BEFORE THE INSURANCE COMMISSIONER OF THE STATE OF IOWA

In the matter of the Application of Transamerica Life Insurance Company (TLIC) for Approval of Its Plan of Division	

BEFORE THE INSURANCE COMMISSIONER AND THE ATTORNEY GENERAL OF THE STATE OF IOWA

In the matter of the Application of Transamerica Life Insurance Company (TLIC) for Approval of the merger of Newly Formed Company with SCOR Global Life USA Reinsurance Company	

TRANSAMERICA LIFE INSURANCE COMPANY'S RESPONSE TO JOHN HANCOCK'S PETITION IN INTERVENTION

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I. INTRODUCTION

1. Transamerica Life Insurance Company ("TLIC") is an Iowa-domiciled stock insurance company. On May 12, 2026, TLIC filed a Plan of Division (the "Plan") with the Commissioner of Insurance (the "Commissioner") of the Iowa Insurance Division pursuant to Iowa Code Chapter 521I (or the "Iowa Division Law"). Under the Plan, TLIC will undergo a statutory insurance business division (the "Division") through which TLIC Division Insurance Company A ("TLIC-A") will be created as an Iowa-domiciled stock insurance company and allocated specified reinsurance business, related assets, liabilities, contracts, and required surplus. When the Division becomes effective, TLIC-A will simultaneously merge with and into SCOR Global Life USA Reinsurance Company ("SGLUSA"), a Delaware stock insurer whose ultimate parent is SCOR SE, pursuant to an Agreement and Plan of Merger filed under Iowa Code Chapter 521 and subject to applicable Delaware regulatory approval (the "Merger").

2. After TLIC filed the Plan with the Commissioner, John Hancock Life Insurance Company and its affiliate The Manufacturers Life Insurance Company (Bermuda Branch) (together, "John Hancock")—a cedent on 19 treaties where TLIC or an affiliate is a reinsurer—appeared in this proceeding by filing a Petition in Intervention (the "Petition") and raising objections to approval of the Plan. TLIC did not object to John Hancock's participation in the Division proceeding, and the motion to intervene was granted on June 15, 2026. The issue for the Commissioner, therefore, is not whether John Hancock may be heard, but whether its objections identify any statutory basis to deny approval of the Plan under Section 521I.8.3. They do not.

3. John Hancock's threshold statutory argument—that the Iowa Division Law excludes reinsurance business—fails as a matter of statutory text and contravenes the structure and purpose of Chapter 521I. Pet. ¶¶ 49–57, 64. The statute applies broadly to domestic stock insurers, including TLIC. The statute expressly contemplates that a division may allocate reinsurance

contracts: It expressly permits a dividing insurer to allocate any of its "assets and liabilities, including policy liabilities." § 521I.2.3. Assets are defined broadly to include all "property whether real, personal, mixed, tangible, or intangible and any right or interest therein, including all rights under a contract or other agreement," § 521I.1.1, and a liability is "a secured or contingent debt or obligation arising in any manner," § 521I.1.7. This includes reinsurance contracts. Moreover, the statute requires that a plan of division describe the allocation of "all reinsurance contracts," § 521I.2.5; requires notice to reinsurers whose contracts are allocated, § 521I.8.1; permits the Commissioner to consider reinsurance agreements and support arrangements in evaluating financial condition, § 521I.8.4; and requires the certificate of division to confirm notice to affected reinsurers, § 521I.10.1.f. A statute that repeatedly and expressly addresses reinsurance contracts cannot be read to categorically exclude them.

4. Nor do John Hancock's remaining objections provide a sound basis to deny approval of the Plan. Pet. ¶¶ 65–74, 75–108, 109–12. *First*, the Plan satisfies the approval criteria in Iowa Code § 521I.8.3, including adequate protection, fairness, financial stability, certificate-of-authority eligibility, compliance with Chapter 684, absence of fraudulent purpose, solvency, and adequate remaining assets. The transaction formalizes a reinsurance structure that has been in place since 2011, under which SCOR (as defined herein) has had the economics and administration of the Specified Business (as defined in the Plan). John Hancock's related objections that the Plan is unfair, financially inadequate, designed to circumvent its prior refusal to novate, and insufficiently transparent fail: The record addresses each concern through expert findings on constituency protection, financial condition, solvency, and support arrangements. *Second*, John Hancock's anti-assignment theory fails because a Chapter 521I allocation occurs automatically by operation of law and "shall not be treated as a distribution or transfer for any purpose," § 521I.12.5.

And regardless, any alleged breach would not affect the validity or effectiveness of the Division. § 521I.12.4. *Third*, John Hancock's Contracts Clause objection is preserved, if at all, for judicial review; in any event, it fails under settled Contracts Clause principles because John Hancock cannot show state action, and the Iowa Division Law does not substantially impair John Hancock's contracts, is supported by a legitimate legislative purpose, and is reasonable.

5. TLIC respectfully submits that the Commissioner can and should decide the legal issues presented by John Hancock's Petition—namely, Count I (whether Chapter 521I applies to reinsurance business), Count III (whether the anti-assignment clauses bar the Division), and Count IV (the Contracts Clause challenge, which is preserved only for further review)—before the public hearing on August 20, 2026, with or without oral argument. These issues turn on statutory interpretation and settled legal principles, and their resolution would permit the hearing to focus on any remaining factual questions.

6. The Commissioner should deny John Hancock's objections and approve the Plan subject to the findings required by Chapter 521I.

II. STATUTORY BACKGROUND

7. Chapter 521I, entitled "Division of Domestic Stock Insurers," establishes a regulator-supervised mechanism by which a domestic stock insurer may divide into two or more resulting domestic stock insurers. The statute defines "domestic stock insurer" as a stock insurer domiciled and organized under Iowa law "pursuant to chapter 508, 514B, or 515, including domestic stock insurers affiliated with a mutual insurance holding company organized pursuant to section 521A.14, and including those insurers which confer membership rights in the mutual insurance holding company." § 521I.1.6.[1] A "division" is the statutory transaction by which "a

[1] As discussed below, TLIC is a domestic stock insurer organized under Iowa Code Chapter 508.

domestic stock insurer splits into two or more resulting domestic stock insurers," and a "[r]esulting insurer" includes both a surviving dividing insurer and a "new domestic stock insurer that is created by a division." §§ 521I.1.4, 521I.1.8. The statutory trigger is the status of the dividing company, not whether the allocated block includes insurance, reinsurance, or both.

8. The process begins with a plan of division. The plan must identify the dividing insurer and each resulting insurer, attach or describe proposed organizational documents for each resulting insurer, and describe how assets and liabilities, including policy liabilities, will be allocated. § 521I.2.1-.3. Critically, the statute expressly requires the plan to include "the manner by which the dividing insurer proposes to allocate all reinsurance contracts." § 521I.2.5.

9. The Commissioner is central to the approval process. After internal approval, the dividing insurer files the plan with the Commissioner and, within 10 business days, must provide notice to each reinsurer that is a party to a reinsurance contract allocated in the plan. § 521I.8.1. The division cannot become effective unless the Commissioner approves it after reasonable notice and a public hearing conducted as a contested case. § 521I.8.2.a. The Commissioner must also require mailed written notice to policyholders and select and retain an independent expert to review the plan and issue a report. § 521I.8.2.b–c.

10. The statute provides specific approval criteria for the Commissioner to apply. The Commissioner may approve a plan only if the Commissioner finds, among other things, that the interests of policyholders, creditors, and shareholders will be adequately protected; the plan is not unfair or unreasonable to policyholders and is not contrary to the public interest; the financial condition of the dividing insurer and resulting insurers will not be jeopardized; the resulting insurers will be eligible for certificates of authority; the division complies with Iowa Code Chapter 684 and is not made to hinder, delay, or defraud policyholders or other creditors; all resulting

insurers will be solvent when the division becomes effective; and the remaining assets of the resulting insurers will not be unreasonably small in relation to their business and transactions. § 521I.8.3.a–g. In making the financial-condition determination, the Commissioner may consider all proposed assets and support arrangements of a resulting insurer, including reinsurance agreements, parental guarantees, support agreements, keepwell agreements, and capital-maintenance or contingent-capital agreements, regardless of whether they qualify as admitted assets under state law. § 521I.8.4.

