



**DEPARTMENT OF INSURANCE, FINANCIAL  
INSTITUTIONS AND PROFESSIONAL REGISTRATION**

P.O. Box 690, Jefferson City, Mo. 65102-0690

RE: Examination Report of Generali USA Life Reassurance Company as of December 31,  
2008

**ORDER**

After full consideration and review of the report of the financial examination of Generali USA Life Reassurance Company for the period ended December 31, 2008, together with any written submissions or rebuttals and any relevant portions of the examiner's workpapers, I, John M. Huff, Director, Missouri Department of Insurance, Financial Institutions and Professional Registration pursuant to section 374.205.3(3)(a), RSMo., adopt such report. After my consideration and review of such report, workpapers, and written submissions or rebuttals, the findings and conclusions of the examination report are incorporated by reference and deemed to be my findings and conclusions to accompany this order pursuant to section 374.205.3(4), RSMo.

Based on such findings and conclusions, I hereby ORDER Generali USA Life Reassurance Company, to take the following action or actions, which I consider necessary to cure any violation of law, regulation or prior order of the Director revealed by such report: (1) implement, and verify compliance with, each item mentioned in the General Comments and/or Recommendations section of such report; (2) account for its financial condition and affairs in a manner consistent with the Director's findings and conclusions.

So ordered, signed and official seal affixed this November 20, 2009.



A handwritten signature in black ink, appearing to read "John M. Huff", written over a horizontal line.

John M. Huff, Director  
Department of Insurance, Financial Institutions  
and Professional Registration

REPORT OF THE  
ASSOCIATION FINANCIAL EXAMINATION OF  
GENERALI USA LIFE  
REASSURANCE COMPANY

AS OF  
DECEMBER 31, 2008

**FILED**  
NOV 30 2009  
DIRECTOR OF INSURANCE &  
FINANCIAL INSTITUTIONS &  
PROFESSIONAL REGISTRATION



STATE OF MISSOURI  
DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS AND  
PROFESSIONAL REGISTRATION  
JEFFERSON CITY, MISSOURI

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Kansas City, Missouri  
June 30, 2009

Honorable Merle D. Scheiber, Director  
South Dakota Department of Insurance  
Midwestern Zone Secretary

Honorable Alfred W. Gross, Commissioner  
Virginia Bureau of Insurance  
Chairman Financial Condition (E) Committee

Honorable John M. Huff, Director  
Missouri Department of Insurance, Financial  
Institutions and Professional Registration  
301 West High Street, Room 530  
Jefferson City, Missouri 65102-0690

Gentlemen:

In accordance with your financial examination warrant, a full scope association financial examination has been made of the records, affairs, and financial condition of

**Generali USA Life Reassurance Company**

hereinafter referred to as such, as Generali USA Life, or as the Company. Its administrative office is located at 8330 Ward Parkway, Kansas City, Missouri 64114, telephone number 816-412-3600. This examination began on November 28, 2008 and concluded on the above date.

**SCOPE OF EXAMINATION**

**Period Covered**

We have performed our full scope association financial examination of Generali USA Life Reassurance Company. The last examination was completed as of December 31, 2004. This examination covers the period of January 1, 2005 through December 31, 2008 and also includes the material transactions and/or events occurring subsequent to the examination date which are noted in this report. Both the current and prior examinations were conducted by examiners from the State of Missouri representing the Midwestern Zone of the National Association of Insurance Commissioners (NAIC) with no other zone participating.

## **Procedures**

We conducted our examination in accordance with the NAIC Financial Condition Examiners Handbook, except where practices, procedures, and applicable regulations of the Missouri Department of Insurance, Financial Institutions and Professional Registration (DIFP) and statutes of the State of Missouri prevail. 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, identifying and assessing inherent risks within the Company and evaluating system controls and procedures used to mitigate those risks. This examination also included assessing the principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation, management's compliance with Statutory Accounting Principles and annual statement instructions when applicable to domestic state regulations.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. Key activities for Generali USA Life included: Claims and Actuarial Items, Investments, Premiums and Underwriting, Cash Receipts and Disbursements, and Reinsurance.

