Report of the Examination of

Time Insurance Company II

(Currently known as Time Insurance Company)

San Juan, Puerto Rico

As of December 31, 2018

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State of Wisconsin / OFFICE OF THE COMMISSIONER OF INSURANCE

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May 27, 2020

Honorable Mark V. Afable
Commissioner of Insurance
State of Wisconsin
125 South Webster Street
Madison, Wisconsin 53703

Commissioner:

In accordance with your instructions, a compliance examination has been made of the affairs and financial condition of:

TIME INSURANCE COMPANY II
San Juan, Puerto Rico

and this report is respectfully submitted.

I. INTRODUCTION

The previous examination of Time Insurance Company II (TIC or the company) was conducted in 2014 as of December 31, 2013. The current examination covered the intervening period ending December 31, 2018, and included a review of such subsequent transactions as deemed necessary to complete the examination.

The examination was conducted using a risk-focused approach in accordance with the National Association of Insurance Commissioners (NAIC) *Financial Condition Examiners Handbook*. This approach sets forth guidance for planning and performing the examination of an insurance company to evaluate the financial condition, assess corporate governance, identify current and prospective risks (including those that might materially affect the financial condition, either currently or prospectively), and evaluate system controls and procedures used to mitigate those risks.

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 statutory accounting principles, annual statement instructions, and Wisconsin laws and regulations. The examination does not attest to the fair presentation of the financial statements included herein. If during the course of the examination an adjustment is identified, the impact of such adjustment will be documented separately at the end of the “Financial Data” section in the area captioned "Reconciliation of Surplus per Examination."

Emphasis was placed on those areas of the company's operations accorded a high priority by the examiner-in-charge when planning the examination. Special attention was given to the action taken by the company to satisfy the recommendations and comments made in the previous examination report.

Representatives from the firm of INS were retained by OCI to assist in the examination by performing certain examination procedures at the direction and under the overall management of OCI’s examination staff. The assistance included a review of accounting records, information systems and information technology general controls (ITGC) and investments.

The company is annually audited by an independent public accounting firm as prescribed by s. Ins 50.05, Wis. Adm. Code. An integral part of this compliance examination was the review of the independent accountant's work papers. Based on the results of the review of these work papers, alternative or additional examination steps deemed necessary for the completion of this examination were performed. The examination work papers contain documentation with respect to the alternative or additional examination steps performed during the course of the examination.

Independent Actuary's Review

An independent actuarial firm was engaged under a contract with the Office of the Commissioner of Insurance. The actuary reviewed the adequacy of aggregate life and annuity reserves, aggregate accident and health reserves, contract claims: life, contract claims: accident and health, and asset adequacy analysis. The actuary’s results were reported to the examiner-in-charge. As deemed appropriate, reference is made in this report to the actuary's conclusion.

II. HISTORY AND PLAN OF OPERATION

The company was incorporated in Wisconsin on February 11, 1910, under the name Time Insurance Company. Effective April 1, 1998, Time Insurance Company changed its name to Fortis Insurance Company. On September 6, 2005, Fortis Insurance Company changed its name back to Time Insurance Company.

In April 1969, Time Holdings, Inc., was established to serve as the non-operating holding company parent of Time Insurance Company and other direct and indirectly owned financial services operating subsidiaries. During 1978, control of Time Holdings, Inc., was acquired by N.V. AMEV, a large Dutch insurer. Subsequent acquisitions and mergers of N.V. AMEV with other European insurance and banking companies established Fortis, an international financial services holding company that held a majority ultimate controlling ownership interest in Fortis Insurance Company. Ownership interest of the Fortis enterprise was jointly held by Fortis N.V., a corporation domiciled in the Netherlands, and Fortis S.A./N.V., a corporation domiciled in Belgium. Fortis N.V. and Fortis S.A./N.V. were diversified international insurance, banking, and investment companies that merged their subsidiary operating companies under the trade name Fortis. Fortis, Inc., was the wholly owned U.S. holding company subsidiary of Fortis Insurance N.V., an insurance holding company jointly owned indirectly by Fortis. As of December 31, 2003, the company's direct U.S. parent, Interfinancial Inc., was a subsidiary of Fortis, Inc.

Effective February 4, 2004, Fortis, Inc., established Assurant, Inc., as a Delaware corporation and merged into Assurant, Inc. (Assurant). As a result of the merger, Assurant is the successor U.S. holding company to the business operations of Fortis, Inc. Effective February 5, 2004, an initial public offering (IPO) of the common stock of Assurant was transacted on the New York Stock Exchange. Subsequent to the 2004 IPO, the ownership interest of Assurant held by Fortis had decreased to approximately 35% of Assurant's outstanding common capital stock, with the remaining 65% ownership of Assurant held by other diverse investors. On January 21, 2005, Fortis sold another 20% ownership interest in Assurant through a public offering.

