



**EXAMINATION REPORT  
OF**

**Hannover Life Reassurance Company of America**

**NAIC Company Code: 88340**

**Orlando, Florida**

**as of**

**December 31, 2019**

**BY THE**

**FLORIDA**

**OFFICE OF INSURANCE REGULATION**

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May 14, 2021

David Altmaier  
Commissioner  
Office of Insurance Regulation  
State of Florida  
Tallahassee, Florida 32399-0326

Dear Commissioner:

Pursuant to your instructions, in compliance with Section 624.316, Florida Statutes, Rule 69O-138.005, Florida Administrative Code, and in accordance with the practices and procedures promulgated by the National Association of Insurance Commissioners (NAIC), we have conducted an examination as of December 31, 2019, of the financial condition and corporate affairs of

**Hannover Life Reassurance Company of America**  
200 South Orange Avenue, Suite 1900  
Orlando, Florida 32801

hereinafter referred to as the "Company." Such report of examination is herewith respectfully submitted.

## **SCOPE OF EXAMINATION**

This Examination covered the period of January 1, 2015 through December 31, 2019 and the fieldwork commenced with planning with the Florida Office of Insurance Regulation ("the Office") on August 5, 2020. The fieldwork concluded as of May 14, 2021. The Company's last full scope exam by representatives of the Office covered the period of January 1, 2010 through December 31, 2014.

The Examination was a multi-state, coordinated examination conducted in accordance with the NAIC Financial Condition Examiners Handbook ("the Handbook"). The Handbook requires that the examination be planned and performed to evaluate the financial condition, assess corporate governance, identify current and prospective risks of the Company, and evaluate system controls and procedures used to mitigate those risks. An examination also includes identifying and evaluating significant risks that could cause an insurer's surplus to be materially misstated both currently and prospectively. The lead state for this exam was Florida, and states that participated in this exam are as follows: Illinois, Vermont, and Wisconsin.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. This may include assessing significant estimates made by management and evaluating management's compliance with the NAIC Statements of Statutory Accounting Principles ("SSAP"). The examination does not attest to the fair presentation of the financial statements included. If, during the course of the examination an adjustment is identified, the impact of such adjustment will be documented separately following the Company's financial statements.

This examination report includes information obtained from the examination of the records, accounts, files and documents of or relative to the Company and other information as permitted by Section 624.319, Florida Statutes. There may be other items identified during the examination that, due to their nature (for example, subjective conclusions or proprietary information), are not included within the examination report but separately communicated to other regulators and/or the Company.

## **SUMMARY OF SIGNIFICANT FINDINGS**

### **Current Examination Findings**

There were no significant findings as a result of this examination.

### **Previous Examination Findings**

There were no significant findings in the previous examination.

## **COMPANY HISTORY**

### **General**

The Company was incorporated in Florida on June 16, 1988 and commenced business on October 1, 1988.

### **Dividends**

In accordance with Section 628.371, Florida Statutes, the Company declared and paid dividends to its stockholder(s) in 2015, 2016, 2018, and 2019 in the amounts of \$20,000,000, \$52,000,000, \$43,900,000 and \$36,300,000 respectively.

### **Capital Stock and Capital Contributions**

As of December 31, 2019, the Company's capitalization was as follows:

Number of authorized common capital shares	34,750,000
Number of shares issued and outstanding	16,850,000
Total common capital stock	\$168,500,000
Par value per share	\$10.00

On March 10, 2015, the Company received an additional capital contribution from its parent in the amount of \$20,000,000.

On December 31, 2017, the Company issued additional common stock to the parent in the amount of \$45,000,000.

On February 23, 2018 the Company received an additional capital contribution from its parent in the amount of \$76,000,000 in exchange for 7,600,000 shares of common stock. On December

21, 2018 the Company received an additional capital contribution from its parent in the amount of \$45,000,000 in exchange for 4,500,000 shares of common stock.



