

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

(Iowa Code Chapter 521I)

**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

(Iowa Code Chapter 521)

PRE-HEARING MEMORANDUM NO. 1 OF INTERVENOR AGL

**WHETHER THE IOWA DIVISION LAW APPLIES TO
ASSUMED REINSURANCE CONTRACTS**

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TABLE OF CONTENTS

INTRODUCTION	1
BACKGROUND	4
I. THE DIFFERENCES BETWEEN INSURANCE AND REINSURANCE	4
II. AGL AND TLIC HAVE A REINSURANCE RELATIONSHIP, NOT AN INSURANCE RELATIONSHIP	8
A. Overview of the AGL and TLIC Reinsurance Treaties.	8
B. TLIC Retrocedes its Liabilities to SCOR in 2011.	9
C. AGL’s Consent for a Novation Was Sought in 2012.	9
LEGAL STANDARD.....	10
ARGUMENT.....	11
I. LEGISLATURES HAVE CREATED TWO DISTINCT TOOLS FOR TRANSFERRING INSURANCE OBLIGATIONS WITHOUT CONSENT—AND IOWA ENACTED ONLY ONE OF THEM.	11
II. THE IOWA DIVISION LAW APPLIES ONLY TO INSURANCE POLICIES NOT TO REINSURANCE CONTRACTS.....	14
A. The Language of the Statute Relates to Retail Insurance, Not Assumed Reinsurance.....	16
B. Substitution of Terms Renders Sections of the Statute Meaningless.	19
C. The Plan Proponents’ Remaining Textual Arguments Do Not Supply the Missing Authority.....	24
III. IOWA ENACTED A CORPORATE DIVISION LAW, NOT AN INSURANCE BUSINESS TRANSFER ACT	29
A. Unlike Corporate Division Statutes, IBT Statutes Expressly Authorize The Transfer And Novation of Reinsurance Obligations.	30
B. The Model Acts Confirm That Cedents Are Not “Policyholders” Under Division Statutes.	34
C. TLIC Understood in 2019 that Division Laws Apply to Policyholder Liabilities	36
CONCLUSION.....	38

TABLE OF AUTHORITIES

Cases

<i>Beverage v. Alcoa, Inc.</i> , 975 N.W.2d 670 (Iowa 2022)	15, 19, 22
<i>Calabretto Bldg. Grp. v. Tradesmen Int’l, LLC</i> , 998 N.W.2d 660 (Iowa 2023)	28
<i>Com. Bank v. McGowen</i> , 956 N.W.2d 128 (Iowa 2021)	10, 15
<i>Drake v. Polk County Bd. of Supervisors</i> , 340 N.W.2d 247 (Iowa 1983)	32
<i>Estate of Wilson</i> , 202 N.W.2d 41 (Iowa 1972)	33
<i>Iowa Ins. Inst. v. Core Grp. of Iowa Ass’n for Just.</i> , 867 N.W.2d 58 (Iowa 2015)	10
<i>Simmons v. State Pub. Def.</i> , 791 N.W.2d 69 (Iowa 2010)	28
<i>State v. Davis</i> , 922 N.W.2d 326 (Iowa 2019)	15
<i>State v. Doe</i> , 903 N.W.2d 347 (Iowa 2017)	10
<i>State v. Richardson</i> , 890 N.W.2d 609 (Iowa 2017)	11
<i>Tallman v. W.R. Grace & Co.</i> , 558 N.W.2d 208 (Iowa 1997)	17
<i>Trenwick Am. Reinsurance Corp. v. IRC, Inc.</i> , 764 F. Supp. 2d 274 (D. Mass. 2011)	16
<i>United Student Aid Funds, Inc. v. Espinosa</i> , 559 U.S. 260 (2010)	27

State Statutes

Ga. Code Ann §§ 33-14-120 <i>et. seq.</i>	13, 32, 33
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Ga. Code Ann §§ 33-52-10 <i>et seq.</i>	13, 32, 33
Ill. Comp. Stat. 5/35B-1	13, 32
Ill. Comp. Stat. 5/1703	13, 32
Iowa Code § 4.1	16
Iowa Code § 505.8	5, 20
Iowa Code § 507A	20, 21
Iowa Code § 521C.2	4
Iowa Code § 521I.....	<i>passim</i>
MCL Ch. 500, Act 421, Ch. 55	36
Okla. Stat. tit. 36 § 1681	30

Other Authorities

Policyholder, <i>Black’s Law Dictionary</i> (10th ed. 2014)	17
Policyholder, <i>Webster’s Third New International Dictionary</i> (2002)	17
Creditor, <i>Black’s Law Dictionary</i> (10th ed. 2014)	22
Actuarial Standard of Practice No. 11, Treatment of Reinsurance or Similar Risk Transfer Programs Involving Life Insurance, Annuities, or Health Benefit Plans in Financial Reports (April 2021)	7
David R. Clarke, <i>Basics of Reinsurance Pricing: Actuarial Study Note</i> (Revised 2014),	6
Graydon S. Staring & Dean Hansell, <i>Law of Reinsurance</i> § 3:1 (2026)	17
<i>In re the Application of Transamerica Life Insurance Company for Approval of an Assumption Reinsurance Agreement with Wilton Reinsurance Company</i> (Iowa Ins. Comm’r & Att’y Gen. June 24, 2020)	36
National Association of Insurance Commissioners, <i>01 RHS 081823 Materials 1</i> (Aug. 18, 2023)	17
National Association of Insurance Commissioners, <i>Statutory Issue Paper No. 74: Life, Deposit-Type and Accident and Health Reinsurance</i> (Mar. 16, 1998)	23
National Association of Insurance Commissioners, <i>Restructuring Mechanisms: An NAIC White Paper</i> (Dec. 11, 2025)	12, 13, 29, 31

National Conference of Insurance Legislators, <i>Insurance Business Transfer Model Act</i> (Readopted Nov. 2025).....	12, 31, 34
National Conference of Insurance Legislators, <i>NCOIL Adopts Insurer Division Model Act</i> (May 3, 2021)	13, 30, 29
National Conference of Insurance Legislators, <i>Insurer Division Model Act</i> (April 18, 2021)	13, 34
Reinsurance Ass’n of Am., <i>Glossary of Reinsurance Terms</i>	18

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”), intervenors in the above-captioned proceedings, respectfully submit this Pre-Hearing Memorandum that addresses the question of whether Iowa Code § 521I (the “Iowa Division Law”) applies to the division of assumed reinsurance contracts.

AGL respectfully submits that this issue of statutory interpretation is properly decided by the Insurance Commissioner, who is responsible for applying the Iowa Division Law. AGL is concurrently submitting a separate pre-trial memorandum to the Commissioner and to the Deputy Attorney General, as delegee of the Attorney General, that addresses the separate question of whether the Proposed Plan (as defined below) should be approved under the Iowa Division Law and the Iowa Merger Law, even if the Commissioner finds that the Iowa Division Law applies to the division of assumed reinsurance contracts.

INTRODUCTION

1. This proceeding concerns a proposed transaction that would replace AGL’s chosen reinsurer without AGL’s consent. Transamerica Life Insurance Company (“TLIC”) and SCOR Global Life USA Reinsurance Company (“SGLUSA”) (together, the “Plan Proponents”) seek to (a) use the Iowa Division Law to divide and assign TLIC’s assumed reinsurance obligations to a newly formed entity, TLIC Division Insurance Company A (“TLIC-A”), and (b) use the Iowa Merger Law (Chapter 521 of the Iowa Code) to merge TLIC-A into SGLUSA, leaving SGLUSA as the purported reinsurer on AGL’s treaties.

2. As a threshold matter, the Insurance Commissioner must determine whether the Iowa Division Law can be used to accomplish, by operation of law and without a cedent’s consent, a novation of assumed reinsurance obligations. The contracts at issue here are not retail policyholder contracts; rather, they are extensively negotiated commercial contracts between

sophisticated parties in the risk transfer market. Certain facts about those contractual relationships cannot be disputed. AGL is a “cedent” under reinsurance treaties for which TLIC is the reinsurer. It is not a policyholder. The manner in which cedents and reinsurers enter into contracts, spread risk, and deal with each other over a multi-decade period, cannot be equated to a policyholder-insurer relationship. The identity of a reinsurer is not incidental to a reinsurance arrangement. It is instead a bargained-for feature of the parties’ commercial relationship, reflecting a cedent’s assessment of counterparty credit risk, financial strength, concentration risk, and contractual protections.

3. Through the Plan of Division and Merger filed by TLIC on May 12, 2026, as amended by Amendment No. 1 on July 29, 2026 (the “Proposed Plan”), TLIC and SGLUSA seek to collapse the differences between a “policyholder” and a “cedent” and rewrite the Iowa Division Law in a manner that suits their commercial goals. *See* AGL Ex. 1. That is what the Plan Proponents themselves concede they are doing in the operative documents, wherein they state:

WHEREAS, cedants of TLIC will be treated as occupying the position of policyholders, and retrocessionaires of TLIC will be treated as occupying the position of reinsurers, within the meaning of the Iowa Division Law.

