

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. 2 OF INTERVENOR AGL
WHETHER THE PLAN PROPONENTS HAVE MET
THE STATUTORY CRITERIA FOR APPROVAL**

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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 the following pre-hearing memorandum addressing the statutory requirements for approval of Transamerica Life Insurance Company’s Plan of Division and Merger filed on May 12, 2026, as amended by Amendment No. 1 on July 29, 2026 (the “Proposed Plan”). This memorandum addresses the statutory approval standards under both Iowa Chapter § 521I (the “Iowa Division Law”) and Iowa Chapter 521 (the “Iowa Merger Law”).¹

INTRODUCTION

Reviewing authorities should undertake efforts to establish, at a high level of confidence, that policyholders and other key stakeholders will experience no material adverse impacts...The regulatory review must be robust, including evaluations of financial projections, actuarial analysis and capital and liquidity projections.

AGL Ex. 30 at 10
NAIC Best Practices Procedures for IBT/Corporate Divisions

1. As the Insurance Commissioner and the Deputy Attorney General (together, the “Commission”) are aware, AGL does not believe that the Iowa Division Law can be properly read to apply in the way the Plan Proponents² want it to, *i.e.*, as a way of transferring assumed reinsurance contracts from TLIC to SGLUSA without the consent of ceding companies like AGL. In its separate pre-trial memorandum addressing the statutory interpretation of the Iowa Division

¹ If the Commissioner agrees with AGL’s threshold argument in its Pre-Hearing Memorandum No. 1 that the Iowa Division Law does not authorize the transfer of assumed reinsurance contracts, that conclusion is dispositive, and the Commission need not consider whether the Proposed Plan otherwise satisfies the approval standards under the Iowa Division Law and the Iowa Merger Law.

² “Plan Proponents” refers collectively to Transamerica Life Insurance Company (“TLIC”) and SCOR Global Life (USA) Reinsurance Company (“SGLUSA”).

Law, AGL sets forth the reasons why that law can only be read to apply to the division of policyholder liabilities. That is the language that is used throughout the statute.

2. As the Commission is also aware, the Plan Proponents have advanced an alternative reading that depends on the substitution of the word “cedent” for the word “policyholder” throughout the Iowa Division Law, stating in the document of the Proposed Plan that proposes to effectuate the division that:

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 11 of 154.

3. While TLIC and SGLUSA have at times sought to distance themselves from this statement, they have never actually sought to amend the terms of Proposed Plan to remove this language from it. As such, that treatment of ceding companies as “policyholders” is the only plan of division before the Commission, and the only one that can be considered for approval.³ In light of that, AGL submits this pre-trial memorandum to address the following question: should the Proposed Plan be approved even if the Commission treats cedents as “policyholders” for purposes of the Iowa Division Law and the Iowa Merger Law? AGL respectfully submits that the answer is no.

4. Both the Iowa Division Law and the Iowa Merger Law require affirmative findings regarding the impact of the Proposed Plan on those who are affected by it. Here, the parties affected by the proposed transaction are cedents like AGL. As such, it is the Commissioner’s task under

³ The Iowa Division Law has specific requirements for amending a plan of division, which the Plan Proponents have not availed themselves of when it comes to their statement. *See* Iowa Code § 521I.5.

the Iowa Division Law, and the Commission's task under the Iowa Merger Law, to make findings regarding fairness to cedents and about the reasonableness of cedent objections.

5. Set forth below are AGL's objections, including its responses to the Transaction Review Report (the "RRC Report") dated July 10, 2026 prepared by Risk & Regulatory Consulting ("RRC"). RRC was retained to fulfill the Commissioner's obligation under the Iowa Division Law to "select and retain an independent expert who shall review the dividing insurer's plan of division and issue a report to the commissioner." Iowa Code § 521I.8; *see also* AGL Ex. 31. The statutory framework makes clear that the Commissioner cannot approve the Proposed Plan unless the record supports the findings required by Chapter 521I.

6. This pre-hearing memorandum contains the following sections.

7. *First*, AGL addresses the question posed by the Commissioner at the pre-hearing conference: what standard applies to the Commission's evaluation of the Proposed Plan. As discussed below, there are two facets to this question. The Commission must make specific, affirmative findings about each objective factor that is laid out in each of the two statutes, *i.e.*, the Iowa Division Law and the Iowa Merger Law. In addition, the Commission must look at the Proposed Plan (including the merger) from the perspective of cedents and ask: (a) is the Proposed Plan fair to the cedents; (b) does it prejudice cedent interests; and (c) are the cedent objections reasonable. Those standards are reflected in both the text of the statutes and prior application of regulatory review standards.

8. AGL respectfully submits that the "reasonable objection" standard is the one that should guide the Commission. That standard expressly governs approval of the merger under the Iowa Merger Law, which states that the Commission should be satisfied that "no reasonable objection to the application and plan exists." Iowa Code § 521.8. The reasonable objection standard

is also consistent with the Iowa Division law, which states that the Commissioner “may approve” a division, even if the enumerated criteria are met. Iowa Code § 521I.8(3). That permissive language in the Iowa Division Law gives the Commissioner discretion to consider whether AGL has a reasonable objection to the Proposed Plan, even if the Plan Proponents can meet the enumerated criteria for approval in the Iowa Code (which AGL does not believe has been established either).

9. Second, AGL sets forth its primary objections to the Proposed Plan and explains why the transaction cannot satisfy the specific standards set forth in the Iowa Division Law and the Iowa Merger Law. Given RRC’s statutorily required role under the Iowa Division Law, these sections address in large part the conclusions contained in the RRC Report. AGL respectfully submits that the RRC Report does not provide an adequate basis for approving the Proposed Plan given the nature of the financial and other information provided to RRC by the Plan Proponents. Instead, RRC’s conclusions depend on a series of assumptions by SCOR Global Life USA Reinsurance Company (“SGLUSA”), the entity to whom the subject business will be transferred, that are either unexplained, unsupported, or dependent on future events that cannot be reasonably relied on by the Commission.

10. Most concerning, RRC’s conclusions regarding [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] AGL Ex. 31 at 28.

11. This alone should draw into question [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

12. *Third*, AGL explains why the record before the Commissioner and the Attorney General is deficient, both with respect to the financial condition of TLIC-A and satisfaction of the requirements of the Iowa Merger Law. The Proposed Plan must satisfy not only the requirements of the Iowa Division Law but also the independent requirements of the Iowa Merger Law, including the mandatory six-factor showing under Iowa Code § 521A.3(4)(a). The RRC Report expressly excludes the merger from its scope and does not address the Iowa Merger Law’s requirements. To date, the Plan Proponents have offered no other supporting documents regarding the six factors. Therefore, there is no evidentiary basis for approval of the merger.

13. AGL concludes with a high-level summary of its objections.

APPLICABLE STANDARD OF REVIEW

14. The Proposed Plan invokes § 521.19 of the Iowa Merger Law which expressly authorizes a simultaneous merger and division. *See* AGL Ex. 1 at PDF 125 of 154. Section 521.19 authorizes a dividing insurer and its officers, directors, and shareholders to “adopt and execute a plan of merger or consolidation on behalf of a resulting insurer” and provides that “the merger or

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consolidation shall be effective simultaneously with the effectiveness of a division pursuant to [Iowa Code §] 521I.10.” Iowa Code § 521.19.

