STATE OF CONNECTICUT

INSURANCE DEPARTMENT

ORDER ADOPTING REPORT OF EXAMINATION

I, Anne Melissa Dowling, Deputy Insurance Commissioner of the State of Connecticut, having fully considered and reviewed the Examination Report (the "Report") of Swiss Re Life & Health America Inc. (the "Company") as of December 31, 2011, do hereby adopt the findings and recommendations contained therein based on the following findings and conclusions,

TO WIT:

1. I, Anne Melissa Dowling, as the Deputy Insurance Commissioner of the State of Connecticut, and as such is charged with the duty of administering and enforcing the provisions of Title 38a of the Connecticut General Statutes ("CGS").

2. The Company is a domestic insurer authorized to transact the business of insurance in the State of Connecticut.

3. On October 12, 2012, the verified Examination Report of the Company was filed with the Connecticut Insurance Department ("Insurance Department").

4. In accordance with Section 38a-14(e)(3) of the CGS, the Company was afforded a period of thirty (30) days within which to submit to the Insurance Department a written submission or rebuttal with respect to any matters contained in the Report.

5. On November 20, 2012, the Company notified the Insurance Department of certain responses and comments on certain items contained in the Report.

6. Following review of the Report, it was deemed necessary and appropriate to modify the Report. A copy of the Report is attached hereto and incorporated herein as Exhibit A.

NOW, THEREFORE, it is ordered as follows:

1. That the Examination Report of the Company hereby is adopted as filed with the Insurance Department.

2. That the Company shall comply with all of the recommendations set forth in the Report, and that failure by the Company to so comply shall result in sanctions or administrative action as provided by Title 38a of the CGS.

Dated at Hartford, Connecticut, this 21st day of December, 2012 .

Anne Melissa Dowling
Deputy Insurance Commissioner

Exhibit A

EXAMINATION REPORT

OF THE

SWISS RE LIFE & HEALTH AMERICA INC.

AS OF

DECEMBER 31, 2011

BY THE

CONNECTICUT INSURANCE DEPARTMENT

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October 12, 2012

The Honorable Thomas B. Leonardi
Insurance Commissioner
State of Connecticut Insurance Department
153 Market Street, 6th Floor
Hartford, CT 06103

Dear Commissioner:

In compliance with your instructions and pursuant to the requirements of Section 38a-14 of the Connecticut General Statutes (CGS), the undersigned has conducted a Financial Examination of the condition and affairs of the:

SWISS RE LIFE & HEALTH AMERICA INC.

(hereinafter referred to as the Company or SRLHA), a capital stock corporation incorporated under the laws of the State of Connecticut and having its main administrative office located at 175 King Street, Armonk, NY. The report of such examination is submitted herewith.

SCOPE OF EXAMINATION

The previous examination of the Company was conducted as of December 31, 2006. The current examination which covers the subsequent five year period through December 31, 2011, was conducted at the main administrative office of the Company. On November 11, 2011, the examination was "called" utilizing the National Association of Insurance Commissioners (NAIC) Financial Exam Electronic Tracking System.

The examination was conducted on a full scope, comprehensive basis in accordance with the procedures outlined in the NAIC Financial Examiners Handbook (the Handbook). The Handbook requires that we plan and perform the examination to evaluate the financial condition and identify prospective risks of the Company by obtaining information about the Company, including corporate governance, and inherent risks within the Company and evaluating system controls and procedures used to mitigate those risks. An examination also includes assessing the principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation, and management compliance with Statutory Accounting Principles and the NAIC Annual Statement Instructions (Instructions). All accounts and activities of the Company were considered in accordance with the risk-focused surveillance examination process.

As a part of the examination planning procedures, the Financial Regulation Division of the Connecticut Insurance Department (the Department) reviewed the following documentation submitted by the Company:

- Annual Statements filed with the Department;
- The 2010 and 2011 audit reports by PricewaterhouseCoopers, LLP (PWC), the Company's independent certified public accountants;
- 2011 Annual Report of Swiss Re;
- Statements of actuarial opinion;
- Minutes of the Board of Directors (Board), affiliate and custodial agreements, and other documents related to significant transactions that require prior approval or requests for deviations from the NAIC Accounting Practices and Procedures Manual (Manual); and
- A review of the 2007 through 2011 statutory basis audit opinions which indicated no material concerns with respect to financial condition or regulatory compliance issues.

A comprehensive review was made of the financial analysis files and documents submitted to the Financial Analysis Unit of the Department, as well as Examination Jumpstart and Financial Analysis and Solvency Tracking System reports obtained from the NAIC database.

Work papers prepared by PWC for the years ending December 31, 2010 and 2011, in connection with their annual statutory audits were reviewed and relied upon to the extent deemed appropriate.

Claire Thinking, Inc. (CTI) was engaged by the Department to assist in the review of the Company's loss reserves and significant assumed and ceded reinsurance treaties.

Regulatory Examination Consultants, LTD. (REC) was engaged by the Department as staff support to assist in the examination of the Company's financial statements.

Noble Consulting, Inc. (Noble) was engaged by the Department to assist in the review of the Company's information technology (IT) general controls review.

Comments in this examination report are generally limited to exceptions noted or to items considered to be of a material nature.

Failure of items in this report to add to totals, or for totals to agree with captioned amounts, is due to rounding.

HISTORY

The Company was chartered by the Connecticut General Assembly on June 29, 1967, under the name General Reassurance Corporation and it commenced business on September 29, 1967. The Company was capitalized through the sale of 10,000 shares of $100 par value stock. All the common stock was owned by General Reinsurance Corporation (General Re).

