

BEFORE THE INSURANCE COMMISSIONER
OF THE
COMMONWEALTH OF PENNSYLVANIA

In Re: : Pursuant to Section 319, Article III of the
: Insurance Company Law of 1921, Act of
Application of Pennsylvania Life Insurance : May 17, 1921, P.L. 682, as amended, 40
Company for Approval to Reinsure its Entire : P.S. §442.
Schedule of Policies :
: Order No. ID-RC-17-01

DECISION AND ORDER

AND NOW, on this 3rd day of February 2017, Teresa D. Miller, Insurance Commissioner of the Commonwealth of Pennsylvania (“Commissioner”), hereby makes the following Decision and Order.

Pursuant to Section 319 of the Insurance Company Law of May 17, 1921, as amended, (40 P.S. §442) (“Insurance Company Law”) and in consideration of the documents, presentations and reports received, as well as other inquiries and studies as permitted by law, the Commissioner hereby makes the following findings of fact:

FINDINGS OF FACT

Identity of Involved Companies

1. Pennsylvania Life Insurance Company (“PLIC”) is a stock life insurance company organized under the laws of the Commonwealth of Pennsylvania with its principal place of business in Solon, Ohio.
2. Constitution Life Insurance Company (“CLIC”) is a stock life insurance company organized under the laws of the State of Texas with its principal place of business in Lake Mary, Florida.
3. PLIC and CLIC each hold a certificate authorizing the transaction of insurance business in this Commonwealth (“Certificate of Authority”).

Reinsurance Filing

4. On March 21, 2016, the Commissioner received an initial application (which, together with all material received subsequently, is collectively referenced as “Application”) from PLIC for approval to reinsure its entire schedule of policies (“Bulk Transfer”) with

CLIC.

5. The Application included an Assumption Reinsurance Agreement (“the Agreement”) that provides, inter alia, for CLIC to assume the rights, duties, and obligations of all policies issued by PLIC in exchange for certain assets of PLIC.
6. Such reinsurance and assumption of the entire schedule of policies of a domestic insurer requires the prior approval of the Commissioner in accordance with the provisions of Section 319(a) of the Insurance Company Law.

Standards for Review

7. The standards set forth in Section 319(b) of the Insurance Company Law are used by the Commissioner in reviewing an application for approval submitted in accordance with Section 319(a) of the Insurance Company Law.

Business Written

8. When evaluating a Bulk Transfer, filed in accordance with Section 319(a) of the Insurance Company Law, the Commissioner reviews to determine that the assuming company is doing the same or a similar kind of business as the ceding company.
9. CLIC is writing the same or a similar kind of business as PLIC as reflected in documents on file with the Pennsylvania Insurance Department (“Department”).

License Status

10. When evaluating a Bulk Transfer, filed in accordance with Section 319(a) of the Insurance Company Law, the Commissioner reviews the license status of the assuming insurer to determine that it is licensed to transact the business of insurance in this Commonwealth or in any of the United States.
11. The September 30, 2016 Quarterly Financial Statement of PLIC, as filed with the Department and prepared in accordance with statutory accounting principles, reports licensure in:
 - a) All states with the exception of New York
 - b) Puerto Rico
 - c) U.S. Virgin Islands
12. The September 30, 2016 Quarterly Financial Statement of CLIC, as filed with the Department and prepared in accordance with statutory accounting principles, reports licensure in all states and territories in which PLIC is licensed and reporting direct premiums written with the exception of New Jersey and Puerto Rico.

Financial Condition

13. When evaluating a Bulk Transfer, filed in accordance with Section 319(a) of the Insurance Company Law, the Commissioner reviews the solvency of the assuming insurer both before and after consummation of the proposed transaction.
14. The Department has reviewed the statutory annual financial statement of CLIC as of December 31, 2015, and the quarterly financial statement as of September 30, 2016.
15. The Department has reviewed pro forma financials of CLIC, as of the effective date of the Bulk Transfer.
16. There are no apparent solvency issues in the financial condition of CLIC both before and after the Bulk Transfer.

Licensing Requirements

17. When evaluating a Bulk Transfer, filed in accordance with Section 319(a) of the Insurance Company Law, the Commissioner reviews the requirements for continued licensure of the assuming insurer.
18. Upon completion of the Bulk Transfer, CLIC will have paid up capital stock and paid in surplus in an amount sufficient to maintain a license to transact the business of insurance in this Commonwealth for those lines of insurance for which it is presently licensed.
19. If any of the above Findings of Fact are determined to be Conclusions of Law, they shall be incorporated in the Conclusions of Law as if fully set forth therein.

CONCLUSIONS OF LAW

1. Section 319(a) of the Insurance Company Law provides that no insurer shall reinsure its entire schedule of policies except by approval of the Commissioner.
2. Section 319(b) of the Insurance Company Law provides the following standards for use by the Commissioner in reviewing an application for approval submitted in accordance with Section 319(a) of the Insurance Company Law:
 - a) the assuming insurer is doing the same or a similar kind of business;
 - b) the assuming insurer is licensed to transact business in this Commonwealth or licensed to transact business in any of the United States;
 - c) the assuming insurer is and remains of the same standards of solvency; and
 - d) the assuming insurer continues to meet all other requirements fixed by the laws of this Commonwealth for companies, associations, or exchanges transacting the

same classes of business within this Commonwealth.

3. The standards of Section 319(b) of the Insurance Company Law were applied by the Commissioner in reviewing the Bulk Transfer of PLIC's entire schedule of policies.
4. Based on all the information and analysis received and the Department's independent review, the Commissioner finds that the sections of the Agreement that are relevant to the Application are in accordance with the laws of the Commonwealth of Pennsylvania.
5. A company organized under the laws of the Commonwealth of Pennsylvania may transact the business of insurance if it has been issued a Certificate of Authority from the Commissioner.
6. If any of the above Conclusions of Law are determined to be Findings of Fact, they shall be deemed incorporated in the Findings Fact as if fully set forth therein.

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ORDER

Upon consideration of the foregoing, the Insurance Commissioner ("Commissioner") of the Commonwealth of Pennsylvania hereby makes the following Order.

An approving determination for the Assumption Reinsurance Agreement between Pennsylvania Life Insurance Company ("PLIC") and Constitution Life Insurance Company ("CLIC"), as set forth in the Application, is hereby granted, subject to this Order and the following conditions:

1. CLIC shall obtain a foreign certificate of authority from the New Jersey Department of Banking and Insurance prior to the effective date of the reinsurance and assumption of the New Jersey business written by PLIC.
2. CLIC shall obtain a certificate of authority from the Office of the Commissioner of Insurance of Puerto Rico prior to the effective date of the reinsurance and assumption of the Puerto Rico business written by PLIC.

This Order is effective immediately and is valid for one (1) year, provided no material changes are made to the transaction prior to consummation.



A handwritten signature in blue ink, appearing to read "Teresa D. Miller".

Teresa D. Miller
Insurance Commissioner
Commonwealth of Pennsylvania