15. Iowa Code § 521.19 is an enabling provision and does not designate its own approving authority. Because it sits within the Iowa Merger Law, the approval of the merger component of the Proposed Plan runs through the Commission under Iowa Code § 521.5 and § 521.8 of the Iowa Merger Law. In contrast, the approval of the division component of the Proposed Plan runs through the Commissioner alone under Iowa Code § 521I.8.

16. Because this is a simultaneous division and merger, the standards under both the Iowa Division Law and Iowa Merger Law apply.

17. As noted above, the Iowa Merger Law provides that the Commission may approve a merger if 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 (emphases added).

18. This language is similar in many respects to the language used in the Iowa Division Law, which enumerates criteria that must be satisfied:

- 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.

Iowa Code § 521I.8(3)(a) and (b) (emphases added).

19. Both statutory schemes invoke two principles the Commission is charged with assessing: (1) protection of the interests of cedents like AGL who are affected by the transactions

and whose objections are being assessed, and (2) the reasonableness of AGL's objections in light of those interests.

20. While protection of cedent interests and assessment of reasonableness are reflected in the terms of the Iowa Division Law itself, AGL notes that there is one other piece of the statute's text that bears mentioning. Iowa Code § 521I.8(3) states that the Commissioner "may approve" a division if the enumerated criteria are met. This language is notable given that divisional laws in other states use "shall approve" language instead. *See, e.g.*, AGL Ex. 32, Conn. Gen. Stat. § 38a-156u. As market commentators have observed, this language "appears to give the regulator greater discretion to disapprove a plan for reasons beyond those enumerated in" the Iowa Division Law. AGL Ex. 33, Wilkie Farr & Gallagher LLP, *Iowa Adopts Insurance Company Division Law* (April 11, 2019), available at https://www.willkie.com/-media/files/publications/2019/04/iowa_adopts_insurance_company_division_law.pdf.

21. Given this broader discretion, AGL submits that the Commissioner can and should consider the "no reasonable objection" standard that is also authorized by the Iowa Merger Law when evaluating the division, especially because the merger and division become effective simultaneously. The use of the standard is further reinforced by the Iowa Division Law's direction that the Commissioner must find that "the plan of division is not unfair or unreasonable" to the cedents. Iowa Code. § 521.8(3)(a).

22. In applying this standard, the first question for the Commission is what the cedents' interests are given the Proposed Plan. That is an important question because both the Iowa Division law and the Iowa Merger Law require affirmative findings that those interests have been adequately protected and have not been prejudiced. AGL submits that assessing cedent interests is

an easily answered exercise: those interests are set forth in AGL's intervention papers, in John Hancock's previously filed papers, and in the public comments submitted to date.

23. First, cedents have an interest in protecting their contractual rights. Reinsurance is a sophisticated market where cedents choose their counterparties carefully. Where contracts have provisions barring assignment without consent, a plan of division necessarily implicates cedent interests because the carefully negotiated decision about who is sharing in the risk spreading enterprise (and how much risk is being shared with them) is of paramount importance.

24. Second, in a related point, cedents have an interest in the financial health of their counterparty. This is the core of counterparty risk, defined to mean "[t]he risk that any counterparty does not fulfill its contractual obligations." 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. The counterparty risk is not assessed only at the moment time when payment fails to materialize; rather, a life insurer must assess the risk payment will not materialize in the future as part of its ongoing enterprise management. *Id.*

25. Reinsurance is fundamentally about spreading the risk of loss from one company (the cedent) to another company (the reinsurer). That is what all the cedent contracts do. AGL has issued policies to its policyholders all over the country. It has an obligation to make good on the promises it has made to those consumers. A reinsurer like TLIC made that same promise to AGL. If AGL fulfills its obligations to its consumers, TLIC must pay its share to AGL. If a reinsurance counterparty is less financially secure, then a cedent will find itself in a position where it is bearing a greater share of loss than it bargained for.

26. The industry is seeing the reality of counterparty risk in the Delaware liquidation proceedings of Scottish Re (U.S.), Inc., which was placed in rehabilitation in 2019 and then in liquidation in 2023. Long term reinsurance protection has been eliminated by Scottish Re's insolvency, leading to difficult financial circumstances for cedents. The Scottish Re insolvency is also a lesson that the use of external agency ratings is not the beginning and end of counterparty risk analysis. At year-end 2005, Scottish Re was assigned an "a-" rating by AM Best. *See* AGL Ex. 61. Another ratings agency, Fitch, affirmed an "A" rating as of April 26, 2006, describing the rating outlook as "stable." *See* AGL Ex. 62. And yet, by July 31, 2006 – a scant three months later, Scottish Re's AM Best ratings were cut to b++ after the reinsured issued a profit warning. *See* AGL Ex. 63. The ratings would continue to plummet quickly, reach "C-" by July 2008. *See* AGL Ex. 64. The following year, Scottish Re's ratings were withdrawn completely. *See* AGL Ex. 65.

27. This is not to say that SGLUSA is the equivalent of Scottish Re at this moment. But the path Scottish Re took, and where it has ended up, has only heightened industry and regulatory discussion around the need to understand where risk ultimately lies. A less financially secure reinsurer necessarily prejudices the interests of cedents, even if that reinsurer is not at the moment in rehabilitation or liquidation. Just the prospect of financial impairment forces a cedent to revamp risk management plans.

28. *Third*, cedents have an interest in protecting against risk concentration. When cedents enter into reinsurance agreements, they do not do so in isolation. Rather, they must consider how much risk is already being borne by a particular reinsurer. A cedent who has already reinsured a certain amount of its business with Reinsurer X may decide that it will cease to share any additional risk with that entity to protect against the possibility of financial impairment. In that instance, the cedent may choose to do business with Reinsurer Y instead. If Reinsurer X later tries

to “divide and simultaneously merge” its reinsurance obligations and transfer them all to Reinsurer Y, a cedent will be faced with a situation where it has more exposure to the merged entity than it bargained for.

29. That is true for companies like AGL here. AGL has dozens of reinsurance agreements with TLIC. But AGL also has reinsurance agreements with SCOR entities independent of the TLIC Defined Block. If all TLIC contracts now merge into the SCOR enterprise, AGL has an even greater level of counterparty risk because it now has more risk concentrated in SCOR (as further described below).

30. A good example of cedent aversion to risk concentration appears to come from TLIC itself. TLIC’s financial statements demonstrate the total amount of risk TLIC has with SCOR. Because TLIC is itself a ceding company, that risk likely consists of two things (1) TLIC’s risk to its own policyholders that it shares as cedent with SCOR as reinsurer, and (2) the Defined Block, which consists of TLIC’s assumed reinsurance obligations which it then further reinsures with SCOR as retrocessionaire.

31. TLIC’s 2025 financial statements show that the vast proportion of TLIC’s exposure to SCOR since 2011 is related to the Defined Block:⁴

Time Period	Premium	Amount in Force	Reserve Credit
Defined Block (2011, 2017, 2018)	\$851,468,000	\$185,017,146,000	\$3,659,423,000
Post-Defined Block (2012 and 2021)	\$435,000	\$62,248,000	\$1,020,000

AGL Ex. 56.

32. TLIC has engaged in virtually no business with SCOR since 2011 outside of the Defined Block, ceding only \$435,000 in premium on two contracts. AGL Ex. 56. That is

⁴ TLIC also appears to have some business that pre-dates the 2011 transaction with SCOR.

approximately 0.05% of the Defined Block by premium volume. One possible explanation for TLIC's decision to limit further business with SCOR is its fear of risk concentration. Given that TLIC is already facing significant counterparty risk to SCOR as a result of the Defined Block, TLIC is likely choosing different reinsurers than SCOR to avoid putting all its proverbial eggs in the same basket.

