

Report of Examination

Applicant Name: Symetra Life Insurance Company

NAIC No. 68608
FEIN: 91-0742147

Item 19 – Reports of Examination

The most recent financial and market conduct reports of examination for the applicant are attached in response to Item 19 of the application, as follows:

- Exhibit 19-A Market Conduct Examination of Symetra Life Insurance Company for the period of March 1, 2006 – August 15, 2008, conducted by the Illinois Department of Insurance ✓
- Exhibit 19-B Market Conduct Examination of Symetra Life Insurance Company for the period of January 1, 2007 – December 31, 2009, conducted by the State of Nevada Department of Business and Industry, Division of Insurance ✓
- Exhibit 19-C Financial Examination of Symetra Life Insurance Company as of December 31, 2010, conducted by the State of Washington Office of the Insurance Commissioner ✓
- Exhibit 19-D Market Conduct Examination of Symetra Life Insurance Company for the period of January 1, 2010 – December 31, 2010, conducted by the Connecticut Insurance Department ✓
- Exhibit 19-E Market Conduct Examination of Symetra Life Insurance Company for the period of July 1, 2010 – June 30, 2011, conducted by the California Department of Insurance ✓
- Exhibit 19-F Targeted Market Conduct Examination of Symetra Life Insurance Company for the period of January 1, 2009 – December 31, 2011, conducted by the Oklahoma Insurance Department ✓

**MARKET CONDUCT EXAMS DURING PAST FIVE YEARS
AS OF 7/2/2013**

State	Entity Examined	Scope	Period	Areas of Concentration
California	Symetra Life Insurance Company	Claims Practices	7/1/10 – 6/30/11	Individual and group life, annuities, and group disability
Connecticut	Symetra Life Insurance Company	Market Conduct Practices	1/1/10 – 12/31/10	New business, claims, complaints, underwriting
Illinois	Symetra Life Insurance Company	Market Conduct Practices	3/1/06 – 8/15/08	Claims, underwriting, non-forfeiture analysis, complaints, policy forms, advertising, producer analysis
Nevada	Symetra Life Insurance Company	Producer licensing, underwriting	1/1/07 - 12/31/09	Producer licensing, underwriting
New York	First Symetra Life Insurance Company of New York	Full scope	1/1/08 - 12/31/10	Report pending
Oklahoma	Symetra Life Insurance Company	Producer – Marshall Virden	1/1/09 – 12/31/11	Sales activity of Marshall Virden, producer

19A

Symetra Life Insurance Company

MARKET CONDUCT EXAMINATION REPORT

DATE OF EXAMINATION: August 18, 2008 through September 26, 2008

EXAMINATION OF: Symetra Life Insurance Company

LOCATION: 777 108th Avenue NE, Suite 1200
Bellevue, Washington 98004-5135

**PERIOD COVERED
BY EXAMINATION:** 3/1/2007 through 2/29/2008 – Claims
3/1/2006 through 8/15/2008 – Complaints

EXAMINERS: Pat Hahn
Mike Hager
David Bradbury, Examiner-in-Charge

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I. SUMMARY

1. The Company was criticized under Section 5/224(I) of the Illinois Insurance Code (215 ILCS 5/224(1)) for failure to provide notice to the insured's beneficiary of the availability of interest payment due to delayed claim processing.
2. The Company was criticized under Section 919.70(a)(2) of the Illinois Administrative Code (50 Ill. Adm. Code 919.70(a)(2)) for failure to provide the insured with a reasonable written explanation for delay beyond 45 days.
3. The Company is criticized under Section 919.50(a)(1) of the Illinois Administrative Code (50 Ill. Adm. Code 919.50(a)(1)) for failure to provide the insured with the "Notice of Availability of the Division of Insurance" on the claim denial letter.
4. The Company was criticized under Section 919.60(a) of the Illinois Administrative Code (50 Ill. Adm. Code 919.60(a)) for indicating to the insured payment is "final" when the policy limits have not been exhausted.
5. The Company was criticized under Section 5/154.6(d) of the Illinois Insurance Code (215 ILCS 5/154.6(d)) for failure to effect prompt, fair, and equitable settlement of claims in which liability has become reasonably clear.
6. The Company was criticized under Section 5/234.1 of the Illinois Insurance Code (215 ILCS 5/234.1) for failure to disclose all available options for non-forfeiture to the policyowner in the non-forfeiture notice to the policyowner/insured.

II. BACKGROUND

Symetra Life Insurance Company (the "Company"), originally known as General Life Company of America, was organized and incorporated as a stock life insurance company under the laws of the State of Washington on January 23, 1957. The Company has been authorized to do business in Illinois since December, 1958.

In 1959 the Company changed its name to LIFECO Insurance Company of America. In 1964 the name was changed to SAFECO Life Insurance Company.

On June 30, 1998 the Company's wholly owned subsidiary, WM Life Insurance Company, an Arizona corporation, was merged into the Company. On December 29, 1999 the Company's wholly owned subsidiary, Empire Life Insurance Company, a Washington corporation, was merged into the Company.

On August 2, 2004 the SAFECO Corporation sold 100% of the Company's outstanding capital stock to Symetra Financial Corporation, an insurer holding company. The name was then changed to Symetra Life Insurance Company.

On October 1, 2005 the Company's wholly owned subsidiary, American States Life Insurance Company, an Indiana corporation, was merged into the Company.

The ultimate controlling parent of Symetra Financial Corporation is White Mountains Insurance Group, Ltd. Since its formation and in accordance with its Articles of Incorporation, management of the Company has been vested in a Board of Directors consisting of not less than five (5) nor more than 30 members. The Company currently has both its registered home office and its principal executive office located at 777 108th Avenue NE, Suite 1200, Bellevue, WA 98004.

III. METHODOLOGY

The Market Conduct Examination places emphasis on evaluating an insurer's system and procedures used in dealing with insureds and claimants. The following categories are the general areas examined:

1. Producer Licensing and Production Analysis
2. Policy Forms and Advertising Material Analysis
3. Non-Forfeiture Analysis
4. Claims
5. Consumer and Insurance Division Complaints

The review of these categories is accomplished through examination of producer files, Medicare supplement application files, cash surrendered policy files, extended term and reduced paid-up policy files, claim files, Insurance Division complaint files, policy forms and advertising material. Each of these categories is examined for compliance with Division regulations and applicable State laws.

The report concerns itself with improper practices performed with such frequency as to indicate general business practices. Individual criticisms are identified and communicated to the insurer, but not cited in the report if not indicative of a general trend, except to the extent that there were underpayments in claim surveys or undercharges and/or overcharges in underwriting surveys. The following methods were used to obtain the required samples and to assure a methodical selection.

Producer Licensing and Production Analysis

Populations for the producer file reviews were determined by whether or not the producers were licensed by the State of Illinois. New business listings were retrieved from Company records selecting newly solicited insurance applications which reflected Illinois addresses for the applicants.

Policy Forms and Advertising Material Analysis

The Company was requested to provide specimen copies of all policy forms and samples of all advertising material in use during the survey period.

Non-Forfeiture Analysis

Listings were requested of all policies cash surrendered, placed on extended term insurance status, or converted to reduced paid-up insurance during the period covered by the examination. These listings were retrieved by a search of Illinois life policies which either lapsed for nonpayment of premium or were requested non-forfeiture option conversions made by the policyholders.

Claims

Claim surveys were selected using the following criteria:

1. Paid Claims - Payment for a coverage made during the examination period.
2. Denied Claims - Denial of benefits for losses not covered by policy provisions.
3. Individual or Franchise Claims - Determine whether the contracts were issued on an individual or franchise basis.

All claims were reviewed for compliance with policy contracts and endorsements, applicable sections of the Illinois Insurance Code (215 ILCS 5/et seq.) and Illinois Administrative Code (50 Ill. Adm. Code).

All median payment periods were measured from the date necessary proofs of loss were received to the date of payment or denial to the insured or the beneficiary.

The examination period for the claims review was March 1, 2007 through February 29, 2008.

Consumer and Insurance Division Complaints

The Company was requested to provide all files relating to complaints which had been received via the Division as well as those received directly by the Company from the insureds or his/her representative. A copy of the Company's complaint register was also reviewed.

Median periods were measured from the date of notification of the complaint to the date of response to the Division.

The examination period for Division complaints was March 1, 2006 through August 15, 2008.

SELECTION OF SAMPLE

<u>Survey</u>	<u>Population</u>	<u>Reviewed</u>	<u>% Reviewed</u>
<u>CLAIMS ANALYSIS</u>			
Paid Individual Life	102	102	100
Paid Group Life	9	9	100
Denied Group Life	4	4	100
Paid Group Short Term Disability	38	38	100
Denied Group Disability	3	3	100
Paid Group Long Term Disability	5	5	100
Approved Waiver of Premium	1	1	100
Denied Waiver of Premium	2	2	100
Paid Hospital Medical Surgical	1385	55	4
Denied Hospital Medical Surgical	4335	41	1
Annuity Death Settlements	39	39	100
<u>UNDERWRITING</u>			
Declined Life Applications	47	47	100
Replacements	618	46	7
<u>NON-FORFEITURE ANALYSIS</u>			
Life Cash Surrenders	368	35	10
ETI/RPU	9	9	100
<u>COMPLAINTS</u>			
Division of Insurance Complaints	6	6	100
Consumer Complaints	8	8	100
<u>POLICY FORMS & ADVERTISING</u>			
Policy Forms	104	104	100
<u>PRODUCERS ANALYSIS</u>			
Producer Licenses	426 producer 1927 policies	26 producer 1927 policies	100 100

IV. FINDINGS

A. Claims Analysis

1. Paid Individual Life

A review of 102 paid life claims produced two (2) criticisms. A general criticism was written under Section 5/224(1) of the Illinois Insurance Code (215 ILCS 5/224(1)) for failure to notify the insured's beneficiary of the availability of interest payment due to delayed claim processing for 95 of the 102 claims files reviewed (93%). This notice is required as part of the claim acknowledgement at the time of claim. A second general criticism was written under Section 919.70(a)(2) of the Illinois Administrative Code (50 Ill. Adm. Code 919.70(a)(2)) for failure to provide the insured with a reasonable written explanation for delay beyond 45 days for 20 of the 102 claim files reviewed (20%). The purpose of this Section of the Administrative Code is to inform claimants with delayed claims that the Illinois Division of Insurance is available to assist. Letters were sent periodically but none of them contained the required "Notice of Availability of the Division of Insurance." None of the letters qualified as delay letters because this required notice was absent.

The median for payment was one (1) day.

2. Paid Group Life

A review of nine (9) paid life claims produced no criticisms.

The median for payment was five (5) days.

3. Denied Group Life

A review of four (4) denied group life claims produced one (1) criticism. A general criticism was written under Section 919.50(a)(1) of the Illinois Administrative Code (50 Ill. Adm. Code 919.50(a)(1)) for failure to provide the insured with the "Notice of Availability of the Division of Insurance" on the denial letters for two (2) files (50%).

The median for denial was 15 days.

4. Paid Group Short Term Disability

A review of 38 paid short term disability claim files produced one (1) criticism. A general criticism was written under Section 919.60(a) of the Illinois Administrative Code (50 Ill. Adm. Code 919.60(a)) for use of prohibited language in claim letters to insureds. The word 'final' was used in letters accompanying claim payments to insureds for 35 of the 38 claim files reviewed (92%). Additional periods of disability are still due and payable and the use of the prohibited word 'final' is misleading to potential claimants.

The median for payment was eight (8) days. The mean for subsequent payments was nine (9) days.

5. Denied Group Disability

A review of three (3) denied disability claim files produced one (1) criticism. A general criticism was written under Section 919.50(a)(1) of the Illinois Administrative Code (50 Ill. Adm. Code 919.50(a)(1)) for failure to provide the insured with the "Notice of Availability of the Division of Insurance" on the denial letters for three (3) files (100%).

The median for denial was five (5) days.

6. Paid Group Long Term Disability

A review of five (5) paid long term care files produced one (1) criticism. An individual criticism was written under Section 5/154.6(d) of the Illinois Insurance Code (215 ILCS 5/154.6(d)) for failure to effect prompt, fair, and equitable settlement of claims in which liability has become reasonably clear. The underpayment amount was \$41.60 for one (1) day. The Company asserts that the standard to pay claims is a 30-day month however when a disability period is less than 30 days for all or part of the claim calculation, actual days is the standard used for the calculation for the balance of the days of disability.

The median for payment was 17 days. The mean for subsequent payments was 24 days.

7. Approved Waiver of Premium

A review of one (1) approved waiver of premium claim file produced no criticisms.

A median could not be established.