## Surplus Notes

On December 31, 2019, the Company had the following surplus debentures:

<b>Date Issued</b>	<b>Face Amount</b>	<b>Carrying Value</b>	<b>Interest Rate</b>	<b>Payable To</b>
7/1/2008	\$25,000,000	\$25,000,000	3.70%(a)	Hannover Finance, Inc. (HFI)*
6/30/2009	25,000,000	25,000,000	3.75%(b)	Hannover Finance, Inc. (HFI) *
6/30/2010	25,000,000	25,000,000	3.80%(c)	Hannover Finance, Inc. (HFI) *
9/22/2016	50,000,000	50,000,000	3.58%	Hannover Ruck SE
12/23/2016	75,000,000	75,000,000	4.60%	Hannover Ruck SE
<b>Totals:</b>	<b>200,000,000</b>	<b>200,000,000</b>		

\* Transferred to Hannover Bermuda on September 30, 2020

(a) The interest rate changed from 3.316% to 3.70% effective 9/2/2016

(b) The interest rate changed from 5.7018% to 3.75% effective 9/2/2016

(c) The interest rate changed from 5.787% to 3.80% effective 9/2/2016

The Company paid \$6,750,279 and \$8,164,340, principal and/or interest for the 2019 and 2018 periods.

## **Acquisitions, Mergers, Disposals, Dissolutions**

The Company established a Vermont subsidiary, Sand Lake Re, Inc. (SLRe) during the third quarter of 2015. SLRe was formed as a Vermont domiciled special purpose insurance company and received its Certificate of Authority from the State of Vermont Department of Financial Regulation on January 4, 2016.

On December 19, 2017, the Company sold its 100% interest in Hannover Life Reassurance Company (Bermuda) Ltd. to Hannover Finance, Inc., an affiliate.

Effective June 14, 2019, the Company's parent Hannover Life Re AG merged into Hannover Rück Beteiligung Verwaltungs-GmbH (Hannover Re BVG). Therefore, the name of the parent changed to Hannover Re BVG and all outstanding shares of Hannover Life Reassurance Company of America are owned by Hannover Re BVG, a subsidiary of Hannover Rück SE.

## MANAGEMENT AND CONTROL

### Corporate Governance

The annual shareholder meeting for the election of Directors was held in accordance with Section 628.231, Florida Statutes. Directors serving as of December 31, 2019, are shown below:

Directors		
Name	City, State	Principal Occupation, Company Name
Jean-Jacques Henchoz <sup>(1)</sup>	Zurich, Switzerland	Chief Executive Officer, Hannover Re
Dr. Klaus Wilhelm Miller	Munich, Germany	Member of the Executive Board of Hannover Re
Peter Robert Schaefer	Orlando, Florida	Chief Executive Officer for the Company
Roland Helmut Vogel <sup>(a)</sup>	Hannover, Germany	Chief Financial Officer, Hannover Re
Dennis Dalton Braziel	Boynton Beach, Florida	Retired, External Director
William James Keltz	Osterville, Massachusetts	Retired, External Director
Charles Richard Scheper	Covington, Kentucky	Chairman Bexion Pharmaceuticals, Inc., External Director

<sup>(1)</sup> Chairman

<sup>(a)</sup> Retired in 2020 and was replaced by Clemens Jungsthofel.

In accordance with the Company's Bylaws, the Board appointed the following Senior Officers:

<b>Senior Officers</b>		
<b>Name</b>	<b>City, State</b>	<b>Title</b>
Peter Robert Schaefer	Orlando, Florida	Chief Executive Officer
Jeffrey Robert Burt <sup>(a)</sup>	Orlando, Florida	President
Clinton Jay Thompson	Orlando, Florida	Chief Financial Officer
Glen Eugene Martin	Orlando, Florida	Treasurer, SVP
Jay D Biehl	Charlotte, North Carolina	Senior Vice President
Andrew Richard Creighton	Charlotte, North Carolina	Senior Vice President
Giovanni Di Meo	Orlando, Florida	Chief Actuary, SVP
Susan Krause Fuller	Orlando, Florida	Controller, VP
Robert Paul Meehan	Orlando, Florida	Senior Vice President
Steven Benjamin Najjar	Orlando, Florida	Secretary, EVP
Kevin Nicholas Oldani	Denver, Colorado	Senior Vice President
Lisa Smith	Glendale, Colorado	Chief Operating Officer
Paul Joseph Smith	Orlando, Florida	Senior Vice President
Raymond Jeffrey Wright	Denver, Colorado	Senior Vice President

<sup>(a)</sup> Replaced as President during 2020 by Peter Robert Schaefer.