33. AGL and other cedents have these same risk concentration considerations. AGL also has made choices about who it will and will not reinsure its business with given the levels of risk already concentrated in reinsurers like SCOR. The Proposed Plan would upend those decisions by involuntarily shifting all of AGL's current reinsurance agreements with TLIC into SCOR.

34. AGL's 2025 financial statements illustrate the risk concentration issue. As noted above, AGL currently has a trading relationship with SCOR entities that are unrelated to the Defined Block. If the Proposed Plan is approved, AGL's counterparty risk with respect to SCOR would increase materially:

Reinsurer	Premium	Amount In Force	Reserve Credit Taken
TLIC (Current)	\$44,330,000	\$3,206,389,000	\$90,059,000
SCOR (Current)	\$11,956,000	\$1,532,466, 000	\$41,894,000
SCOR Post-Plan	\$56,286,000	\$4,738,855,000	\$131,953,000

AGL Ex. 35⁵. As the table shows, AGL's exposure to SCOR from an in force perspective would more than *triple*. If SCOR becomes financially impaired, AGL's exposure to that impairment becomes an even greater enterprise risk concern post-Proposed Plan, a concern than would be animated not by AGL's own choice of counterparties, but rather by TLIC's desire to disassociate itself from its retrocessional relationship.

⁵ For the sake of simplicity, these figures do not include The United States Life Insurance Company's treaties with TLIC.

35. These concerns are not limited to AGL. The Commissioner has received public comments from other cedents of TLIC who raise the same issues AGL does.

36. As reflected in its public comment, Sun Life Assurance Company of Canada object to the Proposed Plan, including on risk concentration and financial health grounds. It stated:

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

AGL Ex. 36 at 1. Sun Life went on to say that “[t]he transaction alters counterparty risk without commensurate protection to affected cedents.” *Id.* at 2.

37. Similarly, John Hancock Life Insurance Company (U.S.A.) and its affiliate The Manufacturers Life Insurance Company (Bermuda Branch) (collectively, “John Hancock”), the previous intervenor in these proceedings, also submitted a public comment despite the fact that it has now been excluded from the Proposed Plan. John Hancock notes concentration risk as a key consideration for cedents:

Another key risk John Hancock assesses, both in the context of new counterparty relationships and novation requests, is concentration risk. A reinsurance agreement is not considered in a vacuum. Each agreement is viewed in the broader context of a business relationship that may span dozens of contracts entered into over a period of decades. Moving business from one reinsurer to another encompasses an assessment of concentration risk including not only the business that is the subject of the transfer, but also the business that already resides with the new reinsurer.

Like all cedents, John Hancock carefully evaluates and selects its reinsurance partners, how much it reinsures with each of them, and what the risks are with the business that resides with them.

AGL Ex. 37 at 2–3. As John Hancock goes on to note, a cedent’s risk concentration considerations are aligned with the direction of the industry given that “regulators around the world, including

the NAIC, have placed increasing emphasis on understanding where risk ultimately resides within complex reinsurance and retrocession structures.” *Id.* at 3.

38. That position was also affirmed by Protective Life Insurance Company, which joined in the concerns raised by others:

The transaction would also increase the concentration of Protective’s reinsurance exposure within a single organization. Today, TLIC and the SCOR group stand as separate counterparties from Protective’s perspective. Following the transaction, obligations currently owed by TLIC would be consolidated into the SCOR group, increasing Protective’s aggregate exposure to a single organization. Prudent counterparty risk management depends on a cedent’s ability to control such concentration.

AGL Ex. 38, at 4.

39. Notably, risk concentration is an issue that differentiates the consumer-insurer relationship from the cedent-reinsurer one. Most policyholders are unlikely to have more than one insurance policy with a given carrier and, as such, the consumer does not need to think about risk concentration the way a cedent does. All the consumer has to think about is whether his or her insurer can pay out on that one policy. In contrast, a cedent has to concern itself with a broader risk transfer relationship, one that governs dozens of agreements entered into over decades. Having already concentrated a certain amount of risk in SCOR through separate business relationships, an involuntary transfer of TLIC reinsurance agreements to SCOR would expose AGL and cedents to unacceptable risk concentration levels.

40. AGL respectfully submits that these concerns by TLIC’s cedents should be centered in the Commission’s assessment of the Proposed Plan, as the statutes require. Whether AGL’s and the other cedents’ objections are reasonable must be assessed in the context of these key interests: (a) identity of counterparty; (b) counterparty risk; and (c) risk concentration.

OBJECTIONS

I. SGLUSA IS A FINANCIALLY WEAKER COUNTERPARTY THAN TLIC

41. Having set forth the standards that should apply to the Commission's assessment of the Proposed Plan, AGL now turns to its specific objections. These objections are rooted in the (a) financial aspects of the Proposed Plan as identified by RRC, (b) the financial health of SGLUSA and RRC's conclusions about that health, and (c) the impact of this financial information on AGL's interests and the interests of other cedents.

42. As an initial matter, there can be little doubt that SGLUSA is a materially weaker counterparty than TLIC. The figures in this regard cannot be reasonably disputed.

43. *First*, the report of TLIC and SCOR's retained expert, Milliman, proves the point. Milliman [REDACTED]

[REDACTED]

AGL Ex. 39 at 22.⁶ [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] That is a material difference.

44. Indeed, the two Plan Proponents [REDACTED]

[REDACTED]

[REDACTED] See AGL

Ex. 57 at RRC-006512 (TLIC) and RRC-006514 (SCOR). [REDACTED]

[REDACTED]

⁶ These figures have been updated by Milliman following Amendment No. 1 [REDACTED]
[REDACTED] AGL has been advised that RRC will be updating its report based on Milliman's conclusions but does not expect to receive that update until after the filing of this brief.

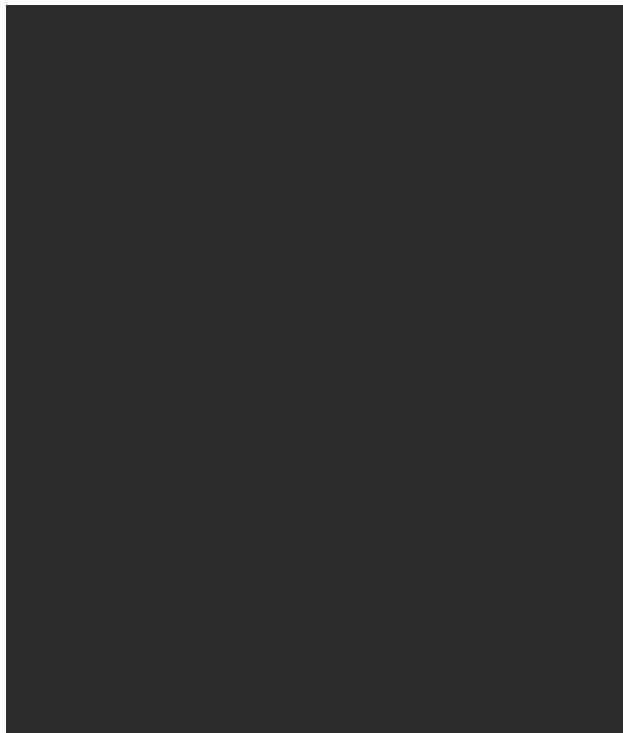
[REDACTED] *Id.* at RRC-006514. That is another factor that demonstrates that cedents can have more confidence in TLIC's capitalization than SCOR's.

