

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	
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**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	
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**TRANSAMERICA LIFE INSURANCE COMPANY AND SCOR GLOBAL LIFE USA
REINSURANCE COMPANY'S PRE-HEARING BRIEF**

CONFIDENTIAL UNREDACTED VERSION

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Transamerica Life Insurance Company (“TLIC”) and SCOR Global Life USA Reinsurance Company (“SGLUSA”) respectfully submit this Joint Pre-Hearing Brief in support of approval of TLIC’s Plan of Division (the “Plan”) and the simultaneous merger of TLIC Division Insurance Company A (“TLIC-A”) with and into SGLUSA pursuant to an Agreement and Plan of Merger (the “Merger Agreement”).

INTRODUCTION

TLIC is an Iowa-domiciled insurer with its headquarters in Cedar Rapids. With roots dating back to 1904, it has been providing insurance products since 1961 and is now a leading national provider of life and health insurance as well as annuities, mutual funds, and retirement solutions. Following its acquisition by Aegon Ltd., TLIC now represents Aegon’s U.S. operations and largest market. Aegon is in the process of re-domiciling its legal seat to the U.S., and the Iowa Insurance Division will become the lead group regulator by 2028. TLIC employs approximately 2,300 people in Iowa, making it one of the largest employers in the state.

TLIC previously had an operating reinsurance division that offered reinsurance products to insurance companies, but it exited that market beginning in 2011, when it stopped writing new reinsurance business. Through a series of retrocession agreements and subsequent retrocession transactions, TLIC ceded its institution-to-institution reinsurance business to SCOR Global Life Americas Reinsurance Company (“SGLA”) and certain SGLA affiliates (collectively, “SCOR”). As a result, SCOR assumed operations and became responsible for the liabilities associated with that business, with certain limited exceptions. SCOR also retained the TLIC employees who had administrated the business and agreed to administer the business going forward, as it has successfully done for the last 15 years without complaint. In fact, many cedents have subsequently entered into new reinsurance treaties directly with SCOR.

On April 9, 2019, Governor Kim Reynolds signed House File 264, An Act Relating to the Division of Domestic Stock Insurers, now set forth in Chapter 521I (Division of Domestic Stock Insurers) of the Iowa Code (the “Iowa Division Law”). The Iowa Division Law allows an Iowa domestic stock insurer to divide into two or more insurance companies and allocate its assets and liabilities among the resulting companies pursuant to a plan of division, if that plan of division meets certain criteria and is approved by the Commissioner of the Iowa Insurance Division (the “Commissioner”) after a public hearing. The Iowa Division Law also amended Chapter 521 (Consolidation, Merger, and Reinsurance) of the Iowa Code (the “Iowa Merger Law”) to provide that the dividing company may adopt a plan of merger on behalf of a resulting company, which would take effect simultaneously with the division. The Iowa Division Law and amendments to the Iowa Merger Law provided a statutory mechanism to domestic stock insurers like TLIC to restructure their operations or exit lines of business while still ensuring regulatory oversight and independent expert review of any such transaction, and they helped to solidify Iowa’s status as a national insurance hub.

In light of SCOR’s proven track record of successfully administering and servicing this reinsurance business for over 15 years, the strengthening of SCOR’s credit rating, the decline in the inforce block of TLIC’s assumed reinsurance business, and the anticipation of applying yet another accounting basis of U.S. GAAP related to the Aegon re-domiciliation, TLIC began considering a potential plan of division in 2024. Over the last two years, TLIC collaborated with SCOR to draft a plan of division that would meet all statutory requirements and would not adversely affect the interest of relevant cedents whose contracts would be allocated in the plan of division. TLIC also retained independent financial consultants from Ernst & Young and TLIC and SCOR jointly retained Milliman, Inc. (“Milliman”) to advise on the draft plan and proposed

merger. During this time, TLIC and SCOR worked closely with representatives from the Iowa Insurance Division and its independent actuarial experts at Risk & Regulatory Consulting (“RRC”) to proactively identify any potential questions or concerns and revise the draft plan and proposed merger to address them. The Plan and the Merger Agreement reflect thousands of hours of work by senior executives at TLIC and SCOR, the Iowa Insurance Division, and their legal and actuarial advisors.

On May 12, 2026, TLIC filed the Plan and the Merger Agreement with the Commissioner. Under the Plan, TLIC will allocate certain specified reinsurance business, related assets, liabilities, contracts, and required surplus (the “Specified Business”) to a newly formed Iowa-domiciled stock insurance company, TLIC-A (the “Division”). Under the Merger Agreement, TLIC-A will simultaneously merge with and into SGLUSA, a Delaware stock insurer whose ultimate parent is SCOR (the “Merger”), and the Specified Business shall be allocated to SGLUSA by the Merger and by operation of law pursuant to the Division. The Division and Merger would formalize the reinsurance structure that has been in place since 2011, where SCOR has been responsible for the economics, management and administration of the Specified Business. If approved, the Plan and the Merger Agreement will simplify TLIC’s organizational structure and financial reporting (including the implementation of U.S. GAAP related to Aegon’s re-domiciliation), allow SCOR to reduce administrative burdens and gain operational efficiencies, align legal responsibility with operational responsibility, and provide for improved transparency and oversight by regulators.

SCOR is a global top five provider of inforce and reinsurance solutions in the North American life insurance industry and thus was a natural successor to manage the Specified Business. Counterparty risk has always been an important consideration for TLIC, and TLIC established that SCOR was well-equipped to manage the Specified Business when it initially

transferred the risk in 2011. Today, SCOR has even stronger financial ratings than it did in 2011, and multiple cedents have since sought out reinsurance directly from SCOR. Furthermore, SGLUSA is the primary reinsurer for new business and is designated by rating agencies as “core” to the SCOR SE organization. As a core entity, SGLUSA [REDACTED]

[REDACTED]

[REDACTED]

The record at the public hearing—including affidavits submitted contemporaneously herewith, witness testimony, detailed actuarial analysis from both Milliman and RRC, and extensive supporting financial information—will show that the Plan satisfies all criteria in Iowa Code § 521I.8(3) and merits approval by the Commissioner. The record at the public hearing also will show that the Merger Agreement satisfies the criteria in Iowa Code Chapter 521 and merits approval of the Commissioner and the Iowa Attorney General sitting as a commission (the “Merger Commission”). TLIC and SGLUSA have submitted multiple affidavits with this pre-hearing brief, including testimony from Bonnie Gerst, President of Financial Assets and Senior Vice President of Transamerica Corporation, and Brock Robbins, SCOR Global Life Americas Regional Chief Executive Officer of SCOR US Life & Health, regarding the background, mechanics, and financial impact of the Division and Merger on their respective organizations. In addition to the Report by Milliman (the “Milliman Report”) that was filed with the Plan, TLIC and SGLUSA have also submitted an affidavit from Mr. Laird Zacheis, a principal and consulting actuary at Milliman, testifying that, based on Milliman’s analysis, he concluded that:

- (i) the financial condition of SGLUSA and TLIC, after the Division and Merger, will not jeopardize the financial stability of SGLUSA or TLIC or prejudice the interests

of TLIC’s reinsurance cedents whose contracts are being allocated in the Plan, as required under Section 521I.8(3)(b) of the Iowa Division Law;

- (ii) SGLUSA will continue to be qualified and eligible to receive a certificate of authority to transact the business of insurance in this state, as required under Section 521I.8(3)(c) of the Iowa Division Law;
- (iii) TLIC and SGLUSA will remain solvent when the Division and Merger become effective, as required under Section 521I.8(3)(f) of the Iowa Division Law; and
- (iv) the remaining assets of SGLUSA and TLIC will not be “unreasonably small in relation to the business and transactions” that they will engage in after the Division and Merger, as required under Section 521I.8(3)(g) of the Iowa Division Law.

Furthermore, after evaluating the Plan “from actuarial, financial/accounting, solvency, capital, liquidity, and policyholder-protection perspectives,” RRC also concluded in its report filed on July 10, 2026 (the “RRC Report”) that the Plan “would satisfy the criteria found in §§ 521I.8(3) and (4) required for Commissioner approval and the resulting entities would be in compliance with § 508.36, Actuarial Standards of Practice, and the [National Association of Insurance Commissioners (“NAIC”)] Valuation Manual.” RRC Report at 8–9.

After receiving notice that the Plan had been filed, John Hancock Life Insurance Company and its affiliate The Manufacturers Life Insurance Company (Bermuda Branch) (together, “John Hancock”)—a cedent on certain treaties initially included in the Plan—filed a Petition in Intervention and raised objections to approval of the Plan. The motion to intervene was granted on June 15, 2026. On July 29, 2026, to avoid any further delay in the public hearing, TLIC filed Amendment No. 1 to the Plan, which excluded all John Hancock treaties from the Plan. As a

result, John Hancock withdrew from these proceedings on July 31, 2026. (Despite withdrawing, John Hancock submitted a comment letter on August 12, 2026.)

On the same day of John Hancock’s withdrawal, a mere five hours later, American General Life Insurance Company, on behalf of itself and its affiliate The United States Life Insurance Company in the City of New York (collectively, “AGL”), filed a 16-page Motion to Intervene and an 18-page unverified Petition in Intervention (the “Petition”). AGL is represented by the same counsel who represented John Hancock,¹ and the Petition raises some but not all of the same arguments. Based on AGL’s representations that it would adhere to the existing schedule, TLIC and SGLUSA did not object to the Motion to Intervene, but they reserved all rights with respect to the Petition. *See* Agreed Second Amended Scheduling and Administrative Order at 3. The Motion to Intervene was granted on August 4, 2026. *See id.* at 4.

The Petition includes several arguments, none of which has factual or legal merit. The evidentiary record will thoroughly establish that the Plan meets all requirements for approval under Section 521I.2 and the Division meets all criteria for approval under Section 521I.8(3). The evidentiary record likewise demonstrates that the Merger satisfies the requirements for approval under Chapter 521, which requires the Merger Commission to find that the interests of members, policyholders, or shareholders of the affected company are properly protected and that no reasonable objection to the merger plan exists. Iowa Code § 521.8.