8. Denied Waiver of Premium

A review of two (2) rejected waivers of premium files produced one (1) criticism. A general criticism was written under Section 919.70(a)(2) of the Illinois Administrative Code (50 Ill. Adm. Code 919.70(a)(2)) for failure to provide the insured with a reasonable written explanation for delay beyond 45 days for all of the claim files reviewed (100%). The purpose of this Section of the Administrative Code is to inform claimants with delayed claims that the Illinois Division of Insurance is available to assist. Letters were sent periodically, but none contained the required "Notice of Availability of the Division of Insurance." None qualified as delay letters because this required notice was absent.

A median could not be established.

9. Paid Hospital Medical Surgical

A review of 55 paid hospital medical surgical files produced no criticisms.

The median for payment was seven (7) days.

10. Denied Hospital Medical Surgical

A review of 41 denied hospital medical surgical denied files produced no criticisms.

The median for denial was nine (9) days.

11. Annuity Death Settlements

A review of 39 annuity death settlements produced no criticisms.

The median for payment was four (4) days.

B. UNDERWRITING

1. Declined Life Applications

A review of 47 declined life applications produced no criticisms.

The median for declination was 35 days.

2. Replacements

A review of 46 replacements produced no criticisms.

C. NON-FORFEITURE ANALYSIS

1. Life Cash Surrenders

A review of 35 life cash surrendered files produced no criticisms.

The median for processing surrender was 17 days.

2. ETI / RPU

A review of nine (9) ETI/RPU files produced one (1) criticism. A general criticism was written under Section 5/234.1 of the Illinois Insurance Code (215 ILCS 5/234.1) for failure to disclose all available options for non-forfeiture to the policyowner. The language contained in the letters provided to the insured/policyowner refers them to the policy. This Section of the Code requires that all available options are included in the notice. All nine (9) files were in violation.

D. COMPLAINTS

1. Division of Insurance Complaints

A review of six (6) Division of Insurance Complaint files produced no criticisms.

The median for response to the Division of Insurance was nine (9) days.

2. Consumer Complaints

A review of eight (8) consumer complaint files produced no criticisms.

The median for response to the consumer was nine (9) days.

E. POLICY FORMS AND ADVERTISING

1. Policy Forms

A review of 104 policy forms produced no criticisms.

2. Advertising

A review of the advertising material provided produced no criticisms.

F. PRODUCERS ANALYSIS

1. Producer Licensing

A review of 426 producer licenses and 1927 associated policies produced no criticisms.

V. APPENDICES

This Market Conduct Examination was conducted pursuant to Sections 131.21, 132, 402 and 425 of the Illinois Insurance Code (215 ILCS 5/131.21, 5/132, 5/402 and 5/425). It was conducted in accordance with standard procedures of the Market Conduct Examination Section by duly qualified examiners of the Illinois Division of Insurance.

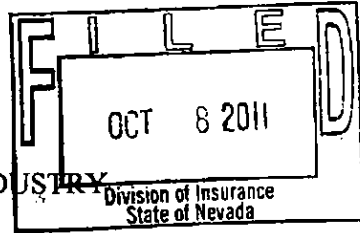
This report is divided into five parts. They are as follows: Summary, Background, Methodology, Findings and Technical Appendices. All files reviewed were reviewed on the basis of the files' contents at the time of the examination. Unless otherwise noted, all overcharges (underwriting) and/or underpayments (claims) were reimbursed during the course of the examination.

No company, corporation, or individual shall use this report or any statement, excerpt, portion, or section thereof for any advertising, marketing or solicitation purpose. Any company, corporation or individual action contrary to the above shall be deemed a violation of Section 149 of the Illinois Insurance Code (215 ILCS 5/149).

The Examiner-in-Charge was responsible for the conduct of this examination. The Examiner-in-Charge did approve of each criticism contained herein and has sworn to the accuracy of this report.

Scott Richardson, FLMI, ACS, AIE, AIAA
Acting Assistant Deputy Director
Market Conduct Examination Section

19B



STATE OF NEVADA
DEPARTMENT OF BUSINESS AND INDUSTRY
DIVISION OF INSURANCE

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IN THE MATTER OF

EXAMINATION NO. 837
COMPANY ID NO. 580

SYMETRA LIFE INSURANCE COMPANY.

ORDER

WHEREAS, pursuant to Nevada Revised Statute ("NRS") 679B.230, *et seq.*, and the Certificate of Examination dated April 2, 2010, a limited market conduct examination of Symetra Life Insurance Company ("Company"), as of January 1, 2007 through December 31, 2009, examination number 837, was conducted by the State of Nevada, Department of Business and Industry, Division of Insurance ("Division");¹ and

WHEREAS, there was no Company rebuttal to the report contents; and

WHEREAS, the Commissioner of Insurance ("Commissioner") has fully considered and reviewed the verified examination report and relevant portions of the examination work papers.

NOW, THEREFORE, IT IS HEREBY ORDERED that:

1. Pursuant to NRS 679B.280, the attached examination report is adopted and filed as an official public record of the Division.

2. The matters addressed in the "Observations" section of the Examination Report are referred to the Legal Section of the Division for further administrative action as may be appropriate.

3. Notice is hereby given that NRS 679B.310(2)(b), (3) and (4) provide for a hearing as follows:

- 2. The Commissioner shall hold a hearing:
 - (b) Upon written application for a hearing by a person aggrieved by any act, threatened act, or failure of the Commissioner to act, or by any report, rule, regulation or order of the Commissioner, other than an order for the holding of a hearing, or an order issued on a hearing of which the person had notice. The application must be

¹ A premium tax audit was also performed as a separate and distinct component of the Certificate of Examination issued to the examinee, and will be addressed in a separate Order of the Commissioner.


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filed in the Division within 60 days after the person knew or reasonably should have known of the act, threatened act, failure, report, rule, regulation or order, unless a different period is provided for by any other law applicable to the particular matter, in which case the other law governs.

- 3. Any such application for a hearing must briefly state the respects in which the applicant is so aggrieved, together with the grounds to be relied upon as a basis for the relief to be sought at the hearing.

- 4. If the Commissioner finds that the application is made in good faith, that the applicant would be so aggrieved if his or her grounds are established and that the grounds otherwise justify the hearing, the Commissioner shall hold the hearing within 30 days after the filing of the application, unless postponed by mutual consent. Failure to hold the hearing upon application therefor of a person entitled thereto as provided in this section constitutes a denial of the relief sought, and is the equivalent of a final order of the Commissioner on hearing for the purpose of an appeal pursuant to NRS 679B.370.

IT IS SO ORDERED this 5th day of ~~September~~^{OCTOBER}, 2011.



AMY L. PARKS
Acting Commissioner of Insurance

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CERTIFICATE OF SERVICE


I hereby certify that I have this day served the **ORDER and REPORT OF EXAMINATION, EXAMINATION NO. 837**, by mailing true and correct copies thereof, properly addressed with postage prepaid, certified mail return receipt requested, to the following:

Nancy Campbell
Symetra Life Insurance Company
777 108th Ave. N.E., Ste. 1200
Bellevue, WA 98004-5135
CERTIFIED MAIL NO. 7006 0100 0002 3085 0040

and, copies of the **ORDER and REPORT OF EXAMINATION** were sent, via e-mail, to the following:

Jimmy Potts, CIE
Regulatory Consultants, Inc.
jimmy@regconinc.com

DATED this 13th day of October, 2011.



Employee of the State of Nevada
Department of Business and Industry
Division of Insurance

Nevada Department of Business and Industry

Nevada Division of Insurance

LIMITED SCOPE MARKET CONDUCT EXAMINATION REPORT

OF

**SYMETRA LIFE INSURANCE COMPANY
NV ORG ID # 580**

For the Period

January 1, 2007 thru December 31, 2009

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FORWARD

This market conduct examination report of **Symetra Life Insurance Company**, herein referred to as the "Company"), was prepared by independent examiners contracting with the Nevada Division of Insurance ("Division")...All work papers and data developed in the production of this report are the sole property of the Division pursuant to **NRS 679B. 285 (2)**.

The limited scope examination objective is to gauge compliance with the select business practices identified below.

A. Producer Licensing

B. Underwriting and Rating

Failure to identify or criticize specific Company practices does not constitute acceptance of those practices by the Division.

SCOPE AND METHODOLOGY

The limited scope examination of the Company was conducted in accordance with the standards and procedures established by the National Association of Insurance Commissioners and under the authority set forth in **NRS 679B.230**. The examination covered the period from January 1, 2007 to December 31, 2009.

The examiners utilized both examinations by test and by sample. Examination by test involves the review of all records within the population, while examination by sample involves the review of a selected number of records from within the population. File sampling was based on a review of transactions closed during the year and selected at random using computer software applied to data files provided by the Company. Samples are tested for compliance with standards established by the NAIC and adopted by the Division. The tests applied to sample data will result in an exception ratio, which determines whether or not a standard is met. If the exception ratio in the sample is generally less than 5% and the exceptions are not intentional, deliberate or systemic, the standard will be considered as "met." Each exception that constitutes a violation of statute will be subject to the penalties provided for such violation.

The examiners utilized an examination of process or corporate governance methodology for the countersignature review. This methodology reviews the processes and procedures used by the Company to meet the requirements of statute relating to countersignature.

OBSERVATIONS

Producer Licensing

Summary of work performed:

The examiners reviewed policy and application material, agent information provided by the Company, and State appointment records to identify a policy's writing agent and the policy's application date to determine if the writing agent was properly licensed and appointed in accordance with Nevada law.

The examiners noted seven instances where it appeared that the Company did not notify the Commissioner of the termination of an agent's appointment with the state of Nevada as required by NRS 683A.331(1).

The examiners noted one instance where it appeared that the Company did not notify the agent of the termination of appointment with the state of Nevada as required by NRS 683A.331(3).

The Company agreed with these findings and provided a corrective action plan.

Conclusions:

The examiners report that there are:

- seven apparent violations of NRS 683A.331(1)
- one apparent violation of NRS 683A.331(3)

Underwriting and Rating

Summary of work performed:

The examiners reviewed application materials and insurance contracts to ensure that all contracts, riders, endorsement forms, applications, and certificates were properly filed and approved with the Division.

The examiners did not note any apparent violations.

Conclusions:

There are no apparent violations to report.

ACKNOWLEDGEMENT

The cooperation and assistance rendered by the officers, managers and employees of **Symetra Life Insurance Company**, during the course of this examination, is hereby acknowledged and appreciated.

Their actions ensured a smooth transition during the overall examination process. It is acknowledged that these activities and responsibility were undertaken in addition to the scope of their regular duties.

AFFIDAVIT OF CONTRACT SUPERVISORY EXAMINER

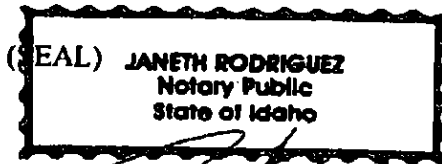
Jimmy Potts, CIE, being duly sworn, states as follows:

1. I have been assigned as the CONTRACTED SUPERVISORY EXAMINER for the examination firm of Regulatory Consultants, Inc.
2. I have performed the market conduct examination of for the period of January 1, 2007, thru December 31, 2009, at the direction of and in coordination with both the Nevada Division of Insurance and Regulatory Consultants, Inc.
3. I have prepared workpapers and have reviewed the workpapers prepared by assisting examiners and specialists, which support the findings and conclusions of the examination consistent with the standards and procedures required by the Nevada Division of Insurance and the National Association of Insurance Commissioners' ("NAIC") Market Regulation Handbook.
4. I have reviewed and assisted in the preparation of the attached draft **Report of Examination**, which to the best of my knowledge and belief, accurately discloses the market conduct practices of **Symetra Life Insurance Company** for the period of January 1, 2007, thru December 31, 2009, in accordance with the NAIC Market Regulation Handbook standards and Nevada's applicable statutes, regulations and other rules and promulgations.


Examiner's Signature

7/14/11
Date

Subscribed and sworn before me on this 14 day of July, 2011.




Notary Public

My commission expires March 09 2015 (date)

SYMETRA.
FINANCIAL

July 18, 2011

Judi D. Waite
State of Nevada
Insurance Division, Corporate Finance Section
1818 E. College Parkway, Suite 103
Carson City, NV 89706

Re: Symetra Life Insurance Company
Market Conduct Exam Report (NV #580)

Dear Ms. Waite:


Thank you for the opportunity to review the draft of the examination report. We have completed review of the draft report and agree with the examination observations and findings.

Throughout the exam, the examiners discussed their findings and recommendations. Based on their comments, we have already initiated improvements to policies and procedures, as well as initiating system enhancements to ensure compliance with Nevada statutes and regulations.