On January 28, 2008, Fortis distributed shares of Assurant common stock to the holders of its mandatory exchangeable bonds. The shares of the company's common stock distributed to such holders were not registered at the time Fortis sold the exchangeable bonds but became freely transferable by such holders upon distribution. Following this transaction, Fortis owned 4,147,440 common shares or approximately 3.5% of Assurant's outstanding shares. On August 7, 2008, Assurant purchased one million of its common shares from Fortis and Fortis subsequently sold virtually all remaining shares to other investors.

On October 17, 2017, Assurant entered into an Agreement and Plan of Merger (the Original Merger Agreement) with TWG Holdings Limited, (TWG Holdings, and together with its subsidiaries, including The Warranty Group, "TWG"), TWG Re, Ltd., a corporation incorporated in the Cayman Islands (TWG Re), and Arbor Merger Sub, Inc., a Delaware corporation and a direct wholly owned subsidiary of TWG Holdings (TWG Merger Sub). The Warranty Group is a global provider of protection plans and related programs and a portfolio company of TPG Capital, a private equity company. Under the terms of the Original Merger Agreement and subject to the satisfaction or waiver of the conditions therein, Assurant and TWG would have combined their businesses through a transaction in which TWG Merger Sub would have merged with and into Assurant, with Assurant continuing as the surviving corporation and a wholly owned subsidiary of TWG Holdings.

On January 8, 2018, Assurant entered into an Amended and Restated Agreement and Plan of Merger (the A&R Merger Agreement) with TWG Holdings, TWG Re, TWG Merger Sub and Spartan Merger Sub, Ltd., a Bermuda exempted limited company and direct wholly owned subsidiary of Assurant (Merger Sub), which amended and restated in its entirety the Original Merger Agreement. Under the terms of the A&R Merger Agreement and subject to the satisfaction or waiver of the conditions therein, in lieu of the transactions contemplated by the Original Merger Agreement, Assurant would acquire TWG Holdings through a transaction in which Merger Sub would merge with and into TWG Holdings, with TWG Holdings continuing as the surviving corporation and a wholly owned subsidiary of Assurant.

On May 31, 2018, pursuant to the terms of the A&R Merger Agreement, Assurant completed its acquisition of TWG from TPG Capital for a total enterprise value of approximately $2.5 billion. This amount included $894.9 million in cash, $595.9 million of TWG's preexisting debt, and issuance of $975.5 million of Assurant common stock. As a result of the stock issuance, the equity holders of TWG, including TPG Capital, held approximately 16% of Assurant's outstanding common stock.

In 2015, Assurant exited the accident and health segment of the insurance market to focus on other business segments. As a result, Assurant discontinued the operations of TIC and placed the company into runoff. After TIC was placed into runoff, Assurant began to actively look for potential buyers to acquire TIC.

On December 3, 2018, Haven Holdings Inc. (HHI), a holding company incorporated in Puerto Rico, acquired 100% of TIC's outstanding common stock. Then, on December 5, 2018, Haven Insurance Company II, a wholly owned insurance subsidiary of HHI, merged with and into TIC, with TIC being the surviving entity. TIC was subsequently renamed Time Insurance Company II, with "II" standing for "International Insurer." The company then redomiciled to Puerto Rico, where it was licensed as a Class 5 International Insurer.

Effective as of February 28, 2020, the company once again redomiciled from Puerto Rico to Wisconsin and its name was changed from Time Insurance Company II back to Time Insurance Company. TIC was later placed into rehabilitation in Wisconsin on May 18, 2020. See the section of this report captioned "Subsequent Events" for additional details.

In 2018, the company collected direct premium in the following states:

Florida	$ 17,556,164	11.6%
Texas	13,139,873	8.7
Washington	10,854,604	7.2
California	9,137,501	6.1
Illinois	8,493,992	5.6
Missouri	7,773,828	5.2
Wisconsin	6,107,291	4.1
Georgia	5,860,690	3.9
North Carolina	5,029,389	3.3
Colorado	5,005,321	3.3
All others	61,811,923	41.0
Total	$150,770,573	100.0%

As of December 31, 2018, the company was licensed in the District of Columbia and all states except New York.

The company is in runoff and is no longer marketing products. Prior to entering runoff, the company marketed long-term care, individual life and annuities, individual medical, and small group self-funded business. The following chart is a summary of premium income as reported by the company in 2018. The growth of the company is discussed in the "Financial Data" section of this report.

Premium Income

Line of Business	Direct Premium	Reinsurance Ceded	Net Premium
Universal life	$ 25,301,352	$ 25,301,352	$
Term life	13,286,866	13,286,866	
Whole life	429,616	418,430	11,186
Individual annuities	850,540	850,540	
Long-term care	37,939,957	37,939,957	
Supplemental dental	31,756,122	31,756,122	
Accident only	27,942,385	27,942,385	
Specified disease	10,854,039	10,854,039	
Small group self-funded	9,851,406	9,851,406	
Medicare supplement	317,763	317,763	
Short-term disability	115,508	115,508	
Hospital indemnity	94,013	30,320	63,693
Major medical	2,485		2,485
Assurant ACA Premium income – Individual	300,911		300,911
Assurant ACA premium income – Group	30,595		30,595
Total All Lines	$159,073,558	$158,664,688	$408,870

III. MANAGEMENT AND CONTROL

Board of Directors

The board of directors consists of three members. Directors are elected annually to serve a one-year term. Officers are elected at the board's annual meeting. Members of the company's board of directors may also be members of other boards of directors in the holding company group.