On August 1, 1988, Reassurance Acquisition Corporation (RAC) and General Re entered into a stock purchase agreement under which RAC agreed to purchase from General Re all the issued and outstanding shares of capital stock of the Company. Prior to the consummation of the acquisition, RAC acquired all the issued and outstanding shares of capital stock of Texas Re Life Insurance Company (TexasRe) and assigned its right to purchase the shares of capital stock of the Company to TexasRe. The acquisition took place on November 16, 1988, and the Company changed its name to Life Reassurance Corporation of America (LRCA).

On July 31, 1995, the Company purchased all of the outstanding common stock of John Deere Life Insurance Company from two wholly owned subsidiaries of Deere & Co. and renamed it Reassure America Life Insurance Company (REALIC or Reassure), an Indiana domiciled life insurer. In July 1999, REALIC purchased Royal Maccabees Life Insurance Company (Royal Maccabees), and effective September 30, 1999, REALIC was merged with and into Royal Maccabees, with Royal Maccabees being the surviving company to that merger. On October 1, 1999, Royal Maccabees' name was changed to REALIC.

Effective December 1, 1998, through a merger of SRC Acquisition Corporation, a jointly owned subsidiary of Swiss Reinsurance Company Ltd. a Swiss Corporation (SRZ), and Swiss Re America Holding Corporation, a Delaware corporation (SRAH), was merged with and into Life Re Corporation, a Delaware corporation (Life Re), with Life Re being the surviving corporation. Life Re was the holder of all the outstanding capital stock of TexasRe, a Texas corporation.

Effective February 17, 2000, Life Re merged with and into Swiss Re Life & Health America Holding Company (SRLHA Holding), a Delaware corporation, leaving SRLHA Holding as the surviving corporation.

Effective December 21, 2000, Swiss Re Life & Health America Inc. (SRLH-NY), a New York domiciled insurance company, merged with and into the Company, leaving the Company as the surviving company.

Effective January 8, 2001, Texas Re merged with and into LRCA, leaving LRCA as the surviving company.

On March 8, 2001, the Company changed its name from LRCA to SRLHA.

On December 7, 2001, the Company and certain affiliates purchased the reinsurance operation of Lincoln National Corporation (Lincoln) for approximately $2 billion. The Company acquired the majority of the operations through four reinsurance agreements and stock acquisitions. The stock acquisitions included Lincoln National Reassurance Company (LNRC) and Old Fort Insurance Co. Ltd. (Old Fort). Funding for the Company's portion of the acquisition was provided through a capital contribution of $1.162 billion received from its direct parent, SRLHA Holding and an extraordinary dividend from Reassure in the amount of $600 million.

On October 1, 2002, the Company paid a dividend to SRLHA Holding in the form of 100% of the capital stock of its subsidiary, Old Fort.

On January 1, 2003, Swiss-Am Reassurance Company (Swiss-Am) and LNRC were merged with and into the Company, leaving the Company as the surviving corporation.

On October 1, 2003, for a nominal cash purchase price of $100, the Company acquired all of the outstanding capital stock of Sage Life Holdings (Sage Life). As a result of this transaction, Sage Life became a wholly-owned subsidiary of the Company. Sage Life, in turn, holds 100% of the common stock of Sage Life Assurance of America, Inc. (Sage Life America). Sage Life America, a Delaware domiciled variable annuity life insurance company, discontinued new product issuance effective January 1, 2003, but continued to administer its portfolio of in-force business. The transaction was accounted for as a statutory purchase.

Effective January 1, 2004, the Board of Directors of SRLHA Holding approved the contribution of 21% of SRLHA Holding's ownership of the capital stock of the Company to Old Fort, such that, as of January 1, 2004, the Company was owned 79% by SRLHA Holding and 21% by Old Fort.

On April 30, 2004, the Company acquired CNA Financial Corporation's (CNA) individual life insurance and annuity business for a cash consideration of approximately $672.5 million. The transaction included the acquisition of all the issued and outstanding common stock of Valley

Forge Life Insurance Company (Valley Forge), an Indiana domiciled life insurance company and the assumption of approximately $1 billion in reserves under a coinsurance agreement with Continental Assurance Company (CAC), a subsidiary of CNA. The effective date of the coinsurance agreement was January 1, 2004.

On December 22, 2005, the Company's shareholders, SRLHA Holding and Old Fort, transferred 100% of the capital stock of Atlantic International Reinsurance Company, Ltd., (AIRCO) to the Company as a capital contribution. The fair value of AIRCO on the date of the transaction was approximately $12.3 million and was reflected as paid in surplus.

Sage Life Holding of America, a wholly-owned subsidiary of the Company, was dissolved effective January 21, 2006. As a result, Sage Life America became a wholly-owned direct subsidiary of the Company.

Effective September 30, 2006, Sage Life America merged into Valley Forge, leaving Valley Forge as the surviving corporation.

Effective December 28, 2006, Southwestern Life Insurance Company (Southwestern), a wholly-owned subsidiary of the Company, merged into Valley Forge, leaving Valley Forge as the surviving corporation.