Symetra Life Insurance Company would like to thank the examiners for their professionalism throughout the examination process.

If you have any questions, please do not hesitate to contact me.

Sincerely,



Nancy L. Campbell, AIE, FLMI, AIRC, AIAA, ACS
Senior Regulatory Compliance Analyst

cc

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STATE OF WASHINGTON
OFFICE OF THE INSURANCE COMMISSIONER



FINANCIAL EXAMINATION
OF
SYMETRA LIFE INSURANCE COMPANY
BELLEVUE, WASHINGTON

NAIC CODE 68608
December 31, 2010

Participating States:
Washington

Order No. 12-421
Symetra Life Insurance Company
Exhibit A

SALUTATION

Seattle, Washington
February 14, 2012

The Honorable Mike Kreidler, Commissioner
Washington State Office of the Insurance Commissioner (OIC)
Insurance Building-Capitol Campus
302 Sid Snyder Avenue SW, Suite 200
Olympia, WA 98504

The Honorable Joseph Torti, III, Superintendent
Chair, NAIC Financial Condition (E) Committee
State of Rhode Island
Department of Business Regulation
Division of Insurance
1511 Pontiac Avenue, Building 69-2
Cranston, RI 02920

The Honorable Monica J. Lindeen, Commissioner
Secretary, NAIC Western Zone
Montana Office of the Commissioner of Securities and Insurance
840 Helena Avenue
Helena, MT 59601

Dear Commissioners and Superintendent:

In accordance with your instructions, and in compliance with the statutory requirements of RCW 48.03.010, an examination was made of the corporate affairs and financial records of

Symetra Life Insurance Company
of
Bellevue, Washington

hereinafter referred to as "SLIC," or the "Company" at its home office located at 777 108th Avenue NE, Suite 1200, Bellevue, Washington 98004. This report is respectfully submitted showing the financial condition and related corporate matters of the Company as of December 31, 2010.

CHIEF EXAMINER'S AFFIDAVIT

I hereby certify I have read the attached Report of the Financial Examination of Symetra Life Insurance Company of Bellevue, Washington. This report shows the financial condition and related corporate matters as of December 31, 2010.

Patrick H. McNaughton

Patrick H. McNaughton
Chief Examiner

2-14-12

Date

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SCOPE OF THE EXAMINATION

This examination covers the period January 1, 2006 through December 31, 2010 and comprises a risk focused review of the books and records of the Company. The examination followed statutory requirements contained in the Washington Administrative Code (WAC), the Revised Code of Washington (RCW), and the guidelines recommended by the National Association of Insurance Commissioner (NAIC) Financial Condition Examiners Handbook (FCEH). The examination included identification and disposition of material transactions and events occurring subsequent to the date of examination through the end of field work on December 7, 2011.

Corporate records, external reference materials, and various aspects of the Company's operating procedures and financial records were reviewed and tested during the course of this examination and are commented upon in the following section of this report. In addition, the Company's Certified Public Accountants' (CPAs') work-papers were reviewed and utilized, where possible, to facilitate efficiency in the examination.

This examination was performed in compliance with the 2010 NAIC FCEH which requires the examiner to consider the Company's risk management process, corporate governance structure, and control environment. The examiners utilized the information obtained during the examination to assess the Company's overall potential risks both currently and on an on-going basis, allowing the examiners to focus on the Company's greatest areas of risk, and to provide assurance on the Company's financial statements as of the examination date.

INSTRUCTIONS

The examiners reviewed the Company's filed 2010 NAIC Annual Statement as part of the statutory examination. This review was performed to determine if the Company completed the NAIC Annual Statement in accordance with the NAIC Annual Statement Instructions and to determine if the Company's accounts and records were prepared and maintained in accordance with Title 48 RCW, Title 284 WAC, and the NAIC Statements of Statutory Accounting Principles (SSAP) as outlined in the NAIC Accounting Practices and Procedures Manual (AP&P).

The following summarizes the exception noted while performing this review:

1. NAIC Annual Statement Errors, Omissions, and Misclassifications

The examination team found instances in which the Company's filing of the 2010 NAIC Annual Statement did not conform to the NAIC Accounting Practices and Procedures Manual (AP&P) and the NAIC Annual Statement Instructions. While the Company needs to correct these errors, the following items were not material to the financial statements and no adjustments were necessary. The following errors were noted:

- a. **Schedule S, Part 3, Section 2 (Reinsurance Ceded Accident and Health) - Reinsurance ceded to White Mountains Reinsurance Company of America was reported as non-affiliated.**
- b. **Notes to Financial Statements, No. 5.A (Investments-Mortgage Loans) - The information contained in this note was not entirely accurate. The maximum lending rate for commercial**

mortgage loans was incorrectly reported as 7.50%, instead of 8.20%, and the reported carrying values for three mortgage loans with reduced interest rates, were incorrectly stated.

The Company is instructed to comply with RCW 48.05.073 and RCW 48.05.250 by filing its financial statements in the general form and context approved by the NAIC and with WAC 284-07-050(2), which requires adherence to the NAIC Annual Statement Instructions and the AP&P.

2. Reinsurance Treaty Clause Deficiencies

SLIC has three reinsurance treaties that do not contain a settlement clause. According to RCW 48.12.162, payment under a reinsurance contract must be made within a reasonable time with reasonable provision for verification in accordance with the terms of the reinsurance agreement. Per WAC 284-13-855(h), no insurer subject to this regulation shall reduce any liability or establish any asset in any financial statement if by the terms of the reinsurance agreement settlements are made less frequently than quarterly or payments due from the reinsurer are not made in cash within ninety days of the settlement date.

The Company is instructed to comply with RCW 48.12.162 and WAC 284-13-855(h) which requires that all reinsurance treaties contain a settlement clause.

3. Actuarial Noncompliance

a. Single Premium Immediate Annuity (SPIA) and Structured Settlement Reserves

SLIC included all contracts issued in a calendar year in its block grouping. Actuarial Guideline IX-B allows cash flows from SPIAs, deferred annuities without cash settlement options, and structured settlement contracts, to be aggregated by issue year for the purpose of calculating reserves (Block Method) for all issue years prior to 1988. Actuarial Guideline IX-B, paragraph 5 states that only contracts having payments not less frequent than annually for at least five years are to be included in the block grouping.

b. Deferred Premium Asset

SLIC uses the gross premium in the calculation of the mean reserve, yet continues to use the larger net premium in the calculation of the deferred premium asset for contracts that result in a deficiency reserve. SSAP No. 51 (Life Contracts), paragraph 23 requires that deferred premiums be computed by taking gross premiums reduced by loading (net premiums). This inconsistency results in an overstatement of the Deferred Premium Asset.

c. Fixed Premium Universal Life Valuation

For a small subset of SLIC's fixed premium universal life business, specifically contracts for which the commissioner's reserve valuation method (CRVM) reserve using prescribed mortality and interest is less than either the policy value or the cash value, reserves are not in compliance. WAC 284-84-050 requires that the policy reserve shall be calculated by the commissioner's reserve valuation method for the fixed premium fixed benefit plan with all present values based on the most conservative of the mortality and interest assumptions defined by the policy guarantees for the purpose of defining benefits, or for the purpose of valuation. For this subset

of contracts, the CRVM reserve needs to be recalculated using the mortality and non-forfeiture interest rate assumptions that generate the largest reserve. As of December 31, 2010, this issue was immaterial but could become material in future years. SLIC is instructed to comply with this regulation as it introduces new products and as sales of the current fixed premium universal life products continue.

The Company is instructed to comply with Actuarial Guideline IX-B, paragraph 5 by ensuring that only contracts having payments not less frequent than annually for at least five years are included in the block grouping. The Company is instructed to comply with SSAP 51, paragraph 23 by using the gross premium reduced by loading in the calculation of Deferred Premiums as well as in the calculation of mean reserves. The Company is instructed to comply with WAC 284-84-050 which requires reserves to be equal to the largest of the cash surrender value or the policy reserve. No adjustments were necessary due to the net immateriality of all reserve accounts.

4. Impairment – Common Stock

SLIC's impairment policy of only writing down security lots greater than \$100,000 does not take into account the many small security lots under \$100,000, which have been more than 20% of the fair value below cost for 6 months or longer. However, the Company's external auditors considered these securities Other Than Temporarily Impaired (OTTI) as of December 31, 2010. SSAP No. 30, paragraph 9, states that, "For any decline in the fair value of a common stock which is determined to be other than temporary, the common stock shall be written down to fair value as the new cost basis and the amount of the write-down shall be accounted for as a realized loss."

The Company is instructed to comply with RCW 48.05.073, RCW 48.05.250, and WAC 284-07-050 (2) by writing down to fair value any common stocks which are determined to be Other Than Temporarily Impaired (OTTI), in accordance with SSAP No. 30, paragraph 9.

5. Incomplete Accounts and Records

Our examination disclosed areas in which the Company's accounts and records were found to be deficient, insufficient, or inaccurate to provide for, and ensure, full and adequate disclosure. More specifically, our sample of policy files disclosed numerous files which did not contain sufficient documentation.

Pursuant to RCW 48.05.280, the Company is instructed to keep full and adequate accounts and records of its assets, obligations, transactions, and affairs.

6. Custodial Agreement Deficiencies

In response to General Interrogatory 27 of the 2010 NAIC Annual Statement, the Company indicated that its custodial agreements with JP Morgan Chase complied with the FCEH. However, it did not contain several provisions required by the FCEH.

The Company is instructed to execute a revised or amended custodial agreement that complies with the FCEH and RCW 48.13.480. The Company is also instructed to comply with RCW 48.05.250 by filing a true statement of its financial condition, transactions and affairs and to follow the NAIC Annual Statement Instructions and the AP&P, as required by WAC 284-07-050(2).

COMMENTS AND RECOMMENDATIONS

1. Information Technology Reporting Structure

The Chief Information Officer reports to the Chief Financial Officer. COBIT (Control Objectives for Information and related Technology) framework standards recommend that the Information Technology (IT) department be separate from operational departments within the Company.

It is recommended that the Chief Information Officer report directly to either the Chief Executive Officer or Chief Operating Officer.

2. Reinsurance Profitability Analysis

The Company does not perform an analysis to determine whether or not the limit on reinsurance for life and annuity policies is adequate or profitable.

It is recommended that the Company perform an annual review of the adequacy and profitability of its reinsurance program.

3. Asset Adequacy Analysis

The Company has large blocks of product liabilities, most notably for Structured Settlement Annuities and Bank Owned Life Insurance (BOLI), which are negatively impacted to prolonged periods of low interest rates. Given the current low interest rate trend, the economic environment should be closely monitored by the Company in the course of developing future actuarial opinions. Should more plausible deterministic scenarios begin to fail, more stochastic scenarios demonstrate a negative surplus, or margins begin to erode, careful consideration should be given to the need for additional asset adequacy reserves to address the reinvestment risk on these long duration liabilities.

It is recommended that the Company continue to closely monitor the economic environment in the evaluation of the need for future additional asset adequacy reserves.

COMPANY PROFILE

Company History

The Company was originally incorporated as the General Life Company of America on January 23, 1957, and commenced business on April 5, 1957. In 1964, the Company's name was changed to SAFECO Life Insurance Company. In 2004, the Company was purchased by a group of private investors led by White Mountains Insurance Group, and Berkshire Hathaway, which incorporated the new business as part of Symetra Financial Corporation (SFC). In 2010, SFC went public and is currently traded on the New York Stock Exchange (NYSE) under the stock symbol SYA.

Capitalization

SLIC is 100% owned by SFC. The Company has 20,000 shares of common stock authorized, issued, and outstanding, at a par value of \$250 dollars per share. The Company has paid-in surplus of \$635.4 million and unassigned surplus of \$1,071.8 million. In 2010, the Company paid dividends of \$40 million to SFC.

Territory and Plan of Operations

As of December 31, 2010, the Company was authorized to transact business in the District of Columbia and all states, except New York.

SLIC distributes its products through an extensive and diversified distribution network. This distribution network includes; financial institutions, employee benefit brokers, third party administrators, worksite specialists, independent agents, brokerage general agents, and settlement consultants for structured settlements.

