

REPORT ON EXAMINATION
OF
INDEPENDENCE LIFE AND ANNUITY COMPANY
AS OF
DECEMBER 31, 2014

Karen Weldin Stewart, CIR-ML
Commissioner



Delaware Department of Insurance

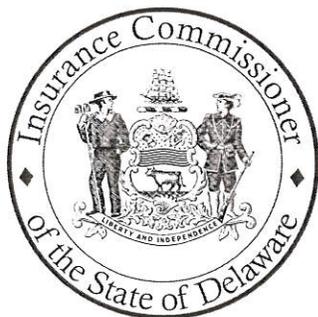
I, Karen Weldin Stewart, Insurance Commissioner of the State of Delaware, do hereby certify that the attached REPORT OF EXAMINATION, made as of December 31, 2014 of the

INDEPENDENCE LIFE AND ANNUITY COMPANY

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

Attest By: 

Date: June 1, 2016



In Witness Whereof, I have hereunto set my hand and affixed the official seal of this Department at the City of Dover, this 1st day of June, 2016.



Karen Weldin Stewart, CIR-ML
Insurance Commissioner

Karen Weldin Stewart, CIR-ML
Commissioner



Delaware Department of Insurance

REPORT OF EXAMINATION
OF THE
INDEPENDENCE LIFE AND ANNUITY COMPANY
AS OF
DECEMBER 31, 2014

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".

Karen Weldin Stewart, CIR-ML
Insurance Commissioner

Dated this 1st day of June, 2016

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SALUTATION

March 29, 2016

Honorable Karen Weldin Stewart, CIR-ML
Delaware Insurance 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. 15.040 dated April 24, 2015 an examination has been made of the affairs, financial condition and management of

INDEPENDENCE LIFE AND ANNUITY COMPANY

hereinafter referred to as the “Company” or “ILAC” incorporated under the laws of the State of Delaware as a stock company. The examination was conducted at the main administrative office of the Company located at One Sun Life Executive Park, Wellesley Hills, Massachusetts 02481. The examination was a coordinated examination and was conducted concurrently with the State of Michigan Department of Insurance and Financial Services (DIFS). The DIFS was assigned as lead state by the National Association of Insurance Commissioners (NAIC) under the Coordination of Holding Company Group Exams guidance. Separate reports of examination were filed for each company in the holding company. The report of examination thereon is respectfully submitted.

SCOPE OF EXAMINATION

We have performed an examination of the Company. The last examination covered the period of January 1, 2007 through December 31, 2012, and was performed by the Delaware Department of Insurance. This examination covers the period of January 1, 2013 through December 31, 2014, and was performed by the Delaware Department of Insurance.

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 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 and general information about the insurer and its financial condition. There may be other items identified during the examination that, due to their nature (e.g., subjective conclusions, proprietary information, etc.),

are not included within the examination report but separately communicated to other regulators and/or the company.

The Company's external auditor Deloitte & Touche LLP (D&T), made available for review all work papers pertinent to its audit of the Company's financial statements for the year ended December 31, 2014. Certain work papers prepared by the external accounting firm were incorporated into the examiners work papers if deemed appropriate and in accordance with the NAIC Handbook.

SUMMARY OF SIGNIFICANT FINDINGS

There were no significant material adverse findings or financial adjustments as a result of this examination.

COMPANY HISTORY

General

The Company was incorporated under the Kentucky Insurance Laws on October 11, 1945, and began business on November 23, 1945, as the Independence Life and Accident Insurance Company of Kentucky.

On January 1, 1953, the Company absorbed an affiliate, the Independence Insurance Company. On July 23, 1982, the Independent Life and Accident Insurance Company of Florida acquired all outstanding stock of the Company. On April 2, 1984, the Crown Life Insurance Company, domiciled in Canada, purchased 100% of the outstanding shares of the Company, at which time the Company adopted the name Crown America Life Insurance Company.

On December 18, 1985, the Crown Life Insurance Company transferred all of its shares of the Company to Crown America Holding Company.

Effective December 28, 1989, the Company redomesticated to Michigan.

On October 1, 1993, Crown America Holding Company sold all of its shares of the Company to the Keyport Life Insurance Company (Keyport Life). On December 29, 1993, the Company redomesticated to the State of Rhode Island.