AGL claims that the division will result in a “transfer” or “novation” of their reinsurance treaties to SCOR without its consent. Comment letters from Sun America, Protective Life, and John Hancock make the same argument. That is wrong—and it is directly refuted by the plain text

¹ That same counsel also represents both John Hancock and AGL in separate arbitrations involving TLIC and SCOR, on issues that are unrelated to those in this proceeding.

of the Iowa Division Law itself. Section 521I.12(5) expressly states that a direct or indirect allocation of capital, surplus, assets or 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 Iowa Legislature’s use of mandatory language—“shall not be treated”—forecloses AGL’s and the other commenters’ argument. This should be the end of the inquiry. Any objection about the statutory provisions of the Iowa Division Law by AGL and these commenters—all of whom have been or are involved in arbitrations against TLIC and/or SCOR, and all of whom have participated in transactions in which insurance liabilities were transferred by operation of law without consent—should be addressed to the Iowa Legislature. But their dislike of the statute is not a valid basis to object to the application of the Iowa Division Law. Moreover, AGL acknowledges that it is a “sophisticated part[y]” whose rights are primarily protected by contract, Petition at ¶ 1, but AGL did not negotiate any consent rights or anti-assignment provisions that would prevent allocation under the Iowa Division Law. AGL should not be allowed to use its intervention to create a consent right it did not bargain for.

AGL’s contractual relationship with TLIC is neither involuntary nor permanent. And there is no real change here: SCOR has been administering AGL’s contracts for 15 years. AGL (like each of the commenters) has paid premiums to, and received claim payments from, SCOR throughout that time.

Finally, AGL’s argument that the Iowa Division Law does not authorize the division of reinsurance business fails as a matter of law under the statute’s plain text. The Iowa Division Law applies broadly to “domestic stock insurer[s],” § 521I.2—including TLIC. It permits TLIC to allocate *any* of its “assets and liabilities,” § 521I.2(3)—without any limitation based on the line of business. The Iowa Division Law further *expressly* requires that a plan of division include “[a]

description of. . . the manner by which the dividing insurer proposes to allocate *all reinsurance contracts*,” § 521I.2(5) (emphasis added)—once again, without any limitation as to the type of reinsurance contract or the dividing insurer’s role therein. Those provisions defeat the arguments previously raised by John Hancock and now parroted by AGL.

For all these reasons, the Commissioner should find that the Division satisfies all statutory criteria, and the Commissioner and the Attorney General should find that the Merger satisfies all statutory criteria. Accordingly, the Plan should be approved.

STATUTORY BACKGROUND

Chapter 521I, entitled “Division of Domestic Stock Insurers” and referred to herein as the Iowa Division Law, establishes a mechanism under which a domestic stock insurer may divide into two or more resulting domestic stock insurers. The Iowa Division Law defines a “division” as “a transaction in which a domestic stock insurer splits into two or more resulting domestic stock insurers.” Iowa Code § 521I.1(4). It then defines a “domestic stock insurer” as “a stock insurer domiciled and organized under the laws of this state pursuant to chapter 508, 514B, or 515.” Iowa Code § 521I.1(6). Accordingly, the statutory eligibility inquiry turns on whether the entity proposing the plan is a domestic stock insurer. This interpretation is reinforced by other definitions in the statute: a “dividing insurer” is defined as “a domestic stock insurer that approves a plan of division” and a “resulting insurer” is defined to include both “a dividing domestic stock insurer that survives a division or a new domestic stock insurer that is created by a division.” Iowa Code §§ 521I.1(5), (8). None of the definitions in the Iowa Division Law includes any limitation on the type of business that may be allocated pursuant to a plan of division. Indeed, the scope of a division is the dividing insurer’s assets and liabilities, not any particular contract or group thereof.

The Iowa Division Law also describes the contents of a plan of division. The plan must identify the dividing insurer and each resulting insurer, provide copies of the proposed articles of incorporation and bylaws for each resulting insurer, state the manner of allocating assets and liabilities between the resulting insurers, and 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.” Iowa Code §§ 521I.2(1)–(5). The plan must also include the terms and conditions required by Iowa law and the dividing insurer’s governing documents. Iowa Code § 521I.2(6).

A division does not become effective unless the Commissioner approves the plan of division after reasonable notice and a public hearing conducted as a contested case pursuant to the Iowa Administrative Procedure Act. Iowa Code § 521I.8(2)(a)–(b); Iowa Code, Chapter 17A. The statute expressly contemplates that “[w]ithin ten business days of filing the plan of division with the commissioner, 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.” Iowa Code § 521I.8(1); *see also* Iowa Code § 521I.10 (requiring a finding that “the dividing insurer provided reasonable notice to each reinsurer that is a party to a reinsurance contract allocated in the plan of division”). The statute also requires the Commissioner to retain an independent expert to review the plan and issue a report. Iowa Code § 521I.8(2)(c).

The Commissioner may approve a plan upon finding that all criteria in Iowa Code § 521I.8(3)(a)–(g) are satisfied. Those criteria require findings that: (a) the interest of the policyholders, creditors, or shareholders of the dividing insurer will be adequately protected and the plan of division is not unfair or unreasonable to the policyholders of the dividing insurer and is not contrary to the public interest; (b) the financial condition of the resulting insurers will not

jeopardize the financial stability of a dividing insurer or the resulting insurers or prejudice the interests of the policyholders of such insurers; (c) all resulting insurers created by the proposed division will be qualified and eligible to receive a certificate of authority to transact the business of insurance in Iowa; (d) the plan complies with Chapter 684; (e) the plan is not being made for the purpose of hindering, delaying, or defrauding any policyholders or other creditors of the dividing insurer; (f) all resulting insurers will be solvent when the division becomes effective; and (g) the assets of the dividing insurer remaining after the division will not be unreasonably small in relation to its business and transactions after the division.

In evaluating whether the above criteria are satisfied, the Commissioner may consider “all proposed assets of the resulting insurer including without limitation reinsurance agreements, parental guarantees, support agreements, keepwell agreements, and capital maintenance of contingent capital agreements regardless of whether such qualify as an admitted asset” under Iowa law. Iowa Code § 521I.8(4). Thus, the statute directs a comprehensive inquiry into the resulting insurer’s financial resources and support structure, rather than an isolated comparison of any single capital figure.

Once approved by the Commissioner, a division becomes effective by operation of law, not by assignment or transfer. Each resulting insurer holds the capital, surplus, and other assets allocated to it as a resulting insurer “by operation of law, and not by transfer, whether directly or indirectly.” Iowa Code §§ 521I.11(1)(c), 521I.11(1)(d)(3), 521I.11(1)(f). The same is true for the allocation of all liabilities to a resulting insurer, which “shall not be treated as a distribution or transfer for any purpose.” Iowa Code § 521I.12(5).

The Iowa Merger Law governs any merger that occurs simultaneously with a division. Under the statute, “a commission consisting of the commissioner of insurance and the attorney

general” (referred to herein as the Merger Commission) will hear and determine whether to approve the merger application. Iowa Code § 521.5. In making that decision, the Merger Commission will assess whether it is satisfied that “the interests of the members, policyholders, or shareholders of the affected company are properly protected and no reasonable objection to the application and plan exists.” Iowa Code § 521.8.

Because SGLUSA is a Delaware-domiciled stock insurer, a hearing on the merger will also be conducted in Delaware after the conclusion of the process in Iowa. Consequently, the final effective date will be dependent on that review, to fulfill the simultaneous nature of the merger.

FACTUAL BACKGROUND

The facts supporting the proposed transaction, including the Plan, are set forth fully in the materials submitted to the Commissioner on May 12, 2026, in the responses to John Hancock’s Petition submitted by TLIC and SGLUSA on July 10, 2026, and in the materials submitted to the Commissioner on August 13, 2026, all of which are incorporated fully herein.

Beginning in April 2011, TLIC and certain affiliates entered into a series of agreements with SCOR, supplemented by retrocession agreements 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 manage, administer and service 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).

SCOR has therefore had full responsibility for economic outcomes, and has managed, administered and serviced the Specified Business, including AGL's treaties, for approximately fifteen years without cedent-service issues. During that period, SCOR has managed relationships with more than 500 unique cedent counterparties under approximately 3,600 treaties, currently involving approximately \$190 billion of inforce business and roughly \$3.8 billion in statutory reserves. The Milliman Report explains that the defined block consists primarily of coinsurance and yearly renewable term ("YRT") reinsurance contracts on individual life insurance policies, with less than 0.6% of liabilities relating to universal life and health coverages. Milliman Report at 10. TLIC discontinued writing new business under the Covered Contracts in 2011, and the block has been in runoff since then: the ceded face amount is now approximately 40% of its 2011 level and ceded reserves are approximately 33% of their 2011 level.

The current runoff reinsurance operation of the Specified Business is not dissimilar to a block of policies with over a thousand treaties that have matured over time, where the management team of TLIC no longer focuses on the business as the operations and economic risks were fully transferred to SCOR fifteen years ago. Since that time, TLIC has complied with new accounting frameworks (IFRS17) where the net balance sheet risk was zero but incurred ongoing expense to provide valuations that were the same as if it had retained the risk. When Aegon re-domiciles to the U.S., it will be required to incur additional expense to value the gross accepted and ceded contracts even though they have zero net economic impact on the balance sheet. As explained in the Plan, the Division and Merger will simplify both TLIC's and SCOR's organizational structures

and financial reporting such that the Specified Business will be accurately reflected for both companies, and for cedents.

TLIC has approximately \$184 billion in assets, approximately \$179 billion in liabilities, and approximately \$5.3 billion in surplus—figures not materially different after the Division. Milliman’s independent actuarial analysis concludes that TLIC’s risk-based-capital (“RBC”) ratio will improve to approximately [REDACTED] after the Division and Merger, that SGLUSA’s post-Division and post-Merger RBC ratio will remain comparable to peer reinsurers, and that both TLIC and SGLUSA will remain solvent with assets that are not unreasonably small in relation to their post-transaction businesses. Milliman Report at 7, 18–19, 24. [REDACTED]
[REDACTED] SCOR SE’s current financial-strength ratings are A+ from S&P Global, A+ from Fitch, and A from AM Best—stronger than its ratings in 2011 when the original TARE Transaction closed. *Id.*

TLIC, SGLUSA, and SCOR developed the Plan, the Merger Agreement, and related projections through extensive collaboration among accounting, inforce management, actuarial, legal, reinsurance operations, capital strategy, finance, risk, and treasury personnel. Ernst & Young validated the inventory of relevant reinsurance contracts, and Milliman independently confirmed the actuarial stability of the proposed transaction for presentation to the Iowa Insurance Division. The Plan therefore rests on a detailed contract inventory, *pro forma* financial analysis, reserve work, and independent expert review.