Growth of Company

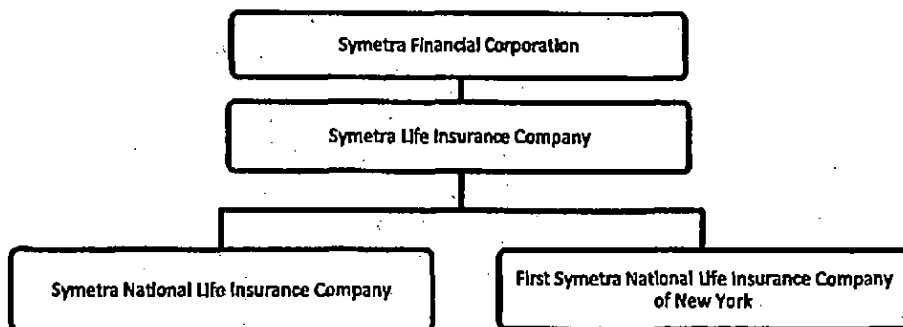
The following reflects the growth of the Company as reported in its filed NAIC Annual Statements for the five year period under examination:

<u>Year</u>	<u>Admitted Assets</u>	<u>Liabilities</u>	<u>Capital & Surplus</u>
2010	\$23,192,365,853	\$21,440,060,953	\$1,752,304,900
2009	20,799,084,104	19,383,648,999	1,415,435,105
2008	18,646,102,949	17,467,128,290	1,178,974,659
2007	18,004,829,093	16,779,830,911	1,224,998,182
2006	18,364,578,031	17,098,356,071	1,266,221,960

<u>Year</u>	<u>Premium Earned</u>	<u>Total Contract Benefits - Life</u>	<u>Net Investment Gain (Loss)</u>	<u>Net Income</u>
2010	\$3,012,240,434	\$1,477,643,481	\$1,005,823,232	\$194,472,559
2009	2,827,927,555	1,483,719,490	947,509,167	43,052,267
2008	2,275,145,032	1,496,348,408	842,865,956	36,708,163
2007	1,201,424,410	1,937,344,906	855,779,066	134,105,378
2006	1,065,611,002	2,037,132,284	898,118,828	145,020,195

Affiliated Companies

The following is an organization chart as of December 31, 2010:



Symetra Financial Corporation

Symetra Financial Corporation is a diversified financial services holding company. It is the holding company for the three life insurance companies.

Symetra National Life Insurance Company

Symetra National Life Insurance Company (SNLIC) is a stock life insurance company organized under the laws of the state of Washington. SNLIC has not underwritten any new business since 1988, but is licensed in 39 states and the District of Columbia.

First Symetra National Life Insurance Company of New York

First Symetra National Life Insurance Company of New York (FSNLICNY) is a stock life insurance company organized under the laws of the state of New York. FSNLICNY offers group and individual insurance products, and retirement products, including annuities marketed through benefit consultants, financial institutions and independent agents and advisors in New York State.

Intercompany Agreements

The Company is a party to various intercompany agreements with affiliates. Significant contracts in force as of December 31, 2010 included the following:

- Services and Shared Expenses Agreement
- Administrative Services Agreement
- Federal Income Tax Allocation Agreement
- Investment Management Agreement

MANAGEMENT AND CONTROL

Board of Directors

The following individuals were directors of the Company as of December 31, 2010:

Jonathan Curley
Michael Fry
Daniel Guilbert
Thomas Marra
Margaret Meister
George Pagos

Officers

The following individuals were officers of the Company as of December 31, 2010:

Thomas Marra	President & CEO
Colleen Murphy	Treasurer
George Pagos	Secretary
Tommie Brooks	Chief Actuary
Margaret Meister	Executive Vice President
Jonathan Curley	Executive Vice President
Daniel Guilbert	Executive Vice President
Michael Fry	Executive Vice President
Richard LaVoice	Executive Vice President

Conflict of Interest

The Company has a policy that requires that all employees, directors, and officers complete a conflict of interest statement annually. The purpose of the statement is to detect any activities or participation on the part of an employee or director that could possibly be interpreted as having the appearance of a conflict of interest. Our review did not reveal any exceptions.

Fidelity Bond and Other Insurance

Fidelity bonds and other insurance were reviewed in relation to the property and liability claims that may arise in the ordinary course of business. SLIC has all the standard types of coverage normally maintained by companies of its type. Additionally, SLIC's fidelity bonds and other insurance meet or exceed the NAIC minimum guidelines to protect its assets and policyholders.

Officers', Employees', and Agents' Welfare and Pension Plans

The Company sponsors a defined contribution plan for all eligible employees, which includes a matching contribution of 100% of a participant's contribution up to 6% of eligible compensation. The Company does not sponsor a defined benefit plan or participate in a multi-employer plan.

The Company participates in SFC's performance share plan which provides incentives to selected members of management based on the long-term success of SFC. The Company also participates in SFC's share-based compensation plans, specifically the Equity Plan, and the Stock Purchase Plan. Under the Equity Plan, SFC has the ability to issue various types of awards, including restricted stock, stock options, stock appreciation rights, restricted stock units, performance shares, performance units and other types of awards at the discretion of the Board of Directors (BOD). The Stock Purchase Plan is a

qualified Employee Stock Purchase Plan under Section 423 of the Internal Revenue Code (IRS). Under this plan, eligible employees may purchase shares of SFC's stock on quarterly purchase dates at an amount equal to 85% of the closing market price of the common stock.

CORPORATE RECORDS

The corporate records were reviewed for the period under examination. All BOD meetings were conducted with a quorum present. The minutes support the transactions of the Company and actions taken by the officers.

MORTALITY AND LOSS

The OIC retained the services of Deloitte Consulting, LLP (Deloitte Consulting) to perform the actuarial review of SLIC for the period ending December 31, 2010.

The purpose of the review was to:

- Determine if the methods and underlying assumptions used to calculate statutory reserves were reasonable, appropriate, and in compliance with Washington State statutory reserve requirements.
- Determine if the invested assets supporting statutory reserves made a reasonable provision for the expected insurance obligations and related expenses as of this date.

SLIC provided copies of its actuarial workpapers and reserve reports as of December 31, 2010. A sample of contracts and payments was selected from active life and disabled life reserve reports, premium collection records, and paid claim reports, to verify data integrity and to establish whether the in-force information as of December 31, 2010 was accurate and complete. It was determined that the information was adequate and complete, except for the findings noted in Instruction No. 3 and Comments and Recommendations No. 3.

REINSURANCE

SLIC entered into thirty-three new ceded reinsurance agreements during the examination period with sixteen different reinsurers.

Except for three treaties missing settlement clauses (See Instruction No. 2), reinsurance agreements were found to be in compliance with Washington State reinsurance statutes. All the reinsurers are authorized in the state of Washington, and the treaties were properly classified in Schedule S of the 2010 NAIC Annual Statement. The Company does not have controls in place to adequately monitor its reinsurance program. (See Comments and Recommendations No. 2.)

SLIC utilizes the services of various intermediaries to solicit, negotiate, and place reinsurance cessions on its behalf.

STATUTORY DEPOSITS

The Company maintained the following statutory deposits as of December 31, 2010:

STATE	MARKET VALUE	STATEMENT VALUE
Georgia	\$ 100,428	\$ 88,860
New Mexico	189,106	145,728
North Carolina	504,281	388,604
Virginia	61,820	54,480
Washington	6,326,057	4,974,580

ACCOUNTING RECORDS AND INFORMATION SYSTEMS

The Company maintains its accounting records on a Generally Accepted Accounting Principles (GAAP) accrual basis of accounting and adjusts to a Statutory Accounting Principles (SAP) basis for NAIC Annual Statement reporting. The Company is audited annually by the certified public accounting firm of Ernst & Young and received an unqualified opinion for all years under review. The Company's accounting procedures, internal controls, and transaction cycles were reviewed during the planning and testing phase of the examination and no exceptions were noted.

The Company's IT environment was reviewed during the planning and testing phase of the examination, focusing on the following COBIT Framework domains:

- Plan and Organize
- Acquire and Implement
- Deliver and Support
- Monitor and Evaluate

The IT systems and controls were evaluated to gain an understanding of general IT control risks and assess the effectiveness of these controls. Appropriate mitigating and internal controls have been implemented to reduce residual risk to appropriate levels.

SUBSEQUENT EVENTS

On February 1, 2011, the Company declared a cash dividend in the amount of \$20 million, which was paid to its parent (SFC) on March 4, 2011.

On June 23, 2011, the Company paid a cash dividend of \$4 million to SFC, and received a cash dividend of \$1 million from Symetra National Life Insurance Company, a subsidiary.

During the second quarter of 2011, the Company began entering into interest rate swaps and forward contracts with off-balance sheet risk. The notional amount on the interest rate swaps and forward contracts is \$97.1 million, and \$4.4 million, respectively. The Company is exposed to credit-related losses in the event of nonperformance by counterparties to these instruments.

On July 1, 2011, the Company acquired the renewal rights for medical stop-loss insurance policies issued by American United Life Insurance Company (AUL) through its R.E. Moulton, Inc. (REM) underwriting affiliate for \$26.0 million. In addition, the Company entered into an indemnity reinsurance agreement for these policies effective July 1, 2011, and received the value of the net insurance liabilities totaling \$34.7 million.

On September 9, 2011, the Company paid a cash dividend of \$14.0 million to its parent, Symetra Financial Corporation.

On September 30, 2011, the Company's Senior Vice President, General Counsel, and Secretary, George Pagos, retired following more than 35 years of service.

There were no other significant events impacting the Company between the examination date and the last day of fieldwork, December 7, 2011.

FOLLOW UP ON PREVIOUS EXAMINATION FINDINGS

All previous report instructions and recommendations were corrected and satisfactorily addressed.

FINANCIAL STATEMENTS

The following financial statements show the financial condition of Symetra Life Insurance Company as of December 31, 2010:

Assets, Liabilities, Surplus and Other Funds
Summary of Operations
Five Year Reconciliation of Surplus

Symetra Life Insurance Company
Assets, Liabilities, Surplus and Other Funds
December 31, 2010

	BALANCE PER COMPANY	EXAMINATION ADJUSTMENTS	BALANCE PER EXAMINATION
ASSETS			
Bonds	\$15,660,498,408	\$0	\$15,660,498,408
Preferred stocks	98,215,712		98,215,712
Common stocks	269,217,951		269,217,951
Mortgage loans on real estate - first liens	1,642,010,304		1,642,010,304
Properties held for the production of income	1,670,000		1,670,000
Cash and short-term investments	168,314,076		168,314,076
Contract loans	71,271,669		71,271,669
Derivatives	1,801,897		1,801,897
Other invested assets	182,742,534		182,742,534
Receivables for securities	3,121,570		3,121,570
Subtotals, cash and invested assets	18,098,864,121	0	18,098,864,121
Investment income due and accrued	213,077,069		213,077,069
Premiums and considerations:			
Uncollected premium and agents' balances			
In the course of collection	10,369,063		10,369,063
Deferred premiums	51,042,711		51,042,711
Accrued retrospective premiums	172,987		172,987
Reinsurance:			
Amount recoverable from reinsurers	2,374,749		2,374,749
Funds held by or deposited with reinsured companies	77,089,277		77,089,277
Other amounts receivable under reinsurance contracts	1,329,765		1,329,765
Current federal income tax recoverable	2,429,464		2,429,464
Net deferred tax asset	73,214,479		73,214,479
Guaranty funds receivable or on deposit	7,260,795		7,260,795
Receivable from parent, subsidiaries, and affiliates	5,366,487		5,366,487
Aggregate write-ins for other than invested assets	539,048		539,048
Total assets excluding separate accounts	18,543,130,015		18,543,130,015
From separate accounts	4,649,235,838	0	4,649,235,838
Total Assets	\$23,192,365,853	\$0	\$23,192,365,853

Symetra Life Insurance Company
Assets, Liabilities, Surplus and Other Funds (Continued)
December 31, 2010

	BALANCE PER COMPANY	EXAMINATION ADJUSTMENTS	BALANCE PER EXAMINATION
LIABILITIES, CAPITAL AND SURPLUS			
Aggregate reserve for life contracts	\$13,818,477,506	\$0	\$13,818,477,506
Aggregate reserve for accident and health contracts	4,723,814		4,723,814
Liability for deposit-type contracts	2,194,027,627		2,194,027,627
Contract claims - life	10,658,060		10,658,060
Contract claims - accident & health	101,070,052		101,070,052
Dividends apportioned for payment	4,232		4,232
Premiums and annuity considerations received in advance	2,299,376		2,299,376
Contract liabilities not included elsewhere:			
Interest Maintenance Reserve	230,733,774		230,733,774
Commissions to agents due or accrued	7,075,425		7,075,425
General expenses due or accrued	24,380,411		24,380,411
Transfers to separate accounts due or accrued	(5,726,051)		(5,726,051)
Taxes, licenses and fees due or accrued	16,353,962		16,353,962
Unearned Investment Income	1,579,831		1,579,831
Amounts withheld or retained by company as agent	7,003,086		7,003,086
Amounts held for agents account	5,762		5,762
Remittances and Items not allocated	35,917,025		35,917,025
Miscellaneous liabilities:			
Asset valuation reserve	182,926,909		182,926,909
Payable to parent, subsidiaries and affiliates	14,076,758		14,076,758
Payable for securities	23,342,154		23,342,154
Aggregate write-ins for liabilities	129,161,720		129,161,720
Total liabilities excluding Separate Accounts business	16,798,091,433	0	16,798,091,433
From Separate Accounts Statement	4,641,969,520		4,641,969,520
Total Liabilities	21,440,060,953	0	21,440,060,953
Common capital stock	5,000,000		5,000,000
Gross paid in and contributed surplus	635,439,895		635,439,895
Aggregate write-ins for special surplus funds	40,053,051		40,053,051
Unassigned funds (surplus)	1,071,811,954		1,071,811,954
Total Capital and Surplus	1,752,304,900	0	1,752,304,900
Total Liabilities, Capital and Surplus	\$23,192,365,853	\$0	\$23,192,365,853