Effective January 10, 1994, the name of the Company was changed to Keyport America Life Insurance Company. Subsequently, effective July 13, 1995, the name of the Company was changed to Independence Life and Annuity Company.

Effective after the close of business on October 31, 2001, all of the outstanding shares of Keyport Life and its affiliates, including the Company, were acquired by Sun Life of Canada (U.S.) Holdings, Inc. (Life Holdco), a holding company incorporated in the State of Delaware. Life Holdco is a member of the Sun Life Financial Group Insurance Holding Company System.

On December 31, 2003, the Company became a wholly-owned subsidiary of Sun Life Assurance Company of Canada (U.S.) (SLUS) when its parent, Keyport Life, merged with and into SLUS. SLUS was a wholly-owned subsidiary of Life Holdco.

On December 10, 2012, the Company re-domesticated to the State of Delaware. Effective January 1, 2013, all of the issued and outstanding shares of the Company were distributed to Life Holdco. The Company is a direct wholly-owned subsidiary of Life Holdco and an indirect wholly-owned subsidiary of Sun Life Financial Inc. (SLF), a reporting Company under the Securities Exchange Act of 1934.

Capitalization

The Certificate of Incorporation provides that the authorized capital stock of the Company shall be 2,500,500 shares of \$1.00 par value common stock. At December 31, 2014, the shares issued and outstanding totaled \$2,500,350.

In December 2012, the Board of SLUS approved the distribution of all of the issued and outstanding shares of the Company to Life Holdco. Regulatory approval for the distribution was received and the Company was distributed effective January 1, 2013.

Effective November 20, 2013, the Company amended its Certificate of Incorporation to authorize 500 additional shares of common stock at \$1.00 par value per share. On November 25, 2013, the Company issued 350 common shares to its sole shareholder Life Holdco, for a subscription price of \$350,000,000. In connection with the issuance, the Company then purchased 2,880,000 common shares at \$100.00 par value per share, for a subscription price of \$288,000,000, of Sun Life Financial Reinsurance Company II (SLDE), a Delaware domiciled captive insurance company.

The following table reflects the Company's capitalization activity since the prior examination:

	Shares Capital <u>Stock</u>	Gross Paid-in and Contributed <u>Surplus</u>
December 31, 2012	2,500,000	\$ 22,720,031
Activity	<u>350</u>	<u>274,999,650</u>
December 31, 2014	2,500,350	\$297,719,681

Dividends

On September 10, 2014, the Company received a cash dividend in the amount of \$75 million from its direct subsidiary SLDE.

On October 1, 2014, the Company paid an extraordinary dividend from gross paid in and contributed surplus in the amount of \$75 million to Life Holdco. The Company received the required regulatory approval for this payment which was classified as a return of capital.

MANAGEMENT AND CONTROL

Board of Directors

Pursuant to the General Corporation Law of the State of Delaware, as implemented by the Company's certificate of incorporation and bylaws, all corporate powers and its business property and affairs are managed by, or under the direction of, its Board of Directors (Board).

Directors shall be elected annually by the sole shareholder and the number of directors is currently fixed at not less than three members. Each director shall hold office until his or her successor is elected and qualified. Directors are not required to be shareholders or residents of Delaware to qualify.

The Board of Directors, duly elected in accordance with its bylaws and serving at December 31, 2014, is as follows:

<u>Individual</u>	<u>Principal Business Affiliation</u>
D. Gregory Lawrence	Vice President, Capital and Profitability Management Sun Life Financial US Operations
Scott M. Davis	Senior Vice President and General Counsel Sun Life Financial US Operations
Neil L. Haynes	Senior Vice President and Chief Financial Officer Sun Life Financial US Operations

Officers

In accordance with its bylaws, officers serving the Company shall include a president, a secretary and a treasurer. The board of directors may also appoint a chairman, one or more vice-presidents, and such other officers as are from time to time desired. Any number of offices may be held by the same person, unless the certificate of incorporation or the bylaws otherwise provide. The senior officers, duly appointed in accordance with the bylaws and serving at December 31, 2014, are as follows:

<u>Individual</u>	<u>Office</u>
D. Gregory Lawrence	President
Stephen C. Peacher	President, Sun Life Investment Management and Chief Investment Officer, Sun Life Financial
Neil L. Haynes	Senior Vice President and Chief Financial Officer and Treasurer
Scott M. Davis	Senior Vice President and General Counsel
David J. Healy	Senior Vice President, Client and Technology Services
Amy R. Gorham	Vice President, Chief Actuary
Edmund F. Milano	Vice President, Marketing
Emily B. Schur	Vice President, Human Resources
Kerri R. Ansello	Assistant Vice President and Senior Counsel and Secretary

Committees of the Board

Article 3, Section 3.10 of the amended and restated bylaws, states: "The board of directors may, by resolution passed by a majority of the whole board, designate one or more committees, each committee to consist of one or more of the directors of the corporation."

As of December 31, 2014, the Board had one designated committee, the Officer Appointment Committee, which was to oversee all appointments of officers except for principal officers. The sole member appointed to this committee was D. Gregory Lawrence.

During the period covered by this examination, the full board of directors served as an audit committee. The Company was determined to be exempt from the audit committee independence requirements of 18 Del. Admin. Code 301 because it is an indirect subsidiary of a Sarbanes-Oxley Act Compliant Entity, Sun Life Financial Inc.

Corporate Records

The recorded minutes of the shareholders, Board, and certain internal committees were reviewed for the period under examination. The recorded minutes of the Board adequately documented its meetings and approval of Company transactions and events, for the approval of investment transactions in accordance with 18 Del. C. §1304.

Inspection of Company files indicated that an ethics statement/conflict of interest statement was completed by all directors and employees for the examination period. A review of the Company's bylaws revealed that a change was made during the examination period.

A review was performed for compliance with Code 18 Del. C. § 4919 regarding notification of any change of directors, officers. The Company was in compliance.

Insurance Holding Company System

The Company is a member of an insurance holding company system as defined in 18 Del. C. §5001(4) "Insurance Holding Company System." The Company's Holding Company Registration Statements were properly filed for the years under examination.

Organization Chart

The following abbreviated presentation of the holding company system reflects the identities and interrelationships between the Company and other members of the holding company system as of December 31, 2014:

<u>Company</u>	<u>Domicile</u>
Sun Life Financial Inc. (SLF)	Canada
Sun Life Global Investments Inc.	Canada
Sun Life Assurance Company of Canada - U.S. Operations Holdings, Inc.	Delaware
Sun Life Financial (U.S.) Holdings, Inc. (SLC)	Delaware
Sun Life Financial (U.S.) Investments LLC	Delaware
Sun Life of Canada (U.S.) Holdings, Inc. (Life Holdco)	Delaware
Independence Life and Annuity Company (ILAC)	Delaware
Sun Life Financial (U.S.) Reinsurance Company II (SLDE)	Delaware

Note that all relationships above represent 100% ownership.

Affiliated Agreements

Administrative Agreement

On December 17, 2013, the Company entered into an administrative agreement with its affiliate, Sun Life Assurance Company of Canada (SLOC), to provide general administrative services to the Company. The services provided to the company include personnel, facilities, actuarial services, legal services, and other services which are all reimbursed by the Company on a cost reimbursement basis. Prior to this agreement these services were provided under an agreement with SLUS.

Investment Management Agreement

Effective October 1, 2001, and as amended on December 1, 2006, the Company entered into an Investment Advisory Agreement with Sun Capital Advisers LLC under which Sun Capital acts as investment manager for certain of the Company's portfolios. Sun Capital is a Delaware investment advisor and a wholly-owned indirect subsidiary of SLF.

Principal Underwriting Agreement

The Company is party to a principal underwriting agreement with Sun Life Financial Distributors, Inc., whereby Sun Life Financial Distributors, Inc. provides underwriting and distribution services in connection with certain single premium variable life policies (Variable Life Separate Account) issued by the Company.

Tax Allocation Agreement

Effective December 31, 2003, the Company entered into a Tax Allocation Agreement with Life Holdco and 22 of its direct and indirect subsidiaries. Allocation is based upon separate return calculations with current credit (benefit) given for losses and tax attributes that are utilized by the consolidated group. Intercompany tax balances are settled on a quarterly basis, with a

final true-up after filing of the federal income tax return, as prescribed by the terms of the tax sharing agreement.