45. Second, [REDACTED]

[REDACTED] As an initial matter, SCOR and TLIC have never explained why SGLUSA is the entity with whom TLIC-A will merge, rather than the current retrocessionaire, SGLA. Setting that aside, [REDACTED]

[REDACTED] The answer is not well.

46. This is the information SCOR has provided about [REDACTED]



AGL Ex. 40 at TLIC-000000190.

47. As the Commission can see, [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

48. [REDACTED]

[REDACTED] There is no explanation for [REDACTED]

[REDACTED] that seems dubious. It is possible that [REDACTED]

[REDACTED] but AGL has no way of knowing for sure.

49. But there is one data point worth mentioning when assessing the fact that [REDACTED]

[REDACTED]

[REDACTED]

50. [REDACTED]

[REDACTED]

[REDACTED] See AGL Ex. 20 at TLIC-00000001. [REDACTED]

[REDACTED]

[REDACTED] *Id.* at TLIC-00000006. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

51. Third, the Proposed Plan contemplates a much smaller entity taking on an enormous amount of risk. Under the Proposed Plan, as amended, (a) TLIC seeks to substitute SGLUSA as reinsurance counterparty for all cedents except John Hancock, and (b) remain as reinsurance counterparty for John Hancock but then retrocede (*i.e.*, further reinsure) the John Hancock liabilities to SGLUSA in a contract solely between TLIC and SGLUSA. See AGL Ex. 41 at TLIC-

000000971. As such, SGLUSA will assume the same total risk as the original Proposed Plan, but with the John Hancock portion of the Defined Block going through TLIC (as it currently does).

52. The original and amended plan documents provide some context for the size of the transfer. [REDACTED]

See AGL Ex. 39 at 13.⁷ [REDACTED]

Id. at 31. That hardly suggests a counter-party that is in the same financial position as TLIC, which has a capital surplus of \$5.2 billion. See AGL Ex. 42 at RRC-0000201.

53. The Plan Proponents' response is [REDACTED]
[REDACTED]
[REDACTED]

[REDACTED] But the Commission should also recognize that SCOR SE has itself had a turbulent financial history, even just in the last five years.

54. In October 2022, SCOR SE's share price dropped precipitously causing its capital position to drop below \$2.5 billion. See Ex. 43. That precipitous drop was repeated in July 2024, when SCOR announced it was taking a billion dollar write down due to revisions in the way it was revising its assumptions for its life reinsurance business. See *id.*

55. Notably, that July 2024 fall in share price occurred just few months after TLIC and SGLUSA began discussions with the IID about a plan of division.⁸

⁷ Milliman claims that [REDACTED] For the sake of simplicity, AGL will focus on the TLIC figures.

⁸ It appears that the Plan Proponents [REDACTED] See AGL Ex. 58 at RRC-000133. But that was a short while after SCOR was forced to take a large write down, resulting in a dramatic fall in its stock price. See AGL Ex. 59, Ben Dummet, *A Painful Lesson in Risk from a Top Reinsurer*, Wall St. J. (July 16, 2024), <https://www.wsj.com/livecoverage/stock-market-today-bank-earnings-07-16-2024/card/a-painful-lesson-in-risk-from-a-top-reinsurer-oHcoWGTPhx9vd0nDo7LD>. [REDACTED]



56. These are concerning indicators instability considering these occurred in the last five (5) years.

57. Moreover, it is public knowledge that SCOR SE has been in multiple disputes with one of its key external reinsurers, Covéa. Earlier this summer, SCOR SE had to publicly acknowledge the results of an arbitration with Covéa where it was forced to pay nearly half a billion dollars in damages. *See* AGL Exs. 44, 45. This arbitration result appears unrelated to a separate judicial inquiry instituted by the French authorities that SCOR disclosed in April 2025. *See* AGL Ex. 47. According to a statement by SCOR SE, it “has been indicted as a legal entity in connection with a judicial investigation in France” relating to an alleged attempt to obstruct the acquisition of a company called Partner Re by the Covéa group in 2022. AGL Ex. 48. It is unclear

[Redacted text block]

whether that judicial inquiry will lead to more damages stemming from SCOR SE's relationship with one of its significant external reinsurers.

58. In sum, TLIC and SGLUSA are not on equal footing, even with the purported backing of SCOR SE. That alone prejudices cedent interests and provides grounds for a reasonable objection.

II. SGLUSA'S [REDACTED] APPROACH TO ESTABLISHING SOLVENCY CANNOT BE RELIED ON

59. The discussion above sets forth basic information that raises questions about SGLUSA's financial condition. Those concerns [REDACTED]

[REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

AGL Ex. 28 at 27. [REDACTED]

[REDACTED]

[REDACTED] *Id.*

60. RRC discloses that SGLUSA provided [REDACTED]

[REDACTED]

[REDACTED] AGL

Ex. 31 at 28. [REDACTED]

[REDACTED]

[REDACTED] *Id.* [REDACTED]

[REDACTED] *Id.* (emphasis added).

61. RRC also recounts an [REDACTED] AGL Ex. 31 at 28. RRC states that, [REDACTED] The only document described for this purpose is [REDACTED] *Id.* To the extent RRC reviewed [REDACTED] those documents are not cited in the RRC Report and have not been produced to AGL in this proceeding.

62. The core problem with RRC's approach is that it accepts and credits [REDACTED] [REDACTED] [REDACTED] [REDACTED]

A. The Material Differences Between SCOR's [REDACTED]

63. *First*, it is important for the Commission to understand [REDACTED] [REDACTED] [REDACTED] AGL Ex. 31 at 28. As an initial matter, the materials provided by SCOR [REDACTED] [REDACTED] [REDACTED]

64. The following graph shows [REDACTED] [REDACTED]



65. As the Commissioner can see, [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

66. As can be seen from [REDACTED]

[REDACTED] There is no explanation in

the RRC Report (or in the documents produced by the Plan Proponents) as to why [REDACTED]

[REDACTED]



67.

[REDACTED]



68. As can be seen from the graph above and extract

[REDACTED]

[REDACTED]

[REDACTED]



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69. [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

70. The RRC Report does not disclose any meaningful details about [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED] See AGL Ex. 31 at

28.

71. The RRC Report states that [REDACTED]
[REDACTED] *Id.* [REDACTED]
[REDACTED]
[REDACTED] *Id.* [REDACTED]
[REDACTED]
[REDACTED]

72. Regardless of whether [REDACTED]
[REDACTED] there are numerous fundamental problems with RRC's conclusion, each of which are addressed below.

B. SGLUSA Relies Only On the [REDACTED]

73. The biggest issue [REDACTED]
[REDACTED] See AGL Ex. 31
at 28, 36. As the Commission may know, [REDACTED] RRC provides

[REDACTED]

74. Notably, when submitting regulatory filings in the United States, SGLUSA [REDACTED]
[REDACTED] Instead, when fulfilling its reporting obligations in
Delaware, SGLUSA relies on the [REDACTED] That is evidenced by a separate
document SGLUSA has produced.

75. As part of its review, RRC received a document titled [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

AGL Ex. 49 at RRC-001449.

76. As the Commissioner can see from the excerpt above, [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

77. This raises serious questions as to [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

78. As required by regulations, [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] AGL Ex. 49 at RRC-001389.

79. Tellingly, [REDACTED]

[REDACTED]

C. SGLUSA's Position Is That It Will Be Financially Healthy Only If [REDACTED]
[REDACTED]

80. As noted above, there is no explanation for [REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]

81. SGLUSA's position is [REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

82. [REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

[REDACTED]

⁹ [REDACTED]
See AGL Ex. 50 at RRC-006517.

