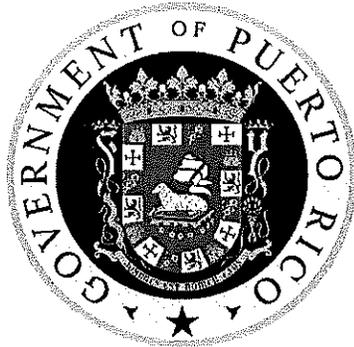


GOVERNMENT OF PUERTO RICO
OFFICE OF THE COMMISSIONER OF INSURANCE



CARIBBEAN AMERICAN LIFE ASSURANCE COMPANY

AMENDED
REPORT ON EXAMINATION
AS OF DECEMBER 31, 2017
CASE No. EX-2019-10

NAIC Code 73156
REPORT DATE: MAY 20, 2019

Richard Ramos, CFE, CPCU, ARe, CIE
Examiner-in-Charge
INSRIS-PR, LLC

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GOVERNMENT OF PUERTO RICO
Office of the Commissioner of Insurance

July 18, 2019

Honorable Javier Rivera Rios
Commissioner of Insurance
Commonwealth of Puerto Rico
Office of the Commissioner of Insurance
Guaynabo, Puerto Rico 00968-3029

Dear Commissioner:

In compliance with instructions and pursuant to statutory provisions contained in Order Number EX-2019-10, dated March 6, 2019, a financial condition examination has been made of the affairs, financial condition and management of the

CARIBBEAN AMERICAN LIFE ASSURANCE COMPANY
273 PONCE DE LEON AVENUE, SUITE 1300
SAN JUAN, PUERTO RICO 00917-1838

hereinafter referred to as "Company" or "CALAC", incorporated under the laws of the Commonwealth of Puerto Rico. The examination was carried out in the corporate offices of the Company in Miami, Florida and other locations. The report on this examination is respectfully submitted.

SCOPE OF EXAMINATION

We have performed our multi-state, full-scope risk-focused financial condition examination of the Company in coordination with the examination of the Assurant, Inc. Group (Assurant), with Delaware designated as the lead state. The last examination

covered the period of January 1, 2011, through December 31, 2014. This examination covered the period from January 1, 2015, through December 31, 2017, including any material relevant transactions and/or events occurring subsequent to the examination date and noted during the course of the examination.

We conducted our examination in accordance with the *National Association of Insurance Commissioners (NAIC) Financial Condition Examiners Handbook (NAIC Handbook)* and generally accepted statutory insurance examination standards consistent with the insurance laws and regulations of the Commonwealth of Puerto Rico. The *NAIC 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 risk within the Company and evaluating its system of controls and procedures used to mitigate those risks. The examination also includes an assessment of 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.

All accounts and activities of the Company were considered in accordance with the *NAIC Handbook* risk-focused examination process. The examination report only addresses regulatory information revealed by the examination process.

During the course of this examination, consideration was given to work performed by the Company's external accounting firm, PricewaterhouseCoopers, LLP. Certain auditor work papers of their 2017 audit have been incorporated into the work

papers of the examiners and have been utilized in determining the scope, areas of emphasis in conducting the examination and in the area of risk mitigation and substantive testing. The examination of the Company was conducted concurrently with the examinations of the other insurance company members of the Assurant Group, including: Caribbean American Property Insurance Company (CAPIC), American Standard Insurance Company (ASIC), Standard Guaranty Insurance Company (SGIC), American Bankers Insurance Company of Florida (ABIC), Reliable Lloyds Insurance Company (RLIC), Voyager Indemnity Insurance Company (VIIC), American Bankers Life Assurance Company of Florida (ABLAC), American Memorial Life Insurance Company (AMLIC), John Alden Life Insurance Company (JALIC), and Union Security Life Insurance Company of New York (USLICNY).

SUMMARY OF SIGNIFICANT FINDINGS

During the examination we did not note any material adverse findings, significant non-compliance findings, or material changes in the financial statements.

