During the course of this examination, consideration was given to work performed by the Company's external accounting firm, PricewaterhouseCoopers, LLC (PWC). Certain auditor work papers of their 2010 audit have been incorporated into the work papers of this examination and have been utilized principally in the area of tests of controls, risk mitigation and substantive tests of account balances.

In addition to items hereinafter incorporated as a part of this report, the following were reviewed without material exception and made part of the work papers of this examination.

Fidelity Bond and Other Insurance  
Pensions, Stock Ownership and Insurance Plans  
NAIC Ratios  
Legal Actions  
All other Assets and Liabilities not mentioned

### **SUMMARY OF SIGNIFICANT FINDINGS**

There were no material adverse findings, adjustments to the financial statements, or specific recommendations as a result of this examination.

### **SUBSEQUENT EVENTS**

Effective April 1, 2012, AIG contributed 100% of the capital stock of SunAmerica Financial Group, Inc. (SAFG) to SAFG Retirement Services, Inc. (SAFGRS) and SAFGRS contributed 100% of the capital stock of SALIC to SAFG. As a result of the foregoing transactions, SAFGRS became an indirect parent of each of AGC Life Insurance Company

(AGCL), AGLA, American General Property Insurance Company (AGPIC), American General Assurance Company (AGAC), American General Indemnity Company (AGIC), WNL, AGL, VALIC, AGLD, and USL. SAFG became the direct parent of SALIC and the indirect parent of SAAL. At the time of completion of the 2nd Quarter 2012 Financial Statements, AIG was the ultimate parent company of each of these companies and the ultimate controlling person was the United States Treasury. On December 11, 2012, the Treasury Department sold all of its remaining shares of AIG.

The Company has adopted a securities lending program, whereby certain securities are lent to financial institutions in exchange for cash. These transactions are intended to provide an additional source of liquidity for the Company, through secured financings backed by its existing securities portfolios. This targeted securities lending program was approved by the Company's Board in February 2012. As of September 30, 2012, no securities lending transactions have been entered into by the Company under the program.

On October 25, 2012, the Company sold its interest in certain collateralized debt obligations (ML III CDO) it had purchased from Maiden Lane III LLC to a non-insurance company affiliate (AIG SPV), in cash, at fair market value of \$43.9 million. On the same day, the Company purchased, in cash, from a non-affiliate NAIC 1 rated senior notes with fair value of \$35.1 million. The repayment of these senior notes is secured by the ML III CDO which this non-affiliate purchased from AIG SPV.

On November 7, 2012, the Company sold its interest in certain collateralized debt obligation it had purchased from Maiden Lane III LLC to AIG SPV, in cash, at fair market value of \$60.3 million.

In October 2012, AIG agreed to pay \$11 million to resolve a multistate probe of its life insurance companies regarding compliance with unclaimed property laws and claim settlement practices. The financial impact of the settlement on AGLD was not material.

On December 31, 2012, the Company was merged with and into AGL, with AGL being the surviving company, in order to implement a more efficient legal entity structure while continuing to market products and services under currently existing brands. AGL is also an indirect wholly owned subsidiary of AIG. As of this report date, the Company has been merged out of existence as a separate legal entity and is no longer considered a Delaware Domestic regulated insurance company.

### **COMPANY HISTORY**

The Company was incorporated in the Commonwealth of Pennsylvania on June 18, 1962 and commenced business on September 4, 1962, as the National Union Life Insurance Company. The Company became a member of the AIG holding company system in January 1968 when a majority of the capital stock of its then parent, National Union Fire Insurance Company (NUFIC), was acquired by AIG. As of September 22, 1970, all of the stock of the Company previously owned by NUFIC was transferred to New Hampshire Insurance Company.

The Company's name was changed on December 15, 1970, to the Life Insurance Company of New Hampshire. In June 1977, the Life Insurance Company of New Hampshire sold its stock of the Company to AIG. AIG contributed its ownership in the Company to American Life Insurance Company (ALICO) in October 1977. On April 1, 1981, the Company changed its name from Life Insurance Company of New Hampshire to AIG Life Insurance Company. AIG reacquired and contributed the Company's capital stock to downstream subsidiaries through the period 1991 to 2007. In 1991, the Company re-domesticated from the

American General Life Insurance Company of Delaware

Commonwealth of Pennsylvania to the State of Delaware.

On December 31, 2007, AIG contributed all of the shares of the Company to SAFG which, in turn, contributed such shares to AGC Life Insurance Company. Control of the Company is maintained through the indirect ownership by AIG of all the voting securities of the Company. On December 8, 2009, AIG Life Insurance Company changed its name to American General Life Insurance Company of Delaware (AGLD).

## **CAPITALIZATION**

### **Preferred and Common Capital Stock**

The Company has 1,000,000 shares of common stock authorized and 976,703 shares issued and outstanding with a par value of \$5 a share for a total paid-in common capital stock of \$4,883,515. At December 31, 2011, all of the outstanding shares of common stock were owned by its immediate parent, AGC Life Insurance Company.

The Company has 1,000,000 shares of authorized Serial Preferred Stock with no par value. None of the serial preferred stock has been issued.

### **Gross Paid-In and Contributed Surplus**

In 2010, the Company received permission from the Delaware Department of Insurance (DOI) to restate the gross paid-in and contributed surplus and the unassigned funds components of surplus, similar to the restatement of surplus balances that occurs pursuant to quasi-reorganizations. The restatement resulted in an increase in unassigned funds of \$677,480,925 with a corresponding decrease to gross paid-in surplus. The permitted practice had no impact on either the Company's net income or total capital and surplus. In addition, there was no impact on the Company's risk-based capital results.