TERRITORY AND PLAN OF OPERATION

As of December 31, 2014, the Company was licensed to transact multiple lines of insurance business in 49 states and the District of Columbia. There were no changes in licensed jurisdictions during the examination period.

The Company is authorized as a stock insurer to transact the business of life insurance, including annuities, variable annuities, and variable life as defined in 18 Del. C. § 902 "Life insurance defined" and 18 Del. C. § 903 "Health insurance defined." The business of the Company includes variable life insurance products and fixed annuities.

Prior to the examination period, the business of the Company included variable life insurance products and fixed annuities. The Company is in run-off and no new business has been written during the exam period. The number of the Company's policyholders has gradually decreased to 670 as of December 31, 2014, down from 725 policyholders as of December 31, 2013. No plans for any additional products were noted.

The Company reports Separate Accounts representing assets and reserves for variable life insurance. The Separate Account assets are in various investments, such as mutual funds, and are accessible by the contract owners. The investment risk for this business is borne by the contract owners. The primary cash flow risks to the Company under the life segments relate to the adequacy of mortality and expense charges. See the Separate Account reserve discussion below for further information on the Separate Account reserves.

REINSURANCE

General

The Company reported the following distribution of premiums written for 2014:

	<u>Premiums</u>
Direct	\$ 0
Reinsurance assumed from affiliates	147,003,595
Reinsurance assumed from non-affiliates	<u>0</u>
Total gross (direct and assumed)	\$147,003,595
Reinsurance ceded to affiliates	\$147,003,595
Reinsurance ceded to non-affiliates	<u>398,224</u>
Total ceded	\$ <u>147,401,819</u>
Net premiums written	\$ <u>(398,224)</u>

Assumed

Effective November 30, 2013, the Company entered into a reinsurance agreement with SLOC, an affiliate. Under the agreement SLOC ceded to the Company 100 % of the risks associated with certain universal life policies issued by SLOC between January 1, 2000 and February 28, 2006 on a 100% funds withheld coinsurance basis. Simultaneously with this agreement the Company entered into a retrocession agreement with SLDE, which is described in more detail below.

Effective December 31, 2014, SLOC recaptured essentially all of the single life business ceded under an external reinsurance agreement. A significant portion of the business recaptured by SLOC was ceded to the Company and then retroceded by the Company to SLDE, pursuant to the reinsurance and retrocession agreements noted above. The Company retroceded 100% of the business assumed from SLOC to SLDE, resulting in no net impact to the Company.

Ceded

Effective November 30, 2013, the Company entered into a retrocession agreement with SLDE, a direct subsidiary. SLDE was incorporated on December 28, 2012 in the State of Delaware and authorized as a special purpose financial captive insurance company. The Company retroceded to SLDE 100% of the liabilities assumed pursuant to the SLOC reinsurance agreement noted above.

The company has one other reinsurance agreement in place. A closed block of Individual Variable Life Insurance, issued by the company between 1985 and 1988 is reinsured with Swiss Re Life & Health America, Inc. under a treaty effective October 1, 1993. The company retains 50% of the amount issued on each policy, but not exceeding \$50,000 per life. Reinsurance limits the maximum life insurance claim on any one life to \$50,000. The 2014 ceded premium was \$398,224.

FINANCIAL STATEMENTS

Financial statements, as reported and filed by the Company with the Delaware Department of Insurance, are reflected in the following:

- Statement of assets, liabilities and surplus
- Statement of operations
- Reconciliation of surplus for the period since the last examination
- Supporting schedules and exhibits to the extent needed

**INDEPENDENCE LIFE AND ANNUITY COMPANY
STATEMENT OF ASSETS
DECEMBER 31, 2014**

	Assets	Nonadmitted Assets	Net Admitted Assets	Notes
Bonds	\$ 131,430,437		\$ 131,430,437	1
Cash and Short Term Investments	6,414,686		6,414,686	
Contract loans	16,019,917		16,019,917	
Investment income due and accrued	1,204,437		1,204,437	
Reinsurance:				
Amounts recoverable from reinsurers	18,772		18,772	
Funds held by or deposited with reinsured companies	2,378,653,831		2,378,653,831	3
Other amounts receivable under reinsurance contracts	64,249,280		64,249,280	
Net deferred tax asset	1,836,902	\$ 1,123,737	713,165	
Aggregate write-ins for other than invested assets	8,476		8,476	
Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts	2,599,836,738	1,123,737	2,598,713,001	
From Separate Accounts, Segregated Accounts and Protected Cell Accounts	<u>40,741,146</u>	<u> </u>	<u>40,741,146</u>	
Total Assets	<u>\$ 2,640,577,884</u>	<u>\$ 1,123,737</u>	<u>\$ 2,639,454,147</u>	