83. Put another way, [REDACTED]

[REDACTED] That is what SGLUSA tells the Commissioner he should be comfortable with. AGL respectfully submits that is unreasonable.¹⁰

84. [REDACTED]

[REDACTED] This is also a deeply concerning way of asserting that one of the entities the Plan Proponents treat as the “resulting insurer” under the Iowa Division Law, and into whom TLIC-A will merge under the Iowa Merger Law, meets the financial health requirements of the applicable statutes.

85. As the Commission knows, the Plan Proponents are applying the Iowa Division Law in a manner that substitutes “cedents” for “policyholders.” Setting aside the legal flaw in this theory (which is the subject of Part I of this submission) applying the Plan Proponents’ approach to actual policyholders reveals the absurdity of SGLUSA’s position.

86. Take, for example, a situation where an insurance company with retail consumers of Long Term Care policies seeks to (a) divide responsibility for those policies into a temporary company, and (b) then merge that temporary company into a third-party insurer. If that third-party insurer, like SGLUSA, [REDACTED]

[REDACTED], it would be difficult for anyone to argue that “[t]he financial condition of the resulting insurers will not jeopardize the financial stability of a dividing insurer or the

¹⁰ Moreover, it bears noting that [REDACTED]

resulting insurers or prejudice the interests of the policyholders of such insurers.” Iowa Code § 521I.8(3)(b).

87. If that third-party insurer came to the Commission and said it [REDACTED]
[REDACTED]
[REDACTED], no one could reasonably conclude that the third party insurer is financially healthy, or that the division “will not jeopardize... the interests of the policyholders of such insurers.” [REDACTED]
[REDACTED]

88. The example is equally true when applied to cedents, who are deemed to be “policyholders” under the Plan Proponents’ approach to the law. [REDACTED]
[REDACTED]
[REDACTED] No one would accept this kind of strategy in the actual policyholder context and, respectfully, no one should accept it here. The Commission should find it illuminating that this approach is not the approach SGLUSA uses in Delaware.

89. Most importantly, the statutory concern is the same when it comes to cedents as it would be for policyholders: a resulting insurer cannot establish financial adequacy by [REDACTED]
[REDACTED]
[REDACTED] That turns the requirements of the Iowa Division Law and the Iowa Merger Law on their heads, leading to a thoroughly unreasonable view of what it means to protect the interests of policyholders and cedents.

D. The Lack of Evidence Regarding the Disconnect in SGLUSA's [REDACTED]

90. As an evidentiary matter, neither the RRC Report, nor the materials SGLUSA has provided, explain why the Commissioner should rely on [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] that has been produced at RRC-005051. *See* AGL Ex. 51. [REDACTED]

[REDACTED]

91. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] *See* AGL Ex. 51 at RRC-005054–55. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

92. The RRC Report's discussion of [REDACTED]

[REDACTED]

[REDACTED] AGL Ex. 31 at 29. But, notably, the RRC Report does not identify [REDACTED]

[REDACTED]

93. [REDACTED]

[REDACTED] In December 2023, an arbitration panel held that TLIC/SCOR was not permitted to raise rates on nine of twelve treaties that were at issue. *See* AGL Ex. 52. That decision was subsequently confirmed by a New York court. *Id.* That adverse rate-action history, along with other adverse arbitration outcomes for SCOR, [REDACTED]

94. The absence of any evidentiary basis for [REDACTED] is critical and concerning. The Iowa Division Law requires the Commissioner to find, among other things that (a) “[t]he 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,” and (b) “[t]he remaining assets of a resulting insurer 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.” Iowa Code § 521I.8(3)(b) and (g).

95. The Commission therefore should not accept RRC’s conclusions about [REDACTED]

[REDACTED] the record does not show that those assumptions are reliable, supported, or prudent for purposes of the statutory findings required under Chapters 521 and 521I.

E. The Commission Should Not Be Adjudicating the [REDACTED]
[REDACTED]

96. The RRC Report states that SGLUSA's [REDACTED]
[REDACTED]
[REDACTED]

[REDACTED] AGL Ex. 31 at 28. [REDACTED]
[REDACTED]
[REDACTED]

[REDACTED] *Id.* at 29. [REDACTED]
[REDACTED]
[REDACTED]

97. As the Commission may know, the industry has been deeply embroiled in disputes regarding the propriety of rate increases on Yearly Renewable Term reinsurance, particularly where reinsurers are seeking to recoup past losses or reverse original pricing decisions. [REDACTED]
[REDACTED]
[REDACTED]

[REDACTED] Disputes between cedents and reinsurers frequently arise when reinsurers issue rate increases that are unsupported by either the contract language or the facts of a specific contract. Those disputes can lead to arbitration.

98. Plainly, the Commission should not have to resolve those industry questions as part of its charge in these proceedings. What also should not cause controversy is the idea that neither RRC nor the Commission should be relying [REDACTED]
[REDACTED]

99. The fact that [REDACTED] in and of itself, concerning. [REDACTED]
[REDACTED]

[REDACTED]

[REDACTED]

100. That is particularly true for [REDACTED]

[REDACTED] It is unclear if RRC looked at the

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

101. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

102. In sum, AGL respectfully submits that the Commission should not rely on

[REDACTED]

[REDACTED] Doing so would run contrary to

the cedents' interests. The statutory question is whether SGLUSA will have sufficient assets and

financial strength after the proposed division and merger, [REDACTED]

[REDACTED]

F. The Commissioner Should Not Be Adjudicating the Likelihood [REDACTED]

103. As noted above, the RRC Report concluded that [REDACTED]

[REDACTED]

[REDACTED] RRC Report at 29 (emphasis added). [REDACTED]

[REDACTED]

[REDACTED]

104. [REDACTED]

[REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

AGL Ex. 31 at 29. [REDACTED]

[REDACTED] This raises even more questions about the foundations of SGLUSA's [REDACTED]

105. As demonstrated from the 2023 arbitration decision discussed above, [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

106. AGL has no way of knowing how [REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED] Nor can the Commission make the statutory findings required by Chapters 521 and 521I by effectively accepting one side's view about [REDACTED]

107. [REDACTED] directly impacts the Commissioner's responsibilities under the Iowa Division Law. The statute requires the Commissioner to make an affirmative finding that SGLUSA's post-division assets "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." Iowa Code § 521I.8(3)(g). Despite RRC's conclusions, the Commissioner cannot in fact determine whether SGLUSA's assets are sufficient to satisfy its future liabilities if [REDACTED]
[REDACTED]
[REDACTED]

108. In sum, AGL respectfully submits that the Commission cannot put himself in the position of a prognosticator [REDACTED]
[REDACTED] If the Commission guesses wrong, that could place all cedents – including AGL – in the position of being even further reinsured by an entity (SGLUSA) whose financial health is not equivalent to that of the cedents' current reinsurer, TLIC.

III. RRC'S CONCLUSIONS [REDACTED]

109. In its report, RRC [REDACTED]

[REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

AGL Ex. 31 at 26 (bolding in original). This conclusion is noteworthy: [REDACTED]

[REDACTED]

110. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

111. AGL notes several concerns from the outset.

112. First, the Iowa Division Law states that the Commissioner, in assessing the consequences of the Proposed Plan:

...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 state law.