Dividends

According to Company records and as reflected in minutes of the Board of Directors' meetings, the following dividends were paid during the period covered by this examination and approved by the Delaware Department of Insurance:

<u>Year</u>	<u>Amount</u>	<u>Ordinary / Extraordinary</u>
2007	\$ 31,500,000	Extraordinary
2007	\$118,500,000	Extraordinary
2011	\$ 26,500,000	Ordinary
2011	\$243,500,000	Extraordinary

**CORPORATE RECORDS**

The recorded minutes of the sole shareholder and Board of Directors 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 authorization of investments as required by 18 Del. C. §1304 "Authorization; record of investments".

A review of the Insurance Holding Company Annual Registration Statement filings (Form B and Form C) made by and on behalf of the Company for all years under examination revealed that the Company had complied with the requirements of 18 Del. Admin Code. 1801.

## MANAGEMENT AND CONTROL

### Directors

Article III, Section 2 of the Company's amended bylaws, states: "The Board shall consist of five (5) or more directors. The directors shall be elected at the annual meeting of stockholders and each director shall be elected to serve until his successor shall be elected and shall qualify. Directors need not be stockholders."

At December 31, 2011, the members of the Board of Directors together with their principal business affiliations were as follows:

<u>Directors Name</u>	<u>Principal Business Affiliation</u>
Robert Michael Beuerlein	Senior Vice President and Chief and Appointed Actuary American General Life Companies
Jeffrey Howard Carlson	Executive Vice President, Chief Service and Information Officer American International Group
Don Wayne Cummings	Senior Vice President and Chief Financial Officer American General Life Companies
Mary Jane Bartolotta Fortin	Chairman, President and Chief Executive Officer American General Life Companies
Kyle Lynn Jennings	Executive Vice President, General Counsel and Secretary American General Life Companies

### Officers

Article V, Section 1 of the Company's bylaws states "The officers of the corporation shall be chosen by the board of directors and shall be a president, a vice-president, a secretary and a treasurer." The board of directors may also choose additional vice-presidents, and one or more assistant secretaries and assistant treasurers. Any number of offices may be held by the same person, unless the certificate of incorporation or these bylaws otherwise provide."

Article V, Section 3 states "The board of directors may appoint such other officers and agents as it shall deem necessary that shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the board."

At December 31, 2011, the Company's principal officers and their respective titles were as follows:

<u>Officer</u>	<u>Title</u>
Mary Jane Bartolotta Fortin	Chairman, President and Chief Executive Officer
Kyle Lynn Jennings	Executive Vice President, General Counsel and Secretary
Edward Francis Bacon	Vice President
Wayne Aflin Barnard	Senior Vice President and Illustration Actuary
Robert Michael Beuerlein	Senior Vice President and Chief and Appointed Actuary
Jeffrey Howard Carlson	Executive VP, Chief Service and Information Officer
Don Wayne Cummings	Senior Vice President and Chief Financial Officer
Robert Frank Herbert, Jr.	Senior Vice President, Treasurer and Controller
David Scott Jorgensen	Senior Vice President
Frank Andrew Kophamel	Senior Vice President

Inspection of Company files indicated that ethics statements/conflict of interest affidavits were distributed, completed and returned by all employees at a manager level or above for the examination period.

It was noted that written correspondence was submitted to the Delaware Department of Insurance in regards to the changes in officers and directors during the period under examination in compliance with 18 Del. C. §4919.

#### Insurance Holding Company System

The Company is a member of the AIG holding company system. AIG is a publicly traded U.S. based international insurance holding company, domiciled in Delaware, operating in approximately 130 countries and jurisdictions around the world.

AIG companies serve commercial, institutional and individual customers through one of the most extensive worldwide property casualty networks of any insurer. In 2011, AIG had three

reportable segments, one of which is SunAmerica. The Company is included in the SunAmerica segment. This segment offers a comprehensive suite of products and services to individuals and groups, including term life, universal life, accident and health, fixed and variable deferred annuities, fixed payout annuities, mutual funds and financial planning. SunAmerica offers its products and services through a diverse, multi-channel distribution network that includes: banks; national, regional and independent broker-dealers; affiliated financial advisors; independent marketing organizations; independent and career insurance agents; structured settlement brokers; benefit consultants; and direct-to-consumer platforms. These operations were previously known as AIG Domestic Life Insurance & Retirement Services.

The AIG holding company organizational chart reflected in Schedule Y of the Annual Statement includes over 300 entities.

The Company's direct parent is AGC Life Insurance Company. The Company does not hold direct or indirect ownership of any subsidiary companies. The abbreviated organizational chart that follows reflects affiliated entities within the holding company structure.

American General Life Insurance Company of Delaware

American International Group, Inc.

Chartis, Inc.

AIG Commercial Insurance Group, Inc.

National Union Fire Insurance Company of Pittsburgh, PA

National Union Fire Insurance Company of Vermont

Chartis Specialty Insurance Company

Lexington Insurance Company (DE)

Chartis Select Insurance Company (DE)

American Home Assurance Company

New Hampshire Insurance Company

Commerce and Industry Insurance Company

SunAmerica Financial Group, Inc.

AGC Life Insurance Company

AIG Life of Bermuda, Ltd

American General Life Insurance of Bermuda, Ltd.

\*\*American General Life and Accident Insurance Company (TN)

American General Property Insurance Company (TN)

\**American General Life Insurance Company (TX)*

\**The Variable Annuity Life Insurance Company (TX)*

\**Western National Life Insurance Company (TX)*

\****American General Life Insurance Company of Delaware (DE)***

\*\*The United States Life Insurance Company in the City of New York (NY)

American General Assurance Company

American General Indemnity Company

SAFG Retirement Services, Inc.