11. Once the Commissioner approves the plan of division and the division becomes effective, Chapter 521I gives legal effect to the allocation in the approved plan. Each resulting insurer holds allocated capital, surplus, and other assets "as a successor to the dividing insurer by *operation of law* and not by transfer, whether directly or indirectly"; allocated assets vest "without transfer, reversion, or impairment"; and allocated liabilities, including policy liabilities, are assumed by the responsible resulting insurer "by operation of law." §§ 521I.11.1.c (emphasis added), 521I.11.1.d(3), 521I.12.1.b. The statute further provides that a direct or indirect allocation of capital, surplus, assets, or liabilities occurs automatically by operation of law and "shall not be treated as a distribution or transfer for any purpose." § 521I.12.5. If a division were to breach a contractual obligation of the dividing insurer, the statute provides that all resulting insurers are jointly and severally liable for the breach, but "[t]he validity and effectiveness of the division are not affected by the breach." § 521I.12.4. In sum, Chapter 521I prescribes both the procedure for testing affected interests and the legal consequences of an approved division.

III. FACTUAL BACKGROUND

12. TLIC is an Iowa domestic stock insurer organized under Iowa Code Chapter 508 that holds a license from the Iowa Insurance Division. TLIC and certain of its affiliates entered into a series of agreements with SCOR Global Life Americas Reinsurance Company ("SGLA")

and certain of SGLA's affiliates (collectively "SCOR") beginning in 2011 and supplemented in October 2017, July 2018, and July 2024 (collectively, as amended and supplemented, the "TARe Transaction"). Plan at 1. TLIC thereby ceded to SGLA, and SGLA assumed as reinsurance, 100% of the liabilities under the Covered Contracts (as defined in the Plan), and SGLA agreed to administer such Covered Contracts pursuant to an administration services agreement. *Id.* In 2024, TLIC also sold Transamerica International Re (Bermuda) Ltd (now known as "SCOR Bermuda") to SCOR; at the time, the Bermuda company only held business retroceded to SCOR. *Id.* As a result, all life, accident and health reinsurance assumed by TLIC is currently retroceded to SGLA and SCOR Bermuda, some of which is retroceded to third party retrocessionaires under reinsurance agreements that are administered by SGLA. *Id.* In effect, SGLA assumed the operations and became responsible for the financial results of the Covered Contracts other than the Excluded Liabilities (as defined in the Plan). In other words, SCOR has had full responsibility for administering and servicing the Specified Business for almost 15 years.

13. The Plan provides for TLIC to divide into two entities: TLIC, which will continue as an Iowa insurer, and newly formed TLIC-A, which will receive the specified reinsurance business before simultaneously merging into SGLUSA. *Id.* Except for the assets, liabilities, contracts, and required surplus specifically allocated to TLIC-A, TLIC's name, articles of incorporation and bylaws, capital stock, board of directors, officers, licenses, permits, approvals, and authorizations will remain unchanged after the Division. *Id.* at 8, 10.

14. The scope of the Specified Business is substantial. As TLIC will show at the hearing, SCOR has managed relationships with more than 130 unique counterparties that ceded business to TLIC under approximately 1,300 treaties, involving approximately $190 billion of in-force business and roughly $3.8 billion in statutory reserves. As the Milliman Inc. ("Milliman")

report (the "Milliman Report") describes, [redacted]

15. The Plan gives legal form to that existing economic and operational reality. Under the Plan, TLIC will allocate the covered life, accident, and health reinsurance and retrocession contracts, along with related assets and liabilities, to TLIC-A; TLIC-A will simultaneously merge into SGLUSA; and SGLUSA will become directly liable to cedents and will manage the same reinsurance business that SCOR has administered for nearly 15 years. Plan at 1–2. All terms, conditions, rights, and obligations associated with the Covered Contracts will remain unchanged following the Division and Merger. *Id.* at 13.

16. As TLIC will show at the hearing, SCOR has capital protections through a net worth maintenance agreement and comparable financial strength to provide counterparties protection and assurances that SCOR will meet its financial obligations. The financial ratings of SCOR SE and subsidiaries are stronger today than in 2011 when the prior transaction closed—SCOR SE is now rated A+ by S&P Global, A+ by Fitch, and A by AM Best. *Id.* at 23. SGLUSA receives the core rating consistent with the group due to the financial protections and assurances that financial obligations will be fulfilled similar to any other obligation of the group. *Id*. at 22–23.

17. In 2011, TLIC terminated new business accepted by the reinsurance agreements from the counterparties. Plan at 1. As a result, the time from the original transaction to the proposed Plan has significantly decreased the counterparty risk as policies have lapsed or gone to claim status. As TLIC will show at the hearing, the net amount at risk and reserves ceded are generally 30-40% of the original exposures.

18. As testimony will establish, the Plan was developed following extensive review and expert collaboration. TLIC and SCOR worked on the Plan and related projections for more than two years with teams from accounting, in-force management, actuarial, legal, reinsurance operations, capital strategy, finance, risk, and treasury. TLIC and SCOR jointly retained Ernst & Young to validate the financial listing of reinsurance contracts included in Schedule 1 to the Plan against the TLIC-A balance sheet. TLIC and SCOR also retained Milliman to conduct an independent actuarial analysis of the proposed Division and Merger and prepare its May 11, 2026 report for the Iowa Insurance Division.

19. TLIC also complied with the notice and participation process. Notices were mailed on May 14, 2026 to each known cedent, retrocessionaire, or intermediary for the Covered Contracts; notices were published in print and electronic format in the Wall Street Journal and Insurance Journal; and notices were posted on both Transamerica's and the Iowa Insurance Division's websites. May 12, 2026 Notice of Public Hearing and Order ¶¶ 1–3; Notice of Hearing and Scheduling and Administrative Order at 4–5 (June 15, 2026). Those notices described the Division and Merger, identified the hearing date, time, and location, and explained how interested persons could request intervention or submit written statements. May 12, 2026 Notice of Hearing, at ¶¶ 1–3. After the Commissioner granted the Iowa Insurance Division's motion for a continuance of the proceedings on June 15, 2026, an updated notice of the Division Hearing was also posted on the Iowa Insurance Division's and Transamerica's websites. June 15, 2026 Notice of Hearing.

20. The financial record supports approval. As testimony will confirm, TLIC is one of the largest life insurance companies in the United States, with approximately $184 billion in assets, approximately $179 billion in liabilities, and approximately $5.3 billion in surplus, and those figures are not materially different after the Division. Milliman's analysis concludes that [redacted]

[redacted] both TLIC and SGLUSA will remain solvent with assets that are not unreasonably small in relation to their post-transaction businesses. [redacted]

IV. RELEVANT LEGAL STANDARDS

21. TLIC did not object to John Hancock's intervention, and on June 15, 2026, the Commissioner granted the motion to intervene.

22. However, John Hancock's participation does not alter the Commissioner's task or the statutory framework. John Hancock may present objections, but its participation does not alter the statutory standard, create a private consent right, or change the Commissioner's approval power because a single cedent would prefer a different transaction structure.

23. Rather, Section 521I.8.3 requires that the Commissioner decide, based on the evidentiary record and after the required process, whether the statutory criteria are satisfied. As discussed above, those criteria include whether: the interests of policyholders, creditors, and shareholders will be adequately protected; the plan is not unfair or unreasonable to policyholders and is not contrary to the public interest; the financial condition of the dividing insurer and resulting insurers will not be jeopardized; the resulting insurers will be eligible for certificates of authority; the division complies with Iowa Code Chapter 684 and is not made to hinder, delay, or defraud policyholders or other creditors; all resulting insurers will be solvent when the division becomes effective; and the remaining assets of the resulting insurers will not be unreasonably small in relation to their business and transactions. § 521I.8.3.a–g.

V. ARGUMENT

24. John Hancock raises four objections to the Plan, but each lacks merit. *First*, John Hancock contends that the Iowa Division Law does not apply to the division of reinsurance business. Pet. ¶¶ 49–64. But Chapter 521I applies to TLIC because TLIC is an Iowa-domiciled stock insurer, and the Iowa Division Law expressly contemplates the allocation of reinsurance contracts in a plan of division. *Second*, contrary to John Hancock's argument, *see* Pet. ¶¶ 65–74, the Plan satisfies the statutory approval criteria because John Hancock's objections rest on speculation, selective capital comparisons, and private counterparty preferences rather than the full record the Commissioner must evaluate. *Third*, John Hancock's anti-assignment theory, *see* Pet. ¶¶ 75–108, cannot override the Plan because the statute expressly provides that a Chapter 521I allocation occurs automatically by operation of law and is not a transfer for any purpose. Moreover, John Hancock's anti-assignment argument would leave, at most, private breach remedies that do not affect the validity or effectiveness of the Division. *Fourth*, as John Hancock acknowledges, its Contracts Clause argument is preserved, if at all, for judicial review. *See* Pet. ¶¶ 109–12. In any event, that argument fails on the merits because John Hancock cannot demonstrate state action and Chapter 521I is a generally applicable insurance statute that operates in a heavily regulated field and preserves private remedies while subjecting the transaction to robust regulatory safeguards.

25. For all of these reasons, the Commissioner should find that the Plan satisfies the statutory criteria and that John Hancock's objections lack merit. The Commissioner should therefore deny the Petition and approve the Plan.