TLIC provided notice of the Plan to each known cedent, retrocessionaire, and intermediary by mail on May 14, 2026, and published notice in the Wall Street Journal, the Insurance Journal, and on the websites of Transamerica and the Iowa Insurance Division. *See* May 12, 2026 Notice

of Public Hearing and Order ¶¶ 1–3. Following a continuance granted on June 15, 2026, updated notice of the hearing was posted to both websites. *See* June 15, 2026 Notice of Hearing.

AGL concedes that it received notice of the Plan on May 14, 2026. Unlike John Hancock, AGL did not seek to intervene and instead filed a public comment on July 22, 2026. That comment did not mention the argument that reinsurance cannot be allocated under the Iowa Division Law. Only after John Hancock withdrew did AGL file its Petition by the same lawyers on the same day.

AGL is a cedent on approximately 47 treaties reinsured by TLIC (the “Treaties”). AGL states (without verification) that as of December 31, 2025, the Treaties covered approximately \$3.2 billion of ceded net amount at risk. Motion to Intervene at 5. The Treaties consist of YRT and coinsurance business, with effective dates ranging from November 1, 1974 through December 31, 2006. Pet. ¶ 13. The Treaties are part of the Specified Business addressed by the Plan.

AGL purports (without foundation) to identify approximately \$1.5 billion of ceded net amount at risk under treaties already reinsured by SGLUSA. Motion to Intervene at 5. Thus, AGL’s own account of its existing relationship with SGLUSA confirms that SGLUSA is already an established reinsurer of substantial AGL business.

AGL’s Petition notes that TLIC’s year-end 2025 total adjusted capital was approximately \$6.083 billion while SGLUSA’s capital and surplus was approximately \$194.893 million, and it separately points to AGL’s existing approximately \$1.5 billion of ceded net amount at risk with SGLUSA entities. Pet. ¶¶ 47–50.

RELEVANT LEGAL STANDARDS

While reserving all rights, TLIC and SGLUSA have not objected to AGL’s participation in this matter, and they generally deny all of AGL’s allegations. AGL’s participation does not alter the Commissioner’s statutory task. Chapter 521I identifies the interests to be protected,

prescribes notice and a contested-case hearing, requires independent expert review, and assigns the Commissioner (not an intervening cedent) the responsibility to determine whether the approval criteria are satisfied. A cedent's participation supplies evidence and argument for the Commissioner's consideration; it does not create a private right to consent or opt out nor a different approval standard. And, although AGL purports to represent the interests of all cedents, *see* Motion to Intervene at 6, 11, it has not and cannot appear in this proceeding in a representative capacity and lacks the standing to do so. Neither the Iowa Division Law, nor the Iowa Merger Law, nor the rules governing this contested hearing give it any such right or status.

Statutory interpretation begins with the enacted text. The Commissioner must give effect to the ordinary meaning of the words the Legislature actually chose and should not search beyond clear statutory terms for some other meaning. *Est. of Butterfield v. Chautauqua Guest Home, Inc.*, 987 N.W.2d 834, 838 (Iowa 2023). If the text of the statute is plain and its meaning is clear, the inquiry ends there, and there is no occasion to resort to legislative history, canons of construction, or other considerations. Iowa Code § 4.6(3) (permitting resort to legislative history only where a statute is ambiguous). Indeed, legislative intent must be gleaned from what the legislature said, not what it could or might have said, and the Commissioner may not extend, enlarge, or otherwise change a statute's meaning under the guise of construction. *Hawkeye Land Co. v. Iowa Utils. Bd.*, 847 N.W.2d 199, 210 (Iowa 2014); *Ruthven Consol. Sch. Dist. v. Emmetsburg Cmty. Sch. Dist.*, 382 N.W.2d 136, 140 (Iowa 1986). The text of Chapter 521I is plain and unambiguous, and it clearly permits the Plan under consideration here.

The separate Chapter 521 inquiry for the Merger is addressed below and, we submit, may rely on the same evidentiary record to determine whether relevant interests are properly protected (they are) and whether any reasonable objection exists (there is none).

ARGUMENT

I. THE PLAN SATISFIES THE STATUTORY APPROVAL CRITERIA OF THE IOWA DIVISION LAW

The Plan meets the requirements of Section 521I.8 of the Iowa Division Law, and AGL does not and cannot demonstrate otherwise. As detailed in the Affidavits of Bonnie Gerst, Laird Zacheis, and Brock Robbins, and confirmed by Milliman and RRC in their respective Reports, each of the requirements of the Iowa Division Law is satisfied here:

- The interest of the policyholders, creditors, or shareholders of the dividing insurer (TLIC), including cedents, will be adequately protected, and the plan of division is not unfair or unreasonable to the policyholders of TLIC and is not contrary to the public interest.
- The financial condition of the resulting insurers (TLIC and TLIC-A, and SGLUSA after the Merger) will not jeopardize the financial stability of the dividing insurer or the resulting insurers or prejudice the interests of the policyholders of such insurers.
- The resulting insurers (TLIC and TLIC-A, and SGLUSA after the Merger) created by the proposed Division will be qualified and eligible to receive a certificate of authority to transact the business of insurance in this state.
- The proposed Division does not violate a provision of Chapter 684 of the Iowa Code.
- The proposed Division is not being made for the purpose of hindering, delaying, or defrauding any policyholders or other creditors of the dividing insurer.
- All resulting insurers will be solvent when the Division becomes effective.
- The remaining assets of resulting insurers (TLIC, TLIC-A and SGLUSA (post-merger)) will not be unreasonably small in relation to the business and transactions such resulting insurer has been engaged in or will engage in after completion of the Division.

Nevertheless, AGL argues that the Plan is unreasonable, unfair, and does not protect the interests of cedents because “SGLUSA has significantly lower capital and surplus than TLIC,” which AGL contends (without specificity or evidence) exposes it to increased counterparty credit risk and concentration of risk in the SCOR family of companies. Pet. ¶¶ 24–25, 47–50. AGL

notes that, based on publicly available data, TLIC's year-end 2025 total adjusted capital was approximately \$6.083 billion. Pet. ¶ 24. AGL then compares TLIC's total adjusted capital to SGLUSA's capital and surplus of approximately \$194.893 million, while ignoring SCOR SE's capital support and guarantee agreements with SGLUSA. Pet. ¶ 24. AGL further points to its existing approximately \$1.5 billion of ceded net amount at risk with SGLUSA entities and its approximately \$3.2 billion of ceded net amount at risk under the 47 treaties affected by the Plan. Motion to Intervene at 5. AGL asserts that the Plan does not sufficiently establish that TLIC-A will be solvent when the Division becomes effective given the magnitude of liabilities being transferred, and that the remaining assets of the resulting insurer will be unreasonably small in relation to the business it will engage in after completion of the Division. Pet. ¶¶ 49–50.

All of those arguments fail. As AGL acknowledges, SCOR entities have had responsibility for the economics and administration of the Specified Business since the 2011 TARE Transaction. Pet. ¶¶ 15–17. The Plan preserves AGL's contractual rights and remedial position while formalizing the economic reality that has existed with respect to the Specified Business since 2011. AGL does not dispute that SCOR's administration of the Specified Business has been successful, nor does AGL 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.² In fact, as the evidence will demonstrate, AGL made deliberate

² AGL does not contend that TLIC's financial condition will be affected by the Division and Merger. As explained in the Milliman Report, the Division and Merger will have zero net impact on TLIC's future income because the Specified Business has been retroceded to and operated by SCOR, and has therefore been part of SCOR's consolidated balance sheet, since the 2011 TARE Transaction. In fact, TLIC's RBC ratio will increase slightly as a result of the Division and Merger, and its balance sheet and capital will not be materially affected. Milliman Report at 7, 14–16, 18.

risk allocation decisions to enter into reinsurance relationships, and the reserves ceded under the treaties have reduced substantially since 2011.

As will be established at the hearing, AGL's business accepted by TLIC has been declining in runoff for 15 years. AGL's contracts were closed to new business in 2007, well before the 2011 TARE Transaction. Since 2011, AGL's inforce has declined from \$14.9 billion to approximately \$3.2 billion, and reserves have declined from approximately \$200 million to approximately \$100 million. This substantial reduction in exposure further undermines any claim of prejudice to AGL from the Division. Moreover, AGL's reserves assumed by TLIC represent only 2.6% of the total reserves assumed under the Specified Business.

AGL's characterization of its counterparty risk exposure is also overstated. AGL's reserves ceded to TLIC and SCOR (both rated A+) represent less than 1% of AGL's total reinsurance ceded across all measures, and less than 2% when TLIC and SCOR exposures are combined. SCOR's S&P rating is equivalent to Corebridge Financial Inc.'s ("Corebridge") own S&P rating, illustrating protections similar to the financial strength of Corebridge itself.

AGL's sole basis for its representations regarding SGLUSA's relative financial strength is a citation to public records regarding SGLUSA's capital and surplus. Pet. ¶ 24. But it is also publicly recorded 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 strength, liquidity, reserve adequacy, operating performance, business profile, and enterprise risk management, among other factors. Notably, SCOR's rating has strengthened since the 2011 TARE Transaction—from A with a Positive Outlook in 2011 to A+ with a Stable Outlook in 2025—and is now equivalent to TLIC's A+ rating from S&P Global. Thus, SGLUSA's financial strength is

equivalent to that of TLIC, and cedents will continue to have the same level of protection they have enjoyed for the past fifteen years.

As described in more detail in the Milliman Report and elsewhere in the record, AGL 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 based on its analysis of *pro forma* projections, statutory filings, historical financial results and reporting schedules for the Specified Business, and reserve adequacy analysis, among other things. *See* Milliman Report at 3, 6–7. SGLUSA's RBC ratio, a widely accepted method of measuring an insurance company's ability to fulfill its obligations, is projected to be a strong [REDACTED] following the Division and Merger, which is comparable to industry peers. *Id.* at 19, 22; *see also* Risk-Based Capital, NAIC (June 30, 2026), <https://content.naic.org/insurance-topics/risk-based-capital>. SGLUSA's Liabilities/Adjusted Capital ratio of [REDACTED] is also well below peer companies, demonstrating a superior ability to successfully withstand unanticipated financial disturbances and maintain solvency. *See id.* at 22. SGLUSA's RBC ratio is projected to remain [REDACTED] through 2028—a projection that takes into account the Division and Merger. *Id.* at 31.