PRIOR EXAMINATION FINDINGS

The Company was in compliance with recommendations made in the prior December 31, 2014, Report on Examination.

COMPANY HISTORY

The Company was incorporated on April 15, 1988, under the provisions of the Insurance Code of Puerto Rico. The Company has been engaged in the underwriting of life, accidental death, dismemberment, and disability insurance on consumer loans,

mortgage, and credit card balances for banks and other financial institutions doing business in Puerto Rico and the US Virgin Islands.

CAPITAL STOCK

The Company has 520,010 issued outstanding shares 520,005 of capital stock, of which 519,975 shares are owned by Assurant Solutions Holdings Puerto Rico Inc. (ASHPRI). There are 30 shares owned by several officers and directors of the Company. The remaining 5 shares are in Treasury stock.

CORPORATE RECORDS

The Articles of Incorporation, bylaws and all amendments thereto, and the minutes of the meetings of the Board of Directors, Board of Director committees, and shareholders were reviewed for the period under examination. There were no amendments to the Articles of Incorporation or bylaws during the examination period.

MINUTES

The recorded minutes adequately documented its meetings and approval of Company transactions and events, in compliance with the Insurance Code of Puerto Rico.

MANAGEMENT AND CONTROL

Article 29.150 of the Insurance Code of Puerto Rico states that not less than the majority of directors of an insurer shall be residents of, and actually reside in, Puerto Rico. The Company was in compliance with Article 29.150 of the Insurance Code of Puerto Rico.

BOARD OF DIRECTORS

As of the examination date, the directors of the Company, who were elected at the annual meeting of stockholders in compliance with Article 29.160 were as follows:

NAME, POSITION AND LOCATION	PRINCIPAL OCCUPATION
Federico Grosso Director San Juan, Puerto Rico	President CAPIC and CALAC
Pedro Andrés Director (Independent) Guaynabo, Puerto Rico	President & CEO Neptuno Networks Insurance Executive
Luis F. Rivera Director Cutler Bay, FL	Vice President CAPIC and CALAC Insurance Executive
Iván C. López-Morales Director Atlanta, Georgia	Senior Vice President & CFO Assurant Solutions Insurance Executive
José D. Ramírez Director Gurabo, Puerto Rico	Treasurer CAPIC and CALAC
Miguel Soto Director (Independent) Guaynabo, Puerto Rico	President Center for a New Economy Insurance Executive

OFFICERS

Officers are elected by the Board of Directors on an annual basis. A list of the officers elected or appointed during 2017 and serving as of December 31, 2017 appears below. The officers were elected in compliance with Article 29.210 of the Insurance Code.

NAME	TITLE
Federico Grosso	President
Jeannie Aragon-Cruz	Secretary
José David Ramírez Rivera	Treasurer
Yadira Rivera Cintrón	Assistant Secretary

COMMITTEES

The bylaws provide that the Board may designate one or more committees as determined to be necessary for the conduct of the business of the Company. As of December 31, 2017, CALAC had the following committees of the Board:

<i>Audit Committee</i>
Pedro Andrés López Miguel Andrés Soto Class
<i>Executive Committee</i>
Federico Grosso (Chair) José David Ramírez Rivera Pedro Andrés López
<i>Investment Committee</i>
Federico Grosso (Chair) José David Ramírez Rivera Pedro Andrés López Miguel Andrés Soto Class

CONFLICT OF INTEREST

The Company requires its directors, officers, and key employees to sign the conflict of interest questionnaires concerning items that could have an impact on the way they conduct the Company's business in order to comply with Article 29.230 of the Insurance Code of Puerto Rico. The review of the conflict of interest questionnaires revealed that the Company was in in compliance.