The Company's Board appointed several internal committees. The following were the principal internal board committees and their members as of December 31, 2019. The first person listed for each committee is the chairman.

<b>Investment Committee</b>		
<b>Name</b>	<b>City, State</b>	<b>Title, Company Name</b>
Roland Helmut Vogel	Hannover, Germany	Chief Financial Officer, Hannover Re
Glen Eugene Martin	Orlando, Florida	Senior Vice President for the Company
Peter Robert Schaefer	Orlando, Florida	Chief Executive Officer for the Company
Clinton Jay Thompson	Orlando, Florida	Chief Financial Officer for the Company
Gerald Segler	Hannover, Germany	Managing Director Investment Capital Management, Hannover Re

The Company maintained an audit committee, as required by Section 624.424(8)(c), Florida Statutes.

<b>Audit Committee</b>		
<b>Name</b>	<b>City, State</b>	<b>Title, Company Name</b>
Roland Helmut Vogel	Hannover, Germany	Chief Financial Officer, Hannover Re
William James Kelty	Osterville, Massachusetts	Retired, External AC Member
Dennis Dalton Brazier	Boynton Beach, Florida	Retired, External AC Member
Charles Richard Scheper	Covington, Kentucky	Chairman, Bexion Pharmaceuticals, Inc., External AC Member

<b>Compensation Committee</b>		
<b>Name</b>	<b>City, State</b>	<b>Title, Company Name</b>
Jean-Jacques Henchoz	Zurich, Switzerland	Chairman of the Executive Board & Chief Executive Officer, Hannover Re
Dr. Klaus Wilhelm Miller	Munich, Germany	Member of the Executive Board of Hannover Re
William James Kelty	Osterville, Massachusetts	Retired, External AC Member
Peter Robert Schaefer	Orlando, Florida	Chief Executive Officer for the Company