Currently, the board of directors consists of the following persons:

Name and Residence	Principal Occupation	Term Expires
Jonathan T. Feldman San Juan, Puerto Rico	President Haven Holdings Inc.	2020
Achim Maximilian (Max) Holmes Greenwich, Connecticut	Chairmen and Chief Executive Officer Haven Holdings Inc.	2020
Ralph J. Rexach San Juan, Puerto Rico	President Rexach & Picó, CSP	2020

Officers of the Company

The officers serving at the time of this examination are as follows:

Name	Office	2018 Compensation*
Achim M. Holmes	Chief Executive Officer	N/A
Johnathan T. Feldman	President	N/A
Kathleen N. Starrs	Secretary, Treasurer, and Chief Financial Officer	N/A
Gordon Rowell	Chief Operating Officer	N/A

*Company was not domiciled in Wisconsin until February 28, 2020. As such, it was not required to file a Report on Executive Compensation with Wisconsin OCI for the year ending 2018.

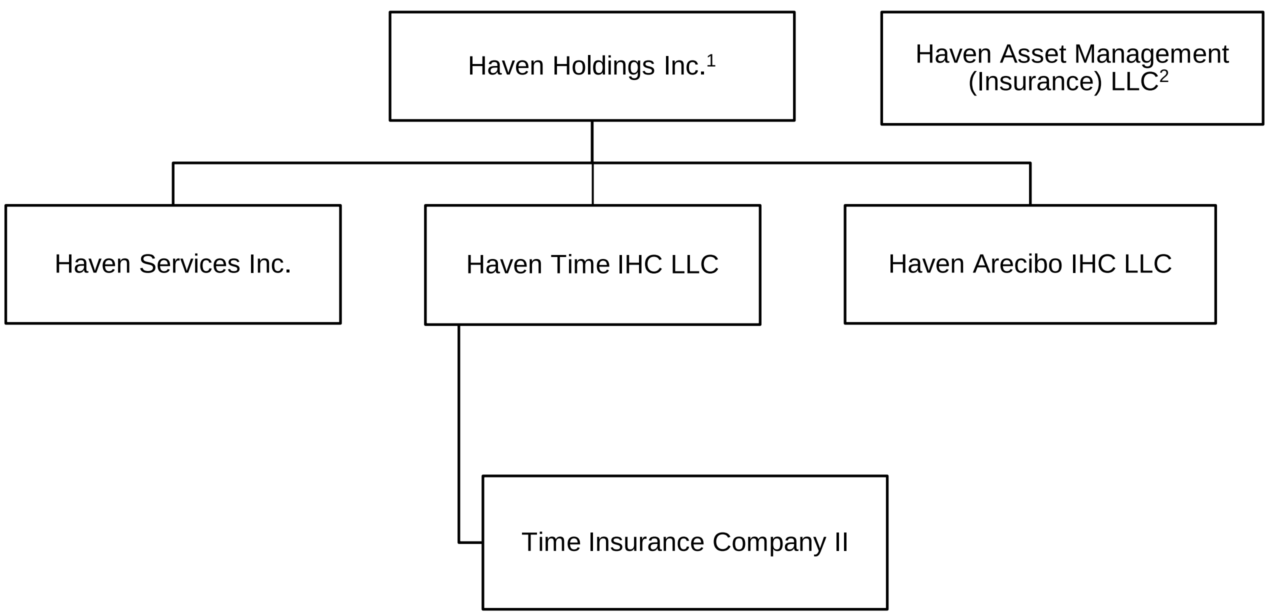
Committees of the Board

The company's bylaws allow for the formation of certain committees by the board of directors. However, as of the date of this report, no formal committees have been formed.

IV. AFFILIATED COMPANIES

Time Insurance Company is a member of a holding company system. The organizational chart below depicts the relationships among the affiliates in the group. A brief description of affiliates deemed significant follows the organizational chart.

Organizational Chart
As of December 31, 2018



1 Achim Maximilian (Max) Holmes and Jonathan Feldman each hold 49.9% of the voting shares of Haven Holdings Inc.
2 Achim Maximilian (Max) Holmes and Jonathan Feldman each hold 49.9% of the voting shares of Haven Asset Management (Insurance) LLC

Haven Holdings Inc.

Haven Holdings Inc., is a Puerto Rico International Insurer Holding Company which owns and operates several subsidiaries. HHI was organized as a corporation under the laws of the Commonwealth of Puerto Rico on December 11, 2017. HHI is the direct parent of Haven Time IHC LLC, Haven Services Inc., and Haven Arecibo IHC LLC. As of December 31, 2018, the consolidated audited GAAP financial statements of Haven Holdings Inc., and its subsidiaries reported assets of $2.33 billion, liabilities of $2.32 billion, and stockholders' equity of $6.03 million. Operations for 2018 produced net income of $1.53 million.