INVESTMENTS

Article 6.040 of the Insurance Code provides, among other things, that all investments acquired and held under this Chapter shall be acquired and owned under the supervision and direction of the Board of Directors of the insurer. The Board of Directors shall certify in writing, through a formal resolution to be adopted at least once a year, that all investments have been made pursuant to the standards, limitations and investment goals established by the Board, or by a committee authorized by the Board with the responsibility to administer the investments of the insurer. Review of the Board of Directors minutes noted that the Company did certify in writing through a formal resolution that all investments were made pursuant to standards, limitations and investment goals established by the Board. The Company is in compliance with all provisions of Article 6.040 of the Insurance Code. Additionally, the Company is in compliance with the following Articles of Chapter 6 of the Insurance Code:

- 6.030 – Qualification and eligibility of investments.
- 6.050 – Prohibited investments.
- 6.060 – Valuation of investments.
- 6.070 – General requirements for diversification.

Review of the annual statements for the years ending 2017 and 2018 found that the Company maintained investments in CAPIC as follows:

	CAPIC COMMON STOCK
2017	\$ 4,321,530
2018	3,894,883

DIVIDENDS TO STOCKHOLDERS

Article 29.340 of the Insurance Code of Puerto Rico provides that a domestic stock insurer shall not pay any cash dividend to stockholders, except out of any realized net profits on its business.

The following table shows dividends paid to stockholders and the balance of unassigned surplus during the examination period:

YEAR	DIVIDEND PAID	UNASSIGNED SURPLUS PREVIOUS YEAR
2015	\$2,178,140	\$6,636,907
2016	\$1,100,000	\$5,929,979
2017	\$0	\$5,899,754

Pursuant to Puerto Rico Regulations, Rule 83 Section 19(b), an insurer may not pay extraordinary dividends or make any other extraordinary distribution to shareholders until thirty (30) days after notifying the Commissioner of Insurance and the Commissioner of Insurance has not disapproved such payments or has expressly approved the extraordinary dividend within the thirty (30) day period. Extraordinary dividends were paid during the examination period in compliance with Rule 83 (19b). In addition, the Company was in compliance with the provisions of Article 29.340 of the Insurance Code of Puerto Rico.

HOLDING COMPANY SYSTEM

The Company is a member of an Insurance Holding Company System as defined under the Insurance Laws of Puerto Rico. Assurant, Inc. is the ultimate controlling parent. CALAC is 100% owned by ASHPRI. Assurant, Inc. is a publicly traded

insurance holding company that trades on the New York Stock Exchange under the ticker symbol AIZ. The Vanguard Group, Inc., owns approximately 11% of Assurant and has filed disclaimers of control and/or exemption filings, as applicable, with the departments of insurance in all the Assurant companies' states of domicile, including Delaware, Florida, Georgia, Kansas, New York, Puerto Rico, South Dakota, Texas and Wisconsin.

The following is an abbreviated organizational chart of the companies within the Assurant holding company system as of December 31, 2017:

<u>Company</u>	<u>Domicile</u>	<u>% own</u>
The Vanguard Group, Inc.		11.11%
Assurant, Inc.	Delaware	100.00%
Union Security Life Insurance Company of New York	New York	100.00%
Interfinancial, Inc.	Georgia	100.00%
American Security Insurance Company	Delaware	100.00%
Standard Guaranty Insurance Company	Delaware	100.00%
American Memorial Life Insurance Company	South Dakota	100.00%
John Alden Insurance Company	Wisconsin	100.00%
Union Security Insurance Company	Kansas	100.00%
Time Insurance Company	Wisconsin	100.00%
American Bankers Insurance Group, Inc.	Florida	100.00%
ABI International	Cayman Islands	100.00%
Protection Holding Cayman	Cayman Islands	72.00%
Assurant International Division Limited	Malta	99.00%
Assurant Solutions Holdings Puerto Rico, Inc.	Puerto Rico	100.00%
Caribbean American Property Insurance Company	Puerto Rico	74.33%
Caribbean American Life Assurance Company.	Puerto Rico	100.00%
Caribbean American Property Insurance Company	Puerto Rico	25.67%
American Bankers Insurance Company of Florida	Florida	100.00%
American Bankers General Agency, Inc.	Texas	100.00%
Reliable Lloyds Insurance Company	Texas	100.00%
American Bankers Life Assurance Company of Florida	Florida	100.00%
Voyager Group, Inc.	Florida	100.00%
Voyager Indemnity Insurance Company	Georgia	100.00%