Iowa Division Law § 521I.8(4) (emphases added). As discussed further below, SGLUSA is not a “resulting insurer” under the Iowa Division Law – TLIC-A is. The term “resulting insurer” is defined as one of two entities in the division: “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(8). The

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former refers to TLIC, and the latter refers to TLICA. Thus, the statutory framework does not on its face permit the Commissioner to look to the items enumerated in § 521I.8(4) with respect to SGLUSA, which is the separate merger partner under the Iowa Merger Law. The Plan Proponents' approach, [REDACTED] simply conflates terms to achieve a desired reading of the statute.

113. Second, even if we assume for the sake of argument that the Commissioner “may consider” the items in § 521I.8(4), that consideration must have common sense limitations. The fact that the Commissioner “may consider” parental support does not mean the Commissioner [REDACTED]

114. That is particularly relevant here because RRC itself acknowledges that, [REDACTED]
[REDACTED]
[REDACTED] RRC Report at 26 (bolding in original). Section 521I.8(4)'s direction that the Commissioner “may consider” things like parental guarantees is not a direction that the Commissioner [REDACTED]

A. The [REDACTED] Is Not Sufficient to Allay Solvency Concerns

115. The RRC Report concludes that:

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

AGL Ex. 31 at 38 (underlining added). [REDACTED]
[REDACTED]
[REDACTED]

116. The following issues should give the Commission pause about [REDACTED]

[REDACTED] and RRC's conclusions about [REDACTED]

117. *First*, RRC states that [REDACTED]

118. *Second*, according to its website, SCOR SE issues parental guarantees for all of its subsidiaries. See AGL Ex. 54, SCOR, *Ratings*, available at <https://www.scor.com/en/ratings>. As the website states:

All rated subsidiaries listed in the table above benefit from parental guarantees which are, except as otherwise indicated in this table, issued by SCOR SE (the issuer of any such parental guarantee, the "Guarantor"). These guarantees cover all of these subsidiaries' payment obligations under the insurance and reinsurance contracts issued by them. These guarantees are unconditional and continuing and shall be binding upon the Guarantor. The owners of the insurance and reinsurance contracts issued by these subsidiaries are express third party beneficiaries of these guarantees. The obligations of the Guarantor under these guarantees rank pari passu with all other unsecured indebtedness of such Guarantor.

Id. [REDACTED]

SCOR SE has issued a parental guarantee to at least sixteen (16) different life and property/casualty subsidiaries, including:

- SCOR Canada Reinsurance Company
- SCOR SE Canadian Branch
- SCOR Reinsurance Company Asia Ltd
- SCOR Global Reinsurance France SA
- SCOR Ireland dac
- SCOR Reinsurance Asia Pacific Pte Ltd
- SCOR Africa Ltd
- SCOR U.K. Company Ltd

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- SCOR Europe SE
- SCOR Global Life USA Reinsurance Company
- SCOR Global Life Americas Reinsurance Company
- General Security Indemnity Company of Arizona
- General Security National Insurance Company
- SCOR Reinsurance Company
- SCOR Global Life Reinsurance Company of Delaware
- SCOR Brasil Resseguros SA

Id. [REDACTED]

[REDACTED]

[REDACTED]

119. Third, the Report does not address [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] could itself prejudice the interests the Iowa

Division Law is designed to protect.

120. The RRC Report notes [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

AGL Ex. 31 at 31. [REDACTED]

[REDACTED]

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[REDACTED]

[REDACTED]

121. *Fourth*, the RRC Report does not address [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] AGL Ex. 55. [REDACTED]

[REDACTED]

[REDACTED] *Id.*

122. [REDACTED]

[REDACTED]

[REDACTED] *See id.* at 21. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] *Id.* at 22.

123. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

B. [REDACTED] Is Not Sufficient to Allay Solvency Concerns

124. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

AGL Ex. 60 at RRC-004494 (bolding in original).

125. There are several concerns with [REDACTED]

126. First, there appear to be [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] See AGL

Ex. 39 at 25.

127. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

128. Second, the fact that [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

129. *Third*, the RRC Report states that [REDACTED]

[REDACTED]

[REDACTED] AGL Ex. 31

at 30. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

130. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

AGL Ex. 53 at RRC-005050 (emphasis added). [REDACTED]

[REDACTED]

[REDACTED]

131. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] See AGL Ex. 50 at RRC-006517. [REDACTED]

[REDACTED] AGL Ex. 39 at 30. [REDACTED]

[REDACTED]

C. [REDACTED]
[REDACTED]

132. The RRC Report states, with respect to [REDACTED]

[REDACTED]

[REDACTED] AGL Ex. 31 at 12. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

Id. at 30. [REDACTED]

[REDACTED]

[REDACTED]

133. As an initial matter, [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

134. AGL is particularly concerned about [REDACTED]

[REDACTED]

[REDACTED] AGL Ex. 31 at 30. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

135. [REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

AGL Ex. 53 at RRC-004500 (underlining added). [REDACTED]

[REDACTED]

136. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

137. A plain reading of the language suggests the answer is no. [REDACTED]

[REDACTED]

[REDACTED] AGL Ex. 53 at RRC-004497 (emphasis added). While the Iowa Division Law states that a resulting insurer acquires transferred business “by operation of law,” that acquisition “by operation of law” does not change who “issued” the contract in the first place. That remains TLIC.

[REDACTED]

[REDACTED]

138. While there is a dearth of case law addressing this point, the direct insurance context provides a useful analogy. When courts consider where a policy is “issued,” that term refers to where the policy was originally issued. *See, e.g., Shafer v. Metro. Life Ins. Co.*, 80 F. Supp. 3d 1244, 1250 (D. Colo. 2015) (both parties agreed that “issued” means one of the following: (1) the preparation and signing of the policy; (2) the delivery and acceptance of the policy; or (3) the preparation, execution and delivery of the policy).

139. The Iowa Insurance Code also treats “issued” in this way. Several provisions of the Insurance Code reference policies “issued in this state.” *See, e.g.,* Iowa Code § 516.1; Iowa Code § 507B.4C(2)(g); and Iowa Code § 509.9. That term is widely understood to mean a policy that is originally delivered to a policyholder in Iowa at policy inception. If a policy issued in Iowa is then acquired by a different insurer, that does not change where the policy was issued. The same logic applies to who originally issued a policy.

140. If issued means “originally issued” in this fashion, [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

141. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

IV. RRC’S CONCLUSIONS ABOUT [REDACTED] ARE UNSUPPORTED

142. Just as in the case of [REDACTED]
[REDACTED] there are concerns about [REDACTED]

143. While the Iowa Division Law states that the Commissioner “may consider all proposed assets of the resulting insurer including without limitation reinsurance agreements...”
[REDACTED] Iowa Division
Law § 521I.8(4). [REDACTED]

144. First, as RRC itself acknowledges, [REDACTED]
[REDACTED] AGL Ex. 31 at
38. [REDACTED]

145. Second, it is unclear whether [REDACTED]

[REDACTED]

[REDACTED]

146. As just one example, the Milliman Report contains a [REDACTED]

[REDACTED]

[REDACTED] See AGL Ex. 39 at 13. [REDACTED]

[REDACTED]

[REDACTED]

Id. [REDACTED]

[REDACTED]

[REDACTED]

147. Third, it appears as if the [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] AGL Ex. 39 at 19

(emphasis added).

148. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] AGL Ex. 39 at 11. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] *Id.*

149. The Commission is therefore being asked to rely on [REDACTED]

[REDACTED]
[REDACTED] They certainly have not been produced to AGL in these proceedings.