Furthermore, Milliman's stress testing approximated that SGLUSA could withstand a [REDACTED] increase in mortality claims (the primary risk associated with the Specified Business) and still maintain an RBC ratio [REDACTED]. *Id.* at 32. Milliman's asset default stress testing showed that SGLUSA would also maintain an RBC ratio [REDACTED] in the event of a 300% increase in defaults in 2026 and a 150% increase in defaults in 2027. *Id.* Asset adequacy testing demonstrates that SGLUSA will maintain sufficient reserves after the Division and Merger, even in a stressed scenario approximated by SCOR's and Milliman's stress tests. *Id.* at 34–37.

RRC independently concluded that the Division and Merger “would satisfy the criteria found in §§ 5211.8(3) and (4) required for Commissioner approval and the resulting entities would be in compliance with § 508.36, Actuarial Standards of Practice, and the NAIC Valuation Manual.” RRC reviewed the Milliman Report, the documents Milliman relied upon, and other documents provided by SCOR and TLIC in reaching this conclusion. RRC Report at 8–9. In addition to considering the relevant RBC calculations, *pro formas*, and stress-testing, among other documents, RRC conducted additional diligence to assess SGLUSA’s long-term financial health. *Id.* at 27. RRC agreed with Milliman’s conclusions regarding SGLUSA’s reserve adequacy in the face of a [REDACTED] lifetime increase in mortality and noted an ability to withstand a range of adverse “shock” scenarios. *Id.* at 26–29. In fact, RRC noted that SGLUSA historically [REDACTED] [REDACTED]. *Id.* at 30. RRC also analyzed the financial health and liquidity of SGLUSA’s ultimate parent, SCOR SE, and the SCOR Group, [REDACTED] [REDACTED]. *Id.* at 31–34. RRC concluded that there were numerous support options for both SGLUSA and SCOR in a stressed scenario and “did not identify any concerns regarding SGLUSA’s ability to pay future claims in light of the company’s current liquidity profile, access to external liquidity sources, and support from SCOR SE.” *Id.* at 34. Ultimately, RRC independently agreed with Milliman’s conclusions regarding SGLUSA’s financial condition following the Division and Merger. *Id.* at 38.

AGL asserts that “it is unclear what internal support any of the other SCOR entities will provide to SGLUSA.” Pet. ¶ 50. But SGLUSA and SCOR SE are party to intercompany agreements pursuant to which [REDACTED] [REDACTED]

AGL’s assertion that its interests are prejudiced by the financial condition of the resulting insurer, Pet. ¶¶ 49–50, 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 initially will be 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. Following the Merger, TLIC-A will be joined with the same SCOR group that has established and held reserves for the Covered Contracts for fifteen years. Thus, AGL’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 and Merger, are illusory.

AGL also suggests that approval of the Plan would result in “an involuntary substitution of its bargained-for reinsurer in contravention of *express contractual rights to prohibit such a transfer*.” Motion to Intervene at 11 (emphasis added); *see also* Pet. ¶¶ 20, 22–23, 47 (arguing that it is being forced to accept a new reinsurance counterparty without its consent). As a preliminary matter, this claim has no factual basis: AGL does not identify any provision of its treaties that it believes would give it the right to block or veto the Plan, and a review of AGL’s treaties to be allocated in the Plan shows that it has no such anti-assignment provision or consent right.

More fundamentally, AGL’s argument (which echoes John Hancock’s previous assertions) ignores the actual text of the statute, which is clear that divisions do *not* involve “transfers” or “assignments.” §§ 521I.1(11), 521I.11(1)(c), 521I.12(5). Instead, the legal effect of an approved

plan of division is *allocation* of the dividing insurer’s assets and liabilities to the resulting insurer(s). The Iowa Division Law is unambiguous on this point. It states that, upon approval of a plan of division:

Each resulting insurer shall hold any capital, surplus, and other assets allocated to such resulting insurer by the plan of division as a successor to the dividing insurer by operation of law, and *not by transfer*, whether directly or indirectly.

§ 521I.11(1)(c) (emphasis added). Similarly, the Iowa Division Law 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 either the dividing insurer or any resulting insurer*.

§ 521I.12(5) (emphasis added). Both of these provisions employ the word “transfer,” which is broadly defined to include “an assignment, assumption, conveyance, sale, lease, encumbrance, security interest, gift, or transfer by operation of law.” § 521I.1(11). This language makes clear that any allocation of assets or liabilities that occurs as a result of a division shall be considered an allocation by operation of law, not a transfer, sale, or assignment of any kind or nature. In addition, the statute expressly separates any alleged breach remedy from the effectiveness of a division: 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.” Thus, AGL’s remedy, *if any*, would lie in a breach of contract action—not an attempt to prohibit the Division.

AGL’s involuntary-substitution argument cannot be reconciled with TLIC’s careful observation of the safeguards set forth in the Iowa Division Law.⁴

Finally, AGL’s suggestion that the Plan lacks transparency regarding SGLUSA’s financial condition, Pet. ¶¶ 21, 24, is not well taken. AGL’s desire to review every confidential detail is not a statutory prerequisite to approval. 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 the Iowa Insurance Division confirmed on May 1, 2026 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. In any event, subject to a protective order dated August 5, 2026, AGL now has access to the materials necessary to evaluate the analysis.

II. THE PLAN SATISFIES THE STATUTORY APPROVAL CRITERIA OF THE IOWA MERGER LAW

A. All Relevant Interests Are Properly Protected in the Merger

Section 521.8 provides that the Merger Commission may approve a merger if satisfied that the interests of the members, policyholders, or shareholders of the affected company are properly

⁴The record will show that—contrary to their current position—AGL, John Hancock, and the other public objectors have engaged in either Part VII transfers under U.K. law or merger transactions in which insurance liabilities were transferred by operation of law without consent.

protected. The Merger Commission has broad discretion to make this determination and the factors or criteria to determine whether such interests are properly protected are not defined by statute. However, case law shows that the analysis generally focuses on the ability of the entity surviving the merger to pay obligations as and when they come due. Thus, the same evidence and testimony that will be presented at the public hearing to show that the Plan satisfies the statutory approval criteria under the Iowa Division Law will also support a finding that the Plan satisfies the statutory approval criteria under Section 521.8. *See In re Am. Enter. Mut. Holding Co. & Lincoln Mut. Life & Cas. Ins. Co.*, Order of the Commission (July 13, 2013); *In re GuideOne Specialty Mut. Ins. Co.*, Order of the Commission (Mar. 29, 2021).

Nevertheless, and without support, AGL argues that Section 521A.3 imposes statutory requirements “beyond” those in Section 521.8. Pet. ¶ 45. That claim is directly contrary to the Commission’s long-standing precedent. Previous decisions from the Commission show that, despite the slight differences between the factors in Section 521.8 and Section 521A, they require essentially the same inquiry. *See, e.g., In re Am. Enter.*, Order of the Commission (July 30, 2013); *In re GuideOne*, Order of the Commission (Mar. 29, 2021); *In re Aviva Life & Annuity Co.*, Order of the Commission (Oct. 1, 2013); *In re EquiTrust Life Ins. Co.*, Order of the Commission (Dec. 24, 2012); *In re Farmer’s Mut. Ins. Ass’n*, Order of the Commission (Dec. 31, 2022). Section 521A.3 requires that (i) the Resulting Insurers remain qualified for licensure, (ii) the transaction will not substantially lessen insurance competition, (iii) SGLUSA’s financial condition will not jeopardize TLIC-A’s financial stability or prejudice policyholders, (iv) SGLUSA’s plans are not unfair or unreasonable to policyholders or contrary to the public interest, (v) the competence, experience, and integrity of those who will control SGLUSA are sufficient to protect policyholders and the public, and (vi) the Merger is not likely to be hazardous or prejudicial to the insurance-

buying public. For all the reasons set forth above and in the sworn Affidavits submitted contemporaneously herewith, all these factors are readily satisfied here. In any event, the Merger Commission need not reach the Form A factors, [REDACTED] [REDACTED] which TLIC respectfully submits should be granted in light of the circumstances of TLIC-A's formation and proposed transactions at issue in this Application.

B. There Is No “Reasonable Objection” to the Merger

Section 521.8 provides that the Merger Commission may approve a merger if “no reasonable objection to the application and plan exists.” Iowa Code § 521.8. The statute does not require the absence of any objection for a merger to be approved. Rather, it requires the absence of a *reasonable* objection. The word “reasonable” therefore limits the type of objection that can defeat approval; it excludes bare opposition, generalized unease, and concerns untethered to the evidence or the interests the statute protects. Section 521.8 also uses the permissive terms “if satisfied” and “may approve, disapprove, or require modification,” which vest discretion in the Commission—not in an intervenor or the filers of a few unverified comments—to determine whether the statutory standards have been met. *See, e.g., In re Transamerica Life Ins. Co.*, Order of the Commission (June 24, 2020). The Iowa Legislature chose to place the reasonableness determination in the hands of the state executive officers and their expert agencies, not to grant private parties a veto over transactions the Commission concludes are sound.

The Commission's own decisions under Section 521.8 confirm this objective approach. In a consistent line of orders approving mergers, reorganizations, and assumption reinsurance agreements, the Commission has found “no reasonable objection” based on whether (i) contractual rights are preserved, (ii) the resulting or assuming entity is licensed and in good standing in Iowa, and (iii) where applicable, the entity possesses adequate reserves. *See, e.g., In re Am. Enter. Mut.*

Holding Co. (Iowa Ins. Div. June 22, 2012) (finding no reasonable objection where policyholder rights were preserved, the resulting entity remained in good standing, and the transaction was supported by an actuarial fairness opinion); *In re Am. Enter. Mut. Holding Co. & Lincoln Mut. Life & Cas. Ins. Co.* (Iowa Ins. Div. July 29, 2013) (finding no reasonable objection where policyholder interests were properly protected and unimpaired); *In re Aviva Life & Annuity Co.* (Iowa Ins. Div. Oct. 1, 2013) (finding no reasonable objection under the record that policyholder interests were properly protected); *In re EquiTrust Life Ins. Co.* (Iowa Ins. Div. Dec. 24, 2012) (same); *In re GuideOne Specialty Mut. Ins. Co.* (Iowa Ins. Div. Mar. 29, 2021) (same); *In re Transamerica Life Ins. Co.* (Iowa Ins. Div. June 25, 2020) (finding no reasonable objection where contractual rights were preserved without diminishing policyholder rights and the assuming entity was licensed and in good standing). These decisions establish that the Commission evaluates “reasonable objection” by reference to the same concrete, objective factors that govern the broader approval inquiry.