The examiners relied upon information and workpapers provided by the Company's independent auditor, Ernest and Young, LLP, of Kansas City, Missouri, for its audit covering the period from January 1, 2007 through December 31, 2007. Such reliance included fraud risk analysis, internal control narratives and test of internal controls.

## **SUMMARY OF SIGNIFICANT FINDINGS**

There were no material adverse findings, significant non-compliance issues or material changes to the financial statements noted during the examination.

## **SUBSEQUENT EVENTS**

There were no significant subsequent events noted from December 31, 2008 through the date of this report.

## **HISTORY**

### **General**

The Company was originally organized in the State of Delaware under a Certificate of Incorporation dated July 13, 1982, as The Mercantile and General Life Reassurance Company of America. The Company later redomiciled to the State of Michigan on December 29, 1993, under the name Clarica Life Reinsurance Company. On May 31, 2002, the Company was acquired by Assicurazioni Generali, S.p.A. (Generali) Italy's largest insurer.

On May 1, 2003, the Company entered into an assumption reinsurance and coinsurance agreement with Business Men's Assurance Company of America (BMA). Pursuant to the terms of the agreement, the Company assumed the entire block of BMA's reinsurance operations as of the date of the agreement. The pricing for the assumed block resulted in the payment of goodwill to BMA of approximately \$100 million. The Company is amortizing the goodwill on a straight-line basis over a ten year period in accordance with applicable statutory accounting standards.

On August 28, 2003, the Company's name was changed to Generali USA Life Reassurance Company, and on December 30, 2003, the Company was redomiciled to the State of Missouri. On June 2, 2004, Generali, the ultimate parent of Generali USA Life, contributed all the issued and outstanding stock of the Company to Generali U.S. Holdings, Inc., (Generali Holdings) a Delaware corporation that is wholly owned by Generali. The Company operates as a stock life and health insurance company under Missouri Law at Chapter 376 RSMo (Life, Health and Accident Insurance).

### **Dividends**

The Company did not declare or pay any dividends during the period under examination.

### **Capital Contributions**

The Company did not receive or make any capital contributions during the period under examination.

### **Acquisitions, Mergers and Major Corporate Events**

There were no acquisitions, mergers or other major corporate events that occurred during the period under examination.

## **CORPORATE RECORDS**

The Company's Articles of Incorporation and Bylaws were reviewed. There were no amendments to either the Articles of Incorporation or Bylaws during the period under examination.

The minutes of the Board of Directors' meetings, committee meetings, and sole shareholder meetings were reviewed for proper approval of corporate transactions. In general, the minutes appeared to properly reflect and approve the Company's major transactions and events for the period under examination.

## MANAGEMENT AND CONTROL

### Board of Directors

The Articles of Incorporation and Bylaws require a minimum of nine directors to be elected to the Board of Directors. The Board of Directors elected and serving as of December 31, 2008 was as follows:

<u>Name and Address</u>	<u>Principal Occupation and Business Affiliation</u>
Edward S. Ritter Olathe, Kansas	Chairman & CEO, Generali USA Life
John C. Brueckner Overland Park, Kansas	President & COO, Generali USA Life
Mel G. Carvill Guernsey Channel Island	Deputy General Manager, Assicurazioni Generali, S.p.A.
Alessandro Corsi Trieste, Italy	Area Manager, Assicurazioni Generali, S.p.A.
Christopher J. Carnicelli London, England	Chief Executive, UK Branch Assicurazioni Generali, S.p.A.
David A. Gates Olathe, Kansas	Senior Vice President - General Counsel & Secretary, Generali USA Life
Jay B. Kinnamon Overland Park, Kansas	Senior Vice President, CFO & Chief Actuary, Generali USA Life
Francesco Bosatra Trieste, Italy	Area Manager, Assicurazioni Generali S.p.A.
John E. Martini Floral Park, New York	President & CEO, Generali US Branch

**Officers**

The officers of the Company elected and serving as of December 31, 2008 were as follows:

<b><u>Name</u></b>	<b><u>Office</u></b>
Edward S. Ritter	Chairman & CEO
John C. Brueckner	President and COO
Jay B. Kinnamon	Senior VP-CFO, Chief Actuary and Assistant Treasurer
William M. Crouch	Senior Vice President
Terry D. Dickinson	Senior VP-Group Reinsurance & Sales
David A. Gates	Senior VP-General Counsel & Secretary
Tamora A. Kapeller	Senior VP-Technology & Admin., Assistant Secretary.
Richard G. Rougeau	VP and Chief Medical Officer
Nathan A. Johnson	VP-Underwriting
Michael J. Lynch	VP-Treasurer and Controller
Stephen J. Dvorak	VP-Marketing, Underwriting, & Group Reinsurance
James R. Makin	VP-Chief Pricing Actuary
Randall E. Meyer	VP-Financial Actuary
Mark A. Swanson	VP and Marketing Actuary
Todd L. Tretsven	VP-Group Actuary
Lesia R. Troesser	VP-Human Resources & Corporate Services

**Committees**

The Company's Bylaws authorize an Executive Committee and any other committees that may be needed. Each committee must consist of two or more directors of the Company. The established committees and the members elected and serving as of December 31, 2008 were as follows:

**Executive Committee**

Edward S. Ritter  
Jay B. Kinnamon  
David A. Gates  
John C. Brueckner

**Finance and Audit Committee**

Mel G. Carvill  
Alessandro Corsi  
Francesco Bosatra

**Compensation Committee**

Mel G. Carvill  
Alessandro Corsi  
Francesco Bosatra

## Holding Company, Subsidiaries and Affiliates

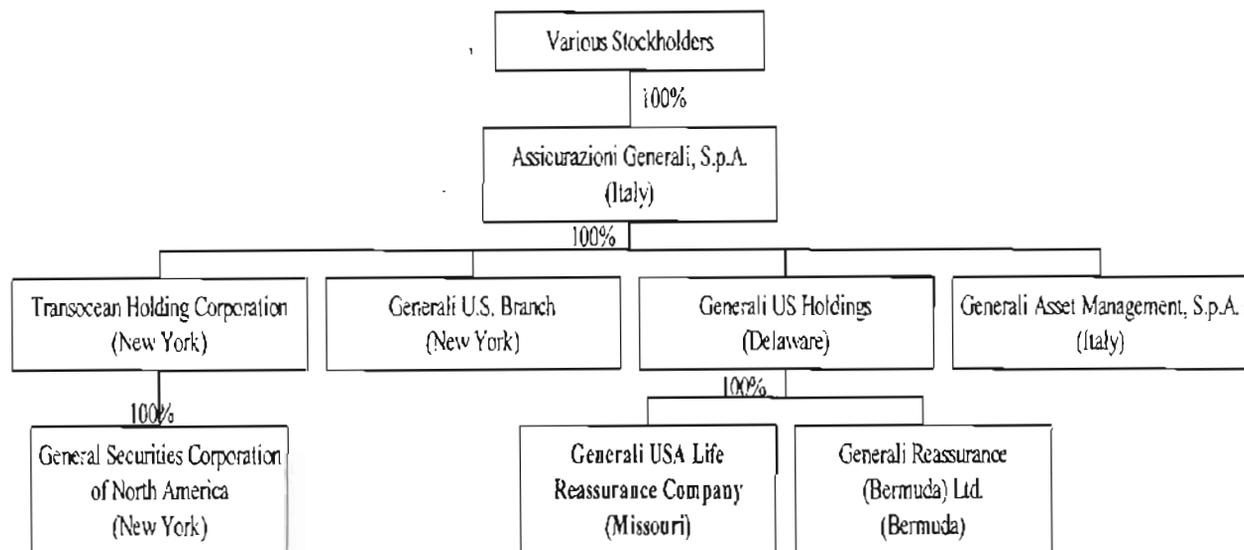
Generali USA Life is a member of an Insurance Holding Company System as defined by Section 382.010, RSMo (Definitions). The ultimate controlling entity within the holding company system is Assicurazioni Generali, S.p.A. headquartered in the city of Trieste, Italy. On June 2, 2004, Generali contributed all the issued and outstanding stock of the Company to Generali Holdings, a Delaware corporation that is in turn, wholly owned by Generali, making Generali Holdings the Company's immediate parent.