Symetra Life Insurance Company
Summary of Operations
For the Year Ended December 31, 2010

	<u>BALANCE PER COMPANY</u>	<u>EXAMINATION ADJUSTMENTS</u>	<u>BALANCE PER EXAMINATION</u>
Income			
Premiums and annuity considerations	\$3,012,240,434	\$0	\$3,012,240,434
Net Investment Income	1,005,823,232		1,005,823,232
Amortization of Interest maintenance reserve	22,434,578		22,434,578
Separate accounts net gain from operations	9,316,611		9,316,611
Commission and expenses allowance	8,813,305		8,813,305
Reserve adjustment on reinsurance ceded	61,947		61,947
Miscellaneous Income:			
Income from fees associated with Investment management	43,622,993		43,622,993
Aggregate write-ins for miscellaneous income	13,218,293		13,218,293
Total Income	<u>4,115,531,393</u>	<u>0</u>	<u>4,115,531,393</u>
Benefits			
Death Benefits	88,196,259		88,196,259
Matured endowments	106,404		106,404
Annuity benefits	300,912,374		300,912,374
Disability benefits	270,317,678		270,317,678
Surrender benefits	818,110,766		818,110,766
Interest and adjustments on contracts	131,619,781		131,619,781
Payments on supplementary contracts	11,979		11,979
Increase in aggregate reserves for life, accident and health contracts	1,539,841,277		1,539,841,277
Total Benefits	<u>3,149,116,518</u>	<u>0</u>	<u>3,149,116,518</u>
Expenses			
Commissions on premiums, annuity considerations and deposit-type contracts	148,256,021		148,256,021
Commissions and expense allowance on reinsurance assumed	489,772		489,772
General insurance expenses	181,010,165		181,010,165
Insurance taxes, licenses and fees, excluding federal income taxes	26,184,285		26,184,285
Increase in loading on deferred and uncollected premiums	(1,169,220)		(1,169,220)
Net transfers to or (from) separate accounts net of reinsurance	358,791,602		358,791,602
Total Benefits and Expenses	<u>3,862,679,143</u>	<u>0</u>	<u>3,862,679,143</u>

Symetra Life Insurance Company (Continued)
Summary of Operations
For the Year Ended December 31, 2010

	<u>BALANCE PER COMPANY</u>	<u>EXAMINATION ADJUSTMENTS</u>	<u>BALANCE PER EXAMINATION</u>
Net gain from operations before dividends to policyholders and federal income taxes incurred	\$252,852,250	\$0	\$252,852,250
Dividends to policyholders	4,301		4,301
Net gain from operations after dividends to policyholders but before federal income taxes incurred	252,847,949		252,847,949
Federal and foreign income taxes incurred	58,882,802		58,882,802
Net gain from operations after dividends to policyholders and federal income taxes incurred	193,965,147		193,965,147
Net realized capital gains (losses)	507,412		507,412
Net Income	\$194,472,559	\$0	\$194,472,559
CAPITAL AND SURPLUS ACCOUNT			
Capital and Surplus, December 31, Prior Year	\$1,415,435,105	\$0	\$1,415,435,105
Net Income or (loss)	194,472,559		194,472,559
Change in net unrealized capital gains (losses)	31,102,942		31,102,942
Change in net unrealized foreign exchange capital gain (loss)	(63,459)		(63,459)
Change in net deferred income tax	(8,887,661)		(8,887,661)
Change in non-admitted assets	24,319,576		24,319,576
Change in reserve on account of change in valuation basis	(10,628,440)		(10,628,440)
Change in asset valuation reserve	(61,316,188)		(61,316,188)
Other changes in surplus in Separate Accounts Statement	(2,050,292)		(2,050,292)
Surplus adjustment: Paid in	213,264,501		213,264,501
Dividends to stockholders	(40,000,000)		(40,000,000)
Aggregate write-ins for gains and losses in surplus	(3,343,743)		(3,343,743)
Net change in Capital and Surplus	336,869,795	0	336,869,795
Capital and Surplus, December 31, Current Year	\$1,752,304,900	\$0	\$1,752,304,900

Symetra Life Insurance Company
Five Year Reconciliation of Surplus
As of December 31,

	2010	2009	2008	2007	2006
Capital and Surplus, December 31,					
Prior Year	<u>\$1,415,435,105</u>	<u>\$1,178,974,659</u>	<u>\$1,224,998,183</u>	<u>\$1,266,221,960</u>	<u>\$1,260,135,894</u>
Net Income or (loss)	194,472,559	43,052,267	36,708,163	134,105,378	145,020,195
Change in net unrealized capital gains (losses)	31,102,942	34,790,607	(72,916,349)	1,234,881	12,903,228
Change in net unrealized foreign exchange capital gain (loss)	(63,459)	818,471	(733,981)	202,552	
Change in net deferred income tax	(8,887,661)	9,019,416	13,881,238	(12,788,306)	(25,296,602)
Change in non-admitted assets	24,319,576	14,497,469	(35,504,892)	19,913,997	20,943,403
Change in liability for reinsurance in unauthorized companies		46,632	(46,632)		
Change in reserve on account of change in valuation basis	(10,628,440)				
Change in asset valuation reserve	(61,316,188)	(6,313,243)	62,588,329	(17,492,279)	(17,650,771)
Surplus (contributed to) withdrawn from Separate Accounts			384,566	1,433,377	1,324,250
Other changes in surplus in Separate Accounts Statement	(2,050,292)		(384,566)	(1,433,377)	(1,324,250)
Cumulative effect of changes in accounting principles		(182,021)			
Surplus adjustment: Paid In	213,264,501	102,068,265	50,000,000		
Dividends to stockholders	(40,000,000)		(100,000,000)	(166,400,000)	(122,500,000)
Aggregate write-ins for gains and losses in surplus	<u>(3,343,743)</u>	<u>38,662,583</u>			<u>(7,333,387)</u>
Net change in Capital and Surplus	<u>336,869,795</u>	<u>236,460,446</u>	<u>(46,023,524)</u>	<u>(41,223,777)</u>	<u>6,086,066</u>
Capital and Surplus, December 31, Current Year	<u>\$1,752,304,900</u>	<u>\$1,415,435,105</u>	<u>\$1,178,974,659</u>	<u>\$1,224,998,183</u>	<u>\$1,266,221,960</u>

NOTES TO THE FINANCIAL STATEMENTS

1. Special Consent

The Company holds a special consent, issued by the state of Washington, with an effective date of January 1, 2010, and subsequently renewed effective January 1, 2011, which allows the Company to own and purchase mutual funds if certain statutory requirements have been met. SLIC is allowed to acquire and hold a single entity's mutual funds not totaling more than 4% of SLIC's assets, and an unlimited amount of its assets in NAIC exempt listed mutual funds. As of December 31, 2010, SLIC's mutual fund investments represented 0.9 percent of its admitted assets. None of SLIC's mutual fund investments exceeded the one-percent of assets limitation that would have been imposed by RCW 48.13.240(3) without the special consent.

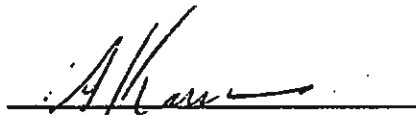
The Company has no additional special consents, permitted practices, or orders from the state of Washington.

ACKNOWLEDGMENT

Acknowledgment is hereby made of the cooperation extended to the examiners by the officers and employees of Symetra Life Insurance Company and its affiliates during the course of this examination.

In addition to the undersigned, Michael V. Jordan, CPA, CFE, MHP, Assistant Chief Examiner; John Jacobson, AFE, CISA, AES, Automated Examination Specialist; Susan Campbell, CPA, CFE, FLMI, Reinsurance Specialist; Timothy F. Hays, CPA, JD, Investment Specialist; Constantine Arustamian, CPA, CFE, Examiner in Charge; Youngjae Lee, CPA, Examiner in Charge; Orlando Gabriel, AFE, Financial Examiner; Cynthia Clark, CPA, Financial Examiner; Richard Bologna, Financial Examiner; Katy Bardsley, CPA, Financial Examiner and Euli Rath, CPA, Financial Examiner, all from the Washington State Office of the Insurance Commissioner, participated in the examination and in the preparation of this report.

Respectfully submitted,



Albert Karau, Jr., CPA, CFE, FLMI
Examiner-in-Charge
State of Washington

AFFIDAVIT

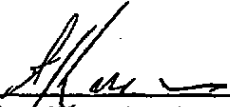
STATE OF WASHINGTON }

} ss

COUNTY OF KING }

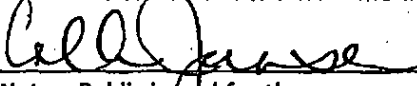
Albert Karau, Jr., CPA, CFE, FLMI, being duly sworn, deposes and says that the foregoing report subscribed by him is true to the best of his knowledge and belief.

He attests that the examination of Symetra Life Insurance Company was performed in a manner consistent with the standards and procedures required or prescribed by the Washington State Office of the Insurance Commissioner and the National Association of Insurance Commissioners.

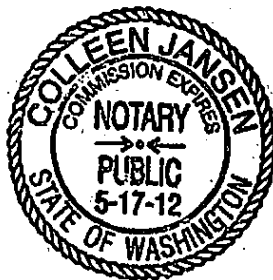


Albert Karau, Jr., CPA, CFE, FLMI
Examiner-in-Charge
State of Washington

Subscribed and sworn to before me this 14th day of February, 2012.



Notary Public in and for the
State of Washington





OFFICE OF
INSURANCE COMMISSIONER

In the Matter of)	No. 12-41
)	
The Financial Examination of)	FINDINGS, CONCLUSIONS,
SYMETRA LIFE INSURANCE COMPANY)	AND ORDER ADOPTING REPORT
)	OF FINANCIAL EXAMINATION
)	
A Domestic Insurer.)	

BACKGROUND

An examination of the financial condition of **SYMETRA LIFE INSURANCE COMPANY** (the Company) as of December 31, 2010, was conducted by examiners of the Washington State Office of the Insurance Commissioner (OIC). The Company holds a Washington certificate of authority as a stock insurer. This examination was conducted in compliance with the laws and regulations of the state of Washington and in accordance with the procedures promulgated by the National Association of Insurance Commissioners and the OIC.

The examination report with the findings, instructions, and recommendations was transmitted to the Company for its comments on January 17, 2012. The Company's response to the report is attached to this order only for the purpose of a more convenient review of the response.

The Commissioner or a designee has considered the report, the relevant portions of the examiners' work papers, and the submissions by the Company.

Subject to the right of the Company to demand a hearing pursuant to Chapters 48.04 and 34.05 RCW, the Commissioner adopts the following findings, conclusions, and order.

FINDINGS

Findings in Examination Report. The Commissioner adopts as findings the findings of the examiners as contained in pages 1 through 16 of the report.

CONCLUSIONS

It is appropriate and in accordance with law to adopt the attached examination report as the final report of the financial examination of **SYMETRA LIFE INSURANCE COMPANY** and to order the Company to take the actions described in the Instructions and Comments and Recommendations sections of the report. The Commissioner acknowledges that the Company may have implemented some of the Instructions and Comments and Recommendations prior to the date of this order. The Instructions and Comments and Recommendations in the report are appropriate responses to the matters found in the examination.

ORDER

The examination report as filed, attached hereto as Exhibit A, and incorporated by reference, is hereby **ADOPTED** as the final examination report.

The Company is ordered as follows, these being the Instructions and Comments and Recommendations contained in the examination report on pages 1-4.