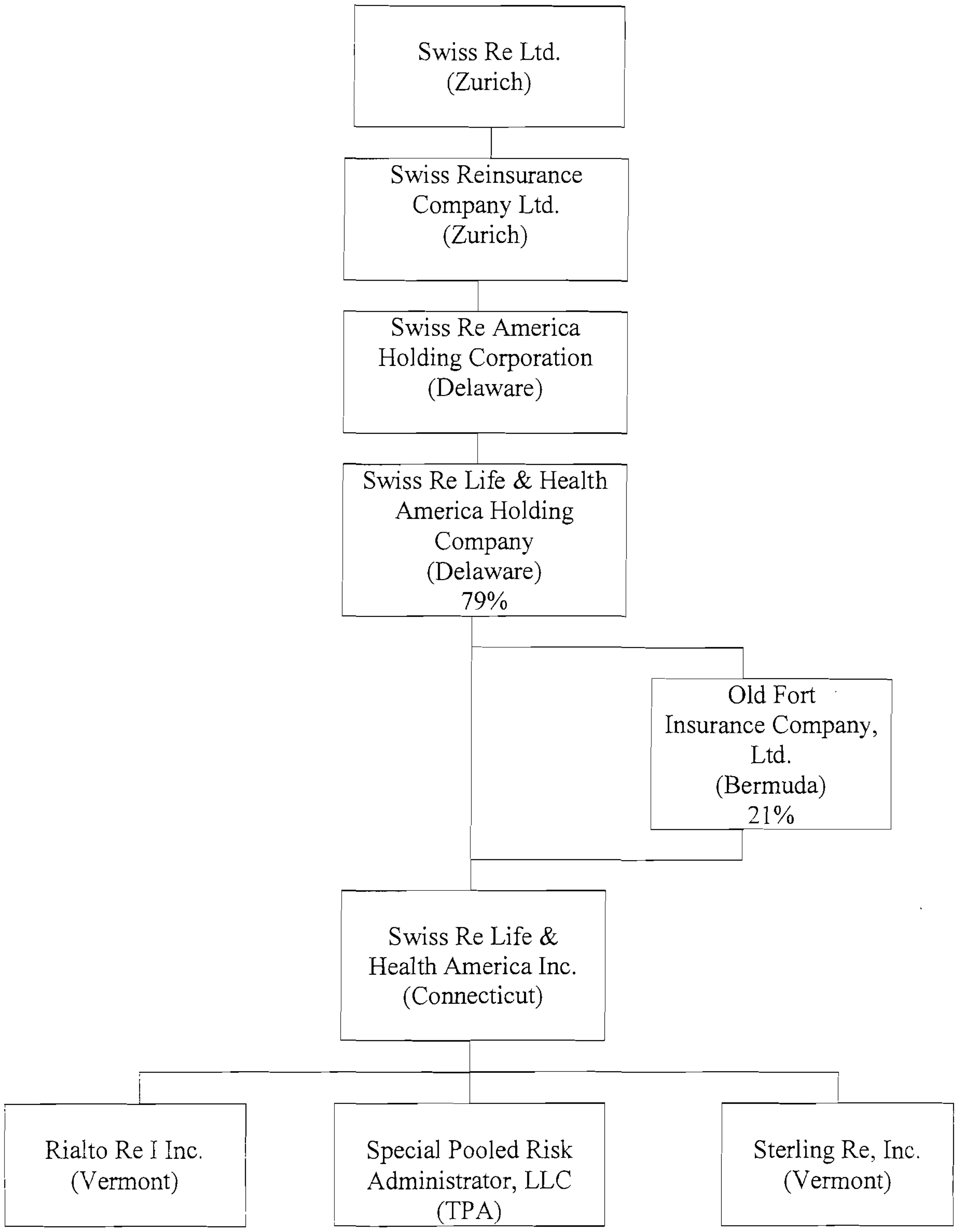
On July 1, 2011, the Company received capital contributions from SRLHA Holding and Old Fort of $653.33 million and $173.67 million, respectively. The Company simultaneously made a capital contribution to REALIC in the amount of $627 million. On the same date, the Company made an in-kind dividend distribution of its equity interest in REALIC to SRLHA Holding and Old Fort. The Company reported a realized capital loss of $844.345 million as a result of the distribution.

The Company is owned by SRLHA Holding and Old Fort. Old Fort is a wholly-owned subsidiary of SRLHA Holding, which in turn is wholly-owned by SRAH, a Delaware company. SRAH is owed by SRZ, a Swiss Company. The ultimate parent of the Swiss Re Group is Swiss Re Ltd. (Swiss Re), a Swiss company. With the distribution of REALIC to its immediate holding companies, the Company's wholly-owned insurance subsidiaries currently include Rialto Re I Inc. (Rialto) and Sterling Re Inc. (Sterling), both Vermont special purpose financial captives. In addition, the Company has a number of direct and indirect subsidiaries, including Special Pooled Risk Administrators, Inc., a third party pool administrator for individual and group life catastrophes.

SWISS RE LIFE & HEALTH AMERICA INC.

ORGANIZATIONAL CHART

An organizational chart of the insurance holding company system at the end of the examination period is as follows:



MANAGEMENT AND CONTROL

The Company is a member of an insurance holding company system, as defined in Sections 38a-138.1 to 38a-138.1b of the Connecticut Insurance Regulations (Regulations) and Section 38a-135 of the CGS and is an indirect wholly-owned subsidiary of Swiss Re, a Swiss publicly-traded holding company.

The annual meeting of stockholders for the election of directors and for the transaction of such other business as properly may come before such meeting, shall be held on such date and at such time and place within or without the State of Connecticut as may be designated by the Board.

Special meetings of the stockholders for any proper purpose may be called at any time by the Board, the Chairman of the Board (Chairman), the Chief Executive Officer, or whenever stockholders owning a majority of the shares of the corporation then issued and outstanding, and entitled to vote on matters to be submitted to stockholders, shall make an application in writing.

The presence at any meeting, in person or by proxy, of the holders of a majority of the shares then issued and outstanding and entitled to vote, shall constitute a quorum.

The number of directors shall be established by the Board or by action of the stockholders. The directors shall be elected at the annual meeting of stockholders, except as provided for in the by-laws with respect to vacancies and resignations. Each director shall be elected to hold office until the next succeeding annual meeting and shall serve until his successor is elected and qualified, or until his resignation, removal or, ineligibility.

A meeting of the Board shall be held for organization, for the election of officers, and for the transaction of such other business as may properly come before the meeting, at or within ninety days after such annual election of directors. The Board, by resolution, may provide for the holding of regular meetings and may fix the times and places at which such meetings shall be held.

