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The Honorable Doug Ommen
Commissioner, Iowa Insurance Division
1963 Bell Avenue, Suite 100
Des Moines, IA 50315

Re: **Objection to Proposed Plan of Division and Simultaneous Merger –Transamerica Life Insurance Company**

Dear Commissioner Ommen:

I write on behalf of Sun Life Assurance Company of Canada to object to the proposed Application of Transamerica Life Insurance Company ("TLIC") for Approval of Its Plan of Division and Simultaneous Merger of the Newly Formed Company with SCOR Global Life USA Reinsurance Company ("SGLUSA"), as filed with the Iowa Insurance Division.

As discussed in more detail below, the proposed transaction fails to satisfy the applicable statutory standards for approval, including requirements that the transaction (i) be fair and equitable, (ii) adequately protect the interests of affected policyholders and counterparties, and (iii) not give rise to reasonable objection.

1. Substitution of A Counterparty Without Consent Results in a De Facto Novation

The proposed transaction results in a non-consensual substitution of the reinsurer under existing treaties through a statutory restructuring mechanism. While framed as a "formalization" of existing economic arrangements, the practical and legal effect is to transfer contractual obligations from TLIC to a different legal entity (SGLUSA), thereby altering contractual privity without cedent consent.

A novation—i.e., the substitution of a new obligor and discharge of the original obligor—requires the clear and affirmative consent of all parties, including the non-transferring counterparty. While certain contractual rights or aspects of performance may be assigned or delegated, those mechanisms do not relieve the original obligor of liability. Here, the proposed structure does precisely that: it extinguishes TLIC's ongoing obligations and replaces them with those of a different entity without obtaining cedent consent.

This raises fundamental concerns under reinsurance law and practice. Cedents bargain for a specific legal counterparty, and the identity of that counterparty—including its credit profile, claims practices, and dispute posture—is a material and non-substitutable component of the contractual bargain. The proposed structure therefore overrides core contractual protections to which cedents are entitled.

The fact that the transaction is effected through a statutory restructuring mechanism does not alter this conclusion. A change in obligor cannot be accomplished indirectly through corporate form where it would not be permitted directly under the governing contracts. Permitting such an approach would sanction the circumvention of established novation requirements and materially undermine the enforceability of contractual rights.

In sum, the proposed transaction is inconsistent with established principles governing novation, represents a fundamental departure from accepted reinsurance practice, and undermines the integrity of contractual arrangements.

2. Mischaracterization as a "Status Quo" Transaction

TLIC's characterization of the transaction as preserving the status quo is inaccurate and misleading. While certain operational or economic functions may have been delegated or retroceded historically, those arrangements do not supplant the legal relationship between cedents and TLIC.

Retrocession and administrative delegation do not create privity between cedents and downstream entities. The transaction therefore represents a substantive legal change in the obligor, not an administrative reorganization.

3. Adverse Impact on Counterparty Risk Without Adequate Protections

The transaction alters counterparty risk without providing commensurate protection to affected cedents. Specifically:

- Cedents are not afforded consent rights, opt-out mechanisms, or recapture options;
- Cedents lose legal recourse against TLIC in the event of a dispute;
- SCOR and Transamerica present different risk profiles – for example, SCOR exposes cedents to global Property & Casualty risks, and has experienced business disruption (demonstrated by its protracted dispute with Covéa), as well as recent turnover in its senior leadership; and
- There is no demonstrated mitigation of these risks through contractual safeguards.

Neutral accounting or balance sheet treatment does not eliminate these risks. Non-balance sheet considerations— such as retaining recourse with the agreed upon contractual counterparty (TLIC)—are material and are not adequately addressed in the existing plan, notwithstanding the fact that SCOR may already be handling day-to-day operations.

4. Insufficient Transparency and Disclosure

We are also concerned by the level of confidentiality asserted over financial and actuarial materials supporting the transaction. Without sufficient access to this information, affected parties cannot meaningfully assess:

- The solvency and capital adequacy of the resulting entities;
- The risk profile associated with the new counterparty; or
- The fairness of the transaction as structured.

The significant lack of transparency impairs the ability of counterparties to protect their interests and weighs against a finding that the transaction satisfies statutory approval standards.

5. Precedential Concerns

Approval of this transaction would establish a precedent under which non-consensual counterparty substitutions may be effected through corporate restructuring mechanisms. It would also suggest that negotiated contractual protections can be set aside in this context, allowing parties to accomplish through statutory restructuring a result that would otherwise require counterparty agreement under the governing contracts. Over time, that approach would weaken established expectations regarding contractual privity and create uncertainty as to the reliability of bargained-for rights in the reinsurance market.

6. Relevant Context

Sun Life has historically declined novation requests akin to the outcome of the proposed plan and has consistently taken actions to preserve contractual privity in its reinsurance arrangements. Indeed, we declined a prior request to novate TLIC's obligations to SCOR. We did so given the importance to us of counterparty certainty and enforceable contractual rights, rather than a position driven solely by solvency considerations.

Conclusion

For the reasons outlined above, the proposed transaction fails to satisfy the applicable approval criteria:

- The interests of affected parties are not adequately protected;
- The transaction is unfair or contrary to the public interest; and
- Reasonable objections exist.

We therefore respectfully request that the Iowa Insurance Division deny approval of the proposed Plan of Division and Simultaneous Merger. We plan to attend the June 18 hearing and would welcome the opportunity to discuss our concerns further at that time.

Respectfully submitted,

Eric Hafeman