Haven Time IHC LLC

Haven Time IHC LLC is a limited liability company organized on August 21, 2018, under the laws of the Commonwealth of Puerto Rico to serve as an international insurer holding company organized and acting in accordance with the provision of the Insurance Code of Puerto Rico. Haven Time IHC LLC is the direct parent of TIC. As of December 31, 2018, the stand-alone audited financial statements of Haven Time IHC LLC reported assets of $3,984,170, no liabilities, and member equity of $3,984,170. Operations for 2018 produced a net loss of $341.

Haven Services Inc.

Haven Services Inc. (Haven Services) was organized as a corporation under the laws of the Commonwealth of Puerto Rico on September 7, 2018, as a wholly owned subsidiary of HHI. Haven Services provides management services to insurance companies and other entities owned or controlled by HHI. As of December 31, 2018, the audited financial statements of Haven Services reported assets of $10,000, no liabilities, and stockholders' equity of $10,000. Operations for 2018 produced a net loss of $341.

Haven Asset Management (Insurance) LLC

Haven Asset Management (Insurance) LLC (HAMI) is a limited liability company organized on January 10, 2018, under the laws of Delaware. HAMI's primary purpose is to provide investment management services for various investment companies. As of December 31, 2018, the unaudited financial statements of HAMI reported assets of $207,295, liabilities of $578,925, and member equity of $(371,630). Operations for 2018 produced a net loss of $(461,630).

Haven Arecibo IHC LLC

Haven Arecibo is a limited liability company organized on August 21, 2018, under the laws of the Commonwealth of Puerto Rico to serve as an international insurer holding company organized and acting in accordance with the provisions of the Insurance Code of Puerto Rico. Haven Arecibo was dormant in 2018.

Agreements with Affiliates

The company has agreements with affiliates regarding management services and investment services as detailed below.

Management Services Agreement

Haven Services and TIC entered into a Management Services Agreement, effective December 10, 2018. The terms of the agreement call for Haven Services to provide certain management services to TIC. Such services include, but are not limited to, general management, financial reporting, and regulatory compliance services. In exchange for services provided, TIC pays Haven Services a monthly fee for services rendered. TIC is billed monthly, with payment due within 30 days of receiving the invoice.

Investment Management Agreement

HAMI and TIC entered into an Investment Management Agreement, effective December 10, 2018. Pursuant to the Investment Management Agreement, TIC appointed HAMI to act as TIC's investment portfolio manager. HAMI is to make investment decisions and is responsible for investment and reinvestment of the assets in TIC's General Account. Investments managed by HAMI are to be invested in accordance with investment guidelines that are approved by management. In exchange for services provided, TIC pays HAMI certain fees that are outlined in a separate schedule.

V. REINSURANCE

The company's reinsurance portfolio and strategy are described below. A list of the companies that have a significant amount of reinsurance in force at the time of the examination follows. The contracts contained proper insolvency provisions.

Ceding Contracts

<u>100% Ceded Coinsurance – Long-Term Care Insurance</u>

Effective March 1, 2000, the company established a reinsurance agreement with John Hancock Life Insurance Company U.S.A (John Hancock) whereby the company transferred to John Hancock all of the company's liability for long-term care insurance policies. The agreement, which is structured as a sale of the business line, provides for TIC cession of risks to John Hancock on a 100% coinsurance basis. John Hancock is the administrator of the business. In 2018, the company ceded $49.9 million of premiums and $2,083 million of aggregate reserves to John Hancock pursuant to the reinsurance agreement.

<u>100% Ceded Coinsurance – Individual Life and Annuity Insurance</u>

Effective April 1, 2001, the company entered into a reinsurance agreement with Talcott Resolution Life and Annuity Insurance Company (Talcott), formerly known as Hartford Life and Annuity Company, for the transfer to Talcott of business comprised of certain individual life insurance policies and annuity business written by the company. The agreement, which is structured as a sale of the business line, provides for TIC cession of risks to Talcott on a 100% coinsurance basis. Effective January 1, 2013, the individual life insurance block reinsured by Talcott was retroceded to the Prudential Insurance Company of North America. The retrocession from Talcott to Prudential did not release Talcott from its reinsurance obligations, nor did the cession from TIC to Talcott release TIC from its insurance obligations. In 2018, the company ceded $27.0 million of premiums and $436.1 million of aggregate reserves to Talcott pursuant to the reinsurance agreement.

In 2012, Prudential Insurance Company of North America began administering TIC's individual life insurance policies while Talcott continues to administer the remaining annuity business.

100% Ceded Coinsurance – Supplemental Health Insurance

Effective October 1, 2015, the company entered into a series of reinsurance agreements with Integon National Insurance Company (Integon) and National Health Insurance Company (National Health) to reinsure on a 100% coinsurance basis its small group self-funded health and dental insurance, certain term life products, and supplemental health products. In 2018, the company ceded $72.6 million of premiums and $2.4 million of reserves to Integon for its health business. TIC also ceded $12.9 million of premiums and $969 thousand of reserves to National Health for certain life policies. Integon is currently responsible for administering the policies.