\*\*SunAmerica Life Insurance Company (AZ)

\*\*SunAmerica Annuity and Life Assurance Company (AZ)

\* Companies included within the Coordinated Multi-State examination of AGC Life with Texas acting as lead state.

\*\*Companies communicating and leveraging off of common work, where applicable, of Key Activities relevant to each company.

### Intercompany Management and Service Agreements

The Company was a party to numerous inter-company agreements, which were disclosed by the Company in its Form B Registration Statement filings with the Delaware Department of Insurance. The agreements of significance are summarized as follows:

### Investment Advisory Agreements (3)

Effective April 1, 1999, the Company entered into an Investment Advisory Agreement

and Assignment with AIG Asset Management LLC (AMG) (as assignee of PineBridge Investments, the successor to the merger of AIGGIC into PineBridge Investments) whereby AMG provides investment advisory services to AGLD. Effective January 1, 2011, AGLD and AMG entered into an Amended and Restated Investment Advisory Agreement pursuant to which AGLD pays AMG compensation in accordance with Schedule 1 thereto for services provided pursuant to the Amended and Restated Investment Advisory Agreement. The Amended and Restated Investment Advisory Agreement superseded the original Advisory Agreement.

Effective March 26, 2010, AGLD is a party to an Investment Advisory Agreement with AMG pursuant to which AMG provides investment management services with respect to the Short Duration Subaccount of Separate Account IV.

Effective May 1, 2010, AGLD entered into an Amended and Restated Investment Advisory Agreement with AMG to act as investment manager, on behalf of the Hybrid BOLI Subaccount 1 and Hybrid BOLI Subaccount 2 of Separate Account 103.

#### Capital Maintenance Agreement

On March 30, 2011, the Company and AIG entered into a Capital Maintenance Agreement (CMA). The agreement provides that AIG would maintain the Company's total adjusted capital at or above a certain specified minimum percentage of the Company's projected company action level RBC. The CMA replaced the Support Agreement, which was terminated by AIG in accordance with its terms on April 24, 2011.

#### Assignment and Assumption Agreements

The Company and AIG Matched Funding Corp (AIGMFC) entered into three (3) Assignment and Assumption Agreements as noted below:

1. On June 3, 2011, the Company assumed all of AIGMFC obligations under a certain investment agreement (guaranteed investment contract) previously entered into between AIGMFC and US Bank related to certain bonds issued by Salt Verde Financial Corporation.
2. On June 30, 2011, the Company assumed all of AIGMFC obligations under a certain investment agreement (guaranteed investment contract) previously entered into between AIGMFC and US Bank related to certain bonds issued by Southern California Public Power Authority. The Company also entered into a swap with AIG Markets which provide fees to the Company.
3. On September 22, 2011, the Company assumed all of AIGMFC obligations under a certain investment agreement (guaranteed investment contract) previously entered into between AIGMFC and US Bank related to certain bonds issued by Long Beach Bond Finance Authority. The Company also entered into a swap with AIG Markets which provide fees to the Company.

The Company also entered into a swap with AIG Markets as regards the above agreements which provides a fee to the Company for assuming the obligations under the investment agreement and hedges the Company's interest rate risk associated with the investment agreement.

The following agreements also remained in effect from prior examination periods:

- Service and Expense Agreement dated February 1, 1974, with AIG and several affiliated companies.
- Tax Payment Allocation Agreement dated January 1, 1992 between the Company, AIG, and its domestic subsidiaries.
- Administrative Services Agreement with Integra (f/k/a AIG Business Processing Services, Inc.) effective December 31, 2002.
- Short Term Investment Pool Agreement with American General Investment Management, L.P. dated April 29, 1999. AGLD was added to the agreement October 31, 2002.
- General Agency Agreement and Participation Agreement with VALIC Financial Advisors, Inc. (VFA) dated October 15, 2007.

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

The Company is licensed to sell life and accident and health insurance in the District of

Columbia and all states except New York, and operate in Puerto Rico.

The Company included the following products in its portfolio: individual life and health, including ordinary life and term life; variable life and products supporting executive benefit programs; individual fixed annuities; variable life and annuities; group life and health; pension and investment products, including variable annuities, structured settlements and terminal funding annuities.

The Company markets an array of terminal funding annuities, fixed and variable single premium immediate annuities, through brokers, consultants, financial institutions, professional general agents and registered representatives to meet the wealth accumulation, wealth protection, and income needs of frozen defined benefit plans, employer retirement plans and middle and upper-income households. Private placement life insurance and annuity products continue to be sold by AGLD in niche markets not served by other insurance companies in SAFG.

The Company reported it has approximately 15,326 licensed and appointed agents as of December 31, 2011.

### **GROWTH OF THE COMPANY**

The following information was obtained from the Company's filed Annual Statements and covers the five preceding years since its last examination as of December 31, 2006:

<u>Year</u>	<u>Assets</u>	<u>Surplus</u>	<u>Gross Premiums Written</u>	<u>Net Income</u>
2007	\$ 7,688,755,997	\$ 439,922,311	\$ 780,746,421	\$ 48,662,297
2008	\$ 7,311,632,824	\$ 359,503,631	\$ 638,640,315	\$ (875,551,796)
2009	\$ 7,181,708,292	\$ 449,900,130	\$ 384,734,402	\$ (23,176,901)
2010	\$ 6,790,939,453	\$ 647,799,165	\$ 442,900,311	\$ 57,630,031
2011	\$ 6,610,099,444	\$ 445,741,924	\$ 296,825,601	\$ 64,657,265

For the period December 31, 2007, through December 31, 2011, the Company's financial results were as follows:

- 14.03% decrease in admitted assets
- 1.32% increase in surplus
- 61.98% decrease in gross premiums written
- 32.87% increase in net income

The Company's capital and surplus decreased from 2007 to 2008 due primarily by net losses incurred of \$875.5 million, unrealized losses of \$47.8 million and an increase in non-admitted assets due to negative IMR of \$88.8 million, partially offset by capital contributions received from AGC Life of \$914.6 million. Net income for 2008 decreased by \$924.2 million when compared to the prior year primarily due to realized capital losses of \$922.0 million, which included losses of \$870.8 million due primarily from a decline in the market value of collateral held under the Company's securities lending program.