V. THE RRC REPORT DOES NOT PROVIDE THE HIGH LEVEL OF CONFIDENCE NEEDED FOR APPROVAL

150. The Iowa Division Law states that the Commissioner shall “select and retain an independent expert who shall review the dividing insurer’s plan of division and issue a report to the commissioner.” Iowa Code § 521I.8(2)(c). The statute itself does not define independence or the level of review the expert should engage in. However, the NAIC’s Restructuring Mechanisms (E) Working Group has adopted a “Best Practices Procedures for IBT/Corporate Divisions” that provides guidance on the independent expert’s role. *See* AGL Ex. 30.

151. The NAIC Best Practices Procedures state that reviewing authorities (such as the Commissioner here) “should undertake efforts to establish, at a high level of confidence, that policyholders and other key stakeholders will experience no material adverse impacts.” *Id.* at 10 (emphasis added). Moreover, “[t]he regulatory review must be robust, including evaluations of financial projections, actuarial analysis and capital and liquidity projections.” *Id.*

152. Here, the discussion above sets forth material concerns about [REDACTED]

[REDACTED]
[REDACTED] Additionally, there are at least three other reasons why the RRC Report fails to provide analysis sufficient to give the Commissioner high confidence in approving the Proposed Plan.

153. First, [REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

[REDACTED] *Id.* (emphasis added).

154. [REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

155. Second, [REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

AGL Ex. 31 at 39. [REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

156. Third, AGL is also concerned by [REDACTED]

[REDACTED] AGL Ex. 39
at 1. AGL respectfully suggests that [REDACTED]

157. That is particularly true here given that [REDACTED]

AGL Ex. 39 at 1, 3. [REDACTED]

158. In sum, the combination of [REDACTED]
[REDACTED] raises serious questions as to whether the conclusions provided to the
Commissioner are simply those of SCOR itself. This cannot provide the “high level of confidence”
needed to conclude that the Proposed Plan will not have a material, adverse impact on cedents like
AGL.

VI. THERE IS INSUFFICIENT INFORMATION ABOUT THE FINANCIAL CONDITION OF TLIC-A STANDING ALONE

159. Under the Iowa Division Law, the term “resulting insurer” is defined as one of two entities in the division: “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(8). In this transaction, TLIC is the dividing insurer and there are two “resulting insurers”: (1) TLIC itself, which survives the division, and (2) TLIC-A, the “the newly created resulting Iowa domiciled stock insurance company.” See AGL Ex. 1 at PDF p. 127 of 154. Both TLIC and TLIC-A are “resulting insurers” within the meaning of the Iowa Division Law.

160. Iowa Code § 521I.8(3)(f) requires that “all resulting insurers will be solvent when the division becomes effective.” Iowa Code § 521I.8(3)(f) (emphasis added). The word “all” is critical. The Commissioner must find that each resulting insurer – including TLIC-A – will be solvent at the moment the division takes effect. Similarly, Iowa Code § 521I.8(3)(b) requires that “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.” Iowa Code § 521I.8(3)(b) (emphases added).

161. AGL does not dispute that TLIC’s financial condition post-division will be adequate. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] See AGL Ex. 31 at 16.

162. In fact, [REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

AGL Ex. 39 at 6. [REDACTED]

[REDACTED]

[REDACTED]

163. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] AGL Ex. 31 at 9. But SGLUSA is not a resulting insurer under the Iowa Division Law – it is the surviving company in the merger. The Iowa Division Law’s solvency requirement in Iowa Code § 521I.8(3)(f) applies to “all resulting insurers” which means TLIC and TLIC-A. The Merger Law separately governs SGLUSA’s solvency. [REDACTED]

[REDACTED]

164. This matters because it creates a structural hole in the record. Under the Iowa Division Law, the Commissioner must make an affirmative finding that TLIC-A (the entity that will hold the Defined Block’s liabilities the moment the division becomes effective) is financially able to carry the Defined Block, regardless of the planned merger with SGLUSA. That finding must be made under the Iowa Division Law’s standards.

165. In their response to John Hancock’s Petition in Intervention, the Plan Proponents called this argument “illusory” because (a) TLIC-A “will be initially capitalized with sufficient

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capital and surplus to obtain a license to transact insurance business under Iowa law” and (b) because TLIC “will not transact any insurance business.” AGL Ex. 23 (TLIC’s Response to John Hancock’s Petition in Intervention) ¶ 51. Both arguments are unconvincing.

166. *First*, TLIC’s use of “illusory” is ironic given the realities of that initial capitalization. It is true that TLIC will provide \$5 million to initially capitalize TLIC-A. *See* AGL Ex. 1 at PDF 14 of 154. But the same Proposed Plan says that “SGLUSA shall reimburse TLIC the amount of capital and surplus TLIC allocated to TLIC-A as part of the Division in the amount of Five Million Dollars (US \$5,000,000).” *Id.* at PDF 105 of 154. Thus, TLIC is simply making a short-term loan to TLIC-A and SGLUSA to provide the illusion of capitalization.

167. *Second*, the simultaneous merger does not mean that SGLUSA can be substituted as the “resulting insurer” under the Iowa Division Law. Requiring TLIC-A to be financially healthy in its own right makes policy sense because it ensures that a party cannot use the statute to create a “good bank-bad bank” scenario where it divides underperforming liabilities without adequate asset support and then seeks to use a merger as a cover for the health of the resulting insurer. Nowhere in the Iowa Division Law does it say that if a merger occurs, one of the resulting insurers (*i.e.*, TLIC-A) need not have an adequate financial condition. If that is what the legislature intended, it could have said so.

168. Instead, the Iowa Division Law requires financial health of TLIC-A regardless of whether it merges. That is because a division is not always followed by an immediate merger. NAIC’s own guidance recognizes that a division followed by a third party’s acquisition is necessarily a two-step process. *See* AGL Ex. 6 at 11. The NAIC White Paper on Restructuring Mechanisms describes the structure of a “Division and Simultaneous Merger into an affiliated [] insurer followed by a 3rd party’s acquisition of the [] insurer” and explains that “the sale of the

resulting insurer may occur soon after the division or at some eventual future date.” *Id.* This is what the Proposed Plan contemplates: TLIC divides, TLIC-A is created, and then TLIC-A merges into SGLUSA (a Delaware-domiciled entity). And this also means TLIC-A will exist for legal purposes and it will become the counterparty on the cedents’ reinsurance treaties. That is precisely why the Iowa Division Law requires each resulting insurer to be independently solvent and for an independent expert to analyze that financial condition.

169. The Plan Proponents cannot simply recast SGLUSA as a “resulting insurer” for purposes of the Iowa Division Law. It bears noting that the Iowa Division Law says nothing about simultaneous mergers – that provision is in the Iowa Merger Law, and it states:

A dividing insurer and the dividing insurer’s officers, directors, and shareholders shall have the authority to adopt and execute a plan of merger or consolidation on behalf of a resulting insurer, to execute and deliver documents, plans, certificates, and resolutions, and to make any filings on behalf of such resulting insurer. If provided in a plan of merger or consolidation, the merger or consolidation shall be effective simultaneously with the effectiveness of a division pursuant to 521.11.10.

Iowa Code § 521.19. This provision does not go on to state that the merged entity will be the resulting insurer for purposes of the Iowa Division Law and it cannot be read to eliminate the financial condition requirements for “all resulting insurers.”