A. Chapter 521I Plainly Applies to the Division of Reinsurance Business

26. John Hancock first requests a ruling that the Plan is contrary to the Iowa Division Law, on the theory that the Division Law "does not apply to the division of reinsurance business."

Pet. ¶ 49; *see generally* Pet. ¶¶ 49–64. That contention asks the Commissioner to disregard the enacted words of Chapter 521I. The statute applies based on the status of the dividing company, not the type of contracts at issue; expressly requires plans of division to address reinsurance contracts; and uses policyholder-protection language as an approval standard, not as a threshold limitation that nullifies the statute for reinsurance business. John Hancock's reliance on legislative history and out-of-state materials, *see* Pet. ¶¶ 58–62, cannot overcome Iowa's enacted text, particularly where the statutory text repeatedly addresses reinsurance contracts and the notice and review mechanisms applicable to them.

1. *TLIC Is an Iowa-Domiciled Stock Insurance Company Subject to Chapter 521I, Which Expressly Authorizes the Allocation of Reinsurance Contracts*

27. John Hancock's principal argument that Chapter 521I does not encompass reinsurance is not merely wrong as a matter of statutory text and structure; it is frivolous. The legislature did not enact a statute limited to retail insurance policies or direct-policyholder business. It enacted a statute broadly applicable to "domestic stock insurers," defined as "a stock insurer domiciled and organized under the laws of this state pursuant to chapter 508, 514B, or 515, including domestic stock insurers affiliated with a mutual insurance holding company organized pursuant to section 521A.14, and including those insurers which confer membership rights in the mutual insurance holding company." § 521I.1.6. The statutory trigger, therefore, is the identity of the dividing company, not the mix of business allocated in the division.

28. Under the plain text of the statute, TLIC may avail itself of the Division Law. TLIC is a domestic stock insurer pursuant to Iowa Code Chapter 508, and reinsurance is one subset of TLIC's broader insurance business. Chapter 508 likewise does not treat reinsurance as a reason to exclude a life insurer from Iowa's life insurance regulatory framework; it expressly addresses companies that have "written, issued, or reinsured" life insurance policies or contracts. Iowa Code

§ 508.36.a(3)(a). The fact that TLIC engages in the reinsurance business, or that the Division involves reinsurance contracts, does not transform TLIC into something other than a "domestic stock insurer" subject to—and eligible to complete a division under—the Iowa Division Law. Indeed, John Hancock's own Petition reinforces the point by acknowledging that TLIC is an Iowa corporation that issues life insurance policies and other retail insurance products in addition to acting as an assuming reinsurer through a previously established reinsurance division. *See* Pet. ¶ 14.

29. The conclusion that the Division Law applies broadly to all domestic stock insurers, including TLIC, conforms to Iowa insurance law more generally. Chapter 521I does not specifically define "insurance" or "insurer"; John Hancock suggests that those terms exclude reinsurance and reinsurers. *See, e.g.*, Pet. ¶ 53. But as the Supreme Court recently reiterated, "[i]t is the 'most rudimentary rule' of statutory interpretation 'that courts do not interpret statutes in isolation, but in the context of the *corpus juris* of which they are a part.'" *Watson v. Republican Nat'l Comm.*, No. 24-1260, slip op. at 7–8 (U.S. June 29, 2026) (quoting *Branch v. Smith*, 538 U.S. 254, 281 (2003) (plurality opinion)); *see, e.g.*, *Doe v. Iowa*, 943 N.W.2d 608, 610 (Iowa 2020). And here, Iowa Administrative Code r. 191-13.2 defines "insurer" as "any entity the business activity of which is the writing of insurance *or the reinsuring of risks*," and defines "business of insurance" as "the writing of insurance *or the reinsuring of risks by an insurer*." (emphasis added); *accord* 31 U.S.C. § 313(e)(2)(B) (recognizing that "insurer," for purposes of the Federal Insurance Office provision, means an entity that "writes insurance *or reinsures risks*.") (emphasis added). Conversely, when Iowa wanted to exclude reinsurance agreements from a particular provision, it did so expressly. *See, e.g.*, Iowa Code Chapter 508.37.11.a ("This section does not apply to any of the following: (1) [r]einsurance"). Accepting John Hancock's argument

that Chapter 521I does not apply to reinsurance would create an untenable inconsistency across Iowa's regulatory regime: Reinsurance would be treated as the "business of insurance" for other regulatory purposes unless expressly excluded, yet somehow implicitly excluded from the Iowa Division Law.

30. The understanding that the Iowa Division Law applies to all domestic stock insurers also aligns with ordinary insurance law usage. Courts construing insurance terms commonly consult dictionaries and insurance treatises where terms are undefined or susceptible to multiple meanings. *See, e.g.*, *Ritrama, Inc. v. HDI-Gerling Am. Ins. Co.*, 796 F.3d 962, 967-69 (8th Cir. 2015) (consulting, *inter alia*, Black's Law Dictionary and Couch on Insurance to construe the term "claim" when it was not defined by the relevant insurance policy); *see generally Iverson v. United States*, 973 F.3d 843, 847 (8th Cir. 2020) (explaining that undefined statutory terms are generally construed consistently with their dictionary definitions). Here, dictionaries and insurance treatises confirm that reinsurance is a transaction between two insurers and thus that reinsurers are, by definition, a type of insurer. Black's Law Dictionary defines an "insurer" broadly (and especially) as "a company or association that undertakes to indemnify against losses and to perform other insurance-related functions"; that definition does not exclude entities that engage in the business of reinsurance. *Insurer*, Black's Law Dictionary (12th ed. 2024). Likewise, Black's defines "reinsurance" as "[a] contractual arrangement under which *one insurer*. . . . transfers to *another insurer*. . . . some or all loss for which it has issued an insurance policy." *Reinsurance*, Black's Law Dictionary (12th ed. 2024) (emphasis added). Couch similarly describes "reinsurance" as "a contract whereby *one insurer* for a consideration agrees to indemnify *another insurer*, either in whole or in part, against loss or liability, the risk of which the latter has assumed under a separate and distinct contract as insurer of a third party." Jordan R. Plitt et al., 1 *Couch on Insurance* §

1:33 (3d ed. June 2026 update) (emphasis added). In other words, both Black's and Couch define reinsurance as a species of insurance involving a transfer of risk from one *insurer* to another *insurer*, necessarily treating reinsurers as insurers. Industry publications are in accord. For example, the NAIC Glossary of Insurance Terms defines "insurer" as "an insurer or reinsurer authorized to write property and/or casualty insurance under the laws of any state." *Insurer*, Glossary of Insurance Terms, Nat'l Ass'n of Ins. Comm'rs, https://content.naic.org/glossary-insurance-terms (last visited July 9, 2026).

31. Not only are reinsurers included within the scope of the Iowa Division Law; Chapter 521I forecloses John Hancock's argument that the statute cannot reach reinsurance business because it expressly references reinsurance contracts multiple times. Section 521I.2.5 requires a plan to describe "all liabilities and all assets that the dividing insurer proposes to allocate to each resulting insurer, including *the manner by which the dividing insurer proposes to allocate all reinsurance contracts.*" (emphasis added). Section 521I.8.1 requires that "the dividing insurer shall provide notice of the filing to each *reinsurer that is a party to a reinsurance contract allocated in the plan of division*." (emphasis added). Section 521I.8.4 authorizes the Commissioner to consider "all proposed assets of the resulting insurer including without limitation *reinsurance agreements*" in assessing the resulting insurer's financial condition. (emphasis added). And Section 521I.10.1.f requires, following approval of the division, that the certificate of division state that "the dividing insurer provided reasonable notice *to each reinsurer that is a party to a reinsurance contract allocated in the plan of division*." (emphasis added). These provisions plainly refute John Hancock's objection.

32. Beyond these express references, other provisions of the Iowa Division Law confirm that reinsurance contracts fall within the scope of allocable assets and liabilities. The

statute imposes no restriction on the types of assets or liabilities that may be divided, and its broad statutory definitions encompass reinsurance agreements. Section 521I.1.1 defines "assets" expansively to include "property whether real, personal, mixed, tangible, or intangible and any right or interest therein, including all rights under a contract or other agreement." Section 521I.1.7 defines "liability" broadly as "a secured or contingent debt or obligation arising in any manner." And Section 521I.2.3 authorizes a dividing insurer to allocate any of its "assets and liabilities, including policy liabilities." Reinsurance contracts may qualify as assets and liabilities under these definitions. TLIC may therefore allocate them in the Division.