INTERCOMPANY AGREEMENTS

The following intercompany agreements were in effect during the examination period:

INFORMATION TECHNOLOGY SYSTEMS AGREEMENT

This agreement, dated September 21, 2000, is between the Company and an affiliate, ABLAC. Pursuant to the agreement, ABLAC is to provide certain information systems and corresponding support.

In return, the Company pays an annual fee of \$750,000 for the first \$90 million of annualized net written premium. For each additional \$10 million of premium, an additional \$10,000 is charged. The agreement was for an initial term of three years and automatically renews for successive two-year terms until either party elects to terminate the agreement. Such termination is effective after giving 90 days prior written notice. The amount due is as of the close of business on the last business day of each year and is paid by the Company quarterly within 30 days of receipt of bill.

AFFILIATE SERVICES AGREEMENT

This agreement, effective January 1, 2010, is between the Company and several other affiliated insurers and service contract providers in respect to payments for vendor services, collection of premium, and claims payments in addition to the sharing of costs of certain services and daily operations of certain property, equipment, and facilities of group members in Atlanta, Georgia; Miami, Florida; San Juan, Puerto Rico and other locations. All intercompany balances subject to the agreement are settled within 30 days following the end of the month if the net payable amount is greater than

\$5,000 or within 30 days following the end of the quarter if the net amount payable is less than \$5,000.

INTERNATIONAL AFFILIATE SERVICES AGREEMENT

This agreement, effective January 1, 2012, is between American Bankers Insurance Group, Inc. and various other international subsidiaries, including both CAPIC and CALAC. The affiliates agree to cooperate in the performance of certain services and to share in the use day to day of certain property, equipment, and facilities of the affiliates in various locations. Under the terms of the agreement, each group member agrees to reimburse other group members for services and facilities provided.

INTERCOMPANY PAYMENT INTERMEDIARY AGREEMENT WITH ABLAC

This agreement, between ABLAC and CALAC effective December 31, 2008, provides for the reimbursement of certain expenses paid on behalf of the other party.

All intercompany net balances equal to or greater than \$5,000 shall be settled monthly based on the prior month's ending balances. Balances less than \$5,000 shall be settled on the third month of the quarter based on the second month's ending balance.

INTERCOMPANY PAYMENT INTERMEDIARY AGREEMENT WITH ABIC

This agreement between ABIC and CALAC is effective as of January 1, 2008 and provides for the reimbursement of certain expenses paid on behalf of the other party. All intercompany net balances equal to or greater than \$5,000 shall be settled monthly based on the prior month's ending balances. Balances less than \$5,000 shall be settled on the third month of the quarter based on the second month's ending balance.

At December 31, 2017, the Company reported \$178,129 and \$559,071 as amounts due from and due to, respectively, parent and affiliates.

TERRITORY AND PLAN OF OPERATIONS

The Company is licensed in the Commonwealth of Puerto Rico and is also authorized to write business in the U.S. Virgin Islands. The Company sells primarily credit life and accident and health insurance and is subject to regulations issued by the Office of the Commissioner of Insurance of the Commonwealth of Puerto Rico. The Company also writes a small amount of group life and accident & health insurance.

Based upon the most recent A.M. Best Credit Rating Report dated May 4, 2018, CALAC has a Financial Strength Rating (FSR) of "A-" and an Issuer Credit Rating (ISR) of "a-", both with a stable outlook.

GROWTH OF THE COMPANY

The following information was obtained from the Company's filed Annual Statements and covers the past three years through December 31, 2017.