Capital and surplus increased from 2008 to 2009 due to capital contributions of \$50.5 million, cumulative effect of change in accounting principles related to Statement of Statutory Accounting Principles No.43R of \$20.6 million and change in reserve on account of change in valuation basis of \$20.1 million. Gross Premiums declined markedly in 2009 due to disruption of distribution relationships stemming from negative publicity surrounding the extraordinary U.S. Government assistance provided to AIG in late 2008 and early 2009. Net Losses for 2009 decreased by \$852.4 million when compared to prior year primarily due to a drop in securities

lending and other than temporary investment losses (OTTI) related to general market challenges of 2008.

Capital and Surplus increased from 2009 to 2010 due to \$57.6 million in net income, \$56.5 million reduction of unauthorized reinsurance liability, \$54.9 million reduction in non-admitted IMR asset and \$11.7 million reduction in AVR. Gross Premium written increased for the same period due to group and individual annuities offset by group life and accident and health premiums. Net income in 2010 was \$80.8 million higher when compared to prior year and is primarily due to counterparty settlements in 2010 of \$15.2 million, decrease in tax expense of \$15.7 million and decrease in realized losses of \$39.0 million.

The net decrease in capital and surplus from 2010 to 2011 was essentially due to \$270.0 million dividend payments to AGC Life, the parent company, of which \$243.5 million was a return of capital, \$10.3 million prior period adjustments partially offset by \$64.7 million of net income. Gross premiums written decreased from 2010 to 2011 due to a 2010 large case private placement variable annuity sale not repeated in 2011 (\$161.0 million).

### **LOSS EXPERIENCE**

The aggregate reserves for life contracts, aggregate reserves for accident and health contracts and the liability for deposit-type contracts as of December 31, 2011 were \$5,863,540,761, collectively. Claims reserves for life and accident contract claims were \$69,252,061 and \$16,397,140, respectively. During 2011, the Company received a report from its Third Party Administrator which indicated a need to increase Long Term Care claim reserves as noted in Note 25 of the 2011 Annual Statement “Notes to Financial Statements.” As of September 2011, the Company increased reserves on this block of business by approximately

\$4.0 million. There were no other changes in provision for incurred losses and loss adjustment expenses attributable to insured events of prior years.

### **REINSURANCE**

The following describes the Company's reinsurance programs as of December 31, 2011.

#### **Assumed**

The Company assumed life insurance and annuities from Delaware American Life Insurance Company, an affiliated entity until October 31, 2010. Effective November 1, 2010, this entity was acquired by Metropolitan Life Insurance Company as part of the broader acquisition of American Life Insurance Company (ALICO) from the ultimate parent, AIG. The business was assumed under a coinsurance agreement effective July 1, 2009. Total reinsurance premiums assumed for the year ended December 31, 2011 was \$1,078,885. This treaty is closed for new business and is currently in run-off.

#### **Ceded**

The Company cedes both individual and group life and individual annuity business to one affiliate and numerous non-affiliates. Total life and annuity premiums ceded of \$69,328,934 was comprised of life and annuity premiums ceded to affiliates and non-affiliates in the amount of \$15,470,497 and \$53,858,437, respectively. The business was ceded under various yearly renewable term, coinsurance, modified coinsurance and catastrophe reinsurance agreements.

As of December 31, 2011, liabilities for life and annuity policy reserves and for life and annuity policy contract claims were reduced by \$277,436,219 and \$3,173,100, respectively, to reflect life risks ceded to and amounts recoverable from unaffiliated reinsurers.

The only new significant reinsurance treaty, other than catastrophe coverage, entered into

during the examination period was effective June 10, 2008 with Generali USA Life Reassurance Company. The new agreement is a yearly renewable term treaty that accommodated placement of facultative reinsurance on a few selected individual interest sensitive policies.

As of December 31, 2011, liabilities for accident and health policy reserves and for accident and health policy contract claims were reduced by \$28,079,560 and \$10,780,713, respectively, to reflect accident and health risks ceded to reinsurers and amounts recoverable from reinsurers.

The Company's maximum retained liability as of December 31, 2011 was \$3,500,000 on term policies and \$10,000,000 on universal life policies. Additionally, the Board may approve, on a selected case basis and with approval by the Retention Limit Advisory Group, to retain up to \$7,000,000 on term policies and up to \$15,000,000 on universal life policies.

### **ACCOUNTS AND RECORDS**

The accounts and records review included an evaluation of the Company's operational and organizational controls. The areas included computer systems, accounting systems, organizational structures, and the processing structure.

The accounts and records review also included an assessment of the Company's risk management process in identifying and controlling risks in the key operational areas of the Company. In making the assessment in each key area, processes were reviewed, risks were identified, operational controls were identified and tested and the Company's methodology for assessing the effectiveness of the established mitigation methods was evaluated.

The independent accounting firm, PricewaterhouseCoopers, LLC (PwC), of Houston, TX, audited the Company's records for the years under examination and issued an unqualified

opinion in each year. Audit reports and related workpapers were made available to the examiners and utilized where deemed appropriate.