AGL Ex. 1 at PDF 12 of 154.¹ This rewriting of the Iowa Division Law is not permissible under any rule of statutory interpretation.

4. The Commissioner’s task in the first instance is therefore to determine whether a statute that speaks only in the language of “policyholders” can be transformed by substituting in all instances the word “cedents,” who have reinsurance contracts with reinsurers like TLIC, for the word “policyholders,” who have insurance policies with their direct carriers. AGL respectfully

¹ Citations to the Proposed Plan (AGL Ex. 1) refer to the PDF pagination of the original Plan filed on May 12, 2026, unless otherwise stated.

submits that the answer is no. The Proposed Plan’s effort to recast cedents as policyholders cannot create statutory authority the Iowa legislature did not grant, and approving the unprecedented use of the Iowa Division Law for such purpose would create uncertainty for cedents and upend the broader reinsurance market.

5. That is precisely why AGL intervened in these proceedings. Initially, cedent interests in these proceedings were represented by John Hancock Life Insurance Company (U.S.A.) and its affiliate The Manufacturers Life Insurance Company (Bermuda Branch) (collectively, “John Hancock”). But when Amendment No. 1 removed John Hancock’s treaties from the Proposed Plan, John Hancock withdrew—leaving no cedent voice. The same statutory concerns previously raised by John Hancock about the application of the Iowa Division Law apply equally to AGL, whose treaties remain directly at issue, and to every other cedent still subject to the Proposed Plan. As such, the arguments below adopt in large part the arguments made in John Hancock’s Motion for Summary Judgment dated July 20, 2026. While the motion itself was rendered moot as to John Hancock as a result of TLIC’s decision to exclude John Hancock from the Proposed Plan, the statutory question was not rendered moot as to AGL or any other cedent.

6. To be clear, AGL believes that the Proposed Plan fails the relevant tests in the Iowa Division Law and the Iowa Merger Law *even if* cedents like AGL are “treated as occupying the position of policyholders . . . within the meaning of the Iowa Division Law,” as the Plan Proponents wish. Those issues are addressed separately in AGL’s pre-hearing filings. However, as the Commissioner has recognized, the Proposed Plan raises issues of first impression, and one of those issues is whether the Iowa Division Law can be transformed into a law that applies to the business of reinsurance. AGL therefore requests a ruling from the Commissioner that the Iowa Division Law by its terms is limited to the division of insurance policies, not assumed reinsurance

obligations. Accordingly, the Commissioner should deny approval of the Proposed Plan on the grounds that the transaction contemplated therein lacks statutory authority.

BACKGROUND

I. THE DIFFERENCES BETWEEN INSURANCE AND REINSURANCE

7. The statutory question before the Commissioner must be resolved by reference to the language selected by the legislature. Accordingly, we begin with a background that is well known to the Commissioner but is not widely understood by the public and may be unfamiliar to many lawyers and judges. A review of several foundational principles, along with a brief background about the parties' dealings, shows why the Iowa Division Law does not apply to assumed reinsurance. Simply put, the legislature had no reason to extend the Iowa Division Law to the cedent-reinsurer relationship and ample reason not to do so.

8. Reinsurance contracts are complex devices entered into by sophisticated parties to facilitate the transfer of risks arising from insurance contracts. Statutes, regulations, and case law recognize a clear distinction between insurance and reinsurance. A reinsurer and a cedent do not have the same relationship as an insurer and its policyholder, and the negotiation, pricing, and selection of reinsurance contracts and counterparties do not resemble the process that occurs in the retail insurance market.

9. Iowa statutes routinely distinguish between insurers and reinsurers. *See* Iowa Code § 521C.2 (separately defining “insurer” and “reinsurer”). The Iowa legislature has long recognized that insurance and reinsurance are distinct lines of business involving different relationships among the parties.

10. Insurance, in its ordinary sense, is a promise sold to the public. A family purchases a life insurance policy to protect against the loss from death of a primary earner. The policy is a standardized contract that has undergone regulatory review, and the expectation is that the two

parties – insurer and insured – are inherently in an uneven bargaining position. The whole body of consumer insurance regulation reflects a deliberate allocation of roles: in the retail consumer market, protection comes from regulation, not from individual negotiation. Policyholders rely on that framework—reasonably, and by design.

11. Iowa is no different: the legislature has charged the Commissioner with “provid[ing] assistance to the public and to consumers of insurance products and services in this state.” Iowa Code § 505.8(6). The Commissioner’s charge in regulating the insurer-policyholder relationship is not replicated for the cedent-reinsurer relationship.

12. That is because reinsurance is an entirely different business conducted between differently situated parties on entirely different terms. Reinsurance is a risk-sharing mechanism between equally sophisticated parties where the direct insurance company that issues policies to consumers (the “cedent”) transfers, or “cedes,” a portion of the risk from its own policies to another company (the “reinsurer”) in exchange for a negotiated share of the premium paid by the consumer. The reinsurer is not in privity of contract with consumers; its counterparty is another commercial entity. The contract that accomplishes this transfer is known in the industry as a reinsurance “treaty,” a term that itself signals that these agreements are not standardized policies issued to the public, but negotiated contracts between companies. In the life insurance space, a reinsurer usually does not reinsure a single policy. Rather, it agrees to reinsure a block of business that can include thousands of policies issued to thousands of consumers.

13. The retail policyholder is a stranger to the reinsurance arrangement. The policyholder’s contract is only with the issuing company; the reinsurance treaty sits behind it, invisible to the consumer, allocating risk between two companies and continuing or concluding without the consumer ever knowing about it.

14. A reinsurance treaty is described differently depending on which side of it a company sits. From the cedent's side, the risk it shares is "ceded" reinsurance—protection the cedent has purchased. From the reinsurer's side, the risk it takes on is "assumed" reinsurance—obligations the reinsurer owes. And because reinsurers are themselves cognizant of the exposure, a reinsurer may choose to further diffuse risk by passing along part of the risk it has assumed to yet another reinsurer. That second-level transaction is a "retrocession;" the reinsurer passing along the risk is the "retrocedent," and the reinsurer accepting it is the "retrocessionaire." At every level, the structure is the same: sophisticated companies bargain with one another over who will bear risk under individualized terms.

15. Nothing about these transactions resembles the consumer transaction described above. There are no standardized forms filed with regulators. Each treaty is a bespoke contract drafted by companies equally equipped to negotiate every term. As one authority puts the point, there is "no such thing as the 'average' reinsured or the 'average' reinsurance price"—each treaty is individually negotiated and individually priced to the particular needs and risk profile of the ceding company. AGL Ex. 2, David R. Clarke, *Basics of Reinsurance Pricing: Actuarial Study Note* at 2 (Revised 2014), available at <https://www.soa.org/globalassets/assets/files/edu/edu-2014-exam-at-study-note-basics-rein.pdf>. The negotiations are extensive because they must be; the mutual obligations under a life reinsurance treaty routinely continue for decades, until the last underlying policy within the reinsured block terminates by death, lapse, or maturity. Every provision reflects a deliberate, bargained-for allocation of risk between two companies that each employ armies of actuaries and lawyers.

16. Chief among the terms a cedent bargains for is the identity of its counterparty. A cedent choosing a reinsurer is not a consumer choosing a brand; it is a company deciding who it

will trust to satisfy its obligations for not just one policy, but perhaps hundreds of thousands of policies. Actuarial standards of practice require ceding companies to assess “counterparty risk.” That is defined to mean “[t]he risk that any counterparty does not fulfill its contractual obligations,” or to put it more simply, the risk that the company on the other side of the treaty will be unable to pay when the time comes. AGL Ex. 3, Actuarial Standard of Practice No. 11, Treatment of Reinsurance or Similar Risk Transfer Programs Involving Life Insurance, Annuities, or Health Benefit Plans in Financial Reports (April 2021), available at https://www.actuarialstandardsboard.org/wp-content/uploads/2021/05/asop011__199.pdf

17. Cedents deliberately spread their business among multiple reinsurers so that no single failure can imperil them. And—critically—cedents protect these judgments the way sophisticated commercial parties always do: *by contract*.

18. A reinsurer that wants another company to be substituted in its place and to stand behind its treaty obligations has two well-worn paths. The difference between them is stark.

19. The first is indemnity reinsurance. The reinsurer buys its own reinsurance, but its obligations to its cedents remain entirely intact; the cedent’s treaty is untouched, and the cedent’s counterparty is unchanged. Because nothing about the cedent’s rights changes, including the counterparty with which it originally bargained with, nothing requires the cedent’s consent.