Assicurazioni Generali S.p.A. is an international conglomerate, comprising over 150 entities consisting primarily of insurance companies, financial services companies, and banks operating in 40 countries predominately in Europe. Generali is a stock company publicly traded in Italy and on the European financial stock exchange. Generali USA Life's main transactions within the Generali Group were those related to reinsurance and investment advisory services.

Generali USA Life's immediate parent, Generali Holdings, also owns Generali Reassurance (Bermuda), Ltd., (Generali Bermuda) an affiliate and major reinsurance partner of the Company.

## Organizational Chart

The following organizational chart depicts Generali USA Life's ownership and affiliates, as of December 31, 2008. As indicated above, the ultimate parent, Assicurazioni Generali, S.p.A. has over 150 subsidiaries, which are too numerous to list in this report. Therefore, only entities that have direct and indirect ownership of Generali USA Life and entities that have transactions with Generali USA Life are listed.



### Intercompany Transactions

During the examination period, Generali USA Life was a party to the following agreements with affiliated companies:

1. **Type:** Service and Cost Sharing Agreement  
**Parties:** Generali USA Life Reassurance Company and Generali U.S. Branch  
**Effective:** April 15, 2004  
**Terms:** Under the terms of the agreement, Generali U.S. Branch, the direct operating arm in the United States of Assicurazioni Generali, S.p.A. agrees to provide executive services to Generali USA Life. Generali USA Life then agrees to reimburse the Generali U.S. Branch for 100% of related salary and benefits. Amounts due pursuant to the agreement are to be settled as agreed to by the parties but no later than December 31 of each year. This agreement was terminated on April 1, 2005.
  
2. **Type:** Investment Advisory Agreement  
**Parties:** Generali USA Life Reassurance Company and Generali Asset Management, S.p.A.  
**Effective:** April 9, 2004  
**Terms:** Under the terms of the agreement, Generali Asset Management, S.p.A. provides investment advisory services to the Company for a fee of 0.07% of the Company's portfolio value.

In addition to the agreements listed above, the Company also has reinsurance agreements with an affiliate, Generali Bermuda, and with its ultimate parent, Assicurazioni Generali, S.p.A. These agreements are discussed in further detail in the Reinsurance section of this report.

### **FIDELITY BOND AND OTHER INSURANCE**

Generali USA Life is insured as a separate legal entity on a financial institution bond with a liability limit of \$3 million and a \$25,000 deductible. This level of coverage complies with the suggested minimum amount of fidelity insurance according to NAIC guidelines.

The Company is also a named insured under a number of other insurance policies, which include, but are not limited to, general liability, property liability, auto, workers compensation, and foreign liability. The Company is also a named insured on a directors and officers policy under its parent company, Generali US Holdings.

## PENSION, STOCK OWNERSHIP AND INSURANCE PLANS

A variety of standard benefits are provided to the Company's employees. These benefits include, but are not limited to, health insurance, dental insurance, life insurance, disability insurance, vision plan coverage and a 401(k) savings plan. A defined benefit pension plan is provided for all salaried employees. A supplemental pension plan is also available to senior executives. Provisions for the Company's obligations associated with these pension plans were made in the Company's financial statements.