VI. FINANCIAL DATA

The following financial statements reflect the financial condition of the company as reported to the Commissioner of Insurance in the December 31, 2018, annual statement. Adjustments made as a result of the examination are noted at the end of this section in the area captioned "Reconciliation of Surplus per Examination." Also included in this section are schedules that reflect the growth of the company, NAIC Insurance Regulatory Information System (IRIS) ratio results for the period under examination, and the compulsory and security surplus calculation.

Time Insurance Company II
Assets
As of December 31, 2018

	Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	$ 9,476,030	$	$ 9,476,030
Cash, cash equivalents, and short-term investments	4,605,896		4,605,896
Contract loans	40,492		40,492
Derivatives	230		230
Investment income due and accrued	34,653		34,653
Premiums and considerations:			
Uncollected premiums and agents' balances in course of collection	434		434
Other amounts receivable under reinsurance contracts	1,262,844		1,262,844
Guaranty funds receivable or on deposit	4,072,967		4,072,967
Write-ins for other than invested assets:			
Premium tax recoverable	56,396	_	56,396
Total Assets	$19,549,942	$	$19,549,942

Time Insurance Company II
Liabilities, Surplus, and Other Funds
As of December 31, 2018

Aggregate reserve for life contracts		$ 546,936
Aggregate reserve for accident and health contracts		716,627
Contract claims:		
Life		27,000
Accident and health		205,050
Premiums and annuity considerations received in advance		337
Contract liabilities not included elsewhere:		
Other amounts payable on reinsurance		28,633
Interest maintenance reserve		506,996
Commissions to agents due or accrued		78,070
General expenses due or accrued		692,450
Taxes, licenses, and fees due or accrued, excluding federal income taxes		6,369,792
Remittances and items not allocated		179,384
Miscellaneous liabilities:		
Asset valuation reserve		47,966
Write-ins for liabilities:		
Unclaimed funds to be escheated		7,592,738
Total Liabilities		16,991,979
Common capital stock	$ 750,000	
Gross paid in and contributed surplus	383,170,279	
Unassigned funds (surplus)	(381,362,316)	
Total Capital and Surplus		2,557,963
Total Liabilities, Capital and Surplus		$19,549,942

Time Insurance Company II
Summary of Operations
For the Year 2018

Premiums and annuity considerations for life and accident and health contracts		$ 408,870
Net investment income		1,489,655
Amortization of interest maintenance reserve		765,139
Commissions and expense allowances on reinsurance ceded		37,721,429
Write-ins for miscellaneous income:		
Miscellaneous income		392,305
Fee income		26
Total income items		40,777,424
Death benefits	$ 62,000	
Disability benefits and benefits under accident and health contracts	(2,390,796)	
Surrender benefits and withdrawals for life contracts	9,361	
Interest and adjustments on contract or deposit-type contract funds	10	
Increase in aggregate reserves for life and accident and health contracts	(3,564,989)	
Subtotal	(5,884,414)	
Commissions on premiums, annuity considerations, and deposit-type contract funds (direct business only)	$34,375,302	
General insurance expenses	6,874,162	
Insurance taxes, licenses, and fees excluding federal income taxes	783,253	
Write-in for deductions:		
Fines and Penalties	$ (234,659)	
Total deductions		$35,913,644
Net gain (loss) from operations before dividends to policyholders and federal income taxes		4,863,780
Federal and foreign income taxes incurred (excluding tax on capital gains)		900,234
Net gain (loss) from operations after dividends to policyholders and federal income taxes and before realized capital gains or losses		3,963,546
Net realized capital gains or (losses)		1,705,116
Net Income		$ 5,668,662

Time Insurance Company II
Cash Flow
For the Year 2018

Premiums collected net of reinsurance			$ 408,632
Net investment income			2,331,215
Miscellaneous income			34,797,632
Total			37,537,479
Benefit- and loss-related payments		$ (2,855,557)	
Commissions, expenses paid, and aggregate write-ins for deductions		42,610,510	
Federal and foreign income taxes paid (recovered)		(6,099,445)	
Total deductions			33,655,508
Net cash from operations			3,881,971
Proceeds from investments sold, matured, or repaid:			
Bonds	$53,818,178		
Stocks	1,206,052		
Other invested assets	156,005		
Miscellaneous proceeds	(307,762)		
Total investment proceeds		54,872,473	
Cost of investments acquired (long-term only):			
Bonds	18,349,163		
Real estate	(9,136,689)		
Miscellaneous applications	230		
Total investments acquired		9,212,704	
Net increase (or decrease) in contract loans and premium notes		2,978	
Net cash from investments			45,656,791
Cash from financing and miscellaneous sources:			
Capital and paid in surplus less treasury stock		(43,832,216)	
Other cash provided (applied)		(3,995,530)	
Net cash from financing and miscellaneous sources			(47,827,746)
Reconciliation:			
Net Change in Cash, Cash Equivalents, and Short-Term Investments			1,711,016
Cash, cash equivalents, and short-term investments:			
Beginning of year			2,894,880
End of year			$ 4,605,896