That reading is supported by the ordinary meaning of the statutory terms. Black’s Law Dictionary defines “reasonable” as “reflecting good judgment; fair and proper under the circumstances; rational, sound, and sensible” and as “within sensible or rational limits; not excessive.” *Reasonable*, Black’s Law Dictionary (12th ed. 2024). It defines “unreasonable” as “not reflecting good judgment; irrational or capricious” and “not within sensible or rational limits; excessive.” *Unreasonable*, Black’s Law Dictionary (12th ed. 2024). These definitions require an objection to rest on rational, fair-minded concerns rather than mere disagreement or commercial preference. An objection based on hypothetical future harm, selective facts, or a preference for a different counterparty, without showing that the Plan fails to protect affected interests, does not qualify as a “reasonable objection” under Section 521.8.

Iowa case law addressing insurance disputes also confirms that “reasonable” is an objective standard that a party cannot satisfy by assertion alone. A “reasonable objection” must include, *inter alia*, a demonstration that the intervening objector is likely to be “aggrieved or adversely affected” by a final order in this case. Iowa Admin. Code r. 191-3.19(3)(b). The objective element focuses on whether there is a rational, factually supportable basis when viewed under the circumstances. *Barnhill v. Iowa Dist. Ct. for Polk Cnty.*, 765 N.W.2d 267, 272–73 (Iowa 2009). Pure conjecture and speculation unsupported by concrete evidence are insufficient. *See, e.g., Nelson v. Lindaman*, 867 N.W.2d 1, 7–8 (Iowa 2015).

In *Rodman v. State Farm Mut. Auto. Ins. Co.*, 208 N.W.2d 903, 906 (Iowa 1973), the Iowa Supreme Court rejected a policyholder’s claim of “reasonable expectations” where the policyholder’s expectation that the claim would be covered was not “objectively reasonable.” The court held that reasonable expectations must be measured by what an ordinary person would understand from the actual terms and circumstances, not by the interested party’s after-the-fact characterization of what it believed or preferred. *Rodman*, 208 N.W.2d at 906–07. Similarly, *Alpha Chi Omega House Corp. for Sigma Chapter v. Cont’l Cas. Corp.*, No. 3:07-cv-00068-JEG, 2009 WL 10670120, at *7 (S.D. Iowa Apr. 27, 2009), held that the reasonable expectations doctrine is “carefully circumscribed” and “does not contemplate the expansion of coverage on a general equitable basis.” (quoting *Am. Family Mut. Ins. Co. v. Corrigan*, 697 N.W.2d 108, 118 (Iowa 2005)). In other words, “reasonable” acts as a limitation, because it requires specific, objective facts. The same logic applies to “no reasonable objection” under Section 521.8. Just as a policyholder cannot claim “reasonable expectations” of coverage without objective factual support, an objector cannot claim a “reasonable objection” to a merger plan without identifying a concrete, evidence-based concern that the statutory interests are not properly protected. A party’s

mere displeasure with a transaction or preference for a different outcome is not enough. Nor is a personal dislike of one of the companies, a general distrust of mergers, an unsupported assertion that something adverse could or might happen, or conclusory assertions not supported by competent and admissible record evidence.

The same conclusion follows from analogous contract and lease settings. In *Chipokas, L.L.C. v. Casey's Marketing Co.*, No. 18-2231, 2020 WL 105091, at *5 (Iowa Ct. App. Jan. 9, 2020), the Iowa Court of Appeals interpreted a lease provision stating that consent to an assignment “shall not be unreasonably withheld or delayed.” The court held that consent could be withheld when “a reasonably prudent person in its ‘position exercising reasonable commercial responsibility [would have] a good faith and reasonable objection to assignment of the lease.’” *Chipokas*, No. 18-2231, 2020 WL 105091, at *5 (quoting *Van Sloun v. Agans Bros., Inc.*, 778 N.W.2d 174, 180 (Iowa 2010)). Courts outside of Iowa have adopted the same principle. For example, the court in *Rockwell Mining, LLC v. Pocahontas Land LLC*, 749 F. Supp. 3d 660, 675–76 (S.D.W. Va. 2024), explained that to qualify as “reasonable,” a reason for refusing consent must be “objectively sensible and of some significance,” not based on “mere caprice or whim or personal prejudice.” It recognized financial responsibility and operational risk as legitimate considerations but held that consent may not be withheld to secure an economic benefit. *Id.* at 675. Once again, this underscores that the word “reasonable” separates legitimate, objective concerns about financial responsibility or operational risk from personal preference and efforts to obtain economic leverage by a party like AGL that has been engaged in arbitration with the Applicants.

As this case law demonstrates, the standard in Section 521.8 focuses on what a reasonably prudent person in the objector’s position would consider and conclude. And Section 521.8(3) *already* requires findings addressing the very categories of harm that could make an objection

reasonable under Section 521.8: adequate protection, fairness, financial stability, eligibility, compliance with Iowa law, absence of fraud, solvency, and adequate assets. A plan that satisfies the Iowa Division Law’s approval criteria is, by definition, one to which no reasonable objection exists. Here, the Milliman analysis, the RRC Report, the Capital Maintenance Agreement, the Parental Guarantee, the projected RBC ratios, the Affidavits submitted herewith, and fifteen years of uninterrupted performance establish that the statutory criteria are satisfied and that the Plan and Merger do not threaten any relevant interest.

The Commission has previously held that satisfying the regulatory protections of another applicable insurance statute also satisfies the reasonableness requirement of Section 521.8. *See In re American Enter. Mut. Holding Co. & Lincoln Mut. Life & Cas. Ins. Co.*, Order of the Commission (July 13, 2013); *In re GuideOne Specialty Mut. Ins. Co.*, Order of the Commission (Mar. 29, 2021). In *American Enterprise*, for example, the Commission considered the affidavits and testimony of the applicant’s executives and the actuarial opinions of the proposed reorganization and merger. The Commission first held that the evidence in the record satisfied the requirements of Section 521A.14(2): the reorganization plan properly protected policyholders’ interests and was fair and equitable to policyholders. The Commission held the same findings and conclusions that satisfied Section 521A.14(2) were “also directly relevant to a determination of whether the standards for approval under” Section 521.8 “have been satisfied.” *American Enterprise*, Order of the Commission at 7 (July 13, 2013). Ultimately, the Commission held that the facts and conclusions that satisfied the standards in Section 521A.14(2) also established “that no reasonable objection to the proposed reorganization exists.” *Id.*

Addressing the three complementary regulatory review frameworks (under Chapters 521, 521A and 521I) independently would lead to the same conclusion. A reasonably prudent cedent

would evaluate the full financial and operational support structure provided by the Plan and the Merger Agreement, rather than fixating on a standalone surplus figure and ignoring binding [REDACTED] and independent expert validation. That is particularly true because the record here includes projected risk-based-capital ratios and stress testing.

AGL's objections fail to meet the reasonable objection standard because AGL fails to identify any significant actual or threatened harm. SCOR, through SGLA, has administered the Specified Business and borne its economic responsibility since 2011—approximately fifteen years—without a single claim going unpaid or any identified service disruption. AGL has not identified a treaty under which it will suffer a concrete loss, a specific obligation that SGLUSA cannot honor, or an instance showing that the operational structure that would be formalized by the Division and Merger has failed. Fifteen years of uninterrupted performance is the most direct evidence available that the structure works as intended.

AGL's comparison of TLIC's approximately \$6.083 billion of total adjusted capital with SGLUSA's approximately \$194.893 million of capital and surplus likewise fails under this standard. Section 521I.8(4) expressly provides that, in evaluating financial condition, the Commissioner may consider "all proposed assets of the resulting insurer," including reinsurance agreements, parental guarantees, support agreements, keepwell agreements, and capital maintenance of contingent capital agreements. The statutory inquiry therefore reaches the full support structure, not a single surplus number. Here, [REDACTED]

[REDACTED] SGLUSA's projected post-transaction RBC ratio is approximately [REDACTED], comparable to peer reinsurers, and Milliman's independent analysis confirms that TLIC and SGLUSA will remain solvent with

adequate assets. RRC concurred. Milliman's stress testing further shows that SGLUSA would maintain an RBC ratio [REDACTED] under substantial mortality and asset-default stresses. AGL's attempt to focus on this isolated capital comparison offers an incomplete view of SGLUSA's financial strength, which does not comply with the robust inquiry that Section 521I.8(4) requires and therefore is not enough to support a reasonable objection under Section 521.8.

A simple question confirms that AGL has identified only theoretical harm: What will actually change for AGL if the Division and Merger are approved? Before the transaction, SCOR administers the Specified Business and bears its economic risk, as it has since 2011. After the transaction, SCOR will continue to administer the business and bear the economic risk, but through a more straightforward legal structure in which SCOR assumes the obligations outright rather than through retrocession. The same management team, operational infrastructure, financial support, and [REDACTED] will stand behind the obligations. Functionally, nothing changes for AGL except the legal form used to reflect an economic reality that has existed for fifteen years of commercial practice. A preference for a counterparty with a larger standalone surplus, without evidence of concrete harm, is a bare commercial desire, not a reasonable objection. Accepting AGL's assertion that its commercial preference constitutes a "reasonable" objection would substitute a subjective veto for the objective standard required by Iowa law. This is especially true where, as here, not a single AGL treaty includes any anti-assignment provision, restrictions, or other consent rights that are implicated by the proposed Division and Merger.

Thus, in the final analysis, a merger can be simultaneous with a division because they depend upon the same analysis and conclusions, reached following a single hearing. And here, both the Division and the Merger should be approved.