As part of the coordinated examination with the Texas DOI, Texas DOI IT examiners performed a global review of the Company’s global controls over its information and technology IT environment. It was deemed that global controls surrounding the EDP environment were found to be sufficient.

During the course of the examination, the Company’s books and records were reviewed and compared to reported items in the annual statements. No material discrepancies were noted during the review.

**STATUTORY DEPOSITS**

The Company’s state statutory deposits are comprised of U.S. Treasury Notes and other bonds. The following statutory deposits were on file with the following states:

State	Deposits For The Benefit of All Policyholders		All Other Special Deposits	
	Book/Adjusted Carrying Value	Fair Value	Book/Adjusted Carrying Value	Fair Value
Arkansas			325,152	451,311
Delaware	1,615,249	2,044,952		
Georgia			180,603	244,435
Massachusetts			105,177	142,524
New Mexico			115,695	156,776
North Carolina			450,706	620,384
South Carolina			135,452	183,326
<b>Total Deposits</b>	<b>\$ 1,615,249</b>	<b>\$ 2,044,952</b>	<b>\$ 1,312,785</b>	<b>\$ 1,798,756</b>

All statutory deposits were directly confirmed with the individual states and traced back to Schedule D of the 2011 Annual Statement with no exceptions noted.

**FINANCIAL STATEMENTS**

The following pages contain a statement of assets, liabilities, surplus and other funds as of December 31, 2011, as determined by this examination, along with supporting exhibits as detailed below:

General Account:

Assets  
Liabilities, Surplus and Other Funds  
Summary of Operations  
Capital and Surplus Account, Statement of Income  
Reconciliation of Surplus Since last Examination

Separate Accounts:

Assets  
Liabilities and Surplus

It should be noted that the various schedules and exhibits may not add to the totals shown due to rounding.

**General Account**  
**Assets**  
**As of December 31, 2011**

	<u>Assets</u>	Nonadmitted <u>Assets</u>	Net Admitted <u>Assets</u>	<u>Note</u>
Bonds	\$ 5,419,753,638		\$ 5,419,753,638	1
Preferred stocks	27,366,741		27,366,741	
Common stocks	1,569,616		1,569,616	
Mortgage loans on real estate:				
First liens	438,320,664		438,320,664	2
Other than first liens	13,827,261		13,827,261	
Real estate:				
Properties held for the production of income	17,391,742		17,391,742	
Cash and short-term investments	85,802,385		85,802,385	
Contract loans	234,860,325	717	234,859,608	
Derivatives	573,281		573,281	
Other invested assets	183,966,438	49,694	183,916,744	
Aggregate write-ins for invested assets	1,045,750		1,045,750	
Investment income due and accrued	71,762,718		71,762,718	
Uncollected premiums and agents' balances in course of collection	3,560,453	34,265	3,526,188	
Amounts recoverable from reinsurers	13,380,000		13,380,000	
Other amounts receivable under reinsurance contracts	26,107,694		26,107,694	3
Current federal and foreign income tax recoverable and interest thereon	31,980,660	277,476	31,703,184	
Net deferred tax asset	96,446,740	64,764,502	31,682,238	
Guaranty funds receivable or on deposit	5,050,285		5,050,285	
Receivables from parent, subsidiaries & affiliates	137,013		137,013	
Health care and other amounts receivable	214,489	214,489	-	
Aggregate write-ins:				
Due from brokers	2,044,967		2,044,967	
Other real estate assets	1,171,240	1,171,240	-	
Revenue sharing	190,133		190,133	
ASO fund receivable	87,594		87,594	
Total Assets Excluding Separate Accounts	<u>\$ 6,676,611,827</u>	<u>\$ 66,512,383</u>	<u>\$ 6,610,099,444</u>	
From Separate Accounts, Segregated Accounts and Protected cells	<u>2,536,018,908</u>		<u>2,536,018,908</u>	
Total Assets	<u>\$ 9,212,630,735</u>	<u>\$ 66,512,383</u>	<u>\$ 9,146,118,352</u>	

**Liabilities, Surplus and Other Funds**  
**As of December 31, 2011**

<u>Liabilities, Surplus and Other Funds</u>		<u>Note</u>
Aggregate reserve for life contracts	\$5,336,036,154	4
Aggregate reserve for accident and health contracts	246,649,962	5
Liability for deposit-type contracts	280,854,645	6
Contract claims:		
Life	69,252,061	
Accident and health	16,397,140	
Premiums and annuity considerations for life and accident and health contracts received in advance	678,504	
Contract liabilities not included elsewhere:		
Provision for experience rating refunds	2,168,887	
Interest Maintenance Reserve	64,850,030	
Commissions to agents due or accrued	6,403,569	
Commission and expense allowances payable on reinsurance assumed	1,299	
General expenses due or accrued	2,506,716	
Transfers to Separate Accounts due or accrued	(338,826)	
Taxes, licenses and fees due or accrued, excluding federal income taxes	2,939,897	
Unearned investment income	6,935	
Amounts withheld or retained by company as agent or trustee	503,268	
Amounts held for agents' account	848,982	
Remittances & items not allocated	22,403,131	
Miscellaneous liabilities:		
Asset valuation reserve	84,734,243	
Reinsurance in unauthorized companies	19,878	
Payable to parent, subsidiaries and affiliates	8,581,516	
Drafts outstanding	1,259,839	
Derivatives	6,115,113	
Payable for securities	79	
Aggregate write-ins for liabilities:		
Guaranty funds assessment liability	3,917,631	
Unclaimed funds	2,200,546	
Other real estate liabilities	482,806	
Total Liabilities Excluding Separate Accounts business	<u>\$6,159,474,005</u>	
From Separate Accounts Statement	<u>\$2,536,018,908</u>	7
Total Liabilities	<u>\$8,695,492,913</u>	
Common capital stock	4,883,515	
Gross paid in and contributed surplus	353,601,298	
Aggregate write-ins for special surplus funds	20,097,405	
Unassigned funds (surplus)	<u>72,043,221</u>	
Surplus as regards policyholders	<u>\$ 450,625,439</u>	
Total Liabilities, Capital and Surplus	<u><u>\$9,146,118,352</u></u>	