33. The Commissioner should reject any reading that would unduly narrow those provisions. Iowa law requires courts and agencies to apply clear statutory text as written. *Est. of Butterfield by Butterfield v. Chautauqua Guest Home, Inc*., 987 N.W.2d 834, 838 (Iowa 2023) (holding that courts do not search beyond clear statutory terms); *Ruthven Consol. Sch. Dist. v. Emmetsburg Cmty. Sch. Dist*., 382 N.W.2d 136, 140 (Iowa 1986) (explaining that legislative intent is expressed by what the legislature actually said). Here, what the legislature said is decisive—a domestic stock insurer's plan must describe how all reinsurance contracts are allocated. John Hancock's contrary reading would require the Commissioner to narrow the statute's applicability from all domestic stock insurers to a subset, and it would mean erasing the words "reinsurer" and "reinsurance" from multiple operative provisions of Chapter 521I. The Commissioner should not do so.

34. Statutory purpose further confirms that John Hancock's argument fails. The NAIC's white paper on IBT/Corporate Divisions explains that the objective of division laws like the Iowa Division Law is to "provide legal and economic finality to run-off insurance risks to improve the efficient allocation of capital and management resources to run-off." Nat'l Ass'n of

Ins. Comm'rs, *Restructuring Mechanisms: An NAIC White Paper*, at 3 (Dec. 2025), https://content.naic.org/sites/default/files/inline-files/White%20Paper%20draft%20clean%2012-11-25-Calibri.pdf. The proposed Division aligns with this objective, as the Specified Business has been managed as a run-off block for 15 years, with clear communication to counterparties of the run-off nature, as evidenced by the reinsurance operations team working with SCOR as administrator of the block.

2. *The Cedent/Policyholder Distinction Does Not Defeat Chapter 521I's Application*

35. John Hancock attempts to support its no-reinsurance argument by observing that the statute references policyholders, but cedents are not "policyholders." Pet. ¶¶ 4–7, 51–56. That contention fails. The statutory authority to allocate reinsurance contracts does not depend on proving that cedents are literally policyholders. As explained above, the authority comes from provisions of Chapter 521I that expressly permit all "domestic stock insurers" to divide and require a plan of division to describe the allocation of "all reinsurance contracts." The policyholder language in Section 521I.8.3 identifies the interests the Commissioner must protect—policyholders, creditors, and shareholders—when approving a division. The statute thus does not turn solely on "policyholder" impact, but also on "creditor" and "shareholder" impact. Although John Hancock may more properly be considered a "creditor" under Section 521I.8.3, TLIC and SGLUSA, in good faith, have afforded cedents the enhanced protections enjoyed by policyholders under the Iowa Division Law. That protective approach reinforces, rather than undermines, the Plan's compliance with Chapter 521I.

36. John Hancock's position is also internally inconsistent. It rejects the Plan's functional treatment of cedents as policyholders when challenging the statute's applicability, yet it invokes policyholder-protection concepts to seek participation, discovery, and effective leverage

over the Plan. Pet. ¶¶ 51–56. Chapter 521I permits the Commissioner to hear John Hancock's concerns as a cedent and to consider the evidence relevant to affected policyholders, creditors, and shareholders, but it does not permit John Hancock to use the word "policyholder" as a device to read reinsurance contracts out of a statute that expressly addresses them.

37. Nor does John Hancock's reliance on other Iowa provisions that use the phrase "ceding insurer" show that Chapter 521I excludes reinsurance contracts. Pet. ¶¶ 54–56. Those provisions regulate reinsurance-specific subjects. Chapter 521I, by contrast, applies broadly to domestic stock insurers and uses reinsurance-specific language when addressing the contracts to be allocated. *See supra* Section V.A.1 (discussing the statutory definition of "domestic stock insurer" under § 521I.1.6 and the broad insurance law understanding of "insurer" as encompassing entities that write insurance or reinsurance). Accordingly, the cedent/policyholder distinction John Hancock advances provides no basis for exempting reinsurance contracts from Chapter 521I's express statutory framework.

3. *John Hancock's Reliance on Legislative History is Irrelevant and Unpersuasive*

38. As John Hancock observes, Iowa courts may consider legislative history only after finding ambiguity; they do not use it to contradict enacted text. Iowa Code § 4.6(3); *Est. of Butterfield*, 987 N.W.2d at 838 (clear statutory text controls); *Ruthven*, 382 N.W.2d at 140 (legislative intent is shown by what the legislature said, not what it might have said). Because the text of the Division Law clearly applies to TLIC and contemplates the division of reinsurance contracts, the Commissioner can and should stop there.

39. Even if legislative history were considered, however, it would not support John Hancock's position. John Hancock first contends that "[e]arly versions of 'division statutes' introduced in prior legislative sessions" were "focused on retail facing insurance policies, and

policyholders, not complex reinsurance agreements." Pet. ¶ 60. But the Iowa Supreme Court has made clear that legislative intent is expressed by "what the legislature has said, not what it could or might have said"; omissions as well as inclusions matter; and courts may not "extend, enlarge or otherwise change" statutory meaning under the guise of construction. *Hawkeye Land Co. v. Iowa Utils. Bd.*, 847 N.W.2d 199, 210 (Iowa 2014). Here, the text is clear. Earlier, narrower proposals could suggest, at most, that the legislature knew how to draft more limited language and chose instead to enact a statute that broadly applies to domestic stock insurers and expressly addresses reinsurance contracts.

40. John Hancock's reliance on out-of-state legislative history is especially weak. Pet. ¶¶ 61–62. John Hancock asserts, without citation or support, that Iowa modeled its division statute on Connecticut's division statute, and that the latter is focused on giving insurers "flexibility in 'business strategy' without impacting 'policyholders.'" Pet. ¶ 61. But even assuming that assertion were correct, it would not matter.[2] Although Iowa courts may compare other states' statutes or model-act language as persuasive context, the inquiry remains what the *Iowa General Assembly* enacted, omitted, or amended. *Sallee v. Stewart*, 827 N.W.2d 128, 142 (Iowa 2013) (comparing other states' recreational-use statutes but treating Iowa's deletion of broad catchall language as an Iowa-specific legislative choice and stating that additional coverage requires legislative action). As such, speculation as to the purpose of another state's statute cannot override Iowa's broad and reinsurance-specific statutory text.

41. Finally, John Hancock attempts to draw support for its reading of the statute from the fact that Chapter 521I has not previously been applied to the division of reinsurance assets.

[2] In fact, the Connecticut Insurance Division statute also addresses reinsurance contracts, notice to reinsurers, and statutory succession. Conn. Gen. Stat. Ann. § 38a-156r (2017).

Pet. ¶¶ 62–63. But that says nothing about the statute's scope. As John Hancock acknowledges, *no* prior plans for division and merger have been put forth under the Iowa statute. Pet. ¶ 62. This absence of prior application reflects only the statute's relative youth, not any limitation on its application. It does not shed light upon the types of divisions that are permitted under Chapter 521I's plain text, and it certainly does not create an exclusion that the legislature chose not to enact.[3]

42. In sum, the Division Law plainly applies to the division of reinsurance contracts under the Plan, and John Hancock's contrary arguments fail.

B. The Plan Satisfies the Statutory Approval Criteria of the Iowa Division Law

43. The Plan meets the requirements of Section 521I.8 of the Division Law, and John Hancock does not and cannot demonstrate otherwise. John Hancock argues that the Plan is prejudicial and unfair because SGLUSA and TLIC-A are "smaller" than TLIC in terms of capital, which it argues exposes John Hancock to increased counterparty credit risk and greater consolidation of risk. Pet. ¶¶ 43, 67–70. John Hancock asserts, without factual support, that the Plan cannot be confirmed because the solvency of TLIC-A is in question, and because the post-Division assets of SGLUSA and TLIC-A are insufficient in relation to the business they will engage in following the Division and Merger. Pet. ¶¶ 72–73. Finally, John Hancock contends that the purpose of the Plan is to circumvent John Hancock's improper refusal of a novation 13 years ago, thereby "defraud[ing]" John Hancock. Pet. ¶ 71.

[3] Chapter 521I is a relatively new statute, and the concept of insurance business division is itself a recent development in the industry. While this Division is the first of its kind in Iowa, that does not mean it is impermissible. Indeed, in 2021, Allstate Insurance Company used a comparable Illinois division statute to divide its insurance business, including reinsurance. *See* In re: The Plans of Division of Allstate Insurance Company, *et al*., Illinois Department of Insurance, Division Order No. 2021-03 (Sept. 30, 2021).