## TERRITORY AND PLAN OF OPERATION

The Company is licensed by the DIFP under Chapter 376 RSMo (Life, Health and Accident Insurance), to write the business of life and accident and health insurance. The Company is also licensed in twenty-five other states, and is an accredited reinsurer in the remaining twenty-four states and the District of Columbia as follows:

### Licensed States

Arkansas	Illinois	Mississippi	Oregon
California	Indiana	Missouri	Tennessee
Delaware	Iowa	Nevada	Texas
Florida	Kansas	New Jersey	Utah
Georgia	Louisiana	Ohio	Washington
Hawaii	Massachusetts	Oklahoma	Wisconsin
Idaho	Michigan		

### Accredited States

Alabama	Maine	New Mexico	South Carolina
Alaska	Maryland	New York	South Dakota
Arizona	Minnesota	North Carolina	Vermont
Colorado	Montana	North Dakota	Virginia
Connecticut	Nebraska	Pennsylvania	West Virginia
Dist. Columbia	New Hampshire	Rhode Island	Wyoming
Kentucky			

## GROWTH OF COMPANY AND LOSS EXPERIENCE

The year ending December 31, 2008, represents the Company's fifth full year of reinsurance operations and the second year that the Company has reported positive net income from operations on a statutory basis. The Company has experienced steady growth in premiums written and policyholder surplus during the examination period, and in addition has realized favorable loss experience as documented in the table below:

<u>Year</u>	<u>Net Premiums Written</u>	<u>Surplus as Regards to Policyholders</u>	<u>Ratio of Premiums to Surplus</u>	<u>Ratio of Benefits Paid to Net Written Premiums</u>
2008	\$278,055,432	\$259,547,278	1.07	0.76
2007	245,344,448	256,200,758	0.96	0.69
2006	235,404,144	240,176,370	0.98	0.67
2005	196,031,298	244,917,784	0.80	0.66

## REINSURANCE

### General

The Company's premium activity on a direct written, assumed and ceded basis, for the period under examination, is detailed below:

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Direct Business	\$ -	\$ -	\$ -	\$ -
Reinsurance Assumed:				
Affiliates	-	-	-	-
Non-affiliates	741,528,895	642,382,315	540,788,600	498,780,861
Reinsurance Ceded:				
Affiliates	(370,556,215)	(274,172,070)	(218,423,194)	(180,188,561)
Non-affiliates	<u>(92,917,248)</u>	<u>(122,865,797)</u>	<u>(86,961,262)</u>	<u>(122,561,002)</u>
Net Premiums:	<u>\$ 278,055,432</u>	<u>\$ 245,344,448</u>	<u>\$ 235,404,144</u>	<u>\$ 196,031,298</u>

### Assumed

The Company's business consists of reinsurance of individual life contracts and associated term riders written primarily by life insurance companies domiciled in the United States. The majority of the business is reinsured on a yearly renewable term or coinsurance basis through individual cessions or self-administered manual or electronic data transfer. The business may be assumed through excess of retention or quota share arrangements. Approximately 90% of the Company's business is generated from automatic cessions with the remaining 10% from facultative cessions.

A full range of products are reinsured, with the majority consisting of Annual Renewable Term (ART), level term products (including term products designed by Generali USA Life in conjunction with the reinsured), universal life and whole life coverage. A significant portion of the business is assumed in the form of one-year renewable term insurance, either through Yearly Renewable Term (YRT) reinsurance or through coinsurance of ART products or the universal life net amount at risk, using cost of insurance rates. Coinsurance of level term is also a significant part of Generali USA Life's business.

The Company assumes business from approximately 186 companies. The eight largest reinsureds generate approximately 47% of the business of the Company's assumed premium volume as follows:

Name of Reinsured	Type	Premiums Assumed
AXA Equitable Life Insurance Company	YRT/I	\$18,949,850
John Hancock Variable Life Insurance Company	YRT/I	43,038,425
Northwestern Mutual Life Insurance Company	YRT/I	45,021,166
Northwestern Mutual Life Insurance Company	CO/I	45,062,923
Primerica Life Insurance Company	CO/I	164,679
Primerica Life Insurance Company	YRT/I	67,261,044
Savings Bank Life Insurance Company of MA	DIS/I	97,303
Savings Bank Life Insurance Company of MA	YRT/I	2,071,962
Savings Bank Life Insurance Company of MA	CO/I	17,648,039
Sun Life Assurance Company of Canada - US	YRT/I	273,710
Sun Life Assurance Company of Canada - US	OTH/G-Life	33,401,988
Sun Life Assurance Company of Canada - US	OTH/G-A&H	5,844,397
Transamerica Life Insurance Company	DIS/I	110,234
Transamerica Life Insurance Company	YRT/I	2,479,751
Transamerica Life Insurance Company	CO/I	20,182,405
Transamerica Life Insurance Company	CO/I-A&H	112,822
Transamerica Life Insurance Company	OTH/G-A&H	1,712
USAA Life Insurance Company	DIS/I	461,388
USAA Life Insurance Company	CO/I	49,014,717
Total Largest Eight Reinsureds		351,198,515
All Other Assumed Business		390,330,380
Total Life and Health Assumed Premiums		\$741,528,895

