

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

In re the application of EQUITRUST LIFE)	
INSURANCE COMPANY for approval)	
of an Assumption Reinsurance Agreement)	
with AMERICAN-AMICABLE LIFE)	FINDING OF FACT,
INSURANCE COMPANY OF TEXAS,)	CONCLUSIONS OF LAW
PIONEER AMERICAN INSURANCE)	AND ORDER
COMPANY, PIONEER SECURITY LIFE)	(Iowa Code § 521.8)
INSURANCE COMPANY, and)	
OCCIDENTAL LIFE INSURANCE)	
COMPANY OF NORTH CAROLINA)	
)	

I. INTRODUCTION

Pursuant to Iowa Code sections 521.5 and 521.8 (2011), on December 24, 2012, the undersigned Commission heard an application for approval of Assumption Reinsurance Agreements (“Assumption Agreements”) between EQUITRUST LIFE INSURANCE COMPANY (“EquiTrust”), an Iowa domiciled insurance company and AMERICAN-AMICABLE LIFE INSURANCE COMPANY OF TEXAS, PIONEER AMERICAN INSURANCE COMPANY, PIONEER SECURITY LIFE INSURANCE COMPANY, AND OCCIDENTAL LIFE INSURANCE COMPANY OF NORTH CAROLINA (collectively referred to as “AA Companies”). The AA Companies are domiciled in Texas.

The Commission reviewed the Assumption Reinsurance Agreements, to be effective upon approval, attached exhibits, and other relevant filings. The Commission also took notice of the fact that EquiTrust is licensed and in good standing with the Iowa Insurance Division (“Division”) and has a current financial statement on file with the Division.

II. JURISDICTION

The Commission has jurisdiction over this proceeding under Iowa Code sections 521.2, 521.3, 521.4, 521.5, and 521.8 (2011).

III. FINDINGS OF FACT

EquiTrust and the AA Companies previously executed indemnity reinsurance agreements to effectuate the proposed assumption of certain policies and riders, identified as "Horizon Policies". The indemnity reinsurance agreements provide that each of the four AA Companies will cede to EquiTrust as reinsurer the Horizon Policies on a 100 percent coinsurance basis. The Assumption Agreement provides that EquiTrust will assume and reinsure the Horizon Policies that have been issued in the names of the AA Companies, while receiving in exchange all of AA Companies' rights, liabilities, and obligations as of the effective date.

The contractual language effectively moves responsibility for these Horizon Policies from the AA Companies to EquiTrust without diminishing policyholder contract rights. Also, because EquiTrust is a licensee in good standing with the Division and possesses adequate reserves, its assumption of these contract responsibilities should not adversely impact the existing policyholders of EquiTrust or the AA Companies.

Under this record, the Commission finds that the interests of EquiTrust's and the AA Companies' policyholders are properly protected. The Commission further finds that no reasonable objection to approval of the Assumption Agreement exists.

IV. CONCLUSION OF LAW

The legislature has vested discretion in the Commission not only to make factual findings, but also to interpret and apply the law. Iowa Code sections 521.3 and 521.8 (2011) permit the Commission to approve an assumption reinsurance agreement if it determines that the applicant demonstrates the two criteria listed within Iowa Code section 521.8 (2011) to the satisfaction of the Commission.

The Commission concludes, upon substantial evidence, that the Assumption Reinsurance Agreements between EquiTrust and the AA Companies meets the two requirements of Iowa Code section 521.8 (2011), and should be approved.

ORDER

IT IS THEREFORE ORDERED that:

EQUITRUST LIFE INSURANCE COMPANY'S application for approval of its Assumption Reinsurance Agreements with AMERICAN-AMICABLE LIFE INSURANCE COMPANY OF TEXAS, PIONEER AMERICAN INSURANCE COMPANY, PIONEER SECURITY LIFE INSURANCE COMPANY, AND OCCIDENTAL LIFE INSURANCE COMPANY OF NORTH CAROLINA is **APPROVED**.

This Order shall be considered the final agency action for the purposes of Iowa Code chapter 17A (2011). Any action challenging this Order shall comply with the requirements of Iowa Code chapter 17A (2011).

Dated and Effective this 24th day of December, 2012.

SUSAN E. VOSS
Iowa Insurance Commissioner

THOMAS J. MILLER
Iowa Attorney General

_____/s/_____
By: JAMES N. ARMSTRONG
Deputy Commissioner of Insurance

_____/s/_____
By: JEANIE KUNKLE VAUDT
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