III. THE PLAN IS CONSISTENT WITH THE IOWA DIVISION LAW

AGL contends that “[t]he Proposed Plan should be rejected because the Division Law does not apply to the division of assumed reinsurance business,” but rather applies only to “insurers dividing policyholder liabilities.” Pet. ¶ 26. That argument is not merely wrong as a matter of statutory text and structure; it is borderline frivolous.

A. Chapter 521I Expressly Applies to This Transaction Regardless of Whether the Allocated Business Is Reinsurance

The plain text of the Iowa Division Law makes clear that TLIC may avail itself of the statute. Chapter 521I applies to all “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 is the identity of the dividing company, not the mix of business allocated in the Division. Chapter 508 likewise expressly contemplates companies that have “written, issued, or reinsured” life insurance policies or contracts. Iowa Code § 508.36(1)(a)(3)(a).

TLIC is an Iowa-domiciled stock insurer organized under Iowa Code Chapter 508 and licensed by the Iowa Insurance Division. Indeed, AGL does not dispute that TLIC is a domestic stock insurer eligible to use Chapter 521I. Instead, AGL’s objection depends on a limitation based on the type of business to be allocated. Specifically, AGL claims that “the plain text of the Division Law demonstrates that it applies only to the division of insurance business, not to the division of reinsurance business.” Pet. ¶ 27.

Chapter 521I itself forecloses AGL’s argument that the statute cannot reach reinsurance business, because the statute repeatedly addresses reinsurance in operative provisions.

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).⁵ Those provisions plainly refute AGL’s position that reinsurance is outside the statute’s scope.

AGL suggests, without support, that “the Division Law does not apply to the division of *assumed* reinsurance business.” Pet. ¶ 26 (emphasis added). But the words “assumed reinsurance” appear nowhere in the statute; instead, the Iowa Legislature simply indicated that the allocation of “all reinsurance contracts” must be addressed in a proposed plan of division. AGL errs in encouraging the Commissioner to read “all” to mean “some,” or to insert a distinction between ceded and assumed reinsurance that the Legislature did not enact. *State v. Hesford*, 242 N.W.2d

⁵ Before its withdrawal, John Hancock argued that the statutory notice requirement supported an exclusion of assumed reinsurance contracts, because it requires notice to reinsurers and policyholders, but not cedents. *See* John Hancock Motion for Summary Judgment (“MSJ”) at 29–30. But the Iowa Division Law states that a division cannot become effective until it is approved by the Commissioner after “reasonable notice and a public hearing.” Iowa Code § 521I.8(2)(a). Thus, the Commissioner may require any “reasonable” manner of notice based on the circumstances of the proposed transaction, including the particular assets, liabilities, and contracts being allocated in a division.

256, 258 (Iowa 1976) (“No court, under the guise of judicial construction, may add words of qualification to [a] statute . . . or change its terms.”).

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, *see* Iowa Code § 521I.2(3), and its broad definitions of those terms encompass reinsurance agreements. “Assets” are defined as “property whether real, personal, mixed, tangible, or intangible and any right or interest therein, including all rights under a contract or other agreement”; “liability” is defined as “a secured or contingent debt or obligation arising in any manner.” Iowa Code §§ 521I.1(1), 521I.1(7).⁶ Reinsurance agreements fit naturally within those provisions, and nothing in the text narrows the category to retail policies.

The remainder of the Iowa Insurance Code supports the same view. Chapter 521I does not define “insurance” or “insurer”; nor does it state expressly or implicitly that (as AGL suggests) the statute excludes “reinsurance” or “reinsurers,” or a subset thereof. *E.g.*, Pet. ¶ 30. As the U.S. 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. State of Iowa*, 943 N.W.2d 608, 610 (Iowa 2020). Here, Iowa Admin. 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*”

⁶ Before its withdrawal, John Hancock suggested—through a series of irrelevant hypotheticals—that the definition of “liability” is too broad, and in fact, the Iowa Legislature intended to limit those liabilities to only retail insurance policies. MSJ at 28–29, 31. There is no support for that in the text of the Iowa Division Law.

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). Accepting AGL’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.

Notably, by not distinguishing between “insurance” and “reinsurance,” the Iowa Division Law stands in stark contrast to other provisions of the Iowa Code which pointedly *do* draw this distinction. For example, the Iowa Unauthorized Insurers Act specifically “*excludes*” certain reinsurance transactions from its purview. To that end, the Iowa Unauthorized Insurers act states plainly and unambiguously that:

The provisions of this chapter shall not apply to:

. . . .

2. The lawful transaction of reinsurance by insurers. *See* § 507A.4(2).

This provision shows that when the Iowa legislature intends to exclude transactions relating to reinsurance from a particular statute, it does so clearly, unequivocally, and in plain language. Thus, the decision *not* to exclude the allocation of reinsurance (or assumed reinsurance) from the Iowa Division Law must be viewed as an intentional choice by the legislature that should be respected.

The ordinary meaning of the terms points in the same direction. When an insurance term is undefined, courts may consult dictionaries and insurance treatises. *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). Those definitions treat reinsurance as a form of insurance between insurers, not as a category excluded from the word “insurer.”⁷ 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 Aug. 12, 2026).

⁷ Moreover, AGL’s suggestion that the Iowa Division Law does not apply to reinsurance business or assumed reinsurance fails as a practical matter. The fundamental concept of a corporate division is to allocate *all* assets and liabilities on the balance sheet of the company into two specified balance sheets. AGL’s proposed interpretation would exclude the allocation of certain assets and liabilities on the balance sheet, which makes no practical or financial sense.

Further, any claim that the Iowa legislature did not intend for the Iowa Division Law to be used to allocate reinsurance obligations (as opposed to reinsurance *benefits*) is belied by the fact that the Iowa Division Law does not limit what types of assets or liabilities can be allocated. *See* § 521I.1(1), (7). Rather, the Iowa Division Law broadly defines those terms, and when articulating the “general requirements” for a plan of division, it states only that a dividing insurer’s plan of division shall include “the manner of allocating assets and liabilities, including policy liabilities, between or among all resulting insurers.” § 521I.2(3). Although this section specifically references policy liabilities, it does not state that “policy liabilities” are the only liabilities that a domestic stock insurer can seek to allocate through a plan of division. Instead, as signified by the word “including” immediately before it, “policy liabilities” are identified as an *example* of a liability that can be allocated pursuant to a plan of division. Indeed, the fundamental concept of a corporate division is to allocate *all* assets and *all* liabilities on the balance sheet of the company into two specified balance sheets. AGL’s cramped interpretation would exclude the allocation of certain assets and liabilities on the balance sheet, which makes no practical or financial sense.

Simply put, the text, structure, and ordinary insurance-law usage lead to one conclusion: Chapter 521I applies to transactions, like the Plan, that allocate reinsurance business.

B. The Supposed Cedent/Policyholder Distinction Does Not Defeat Chapter 521I’s Application

Unable to show that the statute excludes “reinsurance” by its terms, AGL relies primarily on the Iowa Division Law’s references to “policyholders.” Pet. ¶¶ 28–34. But AGL’s assertion that cedents are not policyholders does not answer the textual question. As discussed, the authority to allocate reinsurance contracts comes from Section 521I.2(5) itself, which requires a plan to

describe the allocation of “all reinsurance contracts.” It does not depend on proving that every cedent is literally a policyholder.

The policyholder language in Section 521I.8(3) identifies the interests the Commissioner must protect—policyholders, creditors, and shareholders—when approving a division; it does not impose a threshold limitation on the statute’s applicability. The statute thus does not turn solely on “policyholder” impact, but also on “creditor” and “shareholder” impact. Although AGL 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. *Cf.* Motion to Intervene at 14 (suggesting that AGL can “materially assist” the Commissioner in evaluating “the interests of. . . creditors”). That protective approach reinforces, rather than undermines, the Plan’s compliance with Chapter 521I, particularly because—as AGL elsewhere emphasizes—it is a “sophisticated entit[y]” that can protect its rights through contract (which it did not do). *E.g.*, Motion to Intervene at 9. Chapter 521I permits the Commissioner to hear AGL’s concerns as a cedent creditor and to consider the evidence relevant to affected policyholders, creditors, and shareholders, but it does not permit AGL to use the word “policyholder” as a device to read reinsurance contracts out of a statute that expressly addresses them. *See* Iowa Code § 507C.2(6) (defining “creditor” as “a person having a claim against an insurer, whether the claim is matured or unmatured, liquidated or unliquidated, secured or unsecured, absolute, fixed or contingent”).

AGL also suggests that the statute’s use of the phrase “resulting insurer” “presumes that the entity created as a result of a division will be an insurer with insurance assets,” rather than “a reinsurer only.” Pet. ¶ 30. But as already discussed, that is incorrect. The statutory text does not

distinguish between insurers and reinsurers, and the best reading of Iowa law is that the category of insurers includes reinsurers. *See supra*, Section III.A.

For similar reasons, AGL’s reliance on *other* Iowa provisions that use the phrase “ceding insurer” does not show that Chapter 521I excludes reinsurance contracts. Pet. ¶¶ 31–33. The sole provision it cites regulates reinsurance-specific subjects. *See* Iowa Code § 521B.102 (entitled “Credit for Reinsurance”). 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 III.A. Accordingly, the cedent/policyholder distinction AGL advances provides no basis for exempting reinsurance contracts from Chapter 521I’s express statutory framework.

C. AGL’s Reliance on Legislative History and Other States’ Statutes Cannot Change the Text Enacted in Chapter 521I, Which Plainly Covers the Contemplated Transaction

AGL suggests that the Iowa Division Law should be read “narrowly” based on its legislative history and other states’ statutes. That is incorrect.

AGL’s legislative-history arguments cannot displace the statutory language. Iowa courts resort to legislative history only after identifying ambiguity, and they do not use it to contradict clear 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); *Iowa West Racing Ass’n v. Iowa Racing & Gaming Comm’n*, 546 N.W.2d 898, 900 (Iowa 1996) (“The rules of statutory construction cannot be employed to raise the ambiguity; rather the ambiguity must be found prior to employing the rules of statutory construction.”). Because the text of the Iowa Division Law clearly applies to TLIC and contemplates the division of reinsurance contracts, the Commissioner can and should stop there.