### Ceded

The Company is contingently liable for all reinsurance losses ceded to others. This contingent liability would become an actual liability in the event that an assuming reinsurer fails to perform its obligations under the reinsurance agreement.

The Company has entered into an automatic retrocession treaty, effective July 1, 2003, with its affiliate, Generali Bermuda. Under the agreement, Generali USA Life retrocedes up to \$2 million on selected policies, mostly YRT policies to Generali Bermuda (policies in excess of the Company's retention are excluded from this arrangement). Any excess over the \$2 million is passed on to Generali up to an additional \$2 million and any excess over the combined \$4 million is passed on to participants in the automatic retrocession pool described below.

The Company has also entered into an automatic retrocession treaty, effective January 1, 2008, with its ultimate parent, Generali, for group and individual life policies. Under the agreement, Generali USA Life retrocedes up to \$2 million on selected policies, most of which are coinsurance policies, to Generali. Generali's retention is up to \$2 million based on mortality tables. Any excess over the combined \$4 million is passed on to participants in the automatic retrocession pool described below.

The primary excess pool is called the Automatic Excess Pool. Any excess up to \$14 million, over the combined retention of the Company, Generali and Generali Bermuda of \$4 million, will go to the Automatic Excess Pool for distribution. As of December 31, 2008, the pool members were John Hancock Life Insurance Company and the US Branch Sun Life Assurance Company of Canada each of which participated 50% in the pool. Participants in the Automatic Excess Pool and level of participation usually change each year for new business.

In addition, the Company has entered into various special quota share retrocession arrangements for the cession of selected life business, the majority being term life products.

## STATUTORY AND OTHER DEPOSITS

### Deposits with the State of Missouri

The funds on deposit with the DIFP as of December 31, 2008, as reflected below, were sufficient to meet the capital deposit requirements for the State of Missouri in accordance with Section 376.290 RSMo (Deposit and transfer of securities). The funds on deposit as of December 31, 2008 were as follows:

<u>Type of Security</u>	<u>Par Value</u>	<u>Fair Value</u>	<u>Statement Value</u>
U.S. Treasury Notes	\$2,000,000	\$2,786,880	\$1,958,400

### Deposits with Other States

The Company also has funds on deposit with other states in which it is licensed. The funds on deposit as of December 31, 2008 were as follows:

<u>State</u>	<u>Type of Security</u>	<u>Par Value</u>	<u>Fair Value</u>	<u>Statement Value</u>
Arkansas	U.S. Treasury Notes	\$125,000	\$174,180	\$122,400
Georgia	Money Market Funds	100,142	100,142	100,142
Massachusetts	U.S. Treasury Notes	<u>200,000</u>	<u>278,688</u>	<u>195,840</u>
<b>Total</b>		<b><u>\$425,142</u></b>	<b><u>\$553,010</u></b>	<b><u>\$418,382</u></b>

## ACCOUNTS AND RECORDS

### Auditor

The financial statements of the Company for the year ended 2005 were audited by the CPA firm PricewaterhouseCoopers LLP, Kansas City, Missouri. The financial statements of the Company for the remaining years under examination of 2006 through 2008 were audited by the CPA firm of Ernst & Young, LLP, Kansas City, Missouri.

### Actuary

Loss reserves of the Company were reviewed and certified by the Company's in-house actuary, Randall E. Meyer, FSA, MAAA, Vice President and Financial Actuary for the years ending 2005 through 2008.