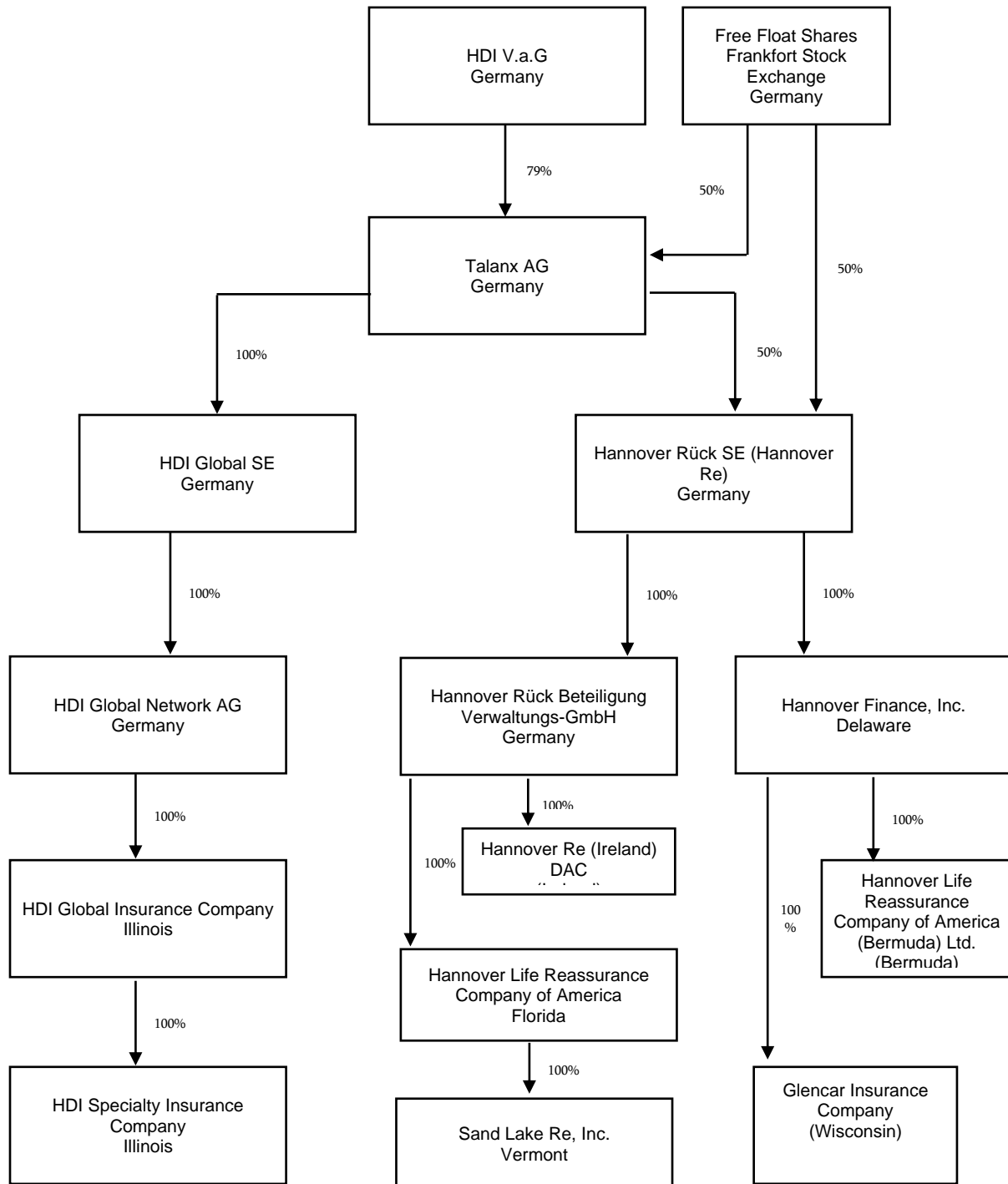
<b>401K Committee</b>		
<b>Name</b>	<b>City, State</b>	<b>Title, Company Name</b>
Lisa Smith	Glendale, Colorado	Chief Operating Officer for the Company
Peter Robert Schaefer	Orlando, Florida	Chief Executive Officer for the Company
Clinton Jay Thompson	Orlando, Florida	Chief Financial Officer for the Company

## **Holding Company System**

A simplified organizational chart as of December 31, 2019, reflecting the holding company system, is shown on the following page.

# Hannover Life Reassurance Company of America

December 31, 2019



The following agreements were in effect between the Company and its affiliates:

### **Tax Sharing Agreement**

Effective March 3, 2014, the Company entered into a Tax Sharing Agreement with Hannover Life Reinsurance Company of America (Bermuda) LTD to allocate the consolidated "federal income tax liability" of the affiliated group among its members, for reimbursing HLRC of America for payment of such liability. The agreement was amended December 21, 2017 to remove HLRA Bermuda from the agreement due to the sale of HLRA Bermuda to Hannover Finance Inc. The agreement was amended additionally on September 20, 2019 with the addition of Sand Lake Re, Inc.

### **Administrative Services and Shared Expense Agreement**

Effective April 1, 2014, the Company and HLRe Bermuda entered into an Administrative Services and Shared Expense Agreement. Under the terms of the agreement, the Company will provide consultation and advise on U.S. insurance, reinsurance, and financial market conditions, and provide Underwriting, actuarial pricing and modeling, business due diligence, and updates to rating models. Administrative services provided will include financial accounting, banking services and human resources services. The Company will pay 100% of the related shared expenses in providing the services and HLRA Bermuda agrees to and will reimburse the Company on a quarterly basis for its quota share portion of those expenses.