44. All of those arguments fail. As John Hancock acknowledges, SCOR entities, not TLIC, "bear[] the economic risk for the treaties" as a result of the TARe Transaction and have for the past 15 years. Pet. ¶¶ 23, 33, 43. The Plan preserves John Hancock's contractual rights and remedial position while formalizing the economic reality that has existed with respect to the Specified Business since 2011. John Hancock does not dispute that SCOR's administration of the Specified Business has been successful, nor does John Hancock explain how losing the ability to look to both SCOR (through the retrocession, as it has been doing) and TLIC (as the direct obligor, which has not been necessary since 2011) is inherently unfair or prejudicial.[4] In fact, as the evidence will demonstrate, John Hancock made the "deliberate risk allocation decision[]," Pet. ¶ 76, to enter into additional reinsurance treaties with SCOR following the TARe Transaction, while the reserves ceded under the treaties have reduced substantially since 2011.

45. As will be established at the hearing, John Hancock's business accepted by TLIC has been declining in run-off for 15 years, resulting in the net amount at risk ceded (face amount) now being 40% of the amount in 2011, and the reserves ceded now being 33% of the amount in 2011. This substantial reduction in exposure further undermines any claim of prejudice from the Division.

46. John Hancock's sole basis for its representations regarding SGLUSA's relative financial strength is a citation to public records regarding SGLUSA's capital and surplus. But it is also public record that SCOR SE and its subsidiaries, including SGLUSA, have strong credit "core ratings" of A+ by S&P Global, A+ by Fitch and A by AM Best, based on balance sheet

[4] John Hancock does not contend that TLIC's financial condition will be affected by the Division and Merger. As explained in the Milliman Report, [redacted]

strength, liquidity, reserve adequacy, operating performance, business profile, and enterprise risk management, among other factors. Thus, SGLUSA's financial strength is equivalent to that of TLIC, which has an A+ credit rating from S&P Global and an A credit rating from AM Best.

47. As described in more detail in the Milliman Report and elsewhere in the record, John Hancock and other cedents will continue to be well-protected following the Division and Merger. Milliman concluded that the Division and Merger would not jeopardize SGLUSA's financial condition [redacted]

48. Furthermore, Milliman's [redacted]

[redacted]

49. Regarding John Hancock's purported concern that "it is unclear what internal support any of the other SCOR entities will provide to SGLUSA," Pet. ¶ 73, [redacted]

50. John Hancock alludes to the Scottish Re liquidation as a cautionary tale of counterparty risk, though it makes no attempt to analogize Scottish Re to SGLUSA. Pet. ¶ 44. Nor can it. Scottish Re is distinguishable in every material respect. Scottish Re was a small, standalone reinsurer whose holding company was itself financially distressed and unable to provide meaningful capital support; its ratings deteriorated and were ultimately withdrawn in the years preceding its rehabilitation and liquidation. [redacted] and [redacted] boasts a diverse global reinsurance business and excellent credit ratings. Milliman specifically considered SGLUSA's solvency in its analysis and concluded that it would remain solvent following the Division and Merger. [redacted] As the Milliman Report shows, [redacted]

[5] Though John Hancock does not address SGLUSA's eligibility for a certificate of authority to transact business in Iowa, [redacted]

[redacted] Furthermore, Milliman analyzed [redacted] The circumstances that led to Scottish Re's failure are entirely absent here.

51. John Hancock's assertion that its interests are prejudiced by TLIC-A's financial condition, Pet. ¶ 69, rests on a mischaracterization of the Plan, which makes clear that TLIC-A will merge with and into SGLUSA simultaneously with the Division, and will not transact any insurance business. Plan of Division at 2–3, Annex A. Nonetheless, the Plan also makes clear that TLIC-A will be initially capitalized with sufficient capital and surplus to obtain a license to transact insurance business under Iowa law, and it will be further supported by a Net Worth Maintenance Agreement, pursuant to which TLIC will maintain TLIC-A's RBC Ratio at 200%. *Id*. at 5, 9, Annex F. John Hancock's arguments that TLIC fails to establish that TLIC-A will be solvent when the Division is effective, and that TLIC-A has insufficient assets "in relation to the business and transactions" that TLIC-A will engage in following the Division, are thus illusory. *See* Pet. ¶¶ 72, 73.

52. John Hancock also fails in contending that the Plan is designed to circumvent its refusal of a novation, which was itself improper. *See* Pet. ¶ 71. As explained in the Plan, the Division and Merger will simplify both TLIC and SCOR's organizational structures and financial reporting such that the Specified Business will be accurately reflected for both companies, and for cedents. Plan Cover Ltr. at 3; *see infra* Section V.C.2. SCOR will continue to administer the

treaties as it has since 2011, with no adverse effect on cedents like John Hancock. John Hancock offers no evidence to support its argument that the true purpose of the Plan is to defraud cedents with anti-assignment clauses in their reinsurance treaties. Pet. ¶ 71. In fact, such clauses are not implicated by the Plan because the allocation of assets and liabilities under the Iowa Division Law occurs automatically by operation of law and is not an assignment or transfer. Iowa Code § 521I.12.4–.5; *see infra* Section V.C.1. John Hancock's hollow claims of fraud cannot be reconciled with the transparency of the Plan and TLIC's careful observation of the safeguards set forth in the Division Law.

53. Finally, John Hancock's suggestion that the Plan is insufficiently transparent (which is false in any event) does not defeat statutory compliance. *See* Pet. ¶¶ 36–39. Iowa Code § 521I.9 expressly permits a dividing insurer to request confidential treatment for "all business, financial, actuarial, and other proprietary information submitted to, obtained by, or disclosed to the Commissioner in connection with the dividing insurer's plan of division." As explained in the Plan, "TLIC, SCOR and their respective consultants and legal advisors have had extensive written and verbal communications . . . regarding business, financial, actuarial and other proprietary information that TLIC and SCOR consider highly confidential, sensitive, and proprietary." The Commissioner and Iowa Insurance Division confirmed that the Milliman actuarial analysis and related consultant materials are confidential under Iowa Code §§ 507.14(3) and 521I.9, while the Plan itself remains public. The Commissioner has access to all relevant information necessary to make the required statutory findings. John Hancock's desire to review every confidential detail is not a statutory prerequisite to approval. In any event, John Hancock now has the materials it deems necessary to test Milliman's analysis. Subject to a protective order dated July 1, 2026, TLIC has

produced the Milliman Report, materials referenced therein, and the SGLUSA Plan of Operations 2018 and certified that its agreed production is complete.

C. The Anti-Assignment Clause Does Not Bar the Division Because Chapter 521I Operates by Statutory Allocation, Not by a Consent-Dependent Contractual Assignment

54. John Hancock next argues that the Plan contravenes contractual anti-assignment clauses, which it asserts are present in "the majority of John Hancock's treaties." Pet. ¶ 81. But the factual record tells a different story. SCOR has reviewed 250 of the approximately 800 current treaties, representing approximately 95% of the Net Amount at Risk. Only 12 of those treaties include the relevant language, which provides that, in the event of a change in control of the reinsurer, the cedent may terminate for new business. All 12 had previously been terminated for new business and are therefore not relevant to the Division.

55. Even assuming that any of the treaties relevant to the Division includes an anti-assignment clause, John Hancock's theory fails at each step. The Division is a statutory allocation by operation of law, not a contractual assignment, sale, assumption reinsurance, or voluntary transfer; Chapter 521I expressly states that the allocation is not a transfer for any purpose; and the statute separately provides that any breach would create joint-and-several breach liability without affecting the Division's validity or effectiveness. Moreover, John Hancock's anti-assignment clause contains a material-effect consent standard, not an absolute veto, and contrary to John Hancock's unsupported assertion, Michigan law does not change the analysis.

1. *John Hancock's Anti-Assignment Theory Contravenes the Plain Text of Chapter 521I*

56. John Hancock's anti-assignment objection fails for a simple reason—the anti-assignment clause requires consent before a party may "assign[,]. . . sell, assumption reinsure or transfer the policies," Pet. ¶ 27, but the Division is not an assignment, sale, assumption reinsurance,

or contractual transfer. Chapter 521I could not be clearer that a division is a statutory allocation that occurs automatically by operation of law. Section 521I.11.1.c states that each resulting insurer holds allocated capital, surplus, and other assets as successor to the dividing insurer "by operation of law, and not by transfer, whether directly or indirectly." Section 521I.11.1.d provides that allocated assets vest "without transfer, reversion, or impairment." Section 521I.12.1.b provides that allocated liabilities, including policy liabilities, are assumed by the resulting insurer "by operation of law." And Section 521I.12.5 states that a direct or indirect allocation of capital, surplus, assets or liabilities, including policy liabilities, "shall occur automatically, by operation of law," and "shall not be treated as a distribution or transfer for any purpose" with respect to the dividing insurer or any resulting insurer. The legislature used mandatory language—"shall not be treated"—to foreclose precisely the argument John Hancock now advances. When a statute declares that an allocation is not a transfer "for any purpose," it cannot be recharacterized as the assignment, sale, assumption reinsurance, or transfer that John Hancock's clause purports to restrict. *See Est. of Butterfield*, 987 N.W.2d at 838 (clear statutory text controls).