1. The Company is ordered to comply with RCW 48.05.073 and RCW 48.05.250 by filing its financial statements in the general form and context approved by the NAIC and with WAC 284-07-050(2), which requires adherence to the NAIC Annual Statement Instructions and the AP&P. Instruction 1, Examination Report, page 2.
2. The Company is ordered to comply with RCW 48.12.162 and WAC 284-13-855(h) which requires that all reinsurance treaties contain a settlement clause. Instruction 2, Examination Report, page 2.
3. The Company is ordered to comply with Actuarial Guideline IX-B, paragraph 5 by ensuring that only contracts having payments not less frequent than annually for at least five years are included in the block grouping. The Company is also ordered to comply with SSAP 51, paragraph 23 by using the gross premium reduced by loading in the calculation of Deferred Premiums as well as in the calculation of mean reserves. In addition, the Company is ordered to comply with WAC 284-84-050 which requires reserves to be equal to the largest of the cash surrender value or the policy reserve. No adjustments were necessary due to the net immateriality of all reserve accounts. Instruction 3, Examination Report, page 3.

4. The Company is ordered to comply with RCW 48.05.073, RCW 48.05.250, and WAC 284-07-050 (2) by writing down to fair value any common stocks which are determined to be Other Than Temporarily Impaired (OTTI), in accordance with SSAP No. 30, paragraph 9. Instruction 4, Examination Report, page 3.
5. Pursuant to RCW 48.05.280, the Company is ordered to keep full and adequate accounts and records of its assets, obligations, transactions, and affairs. Instruction 5, Examination Report, page 3.
6. The Company is ordered to execute a revised or amended custodial agreement that complies with the FCEH and RCW 48.13.480. The Company is also ordered to comply with RCW 48.05.250 by filing a true statement of its financial condition, transactions and affairs and to follow the NAIC Annual Statement Instructions and the AP&P, as required by WAC 284-07-050(2). Instruction 6, Examination Report, page 3.
7. It is ordered that consideration be given to requiring the Chief Information Officer to report directly to either the Chief Executive Officer or Chief Operating Officer. Comments and Recommendations 1, Examination Report, page 4.
8. It is ordered that the Company consider performing an annual review of the adequacy and profitability of its reinsurance program. Comments and Recommendations 2, Examination Report, page 4.
9. It is ordered that the Company consider continuing to closely monitor the economic environment in the evaluation of the need for future additional asset adequacy reserves. Comments and Recommendations 3, Examination Report, page 4.

IT IS FURTHER ORDERED THAT, the Company file with the Chief Examiner, within 90 days of the date of this order, a detailed report specifying how the Company has addressed each of the requirements of this order.

ENTERED at Olympia, Washington, this 15th day of February, 2012.


MIKE KREIDLER
Insurance Commissioner



February 6, 2012

James T. Odiorne, CPA, JD
Deputy Insurance Commissioner
Company Supervision Division
State of Washington Office of the Insurance Commissioner
P.O. Box 40255
Olympia, WA 98504-0255

Thomas M. Marra
President and Chief Executive Officer

Symetra Financial Corporation
777 108th Avenue NE, Suite 1200
Bellevue, WA 98004-5135

Mailing Address: PO Box 34690
Seattle, WA 98124-1690

Phone 425.256.8245

www.symetra.com

RECEIVED

FEB 07 2012

INSURANCE COMMISSIONER
COMPANY SUPERVISION

Re: Draft Financial Examination Report of Symetra Life Insurance Company

Dear Mr. Odiorne:

I have received and reviewed the draft report on the financial examination of Symetra Life Insurance Company (the "Company") as of December 31, 2010 and for the five-year period then ended (the "Report"). This letter responds to the instructions, comments and recommendations provided in the Report and also provides corrections to several factual statements in the Report.

Our responses to the instructions in the Report are as follows:

1. NAIC Annual Statement Errors, Omissions, and Modifications

The instructions noted in the Report have been followed and are reflected in the Company's 2011 NAIC Annual Statement.

2. Reinsurance Treaty Clause Deficiencies

The Company has added settlement clauses to the three reinsurance treaties identified in the Report as not having such clauses.

3. Actuarial Noncompliance

a. Single Premium Immediate Annuity and Structured Settlement Reserves

The Company has changed its reserving process in 2012 for contracts issued in 2012 to ensure that only contracts having payments at least annually for five years are included in the block grouping. For contracts issued prior to 2012 (the "outstanding block"), the Company expects the net deficiency reserve caused by not complying with AG 9-B to diminish to a balance of less than \$5 million in the next five years. The Company will continue to monitor the net deficiency reserve related to the outstanding block of immediate annuities and take appropriate action in the event that it does not decline over this period as anticipated. In addition, the Company established a \$60 million cash flow testing reserve on single premium immediate annuity contracts as of December 31, 2011.

b. Deferred Premium Asset

The instructions noted in the Report have been followed and are reflected in the Company's 2011 NAIC Annual Statement.

c. Fixed Premium Universal Life Valuation

The Company estimates the current amount of the deficiency is approximately \$200,000. Effective with its 2012 NAIC Annual Statement, the Company has revised its reserving process to use the mortality and non-forfeiture interest rate assumptions that generate the largest reserve.

4. Impairment – Common Stock

The Company has written down to fair value holdings of any common stocks determined to be *Other Than Temporarily Impaired* and these values are reflected in the Company's 2011 NAIC Annual Statement.

5. Incomplete Accounts and Records

The Company has implemented additional review procedures to ensure that required documentation is prepared and maintained. The Company's current technology permits it to retain an electronic copy of each policy issued; however, for older policies the Company cannot take any additional steps to improve accounts and records.

6. Custodial Agreement Deficiencies

The Company has amended its custody agreements to include the provisions required by FCEH.

Our responses to the comments and recommendations in the Report are as follows:

1. Information Technology Reporting Structure

Notwithstanding that the Chief Information Officer reports to the Chief Financial Officer, the Information Technology Department is not part of the Finance Department or part of any other operating department of the Company. The Company does not have a Chief Operating Officer position and believes that its current reporting structure does not conflict with COBIT framework standards.

2. Reinsurance Profitability Analysis

The Company does review the profitability of reinsurance arrangements, including the limits on such arrangements, on a regular basis. It will continue to perform such reviews based on business needs and the materiality of the arrangements.

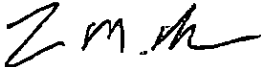
3. Asset Adequacy Analysis

The Company's board of directors, Chief Executive Officer, Chief Financial Officer and other executive officers are very sensitive to the challenges posed by prolonged low interest rates, particularly with regard to long duration liabilities. Please rest assured that we will closely monitor the economic environment and continue to evaluate the need for additional asset adequacy reserves.

In addition to the foregoing, we have the following corrections to factual statements in the Report:

Under the caption **Territory and Plan of Operations** on page 5, the Company is authorized to transact business in the District of Columbia. Under the caption **Subsequent Events** on pages 9 and 10, the notional amount of interest rate swap agreements should be \$97.1 million and the value of the American United Life net insurance liabilities received by the Company should be \$34.7 million. Finally, we suggest adding a subsequent event to the Report: on September 9, 2011, the Company paid a cash dividend of \$14.0 million to its parent, Symetra Financial Corporation.

Sincerely,



Thomas M. Marra
President & Chief Executive Officer
Symetra Life Insurance Company

cc: Michael G. Watson, Chief Deputy Insurance Commissioner
Patrick H. McNaughton, Chief Examiner

19D

**[IN ACCORDANCE WITH CALIFORNIA INSURANCE CODE (CIC) SECTION 12938,
THIS REPORT WILL BE MADE PUBLIC AND PUBLISHED ON THE
CALIFORNIA DEPARTMENT OF INSURANCE (CDI) WEBSITE]**

**WEBSITE PUBLISHED REPORT OF THE MARKET CONDUCT
EXAMINATION OF THE CLAIMS PRACTICES OF**

**SYMETRA LIFE INSURANCE COMPANY
NAIC # 68608 CDI # 1526-3**

AS OF JUNE 30, 2011

ADOPTED FEBRUARY 2, 2012

STATE OF CALIFORNIA



**CALIFORNIA DEPARTMENT OF INSURANCE
MARKET CONDUCT DIVISION
FIELD CLAIMS BUREAU**

NOTICE

The provisions of Section 735.5(a) (b) and (c) of the California Insurance Code (CIC) describe the Commissioner's authority and exercise of discretion in the use and/or publication of any final or preliminary examination report or other associated documents. The following examination report is a report that is made public pursuant to California Insurance Code Section 12938(b)(1) which requires the publication of every adopted report on an examination of unfair or deceptive practices in the business of insurance as defined in Section 790.03 that is adopted as filed, or as modified or corrected, by the Commissioner pursuant to Section 734.1.

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DEPARTMENT OF INSURANCE

Consumer Services and Market Conduct Branch
Field Claims Bureau, 11th Floor
300 South Spring Street
Los Angeles, CA 90013



February 2, 2012

The Honorable Dave Jones
Insurance Commissioner
State of California
300 Capitol Mall
Sacramento, California 95814

Honorable Commissioner:

Pursuant to instructions, and under the authority granted under Part 2, Chapter 1, Article 4, Sections 730, 733, 736, and Article 6.5, Section 790.04 of the California Insurance Code; and Title 10, Chapter 5, Subchapter 7.5, Section 2695.3(a) of the California Code of Regulations, an examination was made of the claims handling practices and procedures in California of:

Symetra Life Insurance Company
NAIC # 68608

Hereinafter, the Company listed above also will be referred to as SLIC, or the Company.

This report is made available for public inspection and is published on the California Department of Insurance website (www.insurance.ca.gov) pursuant to California Insurance Code section 12938(b)(1).

FOREWORD

The examination covered the claims handling practices of the aforementioned Company on Life, Individual and Group, annuities and group disability claims closed during the period from July 1, 2010 through June 30, 2011. The examination was made to discover, in general, if these and other operating procedures of the Company conform to the contractual obligations in the policy forms, the California Insurance Code (CIC), the California Code of Regulations (CCR) and case law. This report contains all alleged violations of laws that were identified during the course of the examination.

The report is written in a "report by exception" format. The report does not present a comprehensive overview of the subject insurer's practices. The report contains a summary of pertinent information about the lines of business examined, details of the non-compliant or problematic activities that were discovered during the course of the examination and the insurer's proposals for correcting the deficiencies. When a violation that reflects an underpayment to the claimant is discovered and the insurer corrects the underpayment, the additional amount paid is identified as a recovery in this report. All unacceptable or non-compliant activities may not have been discovered. Failure to identify, comment upon or criticize non-compliant practices in this state or other jurisdictions does not constitute acceptance of such practices.

Alleged violations identified in this report, any criticisms of practices and the Company responses, if any, have not undergone a formal administrative or judicial process.

SCOPE OF THE EXAMINATION

To accomplish the foregoing, the examination included:

1. A review of the guidelines, procedures, training plans and forms adopted by the Company for use in California including any documentation maintained by the Company in support of positions or interpretations of the California Insurance Code, Fair Claims Settlement Practices Regulations, and other related statutes, regulations and case law used by the Company to ensure fair claims settlement practices.

2. A review of the application of such guidelines, procedures, and forms, by means of an examination of a sample of individual claims files and related records.

3. A review of the California Department of Insurance's (CDI) market analysis results; a review of consumer complaints and inquiries about this Company closed by the CDI during the period July 1, 2010 through June 30, 2011; and a review of previous CDI market conduct claim examination reports on this Company.

The review of the sample of individual claims files was conducted at the office of the Company in Bellevue, Washington.

EXECUTIVE SUMMARY OF CLAIMS SAMPLE REVIEWED

The life, annuities and group disability claims reviewed were closed from July 1, 2010 through June 30, 2011, referred to as the "review period". The examiners randomly selected 170 SLIC claims files for examination. The examiners cited 16 alleged claims handling violations of the California Insurance Code from this sample file review.

Findings of this examination included delays in acknowledging notice of claim and isolated claim handling issues.

RESULTS OF REVIEWS OF MARKET ANALYSIS, CONSUMER COMPLAINTS AND INQUIRIES, AND PREVIOUS EXAMINATIONS, AND PRIOR ENFORCEMENT ACTIONS

The results of the market analysis review revealed that during 2007, 2008 and 2011, enforcement actions were taken in the states of Oregon, Kentucky, Tennessee and Washington. The state of Oregon alleged the Company issued a stop loss policy to an unapproved trust, and allowed business from an agent not appointed; the states of Kentucky, Tennessee and Washington alleged the Company failed to file timely. Except as noted below, market analysis did not identify any specific issues of concern.

There was no specific area of concern identified in the complaint review.