170. Notably, [REDACTED]

[REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

AGL Ex. 31 at 16 (emphasis added). But the Iowa Division Law does not limit the analysis of each resulting insurer to the question of solvency. There is also a requirement that the financial condition of the resulting insurer be appropriate given the business being allocated to it. The Plan Proponents' position is that this requirement does not matter because TLIC-A is being immediately merged into SGLUSA but that is not what the Iowa Division Law says.

VII. THE RRC REPORT DOES NOT ADDRESS [REDACTED]

171. As discussed above, Iowa Code § 521.16 mandates that the standards of Iowa Code § 521A.3 apply to the proposed TLIC-A/SGLUSA merger. [REDACTED]

[REDACTED]

[REDACTED] See AGL Ex. 31 at 9 [REDACTED]

[REDACTED]

[REDACTED]

172. The six factors in § 521A.3 require the applicant to demonstrate that:

- (1) After the change of control the domestic insurer referred to in subsection 1 will be able to satisfy the requirements for the issuance of a license to write the line or lines of insurance for which it is presently licensed.
- (2) The effect of the merger or other acquisition of control will not substantially lessen competition in insurance in this state.
- (3) The financial condition of any acquiring party will not jeopardize the financial stability of the insurer, or prejudice the interest of its policyholders.
- (4) The plans or proposals which the acquiring party has to liquidate the insurer, sell its assets or consolidate or merge it with any person, or to make any other material change in its business or corporate structure or management, are not unfair or unreasonable to policyholders of the insurer and are not contrary to the public interest.

(5) The competence, experience, and integrity of those persons who would control the operation of the insurer are sufficient to indicate that the interests of policyholders of the insurer and of the public will not be jeopardized by the merger or other acquisition of control.

(6) The merger or other acquisition of control is not likely to be hazardous or prejudicial to the insurance-buying public.

Iowa Code § 521A.3. The Plan Proponents have failed to submit evidence to date about several of these factors and [REDACTED]

173. Because Iowa Code § 521A.3(4)(a) makes approval contingent on an applicant demonstrating all six required factors, the Commission cannot approve the merger on the present submission. This gap is not merely procedural. Iowa Code § 521A.3(4)(a) requires affirmative showings that go beyond the Iowa Division Law's financial adequacy inquiry.

174. **Factor 1:** The RRC Report touches on [REDACTED]
[REDACTED]
[REDACTED] See AGL Ex. 31 at 19. However, RRC frames this analysis [REDACTED]

[REDACTED] No analysis was performed as to [REDACTED]
[REDACTED]

175. **Factor 2:** The RRC Report contains [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

176. **Factor 3:** While the RRC Report does discuss [REDACTED]
[REDACTED]
[REDACTED]

[REDACTED]

[REDACTED] More importantly, as discussed above, the RRC Report's conclusions [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

177. **Factor 4:** RRC does not evaluate whether [REDACTED]

[REDACTED]

[REDACTED] The RRC Report does not discuss [REDACTED]

[REDACTED]

[REDACTED] Critically, the Proposed Plan contemplates that cedents will be subjected to an involuntary counterparty substitution from TLIC to SGLUSA, a significantly financially weaker entity. The RRC Report does not address whether [REDACTED]

[REDACTED]

178. **Factor 5:** RRC did not evaluate [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] In prior Iowa merger proceedings, this factor was satisfied through detailed biographical affidavits, testimony, and third-party background verification reports. *See e.g., In the Matter of the Application for Acquisition of Control of*

American Equity Investment Life Insurance Co., 2024 WL 2034559, at *5, *9 (Iowa Sec. Bur. Apr. 19, 2024). No comparable showing has been made here.

179. **Factor 6:** The RRC Report does not evaluate whether [REDACTED]

[REDACTED] In prior Iowa merger proceedings, this factor functioned as a comprehensive catch-all: the Commissioner approved only after finding that “the record indicates that there are no other factors which might make the proposed acquisition hazardous or prejudicial to the insurance-buying public.” *See American Equity Investment Life Insurance Co.*, 2024 WL 2034559, at *10. Here, the record contains substantial evidence of factors making the merger hazardous or prejudicial, including the substitution of a weaker counterparty, [REDACTED]

[REDACTED] the absence of updated expert analysis, and AGL’s active opposition. The RRC Report does not [REDACTED]

180. In sum, the RRC Report provides no evidentiary support for [REDACTED]

[REDACTED] Because the Plan Proponents have not addressed, much less demonstrated, the required six-factor showing under the Iowa Merger Law, the Commission lacks the required predicate for approval.

SUMMARY OF AGL’S REASONABLE OBJECTIONS

181. As discussed above, the “may approve” language in the Iowa Division Law gives the Commissioner broader discretion to consider a reasonable objection to the division in addition to the enumerated statutory factors, particularly where the merger and division become effective simultaneously under Iowa Code § 521.19. The merger standard under Iowa Code § 521.8 requires the Commission to be satisfied that “no reasonable objection to the application and plan exists.”

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Iowa Code § 521.8. The “may approve” language in the Iowa Division Law gives the Commissioner the discretion to import that standard into the division analysis, especially for a simultaneous transaction.

182. AGL’s objections are reasonable because the Proposed Plan prejudices cedent contractual relationships in a manner that directly implicates the protections of both the Iowa Division Law and the Iowa Merger Law. The Plan Proponents themselves treat cedents as “policyholders” under the Iowa Division Law. Taking the Plan Proponents at their word, the statutory protections for “policyholders” apply with full force to cedents like AGL.

183. First, the Proposed Plan diminishes the counterparty financial strength available to cedents. Cedents currently have reinsurance relationships with TLIC. After the Proposed Plan becomes effective, those same contractual relationships would be with SGLUSA which, as discussed above, is an entity that [REDACTED]

[REDACTED] AGL Ex. 31 at 26. AGL did not choose SGLUSA as its counterparty; it chose TLIC. The involuntary substitution of a weaker counterparty without consent is itself prejudicial to AGL’s interests.

184. Second, the division and merger would transfer cedents’ reinsurance relationships from TLIC to SGLUSA without consent, altering the fundamental risk transfer considerations of those contractual arrangements, including with respect to risk concentration. This is precisely the kind of prejudice Iowa Code § 521I.8(3)(a) and (b) are designed to prevent.

185. Third, [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] That turns the requirements of the Iowa Division Law and the Iowa Merger Law on their heads.

186. *Fourth*, [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

187. *Fifth*, RRC's conclusions about [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

188. *Sixth*, RRC's conclusions about [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

189. Seventh, the process described in the RRC Report [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

190. The reasonableness of AGL’s objections is further supported by the contrast with prior Iowa merger proceedings. In every approved merger that AGL has identified, the Commissioner found that there was no material adverse financial impact, no opposition, and that there would be continuity of operations, management, and capitalization. *See e.g., American Equity Investment Life Insurance Co.*, 2024 WL 2034559, at *8 (Commissioner found no evidence of a “material adverse financial impact” on domestic insurers); *In the Matter of the Joint Application of CUNA Mutual Life Insurance Co.*, 2007 WL 2811515, at *2, *5 (Iowa Sec. Bur. Sept. 6, 2007) (Commissioner found that policyholders approved the merger and “no reasonable objection to the plan of merger” existed).

191. Here, the record is the opposite: there is strong opposition from AGL and other similarly situated public commentators, SGLUSA is significantly less capitalized than TLIC,

[REDACTED]

[REDACTED] AGL respectfully submits that the

Commissioner should exercise its discretion under the “may approve” language of the Iowa Division Law to consider AGL’s reasonable objection and to decline approve of the Proposed Plan.

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