57. Chapter 521I also defines "transfer" broadly to include "an assignment, assumption, conveyance, sale, lease, encumbrance, security interest, gift, or transfer by operation of law." § 521I.1.11. That definition underscores the significance of Sections 521I.11 and 521I.12: The legislature ensured that however characterized (i.e., whether as an assignment, assumption, conveyance, sale, or transfer), statutory allocations would occur by operation of law and would not be treated as "a transfer for any purpose." John Hancock's argument would negate that clear text, contravening the rule that the Commissioner must give effect to all operative statutory language and may not render provisions meaningless. *Iowa Fuel & Min., Inc. v. Iowa State Bd. of Regents*, 471 N.W.2d 859, 863 (Iowa 1991).

58. Section 521I.12.3 further confirms the point. It provides that a consent-to-merger provision in a contract "*other than* … a reinsurance agreement that was issued, incurred, or executed by the dividing insurer before July 1, 2019 … shall apply to a division of the dividing insurer as if such division were a merger." (emphasis added). The negative implication is fatal to John Hancock's position. The legislature expressly addressed consent provisions and chose *not* to make pre-July 2019 reinsurance-agreement consent provisions operate as consent rights over a division. In other words, even if a pre-2019 reinsurance agreement contained a consent-to-merger provision, Section 521I.12.3 indicates that provision would not apply to a division under the Iowa Division Law. John Hancock states that the affected treaties have effective dates ranging from January 1, 1997 to April 1, 2010 and that the majority contain anti-assignment clauses. Pet. ¶¶ 18–21. The asserted treaty consent language therefore does not apply and cannot be converted into a statutory veto over the Division.

59. The Iowa Division Law's treatment of pre-2019 consent provisions mirrors the background legal rule. The general rule—recognized by courts and treatises alike—is that a merger does not trigger an anti-assignment clause unless the clause specifically prohibits the merger or transaction at issue. As one treatise explains, "Most courts view mergers to be transfers by operation of law. Therefore, if the anti-assignment clause does not prohibit assignments by merger or transfers by operation of law, an assignment by merger is permitted." Tina L. Stark, *Negotiating and Drafting Contract Boilerplate* § 307[1]. Anti-assignment clauses are "narrowly construed." 9 Arthur L. Corbin, *Corbin on Contracts* § 49.9 (2019). This is consistent with the general view that, after a merger, "the surviving corporation can enforce the . . . agreements by operation of law. No assignment is necessary." *Id.* § 49.5 n.12. Because an assignment is not necessary, the merger does not violate an anti-assignment clause.

60. Iowa and Eighth Circuit authority further support treating statutory succession differently from a contractual assignment, sale, or transfer. For nearly a century, Iowa courts have found it "well settled that a covenant not to sell or assign the lease is not broken where the assignment is by operation of law." *In re Owen's Est*., 259 N.W. 474, 476 (Iowa 1935). They have recognized a distinction between voluntary transfers by a party and transfers by operation of law, for example "in bankruptcy." *McDonald v. Farley & Loetscher Mfg. Co.*, 283 N.W. 261, 263 (Iowa 1939) (applying this concept in bankruptcy). The same distinction applies in the merger context. For example, *Cass Atlantic Development Corp. v. Pellett*, No. 06-0373, 2006 WL 3313791, at *4 (Iowa Ct. App. Nov. 16, 2006), held that a merger does not constitute an assignment in violation of a non-assignment clause because the surviving corporation succeeds to the rights and obligations of the constituent corporation by operation of law. *Accord Enerplus Res. (USA) Corp. v. Wilkinson*, 801 F. App'x 448, 451 (8th Cir. 2020) (rejecting argument that a merger violated an anti-assignment clause and holding that the party was "confus[ing] principles of merger and assignment"). That understanding is particularly appropriate here, where the statutory provisions discussed above confirm that allocations pursuant to the Iowa Division Law are not to be treated as transfers for any purpose.

61. Moreover, John Hancock's argument would severely undermine the purpose of division statutes. NAIC guidance on IBT/Corporate Divisions confirms that division statutes were designed to give insurers the flexibility to allocate business "without requiring affirmative policyholder consent" while maintaining robust regulatory protections. Nat'l Ass'n of Ins. Comm'rs, *Best Practices Procedures for IBT/Corporate Divisions*, at 3 (December 2025), https://content.naic.org/sites/default/files/inline-files/Best%20Practices%2012-2-25clean.pdf. Accepting John Hancock's argument would render Chapter 521I a nullity for any block of business

with anti-assignment provisions, which encompasses virtually all reinsurance business. If anti-assignment clauses could defeat a statutory division, the statute would serve no practical purpose.

62. John Hancock's contrary, out-of-circuit authorities do not control. Pet. ¶¶ 97–106. In *PPG Industries, Inc. v. Guardian Industries Corp.*, 597 F.2d 1090 (6th Cir. 1979), the Sixth Circuit applied federal common-law rules specific to non-assignable patent licenses in an ordinary merger context. The court explained that questions regarding the assignability of a patent license are "controlled by federal law," under which "agreements granting patent licenses are personal and not assignable unless expressly made so." *Id.* at 1093. The court further determined that state statutes providing for transfer by operation of law did not mean that no transfer had occurred. *Id.* at 1096. *PPG Industries*' specialized federal rule has no application to an Iowa insurer-division proceeding governed by Chapter 521I. Unlike the dispute in *PPG Industries*, John Hancock's anti-assignment argument arises under state, not federal law. And *PPG Industries* did not involve a state statute providing that an allocation is "not a transfer for any purpose." Applying *PPG Industries* as John Hancock proposes would nullify the operative text of Section 521I.12.5 and convert every Chapter 521I allocation into the very "transfer" the statute says it is not.

63. John Hancock's reliance on *Cincom Systems, Inc. v. Novelis Corp*., 581 F.3d 431 (6th Cir. 2009), is similarly misplaced. *See* Pet. ¶¶ 97–98. The Sixth Circuit there found its decision "govern[ed]" by *PPG Industries* despite an intervening change in state law, and it applied the same intellectual-property-specific federal rule that agreements granting licenses are personal and not assignable without consent. *Cincom Sys*., 581 F.3d at 433, 436–39; *see id.* at 438–39 ("Simply put, *in the context of a patent or copyright license*, a transfer occurs any time an entity other than the one to which the license was expressly granted gains possession of the license.") (emphasis in original). Indeed, the *Cincom Systems* court specifically distinguished contrary cases

on the ground that they "did not involve intellectual property." *Id.* at 439. Again, importing that intellectual-property-specific federal rule into an Iowa insurance-division proceeding would nullify Chapter 521I's express command that an allocation is not a transfer for any purpose.

64. *Pro-Edge, L.P. v. Gue*, 419 F. Supp. 2d 1064 (N.D. Iowa 2006), is equally inapposite. *See* Pet. ¶¶ 104–106. That decision represents a federal district court's prediction about how Iowa courts would resolve a dispute about whether certain transactions amounted to a prohibited assignment within the meaning of the parties' personal-services contractual agreement. *Pro-Edge*, 419 F. Supp. 2d at 1083. *Pro-Edge* is not binding Iowa authority. Nor did it involve a statute that expressly states the transaction occurs by operation of law and is not treated as a transfer for any purpose. Moreover, although *Pro-Edge* recognized competing lines of authority and found the Sixth Circuit's approach in *PPG Industries* persuasive, it failed to grapple with the federal common-law intellectual-property context of that decision. *See id.* at 1083–85. In short, John Hancock's cited authorities do not support ignoring the plain statutory language of the Iowa Division Law.

2. *John Hancock's Anti-Assignment Language, Even if It Applies, Is Not an Absolute Veto*

65. Even if John Hancock's anti-assignment clause were implicated, the clause would not confer an absolute veto. John Hancock's anti-assignment provision states that "[n]either the Company nor the Reinsurer may assign any of the rights and obligations under this Agreement, nor may either party sell, assumption reinsure or transfer the policies without the prior written consent of the other party." Pet. ¶ 81. But the clause continues: "Consent will not be withheld if the assignment, sale, assumption reinsurance or transfer does not have a material effect on the risks transferred or the expected economic results to the party requested to consent." *Id.* Under Iowa law, a contract must be interpreted as a whole, and no part may be treated as superfluous; an

interpretation that gives a reasonable, lawful, and effective meaning to all terms is preferred. *Iowa Fuel & Minerals*, 471 N.W.2d at 863. John Hancock ignores the consent-standard language, but the Commissioner should not.