**Summary of Operations**  
**As of December 31, 2011**

Premiums and annuity considerations for life and accident and health contracts	\$ 221,476,151
Considerations for supplementary contracts with life contingencies	1,677,549
Net investment income	414,154,283
Amortization of Interest Maintenance Reserve	7,033,209
Commissions and expense allowances on reinsurance ceded	22,535,939
Reserve adjustments on reinsurance ceded	(2,632,881)
Miscellaneous Income:	
Income from fees associated with investment management, administrative contract guarantees from Separate Accounts	51,333,178
Aggregate write-ins for miscellaneous income	7,259,181
Total	<u>\$ 722,836,609</u>
Death benefits	76,880,488
Annuity benefits	285,584,036
Disability benefits	80,508,773
Surrender benefits and withdrawals for life contracts	169,077,855
Interest and adjustments on contract or deposit-type contract funds	14,288,222
Payments on supplementary contracts with life contingencies	2,913,315
Increase in aggregate reserves for life and accident and health contracts	(27,001,171)
Totals	<u>\$ 602,251,518</u>
Commissions on premiums, annuity considerations and deposit type contracts	26,195,621
Finance and service charges not included in premiums	
Commissions and expense allowances on reinsurance assumed	32,322
General insurance expenses	71,973,365
Insurance taxes, licenses and fees, excluding federal income taxes	8,447,133
Increase in loading on deferred and uncollected premiums	(1,818,836)
Net transfers to or (from) Separate Accounts net of reinsurance	(64,585,847)
Aggregate write-ins for deductions	896,471
Totals	<u>\$ 643,391,747</u>
Net gain from operations before dividends to policyholders and federal income taxes	\$ 79,444,862
Dividends to policyholders	-
Net gain from operations after dividends to policyholders and before federal income taxes	\$ 79,444,862
Federal and foreign income taxes incurred	\$ 5,280,984
Net gain from operations after dividends to policyholders and federal income taxes and before realized capital gains	\$ 74,163,878
Net realized capital gains (losses)	<u>\$ (9,506,613)</u>
Net income	<u>\$ 64,657,265</u>

**Capital and Surplus Account**  
**As of December 31, 2011**

**CAPITAL AND SURPLUS ACCOUNT**

Capital and Surplus, December 31, 2010	\$ 652,682,680
 <b>GAINS AND (LOSSES) IN SURPLUS</b>	
Net income	\$ 64,657,265
Change in net unrealized capital gains (losses) less capital gains tax	8,691,916
Change in net unrealized foreign exchange capital gain (loss)	(4,559,666)
Change in net deferred income tax	34,827,056
Change in nonadmitted assets	(28,419,950)
Change in liability for reinsurance in unauthorized companies	9,844,210
Change in asset valuation reserve	(2,747,563)
Surplus adjustment:	
Paid in	712,703
Dividends to stockholders	(26,500,000)
Aggregate write-ins for gains and losses in surplus	
Correction of prior period items disclosed in Footnote 2B of Annual Statement	(10,313,212)
Return of capital	(243,500,000)
Additional admitted deferred tax asset	(4,750,000)
Net change in capital and surplus for the year	<u>\$ (202,057,241)</u>

**Reconciliation of Surplus since last Examination**

	Common Capital Stock	Contributed Surplus	Special Surplus Funds	Unassigned Surplus	Total
December 31, 2006	\$ 4,883,515	\$ 302,283,126	\$ -	\$ 262,821,605	\$ 569,988,246
<u>Operations:</u>					
2007 Operations		6,302,005		(131,484,425)	(125,182,420)
2008 Operations		914,555,135		(994,973,815)	(80,418,680)
2009 Operations		50,502,073	18,746,667	21,147,759	90,396,499
2010 Operations		(677,253,744)	6,100,738	869,052,041	197,899,035
2011 Operations		(242,787,297)	(4,750,000)	45,480,056	(202,057,241)
December 31, 2011	<u>\$ 4,883,515</u>	<u>\$ 353,601,298</u>	<u>\$ 20,097,405</u>	<u>\$ 72,043,221</u>	<u>\$ 450,625,439</u>

2011 Unassigned Surplus reflects any examination changes made in Report.

**Separate Accounts**

**Assets**  
**As of December 31, 2011**

	General Account <u>Basis</u>	Fair Value <u>Basis</u>	<u>Total</u>
Bonds	\$ 353,801,180	\$ 309,430,358	\$ 663,231,538
Common stocks	0	848,085,144	848,085,144
Short-term investments	4,965,956	21,466,559	26,432,515
Other invested assets	0	991,329,801	991,329,801
Investment income due and accrued	4,021,305	1,314,172	5,335,477
Aggregate write-ins for other than invested assets			
Due from General Account	0	1,604,433	1,604,433
Total Assets Excluding Separate Accounts	<u>\$ 362,788,441</u>	<u>\$ 2,173,230,467</u>	<u>\$ 2,536,018,908</u>