Time Insurance Company II
Compulsory and Security Surplus Calculation
December 31, 2018

Assets			$19,549,942
Less liabilities			16,991,979
Adjusted surplus			2,557,963
Annual premium:			
Individual life and health	$378,036		
Factor	15%		
Total		$56,705	
Group life and health	30,595		
Factor	10%		
Total		3,059	
Compulsory surplus (subject to a $2,000,000 minimum)			2,000,000
Compulsory Surplus Excess (Deficit)			$ 557,963
Adjusted surplus (from above)			$2,557,963
Security surplus (140% of compulsory surplus, factor reduced 1% for each $33 million in premium written in excess of $10 million, with a minimum of 110%)			2,800,000
Security Surplus Excess (Deficit)			$ (242,037)

Time Insurance Company II
Analysis of Surplus (in Thousands)
For the Five-Year Period Ending December 31, 2018

The following schedule details items affecting the company's total capital and surplus during the period under examination as reported by the company in its filed annual statements:

	2018	2017	2016	2015	2014
Capital and surplus, beginning of year	$ 43,770,604	$ 91,027,449	$ 471,664,273	$ 389,721,709	$212,011,147
Net income	5,668,662	44,407,772	37,500,446	(389,324,728)	(64,616,619)
Change in net unrealized capital gains/losses	(160)				7
Change in net deferred income tax				(70,057,786)	3,737,410
Change in nonadmitted assets and related items	609,190	5,063,929	32,079,722	39,633,076	(7,026,944)
Change in asset valuation reserve	905,526	267,827	2,777,310	3,328,917	883,825
Cumulative effect of changes in accounting principles		2,000			
Surplus adjustments:					
Paid in	(45,079,731)	(91,000,000)		496,000,000	250,000,000
Change in surplus as a result of reinsurance	(3,316,127)	(3,927,595)	(4,285,326)	2,363,085	(5,267,117)
Dividends to stockholders			(445,000,000)		
Write-ins for gains and (losses) in surplus:					
Recharacterization of prior year dividends from unassigned funds		654,949,000			
Recharacterization of prior year dividends to contributed surplus		(654,949,000)			
Gain on reinsurance of inforce block		(3,318,261)	(3,708,976)		
Capital and Surplus, End of Year	$ 2,557,963	$ 42,523,121	$ 91,027,449	$ 471,664,273	$389,721,709

Time Insurance Company II
Insurance Regulatory Information System
For the Five-Year Period Ending December 31, 2018

The company's NAIC Insurance Regulatory Information System (IRIS) results for the period under examination are summarized below. Unusual IRIS results are denoted with asterisks and discussed below the table.

	Ratio	2018	2017	2016	2015	2014
#1	Net change in capital & surplus	12%	47%	-81%*	-106%*	-34%*
#2	Gross change in capital & surplus	-94*	-53*	-81*	21	84*
#3	Net income to total income	13	80	34	-18*	-4*
#4	Adequacy of investment income	974*	753	289	562	2,212*
#5	Non-admitted to admitted assets	0	1	3	3	8
#6	Total real estate & mortgage loans to cash & invested assets	0	17	7	2	20
#7	Total affiliated investments to capital & surplus	0	0	2	1	1
#8	Surplus relief	1,345*	88*	50*	7	2
#9	Change in premium	-93*	-98*	-86*	11	28
#10	Change in product mix	3.7	15.8*	15.3*	4.3	3.4
#11	Change in asset mix	3.5	3.2	1.3	3.2	0.2
#12	Change in reserving	366*	-460*	-171*	-73*	11

IRIS ratio No. 1 measures the net change in capital and surplus from the prior year and does not take capital and surplus paid-in to reflect the impact of operations on capital and surplus. The usual range for this ratio includes all results greater than -10% and less than 50%. This ratio was unusual in 2014 and 2015 due to significant losses in the medical lines of business. In 2016, the ratio was unusual due to an approved $445 million extraordinary dividend paid by TIC to its parent in connection with the winding down of operations.

IRIS ratio No. 2 measures the change in capital and surplus from the prior year and takes into account capital and surplus paid-in during the year. The usual range for this ratio includes all results greater than -10% and less than 50%. The company reported an unusual ratio in 2014, 2016, 2017, and 2018. In 2014, the company reported an 84% increase in surplus, mostly due to a $250 million capital contribution from its parent. The unusual ratios in 2016 through 2018 are mostly the result of the company paying approved dividends.

Ratio No. 3 compares net income to total income and is a measure of a company's profitability. The usual range includes all results greater than zero. The company reported an unusual ratio in 2014 and

2015. The exceptional ratio in 2015 was due to a net loss, which was the result of increased losses within the individual medical product line as well as increased expenses relating to the company's decision to exit the health insurance market.