### **Master Administrative Services Agreement**

Effective January 1, 2016, the Company entered into a Master Administrative Services Agreement with Sand Lake Re, Inc. (SLRe) to provide administrative services to SLRe. The Agreement was amended on July 1, 2016 to replace Exhibit A – Services with an updated version with a comprehensive outline of services to be provided. The Agreement was amended a 2nd time on October 1, 2019 to amend Exhibit C of the original agreement to include detail of retrocession agreements.



## **Administrative Services Agreement**

Effective January 1, 2015, the Company entered into an Administrative Services Agreement with Hannover RE (Ireland) Limited Canadian Life Branch (“HRI Canada”) whereby HRI Canada desires to obtain services from the Company, as its service provider, with respect to the Canadian business reinsurance through HRI Canada. Services as outlined in Exhibit A of the Agreement, to include data management, premium and claim management, billing and other reporting procedures. Term of the agreement commences at the effective date and continues until agreement is terminated by either party.

## **Internal Audit Service Agreement**

Effective January 1, 2020, the Company entered into an Internal Audit Service Agreement between Hannover Rück SE (Hannover Re) and the Company whereby Hannover Re will provide certain audit services to the Company. Audit Services are defined as – dedicated internal audit services based on an annually updated risk assessment, a tolling multiyear audit outlook and a derived annual audit plan, approved by the Audit Committee of the Company after consultation with local management. The Company shall verify that the Risk Assessment and the audit plan meets FL regulatory requirements. The Agreement is to remain effective for an unlimited period of time unless terminated (after a minimum of 18 calendar months), giving notice of at least 6 months.

## **ACCOUNTS AND RECORDS**

The Company maintained its principal operational offices in Orlando, Florida.

The Company and non-affiliates had the following material agreements:

### **Custodial Agreement**

The Company maintained a custodial agreement with Brown Brothers Harriman & Co. (BBH) executed on June 6, 2011. The agreement complied with Rule 69O-143.042, Florida Administrative Code. The Company has agreements with Bank of New York and Mellon Bank for statutory deposits for Florida and Massachusetts.

### **Independent Auditor Agreement**

An independent CPA, PricewaterhouseCoopers, LLP audited the Company's statutory basis financial statement annually for the years 2018 and 2019, in accordance with Section 624.424(8), Florida Statutes. Supporting work papers were prepared by the CPA firm as required by Rule 69O-137.002, Florida Administrative Code.

### **Corporate Records Review**

The recorded minutes of the Board of Directors (Board) and the Audit and Investment Committees were reviewed for the period under examination. The recorded minutes of the Board documented its meetings and approval of Company transactions and events, in compliance with the Handbook adopted by Rule 69O-138.001, Florida Administrative Code, including the authorization of investments, as required by Section 625.304, Florida Statutes.

## **TERRITORY AND PLAN OF OPERATIONS**

The Company was authorized to transact insurance in all 50 states, the District of Columbia, Puerto Rico, and Guam. The Company does not direct write any insurance but reinsures business from other insurers in the United States, US Territories, Canada and Ireland.

The Company was authorized to transact insurance in Florida on September 30, 1988 and is currently authorized as a reinsurer for the following lines of business as of December 31, 2019:

Life and Variable Life	Credit Life
Accident and Health	Credit Disability
Variable Annuities	Group Life and Annuities

Prior to 2019, the Company was organized into three market-facing business units, Mortality Solutions, Health and Special Risk, and Annuity and Life Solutions. In 2019, the Company organized these units into more product-based structure, Life Solutions, Health Solutions and Financial Solutions. This change had no impact on day to day business operations.

In 2019, the Company had approximately \$1.27 trillion dollars of assumed insurance in force, of which \$11.7 billion was assumed from non-US insurers. The in-force US business originates primarily from Texas at over \$552 billion with Colorado and Virginia each comprising approximately \$126 billion. Of the remaining states, Florida originates approximately \$88 million in business.

The Company assumes only \$5.9 billion of its business from affiliates within the holding Company group.

## **REINSURANCE**

Reinsurance agreements reviewed complied with NAIC standards with respect to the standard insolvency clause, arbitration clause, intermediary clause, transfer of risk, reporting and settlement information deadlines.