Even if legislative history were considered, however, it would not support AGL's position. AGL first contends that "[e]arly versions of 'division statutes' introduced in prior legislative sessions were drafted to reach transactions involving small employer group health insurers, universal life insurers, and domestic stock divisions." Pet. ¶ 37. 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. And 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.

AGL then attempts to rely on out-of-state legislative history, and 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. ¶ 38. But even assuming that assertion were correct, it would not matter. 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' 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. In any event, the Connecticut statute itself addresses reinsurance contracts, notice to reinsurers, and statutory

succession, further undermining AGL's attempt to draw a categorical line between insurance and reinsurance. Conn. Gen. Stat. Ann. §§ 38a-156s to -156v (West 2017).

Finally, AGL 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. Pet. ¶ 39. But that says nothing about the statute's scope. As AGL acknowledges, *no* prior plans for division and merger have been put forth under the Iowa statute. Pet. ¶ 39. This absence of prior application reflects only the statute's relative youth, not any limitation on its application. It does not shed light on 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.

D. Any Asserted Distinction Between Corporate Divisions and Insurance Business Transfers Is Irrelevant and Fails in Any Event.

Although not included in AGL's Petition, John Hancock (represented by the same counsel as AGL) previously retreated to other extra-statutory materials, including other states' laws and model provisions, including the National Conference of Insurance Legislators ("NCOIL") Insurance Business Transfer ("IBT") Model Act, the NCOIL Insurer Division Model Act, the Illinois IBT statute, and the Georgia IBT statute. John Hancock argued that these other statutes, passed by other legislatures or considered by industry bodies, demonstrated a sharp distinction between corporate division ("CD") statutes, which purportedly apply only to "retail insurance" policies, and IBT statutes, which purportedly apply only to reinsurance. John Hancock asserted that, because the Iowa Division Law falls within the former category, it cannot apply to the reinsurance business here. To the extent AGL makes similar arguments in its pre-hearing brief, the Commissioner should not be fooled.

As a threshold matter, Iowa courts look to other states’ law or model provisions—if at all—only when a statute is ambiguous, and the Iowa Division Law is not. Iowa Code Section 4.6 addresses the use of extrinsic aids in statutory construction, and it provides that *if* a statute is ambiguous, courts may consider “[t]he object sought to be attained,” “[t]he circumstances under which the statute was enacted,” “[t]he legislative history,” “[t]he common law or former statutory provisions, including laws upon the same or similar subjects,” “[t]he consequences of a particular construction,” “[t]he administrative construction of the statute,” and “[t]he preamble or statement of policy.” Model codes and other states’ laws are not among the enumerated considerations. Although Section 4.6 does authorize consideration of “other matters,” model acts or sister-state enactments cannot contradict or override the plain terms of the statute the Iowa Legislature chose to enact. And as already explained, Chapter 521I’s plain text clearly and unambiguously permits the allocation of all reinsurance contracts, including assumed reinsurance, as part of a plan of division. Because Chapter 521I is unambiguous, there is no reason to resort to extrinsic interpretive aids of any kind, particularly from other states.

Furthermore, reliance on these materials is particularly inappropriate because the vast majority post-date the 2019 enactment of Chapter 521I. The NCOIL IBT Model Act was not adopted until 2020. The NCOIL Insurer Division Model Act was not adopted until 2021. The Illinois IBIT statute relied on by John Hancock, 215 ILCS 5/1703 and 5/1705, was not enacted until 2025; and the Georgia IBIT statute, Ga. Code Ann. § 33-52-12, was not enacted until 2024. MSJ at 35–36. The Iowa General Assembly obviously could not have relied upon—or even been aware of—model acts and statutes that did not yet exist when it drafted and adopted Chapter 521I. To suggest that these after-the-fact materials illuminate the “intent” of the 2019 Iowa Legislature is both logically untenable and legally unsupported.

Even if the Commissioner were to consider model provisions and other states' statutes, these arguments would fail. John Hancock previously argued that CD and IBT statutes are merely different forms of novation, of substituting one obligor for another, and that IBT statutes are the exclusive mechanism for substituting obligors on reinsurance business. This mischaracterizes the true distinction between CD and IBT statutes, which is that a division is a creature of corporate organization, whereas a transfer is a creature of contract.

In a division, the obligor entity which issued contracts is divided, and its contracts are allocated, as a subset of all liabilities, to one part or the other of the same entity that issued the contracts in the first instance. *See* Iowa Code § 521I.11(1)(c) (providing that resulting insurers hold allocated assets “by operation of law, and not by transfer, whether directly or indirectly”). Like a merger, a division is a purely corporate transaction that requires only regulatory approval because it involves no novation of contracts and no change in obligor. *See* § 521A.3. The only thing that changes in a merger or division is which entity controls the business, and a change in control no more effects a novation than a merger does—an insurance company may be bought, sold, or merged, and its contracts remain with that company, subject only to Form A regulatory review rather than judicial approval. *See id.*

By contrast, IB transfers require judicial approval, because transfers (unlike divisions) result in a novation, substituting one insurance company obligor for another without the obligee's consent. Some states provide statutory rights to policyholders entitling them to the benefits of the specific policies to which they have subscribed, and substitution of a new insurance company without their consent or regulatory approval would deprive them of these rights. The NAIC Assumption Reinsurance Model Act (“ARMA”), which has been adopted in ten states, is the model

law that regulates insurance policy novation. <https://content.naic.org/sites/default/files/model-law-803.pdf>; <https://content.naic.org/sites/default/files/model-law-state-page-803.pdf>.

Other states, including Iowa, allow novation of policies from insurers authorized to do business in the state to those not authorized to do business in the state. For instance, Iowa requires Commissioner approval before a foreign insurer may assumptively reinsure a block of business including Iowa policyholders to a non-admitted company. *See* Iowa Code § 515.68A. Similarly, Iowa contemplates the transfer of policyholders from an insurer to its affiliate admitted in Iowa, upon either 45 days' notice to the insured or the insured's consent. Iowa Code § 515.128(3); *see also* Iowa Admin. Code rr. 191-75.1 (small group health benefit plan assumptions); 191-75.5 (individual health benefit plan assumptions). Because such assumption reinsurance is authorized under Iowa law, Iowa does not have or need an IB transfer statute. Any argument from AGL that an insurance policy or ceded reinsurance agreement cannot be novated without an IB transfer statute would ignore the existence of these alternate statutory channels for assumption reinsurance.

In any event, the statutes and model acts on which John Hancock relied do *not* support the proposition that CD statutes apply only to retail insurance and IBT to reinsurance. No such fine line exists. For instance, the Illinois Division statute expressly permits a division to include the allocation of "policy liabilities," which are defined to include liabilities "arising out of or related to an insurance policy, contract of insurance, or reinsurance agreement." 215 ILCS 5/35B-10; 215 ILCS 5/35B-15(b)(4)(B) and (6). There are also clear differences between Illinois's IBT and CD statutes, none of which has anything to do with the line of insurance or reinsurance:

- An IBT effects a novation under contract law, while a division is rooted in longstanding corporate law and by statute does not effect a transfer.
- Division does not require obligee consent. It is a creature of corporate reorganization.

- An IBT also does not require obligee consent. 215 ILCS 5/1725(g)(8) (policyholders and reinsureds have no opportunity to opt out of or reject a transfer). Instead, transfer effects a court-approved novation in lieu of consent.
- In a division the obligor entity which issued contracts is divided, and its contracts are allocated by a regulator's order and operation of law, as a subset of all liabilities, to an entity born out of the same entity that issued the contracts in the first instance.
- In an IBT the obligor entity which issued contracts is removed from the contractual relationship and a new obligor is substituted in its place via court-approved novation.
- A division is the inverse of a merger. Like a merger, it is a purely corporate transaction that requires only regulatory approval because it involves no novation of contracts.

None of these features of the Illinois IBT and CD statutes turns on an insurance versus reinsurance distinction. Rather, under both Iowa and Illinois law, only a stock corporation can divide, while under Illinois law any form of insurer may transfer, (Iowa Code § 521I.1(4); 215 ILCS 5/35B-5, 10; 215 ILCS 5/1705). Also under both Iowa and Illinois law, divisions require the provision of articles and bylaws for the dividing company (Iowa Code § 521I.2(2); 215 ILCS 5/35B-15(c)(1)), notice to shareholders and creditors (Iowa Code §§ 521I.8(2)(a), 521.4; 215 ILCS 5/35B-25(a)), and protection of or compensation for shares (Iowa Code §§ 521I.4, 521I.13; 215 ILCS 5/35B-15(b)(5), (c)(2), (3), (d)), none of which are required for a transfer under Illinois law. Additionally, Illinois's IBT statute, unlike its CD statute, expressly excludes life insurance business from its scope. *See* 215 ILCS 5/1705. Because the Specified Business at issue here consists of life reinsurance, John Hancock's own preferred statutory model would route this very transaction through a CD, not through an IBT.

Other state statutes and model laws similarly cut against the insurance/reinsurance distinction that is the supposed basis for the difference between IBT and CD statutes. Georgia's IBT statute similarly defines "policy" to mean "a policy, contract, or certificate of insurance or a

contract of reinsurance.” Ga. Code Ann. § 33-52-12(13). The NCOIL IBT Model Act defines “Insurance Business Transfer” as “a transfer and novation . . . of existing or in-force contracts of insurance or reinsurance”; “Policy” as “a policy, annuity contract or certificate of insurance or a contract of reinsurance”; “Policyholder” as “an insured or a reinsured under a policy”; and “Transferring insurer” as “an insurer or reinsurer that transfers and novates or seeks to transfer and novate obligations or risks, or both, under one or more policies to an assuming insurer.” NCOIL IBT Model Act §§ 3(H), 3(L), 3(M), 3(P). If, as John Hancock insists, IBT statutes exist precisely because reinsurance business cannot be allocated through a corporate division, then to avoid redundancy, one would expect the IBT model to confine itself to reinsurance. It does not.