66. John Hancock has not established any material effect on the risks transferred or expected economic results. Its objection rests largely on comparing TLIC's total adjusted capital with SGLUSA's capital, but that comparison ignores the statutory framework of Chapter 521I. Pet. ¶¶ 40–43, 68–73. Section 521I.8.4 permits the Commissioner to consider all proposed assets and support arrangements of a resulting insurer, including reinsurance agreements, parental guarantees, support agreements, keepwell agreements, and capital-maintenance or contingent-capital agreements. The statutory review therefore turns on the actual financial condition, reserves, reinsurance, parental guarantees, support agreements, keepwell arrangements, capital-maintenance agreements, solvency, rating agency financial ratings, and expert review—not on an isolated capital comparison divorced from the full support structure.

67. The record supports TLIC's position. SCOR has administered the Specified Business for approximately 15 years without cedent-service issues. The amount of business ceded has declined substantially since 2011. Claims will continue to be serviced in the same manner. SGLUSA's parent support, pro forma financials, RBC ratios, and reserve adequacy are subjects of expert and regulatory review, and the Milliman report confirms SGLUSA's financial stability and capital adequacy. The Capital Maintenance Agreement requires SCOR SE to maintain SGLUSA's surplus at no less than 200% of company-action-level RBC, and the Parental Guarantee Agreement guarantees SGLUSA's claims-payment obligations. SCOR SE has financial strength ratings consistent with TLIC to support its obligations under the Capital Maintenance Agreement. John

Hancock has identified no material effect that would justify withholding consent under the contractual provision it cites.

68. Section 521I.12.4 likewise makes clear that even if John Hancock's anti-assignment clause applied, it could not invalidate the Division. That provision expressly separates any alleged breach remedy from the effectiveness of a division. Specifically, Section 521I.12.4 states that "[i]f a division breaches a contractual obligation of the dividing insurer, all resulting insurers are jointly and severally liable for the breach"—but, crucially, "[t]he validity and effectiveness of the division shall not be affected by the breach." That provision is dispositive. The legislature deliberately separated private breach remedies from regulatory approval and division effectiveness. John Hancock may not convert an alleged private breach claim—which, to be clear, would lack merit for the reasons stated above—into a right to block the Commissioner's exercise of statutory approval authority.

3. *Michigan Law Does Not Materially Change the Analysis*

69. In a footnote, John Hancock contends that a majority of the treaties contain a choice-of-law provision selecting Michigan law, and that Michigan law "strongly supports John Hancock's position." Pet. at 30 n.61. John Hancock provides no support for that assertion, and in fact, Michigan law supports TLIC's position. Michigan courts have recognized the critical distinction between voluntary assignments and transfers that occur by operation of law. In *Comerica Inc. v. Department of Treasury*, 984 N.W.2d 1 (Mich. 2022), the Michigan Supreme Court held that a transfer effected by automatic statutory process "by operation of law" is legally distinct from an assignment effected by a voluntary act. The court specifically analyzed Michigan's banking-merger statute, under which the disappearing bank's property, rights, and interests moved to the surviving bank by force of the statute itself, and it held that pursuant to that provision, disputed tax credits moved by operation of law rather than by assignment. *Id.* at 5–6,

8. *Comerica* traces Michigan law back to 1885, explaining that Michigan courts have consistently held that when a statute mandates that certain consequences follow automatically from a triggering event, without any voluntary act of transfer by the parties, the resulting change in ownership or rights is not an "assignment" in the contractual sense. *Id.* at 6. Thus, under either Iowa or Michigan law, John Hancock's anti-assignment clause cannot reach the statutory allocation at issue here.

D. The Commissioner Need Not Address John Hancock's Contracts Clause Argument, Which Fails on the Merits in Any Event

70. The Commissioner need not reach John Hancock's final objection. John Hancock states that the Insurance Division lacks the authority to decide constitutional issues, Pet. at 35 n.81, and we agree. Iowa courts recognize that constitutional claims must often be raised before an agency to preserve them for judicial review, even though the agency lacks authority to decide those claims. *Endress v. Iowa Dep't of Hum. Servs.*, 944 N.W.2d 71, 83 (Iowa 2020) (explaining preservation of constitutional claims in administrative proceedings); *Soo Line R. Co. v. Iowa Dep't of Transp.*, 521 N.W.2d 685, 688 (Iowa 1994) (same). The Commissioner may therefore note the objection as preserved and proceed to apply Chapter 521I.

71. Even if the Commissioner (or a court in a subsequent challenge) were to consider John Hancock's Contracts Clause challenge, it would fail under the well-established Contracts Clause framework. *First*, John Hancock cannot establish the threshold state-action element of an as-applied Contracts Clause claim. *Second*, it cannot show substantial impairment because the Iowa Division Law operates in a pervasively regulated insurance field, preserves private breach remedies, and uses a regulator-supervised process reasonably tailored to policyholder and solvency protection.

1. *John Hancock Cannot Establish State Action*

72. John Hancock's as-applied Contracts Clause claim fails because John Hancock must, but cannot, show state action. The U.S. Constitution provides that "*[n]o State shall*. . . pass any. . . Law impairing the Obligation of Contracts." U.S. Const. art. I, § 10, cl. 1 (emphasis added). In *Cranley v. National Life Insurance Company of Vermont*, the Second Circuit held that, "in order to mount a federal constitutional challenge to the conversion of a mutual insurance company to a stock company, a plaintiff must show that the reorganization constituted state action," and explained that "state action is a necessary component of any Contracts Clause claim" because the Contracts Clause "limits the power of the States, not of private entities." 318 F.3d 105, 111 (2d Cir. 2003). For private conduct to qualify, the alleged constitutional deprivation must be "fairly attributable" to the State, which requires "such a 'close nexus between the State and the challenged action' that seemingly private behavior 'may be fairly treated as that of the State itself.'" *Id.* at 111 (quoting *Brentwood Acad. v. Tenn. Secondary Sch. Athletic Ass'n*, 531 U.S. 288, 295 (2001)).

73. John Hancock cannot satisfy that standard here. John Hancock challenges TLIC's private decision to implement the Division and Merger under Chapter 521I, but it identifies no specific conduct by the State that itself impaired (or will impair) the treaties. *Cranley* confirms that "conduct by a private entity is not fairly attributable to the state merely because the private entity is a business subject to extensive state regulation," and that "[a]ction taken by private entities with the mere approval or acquiescence of the State is not state action." 318 F.3d at 112 (quoting *Am. Mfrs. Mut. Ins. Co. v. Sullivan*, 526 U.S. 40, 52 (1999)). Nor does "conduct [that] is not compelled by the state but is merely permitted by state law" suffice. *Id.* Applying those principles, the Second Circuit rejected the argument that the commissioner's statutorily required approval made the commissioner a joint participant in, or a coercive force behind, the reorganization because "the State did not instigate the reorganization," the conversion "was initiated by action of

National Life's board of directors," and the private approvals occurred "without any semblance of coercion, control, or encouragement from the State." *Id.* at 112.

74. *Tancredi* reaches the same conclusion. There, the Second Circuit held that "[s]tate approval of an action by a regulated entity does not constitute state action 'where the initiative comes from [the private entity] and not from the State' and the state 'has not put its own weight on the side of the proposed practice by ordering it.'" *Tancredi v. Metro. Life Ins. Co.*, 316 F.3d 308, 313 (2d Cir. 2003) (quoting *Jackson v. Metro. Edison Co.*, 419 U.S. 345, 357 (1974)). The court further explained that "a regulatory agency's performance of routine oversight functions to ensure that a company's conduct complies with state law does not so entwine the agency in corporate management as to constitute state action." *Id.* Applying that rule, the court held that the superintendent merely found that MetLife met the statutory standards and allowed the private reorganization to proceed, and that there was no basis to infer that the state ordered, coerced, controlled, induced, or became entwined in MetLife's reorganization. *Id.* at 313–14. The same reasoning applies here. TLIC, not the State, initiated the Plan, and the Commissioner's review under Chapter 521I does not transform TLIC's private restructuring into a state-imposed contractual impairment.

75. *Cranley* and *Tancredi* are especially persuasive because they apply the state-action requirement in the insurance-restructuring context. In *Cranley*, policyholders challenged a commissioner-approved reorganization pursuant to an insurance demutualization statute, but the court held that the commissioner's functions—analyzing the plan, determining whether the conversion would prejudice policyholders or their financial interests, determining whether the demutualization would be contrary to the general good of the state, and ensuring adequate disclosure—did not make the state responsible for the private restructuring. 318 F.3d at 112–13.