The elected officers of the corporation shall be a Chairman, the Chief Executive Officer, a President, a Treasurer, and a Secretary, all of whom shall be elected by the Board at the next regular meeting after the annual meeting of the stockholders. All elected officers, with the exception of the Chairman, shall hold office for one year, and until their successors shall be elected and qualify, or until their death, resignation, or removal.

Members of the Board serving the Company at December 31, 2011, were as follows:

Name	Title and Principal Business Affiliation
Walter A. Bell	Chairman of the Board, SRLHA
John S. D'Alimonte	Director, SRLHA
Gail D. Fosler	President, The GailFosler Group LLC
David L. Jahnke	Director, SRLHA
Michel M. Lies	Chief Executive Officer, Swiss Re Group
Pierre L. Ozendo	Director, SRLHA
George Quinn	Chief Financial Officer, Swiss Re Group
Carlos E. Represas	Director, SRLHA
Philip K. Ryan	Executive Vice President and Chief Financial Officer, Financial Corporation and Power Corporation of Canada
David A. Cole	Chief Risk Officer, Swiss Re Group
John E. Smith	Chief Executive Officer, Swiss Re Americas

Committees

Pursuant to the corporate bylaws, the Board may, at any time, appoint such standing committees and/or special committees, each consisting of two or more directors, to perform such duties and make such investigations and reports as the Board shall by resolution determine. Such committees shall determine their own organizations, and times, and places of meeting, unless otherwise directed by resolution. In addition, the Board may appoint an executive committee with the powers and authority of the Board in the management of the business and affairs of the corporation.

The committees appointed by the Board during the examination period were as follows:

Executive Committee

The Executive Committee meets as needed to address matters that arise between regularly scheduled Board meetings.

Risk Committee

The Risk Committee assists the Board in fulfilling its oversight responsibilities as they relate to the Company's risk tolerance and capital adequacy, risk concentration, threats, and other related issues from a statutory and economic perspective.

Audit Committee

The Audit Committee of the Company is identical to the Audit Committee of SRAH. The Audit Committee's primary function is to assist the Board in fulfilling its oversight responsibilities relating to the integrity of the Company's financial statements, the Company's compliance with laws and regulations, the qualifications of external auditors and the internal and external auditing processes, with the ultimate goal of reinforcing the confidence of shareholders, customers, regulators and the general public in the integrity of the Company's financial reporting process.

Officers
The executive officers serving the Company at December 31, 2011, were as follows:

Name	Title
Francis J. O'Neill	President
William J. Steilen	Managing Director and Chief Financial Officer
Elissa B. Kenny	Senior Vice President and Secretary
Mary E. Luning	Senior Vice President and Actuary
John E. Smith	Chief Executive Officer
Jeffrey C. Gordon	Senior Vice President and Treasurer

RELATED PARTY TRANSACTIONS

The Company is also a party to numerous related party agreements. The agreements that are material in nature are as follows:

Investment Management and Accounting
On July 1, 2006, the Company entered into an agreement with Swiss Re Asset Management (Americas), Inc. (SRAM), a New York corporation, to provide investment advisory and accounting services to the Company. The agreement was renewed on July 1, 2011, with Swiss Re Financial Services Corporation (SRFSC), a Delaware corporation, as successor to SRAM. SRFSC provides the Company investment management and investment accounting services. SRFSC manages the Company's portfolio of investments on behalf of, at the direction of, and within the parameters established by the Company. The Company pays SRFSC a fee for services based upon the fair value of the securities in the Company's portfolio.

Trademark
The Company pays Swiss Re, its ultimate parent, a fee for the use of its trademark.

Management Services
SRAH provides the Company with certain management services, including legal counsel, personnel, data processing, office management and supply services, marketing, public relations, reinsurance program implementation assistance, actuarial, auditing, and managerial. The Company pays SRAH consideration equal to the costs incurred for services. Effective January 1, 2011, all employees of the Company were transferred to SRAH.

Management Services to Affiliates
- Prior to the distribution of REALIC to SRLHA Holding, the Company provided certain general management services to Reassure. Reassure reimbursed the Company for the cost of salaries, related benefits, and other expenses incurred by the Company on behalf of Reassure.

- The Company provides general management and business services to affiliates North American Specialty Insurance Company (NAS), Milvus I Reassurance Limited (Milvus), Sterling, Rialto and Old Fort, which pay consideration for services received equal to the cost of providing these services.

Consolidated Tax Allocation Agreement

The Company, along with its wholly-owned life insurance subsidiaries, files a consolidated life insurance federal income tax return. Allocation is based upon separate return calculations with credit for net losses when utilizable on a separate company basis or in consolidation, except tax payments by, and tax refunds to, Rialto and Sterling are based on amounts determined as if Rialto and Sterling each filed a separate return with credit for net losses when utilizable on a separate company basis.

INSURANCE COVERAGE

The Company maintains fiduciary liability insurance through Vigilant Insurance Company. The aggregate limit of liability provides fidelity coverage above the prescribed minimum set forth by the Handbook's schedule of suggested minimum amounts.

In addition to fidelity bond insurance coverage, the Company maintains primary and excess coverages for the following lines, with the respective companies:

Company	**Coverage**
Zurich American Insurance Company and Federal Insurance Company	Commercial general liability
Pacific Indemnity Insurance Company	Commercial automobile liability
American Guarantee & Liability Company	Commercial property
Zurich American Insurance Company	Boiler & machinery and Directors & officers liability
Vigilant Insurance Company and St. Paul & Marine Insurance Company	Employment practices liability
Federal Insurance Company	Workers compensation

TERRITORY AND PLAN OF OPERATIONS

Licensing Information

The Certificate of Incorporation empowers the Company to issue policies or certificates of insurance against the risk of loss subject to non-participating life and variable life, accident and health insurance, and any other authorized business of a Connecticut licensed life insurance company. Authority is also granted to issue variable annuities, to accept and cede reinsurance, and to engage in any lawful activity for which a stock insurance corporation may be formed. The Company is qualified or accredited as a reinsurer in Georgia, Massachusetts, New Hampshire and Wyoming. The Company has filed under Rule 740 (credit for reinsurance) in the state of Maine. It is licensed to conduct life and health business in all of the remaining states and the District of Columbia.