### **Reinsurance Assumed**

The Company is a professional reinsurer. In the normal course of business, the Company assumes certain risks of other insurers through excess of loss, quota share on both coinsurance and modified coinsurance basis, and stop loss reinsurance agreements. Reinsurance agreements provide that in the event of loss exceeding the ceding insurer's retained amount, the reinsurer is liable for the excess or quota share amount of the coverage assumed.

### **Reinsurance Ceded**

The Company retrocedes a portion of its assumed risks for the purpose of limiting its maximum loss exposure.

Approximately 95% of the Company's life insurance business is retroceded, of which approximately 97% is retroceded to affiliated companies.

Approximately 93% of the accident and health business is retroceded, of which virtually all is retroceded to affiliated companies.

## **FINANCIAL STATEMENTS**

The following includes the Company's statutory Statement of Assets, Liabilities, Surplus and Other Funds; statutory Summary of Operations; and the statutory Analysis of Changes in Surplus for the year ended December 31, 2019. The financial statements are based on the statutory financial statements filed by the Company with the Florida Office of Insurance Regulation and present the financial condition of the Company for the period ending December 31, 2019.

(Note: Due to rounding, column amounts may not add to the totals reflected in the Report.)

**Hannover Life Reassurance Company of America**  
**Assets**  
**December 31, 2019**

	Per Company	Examination Adjustments	Per Examination
Bonds	\$2,927,618,046		\$2,927,618,046
Stocks			
Common	94,515,402		94,515,402
Mortgage loans on real estate			
First liens	1,919,016		1,919,016
Cash, cash equivalents and short-term investments	47,608,045		47,608,045
Contract loans	(48,765)		(48,765)
Other invested assets	54,727,943		54,727,943
Subtotal cash and invested assets	\$3,126,339,687		\$3,126,339,687
Investment income due and accrued	184,877,905		184,877,905
Premiums and considerations			
Uncollected premiums and agents' balances	171,545,369		171,545,369
Reinsurance			
Amounts recoverable from reinsurer	9,659,714		9,659,714
Funds held by or deposited with reinsured companies	12,850,916,006		12,850,916,006
Other amounts receivable under reinsurance contracts	1,170,627,435		1,170,627,435
Net deferred tax asset	11,215,941		11,215,941
Electronic data processing equipment and software	904,015		904,015
Receivables from parent, subsidiaries and affiliates	1,114,172		1,114,172
Totals	\$17,527,200,244		\$17,527,200,244

**Hannover Life Reassurance Company of America**  
**Liabilities, Surplus and Other Funds**  
**December 31, 2019**

	Per Company	Examination Adjustments	Per Examination
Aggregate reserve for life contracts	\$238,070,034		\$238,070,034
Aggregate reserve for accident and health contracts	138,639,917		138,639,917
Contract claims			
Life	127,140,129		127,140,129
Accident and health	158,656,915		158,656,915
Policyholders' dividends/refunds to members	(46,491)		(46,491)
Contract liabilities not included elsewhere			
Other amounts payable on reinsurance	1,154,742,217		1,154,742,217
Interest Maintenance Reserve	49,725,149		49,725,149
Commissions and expense allowances payable on reinsurance assumed	218,594,902		218,594,902
General expenses due or accrued	25,875,976		25,875,976
Taxes, licenses and fees due or accrued	1,773,655		1,773,655
Current federal and foreign income taxes	71,025,931		71,025,931
Amounts held for agents' account	207,145		207,145
Remittances and items not allocated	77,014,577		77,014,577
Borrowed money	20,231,500		20,231,500
Miscellaneous liabilities			
Asset valuation reserve	16,345,496		16,345,496
Reinsurance in unauthorized and certified	1,207,269		1,207,269
Funds held under reinsurance treaties	14,666,345,280		14,666,345,280
Funds held under coinsurance	8,824,268		8,824,268