20. The second path is a consensual novation—a process by which the reinsurer is actually *replaced* as a party to the treaty, its obligations extinguished and a new obligor substituted in its place. A novation changes the one thing the cedent bargained hardest for—the identity of the company that owes it money—and for precisely that reason, reinsurance contracts generally require the cedent’s consent.

21. And that is the fundamental distinction that frames everything that follows. In the retail consumer market, protection comes from the regulatory framework because individual negotiation is not permitted. In the reinsurance market, protection comes from the contract itself because negotiation is the whole point. The policyholder relies on the statute; the cedent relies on its bargain.

II. AGL AND TLIC HAVE A REINSURANCE RELATIONSHIP, NOT AN INSURANCE RELATIONSHIP

A. Overview of the AGL and TLIC Reinsurance Treaties.

22. TLIC is seeking to transfer its reinsurance obligations to SGLUSA for forty-seven treaties where AGL is the cedent (collectively, “Treaties”). *See* AGL Ex. 4.

23. The Treaties cover both Yearly Renewable Term (“YRT”) and Coinsurance business with effective dates ranging from November 1, 1974, to December 31, 2006. The nature of the business reinsured under the Treaties speaks to the importance of preserving the intended contractual counterparties.

24. YRT reinsurance agreements cover mortality risk associated with the underlying policies. Their obligations continue until the underlying policies terminate by death, lapse, or maturity, making the identity and financial strength of the reinsurer material to the cedent’s long-term risk management.

25. The Coinsurance Treaties involve more than mortality risk. They allocate proportionate shares of the economics of the underlying business, including premiums, investment returns, and expenses. They likewise reflect a long-term commercial bargain between AGL and TLIC. This is precisely why AGL selected TLIC as its reinsurance counterparty on the Treaties after evaluating counterparty credit risk, concentration risk, and financial strength.

26. Under the Treaties, TLIC acts as AGL's reinsurer, not its insurer. Contrary to the Plan Proponents' attempts to argue otherwise, AGL is TLIC's cedent, not TLIC's policyholder. AGL's underlying policyholders are not parties to the Treaties.

B. TLIC Retrocedes its Liabilities to SCOR in 2011.

27. In 2011, TLIC sought to extricate itself from its assumed reinsurance business issued under the Transamerica Re brand. It chose the first of the two paths described above: indemnity reinsurance. *See* AGL Ex. 1 at PDF 2 of 154. It entered into retrocessional agreements, ceding 100% of its assumed reinsurance business to SCOR Global Life Americas Reinsurance Company ("SGLA"), an affiliate of SGLUSA, and named SGLA its agent and attorney-in-fact for administration of that business. *See* AGL Ex. 25. Because TLIC and SGLA structured their transaction as indemnity reinsurance, it changed nothing about AGL's contractual position; AGL remained in privity solely with TLIC, and TLIC remained ultimately responsible to AGL on the Treaties. Because TLIC and SGLA chose to structure their retrocession on a "reinsurance indemnity basis," TLIC remained directly liable to AGL under the Treaties regardless of TLIC's separate contractual relationship with SGLA. *See id.*

28. According to the Proposed Plan, the 2011 transaction resulted in SGLA assuming responsibility for the economics and administration of TLIC's reinsurance business. *See id.* Because TLIC remains AGL's counterparty, any action taken by SGLA in managing TLIC's reinsurance agreements is as a result of a delegation of agency authority by TLIC.

C. AGL's Consent for a Novation Was Sought in 2012.

29. In 2012, SGLA proposed taking the second path described above: it asked to novate the Treaties from TLIC to one or more SGLA entities. *See* AGL Ex. 5. That path did require AGL's consent, and AGL declined to give it. Under ordinary principles of contract law that was the end of the matter. TLIC remained AGL's contractual counterparty exactly as the Treaties provide, and

SGLA did not raise the issue of novation with AGL again after 2012. The fact that SGLA sought this novation is reflective of its understanding that indemnity reinsurance and novation are two very different things. Moreover, at no time did SGLA or TLIC ever argue that AGL's consent had been improperly withheld.

LEGAL STANDARD

30. The issues presented in this Pre-Hearing Memorandum are questions of statutory authority and interpretation. The Commissioner must determine whether Chapter 521I authorizes the division of assumed reinsurance obligations. If he does, a separate step requires a determination of whether the Proposed Plan satisfies every applicable approval requirement. Those requirements include findings that the Proposed Plan “is not unfair or unreasonable to the policyholders of the dividing insurer and is not contrary to the public interest,” Iowa Code § 521I.8(3)(a), and that every resulting insurer “will be qualified and eligible to receive a certificate of authority to transact the business of insurance in this state,” *id.* § 521I.8(3)(c).

31. Statutory interpretation necessarily involves analyzing the language of the statute to determine what the statute means. The first step “is determining whether the meaning of the provision is ambiguous; if it is not, we go no further and apply the unambiguous meaning of the language used in the provision.” *See Com. Bank v. McGowen*, 956 N.W.2d 128, 133 (Iowa 2021) (“If the text of a statute is plain and its meaning clear, we will not search for a meaning beyond the express terms of the statute or resort to rules of construction.”) (internal citations and quotations omitted). If the text is ambiguous, canons of statutory construction are used to determine what the ambiguous language of the statute means. *See State v. Doe*, 903 N.W.2d 347, 351 (Iowa 2017) (“If there is no ambiguity, we apply that plain meaning. Otherwise, we may resort to other tools of statutory interpretation.”)

32. Ambiguity may arise in two ways: (1) from the specific language used in the statute or (2) when the provision is considered in the context of the entire statute or other related statutes. *See Iowa Ins. Inst. v. Core Grp. of Iowa Ass’n for Just.*, 867 N.W.2d 58, 72 (Iowa 2015). “In other words, even if the meaning of words might seem clear on their face, their context can create ambiguity.” *Id.* “[T]he determination of whether a statute is ambiguous does not necessarily rest on close analysis of a handful of words or a phrase utilized by the legislature, but involves consideration of the language in context.” *State v. Richardson*, 890 N.W.2d 609, 616 (Iowa 2017) (alteration in original).

ARGUMENT

I. LEGISLATURES HAVE CREATED TWO DISTINCT TOOLS FOR TRANSFERRING INSURANCE OBLIGATIONS WITHOUT CONSENT—AND IOWA ENACTED ONLY ONE OF THEM

33. An insurer, like any contracting party, cannot shed its obligations by simply handing them over to someone else; a true substitution of obligors—a novation—requires the consent of the party owed the obligation. For an insurer that issues retail policies, that rule long made certain restructurings practically impossible. An insurer wishing to move a block of thousands of policies to another entity would need to reach every policyholder and obtain an affirmative answer from each. Such an undertaking may not realistically be possible since many policyholders may have moved or changed contact information over the decades a policy stays in force, and many more simply never respond to mail about a transaction that does not change their coverage. A novation that made economic sense and that did not affect the interests of policyholders could never be completed—not because anyone objected, but because a consent process at that scale could not practically be accomplished.

34. State legislatures responded with two distinct statutory tools, and the industry has spent years discussing exactly this distinction. The first tool is the Corporate Division statute. Modeled on longstanding corporate law and as described by the National Association of Insurance Commissioners (“NAIC”), “akin to reverse mergers,” a division statute allows an insurer to split itself in two, allocating its policies and liabilities between the resulting companies by operation of law. *See* AGL Ex. 6, NAIC, *Restructuring Mechanisms: An NAIC White Paper*, at 8 (Dec. 11, 2025), available at <https://content.naic.org/sites/default/files/committees-pending-action-restructuring-mechanisms.pdf> (“NAIC White Paper”). In place of the individualized consent that cannot feasibly be gathered from a mass of policyholders, the statute substitutes regulatory scrutiny for: (1) notice to the public, (2) a public hearing, and (3) the Commissioner’s findings that policyholders will be adequately protected and that each resulting insurer will be qualified and capitalized to honor the policies allocated to it. The safeguards are policyholder safeguards because the consent being excused is policyholder consent.

35. The second tool is the Insurance Business Transfer statute, or IBT—a mechanism modeled on the United Kingdom’s Part VII transfers. *See id.* Part VII transfers and their IBT equivalent are distinct legal mechanisms precisely because they allow insurance or reinsurance obligations to move to a new sophisticated counterparty with finality, but importantly, they require court approval. *See id.* at 22. When a legislature wants to authorize the consent-free transfer and statutory novation of reinsurance obligations—obligations owed not to dispersed consumers but to sophisticated counterparties—it uses this tool, and it says so in words. The National Council of Insurance Legislators (“NCOIL”) IBT Model Act defines an “Insurance Business Transfer” as a transfer and novation of “contracts of insurance or reinsurance,” defines “Policy” to include “a contract of reinsurance,” and defines “Policyholder” to mean “an insured or a reinsured.” *See*

AGL Ex. 7, NCOIL, *Insurance Business Transfer Model Act* (Readopted Nov. 2025) at 2–3, available at <https://ncoil.org/wp-content/uploads/2026/02/NCOIL-IBT-Model-November-2025.pdf> (“NCOIL IBT Model Act”) (emphases added). And because IBT statutes excuse the consent of parties who *could* have been asked, they carry heightened safeguards that division statutes lack, including the requirement of court approval.