**INDEPENDENCE LIFE AND ANNUITY COMPANY
STATEMENT OF LIABILITIES AND SURPLUS
DECEMBER 31, 2014**

		Notes
Aggregate reserve for life contract	\$ 24,965,124	2
Contract claims: Life	283,245	2
Other amounts payable on reinsurance	62,771,541	
Interest Maintenance Reserve	3,222,364	
Commissions and expense allowances payable on reinsurance a	1,511,407	
Transfers to Separate Accounts due or accrued	(425,463)	2
Current federal and foreign income taxes	488,282	
Asset valuation reserve	411,498	
Payable to parent, subsidiaries and affiliates	99,183	
Funds held under coinsurance	2,378,653,831	3
Aggregate write-ins for liabilities	233,329	
Total liabilities excluding Separate Accounts business	<u>\$ 2,472,214,341</u>	
Aggregate reserve for life and annuity contracts	\$ 40,315,680	2
Other transfers to General Account due or accrued (net)	425,466	2
From Separate Accounts statement	<u>40,741,146</u>	
Total Liabilities	<u>\$ 2,512,955,487</u>	
Common capital stock	\$ 2,500,350	
Gross paid in and contributed surplus	297,719,681	
Unassigned funds	<u>(173,721,371)</u>	
Surplus	\$ 123,998,310	
Total	<u>\$ 126,498,660</u>	
Total liabilities, surplus and other funds	<u>\$ 2,639,454,147</u>	

INDEPENDENCE LIFE AND ANNUITY COMPANY
STATEMENT OF OPERATIONS
DECEMBER 31, 2014

Premiums and annuity considerations for life and accident and health contracts	\$ (398,224)
Net investment income	5,259,017
Amortization of Interest Maintenance Reserve	333,677
Commissions and expense allowances on reinsurance ceded	6,120,967
Income from fees associated with investment management, administration and contract guarantees from Separate Accounts	1,021,152
Aggregate write-ins for miscellaneous income	<u>267,035,542</u>
Total	<u>\$ 279,372,131</u>
Death benefits	\$ 3,750,518
Surrender benefits and withdrawals for life contracts	1,862,912
Interest and adjustments on contract or deposit-type contract funds	31,538
Payments on supplementary contracts with life contingencies	31,222
Increase in aggregate reserves for life and accident and health contracts	<u>3,300,671</u>
Total	<u>\$ 8,976,861</u>
Commissions and expense allowances on reinsurance assumed	6,120,967
General insurance expenses	1,308,216
Insurance taxes, licenses and fees, excluding federal income taxes	185,333
Net transfers to or (from) Separate Accounts net of reinsurance	(4,031,516)
Aggregate write-ins for deductions	<u>266,856,501</u>
Total	<u>\$ 279,416,362</u>
Net gain from operations before dividends to policyholders and federal income taxes	\$ (44,231)
Dividends to policyholders	<u>0</u>
Net gain from operations after dividends to policyholders and before federal income taxes	\$ (44,231)
Federal and foreign income taxes incurred	<u>1,206,328</u>
Net gain from operations after dividends to policyholders and federal income taxes and before realized capital gains or (losses)	\$ (1,250,559)
Net realized capital gains (losses)	<u>(64,424)</u>
Net income	<u><u>\$ (1,314,983)</u></u>

**INDEPENDENCE LIFE AND ANNUITY COMPANY
RECONCILIATION OF SURPLUS FOR THE PERIOD SINCE THE LAST
EXAMINATION
DECEMBER 31, 2014**