Plan of Operations

The Company's business activities consist primarily of traditional life reinsurance involving the transfer to the Company of mortality risks on insurance products from primary and ceding insurers of ordinary individual and group life policies. Substantially all of the traditional life reinsurance business is marketed directly by the Company without the use of intermediaries. The Company's run-off business is comprised of certain variable annuity guarantees, group accident and health, special risk and individual disability reinsurance business. All U.S. disability income treaties have been terminated for new business. The Company has placed in run-off, certain group accident and health, special risk, and individual disability reinsurance business. This business (excluding disability) was conducted primarily through participation in reinsurance pools. Included in this business, referred to internally as Exit Re, is the workers' compensation carve out business (i.e. Unicover), which has been in run-off since the late 1990's. Effective December 1, 2001, the Company's strategy is to retain a maximum of $75 million on any one life for ordinary life insurance business inforce, with certain limited exceptions based upon issue age and risk classification.

The Company does not have any retrocessional agreements open for new business to non-affiliated companies, and existing retrocessional business is in run-off. The Company does, however, retrocede a substantial portion of assumed risks to onshore and offshore affiliated companies, including its special purpose financial captives formed in recent years as a collateral solution for the surplus strain from regulation XXX business.

Marketing and Agency System

The Company's traditional life reinsurance business is primarily marketed directly by the Company without the use of intermediaries.

REINSURANCE

The Company's reinsurance agreements cover a portfolio of ordinary life insurance products, including term, universal, interest sensitive, and whole life, as well as group life, group health, individual disability income, and special risk insurance. The Company also writes an immaterial amount of mortality risk on variable life products. Its reinsurance business is predominately written under automatic treaties with primary life insurance companies but also assumes some business on a facultative basis from companies that it assumes from on an automatic basis.

The majority of the Company's traditional life business is structured as yearly renewable term (YRT) or coinsurance, written on a quota share basis. The Company generally requires ceding companies to retain at least 10% of every risk whether the business is written on an excess or quota share basis. The Company had limited its retained net liability on any one traditional life risk to $75 million.

Assumed Reinsurance:

Affiliated Companies:

Reassure America Life Insurance Company
The Company maintains coinsurance and YRT treaties covering individual life policies with Reassure. Effective October 31, 1999, the Company also became a party to an agreement with Reassure that provided for 100% of Reassure's disability income insurance business to be ceded to the Company. Reassure's business is generated through treaties written on closed, in force blocks of business. This business is assumed through stock purchase, and assumption and indemnity arrangements from direct writers. The direct business is administered by Swiss Re through third party administrators. On July 1, 2011, Reassure recaptured a block of disability income business that was reinsured by the Company. Contemporaneously with the recapture, the Company made an in-kind dividend distribution of its equity interest in Reassure to SRLHA Holding and Old Fort.

Non-Affiliated Companies:

CIGNA Health & Life Insurance Company (CIGNA)
In 2000, the Company assumed a large block of CIGNA's life and health reinsurance portfolio. This business was assumed on an indemnity reinsurance basis. During 2001, most of this business was novated to SRLHA, where the prior treaties between clients and CIGNA are now directly assumed by SRLHA. There still exists a small amount of non-novated business that is ceded directly from CIGNA to SRLHA.

Lincoln National Life Insurance Company (Lincoln National)
In 2001, Swiss Re acquired Lincoln National's reinsurance business through a series of reinsurance arrangements and stock purchases. This business is predominately YRT reinsurance coverage of individual life business and personal accident covers.

Ceded Reinsurance:

Affiliated Companies:

Rialto Re I Inc.
Effective June 27, 2008, the Company formed Rialto, a Vermont domiciled special purpose financial captive insurance company, for the purpose of providing life reinsurance to the Company. Effective July 1, 2008, the Company recaptured an in-force block of guaranteed level premium term life insurance from European Reinsurance Company of Zurich Bermuda Branch (ERZBB). Under a coinsurance agreement with Rialto, the Company contemporaneously ceded those reserves and transferred assets to Rialto.

Milvus I Reinsurance Limited
Effective December 19, 2008, the Company recaptured quota share percentages of blocks of inforce guaranteed level premium term life insurance from SRZ and European Reinsurance Company of Zurich (ERZ). The Company contemporaneously ceded the recaptured business, in addition to a quota share percentage of certain retained business, to Milvus, a Barbados affiliate, under a funds withheld coinsurance agreement.

Sterling Re, Inc.
Effective November 20, 2009, Sterling, a Vermont special purpose financial captive insurance company, was formed for the purpose of providing life reinsurance to the Company. Effective December 30, 2009, the Company recaptured quota share percentages of blocks of guaranteed level premium term life insurance business from SRZ and ERZ. The Company contemporaneously ceded the recaptured business, in addition to a quota share percentage of certain retained business, to Sterling, under a funds held coinsurance agreement.

Swiss Reinsurance Company Ltd

- Effective December 31, 1994, the Company entered into a modified coinsurance treaty with SRZ, whereby the Company retrocedes 80% of all retained individual accident and health business in-force on, or reinsured after, the effective date. The agreement was amended on December 31, 1997, to include business reinsured with the Company that it accepts by novation from The Mercantile General Life Reassurance Company of America. Effective January 1, 1998, the agreement was amended to change it from modified coinsurance to a coinsurance funds withheld agreement.

- In 1994, the Company entered into an agreement with SRZ, by which the Company cedes its long-term care business.

