

BEFORE THE INSURANCE COMMISSIONER
OF THE
COMMONWEALTH OF PENNSYLVANIA

In Re: : Pursuant to the Act of 1921, May 17,
: P.L. 682, No. 284, art XXIV, as amended,
Application of National Council of the Junior : 40 P.S. § 991.2424, also known as the
Order of United American Mechanics of the : Fraternal Benefit Societies Code
United States of North America for Approval :
to Reinsure its Entire Schedule of Policies : Order No. ID-RC-21-23

DECISION AND ORDER

AND NOW, on this 23rd day of November, 2021, Jessica K. Altman, Insurance Commissioner of the Commonwealth of Pennsylvania (“Commissioner”), hereby makes the following Decision and Order.

Pursuant to the Fraternal Benefit Societies Code 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. National Council of the Junior Order of United American Mechanics of the United States of North America (“Jr. Order”) is a fraternal benefit society organized under the laws of the Commonwealth of Pennsylvania with its principal place of business in Knoxville, Tennessee.
2. GBU Financial Life (“GBU”) is a fraternal benefit society organized under the laws of the Commonwealth of Pennsylvania with its principal place of business in Pittsburgh, Pennsylvania.
3. Jr. Order and GBU each hold a certificate authorizing the transaction of insurance business in this Commonwealth (“Certificate of Authority”).

Reinsurance Filing

4. On June 30, 2021, the Commissioner received an initial application (which, together with all material received subsequently, is collectively referenced as “Application”) from Jr. Order for approval to reinsure its entire schedule of remaining in-force policies

(“Bulk Transfer”) with GBU.

5. The Application included an Assumption Reinsurance Agreement (“the Agreement”) that provides, inter alia, for GBU to assume the rights, duties, and obligations of all policies issued by Jr. Order in exchange for certain assets of Jr. Order.
6. Such reinsurance and assumption of the entire schedule of policies of a domestic fraternal benefit society requires the prior approval of the Commissioner in accordance with the provisions of Section 2424 of the Fraternal Benefit Societies Code (the “Code”).
7. The Application was filed pursuant to and in accordance with Section 2424 of the Code.

Standards for Review

Business Written

8. When evaluating a Bulk Transfer, filed in accordance with Section 2424 of the Code, the Commissioner reviews to determine that the assuming insurer is doing the same or a similar kind of business as the ceding insurer.
9. GBU is writing the same or a similar kind of business as Jr. Order 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 2424 of the Code, 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 June 30, 2021 Quarterly Financial Statement of Jr. Order, as filed with the Department and prepared in accordance with statutory accounting principles, reports licensure in Pennsylvania.
12. The June 30, 2021 Quarterly Financial Statement of GBU, as filed with the Department and prepared in accordance with statutory accounting principles, reports licensure in 16 states including Pennsylvania.

Financial Condition

13. When evaluating a Bulk Transfer, filed in accordance with Section 2424 of the Code, 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 GBU as of December 31, 2020, and the quarterly financial statement as of June 30, 2021.

15. The Department has reviewed pro forma financials of GBU, as of the effective date of the Bulk Transfer.
16. There are no apparent solvency issues in the financial condition of GBU both before and after the Bulk Transfer.

Licensing Requirements

17. When evaluating a Bulk Transfer, filed in accordance with Section 2424 of the Code, the Commissioner reviews the requirements for continued licensure of the assuming insurer.
18. Upon completion of the Bulk Transfer, GBU will have 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 2424 of the Code provides that no fraternal benefit society shall reinsure its entire schedule of policies except by approval of the Commissioner.
2. The application was properly filed pursuant to and in accordance with Section 2424 of the Code.
3. 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.
4. 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.
5. 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 National Council of the Junior Order of United American Mechanics of the United States of North America (“Jr. Order”) and GBU Financial Life (“GBU”), as set forth in the Application, is hereby granted, subject to this Order and the following conditions:

1. The Certificate of Assumption provided with the Application is approved.
2. GBU shall obtain a foreign certificate of authority from the Texas Department of Insurance prior to the effective date of the reinsurance and assumption of the Texas business written by Jr. Order.
3. Jr. Order shall surrender its Certificate of Authority to the commissioner immediately following the closing of the Assumption Reinsurance Agreement.

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



Jessica K. Altman
Insurance Commissioner
Commonwealth of Pennsylvania