	Per Company	Examination Adjustments	Per Examination
Total liabilities	\$16,974,373,869		\$16,974,373,869
Common capital stock	168,500,000		168,500,000
Surplus notes	200,000,000		200,000,000
Gross paid in and contributed surplus	130,404,632		130,404,632
Unassigned funds (surplus)	53,921,743		53,921,743
Total surplus and other funds	\$552,826,375		\$552,826,375
Total liabilities, surplus and other funds	\$17,527,200,244		\$17,527,200,244



**Hannover Life Reassurance Company of America**  
**Summary of Operations**  
**December 31, 2019**

	Per Company	Examination Adjustments	Per Examination
Premiums and annuity considerations	\$444,304,886		\$444,304,886
Net investment income	99,761,640		99,761,640
Amortization of Interest Maintenance Reserve	6,408,634		6,408,634
Commissions and expense allowances on reinsurance ceded	733,512,138		733,512,138
Reserve adjustments on reinsurance ceded	(2,741,149,499)		(2,741,149,499)
Aggregate write-ins for miscellaneous income	646,543,545		646,543,545
Subtotal	\$(810,618,656)		\$(810,618,656)
Death benefits	178,905,858		178,905,858
Annuity benefits	214,556		214,556
Disability benefits and benefits under accident and health contracts	225,472,267		225,472,267
Surrender benefits and withdrawals for life contracts	14,082,352		14,082,352
Interest and adjustments on contract or deposit type contract funds	769,360		769,360
Increase in aggregate reserves for life and accident and health contracts	(15,462,836)		(15,462,836)
Subtotal	\$403,981,557		\$403,981,557
Commissions and expense allowances on reinsurance assumed	722,832,949		722,832,949
General insurance expenses and fraternal expenses	88,709,013		88,709,013
Insurance taxes, licenses and fees	7,055,866		7,055,866

	Per Company	Examination Adjustments	Per Examination
Aggregate writeins for deductions	(2,091,844,679)		(2,091,844,679)
Subtotal	\$(869,265,294)		\$(869,265,294)
Net gain from operations before dividends and refunds to members	58,646,638		58,646,638
Dividends to policyholders and refunds to members	1,250		1,250
Net gain from operations after dividends and refunds to members	58,645,388		58,645,388
Federal and foreign income taxes incurred	(11,464,859)		(11,464,859)
Net gain from operations after dividends to policyholders, refunds to members and federal income taxes and before realized capital gains	70,110,247		70,110,247
Net realized capital gains	8,949		8,949
Net income	\$70,119,196		\$70,119,196

**Hannover Life Reassurance Company of America**  
**Capital and Surplus Account**  
**December 31, 2019**

	Per Company	Examination Adjustments	Per Examination
<b>Capital and Surplus Account</b>			
Capital and surplus prior reporting year	\$549,854,186		\$549,854,186
Net Income	\$70,119,196		\$70,119,196
Change in net unrealized capital gains (losses) less capital gains tax	(7,313,302)		(7,313,302)
Change in net deferred income taxes	(1,148,862)		(1,148,862)
Change in nonadmitted assets	(1,553,044)		(1,553,044)
Change in liability for reinsurance in unauthorized and certified companies	(622,198)		(622,198)
Change in asset valuation reserve	(2,427,759)		(2,427,759)
Dividends to stockholders	(36,300,000)		(36,300,000)
Aggregate write-ins for gains or(losses) in surplus	(17,781,842)		(17,781,842)
Net change in capital and surplus	\$2,972,189		\$2,972,189
Capital and surplus end of reporting year	\$552,826,375		\$552,826,375

**Hannover Life Reassurance Company of America**  
**Reconciliation of Capital and Surplus**  
**December 31, 2019**

<b>Capital/Surplus Change during Examination Period</b>			
Capital and Surplus at December 31, 2014 per Examination			\$212,050,677
	Increase	Decrease	
Net Income (loss)	\$193,726,384		\$193,726,384
Change in net unrealized capital gain (loss)	15,212,998		15,212,998
Change in net deferred income tax	4,626,416		4,626,416
Change in non-admitted assets		\$(6,937,875)	(6,937,875)
Change in liability for reinsurance		(858,894)	(858,894)
Change in surplus notes	125,000,000		125,000,000
Change in asset valuation reserve		(6,011,489)	(6,011,489)
Change in paid in capital	166,000,000		166,000,000
Change in paid in surplus	20,000,000		20,000,000
Dividends to stockholders		(152,200,000)	152,200,000
Aggregate write-ins for gains and losses in surplus		(17,781,842)	(17,781,842)
Net Increase/(Decrease)			\$340,775,698
Capital and Surplus at December 31, 2019 per Examination			\$552,826,375

No adjustments were made to surplus as regards policyholders as a result of this examination.