- Effective the fourth quarter of 2008, all of the remaining business, which had not been recaptured and retroceded to Rialto and which the Company had reinsured with ERZBB, was novated to SRZ.

- The Company reinsures 100% of its minimum death benefit and living benefit guarantees on variable annuities to SRZ.

- Group Life reinsurance is retro-ceded on an 80% quota share basis under a Modco treaty to SRZ.

Non-Affiliated Companies:

Berkshire Hathaway Life Insurance Company of Nebraska (BHLIC)
Effective October 1, 2009, the Company recaptured a block of in-force YRT life insurance business from SRZ and ERZ. Under the agreements related to the recaptured business, the Company recaptured reserves in exchange for consideration from SRZ and ERZ. The Company contemporaneously ceded the recaptured business, along with previously retained YRT business assumed prior to 2005, to BHLIC under a coinsurance agreement.

INFORMATION TECHNOLOGY CONTROLS

Noble performed an evaluation of the IT controls in accordance with the guidelines and procedures set forth in Exhibit C Evaluation of Controls in Information Technology (Exhibit C) of the Handbook.

Noble's objectives were to determine whether IT resources align with the Company's strategies and objectives and to ensure that significant risk associated with its IT environment is appropriately mitigated by strategies and controls as outlined in Exhibit C.

The objectives of this review were achieved through a combination of reviewing the Company's policies and procedures, testing in key areas related to Exhibit C, interviewing the Company's IT senior management, reviewing IT risk assessment processes, and leveraging the risk assessment procedures performed by PWC.

The scope of the review included the following administrative systems:

System	Description
Business of the Future (BoF)	Underwriting, Policy Administration, Claims Administration and Technical Accounting for traditional life & health business
Oracle Financials	Account Payables (AP), Account Receivables (AR) and the General Ledger (GL)
ArcVal	Calculates policy reserves, tax reserves and benefit reserves

The internal control structure of the Company and selected accounting procedures were reviewed and discussed with management through questionnaires, observation and attribute testing. The reconciliation of accounts and the internal control review concluded that the operating environment is conducive to producing reliable accounting information and did not disclose any material data integrity issues.

ACCOUNTS AND RECORDS

The Company uses an integrated financial approach, the Swiss Re U.S. general ledger system, resident on the Oracle network system, to process and maintain its financial accounting records. The Company uses Eagle Technology Management's Wings (Wings) software to prepare its annual statements. There is no direct feed from the general ledger to the annual statement reporting software. Reports are generated from the general ledger in the annual statement format, then uploaded to Wings through an excel worksheet.

General ledger account balances were reconciled and traced to appropriate asset, liability and income statement lines on the annual statements. Adjusting entries are posted on a monthly basis.

FINANCIAL STATEMENTS

The following statements as filed by the Company and as determined by the examination, reflect the assets, liabilities, surplus and other funds, and summary of operations of the Company, as of December 31, 2011:

ASSETS

Account Description	Assets	Non-admitted Assets	Net Admitted Assets
Bonds	$7,292,301,882		$7,292,301,882
Common stocks	5,124,145		5,124,145
Cash, cash equivalents and short-term investments	444,139,276		444,139,276
Contract loans	72,372,935	$5,907	72,367,028
Other invested assets	185,478,205		185,478,205
Receivable for securities	340,641		340,641
Investment income due and accrued	92,676,444		92,676,444
Premiums and considerations:			
Uncollected premiums and agents' balances in the course of collection	208,956,054		208,956,054
Accrued retrospective premium	5,198,185		5,198,185
Reinsurance:			
Amounts recoverable from reinsurers	69,111,158		69,111,158
Funds held by or deposited with reinsured Companies	185,355,080		185,355,080
Other amounts receivable under reinsurance contracts	245,960,425		245,960,425
Current federal and foreign income tax recoverable and interest thereon	159,955,964		159,955,964
Net deferred tax asset	197,748,864	170,324,868	27,423,996
Receivable from parent, subsidiaries and affiliates	159,622		159,622
Aggregate write-ins for other than invested assets:			
Working funds held by reinsured companies	11,988,826		11,988,826
Other assets non-admitted	792,812	792,812	0
Total assets excluding Separate Accounts, Segregated accounts and Protected Cell Accounts	9,177,660,518	171,123,587	9,006,536,931
From Separate Accounts, Segregated Accounts and Protected Cell Accounts	0		0
Total	$9,177,660,518	$171,123,587	$9,006,536,931

SWISS RE LIFE & HEALTH AMERICA INC.

LIABILITIES, SURPLUS AND OTHER FUNDS

Account Description	Liabilities
Aggregate reserve for life contracts	$2,151,295,154
Aggregate reserve for accident and health contracts	410,648,465
Liability for deposit-type contracts	1,390,455
Contract claims:	
Life	607,067,221
Accident and health	177,513,106
Policyholders dividends due and unpaid	3,596,051
Contract liabilities not included elsewhere:	
Surrender value on cancelled contracts	7,770,485
Provision for experience rating refunds	93,514,599
Other amounts payable on reinsurance	190,411,404
Interest maintenance reserve	198,018,638
Commissions and expense allowances payable on reinsurance assumed	158,452,997
General expenses due or accrued	948,912
Taxes, licenses and fees due or accrued	2,806,365
Amounts withheld or retained by company as agent or trustee	3,112,133
Remittances and items not allocated	228,687,156
Net adjustment in assets and liabilities due to foreign exchange rates	301
Miscellaneous liabilities:	
Asset valuation reserve	13,947,852
Reinsurance in unauthorized companies	8,934,177
Funds held under reinsurance treaties with unauthorized reinsurers	3,614,574,499
Payable to parent, subsidiaries and affiliates	54,193,209
Funds held under coinsurance	14,268,159
Aggregate write-ins for liabilities:	
Working funds held for reinsurers	2,491,954
Fair value of guarantees pursuant to adoption of SSAP 5R	12,700,000
Total liabilities excluding Separate Accounts	7,956,343,292
From Separate Accounts Statement	0
Total Liabilities	7,956,343,292
Common capital stock	4,000,000
Gross paid in and contributed surplus	1,857,254,849
Unassigned funds (surplus)	(811,061,210)
Surplus	1,046,193,639
Total surplus and other funds	1,050,193,639
Total liabilities and surplus	$9,006,536,931

