

FILED
01-05-2021
CIRCUIT COURT
DANE COUNTY, WI
2020CV001054

STATE OF WISCONSIN : CIRCUIT COURT : DANE COUNTY
BRANCH 15

In the Matter of the Rehabilitation of:

Case No. 2020-CV-1054

Time Insurance Company
c/o: Office of the Commissioner of Insurance
125 South Webster Street
Madison, WI 53703

Case Code: 30703

NOTICE OF MOTION AND MOTION TO APPROVE ASSUMPTION

TO: All Interested Parties

NOTICE

PLEASE TAKE NOTICE that the Commissioner of Insurance of the State of Wisconsin, Mark Afable, as Rehabilitator of Time Insurance Company (the “Commissioner” or the “Rehabilitator”), brings this Motion for Approval of Assumption (the “Motion”) for hearing, if necessary, before the Circuit Court of Dane County, in the Dane County Courthouse, 215 S. Hamilton Street, Madison, WI 53703-3285, on a date and at a time to be determined by the Court. Objections to the Motion, along with supporting documentation, shall be filed with the Court and served on the Commissioner, by his attorneys, James A. Friedman and Zachary P. Bemis of Godfrey & Kahn, S.C., and any other party who has filed an appearance in this action within 14 days of the filing of the Motion.

MOTION

Mark Afable, Commissioner of Insurance of the State of Wisconsin, as Rehabilitator of Time Insurance Company (the “Commissioner” or the “Rehabilitator”), hereby moves the Court, pursuant to Wis. Stat. §645.33 and chapter 645, in general, to enter an Order approving the December 28, 2020 Assumption Agreement between Time Insurance Company (“Time”) and Loyal American Life Insurance Company (“LALIC”). As grounds for this Motion, the Commissioner states as follows:

1. In 1998, Time and United Teacher Associates Insurance Company (“UTAIC”) entered into a series of agreements regarding Time’s Medicare Supplement health insurance business (the “Business”), by which UTAIC agreed to fully reinsure on a 100 percent coinsurance basis and to administer the Business (collectively, the “Coinsurance Agreement”).
2. On or about August 31, 2012, UTAIC entered into an agreement with LALIC, a subsidiary of Cigna Corporation, by which LALIC agreed to fully reinsure and administer the Business (the “Reinsurance Agreement”).
3. Effective December 31, 2016, UTAIC merged into Continental General Insurance Company (“CGIC”), an affiliate of UTAIC, and all of UTAIC’s policy holders/members became CGIC policy holders/members on the effective date.
4. On or about December 23, 2020, CGIC assigned its interests in the Business to LALIC.
5. Pursuant to the Coinsurance Agreement and the Reinsurance Agreement, LALIC, in essence, assumed virtually all rights and responsibilities with respect to Time’s policyholders in the Business. In fact, because virtually all communications with those policyholders has come

from LALIC, not Time, those policyholders generally consider LALIC their insurance company for the Business.

6. On May 18, 2020, the Commissioner filed in this Court a Petition for Order for Rehabilitation of Time (the “Rehabilitation Petition”).

7. With LALIC’s assistance, the Commissioner provided notice of the Rehabilitation Petition to the Business policyholders. None of those policyholders filed an objection with this Court as to the Rehabilitation Petition.

8. The Rehabilitator has reviewed the Reinsurance Agreement and the Coinsurance Agreement and performed other extensive due diligence concerning the proposed assumption. Based on that review, the Rehabilitator has determined that it would be in the best interests of the Business policyholders for LALIC to assume all of Time’s rights, title, interests, and obligations with respect to the Business. Furthermore, based on the current relationship between LALIC and the Business policyholders, the Rehabilitator has determined that such an assumption will cause little, if any, disruption to the policyholders.

9. LALIC and CGIC have determined, based on their close relationship, that it would be most efficient and effective for LALIC to assume all of the Business. Accordingly, CGIC has consented to LALIC’s assumption of the Business. LALIC is a financially sound insurance company, licensed to do business and in good standing in all states in which the Business insurance policies were issued.

10. On December 28, 2020, LALIC and the Commissioner, as Rehabilitator of Time, entered an Assumption Agreement, subject to this Court’s approval. A true and correct copy of the Assumption Agreement is appended to this Motion as Exhibit 1.

11. Pursuant to Wis. Stat. § 645.33(2), “[s]ubject to court approval, the Rehabilitator may take the actions he or she deems necessary or expedient to reform and revitalize the insurer [in rehabilitation].” The Rehabilitator believes that the December 28, 2020 Assumption Agreement is “necessary [and] expedient to reform and revitalize” Time.

12. The Commissioner is sharing the December 28, 2020 Assumption Agreement with regulators from the other states. Based on previous communications with those regulators, the Commissioner anticipates that he will receive no objections to the Assumption Agreement.

13. For efficiency and ease of accounting, the Rehabilitator requests that LALIC’s assumption of the Business, pursuant to the Assumption Agreement, be effective on February 1, 2021.

14. The Rehabilitator will provide notice of the assumption to all effected policyholders of Time within 30 days of entry of an Order by the Court. The Rehabilitator may delegate this responsibility to LALIC. Because Time is in rehabilitation, the Rehabilitator need not seek the approval of the effected policyholders of Time. Wis. Stat. § 645.33(2); *see In re Ambac Assurance Corp.*, 2013 WI App 129, 351 Wis. 2d 539, 841 N.W.2d 482; *see also* NAIC Assumption Reinsurance Model Act, sec. 7.

NOW, THEREFORE, for the reasons stated above and based on the entire record in this action, the Rehabilitator asks the Court to enter an order approving the December 28, 2020 Assumption Agreement between Time and LALIC.

Dated at Madison, Wisconsin, this 5th day of January 2021.

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Respectfully submitted,

GODFREY & KAHN, S.C.

By: Electronically signed by James A. Friedman
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Commissioner of Insurance of the State of
Wisconsin

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