36. The court approval component is critical to IBT statutes. Because statutory novation through IBT statutes can replace a cedent’s bargained-for contractual counterparty without consent, the court supplies an external check on whether the statutory standards have been met and gives affected parties a forum to object before their critical rights are altered. *See* AGL Ex. 7, NCOIL, *Insurance Business Transfer Model Act* (Readopted Nov. 2025) at 1–2 (“[The] purposes [of an IBT] are accomplished by providing a basis and procedures for the transfer and statutory novation of policies from a transferring insurer to an assuming insurer by way of an Insurance Business Transfer without the affirmative consent of policyholders or reinsureds. The novation is effected by court order.”). That protection is especially important for cedents because their principal risk in assumed reinsurance statutory novation is not whether a retail policy remains unchanged, but whether the reinsurer they selected and monitored will be replaced by another without the benefit of the cedent’s negotiated consent right.

37. The two tools are not interchangeable, and no one in the industry treats them as such. The NAIC observes that “the most significant differences that exist in [corporate division] laws are not among themselves, *but rather in comparison to IBT statutes*.” AGL Ex. 6, NAIC White Paper at 12 (emphasis added). NCOIL calls them “similar but distinct restructuring mechanisms.” AGL Ex. 8, NCOIL, *NCOIL Adopts Insurer Division Model Act* (May 3, 2021), available at <https://ncoil.org/news/ncoil-adopts-insurer-division-model-act/>. States that want both

enact both: Illinois and Georgia each adopted a division statute *and*, separately, an IBT statute expressly reaching contracts of “insurance or reinsurance.” *See* AGL Ex. 9, 215 Ill. Comp. Stat. 5/35B-1; AGL Ex. 10, 215 Ill. Comp. Stat. 5/1703; AGL Ex. 11, Ga. Code Ann. §§ 33-14-120 *et seq.*; AGL Ex. 12, Ga. Code Ann. 33-52-10 *et seq.* Neither state would have needed two statutes if one did the other’s work.

38. Iowa enacted only one statutory option: a Corporate Division statute. The Iowa Division Law thereafter served as a basis for the NCOIL Insurer Division Model Act—the model that defines “Policyholder” as “the owner of an insurance policy,” with no mention of reinsureds. *See* AGL Ex. 13. Iowa has never enacted an IBT law.

II. THE IOWA DIVISION LAW APPLIES ONLY TO INSURANCE POLICIES NOT TO REINSURANCE CONTRACTS

39. The Iowa Division Law reads exactly as its lineage predicts. The words “policy” and “policyholder” appear twenty-two (22) times in the statute; the words “cedent” and “reinsured” appear zero times. Its approval standards are calibrated to the consumer relationship: the Commissioner must find that the plan “is not unfair or unreasonable to the policyholders of the dividing insurer and is not contrary to the public interest,” Iowa Code § 521I.8(3)(a), and that every resulting insurer “will be qualified and eligible to receive a certificate of authority to transact the business of insurance in this state,” *id.* at § 521I.8(3)(c). Each safeguard supplies, through the regulatory framework, the protection that the consumer market delivers by regulation rather than by individual bargaining—the same protection that cedents like AGL obtained at the negotiating table.

40. The statute’s few references to “reinsurance” fit the same design. When an insurer divides its policies, the *ceded* reinsurance it purchased to protect those policies is an asset that must travel with them—so a division statute naturally requires the plan to describe “the manner by which

the dividing insurer proposes to allocate all reinsurance contracts,” Iowa Code § 521I.2(5), and to give notice to the reinsurers whose contracts are affected. Allocating the reinsurance an insurer has bought alongside the policies it has issued is the hallmark of a policyholder-focused division. And it is a very different thing from authorizing a reinsurer to divide and novate the obligations it assumed from its cedents in the sophisticated risk-management market. Indeed, it would be incongruous for the legislature to leave it to the Commissioner to decide who should and should not be AGL’s reinsurance counterparty.

41. Nevertheless, the Proposed Plan invokes this statute for the division and transfer of TLIC’s assumed reinsurance obligations. The text of the draft Plan of Division recites that “cedants of TLIC will be treated as occupying the position of policyholders, and retrocessionaires of TLIC will be treated as occupying the position of reinsurers, within the meaning of the Iowa Division Law.” AGL Ex. 1 at PDF 12 of 154. That runs contrary to basic rules of statutory interpretation.

42. The Iowa Division Law must be read according to what it expressly provides for, with a recognition of what it does not provide for. That analysis focuses not only on the terms used by the legislature, but also the context in which those terms are used. As the Iowa Supreme Court has warned:

[L]egislators do not legislate one word at a time, and statutes cannot be read with blinders, dissecting a provision one word at a time, setting that word aside, and then moving to the next to address its meaning outside the context of the other words used in the provision or how the provision fits into the greater statutory scheme. See Norman J. Singer & J.D. Shambie Singer, 2A Sutherland Statutory Construction § 46:5 (7th ed. rev. 2014) (“A statutory subsection may not be considered in a vacuum, but must be considered in reference to the statute as a whole”). Rather, context is critical, and context comes from “the language’s relationship to other provisions of the same statute and other provisions of related statutes.”

Beverage v. Alcoa, Inc., 975 N.W.2d 670, 681 (Iowa 2022) (quoting *Commerce Bank v. McGowen*, 956 N.W.2d 128, 133 (Iowa 2021)). If context is critical, as the Supreme Court has warned, the

context here cannot be ignored: the Iowa Division Law applies to policyholder liabilities, not reinsurance ones.

A. The Language of the Statute Relates to Retail Insurance, Not Assumed Reinsurance.

43. In applying the Iowa Division Law, the Commissioner must “determine the fair and ordinary meaning of the statutory language at issue.” *See State v. Davis*, 922 N.W.2d 326, 330 (Iowa 2019) (“We give words their ordinary meaning absent legislative definition.”); *accord* Iowa Code § 4.1(38) (“Words and phrases shall be construed according to the context and the approved usage of the language . . .”). That is where the Plan Proponents’ approach to the statute fails: their pronouncement that “cedants of TLIC will be treated as occupying the position of policyholders, and retrocessionaires of TLIC will be treated as occupying the position of reinsurers, within the meaning of the Iowa Division Law” runs contrary to the Iowa Supreme Court’s instruction on statutory interpretation. *See* AGL Ex. 1 at PDF 12 of 154. If the Plan Proponents have to substitute words into the Iowa Division Law, they are not ascribing to those words “the fair and ordinary meaning” of the statutory language at issue; they are rewriting the legislative choice that Iowa made.

44. The language of insurance and reinsurance does not equate policyholders and cedents. Courts across the country have recognized the terms widely used in each of those contexts:

Under a reinsurance contract, the original insuring entity (the “cedent”) transfers (or “cedes”) part or all of its risk under its policy or insurance to another entity (the “reinsurer”), along with a share of the premium. Reinsurers often further reinsure their obligation, as “retrocedents,” to other reinsurers, known as “retrocessionaires.”

Typically, the cedent enters into insurance contracts with its policyholders that provide coverage for losses incurred by the policyholder during the policy period. Once a cedent pays a claim to or on behalf of a policyholder, the cedent submits claims to the reinsurer under the terms of the reinsurance contract. Once the reinsurer has paid the claim to the cedent, the reinsurer, as retrocedent, then submits claims to the retrocessionaire under the terms of the retrocessional contract.

Trenwick Am. Reinsurance Corp. v. IRC, Inc., 764 F. Supp. 2d 274, 282 n.3 (D. Mass. 2011). Here, the positions occupied by the parties to this proceeding cannot be reasonably disputed:

- AGL is a cedent of TLIC, not a policyholder.
- TLIC acts as a reinsurer to AGL, not an insurer.
- TLIC is also a retrocedent with respect to its relationship with the SCOR entities.
- The SCOR entities are retrocessionaires with respect to TLIC.

45. By substituting in the language of reinsurance into a statute that uses the language of insurance, the Plan Proponents are changing the statute. That is fundamentally at odds with rules of statutory interpretation. In searching for legislative intent, the Commissioner is “bound by what the legislature said, not by what it should or might have said. So [he] cannot under the guise of statutory interpretation enlarge or otherwise change terms of a statute.” *Tallman v. W.R. Grace & Co.*, 558 N.W.2d 208, 210 (Iowa 1997).

46. Here, the Plan Proponents seek to change the terms of the Iowa Division Law, most obviously in the following three ways.