The NAIC Restructuring Mechanisms White Paper confirms that a purpose of restructuring transactions is that “reinsurers and insurers were looking for new solutions that provide legal and economic finality to runoff insurance risks to improve the efficient allocation of capital and management resources to runoff and on-going insurance operations.” Nat’l Ass’n of Ins. Comm’rs, *Restructuring Mechanisms: An NAIC White Paper*, at 3 (Dec. 2025). This is precisely what Chapter 521I authorizes. The White Paper’s discussion of IBT and CD statutes comports with the differences discussed above; it notes that “with the exception of Colorado and Iowa, the CD statutes do not require approval by a court or the same level of notification to policyholders.” NAIC White Paper at 12. The distinctions discussed in the White Paper do nothing to advance the argument that the Iowa Division Law cannot apply to assumed reinsurance.

Notably, corporate business division has been an authorized form of corporate restructuring since at least 1989. *See* 15 Pa. C.S. § 1951 (authorizing division under Pennsylvania’s general Business Corporation Law). As with the Iowa Division Law, the Pennsylvania statute declares that property and liabilities allocated as a result of the division “shall not constitute a transfer,

directly or indirectly.” *Id.* §§ 367(a)(4)(iii), (a)(6). A comment to that provision explains that “the statement . . . that property vests in a division without transfer means that the allocation of property in a division does not involve an assignment of the property, including by operation of law.” *Id.* at Committee Comments (Feb. 1, 2022). The comment goes on to clarify that “if a dividing association is a party to a contract that requires prior consent to its assignment or transfer,” that contract will nonetheless be allocated in the division “*without the need to seek consent* from the other party to the contract.” *Id.* (Emphasis added.) In practice, the Pennsylvania division law has been applied to allocate insurance and reinsurance over objections similar to those made here by policyholders, creditors, and reinsurance counterparties, based on findings that the allocation occurred by operation of law pursuant to statute, and that the General Assembly did not intend for policyholders and other creditors to have approval power over a plan of division. *See, e.g.*, February 7, 1996, Decision & Order of the Insurance Commissioner of the Commonwealth of Pennsylvania in the matter of *In re Plan of Restructuring of INA Fin. Corp., Bankers Standard Ins. Co., et al.*⁸

Division statutes are also not unique—many longstanding statutes provide for various forms of insurance corporation restructuring without any requirement of policyholder or reinsured/cedent consent. By way of illustration, state law provides for the non-consensual acquisition of control of or merger with another insurer, Iowa Code § 521A.3, creation of a

⁸ Arizona was the next state to adopt a fulsome corporate division law of general application in 2015. A.R.S. §§ 29-2601 *et seq.* In 2017, Connecticut became the first state to adopt a division law specifically for insurers, modeled on the Arizona statute. *See* Conn. Gen. Stat. Ann. § 38a-156r *et seq.* Since then, a number of other states have adopted division laws specifically allowing for the division of an insurer’s business. *See* A.C.A. § 23-69-501 (Arkansas); C.R.S. § 10-3-1701 (Colorado); Ga. Code Ann. § 33-14-120 (Georgia); 215 ILCS 5/35B-1 *et seq.* (Illinois); Iowa Code § 521I.1 (Iowa); Mich. Comp. Laws § 500.5500 (Michigan); and 15 Pa. C.S. §§ 361–68 (Pennsylvania).

subsidiary and transference of policies to it, Iowa Code § 515.128(3), the separation of the business of an insurer in receivership proceedings from its estate, and the allocation of liabilities and associated assets to a buyer, Iowa Code §§ 507C.20 and 507C.21(1)(h).

Finally, the argument that the Iowa Division Law does not apply here would undermine important Iowa public policy. The right of stock corporations to structure themselves and conduct their business affairs without interference from creditors, subject to express statutory requirements which ensure that each corporation fulfills its contractual financial obligations, is a key state interest. The bills that became the Iowa Division Law were championed by the insurance industry, including the Federation of Iowa Insurers, State Farm Insurance, Voya Financial, and the Iowa Insurance Institute. Iowa is the largest domiciliary regulator of life insurance companies in the United States because it allows its insurers to manage their own business without undue interference. The Commissioner should not adopt an interpretation of the Iowa Division Law that would undercut rights granted to stock insurers under the state's organic corporate law.

* * *

In sum, the Iowa Division Law plainly applies to the division of reinsurance contracts under the Plan. The Iowa Division Law unambiguously permits any “domestic stock insurer” to submit a plan of division and does not impose any limitations on the “assets” or “liabilities” that a dividing insurer can seek to allocate through a plan of division. Rather, the Iowa Division Law affords dividing insurers the discretion to determine the manner of allocating “all assets” and “all liabilities,” expressly including “all reinsurance contracts,” subject only to the Commissioner's approval based on the determination that all statutory requirements under § 521I.8 have been satisfied. And the Iowa Division Law states expressly that such allocations are not to be treated

as transfers “for any purpose.” Any attempt by AGL to insist otherwise is nothing more than wishful thinking masquerading as statutory interpretation.

CONCLUSION

For the reasons set forth above, TLIC and SGLUSA respectfully submit that the Commissioner and the Merger Commission should overrule AGL’s objections to the Plan, find that the Plan and Merger satisfy the applicable statutory criteria, and approve the Division and simultaneous Merger.

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Respectfully submitted,

/s/ Nick Critelli

Nick Critelli

CritelliLaw, P.C.

317 Sixth Avenue

Des Moines, IA 50309

Telephone: (515) 243-3122

Email: nick@critellilaw.com

/s/ G. Thomas Sullivan

G. Thomas Sullivan

Nyemaster Goode, P.C.

700 Walnut Street, Suite 1300

Des Moines, IA 50309

Telephone: (515) 283-3126

Email: gts@nyemaster.com

Iowa State Bar #8741

/s/ Stephen W. Schwab

Stephen W. Schwab (*pro hac vice*)

Ana Condes (*pro hac vice*)

DLA Piper LLP (US)

444 West Lake Street Suite 900

Chicago, IL 60606-0089

Telephone: (312) 368-2150

Mobile: (847) 366-5490

Email: stephen.schwab@us.dlapiper.com

ana.condes@us.dlapiper.com

Counsel for SCOR Global Life USA

Reinsurance Company

/s/ Jeffrey B. Korn

Jeffrey B. Korn

Vanessa C. Richardson

Katherine Higginbotham

Willkie Farr & Gallagher

787 7th Avenue

New York, NY 10019

Telephone: (212) 728-8842

Email: jkorn@willkie.com

vrichardson@willkie.com

khigginbotham@willkie.com

Counsel for Transamerica Life

Insurance Company

CERTIFICATE OF SERVICE

I certify under penalty of perjury and pursuant to the laws of Iowa that on August 13, 2026, I served a true and correct copy of the foregoing Joint Pre-Hearing Brief by email to the following individuals:

Attorney(s)	Firm	Address	Email
Iowa Division of Insurance			
Iowa Insurance Commissioner Doug Ommen	Iowa Division of Insurance	1963 Bell Avenue, Suite 100, Des Moines, IA 50315	doug.ommen@iid.iowa.gov
Jordan Esbrook	<i>Id.</i>	<i>Id.</i>	jordan.esbrook@iid.iowa.gov
Scott M. Kosnoff	Faegre Drinker	300 N. Meridian Street, Suite 2500, Indianapolis, IN 46204	scott.kosnoff@faegredrinker.com
Andrew R. Anderson	<i>Id.</i>	801 Grand Ave., 33rd Floor, Des Moines, IA 50309	andrew.anderson@faegredrinker.com
Shannon L. Sole	<i>Id.</i>	<i>Id.</i>	shannon.sole@faegredrinker.com
Harry Merz	<i>Id.</i>	2323 Ross Ave., Suite 1700, Dallas, TX 75201	harry.merz@faegredrinker.com
Transamerica Life Insurance Company			
Jeffrey B. Korn	Willkie Farr & Gallagher	787 7th Avenue, New York, NY 10019	jkorn@willkie.com
Vanessa Richardson	<i>Id.</i>	<i>Id.</i>	vrichardson@willkie.com

Katherine Higginbotham	<i>Id.</i>	<i>Id.</i>	khigginbotham@willkie.com
Erica Ross	Willkie Farr & Gallagher	1875 K Street, N.W. Washington, DC 20006	eross@willkie.com
Joelle Freeman-McEwan	<i>Id.</i>	<i>Id.</i>	jfreeman-mcewan@willkie.com
G. Thomas Sullivan	Nyemaster Goode, P.C.	700 Walnut Street, Suite 1300, Des Moines, IA 50309	gts@nyemaster.com
Mac O'Brien	<i>Id.</i>	<i>Id.</i>	MOBrien@nyemaster.com
Adam P. Humes	<i>Id.</i>	<i>Id.</i>	ahumes@nyemaster.com
SCOR Global Life USA Reinsurance Company			
Stephen W. Schwab	DLA Piper	444 West Lake Street, Suite 900, Chicago, IL 60606-0089	stephen.schwab@us.dlapiper.com
Ana Condes	<i>Id.</i>	<i>Id.</i>	ana.condes@us.dlapiper.com
Nick Critelli	Critelli Law, P.C.	317 Sixth Avenue, Des Moines, IA 50309	nick@critellilaw.com
William C. O'Neill	Troutman Pepper Locke LLP	401 9th Street, NW, Suite 1000, Washington, DC 20004	William.ONeill@troutman.com
Thomas J. Kinney	<i>Id.</i>	<i>Id.</i>	thomas.kinney@troutman.com
Michael T. Carolan	<i>Id.</i>	<i>Id.</i>	michael.carolan@troutman.com
American General Life Insurance Company			

Ann Frohman	Frohman Law Office LLC	1350 Aldrich Rd., Lincoln, NE 68510	ann@frohmanlaw.com
Ryan Koopmans	Koopmans Law Group	500 East Court Ave., Suite 420 Des Moines, IA 50309	ryan@koopmansgroup.com
Suman Chakraborty	Mintz, Levin, Cohn, Ferris, Glovsky & Popeo, P.C.	919 Third Avenue, New York, NY 10022	schakraborty@mintz.com
Kristen White	<i>Id.</i>	<i>Id.</i>	kdwhite@mintz.com
Kerime S. Akoglu	<i>Id.</i>	<i>Id.</i>	ksakoglu@mintz.com
Matt Phillips	<i>Id.</i>	<i>Id.</i>	mphillips@mintz.com
Elizabeth Platonova	<i>Id.</i>	<i>Id.</i>	emplatonova@mintz.com
Bella Burrell	<i>Id.</i>	<i>Id.</i>	irburrell@mintz.com