Ratio No. 4 compares the net investment income to the increase in reserves from tabular interest; the usual range for this ratio is between 125% and 900%. The company reported an exceptional ratio in 2014 and 2018. The unusual results were due to the runoff of the company's life and disability business combined with a small amount of tabular fund interest from the company's accident and health contracts.

Ratio No. 8 measures surplus relief experienced by the company. The usual range is greater than -99% and less than 30%. The company reported exceptional ratios in 2016 through 2018, as substantially all of its business was ceded through various 100% coinsurance agreements.

Ratio No. 9, change in premium, represents the percentage change in premium from the prior to the current year. The usual range includes all results of less than 50% and greater than -10%. The company reported an unusual ratio from 2015-2018. By 2015, the company had exited all lines of business and was in runoff. As a result, premium written continues to decline each year.

Ratio No. 10, change in product mix, represents the average change in the percentage of total premium from each product line during the year. The usual range includes results less than 5%. In 2016 and 2017, the company's change in product mix ratio was 15.3% and 15.8%, respectively. The exit from accident and health lines of business resulted in a significant decrease in net premium, which triggered the exceptional ratio.

Ratio No. 12, change in reserving, represents the number of percentage points of change between the life insurance reserving ratio for current and prior year. The reserving ratio is equal to the aggregate increase in reserves for individual life insurance taken as a percentage of renewal and single premiums for individual life insurance. The ratio was exceptional in 2015-2018 due to decreasing reserves resulting from the company being in runoff.

Growth of Time Insurance Company II

Year	Admitted Assets	Liabilities	Capital and Surplus
2018	$ 19,549,942	$ 16,991,979	$ 2,557,963
2017	82,227,232	39,704,111	42,523,121
2016	219,768,862	128,741,413	91,027,449
2015	1,157,901,114	686,236,841	471,664,273
2014	991,019,739	601,298,030	389,721,709
2013	691,510,276	479,499,129	212,011,147

Net Life Premiums, Annuity Considerations, and Deposits

Year	Life Insurance Premiums	Deposit-type Contract Funds
2018	$ 11,005	$
2017	14,366	
2016	79,404	1,050,044
2015	5,200,377	7,100,348
2014	7,936,957	11,253,777
2013	6,912,361	15,016,361

Life Insurance In Force (in thousands)

Year	In Force End of Year	Reinsurance Ceded	Net In Force
2018	$3,566,148	$3,565,374	$ 774
2017	3,772,261	3,771,384	877
2016	3,895,200	3,894,343	857
2015	4,208,485	3,995,006	213,479
2014	4,541,308	3,857,208	684,100
2013	4,892,472	4,121,473	770,729

Accident and Health

Year	Net Premiums Earned	Incurred Claims and Cost Containment Expenses*	Commissions Incurred	Other Expenses Incurred**	Combined Loss and Expense Ratio
2018	$ 397,685	$ (6,051,935)	$ (1,687,237)	$ 7,371,396	-92.5%
2017	6,647,585	(54,659,251)	(5,282,119)	46,876,603	-196.5
2016	25,584,467	(87,137,201)	(3,966,139)	150,785,755	233.3
2015	2,058,963,643	2,170,601,824	123,587,885	337,717,280	127.9
2014	1,771,254,922	1,432,535,908	178,586,126	296,994,905	107.7
2013	1,261,069,490	899,014,081	139,693,813	259,063,776	102.9

* Includes increase in contract reserves
** Includes taxes, licenses, and fees

In late 2013 through 2014, the company was repositioned to be the primary insurer within Assurant Group to sell individual health policies compliant with the Affordable Care Act. As a result, the company reported a significant increase in net premium written in 2014. In 2015, Assurant exited the accident and health segment of the insurance market to focus on other business segments and made the decision to discontinue operations of TIC and put the company into runoff. Capital and surplus decreased significantly beginning in 2016 as the company began issuing approved dividends to its parent.

Reconciliation of Surplus per Examination

No adjustments were made to surplus as a result of the examination. The amount of surplus reported by the company as of December 31, 2018, is accepted.

VII. SUMMARY OF EXAMINATION RESULTS

Compliance with Prior Examination Report Recommendations

There were four specific comments and recommendations in the previous examination report. Comments and recommendations contained in the last examination report and actions taken by the company are as follows:

1. Management and Control—It is recommended that the company complete the Report on Executive Compensation in accordance with its instructions.

   Action—No longer relevant. Company was not domiciled in Wisconsin as of December 31, 2018. Therefore, the Report on Executive Compensation was not filed with Wisconsin OCI.

2. Active Life Reserve—Premium Deficiency Reserve—It is recommended that the company apply the total forecast general expense percentage to the projected revenue included in the analysis to determine the premium adequacy.

   Action—No longer relevant. See comment below.

3. Active Life Reserve—Premium Deficiency Reserve—It is recommended that the company revise the projections going forward to incorporate the quality improvement expenses.

   Action—No longer relevant. See comment below.