47. *First*, they are substituting the word “cedent” into the statute where the legislature expressly used the word policyholder. As noted above, the term “policy” or “policyholder” is used twenty-two (22) times in the Iowa Division Law; in contrast, the word “cedent” is not used once. The term “policyholder” is widely understood to mean the holder of a direct insurance policy issued by an insurance company. *See* AGL Ex. 14, Nat’l Ass’n of Ins. Comm’rs, *01 RHS 081823 Materials* 1 (Aug. 18, 2023), available at https://content.naic.org/sites/default/files/call_materials/01%20RHS%20081823%20Materials.pdf (defining “policyholder” as “the original insured”); AGL Ex. 15, Graydon S. Staring & Dean Hansell, *Law of Reinsurance* § 3:1, Westlaw (Mar. 2026 update) (using the terms “policyholder” and “cedent” to refer to distinct

actors). Black's Law Dictionary defines policyholder as "[s]omeone who owns an insurance policy, regardless of whether that person is the insured party." AGL Ex. 16. Policyholder, *Black's Law Dictionary* (10th ed. 2014). Webster's Third New International Dictionary similarly defines policyholder as "one . . . granted an insurance policy." AGL Ex. 17. Policyholder, *Webster's Third New International Dictionary* (2002). Its ordinary use does not include a cedent under a reinsurance contract, and if the legislature wished to broaden the definition of "policyholder" to include a cedent or a reinsured, it could have done so.

48. TLIC clearly understands the difference between a policyholder and a cedent. In "Talking Points and Q&A" created for public consumption, TLIC states that "the transaction will not impact Transamerica policyholders." AGL Ex. 18. Here, TLIC is not talking about "cedents;" it is talking about the consumers to whom they have issued direct insurance contracts. In contrast, later in that same document, TLIC refers to "ceding company" concerns. *See id.* Those ceding companies are not TLIC's policyholders.

49. Second, the Plan Proponents are substituting the word "retrocedent" for "reinsurer" where the legislature expressly used the word "reinsurer." Those are two different concepts. A "retrocedent" is a "reinsurer who reinsures all or part of its assumed reinsurance with another reinsurer." *See* AGL Ex. 19, Reinsurance Ass'n of Am., *Glossary of Reinsurance Terms*, available at <https://www.reinsurance.org/RAA/RAA/About-the-RAA/Glossary/GlossaryofReinsurance%20Terms.aspx> (last accessed Aug. 12, 2026). Coupled with the shift of "policyholder" to "cedent," this serves to shift the entire statutory framework from one that governs the retail, consumer-oriented relationship between a policyholder and an insurer, to one that purportedly addresses commercial relationships in the broader risk management industry.

50. *Third*, the Plan Proponents try to find support for their rewriting of the Iowa Division Law by pointing to the use of the word “reinsurance” in the statute. *See* Iowa Code §§ 521I.2(5); 521I.8(1), (4); 521I.10(1)(f); 521I.12(3). The plain language of the statute reflects the fact that the “allocation of reinsurance” relates to the allocation of ceded reinsurance that accompanies the policy liabilities being divided. That is obvious from the context of the use of the term. When a policy is being transferred to a resulting insurer, that policy might be subject to a reinsurance agreement where the risk of loss on that policy is ceded to a reinsurer. It is that reinsurance agreement that is allocated along with the policy. That language cannot be fairly read as overriding the word “policyholder” to mean “cedent” everywhere in the statute.

51. This is why the statute viewed as a whole defeats the Plan Proponents’ position. As the Iowa Supreme Court stated, “statutes cannot be read with blinders, dissecting a provision one word at a time, setting that word aside, and then moving to the next to address its meaning outside the context of the other words used in the provision” *Beverage*, 975 N.W.2d at 681. One example of this context is in Section 521I.2 of the Iowa Division Law, which sets forth the general requirements for a Plan of Division. The word “insurer” is used thirteen (13) times in that one section. It discusses the allocation of “policy liabilities.” The “allocation” of “all reinsurance contracts” speaks to the assets that are being allocated (ceded reinsurance), not to an authorization to divide assumed reinsurance liabilities. Using that single use of “reinsurance” in Section 521I.2 to dramatically expand the legislature’s chosen framework would not interpret the law; it would create a new law.

B. Substitution of Terms Renders Sections of the Statute Meaningless.

52. As cited above, the Iowa Supreme Court has advised that context is critical, and it is derived from “the language’s relationship to other provisions of the same statute and other

provisions of related statutes.” *Commerce Bank*, 956 N.W.2d at 133. Here, critical context comes from the full text of the Iowa Division Law.

53. First, the requirements can only be reasonably interpreted to have been drafted in contemplation of the retail consumer market. For example, one of the findings the Commissioner must make in approving the Proposed Plan under the Iowa Division Law is that:

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.

Iowa Code § 521I.8(3)(a). Here, the use of the word “policyholder,” the Commissioner’s task of protecting “policyholders,” and the requirement that the Proposed Plan not be contrary to the public interest make sense when those terms are applied in accordance with their ordinary meaning, *i.e.*, to consumers of insurance products. The Commissioner is tasked by statute with “provid[ing] assistance to the public and to consumers of insurance products and services in this state.” Iowa Code § 505.8. The Commissioner can conduct administrative hearings to “protect the public interest or consumers.” *Id.* And while certain aspects of the reinsurance industry certainly fall within the Commissioner’s purview, determining whether a plan of division is “unfair or unreasonable to the policyholders” or “contrary to the public interest,” is a textbook reference to the direct insurance market. The reinsurance market, which is populated by corporations contracting with corporations, is not the hallmark of “public” or “policyholder” oversight.

54. Second, the context of the use of “insurer” in the statute can also be gleaned from related Iowa statutes. For example, the Iowa Unauthorized Insurers Act contains a definition of “insurer” that defines what it means to engage in the “business of insurance” in Iowa. *See* Iowa Code § 507A.3. That includes things like:

- a. The making of or proposing to make, as an insurer, an insurance contract.

- Id.* These are steps directed toward the retail consumer market, not the reinsurance market. In fact, the Iowa Unauthorized Insurers Act excludes reinsurance from its purview, further demonstrating that the Commissioner's responsibilities, and the legislature's focus are on the regulation of retail insurance policies. *See* Iowa Code § 507A.4(2).

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 this state.

21

57. Indeed, this is the very type of “context” the Iowa Supreme Court has stated is a foundational element of statutory interpretation. “It is a ‘cardinal rule of statutory construction that when [the legislature] employs a term of art, it presumably knows and adopts the cluster of ideas that were attached to each borrowed word in the body of learning from which it is taken.’” *Beverage*, 975 N.W.2d at 682 (quoting *Air Wis. Airlines Corp. v. Hoeper*, 571 U.S. 237, 247–48 (2014)). Having imposed a requirement using a term of art – “certificate of authority” – it is evident that the legislature was bringing with it the associated “cluster of ideas.” That indicates the legislature’s intent for the resulting insurer to be one engaged in the business of insurance, not the business of reinsurance.

58. Fourth, in their publicly filed Responses to John Hancock’s Petition in Intervention, the Plan Proponents sought to shift the manner in which they rewrite the statute.² Despite having expressly announced their intention to treat cedents as “policyholders,” the Plan Proponents took a different position in their public Responses and attempted to recast cedents as “creditors,” whose interests the Commissioner is also tasked with protecting. *See* Iowa Code, § 521I.8(3)(a).

59. This after-the-fact argument does not cure the defect in the Plan Proponents’ approach; rather, it confirms that the Proposed Plan is premised on shifting labels and words to accomplish a reinsurance transfer and novation that the statute does not authorize. A creditor is widely understood to be “one to whom a debt is owed; one who gives credit for money or goods.” *See, e.g.,* AGL Ex. 21, Creditor, *Black’s Law Dictionary* (10th ed. 2014). A cedent does not give credit for money or goods, and whether a debt is owed to a cedent depends entirely on the economics of the transaction. It makes little sense that the legislature would use “creditor” as a

² Because those filings remain part of the public record and there is no indication that the Plan Proponents have disavowed that position, AGL addresses them.

substitute for “cedent,” especially for purposes of a law that is to be used in an industry where those terms have different meanings.

60. Moreover, the Plan Proponents’ “creditor” label mischaracterizes the economics of life reinsurance. Life reinsurance accounting recognizes reciprocal rights and obligations: the ceding company reports premiums or other amounts payable on reinsured risks, amounts recoverable on claims and benefits, and amounts receivable or payable for funds withheld, while the assuming company reports reinsurance premiums receivable, claims and benefit amounts payable, and funds withheld receivable or payable. *See* AGL Ex. 22, Nat’l Ass’n of Ins. Comm’rs, *Statutory Issue Paper No. 74: Life, Deposit-Type and Accident and Health Reinsurance* (Mar. 16, 1998), available at https://content.naic.org/sites/default/files/inline-files/074_p.pdf. Those reciprocal accounting entries mean the net balance in a reinsurance relationship can shift in either direction. For example, if in a given month a cedent owes \$100 million in premiums on a block of business and the reinsurer owes only \$90 million in claims or benefits, the cedent is the payor and the reinsurer is the recipient for that period.