SUMMARY OF OPERATIONS

Premiums and annuity considerations for life and accident and health contracts	$315,591,538
Net investment income	374,580,118
Amortization of interest maintenance reserve (IMR)	18,262,687
Commissions and expense allowances on reinsurance ceded	557,460,150
Reserve adjustments on reinsurance ceded	(404,675,328)
Miscellaneous income:	
Aggregate write-ins for miscellaneous income	120,783,031
Totals	982,002,196
Death benefits	937,449,606
Matured endowments	109,166
Annuity benefits	11,257,112
Disability benefits and benefits under accident and health contracts	124,898,161
Surrender benefits and withdrawals for life contracts	24,635,596
Group conversions	165,731
Interest and adjustments on contracts or deposit-type contract funds	8,053,428
Increase in aggregate reserves for life and accident and health contracts	(783,206,315)
Totals	323,362,485
Commissions on premiums, annuity considerations and deposit-type contract funds	55,194
Commissions and expense allowances on reinsurance assumed	746,459,453
General insurance expenses	185,838,035
Insurance taxes, licenses and fees, excluding federal income taxes	8,340,698
Aggregate write-ins for deductions	(55,082,496)
Totals	1,208,973,369
Net gain from operations before dividends to policyholders and federal income taxes	(226,971,173)
Dividends to policyholders	3,458,685
Net gain from operations after dividends to policyholders and before federal income taxes	(230,429,858)
Federal and foreign income taxes incurred	(195,780,476)
Net gain from operations after dividends to policyholders and federal income taxes and before realized capital gains or (losses)	(34,649,382)
Net realized capital gains or (losses) less capital gains tax	(855,221,386)
Net income	($889,870,768)

CAPITAL AND SURPLUS ACCOUNT

Capital and surplus, December 31, prior year	$1,621,272,739
Net income	(889,870,768)
Change in net unrealized capital gains (losses)	73,387,397
Change in net unrealized foreign exchange capital gain (loss)	(24,545)
Change in net deferred income tax	(22,801,254)
Change in nonadmitted assets	23,206,267
Change in liability for reinsurance in unauthorized companies	(3,588,944)
Change in asset valuation reserve	2,245,384
Cumulative effect of changes in accounting principles	(1,430,000)
Surplus adjustment:	
Paid in	340,610,210
Change in surplus as a result of reinsurance	(78,359,883)
Aggregate write-ins for gains and losses in surplus	(14,452,963)
Net change in capital and surplus for the year	(571,079,099)
Capital and surplus, December 31, current year	$1,050,193,639

INVESTMENTS

The Department reviewed the Company's investment and general risk management practices. The scope of the review included the following:

- Gain an understanding of the investment strategy and portfolio composition to assess the investment strategy and initiatives compared to the business objectives;
- Assess the investment risk management function and practices to identify, measure, manage, and monitor/report risks;
- Assess the valuation and price verification process; and
- Review the watch list and impairment processes.

The focus of the review and analysis included the following risk areas:

- Asset pricing and fair value determination;
- Other-than-temporary impairment (OTTI) determinations;
- Commercial mortgage backed securities (CMBS) and other securitized assets; and
- Liquidity and funding risks.

The Department's approach to conducting the risk review included the following:

- Reviewed investment policy and guideline documentation;
- Reviewed investment strategy documentation for a sample of product lines;
- Reviewed audited statutory financial statements as of December 31, 2011;
- Interviewed key senior staff;
- Reviewed operating plan and key priorities;
- Reviewed investment management monthly operating reports;
- Analyzed investment portfolio by asset class, bond type, credit ratings, and other similar characteristics;
- Reviewed counterparty exposure reports;
- Reviewed problem asset and impairment review meeting materials, including underwater securities and problem bond reports;
- Reviewed accounting policy on OTTI; and
- Reviewed documentation of valuation policies and methodology for each asset class.

The Company's investment strategy appears to be fundamentally sound and portfolio strategies exist at the product level which recognizes the product liability and liquidity needs. The Company employs numerous reports used to manage investment risk and performance and analyzes investment performance relative to plan. Internal committees and senior management review committee's focus on risk management and provides for a disciplined impairment review process.

The Company's primary investment advisor is SRFSC, an affiliate. SRFSC utilizes BlackRock Financial Management Inc. as a sub-advisor in the management of corporate bonds and non-agency securitized bonds and Conning Asset Management as a sub advisor for the management of certain specialized portfolios.

NET DEFERRED TAX ASSET $27,423,996

The Company included a tax planning strategy in its deferred tax asset (DTA) computation in an effort to qualify a portion of its DTA as an admitted asset. In certain circumstances, a tax planning strategy may be allowed to be considered in the DTA calculation. One requirement is that the entity must demonstrate that, while it ordinarily might not take such actions or elections, it would do so to prevent an operating loss, tax credit carry-forward, or other similar actions from expiring unused. The Company, however, had no such expiring loss carry-forwards. Absent the tax planning strategy, the entire DTA would have been non-admitted.

The implementation of the tax planning strategy was also not approved by the Board. Although the Company's investment policy does not specifically identify a requirement to obtain approval for all investment strategy scenarios, a tax planning strategy that could not be implemented within twelve months of the balance sheet date or is inconsistent with management's business objectives would not be prudent and/or feasible. The Company should demonstrate and provide notification to the Board that the tax planning strategy is consistent with the Company's business objectives, goals, budgets, and forecasts.