YEAR	ADMITTED ASSETS	SURPLUS	GROSS PREMIUM WRITTEN	NET INCOME
2015	\$39,294,855	\$11,300,144	\$11,030,812	\$1,058,580
2016	\$39,121,913	\$11,269,919	\$10,444,638	\$2,216,653
2017	\$38,382,474	\$12,080,109	\$8,137,123	\$38,971

Net income for 2017 decreased 98% from the prior year end. This was mainly due to a decrease of 22% in net premiums earned and 78% in net investment income mainly because there was no dividend received from affiliates. Continued challenges in the Puerto Rico market were exacerbated as hurricanes Irma and Maria impacted the banking

industry and the local economy in general. The Company, thus, has had lower premium income of \$8.1 million in 2017 from \$10.5 million in 2016.

REINSURANCE

ASSUMED

The Company did not assume any business during the period of examination.

CEDED

The Company maintains several quota share reinsurance contracts in force as of December 31, 2017, with both affiliates and non-affiliates. Coverages include credit involuntary unemployment, credit life, and credit accident and health lines of business. In compliance with Article 46.030(3), the Company did not cede reinsurance in the aggregate amount of more than seventy-five percent (75%) of all its direct risks in any kind of reinsurance without first securing the Commissioner's written authorization.

The reinsurance contracts reviewed complied with NAIC guidelines with respect to the insolvency clause, arbitration clause, transfer of risk, reporting, and settlement information deadlines as stated in SSAP. No. 62 of the *NAIC Accounting Practices and Procedures Manual*.

ACCOUNTS AND RECORDS

The accounts and records review included an assessment of the Company's risk management process for identifying and controlling risks in key operational areas. In making the assessment for each key area, processes were reviewed, risks were identified and controls were identified and tested. The Company's methodology for assessing the effectiveness of the established mitigation factors was also evaluated.

A review of the Company's information technology general controls and general application controls was performed as required by the NAIC Handbook. The information technology review was completed by the Delaware Department of Insurance for the coordinated examination in accordance with the coordination plan. Results of the review were discussed with management and/or included in a management letter.

FINANCIAL STATEMENTS

The following financial statements are based on the statutory financial statements filed by the Company with the Office of the Commissioner of Insurance of Puerto Rico and present the financial condition of the Company for the period ending December 31, 2017. The accompanying notes on financial statements reflect one adjustment to the amounts reported in the annual statement and should be considered an integral part of the financial statements.

CARIBBEAN AMERICAN LIFE ASSURANCE COMPANY
ASSETS
DECEMBER 31, 2017

	<u>Per</u> <u>Company</u>	<u>Examination</u> <u>Adjustments</u>	<u>Per</u> <u>Examination</u>
Bonds	\$26,221,022	\$0	\$26,221,022
Common stock	4,321,530	0	4,321,530
Cash, cash equivalents and short-term investments	6,286,853	0	6,286,853
Investment income due and accrued	124,502	0	124,502
Uncollected premiums and agents balances in course of collection	220,532	0	220,532
Amounts recoverable from reinsurers	260,569	0	260,569
Current federal and foreign income tax recoverable and interest thereon	179,823	0	179,823
Net deferred tax asset	573,036	0	573,036
Receivables from parent, subsidiaries and affiliates	178,129	0	178,129
Receivables - Other	16,478	0	16,478
Total Assets	<u>\$38,382,474</u>	<u>0</u>	<u>\$38,382,474</u>