61. Thus, neither a cedent nor a reinsurer is uniformly a “creditor” or “debtor” in any meaningful statutory sense. At most, “creditor” status is a temporary accounting consequence of a particular period. What happens if, at a moment in time, the cedent is a debtor? Are we to believe that, at that point, a cedent has no say or role in a divisional plan?

62. That is why TLIC’s and SGLUSA’s effort to recast cedents as “creditors” under the Iowa Division Law fails. The Iowa Division Law uses specific categories and gives separate treatment to policyholders, creditors, and reinsurers. The Plan Proponents therefore cannot push the Proposed Plan through by moving AGL from one statutory label to another when convenient.

63. *Finally*, to the extent the Plan Proponents argue, as they did when responding to John Hancock’s Petition in Intervention, that any treatment of cedents as “policyholders” was merely an act of “good faith,” “courtesy,” or “respect,” rather than a reflection of their legal status under the Iowa Division Law, that would be *post hoc* rationalization. *See* AGL Ex. 23 (TLIC’s Response to John Hancock’s Motion) ¶ 35; AGL Ex. 24 (SGLUSA’s Response to John Hancock’s Motion) ¶¶ 44–45, 47. The Plan Proponents initially relied on cedents’ purported status as policyholders to bring the transaction within a policyholder-focused statutory framework and to justify the transfer of reinsurance obligations under the Iowa Division Law. When confronted with the consequences of that decision, the Plan Proponents attempted to recast their treatment of cedents as a matter of mere courtesy, thereby attempting to push cedents out of these proceedings. The Commissioner should reject any similar attempt here. The Plan Proponents’ shifting characterization of cedents does not resolve the statutory problem; it merely underscores the inconsistency of their attempts to rewrite the purpose of the Iowa Division Law.

C. The Plan Proponents’ Remaining Textual Arguments Do Not Supply the Missing Authority.

64. The Plan Proponents advance three related textual arguments in their public filings. None provides a basis for the extraordinary authority the Proposed Plan requires.

65. *First*, they rely on TLIC’s status as a “domestic stock insurer.” *See* AGL Ex. 23, TLIC Resp. ¶¶ 27–30; AGL Ex. 24, SGLUSA Resp. ¶¶ 35–40. It’s simple, they say: Chapter 521I applies to any domestic stock insurer, TLIC is one, so the nature of the business being divided does not matter. TLIC puts the point expressly: “[t]he statutory trigger . . . is the identity of the dividing company, not the mix of business allocated in the division.” AGL Ex. 23, TLIC Resp. ¶ 27.

66. That argument confuses who may invoke the statute with what the statute authorizes that company to do. AGL does not dispute that TLIC is a domestic stock insurer or that

TLIC may use Chapter 521I for a transaction within the statute’s scope. But eligibility to propose a division does not itself answer whether the statute authorizes TLIC to extinguish contractual rights and accomplish a consent-free statutory novation of assumed reinsurance treaties.

67. While the Plan Proponents’ reading might sound logical on the surface, it proves to be absurd. Domestic stock insurers do not conduct only traditional insurance business. They have any number of other contractual obligations—to lenders, institutional investors, retirement-plan counterparties, landlords, vendors, and employees—which bear little resemblance to insurance policies issued to policyholders but are “liabilities” in the ordinary sense of the word.

68. If TLIC is correct that Chapter 521I “imposes no restriction on the types of assets or liabilities that may be divided,” AGL Ex. 23, TLIC Resp. ¶ 32, what is the limiting principle? Could a life insurance company allocate billions of dollars in funding-agreement obligations to a newly created insurer and thereby substitute that company as obligor without the institutional counterparty’s consent? Could an insurer likewise borrow \$500 million from a bank and later use Chapter 521I to substitute a newly created insurer as the borrower over the bank’s objection? And how would the Plan Proponents fit that transaction into Chapter 521I’s statutory categories? In those instances, would a life insurance company “treat” a bank or lender as a “policyholder,” just as the Proposed Plan declares that TLIC’s cedents will be “treated as occupying the position of policyholders”?

69. Neither label answers the fundamental question: where does Chapter 521I authorize the consent-free novation of that contractual obligation merely because the obligor happens to be a domestic stock insurer? The Plan Proponents’ reading offers no textual limiting principle. If the status of the dividing company and the breadth of the word “liabilities” are enough, Chapter 521I

becomes a mechanism for the involuntary novation of virtually any contractual obligation on an insurer's books.

70. Second, the Plan Proponents rely on Chapter 521I's express references to "reinsurance contracts." See AGL Ex. 23, TLIC Resp. ¶¶ 31–33; AGL Ex. 24, SGLUSA Resp. ¶¶ 41–43. They emphasize, in particular, the requirement that a plan describe "the manner by which the dividing insurer proposes to allocate all reinsurance contracts." AGL Ex. 23, TLIC Resp. ¶ 8 (quoting Iowa Code § 521I.2(5)). But, as discussed above, that phrase must be read in context. An insurer dividing policy liabilities may have substantial ceded reinsurance supporting those liabilities, and the statute sensibly requires a plan to identify where that reinsurance will reside.

71. The statutory terminology confirms that orientation. When Chapter 521I identifies the counterparty to affected reinsurance, it calls that party the "reinsurer." See Iowa Code §§ 521I.8(1); 521I.10(1)(f). That describes ceded reinsurance: reinsurance purchased by the dividing insurer to support liabilities the insurer owes. The relationship at issue here runs in the opposite direction.

72. Under the Treaties, TLIC itself is the reinsurer and AGL is the cedent or reinsured—terms Chapter 521I never uses. Indeed, if "all reinsurance contracts" in Section 521I.2(5) meant assumed treaties, the statute's notice scheme would be inverted. Chapter 521I requires notice to exactly two constituencies: "each reinsurer that is a party to a reinsurance contract allocated in the plan of division," Iowa Code §§ 521I.8(1), 521I.10(1)(f), and "the dividing insurer's policyholders," *id.* § 521I.8(2)(b). Nowhere does the statute require notice to cedents—the parties whose contracts the Proposed Plan most directly affects.

73. Worse still, on the Plan Proponents’ reading, the “reinsurer that is a party” to each of the Treaties is TLIC itself—meaning the statute would direct the dividing insurer to give notice *to itself* for the reinsurance it assumes and notice to its retrocessionaires for the reinsurance it retrocedes. Interpreting the Iowa Division Law in that manner would result in cedents being exempt from the statute’s notice requirements, even though they are the parties most impacted by the substitution and replacement of a reinsurance counterparty.

74. Let that sink in: Chapter 521I would empower a reinsurer to extinguish its cedents’ bargained-for contractual rights—here, protections governing billions of dollars in ceded risk—through a state proceeding of which those cedents were entitled to *no notice whatsoever*. That cannot be, because it is blackletter law that before a state proceeding may extinguish a party’s rights, “[d]ue process requires notice reasonably calculated, under all the circumstances, to apprise interested parties of the pendency of the action and afford them an opportunity to present their objections.” *United Student Aid Funds, Inc. v. Espinosa*, 559 U.S. 260, 272 (2010) (internal citations and quotations omitted).

75. No legislature deliberately writes a statute that authorizes the involuntary novation of a counterparty’s contracts while entitling that counterparty to learn of the proceeding only by accident. The Plan Proponents concede the logical gap, even if they do not realize it: SGLUSA argues that the notice cedents received was “enhanced notice” extended as a “courtesy,” flowing from the Proposed Plan’s elective decision to treat cedents as policyholders—not from any provision of Chapter 521I addressed to cedents. *See* AGL Ex. 24, SGLUSA Resp. ¶¶ 45, 47. That argument is the very flaw of the scheme. On the Plan Proponents’ reading, whether the counterparties to billions of dollars in ceded liabilities receive notice of the proceeding depends entirely on the dividing insurer’s grace. Due process does not run on courtesy, and the fact that the

Plan Proponents had to *invent* notice for cedents demonstrates that the legislature never designed this statute to reach them. The far more natural reading—the only reading on which the notice scheme is both coherent and constitutional—is that the drafters required notice to exactly the parties a division of policy liabilities touches: policyholders whose contracts are being novated, and the insurer’s own reinsurers whose obligations travel with the divided policies. Those are the only reinsurance relationships a division was understood to involve.