## **COMMENTS ON FINANCIAL STATEMENT ITEMS**

### **Liabilities**

#### **Aggregate Reserves and Contract Claims for Life and Accident & Health Contracts**

John Di Meo, FSA, MAAA, Senior Vice President and Chief Actuary, appointed by the Board, rendered an opinion that the reserves and related actuarial values carried in the balance sheet as of December 31, 2019, made a reasonable provision for all reserve obligations of the Company under the terms of its policies and agreements.

Jay C. Miniati, FSA, MAAA of Jay Miniati Actuarial Services reviewed the actuarial work papers provided by the Company and was in concurrence with this opinion.

### **Capital and Surplus**

The amount of capital and surplus reported by the Company of \$552,826,375, exceeded the minimum of \$100,000,000 required by Section 624.408, Florida Statutes.

## **SUBSEQUENT EVENTS**

### **Principle-Based Reserving**

Effective January 1, 2020, the Company adopted substantive revisions to SSAP No. 51 - Life Contracts in order to allow Principle-Based Reserving for life insurance. There was no impact of this accounting change on the 2020 financials.

### **Dividends**

On February 18, 2020, the Company paid an ordinary stockholder dividend to its former parent Hannover Re BVG in the amount of \$40,300,000 by issuing a short-term note payable. The note was paid on April 3, 2020.

On September 15, 2020, the Company paid an ordinary stockholder dividend to its former parent Hannover Re BVG in the amount of \$11,800,000.

### **Surplus Notes**

On September 30, 2020, the Company transferred three surplus debentures in the amount of \$25,000,000 each from Hannover Finance, Inc. to Hannover Life Reassurance Company of America (Bermuda) LTD.

### **Change in Ownership**

On November 13, 2020, the Hannover Re finalized a restructure where Hannover Life Reassurance Company America of (Bermuda) Ltd. became the parent and 100% owner of the Company.

## **COVID Claims in 2020**

COVID-related mortality claims in 2020 were approximately \$26.4 million, or twelve-percent of the total 2020 mortality claims of \$220.3 million.

The COVID-19 pandemic has continued to develop throughout 2020, with significant uncertainty remaining regarding the full effect of COVID-19 on the U.S. and global insurance and reinsurance industry. The Florida Office of Insurance Regulation has been in communication with the Company regarding the impact of COVID-19 on its business operations and financial position. The Office continues to closely monitor the impact of the pandemic on the Company and will take necessary action if a solvency concern arises.

## CONCLUSION

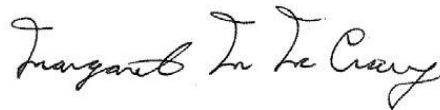
The insurance examination practices and procedures as promulgated by the NAIC have been followed in ascertaining the financial condition of Hannover Life Reassurance Company of America as of December 31, 2019, consistent with the insurance laws of the State of Florida.

In addition to the undersigned, Sheri Kenney CFE, MCM, Travis Harrison CPA, CPCU, Lori Jester, Participating Examiners of Highland Clark, LLC, also participated in the examination. Members of the Office who participated in the examination include Marshay Spencer APIR, Examination Manager and Glenn Coats APIR, CFE (Fraud), Participating Examiner. Additionally, Jay Miniati FSA, MAAA of Jay Miniati Actuarial Services is recognized for participation in the examination.

Respectfully submitted,



Tracy Gates, CFE, CISA  
Examiner-in-Charge and IT Specialist  
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