**Liabilities and Surplus**

**As of December 31, 2011**

<u>Liabilities, Surplus and Other Funds</u>	General Account <u>Basis</u>	Fair Value <u>Basis</u>	<u>Total</u>
Aggregate reserve for life contracts	\$ 361,321,989	\$ 2,155,020,158	\$ 2,516,342,147
Interest maintenance reserve	828,382	0	828,382
Investment expenses due or accrued	175,277	143,390	318,667
Other transfers to general account due or accrued	0	338,826	338,826
Payable for securities	0	17,144,343	17,144,343
Aggregate write-ins for liabilities			
Due to General Account - Hybrid BOLI	462,793	0	462,793
Due to General Account	0	583,750	583,750
Totals	<u>\$ 362,788,441</u>	<u>\$ 2,173,230,467</u>	<u>\$ 2,536,018,908</u>

**SCHEDULE OF EXAMINATION ADJUSTMENTS**

There were no financial adjustments made to the Company's General or Separate Account balance sheets as a result of this examination.

**NOTES TO FINANCIAL STATEMENTS**

**Assets**

**Note 1 – Bonds** **\$5,419,753,638**

Investments in bonds are reported at values (amortized cost) adopted and approved by the Securities Valuation Office (SVO) of the NAIC. Bonds owned (rounded in millions) by the Company as of December 31, 2011 were as follows:

	Statement Value
US Governments	\$ 82
All Other Governments	96
States and Territories and Possessions	26
Political Subdivisions of states	12
Special Revenue	289
Hybrid Securities	119
Industrial & Miscellaneous	<u>4,796</u>
	<u>\$5,420</u>

Of the Company's bond holdings, which comprised 84.4% of the Company's total invested assets and 59.3% of total admitted assets at December 31, 2011, 92% were categorized as Class 1 or 2 with respect to NAIC credit quality standards.

The Company's strategy is to invest in high quality corporate securities. Mortgage backed securities were also included in the Company's portfolio to diversify the risk characteristics from primarily corporate credit risk to a mix of credit and cash flow risk. The

Mortgage backed securities offer a higher yield than corporate debt securities of similar credit quality and expected average lives.

**Note 2 - Mortgage Loans**

**\$438,320,664**

As of December 31, 2011, the Company was invested in mortgage loans of \$438 million which represents 4.8% of admitted assets. All loans were carried at amortized unpaid balances less any allowance for loan loss. The Company held no impaired mortgage loans with specific allowances for credit losses during the period under examination.

**Note 3 - Other Amounts Receivable Under Reinsurance Contracts**

**\$26,107,694**

As of December 31, 2011, the Company reported a \$26,107,694 receivable for the captioned account. Based on a review of supporting work papers and discussions with management, it was noted that \$24,157,624 of the reported receivable dates back to 2008 and 2009. The amount represents a reclassification of negative receivables from "Remittances and Items Not Allocated". The journal entries should have been recorded to SAP as auto reversing entries but were instead recorded as permanent statutory reclassifications. Management subsequently reversed both entries.

No adjustment was made in the financial statements of this Report since the Company has been merged out of existence as a separate legal entity and no longer considered a Delaware Domestic regulated insurance company.

**Liabilities**

**General**

As part of the multi-state coordinated examination of the American General Life companies, the Texas Department of Insurance performed the actuarial review of reserves for

AGLD in conjunction with the reserve analysis of AGL, WNL, and VALIC. The Actuarial Report and related findings were reviewed and accepted by Delaware's contracting actuarial firm, INS Consultants, Inc.

The results of the review determined that the Company's reserve liabilities were fairly stated as of December 31, 2011. The following summary further describes the composition of the Company's reserves as of December 31, 2011.

**Note 4 – Aggregate Reserve for Life Contracts**

**\$5,336,036,154**

The captioned amount is the same as reported by the Company and consisted of the following amounts:

Life Reserve	\$ 2,366,942,181	
Reinsurance ceded	(238,543,431)	
Total Life Reserve		\$2,128,398,750
Annuities		3,140,482,077
Supp Contracts with Life Contingencies		18,934,747
Accidental Death Benefits		9,328
Disability Active Lives		145,273
Disability - Disabled Lives	\$ 30,636,524	
Reinsurance ceded	(5,116)	
Total Disability - Disabled Lives		30,631,408
Miscellaneous	\$ 56,322,243	
Reinsurance ceded	(38,887,672)	
Total Miscellaneous		17,434,571
Grand Total		<u>\$5,336,036,154</u>

The above amounts can be further broken down into the following:

<u>Life Insurance</u>		
BOLI		\$ 1,218,412,969
COLI/SERP/PEAPS		283,964,009
UL		573,981,546
Joint UL		146,793,654
Variable UL - Fixed Accounts		29,170,974
UL Reinsurance Assumed		17,262,413
Traditional		91,134,722
Traditional Reinsurance Assumed		6,221,892
Gross Total		<u>\$ 2,366,942,179</u>
<u>Annuities</u>		
Terminal Funding		\$ 950,951,448
Structured Settlement ILC		819,355,052
Fixed Deferred Annuities		627,137,649
Group ILC		474,975,263
SPIA ILC		177,395,130
Variable Annuity - Fixed Accounts		83,996,616
Reinsurance Assumed		6,230,322
Other		440,597
Gross/Net Total		<u>\$ 3,140,482,077</u>
<u>Miscellaneous</u>		
Deficiency Reserves		\$ 14,286,775
Excess AG 43 Reserve over Basic		41,442,655
Substandard		324,408
Group Conversion		184,643
Reinsurance Assumed		83,762
Gross Total		<u>\$ 56,322,243</u>

The Company's life insurance business consisted primarily of interest sensitive life insurance products. Bank owned life insurance (BOLI) contracts made up the majority of life insurance reserves. BOLI contracts consisted of single premium individual universal life insurance contracts owned and paid for by bank employers.