The previous claims examination reviewed a period from June 1, 2005 through May 31, 2006. The most significant noncompliance issues identified in the previous examination report were the Company's failure, upon receiving proof of claim, to accept or deny the claim within 40 calendar days, and failing to respond to communications within 15 calendar days.

DETAILS OF THE CURRENT EXAMINATION

Further details with respect to the examination and alleged violations are provided in the following tables and summaries:

SYMETRA SAMPLE FILES REVIEW			
LINE OF BUSINESS / CATEGORY	CLAIMS IN REVIEW PERIOD	SAMPLE FILES REVIEWED	NUMBER OF ALLEGED CITATIONS
Accident and Disability / Group Health / Paid	19,369	35	9
Accident and Disability / Group Health / Denied	10,605	35	7
Life / Individual Paid	93	48	0
Life / Individual Denied	1	1	0
Life / Group Paid	43	22	0
Life/Rescission	4	4	0
Annuity/ Lump Sum Settlement	673	25	0
TOTALS	30,788	170	16

TABLE OF TOTAL CITATIONS

Citation	Description of Allegation	Symetra Number of Alleged Citations
CCR §2695.5(e)(1) [CIC §790.03(h)(2)]	The Company failed to acknowledge notice of claim within fifteen (15) calendar days. [The Company failed to acknowledge and act reasonably promptly upon communications with respect to claims arising under insurance policies.]	12
CIC §790.03(h)(3)	The Company failed to adopt and implement reasonable standards for the prompt investigation and processing of claims arising under its insurance policies.	1
CCR §2695.3(a) [CIC §790.03(h)(3)]	The Company's claim file failed to contain all documents, notes and work papers which pertain to the claim.	1
CCR §2695.7(c)(1) [CIC §790.03(h)(3)]	The Company failed to provide written notice of any statute of limitation or other time period requirement not less than 60 days prior to the expiration date. [The Company failed to adopt and implement reasonable standards for the prompt investigation and processing of claims arising under insurance policies.]	1
CIC §790.03(h)(4)	The Company failed to affirm or deny coverage of claims within a reasonable time after proof of loss requirements have been completed and submitted by the insured.	1
TOTALS		16

***DESCRIPTONS OF APPLICABLE
UNFAIR CLAIMS SETTLEMENT PRACTICES**

CIC §790.03(h)(3) The Company failed to adopt and implement reasonable standards for the prompt investigation and processing of claims arising under insurance policies.

CIC §790.03(h)(4) The Company failed to affirm or deny coverage of claims within a reasonable time after proof of loss requirements had been completed and submitted by the insured.

TABLE OF CITATIONS BY LINE OF BUSINESS

ACCIDENT AND DISABILITY 2010 Written Premium: \$40,935,112	NUMBER OF CITATIONS
AMOUNT OF RECOVERIES \$0	
CCR §2695.5(e)(1) [CIC §790.03(h)(2)]	12
CCR §2695.3(a) [CIC §790.03(h)(3)]	1
CCR §2695.7(c)(1) [CIC §790.03(h)(3)]	1
CIC §790.03(h)(3)	1
CIC §790.03(h)(4)	1
SUBTOTAL	16

LIFE 2010 Written Premium: \$20,335,177	NUMBER OF CITATIONS
AMOUNT OF RECOVERIES \$0	
SUBTOTAL	0

TOTAL	16
--------------	-----------

SUMMARY OF EXAMINATION RESULTS

The following is a brief summary of the criticisms that were developed during the course of this examination related to the violations alleged in this report.

In response to each criticism, the Company is required to identify remedial or corrective action that has been or will be taken to correct the deficiency. The Company is obligated to ensure that compliance is achieved.

Any noncompliant practices identified in this report may extend to other jurisdictions. The Company was asked if it intends to take appropriate corrective action in all jurisdictions where applicable. The Company intends to implement corrective actions in all jurisdictions where applicable.

There were no recoveries discovered within the scope of this report.

ACCIDENT AND DISABILITY

1. In 12 instances, the Company failed to acknowledge notice of claim within fifteen (15) calendar days. The Department alleges these acts are in violation of CCR §2695.5(e)(1) and are unfair practices under CIC §790.03(h)(2).

Summary of the Company's Response: The Company states that as of January 2011 the problem was corrected and since that time, letters have been generated every Monday. The Company performs monthly audits that include checking that acknowledgment letters are produced and sent. As part of a claims self-audit process, the claims acknowledgment letter is part of the metrics reported to Home Office on a quarterly basis.

2. In one instance each, for a total of four, the Company failed to comply with Fair Claims Settlement Practices. In a single instance each, the Company failed to: a) affirm or deny coverage of claims within a reasonable time after proof of loss requirements had been completed and submitted to the insured (proof of claim was received on July 16, 2010 and payment was not issued until 63 days later, September 17, 2010 in violation of CIC 790.03(h)(4)); b) failed to send a 30-day status letter thereby providing written notice of the need for additional time or information in violation of CCR §2695.7(c)(1); c) maintain all documents, notes and work papers in the claims

file in that the Company stated an acknowledgment letter was sent, but could not be produce it, in violation of CCR §2695.3(a); and d) implement reasonable standards for the prompt investigation and processing of claims arising under insurance policies in that the Company processed the claim for a spouse of an insured's own claim when the policy was an insured only policy, violating CIC §790.03(h)(3). The Department alleges these acts are unfair practices under the referenced Insurance Codes.

Summary of the Company's Response: The Company acknowledges the above findings and has taken measures to correct all these isolated instances of non-compliance on an on-going quality control basis.

LIFE

There were no citations noted for this line of coverage.

19E



STATE OF CONNECTICUT
INSURANCE DEPARTMENT

September 4, 2012

Nancy L. Campbell
Sr. Regulatory Compliance Analyst
Symetra Life Insurance Company
777 108th Avenue, NE , Suite 1200
Bellevue, WA 98004

Re: Market Conduct Survey Examination
Symetra Life Insurance Company

Dear Ms. Campbell:

Enclosed please find your copies of the *Market Conduct Report* dated August 1, 2012 and the *Stipulation and Consent Order*, Docket MC 12-87, in the matter of Symetra Life Insurance Company.

Should you have any further questions, please feel free to contact this Department.

Thank you for your assistance.

Sincerely,

A handwritten signature in black ink, appearing to read "Stephen J. DeAngelis".

Stephen J. DeAngelis
Principal Examiner
Market Conduct Division
Phone: 860.297.3881
Email: Stephen.Deangelis@ct.gov

SJD:lmc
Enc.



STATE OF CONNECTICUT

INSURANCE DEPARTMENT

Market Conduct Report

of

Symetra Life Insurance Company

August 1, 2012

The Market Conduct Division of the Connecticut Insurance Department examined by survey the market conduct practices of Symetra Life Insurance Company using a sample period of January 1, 2010 through December 31, 2010. The examination survey was limited to Connecticut life and annuity insurance business.

Symetra Life Insurance Company has its home office in the State of Washington. By authority granted under §38a-15 of the Connecticut General Statutes, this examination survey was conducted by Market Conduct examiners of the State of Connecticut Insurance Department (the Department) at the Department offices in Hartford, Connecticut.

The purpose of the examination survey was to evaluate the Company's market conduct practices in the State of Connecticut. The examiners reviewed the Company's survey response, which included new business, claims, complaints and underwriting information requested for the examination period.

The Department's findings are as follows:

- Comparisons were made between Company records of licensed/appointed producers and Insurance Department records. A review of the Company records revealed four (4) producers who did not have appointments with the Company in accordance with Connecticut requirements.

As it relates to the issue listed above, the Company was not in compliance with applicable Connecticut Statutes and Regulations.



STATE OF CONNECTICUT
INSURANCE DEPARTMENT

----- X
IN THE MATTER OF: DOCKET MC 12-87
SYMETRA LIFE INSURANCE COMPANY :
----- X

STIPULATION AND CONSENT ORDER

It is hereby stipulated and agreed between Symetra Life Insurance Company and the State of Connecticut by and through Anne Melissa Dowling, Deputy Insurance Commissioner to wit:

I

WHEREAS, pursuant to a Market Conduct examination survey, the Commissioner alleges the following with respect to Symetra Life Insurance Company:

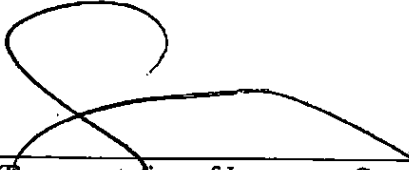
1. Symetra Life Insurance Company, hereinafter referred to as Respondent, is domiciled in the State of Washington and is licensed to transact the business of an insurance company in the State of Connecticut under license number 68608 and is authorized to write life and annuity insurance.
2. From June 13, 2012 through July 13, 2012, the Department conducted an examination survey of Respondent's market conduct practices in the State of Connecticut covering the period from January 1, 2010 through December 31, 2010.
3. During the period under examination, Respondent failed to follow established practices and procedures to ensure compliance with statutory requirements, resulting in an instance of:
 - a. four (4) producers acting as agents of Respondent without the required appointment.
4. The conduct as described above violates §38a-702m of the Connecticut General Statutes; and constitutes cause for the imposition of a fine or other administrative penalty under §§38a-2, 38a-41 and 38a-817 of the Connecticut General Statutes.

II

1. WHEREAS, Respondent admits to the allegations contained in paragraphs three and four of Article I of this Stipulation; and
2. WHEREAS, Respondent agrees to undertake a complete review of its practices and procedures to enhance compliance with Connecticut statutes in the areas of concern, as described in the Market Conduct Report and this Stipulation; and
3. WHEREAS, Respondent agrees to provide the Insurance Commissioner with a summary of actions taken to comply with the recommendations in the Market Conduct Report within ninety (90) days of the date of this document; and
4. WHEREAS, Respondent agrees to pay a fine in the amount of \$6,000 for the violation described herein; and
5. WHEREAS, Respondent, being desirous of terminating this proceeding without the necessity of a formal proceeding or further litigation, does consent to the making of this Consent Order and voluntarily waives:
 - a. any right to a hearing; and
 - b. any requirement that the Insurance Commissioner's decision contain a statement of findings of fact and conclusions of law; and
 - c. any and all rights to object to or challenge before the Insurance Commissioner or in any judicial proceeding any aspect, provision or requirement of this Stipulation.

NOW THEREFORE, upon the consent of the parties, it is hereby ordered and adjudged:

1. That the Insurance Commissioner has jurisdiction of the subject matter of this administrative proceeding.
2. That Respondent is fined the sum of Six Thousand Dollars (\$6,000) for the violations herein above described.

By: 
(Representative of Insurance Company)

CERTIFICATION

The undersigned deposes and says that he/she has duly executed this Stipulation and Consent Order on this 22nd day of August 2012 for and on behalf of Symetra Life Insurance Company, that he/she is the Vice President and Chief Compliance Officer of such company, and he/she has authority to execute and file such instrument.

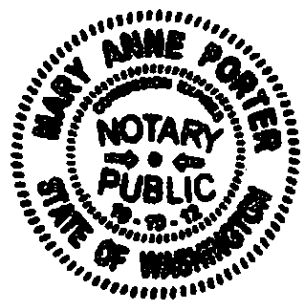
By: [Signature]
(Representative of Insurance Company)

State of Washington

County of King

Personally appeared on this 22nd day of August 2012
Suzanne W. Sainato signer and sealer of the foregoing Stipulation and Consent Order, acknowledged same to be his/her free act and deed before me.

Mary Anne Porter
Notary Public/Commissioner of the Superior Court



Section Below To Be Completed by State of Connecticut Insurance Department

Dated at Hartford, Connecticut this 30 day of August 2012.

[Signature]
Anne Melissa Dowling
Deputy Insurance Commissioner

**BEFORE THE INSURANCE COMMISSIONER OF THE
STATE OF OKLAHOMA**

IN RE: Examination of Symetra Life)
Insurance Company)
)
)
)
(Targeted Market)
Conduct Examination))

Case No. 13-0227-EXM

FILED
APR 08 2013
INSURANCE COMMISSIONER
OKLAHOMA

ORDER ADOPTING REPORT OF EXAMINATION

COMES NOW the State of Oklahoma, ex rel. John D. Doak, Insurance Commissioner, and issues his Order adopting the Revised Report of Examination ("Targeted Market Conduct Examination") for Symetra Life Insurance Company ("the Company") based upon the following findings:

JURISDICTION

1. John D. Doak is the Insurance Commissioner of the State of Oklahoma and is charged with the duty of administering and enforcing all provisions of the Oklahoma Insurance Code, 36 O.S. §§ 101 et seq.
2. The Company is an insurer authorized to transact life, accident, health, variable life and variable annuities insurance business in the State of Oklahoma pursuant to Certificate of Authority Number 7240 (NAIC Co Code 68608).