4. Active Life Reserve—Premium Deficiency Reserve—It is recommended that the company include new business effective January 1 or later which was accepted by the company prior to the valuation date.

   Action—No longer relevant. See comment below.

In 2015, when TIC was still an affiliate of Assurant, it exited its health insurance and employee benefits blocks of business and fully reinsured its supplemental and self-insured business. As a result of these actions, the three prior recommendations relating to premium deficiency reserves are no longer relevant to current business operations at TIC.

Summary of Current Examination Results

There were no adverse or material examination findings as a result of the current examination of the company.

VIII. CONCLUSION

Time Insurance Company II is a stock life insurance company whose focus, until 2015, was accident and health insurance for individual and small group coverages. In 2015, the company was placed into runoff, and nearly all of its lines of business were reinsured.

On December 3, 2018, TIC was acquired by HHI, and on December 5, 2018, Haven Insurance Company II merged with and into TIC, with TIC being the surviving entity. TIC was subsequently renamed Time Insurance Company II, with "II" standing for "International Insurer." The company then redomiciled to Puerto Rico, where it was licensed as a Class 5 International Insurer.

Effective as of February 28, 2020, the company once again redomiciled from Puerto Rico to Wisconsin and its name was changed from Time Insurance Company II back to Time Insurance Company. TIC was later placed into rehabilitation in Wisconsin on May 18, 2020.

Capital and surplus decreased significantly during the examination period, as the company paid approved dividends to its parent after being placed into runoff. As of December 31, 2018, TIC reported total assets of $19,549,942, total liabilities of $16,991,979 and capital and surplus of $2,557,963.

IX. SUMMARY OF COMMENTS AND RECOMMENDATIONS

There were no recommendations made as a result of this examination.

X. ACKNOWLEDGMENT

The courtesy and cooperation extended during the course of the examination by the officers and employees of the company are acknowledged.

In addition to the undersigned, the following representatives of the Office of the Commissioner of Insurance, State of Wisconsin, participated in the examination:

Name	Title
Jan Pierre Santiago, CFE	Examiner-in-Charge
Robert Ficken, CFE	IT Specialist
Junji Nartatez	Insurance Financial Examiner

Respectfully submitted,

Levi Olson, CFE
Insurance Financial Examiner Chief

XI. SUBSEQUENT EVENTS

As discussed earlier in the examination report, TIC was acquired by HHI in early December 2018. During Wisconsin OCI's review of the Form A, a concern was raised that, subsequent to the proposed transaction, TIC would have a risk-based capital ratio of 33%, which would trigger rehabilitation or liquidation and would trigger grounds for disapproval under s. 611.72, Wis. Stat. In response to OCI's concerns, HHI submitted updated projections, indicating that much of TIC's books of business would be segregated into three segregated asset plans. At the time, Wisconsin OCI accepted HHI's rationale that the vast majority of TIC's risks were 100% reinsured and the company only would need capital to support approximately 150 directly insured polices.

On July 2, 2019, approximately seven months after Wisconsin OCI approved the acquisition and redomestication to Puerto Rico, TIC filed a transaction with the Puerto Rico OCI to recapture the long-term care block of business reinsured by John Hancock. Wisconsin OCI objected to the recapture and issued a cease and desist order preventing the reinsurance recapture transaction and preventing TIC from, among other things, writing new business and renewing existing business in the state of Wisconsin and recapturing any Wisconsin risks from any reinsurer. Several other states issued similar cease and desist orders.

On December 12, 2019, management of TIC made a presentation to all states regarding its financial condition and proposed reinsurance recapture transaction. Management of TIC reported that, without the approval of the proposed reinsurance recapture transaction, TIC "will not be able to fund its business indefinitely going forward." TIC reported that if it calculated its RBC without giving effect to the segregated asset plans, as permitted in Puerto Rico, the company would be at the mandatory control-level event which would trigger rehabilitation or liquidation.

As a result of continued objections from several states, TIC did not complete the proposed reinsurance recapture transaction and indicated that it would seek to convert from a Puerto Rico International Insurer and redomicile as a life and health insurer in another U.S. jurisdiction. Effective as of February 28, 2020, the company redomiciled from Puerto Rico to Wisconsin. On the same day, Wisconsin OCI issued a certificate of authority, under the name Time Insurance Company.

On March 12, 2020, TIC submitted a proposal for an initial plan to the Wisconsin OCI designed to ensure the financial viability of the company. The key component of the initial plan was a novation transaction, not a retrocession, whereby the existing reinsurance agreement would be novated to Haven Reinsurance II, and Haven Reinsurance II would assume all obligations under the reinsurance agreement.

On May 15, 2020, the Wisconsin OCI determined, pursuant to s. 617.21(3), Wis. Stat., that TIC's proposal was contrary to the interests of policyholders, TIC's creditors, and the public. On May 18, 2020, Wisconsin OCI filed a petition with the Circuit Court of Dane County, Wisconsin, to place TIC into rehabilitation. TIC is continuing to work with OCI and the court to create a rehabilitation plan which will meet with the approval of OCI and the court.