CARIBBEAN AMERICAN LIFE ASSURANCE COMPANY
LIABILITIES, SURPLUS AND OTHER FUNDS
DECEMBER 31, 2017

	<u>Per</u> <u>Company</u>	<u>Examination</u> <u>Adjustments</u>	<u>Per</u> <u>Examination</u>
Aggregate reserve for life contracts (Note 1)	\$10,378,418	\$0	\$10,378,418
Aggregate reserve for accident and health contracts (Note 1)	9,395,994	0	9,395,994
Contract claims: Life (Note 1)	493,161	0	493,161
Contract claims: Accident and Health (Note 1)	1,887,728	0	1,887,728
Other amounts payable on reinsurance	640,562	0	640,562
Commissions to agents due or accrued	1,495,663	0	1,495,663
General expenses due or accrued	521,080	0	521,080
Taxes, licenses and fees due or accrued, excluding federal income taxes	119,280	0	119,280
Amounts withheld or retained by company as agent or trustee	28,734	0	28,734
Amounts held for agents' account	17,349	0	17,349
Asset valuation reserve (AVR)	491,733	0	491,733
Funds held under reinsurance treaties with unauthorized and certified reinsurers	56,915	0	56,915
Payable to parent, subsidiaries and affiliates	559,071	0	\$559,071
Other liabilities	216,677	0	216,677
Total liabilities	\$26,302,365	\$0	\$26,302,365
Common capital stock	2,599,975		2,599,975
Gross paid in and contributed surplus	2,770,165		2,770,165
Unassigned funds (surplus)	6,709,944		6,709,944
Less treasury stock at cost	(25)		(25)
Surplus as regards policyholders (Note 2)	\$12,080,109		\$12,080,109
Total liabilities, surplus and other funds	\$38,382,474		\$38,382,474

CARIBBEAN AMERICAN LIFE ASSURANCE COMPANY
SUMMARY OF OPERATIONS
DECEMBER 31, 2017

Premiums and annuity considerations for life and accident and health contracts	\$8,137,123
Net investment income	549,591
Amortization of Interest Maintenance Reserve (IMR)	(33,978)
Commissions and expense allowances on reinsurance ceded	5,964,979
Aggregate write-ins for miscellaneous income	1,063
Total	14,618,778
Death benefits	1,519,985
Disability benefits and benefits under accident and health contracts	1,482,419
(Decrease) in aggregate reserves for life and accident and health contracts	(1,360,699)
Totals	1,641,705
Commissions on premiums, annuity considerations, and deposit-type contract funds (direct business only)	9,405,865
General insurance expenses	3,222,090
Insurance taxes, licenses and fees, excluding federal income taxes	321,483
Totals	14,591,143
Net gain from operations before dividends to policyholders and federal income taxes	27,635
Dividends to policyholders	0
Net gain from operations after dividends to policyholders and before federal income taxes	27,635
Federal and foreign income taxes (benefit)	(11,336)
Net gain from operations after dividends to policyholders and federal income taxes and before realized capital gains or (losses)	38,971
Net income	\$38,971

CARIBBEAN AMERICAN LIFE ASSURANCE COMPANY
CAPITAL AND SURPLUS ACCOUNT
AS OF DECEMBER 31, 2017

Surplus as regards policyholders, December 31 prior year	\$11,269,919
Net Income	38,971
Change in net unrealized capital gains or (losses)	706,960
Change in net deferred income tax	(10,249)
Change in non-admitted assets	96,347
Change in asset valuation reserve	(21,839)
Change in treasury stock	25
Transfer to surplus	(25)
Net change in capital and surplus for the year	810,190
Surplus as regards policyholders, December 31 current year	<u>\$12,080,109</u>

CARIBBEAN AMERICAN LIFE ASSURANCE COMPANY
COMPARATIVE ANALYSIS OF CHANGES IN SURPLUS
DECEMBER 31, 2017

Surplus as Regards Policyholders
December 31, 2017, Per Annual Statement \$12,080,109

	<u>PER</u> <u>COMPANY</u>	<u>PER</u> <u>EXAM</u>	<u>INCREASE</u> <u>(DECREASE)</u> <u>IN SURPLUS</u>
ASSETS	\$38,382,474	\$38,382,474	\$ -
LIABILITIES	\$26,302,365	\$26,302,365	\$ -
Net Change in Surplus			<u>-</u>