76. *Third*, TLIC argues that Chapter 521I’s broad references to “*all* assets and liabilities” independently resolve the issue. *See* AGL Ex. 24, SGLUSA Resp. ¶ 39 (emphasis in original); *see also* AGL Ex. 23, TLIC Resp. ¶ 32. The statute defines a “liability” broadly as a debt or obligation “arising in any manner,” and Section 521I.2 permits allocation of “assets and liabilities, including policy liabilities.” From that, the Plan Proponents reason that assumed reinsurance obligations necessarily may be allocated and novated. But if those general words themselves carry the sweeping legal consequence the Plan Proponents claim, Chapter 521I is not merely an insurance restructuring statute; it is a mechanism by which any Iowa domestic stock insurer may seek to substitute new obligors for virtually every contractual liability on its balance sheet—including billions of dollars in institutional financial obligations that involve no significant insurance risk and bear little resemblance to the policyholder relationships that dominate Chapter 521I’s text and safeguards.

77. That is an extraordinary consequence, which raises serious constitutional concerns. Nothing in Chapter 521I clearly states that the legislature intended to retroactively extinguish the right for sophisticated parties to choose their counterparty and choose how to allocate long-term risk or to accomplish the consent-free novation of assumed reinsurance treaties. And “interpretation of statutes is often powered by [] desire to avoid the constitutional problem.”

Simmons v. State Pub. Def., 791 N.W.2d 69, 74 (Iowa 2010); *see also Calabretto Bldg. Grp. v. Tradesmen Int’l, LLC*, 2023 Iowa App. LEXIS 887, at *21 (Iowa Ct. App. Nov. 8, 2023) (avoiding “an interpretation [that] would implicate the contracts clauses of the United States and Iowa constitutions”). The Iowa Division Law should not be expanded by implication to produce such constitutionally suspect (indeed, shocking) results.

78. In short, the Plan Proponents identify statutory language allowing a domestic stock insurer to divide, requiring reinsurance contracts to be accounted for in the division, and permitting the allocation of broadly defined assets and liabilities. None of that language expressly answers the materially different question presented here: whether Chapter 521I authorizes a reinsurer to discharge itself from decades-old, assumed reinsurance treaties and substitute another reinsurer as the cedent’s counterparty without consent. The authority to accomplish that statutory novation cannot be supplied merely by repeating the words “domestic stock insurer,” “reinsurance contracts,” and “all liabilities.”

III. IOWA ENACTED A CORPORATE DIVISION LAW, NOT AN INSURANCE BUSINESS TRANSFER ACT

79. The discussion in Section II above is sufficient for the Commissioner to deny the Proposed Plan. The fair and ordinary meaning of the statutory language at issue does not support the Proposed Plan, and the inquiry can end there. But should the Commissioner wish for additional industry context relevant to Corporate Division statutes, years of industry evidence support AGL’s view of the statute.

80. As noted at the outset, the insurance industry and state legislatures across the country have engaged in robust discussion about Corporate Division and IBT statutes. There is at least one consensus: a corporate division mechanism under a Corporate Division statute is materially different from a transfer under a state IBT statute. The distinction is not semantic. It is

not merely that the names differ, but that the corresponding procedures and protections differ in tandem. NAIC recognizes that the two mechanisms are different, with IBT laws modeled on UK Part VII-style transfers, while Corporate Division statutes generally follow longstanding corporate law and are akin to reverse mergers. *See* AGL Ex. 6, NAIC White Paper at 8 (Dec. 11, 2025). This is precisely why NAIC points out that “the most significant differences that exist in [corporate division] laws are not among themselves, but rather in comparison to IBT statutes.” *Id.* at 12. NCOIL has also referred to corporate division and IBT laws as “similar but distinct restructuring mechanisms.” AGL Ex. 8, NCOIL, *NCOIL Adopts Insurer Division Model Act* (May 3, 2021), available at <https://ncoil.org/news/ncoil-adopts-insurer-division-model-act/>.

81. The distinction matters here because the Plan Proponents seek the finality and counterparty substitution associated with an IBT statute, while invoking only the Iowa Division Law. The Plan Proponents’ reliance on the statute’s phrase “allocation of reinsurance contracts” cannot overcome the mismatch. Allocation of ceded reinsurance in a corporate division is not the same as a statutory novation of assumed reinsurance obligations under an IBT. A statute designed for the former cannot be stretched to supply the latter.

A. Unlike Corporate Division Statutes, IBT Statutes Expressly Authorize The Transfer And Novation of Reinsurance Obligations.

82. States that have enacted IBT statutes have expressly adopted laws intended to authorize the transfer of assumed reinsurance contracts and obligations. They have done so by doing what the Iowa legislature *could* have done: specifically saying that assumed reinsurance is included within the scope of the statute. The industry has likewise recognized that transfers of assumed reinsurance require different treatment because they effectuate statutory novations, as reflected in the policy wording of proposed statutory language that has been adopted.

83. As the Commissioner is aware, NCOIL is a national legislative organization with all fifty states participating through legislator representatives, and it has been at the forefront of discussions around restructuring statutes that states could consider. The NCOIL IBT Model Act (“IBT Model Act”), adopted in 2020, provides a clear example of how to *include* assumed reinsurance liabilities as a line of business that can be subject to a transfer. Throughout the IBT Model Act, there are references to reinsureds and reinsurance transfers. For example, the IBT Model Act defines “Insurance Business Transfer” as a transfer and novation of “contracts of insurance *or reinsurance*.” It similarly defines “Policy” to include “a contract of *reinsurance*,” “Policyholder” to mean “an insured or *a reinsured*,” and “Transferring insurer” to mean an insurer *or reinsurer*.³ See AGL Ex. 7, NCOIL, *Insurance Business Transfer Model Act* (Readopted Nov. 2025) at 2–3 (emphases added).

84. These express IBT provisions are absent from the Iowa Division Law. As the IBT Model Act shows, NCOIL and the industry treat “insurer” and “reinsurer” separately. The Iowa Division Law does not include references to “reinsureds” or transfers by a “reinsurer.” This also reflects Iowa’s legislative choice in two ways.

85. First, enacting a Corporate Division statute instead of an IBT law is a legislative choice. The Iowa legislature is presumed to be fully aware of the existence of IBT laws and has chosen not to enact one. If it does so in the future, TLIC can seek to use it and AGL can rely on all

³ The Oklahoma IBT Act informed the NCOIL Model Act and was adopted in 2018. See AGL Ex. 6, NAIC White Paper at 9. It follows the same structure as the Model Act and states that it provides procedures for the “transfer and statutory novation of policies” without the affirmative consent of “policyholders or reinsureds” and defines Insurance Business Transfers to include transfers of contracts of insurance or reinsurance. See AGL Ex. 26, Okla. Stat. tit. 36 § 1681. Other states confirm that legislatures enact IBT statutes when they intend to authorize transfers of reinsurance obligations by operation of law. For example, Arizona, Arkansas, Georgia, Illinois, Oklahoma, Rhode Island, and Vermont have all enacted IBT statutes. See AGL Ex. 6, NAIC White Paper at 2.

the protections provided in those types of laws. In the meantime, the Plan Proponents cannot make that legislative choice themselves by treating the Iowa Division Law as an IBT statute.

86. Second, the Iowa legislature limited its language to the relationship between a policyholder and an insurer without including any references to the relationship between a cedent-reinsurer, or reinsurer-retrocessionaire. That, too, is a legislative choice. The absence of any reference to “reinsureds” or transfer by “reinsurers” in the Iowa Division Law shows that the legislature did not intend for the law to be used to transfer assumed reinsurance obligations by operation of law. *See Drake v. Polk County Bd. of Supervisors*, 340 N.W.2d 247, 249 (Iowa 1983) (“In construing statutes the court searches for legislative intent as shown by what the legislature said, rather than what it should have or might have said.”).

87. Indeed, when other states addressed transfer of reinsurance obligations, they enacted separate IBT laws in addition to existing division laws. Illinois is particularly instructive because it already had a division statute allowing an insurer to “divide into 2 or more resulting companies pursuant to a plan of division,” yet later enacted a separate IBT statute to provide “a basis and procedures for the transfer of . . . policies” by an insurance business transfer. *See* AGL Ex. 9, 215 Ill. Comp. Stat. 5/35B-1, § 35B-15 (Illinois division law); AGL Ex. 10, 215 Ill. Comp. Stat. 5/1703 (Illinois IBT law). The Illinois IBT statute expressly states that its purpose is to provide “finality” for transfers while protecting “policyholders, reinsurers, and claimants.” AGL Ex. 10, 215 Ill. Comp. Stat. 5/1703 (emphasis added). It expressly allows for transfers “without the affirmative consent of policyholders or reinsureds,” unlike the earlier enacted Corporate Division law. *Id.* It also defines “Policyholder” to include “an insured” or “a reinsured.” *Id.* at § 1705. By contrast, its earlier enacted Corporate Division statute operates through corporate succession and confirms that the allocation of a policy or other liability does not “reduce the

allocation and assignment of reinsurance as stated in the reinsurance contract,” further emphasizing the key differences between the Corporate Division statute mechanisms and IBT statute transfers. *See* AGL Ex. 9, 215 Ill. Comp. Stat. 5/35B-1, § 35B-15 (Illinois division law).