It is recommended that the Company properly apply tax planning strategies in its DTA computation in accordance with Statements of Statutory Accounting Principles (SSAP) No. 10R and subsequent to December 31, 2011, SSAP No. 101 of the NAIC Accounting Practices and Procedures Manual (Manual), and adhere to the Manual for all other computations relating to the DTA. It is further recommended that the Company consider obtaining Board approval when applying tax planning strategies to qualify for admittance of the DTA.

AGGREGATE RESERVE FOR LIFE CONTRACTS	$2,151,295,154
AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS	$410,648,465
CONTRACT CLAIMS – LIFE	$607,067,221
CONTRACT CLAIMS – ACCIDENT AND HEALTH	$177,513,106

CTI reviewed the accuracy and theoretical correctness of reserve calculations and analysis performed by the appointed actuary as of December 31, 2011. Consistent with the risk focused surveillance approach to the examination, CTI relied upon analyses and tests documented by the Company and in the working papers of the Company's independent auditors.

Reviews of the Company's primary lines of business were conducted to determine whether the Company's reserves were established in accordance with minimum standards for the valuation of liabilities specified in the Connecticut Standard Valuation Law, Actuarial Guidelines, and applicable Actuarial Standards of Practice. In performing the reserve review and analysis, CTI conducted the following tests:

- Reviewed and analyzed statutory Annual Statements for 2010 and 2011 and inquired into other recent years covered under the examination period;
- Met with Company management to understand the business of the Company, its procedures governing actuarial calculations, its approach to risk management, and its likely areas of financial and business risk;
- Reviewed tests performed by the Company's actuaries and its independent auditors, and performed independent supplemental reserve calculation tests;
- Reviewed experience study information compiled and provided by the Company in support of the major assumptions used in the asset adequacy analysis; and
- Reviewed and analyzed the Company's Statement of Actuarial Opinion, including the 2010 and 2011Actuarial Memorandum and inquired into other recent years covered under the examination period.

Based upon the risk-based assessment and review, no material findings were noted which affected the Company's ability to manage its reserving, pricing and underwriting or liquidity risk.

COMMON CAPITAL STOCK $4,000,000

At December 31, 2011, the Company reported 40,000 shares of common stock authorized, issued and outstanding, having a par value of $100 per share. All issued shares are owned 79% by SRLHA Holding and 21% by Old Fort.

The Department approved the following dividends that the Company paid to its parent companies during the examination period:

Dividend Type	Form of Payment	Year Paid	Amount
Extraordinary	Reassure Equity Interest	2011	$636,390,000
Extraordinary	Cash	2010	$1,500,000,000
Extraordinary	Cash	2008	$155,000,000

GROSS PAID IN AND CONTRIBUTED SURPLUS $1,857,254,849

The following exhibit reflects the balance of this account during the period under review:

2011	$1,857,254,849
2010	$1,516,644,639
2009	$1,824,364,143
2008	$1,824,364,143
2007	$1,979,364,143

UNASSIGNED FUNDS (SURPLUS) ($811,061,210)

The following exhibit reflects the balance of this account during the period under review:

2011	($811,061,210)
2010	$86,175,137
2009	$1,196,635,809
2008	($40,329,704)
2007	($343,185,195)

The balance of the account fluctuated during the course of the examination period, in part, as a result of the BHLIC coinsurance agreement of the pre-2005 YRT business, the 2010 extraordinary dividend of $1.5 billion, and the in-kind dividend distribution of its equity interest in REALIC to SRLHA Holding and Old Fort, which resulted in a realized capital loss of $844.345 million from the distribution.

RECOMMENDATION

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19 Net Deferred Tax Asset
It is recommended that the Company properly apply tax planning strategies in its DTA computation in accordance with Statements of Statutory Accounting Principles (SSAP) No. 10R and subsequent to December 31, 2011, SSAP No. 101 of the NAIC Accounting Practices and Procedures Manual (Manual), and adhere to the Manual for all other computations relating to the DTA. It is further recommended that the Company consider obtaining Board approval when applying tax planning strategies to qualify for admittance of the DTA.

CONCLUSION

The results of this examination disclosed that, as of December 31, 2011, the Company had admitted assets of $9,006,536,931, liabilities of $7,956,343,292, and capital and surplus of $1,050,193,639. During the period under examination, admitted assets decreased $2,966,471,261, liabilities decreased $1,876,602,454, and surplus as regards policyholders decreased $1,089,868,807.

It was determined that the Company's assets were fairly stated in accordance with guidance outlined in the Manual. Assets were acceptable under Section 38a-102 of the CGS. The liabilities established were adequate to cover the Company's obligations to policyholders.

SIGNATURE

In addition to the undersigned, the following members of the State of Connecticut Insurance Department participated in the examination: William Arfanis, CFE; Gerald Burke, CFE, CPA; James Jakielo, FSA, MAAA; Ronald Jankoski, CFE, Daniel Levine, CPA; Richard Marcks, FCAS, MAAA; Kenneth Roulier, AFE, AES, CISA; William Tacy, CFE, CISA; and the consulting firms of REC, Noble and CTI.

I, Thomas H. Corrigan, CFE, solemnly swear that the foregoing report on examination is hereby represented to be a full and true statement of the condition and affairs of the subject insurer as of December 31, 2011, to the best of my information, knowledge and belief.

Respectfully submitted,

Thomas H. Corrigan, CFE
Examiner-In-Charge
State of Connecticut
Insurance Department

State of Connecticut ss. Hartford

County of Hartford

Subscribed and sworn to before me, Nancy M. Mercier
Notary Public on this 12th day of October, 2012.

Nancy M. Mercier
Notary Public

My Commission Expires June 30, 2015