## FINANCIAL STATEMENTS

The following financial statements, with supporting exhibits, present the financial condition of Generali USA Life for the period ending December 31, 2008. Any examination adjustments to the amounts reported in the financial statements and/or comments regarding such are made in the "Comments on Financial Statements Items." The failure of any column of numbers to add to its respective total is due to rounding or truncation.

There may have been additional differences found in the course of this examination, which are not shown in the "Comments on Financial Statement Items." These differences were determined to be immaterial concerning their effect on the financial statements, and therefore were only communicated to the Company and noted in the workpapers for each individual activity.

**Assets**

	<u>Assets</u>	<u>Non Admitted Assets</u>	<u>Net Admitted Assets</u>
Bonds	\$701,205,463	\$ -	\$701,205,463
Preferred Stocks	2,000,000	-	2,000,000
Common Stocks	14,903,834	-	14,903,834
Cash and Short-Term Investments	12,482,254	-	12,482,254
Other Invested Assets	2,312,382	-	2,312,382
Investment Income Due and Accrued	8,605,443	-	8,605,443
Uncollected Premiums and Agents Balances in Course of Collection	1,315,491	8,048	1,307,443
Deferred Premiums, Agents' Balances and Installments Booked and Not Yet Due	14,851,950	-	14,851,950
Amounts Recoverable from Reinsurers	25,121,873	1,498,225	23,623,648
Other Amounts Receivable under Reinsurance Contracts	18,570,276	-	18,570,276
Current Federal and Foreign Income Tax	4,031,671	-	4,031,671
Net Deferred Tax Asset	27,657,054	24,007,059	3,649,995
Electronic Data Processing Equipment	304,812	-	304,812
Furniture and Equipment	1,192,954	1,192,954	-
Aggregate Write-ins for other than Invested Assets:			
Goodwill on Assumption Agreement	43,180,367	19,917,920	23,262,447
Reinsurance Receivable	658	-	658
Other Assets Nonadmitted	2,728,299	2,728,299	-
<b>TOTAL ASSETS</b>	<b><u>\$880,464,781</u></b>	<b><u>\$49,352,505</u></b>	<b><u>\$831,112,276</u></b>

## Liabilities, Surplus and Other Funds

Aggregate Reserve for Life Contracts	\$427,403,948
Aggregate Reserve for Accident and Health Contracts	24,212,205
Contract Claims - Life	80,053,384
Contract Claims - Accident and Health	8,092,006
Policyholders' Dividends	100,000
Premiums and Annuity Considerations Received in Advance	390,486
Provision for Experience Rating Refunds	1,814,252
Other Amounts Payable on Reinsurance	2,686,933
Commissions and expense Allowances Payable on Reinsurance Assumed	106,617
General Expenses Due and Accrued	6,463,637
Taxes, Licenses and Fees Due and Accrued	1,721,767
Amounts Withheld or Retained by Company as Agent or Trustee	11,112
Remittances and Items not Allocated	10,283,574
Liability for Benefits for Employees and Agents	7,098,488
Asset Valuation Reserve	988,768
Payable to Parent, Subsidiaries and Affiliates	137,821
<b>TOTAL LIABILITIES</b>	<b>571,564,998</b>
Common Capital Stock	10,000,000
Gross Paid in and Contributed Surplus	301,947,725
Unassigned Funds (Surplus)	(52,400,447)
<b>Total Capital and Surplus</b>	<b>259,547,278</b>
<b>TOTAL LIABILITIES AND SURPLUS</b>	<b>831,112,276</b>

## Summary of Operations

Premiums and Annuity Considerations	\$278,055,432
Net Investment Income	33,561,906
Amortization of Interest Maintenance Reserve	(228,987)
Commissions and Expense Allowances on Reinsurance Ceded	91,083,033
Aggregate Write-ins for Miscellaneous Income	(3,115)
<b>TOTAL</b>	<b><u>402,468,269</u></b>