88. Georgia, like Illinois, also enacted a division statute under which a “division” occurs when an insurer “divides into two or more resulting domestic insurers,” before it later enacted a separate IBT statute. *See* AGL Ex. 11, Ga. Code Ann §§ 33-14-120 *et. seq.*; AGL Ex. 12, Ga. Code Ann §§ 33-52-10 *et seq.* Georgia’s IBT statute expressly defines an “insurance business transfer” as a “transfer and novation” that transfers obligations and risks under existing contracts of “insurance or reinsurance” from a transferring insurer to an assuming insurer. AGL Ex. 12, Ga. Code Ann § 33-52-12(8) (emphasis added). Georgia’s IBT statute also defines “Policy” to include “a contract of reinsurance” and “Policyholder” to mean “an insured or a reinsured under a policy . . .” *Id.* at §§ 33-52-12(13), (14). Georgia’s Corporate Division statute, by contrast, provides that policies are allocated among resulting insurers and that the resulting insurers are liable “as successors to the dividing insurer, and not by transfer.” AGL Ex. 11, Ga. Code Ann § 33-14-128(6). That contrast supports the conclusion that a Corporate Division statute and an IBT statute perform different functions: one allocates corporate assets and liabilities among resulting insurers (and excludes reinsurance contracts and liabilities) and the other expressly transfers and novates insurance or reinsurance obligations and directly addresses policyholders and reinsureds. Otherwise, Georgia and Illinois would not need both statutes.

89. The Iowa Division Law should be read against the backdrop of these other state statutory examples. The Iowa Division Law defines only the corporate division concepts needed for insurers, not reinsurers. If the Iowa legislature intended the Corporate Division statute to operate as an IBT statute for reinsurance obligations, it would have passed an IBT law or included

language similar to the IBT Model Act or other state IBT laws to make its intent clear. But it did not do so, thus choosing to exclude the transfer of reinsurance obligations from its statutory framework. *See Estate of Wilson*, 202 N.W.2d 41, 44 (Iowa 1972) (“[L]egislative intent is expressed by omission as well as by inclusion.”).

B. The Model Acts Confirm That Cedents Are Not “Policyholders” Under Division Statutes.

90. NCOIL’s model acts confirm the same distinctions between Corporate Division and IBT statutes. As briefly discussed above, the IBT Model Act and NCOIL Insurer Division Model Act (the “Insurer Division Model Act”) use different definitions, and those differences confirm the distinct function of each law and the place (or lack thereof) of reinsurance in each. This is important because NCOIL is viewed “as a leader in providing states guidance on insurance restructuring issues” and adopts model laws for states to consider enacting into state law in a way that meets that state’s local needs and realities. *See* AGL Ex. 8, NCOIL, *NCOIL Adopts Insurer Division Model Act*, (May 3, 2021), available at <https://ncoil.org/news/ncoil-adopts-insurer-division-model-act/>.

91. *First*, the IBT Model Act and the Insurer Division Model Act treat and define policyholders differently. The IBT Model Act defines “Policyholder” as “an insured *or reinsured* under a policy” and also treats “contract holders” separately from “policyholders,” confirming that its defined protected classes are not silently expanded to include every counterparty to every agreement. AGL Ex. 7, Nat’l Council of Ins. Legislators, *Insurance Business Transfer Model Act* (Readopted Nov. 2025) at 3 (emphasis added). By contrast, in the Insurer Division Model Act, “Policyholder” means “the owner of an insurance policy” and makes no reference to reinsureds in its definition of “Policyholder.” *See* AGL Ex. 13, Nat’l Council of Ins. Legislators, *Insurer Division Model Act* at 2 (2021).

92. Second, the Insurer Division Model Act’s references to reinsurers and reinsurance contracts reinforce that when the NCOIL wanted the Insurer Division Model Act to mention reinsurers, it did so expressly. For example, this model act states that any plan must provide “a reasonable description” of “the manner by which the dividing insurer proposes to allocate all reinsurance contracts.” *See id.* at 3. The Iowa Division Law mirrors this language when it says that a domestic stock insurer’s plan of division shall include “a description of all liabilities and assets that the dividing insurer proposes to allocate . . . including the manner by which the dividing insurer proposes to allocate all reinsurance contracts.” Iowa Code § 521I.2(5). That is not language meant to define the scope of business properly transferred; rather, as discussed above, it allocates *ceded* reinsurance that covers transferred policy liabilities. It also shows that the legislature knew about the separate nature of the reinsurance industry when drafting the law and chose to address only *ceded* reinsurance and not reinsurance transfers and novations with the Iowa Division Law. The omission of reinsureds from the language of the Insurer Division Model Act is not accidental. Its omission from the Iowa Division Law likewise should not be treated as accidental.

93. These differences between IBT laws and Corporate Division statutes are not semantic; they are intentional and meaningful. A Corporate Division statute does not, absent express words, confer an IBT mechanism that allows an assuming reinsurer to unilaterally substitute itself for the cedent’s chosen treaty counterparty. Allowing the Proposed Plan to move forward would collapse the distinction and treat a cedent as if it were a “policyholder” under the Iowa Division Law without any evidence in the text of that legislative intent. It would mean reinsurance contracts can be treated as if they are policies of insurance when nothing in statute or industry custom does so. And most problematically, it would give the Plan Proponents the benefit of an IBT statute without the safeguards that IBT statutes impose, including the requirement of

court approval. Permitting that would impermissibly rewrite the Iowa Division Law into an Iowa IBT law that the legislature did not enact.

94. Nor can the Iowa Division Law be stretched into an IBT statute by implication when Iowa law already contains a separate framework for reinsurance assumptions. Iowa Code Chapter 521 governs consolidations, mergers, and reinsurance and expressly provides that “a domestic insurance company shall not assume or reinsure the whole or any part of the risks of another company, except as provided” in that chapter. TLIC knows this framework well: in 2020, it applied under Chapter 521 for approval of its reinsurance assumption agreement with Wilton Reinsurance Company. *See* AGL Ex. 27, *In re the Application of Transamerica Life Insurance Company for Approval of an Assumption Reinsurance Agreement with Wilton Reinsurance Company* (Iowa Ins. Comm’r & Iowa Att’y Gen. June 24, 2020). That prior proceeding confirms two points fatal to the Proposed Plan: Iowa law treats division, merger, and reinsurance-assumption transactions as distinct statutory mechanisms, and TLIC has previously used the reinsurance-assumption mechanism when it sought approval of a reinsurance assumption. It cannot now bypass that framework by asking the Commissioner to transform the Iowa Division Law into the IBT statute the legislature did not enact.

C. TLIC Understood in 2019 that Division Laws Apply to Policyholder Liabilities.

95. Finally, AGL submits that one additional document is relevant to responding to the arguments TLIC is making today. In June 2019, TLIC, along with several other market participants, submitted a letter to the NAIC Restructuring Mechanisms (E), Subgroup. That is the same year Iowa passed its corporate division statute. The letter notes that it “focuses on [Corporate Division statutes], with a particular focus on Michigan legislation, which became law in 2018.” AGL Ex. 28. Like the Iowa Division Law passed in 2019, the Michigan corporate division statute

does not use the word “cedent” anywhere; it only speaks of “policyholders.” *See generally* AGL Ex. 29, MCL Ch. 500, Act 421, Ch. 55, *et.seq.*

96. In the letter, TLIC and the other co-authors championed the use of division laws, but recognized that those were options that insurers should have to divide policyholder liabilities, and that regulators could oversee as part of the “insurance regulatory framework.” AGL Ex. 28 at 1. In fact, the word “policy” or “policyholder” is used sixty (60 times) in the letter. The letter counsels that state regulators should ensure that “policyholder interests are adequately protected.” *Id.* at 8. The word “cedent” is not used a single time.

97. In concluding the letter, TLIC and the other co-authors made a statement that is worth noting:

We would caution the NAIC and this Subgroup against accepting these invitations from commenters who would have you substitute well-intentioned, regulatory judgment regarding the proper scope and application of these laws in place of the elected legislators who passed, and the governors who signed these laws.

Id. at 8. In 2019 at least, TLIC understood that it is the will of the legislators who pass laws, and the governors who sign them, that must take precedent. Here, the Iowa legislature made its decision: it adopted the Iowa Division Law, which the Governor duly signed. Neither have authorized a legislative option for the transfer of assumed reinsurance liabilities in the form of an IBT. That choice must be respected.

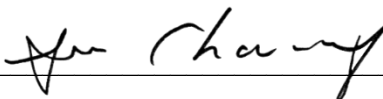
CONCLUSION

Based on the foregoing, AGL respectfully requests that:

- (1) The Commissioner issue a ruling that the Iowa Division Law does not apply to the division of assumed reinsurance contracts; and
- (2) The Commissioner issue a ruling that the Proposed Plan is not entitled to regulatory approval under the Iowa Division Law.

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Respectfully submitted,

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