In *Tancredi*, policyholders likewise challenged a private insurer's conversion after statutory review, a public hearing, policyholder approval, and superintendent approval, but the court held that the superintendent's review "to ensure that the changes met the minimum legal requirements" before granting approval "did not constitute such involvement in the reorganization decision" that the private defendants could be considered state actors. 316 F.3d at 310–11, 313–14. Together, *Cranley* and *Tancredi* confirm that an insurance regulator's statutorily required approval, fairness review, and public-interest review do not convert a privately initiated insurance restructuring into state action for purposes of an as-applied Contracts Clause challenge. *See also Gayman v. Principal Fin. Servs., Inc.*, 311 F.3d 851, 852-53 (7th Cir. 2002) (rejecting § 1983 state-action challenge to an Iowa Insurance Commissioner-approved demutualization because neither the insurer's use of state-law conversion procedures nor its receipt of regulatory approval "demonstrate[d] state action"; rather, "[t]he impetus and the actors remain[ed] private").

2. *The Contracts Clause Claim Fails Because John Hancock Cannot Show Substantial Impairment*

76. Even assuming *arguendo* that John Hancock could demonstrate state action, its Contracts Clause claim would still fail because John Hancock cannot establish substantial impairment. Iowa courts recognize that the Supreme Court's decision in *Energy Reserves Group Incorporated v. Kansas Power & Light Company*, 459 U.S. 400 (1983), provides a three-step analysis for evaluating Contracts Clause challenges to legislation: (1) whether the state law operates as a substantial impairment of a contractual relationship; (2) if so, whether the State has a significant and legitimate public purpose behind the regulation; and (3) whether the law adjusts the contracting parties' rights and responsibilities based on reasonable conditions appropriate to that public purpose. *Fed. Land Bank of Omaha v. Arnold*, 426 N.W.2d 153, 159 (Iowa 1988) (citing *Energy Reserves*, 459 U.S. at 411–12).

77. John Hancock's challenge fails at the first step: The Division Law does not impair its contracts, much less impose a *substantial* impairment. John Hancock's Contracts Clause theory is that the Division Law "forces a novation that John Hancock … has already explicitly rejected." Pet. ¶ 111. But as already discussed, the Division Law does not force a novation; it instead permits allocation of assets and liabilities by operation of law.

78. Moreover, John Hancock misidentifies the character of any alleged impairment. Chapter 521I is a generally applicable insurance division statute that creates a regulator-supervised restructuring mechanism. It does not rewrite the payment terms of John Hancock's treaties or eliminate any remedy for breach. To the contrary, as explained *supra* Section V.C.2, to the extent the Plan would breach the treaties (it would not), Chapter 521I expressly preserves private contractual obligations and channels any alleged contractual violation into an ordinary breach remedy, without allowing the alleged breach to invalidate a division or transform a division's regulatory approval into a substantial impairment for Contracts Clause purposes.

79. The Ninth Circuit's decision in *Pure Wafer Incorporated v. City of Prescott*, 845 F.3d 943, 951 (9th Cir. 2017), articulates this principle well: "state action cannot be said to 'impair' the obligation of a contract so long as it leaves both parties free to obtain a court-ordered remedy (typically damages) in the event that either of them fails to perform as promised." As *Pure Wafer* explained, a State may trigger Contract Clause scrutiny when it enacts "'changes in the laws that make a contract legally enforceable,' for example, by eroding 'the remedies available under a contract' in a way that 'convert[s] an agreement enforceable at law into a mere promise.'" *Id.* at 952 (quoting *Gen. Motors Corp. v. Romein*, 503 U.S. 181, 189 (1992)). Chapter 521I does the opposite—it preserves remedies by ensuring that all resulting insurers remain jointly and severally liable for any contractual breach.

80. Even if Chapter 521I imposed an impairment for purposes of the Contracts Clause, there still would be no violation because any impairment would not be substantial. The substantial-impairment inquiry turns on whether the challenged law meaningfully disrupts the parties' reasonable contractual expectations. The inquiry considers the severity of the impairment, whether the affected industry was already heavily regulated, whether the type of regulation was foreseeable, and whether the contract was formed against a background of present and future regulation. *Energy Reserves*, 459 U.S. at 411–13.

81. For example, in *Energy Reserves*, the Supreme Court held there was no substantial impairment where contracts were made in a heavily regulated industry, contractual terms were foreseeably subject to regulation, and the parties' reasonable expectations were not disrupted. *Id*. Similarly, in *Hawkeye Commodity Promotions, Inc. v. Vilsack*, 486 F.3d 430 (8th Cir. 2007), the Eighth Circuit found no substantial impairment where the plaintiff operated in the heavily regulated gambling industry and the relevant agreements incorporated applicable law and limited the machines to those allowed by law or regulation. *Id.* at 437–38. By contrast, courts are more likely to find substantial impairment where the law imposes a sudden retroactive obligation in an area not previously subject to regulation. *See Allied Structural Steel Co. v. Spannaus*, 438 U.S. 234, 245–50 (1978) (finding substantial impairment where Minnesota imposed sudden pension-funding obligations on a company that had never been subject to such requirements).

82. Here, each of the relevant factors undermines John Hancock's claim. Insurance has long been a heavily regulated industry subject to pervasive government oversight. Iowa's insurance statutes confirm that the type of regulation embodied in Chapter 521I was foreseeable. Prior to enactment of the Iowa Division Law, Iowa had already regulated insurer mergers, consolidations, and reinsurance-related transactions through official review processes. Iowa Code

Chapter 521, which was enacted in 2005 (the same year as many of the treaties), governs insurer consolidation, merger, and reinsurance, requires regulatory approval for such transactions, and contemplates that insurance risks could be assumed or reinsured by another company through a regulator-supervised process designed to protect policyholders. *See* Iowa Code Chapter 521 (2005). Sophisticated insurance counterparties therefore contracted against a background of regulatory oversight over insurer restructurings and reinsurance transactions, including potential regulatory adjustments.

83. The practical context further weakens any substantial impairment claim. As explained *supra* Section III, TLIC retroceded 100% of the liabilities under the Covered Contracts to SCOR beginning in 2011. SCOR has administered the Covered Contracts for years, managing the relationships, operations, and financial results of the business. The Plan is designed to preserve continuity of administration and payment. In other words, the same corporate group that has been responsible for the economics and servicing of this business for almost 15 years will continue in that role. Where the economic and administrative reality has long been SCOR's operation of the business, John Hancock cannot credibly claim that the Division meaningfully disrupts its reasonable expectations.

3. *Even if Substantial Impairment Were Found, Chapter 521I Serves a Significant and Legitimate Public Purpose and Is Reasonable and Appropriate*

84. Even if a court found substantial impairment, Chapter 521I still would not violate the Contracts Clause at the second and third steps of the analysis, because it serves a significant and legitimate public purpose and is reasonable and appropriate to that purpose. Under *Energy Reserves*, once a legitimate public purpose is identified, courts ordinarily defer to legislative judgment regarding the necessity and reasonableness of economic and social regulation (at least

so long as the State is not one of the contracting parties). 459 U.S. at 412–13 & n.14. The Division Law fits comfortably within that deferential framework.

85. The Division Law serves the legitimate public purposes of regulating the structure and solvency of insurers, providing a mechanism for allocating insurance business and obligations in a regulator-supervised transaction, and protecting policyholders while permitting orderly corporate restructuring.

86. The statute reasonably achieves those goals. Indeed, the Division Law's reasonableness is demonstrated by the very safeguards playing out in this proceeding: public hearing, expert review, written findings, solvency review, adequate-protection review, financial-condition review, fraud review, and the Commissioner's ability to consider guarantees and support agreements. § 521I.8.3-4. These procedural protections ensure that divisions occur only after careful regulatory scrutiny and that affected parties have meaningful opportunities to participate. Additionally, similar insurer division statutes in other jurisdictions—Connecticut (2017), Illinois (2018), Michigan (2018), Georgia (2019), and Colorado (2021)—confirm that Chapter 521I reflects a recognized regulatory approach rather than an outlier measure.

87. The Division Law is a general regulatory measure governing private insurance relationships in a field historically subject to extensive oversight. It does not substantially impair John Hancock's contracts, and it is in any event justified by a legitimate public purpose that the legislature has acted reasonably to achieve. Thus, even if the Commissioner could review John Hancock's Contracts Clause claim, that claim would fail.

VI. CONCLUSION

88. John Hancock's Petition provides no basis to deny approval of the Plan. Chapter 521I applies to TLIC as an Iowa-domiciled stock insurer and expressly contemplates allocation of reinsurance contracts. The Plan satisfies the statutory approval criteria, including adequate

protection, fairness, financial stability, certificate-of-authority eligibility, compliance with chapter 684, absence of fraudulent purpose, solvency, and adequate remaining assets. John Hancock's anti-assignment theory fails because the Division operates by statutory allocation and succession, not by a consent-dependent contractual assignment, and any alleged breach would not affect the Division's validity or effectiveness. Its Contracts Clause theory is, at most, preserved for judicial review and fails on the merits.

89. TLIC therefore respectfully requests that the Commissioner deny John Hancock's objections and approve the Plan.

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Respectfully submitted,

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