Surplus as Regards Policyholders
December 31, 2017, Per Examination \$12,080,109

CARIBBEAN AMERICAN LIFE ASSURANCE COMPANY
RECONCILIATION OF SURPLUS FOR THE PERIOD SINCE THE LAST EXAMINATION
DECEMBER 31, 2017

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Capital and Surplus			
12/31 prior year	<u>\$12,007,072</u>	<u>\$11,300,144</u>	<u>\$11,269,919</u>
Net Income (Loss)	1,058,580	2,216,653	38,971
Change in net unrealized capital gains	(33,807)	(891,689)	706,960
Change in net deferred income tax	84,493	72,193	(10,249)
Change in nonadmitted assets	125,615	(262,598)	96,347
Change in asset valuation reserve	236,331	(64,784)	(21,839)
Dividends to stockholders	(2,178,140)	(1,100,000)	0
Aggregate write-ins for gains and losses in surplus	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Capital & Surplus	<u>(706,928)</u>	<u>(30,225)</u>	<u>810,190</u>
Capital & Surplus at end of year	<u><u>\$11,300,144</u></u>	<u><u>\$11,269,919</u></u>	<u><u>\$12,080,109</u></u>

NOTES ON FINANCIAL STATEMENTS

NOTE 1: AGGREGATE AND CONTRACT CLAIM RESERVES

Aggregate reserve for life contracts	\$10,378,418
Aggregate reserve for accident and health contracts	\$9,395,994
Contract claims: Life	\$493,161
Contract claims: Accident and health	\$1,887,728

The OCI retained the services of INS Consultants, Inc. (INS) to conduct an independent review of the Company's reserves as of December 31, 2017. The consulting actuary's analysis was performed using a risk-focused approach according to the guidelines contained in the NAIC Handbook. The conclusions set forth in the consulting actuary's report were based on information provided by the Company, including the 2017 Annual Statement. The Statement of Actuarial Opinion and Actuarial Memorandum for 2017 were prepared by the Company and signed by the appointed actuary, Alexa Stephens, FSA, MAAA. The Actuarial Opinion was prepared and submitted in accordance with Sections 5.100, 5.100(1), 6(A)(1) and 6(B) of Rule 95 of the Insurance Code of Puerto Rico.

Based on the work performed, the Consulting Actuary found the Company's reserves to be reasonably stated, and as such, no financial adjustment was required for examination purposes.

NOTE 2: TOTAL CAPITAL AND SURPLUS

The total capital and surplus of the Company at December 31, 2017, as determined by this examination, is \$697,497 less than amount reported by the Company on its 2017 Annual Statement. Due to adjustment on Common Stock account.

SUBSEQUENT EVENTS

No subsequent events or transactions that occurred after the December 31, 2017 examination date were noted that would have had a material effect on CALAC's Financial Statements.

CONCLUSION

The insurance examination practices and procedures as promulgated by the NAIC have been followed in ascertaining the financial condition of **Caribbean American Life Assurance Company** as of December 31, 2017, consistent with the insurance laws of the Office of the Commissioner of Insurance of Puerto Rico.

The examiners wish to express their appreciation for the cooperation extended by the officers and employees of the Company during the course of the examination.

In addition to the undersigned, Cheryl Plozizka, CFE, Examination Manager, of INSRIS-PRLLC participated in this examination. Additionally, Diana L. Goodman, FSA, MAAA, and Frank G. Edwards Jr., ASA, MAAA, of INS Consultants, Inc. participated in the actuarial portion of the examination. David Gordon, MBA, CISA, CIA, CBA, CFE (Fraud), of INS Services, Inc. participated in the information technology general controls portion of the examination. Maribel Figueroa, Examiner, of the Office

of the Commissioner of Insurance of Puerto Rico, participated in the compliance portion of the examination.

Respectfully submitted,



Richard Ramos, CFE, CPCU, ARe, CIE
Examiner-in-Charge
INSRISLLC



Carla M. Colón León
Supervisor, Examiners Division
Office of the Commissioner of Insurance
of Puerto Rico