<u>Description</u>	<u>Common Capital Stock</u>	<u>Gross Paid In and Contributed Surplus</u>	<u>Unassigned Funds (Surplus)</u>	<u>Total Surplus</u>
Balance as of January 1, 2013	\$ 2,500,000	\$ 22,720,031	\$ 38,966,032	\$ 64,186,063
2013 Paid in Surplus (1)		349,999,650		349,999,650
2013 Stock Issuance (1)	350			350
2013 Operations (2)			(286,839,795)	(286,839,795)
2014 Dividend Paid (3)		(75,000,000)		(75,000,000)
2014 Operations (2)			74,152,393	74,152,393
Balance as of December 31, 2014	<u>\$ 2,500,350</u>	<u>\$ 297,719,681</u>	<u>\$ (173,721,370)</u>	<u>\$ 126,498,661</u>

(1) Issuance of 350 shares of \$1par value for a subscription price of \$350,000,000.

(2): Operations is defined as: net income, change in net unrealized capital gains or (losses), change in net deferred income tax, change in non-admitted assets, change in provision for reinsurance, and aggregate write-ins for gains and losses to surplus.

(3) Payment of dividend from contributed capital as approved by Delaware Department of Insurance.

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

There were no financial adjustments to the Company's financial statements as a result of this examination.

COMMENTS ON FINANCIAL STATEMENT ITEMS

(Note 1) Bonds \$131,430,437

The Company's bonds represent 85.4% of invested assets at year-end 2014. 100.0% of the Company's bonds are rated as Class 1 (70.6%) or Class 2 (29.0%) by the NAIC. 91.0% of the bond portfolio is comprised of investments maturing between one and ten years. During

2014, the Company realized \$0.9 million in net capital gains from fixed income investment disposals.

(Note 2) Aggregate reserve for life contracts	\$24,965,124
Contract claims: Life	\$283,245
Transfers to Separate Accounts due or accrued	(\$425,463)
Separate Account-Aggregate reserve for life and annuity contracts	\$40,315,680
Separate Account-Other transfers to General Account due or accrued	\$425,466

As of December 31, 2014, the Company held General Account (GA) and Separate Account Reserves (SA) reserves primarily for variable life insurance. GA reserves were also held for smaller blocks of deferred annuities and supplementary contracts.

An actuarial examination was performed by INS Consultants, Inc. (INS) on the amounts captioned above. The INS actuarial examination included a review of the Company's asset adequacy analysis as outlined in the Actuarial Opinion Memorandum as prepared by Company's Appointed Actuary.

INS concluded that the balance sheet captioned above appear fairly stated. This opinion was accepted for the purposes of this examination.

(Note 3) Funds held under coinsurance	\$2,378,653,831
Funds held by or deposited with reinsured companies	\$2,378,653,831

Under terms of the reinsurance and retrocessional agreements, the Company recorded a receivable from SLOC and a retrocession funds withheld payable in an amount equal to the funds withheld coinsurance reserve on the effective date. The retrocessional funds withheld account balance will be adjusted to equal the receivable from SLOC as the funds withheld account is increased or decreased.

SUBSEQUENT EVENTS

No significant events were identified subsequent to December 31, 2014.

SUMMARY OF RECOMMENDATIONS

Compliance with Prior Exam Recommendations

There were no recommendations as a result of the prior examination.

Current Exam Recommendations

There were no recommendations as a result of this examination.

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, 2012</u>	<u>December 31, 2014</u>	Increase (Decrease)
Assets	<u>128,478,108</u>	<u>2,639,454,147</u>	<u>2,510,976,039</u>
Liabilities	64,292,045	2,512,955,487	2,448,663,442
Common Capital Stock	2,500,000	2,500,350	350
Gross Paid In and Contributed Surplus	22,720,031	297,719,681	274,999,650
Unassigned Funds (Surplus)	<u>38,966,032</u>	<u>(173,721,371)</u>	<u>(212,687,403)</u>
Total Surplus	<u>64,186,063</u>	<u>126,498,660</u>	<u>62,312,597</u>
Totals	<u>128,478,108</u>	<u>2,639,454,147</u>	<u>2,510,976,039</u>

In addition to the undersigned, Anthony Cardone, CPA, CFE, (Examination Supervisor) and John Normile, CFE, participated in the examination.

Respectfully submitted,



Peter Bliss, CFE
 Examiner-In-Charge
 State of Delaware