Corporate owned life insurance (COLI), supplemental executive retirement plan (SERP), and preferred executive accumulation program (PEAP) consisted of fixed premium individual

universal life insurance policies where the insured's employer was the contract owner, premium payer, and beneficiary.

Universal life insurance and joint universal life insurance consisted of fairly plain products. There were no shadow account universal life insurance products in force. A reserve was also held in the general account for the fixed account option of variable universal life insurance products. The variable universal life insurance products did not have any significant guarantees.

The Company's annuity business consisted primarily of terminal funding agreements, payout annuities such as structured settlements involving life contingencies, group annuities involving life contingencies and single premium immediate annuities involving life contingencies, and deferred annuities. A reserve was also held for the fixed account option of variable annuities and reinsurance assumed.

Disability - disabled lives reserves of \$30,636,524 were held for waiver of premium benefits on disabled lives, with the majority of reserves related to group contracts.

**Note 5 - Aggregate Reserves For Accident And Health Contracts**

**\$246,649,962**

The Aggregate Reserves for Accident and Health Contracts consisted of the following amounts:

<u>Item</u>	<u>Reserve</u>
Active Life Reserve	
Unearned Premium Reserves	\$ 6,837,750
Additional Contract Reserves	122,366,921
Total Active Life Reserve	<u>\$ 129,204,671</u>
Claim Reserve	
Present Value of Amounts Not Yet Due on Claims	145,524,851
Reinsurance Ceded	(28,079,560)
Total Claim Reserve	<u>\$ 117,445,291</u>
Grand Total	<u>\$ 246,649,962</u>

Active life reserves consisted primarily of a closed block of long-term care business. Claim reserves consisted primarily of the long-term care business and group long-term disability.

**Note 6 - Liability For Deposit-Type Contracts**

**\$280,854,645**

The Liability for Deposit-Type Contracts consisted of the following amounts:

<u>Item</u>	<u>Reserve</u>
Guaranteed Investment Contracts	\$ 52,753,136
Annuities Certain	196,836,827
Supplemental Contracts	31,264,682
Grand Total	<u>\$280,854,645</u>

Annuities certain included structured settlements of \$123,149,296, group annuities of \$37,841,256, and single premium immediate annuities of \$33,041,513, all without life contingencies. Supplemental contracts included \$8,799,456 of true supplemental contracts without life contingencies, and the remaining \$22,465,226 consisted of retained asset account liabilities. The Company also had Guaranteed Investment Contracts in force at December 31, 2011.

**Separate Account Liabilities:**

**Note 7 - Aggregate Reserve for Life, Annuity, and A&H Contracts** **\$2,516,342,147**

The separate account liability for Aggregate Reserve for Life, Annuity, and Accident and Health Contracts consisted of the following amounts:

<u>Item</u>	<u>Reserve</u>
Life Reserve	\$1,720,262,567
Annuities	
Deferred	768,260,950
Single Premium Immediate Annuities	25,806,485
Total Annuities	794,067,435
Supplementary Contracts with Life Contingencies	2,012,145
Gross Total	<u>\$2,516,342,147</u>

Reserves for variable life insurance included variable accounts related to variable universal life products. These were held at market value. Fixed accounts related to variable universal life products of \$29,170,974 were held in the general account. The Company's variable universal life insurance products did not have any significant death benefit guarantees.

Variable annuity reserves for contracts issued January 1, 1981 and later followed Actuarial Guideline 43 (AG43). The Company prepared the required actuarial and management certifications and supporting memorandum. Reserves for excess AG43 reserves over basic reserves were held in the general account. It was noted in the AG43 Memorandum that single premium immediate annuities and private placement variable annuities issued since 2006 were excluded from the AG43 modeling because these contracts did not include any guarantees, surrender charges, or fixed fund accounts. A review of the rational was performed and no concerns were noted at this time.

**SUMMARY OF RECOMMENDATIONS**

There were no recommendations that warranted disclosure in the Examination Report.

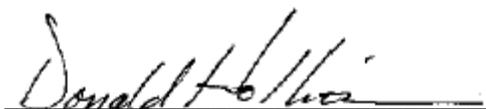
**CONCLUSION**

The following schedule shows the results of this examination and the results of the prior examination with changes between the examination periods:

<u>Description</u>	<u>December 31, 2006</u>	<u>December 31, 2011</u>	<u>Increase (Decrease)</u>
Assets	\$ 11,146,805,056	\$ 9,146,118,352	\$ (2,000,686,704)
Liabilities	\$ 10,576,816,810	\$ 8,695,492,913	\$ (1,881,323,897)
Special Surplus Funds	-	20,097,405	20,097,405
Common Capital Stock	4,883,515	4,883,515	-
Gross Paid In and Contributed Surplus	302,283,126	353,601,298	51,318,172
Unassigned Funds (Surplus)	262,821,605	72,043,221	(190,778,384)
Total Surplus as Regards Policyholders	\$ 569,988,246	\$ 450,625,439	\$ (119,362,807)
Totals	<u>\$ 11,146,805,056</u>	<u>\$ 9,146,118,352</u>	<u>\$ (2,000,686,704)</u>

The assistance of the Texas Department of Insurance is acknowledged in the review of loss reserves and information systems control environment. In addition, the assistance and cooperation of the Company's outside audit firm, PricewaterhouseCoopers, LLC, and the Company's management and staff were appreciated and are acknowledged.

Respectfully submitted,



Don Hollier, CFE  
 Examiner-In-Charge  
 State of Delaware  
 Northeastern Zone, NAIC