Death Benefits	203,181,267
Disability Benefits and Benefits Under Accident and Health Contracts	7,767,492
Surrender Benefits and Withdrawals for Life Contracts	176,756
Interest and Adjustments on Contract or Deposit-Type Contract Funds	1,321,351
Increase in Aggregate Reserves for Life & Accident & Health Contracts	13,949,853
Commissions and Expense Allowances on Reinsurance Assumed	132,659,410
General Insurance Expenses	24,217,093
Insurance Taxes, Licenses and Fees	2,243,234
Increase in Loading on Deferred and Uncollected Premiums	(264,386)
Aggregate Write-ins for Deductions	101,469
<b>TOTAL</b>	<b><u>385,353,539</u></b>

<b>NET GAIN FROM OPERATIONS</b>	<b>17,114,730</b>
Dividends to Policyholders	62,091
Federal Income Taxes Incurred	12,318,220
Net Realized Capital Gains/(Losses)	(4,039,171)
<b>NET INCOME</b>	<b><u><u>\$695,248</u></u></b>

## Capital and Surplus Account

Capital and Surplus, December 31, 2007	\$256,200,758
Net Income	695,248
Change in Net Unrealized Capital Gains/(Losses)	(7,939,395)
Change in Net Deferred Income Tax	3,633,653
Change in Nonadmitted Assets	5,155,019
Change in Asset Valuation Reserve	3,222,102
Change in Surplus as a Result of Reinsurance	(1,420,106)
<b>Net Change in Capital and Surplus</b>	<b><u>\$3,346,521</u></b>
<b>CAPITAL AND SURPLUS, DECEMBER 31, 2008</b>	<b><u><u>\$259,547,279</u></u></b>

**FINANCIAL STATEMENT CHANGES RESULTING FROM  
EXAMINATION**

None

**COMMENTS ON FINANCIAL STATEMENT ITEMS**

None

**SUMMARY OF RECOMMENDATIONS**

None

**ACKNOWLEDGMENT**

The assistance and cooperation extended by the officers and the employees of Generali USA Life Reassurance Company during the course of this examination is hereby acknowledged and appreciated. In addition to the undersigned, Alvin Garon, CFE and Barbara A. Bartlett, CPA, CFE, examiners for the Missouri Department of Insurance, Financial Institutions and Professional Registration, also participated in this examination. Dan Hood and Timothy Carroll, Computer Audit Specialists for the Missouri Department of Insurance, Financial Institutions and Professional Registration performed a review of the information system environment. Tim Harris, FSA, MAAA of Milliman USA, Inc., also participated as consulting actuary.

**VERIFICATION**

State of Missouri )

County of Jackson )

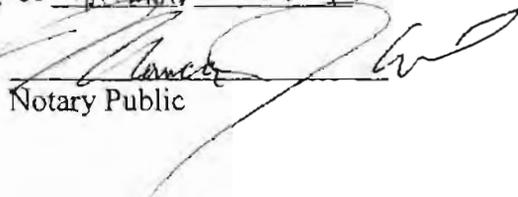
I, Mark Nance, CPA, CFE on my oath swear that to the best of my knowledge and belief the above examination report is true and accurate and is comprised of only facts appearing upon the books, records or other documents of the Company, its agents or other persons examined or as ascertained from the testimony of its officers or agents or other persons examined concerning its affairs and such conclusions and recommendations as the examiners find reasonably warranted from the facts.



Mark Nance, CPA, CFE  
Examiner-In-Charge  
Missouri Department of Insurance, Financial  
Institutions and Professional Registration

Sworn to and subscribed before me this 14<sup>th</sup> day of September 2009.

My commission expires: March 10, 2013

  
Notary Public

MONICA J. CURLS  
My Commission Expires  
March 10, 2013  
Jackson County  
Commission #09679768

## SUPERVISION

The examination process has been monitored and supervised by the undersigned. The examination report and supporting workpapers have been reviewed and approved. Compliance with NAIC procedures and guidelines as contained in the Financial Condition Examiners Handbook has been confirmed.



Michael Shadowens, CFE

Audit Manager

Missouri Department of Insurance, Financial  
Institutions and Professional Registration