FINDINGS OF FACT

1. On or around February 4, 2013, the verified Targeted Market Conduct Examination of the Company was filed with the Oklahoma Insurance Department ("the Department") covering an examination of various activities of Marshall Virden, an appointed agent of the Company and covering the period January 1, 2009 through December 31, 2011. This

investigation included targeted examinations of approximately thirty-one firms, including the Company. The Company was afforded a period of twenty (20) days within which to submit a response to the Insurance Commissioner concerning matters contained in the Report of Examination (Market Conduct) pursuant to 36 O.S. § 309.4(B). The Company did not provide such a response.

2. A copy of the Targeted Market Conduct Examination is attached hereto as Exhibit "A" and incorporated by reference. The Examiner did not make any Recommendations as a result of the findings in the Targeted Market Conduct Examination.

CONCLUSIONS OF LAW

1. Pursuant to Section 309.4(C) of Title 36, following a review of the Targeted Market Conduct Examination, the Insurance Commissioner deemed it necessary and appropriate to issue his Order adopting this Report as filed.

2. The Findings of Fact above are adopted and incorporated by reference in these Conclusions of Law as if fully set forth herein.

ORDER

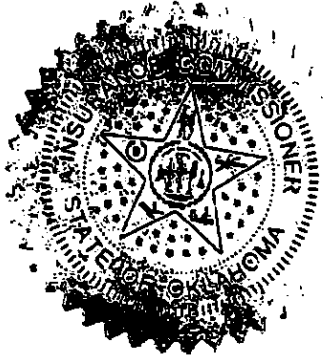
IT IS THEREFORE ORDERED by the Insurance Commissioner that the Targeted Market Conduct Examination of the Company shall be and hereby is approved and adopted as filed.

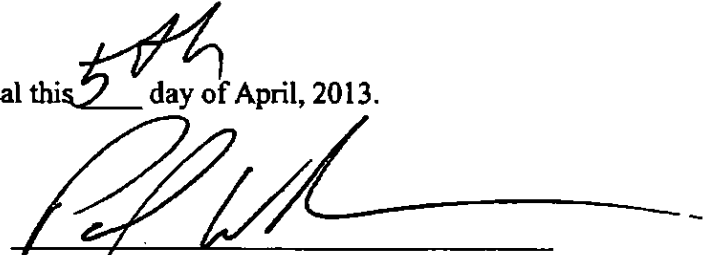
IT IS FURTHER ORDERED by the Insurance Commissioner that the Company shall file within (30) days with the Oklahoma Insurance Department, in accordance with Section 309.4(D)(1) of Title 36, affidavits executed by each of its directors stating under oath that each director has received a copy of the adopted Targeted Market Conduct Examination and the related order.

IT IS FURTHER ORDERED by the Insurance Commissioner that no further administrative action is contemplated.

This Order may be appealed by filing a Petition for Judicial Review in the District Court of Oklahoma County within thirty (30) days of receipt of this Order.

WITNESS My Hand and Official Seal this 5th day of April, 2013.





PAUL WILKENING
Chief Deputy Insurance Commissioner
Oklahoma Insurance Department

CERTIFICATE OF MAILING

I, Kelley C. Callahan, hereby certify that a true and correct copy of the foregoing Order Adopting Report of Examination (Targeted Market Conduct) was mailed postage prepaid with return receipt requested on this 8th day of April, 2013, to:

Thomas M. Marra, President
Symetra Life Insurance Company
PO Box 34690
Seattle, WA 98124-1690

And that a copy was delivered to the Oklahoma Insurance Department Financial and Examination Division.



Kelley C. Callahan
Senior Attorney

19F

**BEFORE THE INSURANCE COMMISSIONER OF THE
STATE OF OKLAHOMA**

IN RE: Examination of Symetra Life)
Insurance Company)
)
)
)
(Targeted Market)
Conduct Examination))

Case No. 13-0227-EXM

FILED
APR 08 2013
INSURANCE COMMISSIONER
OKLAHOMA

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2. The Findings of Fact above are adopted and incorporated by reference in these Conclusions of Law as if fully set forth herein.

ORDER

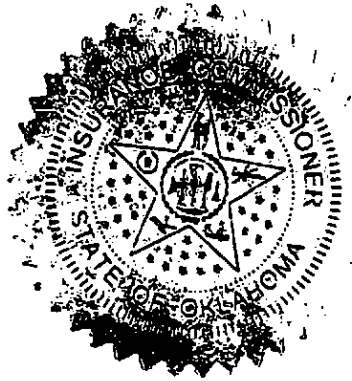
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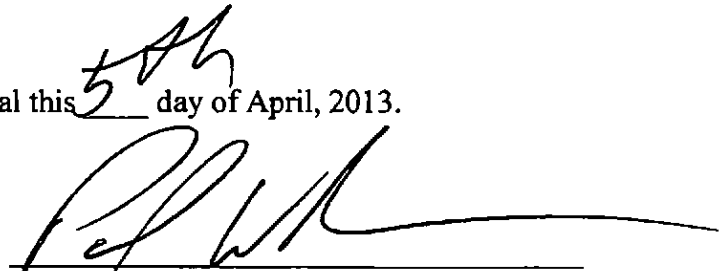
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IT IS FURTHER ORDERED by the Insurance Commissioner that no further administrative action is contemplated.

This Order may be appealed by filing a Petition for Judicial Review in the District Court of Oklahoma County within thirty (30) days of receipt of this Order.

WITNESS My Hand and Official Seal this 5th day of April, 2013.





PAUL WILKENING
Chief Deputy Insurance Commissioner
Oklahoma Insurance Department

CERTIFICATE OF MAILING

I, Kelley C. Callahan, hereby certify that a true and correct copy of the foregoing Order Adopting Report of Examination (Targeted Market Conduct) was mailed postage prepaid with return receipt requested on this 8th day of April, 2013, to:

Thomas M. Marra, President
Symetra Life Insurance Company
PO Box 34690
Seattle, WA 98124-1690

And that a copy was delivered to the Oklahoma Insurance Department Financial and Examination Division.



Kelley C. Callahan
Senior Attorney



Report of Examination

On

Marshall L. Virden

Oklahoma Producer 0000149843

as of

DECEMBER 31, 2011

Oklahoma City, Oklahoma

BY AUTHORIZED REPRESENTATIVES OF THE
OKLAHOMA INSURANCE DEPARTMENT

EXHIBIT A

TABLE OF CONTENTS

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SALUTATION

February 4, 2013

Honorable John Doak
Commissioner of Insurance
Oklahoma Insurance Department
Five Corporate Plaza
3625 NW 56th Street, Suite 100
Oklahoma City, OK 73112

Commissioner:

Pursuant to your instructions and in compliance with the provisions of Title 36 of the Oklahoma Statutes, rules, regulations and procedures of the Oklahoma Insurance Department, an examination has been conducted of:

Marshall Virden,

a licensed producer with the State of Oklahoma who was appointed as an agent for:

**Allianz Life Insurance Company of North
America,
American Equity Investment Life Insurance
Company,
American National Insurance Company,
Americo Financial Life and Annuity
Insurance Company,
Aviva Life and Annuity Company,
C.M. Life Insurance Company,
Fidelity and Guaranty Life Insurance
Company,
Great American Life Insurance Company,
Illinois Mutual Life Insurance Company,
ING USA Annuity and Life Insurance
Company,
Jefferson National Life Insurance Company,
John Hancock Life Insurance Company
(USA),
Liberty Life Insurance Company,
Life Insurance Company of the Southwest,**

**Lincoln National Life Insurance Company,
Loyal American Life Insurance Company,
Massachusetts Mutual Life Insurance
Company,
Metropolitan Life Insurance Company,
National Life Insurance Company,
National Western Life Insurance Company,
Oxford Life Insurance Company,
Pan-American Assurance Company,
Penn Insurance and Annuity Company,
Penn Mutual Life Insurance Company,
Protective Life Insurance Company,
Pruco Life Insurance Company,
Prudential Insurance Company of America,
Symetra Life Insurance Company,
The State Life Insurance Company,
Transamerica Life Insurance Company,
U.S. Financial Life Insurance Company,
and
United of Omaha Life Insurance Company**

hereinafter referred to as the "Agent," under the laws of the State of Oklahoma. The following Report of Examination is respectfully submitted.

INTRODUCTION

The purpose of the examination was to review compliance of transactions and activities involving the Agent with provisions of the law.

The examination was conducted in accordance with the guidelines, procedures, rules, regulations and directives of the Oklahoma Insurance Department pursuant to, but not limited to, Title 36 of the Oklahoma Statutes.

In reviewing material for this report the examiner relied primarily on records and material furnished by the companies for which the Agent was a producer. File review was based on a review of all surrendered or partially surrendered life and annuity policy files.

Certain unacceptable or non-complying practices may not have been discovered in the course of this examination. Failure to identify or criticize specific practices does not constitute acceptance of such practices by the Oklahoma Insurance Department. This report is prepared for a particular audience and for a particular use. The materials contained in it are not necessarily suitable for any other purpose.

SCOPE

Period Covered By Examination

The Agent was initially licensed in Oklahoma on June 21, 2002. The current examination covers the period of January 1, 2009 through December 31, 2011, including any material transactions or events occurring subsequent to the examination date and noted during the course of the examination.

BACKGROUND

An investigation conducted by the Oklahoma Insurance Department's Anti-Fraud Unit uncovered alleged fraudulent activity by agent Marshall Virden. The Agent allegedly conducted investment seminars across the state and would convince attendees to cash in their life insurance and annuity products in exchange for forged precious metals certificates. In an effort to identify all potential victims, the Oklahoma Insurance Department's Market Conduct Division, under the direction and authority of the Insurance Commissioner, coordinated a targeted market conduct examination into the surrender activity for policies sold by the Agent. Subsequent to the market conduct examination being ordered and while such examination was in process, the Agent plead guilty to one felony count of exploitation of the elderly in Wagoner County and was sentenced to ten years in prison, with eight years suspended. As of the date of his sentencing, charges were still pending in two other counties.¹

¹ See: http://www.ok.gov/triton/modules/newsroom/newsroom_article.php?id=157&article_id=6967;
<http://www.newson6.com/story/17338418/collinsville-man-faces-new-charges-in-alleged-scam-targeting-elderly>;
and, <http://www.newson6.com/story/20032089/former-wagoner-county-insurance-agent-sentenced-for-fraud>

PROCEDURES APPLIED

For the purpose of determining compliance with Title 36 of the Oklahoma Statutes the following procedures were applied:

1. Reviewed any complaints regarding the Agent.
2. Verified surrender penalty amounts and replacing company, if any, on full and partial surrenders.
3. Compared surrender check payee and endorsement signature with name and signature of policyholder.
4. Reviewed responses to exam questionnaires sent to policyholders.

Procedures were not limited to those defined above and appropriate steps were taken to gather all relevant information on transactions and activities involving the Agent.

SUMMARY OF FINDINGS

The Target Market Conduct Examination of transactions and activities involving the Agent was conducted to determine compliance with Title 36 of the Oklahoma Statutes. The findings are listed below:

Finding 1

- **Liability for Agent Misconduct**

Title 36 Oklahoma Statutes Section 1435.3 states in part that every "insurance producer [or] customer service representative . . . who solicits or negotiates an application for insurance of any kind shall, in any controversy between the insured or the insured's beneficiary and the insurer, be regarded as representing the insurer . . ."

It appears that Marshall Virden, while an appointed agent with a Company, allegedly endorsed 3 withdrawal checks and made them payable to himself in the amounts of: \$8,445.07, \$9,759.02, and \$5,406.39.

These 3 annuity contracts were solicited by Marshall Virden on behalf of the Company. Mr. Virden was the agent of record for the Insured at the time of his actions. Policy file documentation indicates that the owners of the 3 annuity contracts subsequently withdrew the funds upon the advice of Marshall Virden and were allegedly defrauded of \$23,610.48.

The Department requested that the Company remit \$23,610.48 directly to the Insured to reimburse the loss incurred as a result of Marshall Virden's actions.

The Company agreed to restore the monies to the respective annuity contracts.

RECOMMENDATIONS

The Examiners do not have any recommendations. The Department has already requested that the Company appropriately reimburse the adversely affected Insured.

ACKNOWLEDGEMENT

The Target Market Conduct examination report on the activities of Marshall Virden is respectfully submitted to the Honorable John Doak, Insurance Commissioner of the State of Oklahoma.

The examiner wishes to express his appreciation for the courteous cooperation and assistance given by the officers and employees of the insurance companies during the course of this examination.

Sincerely,




Jimmy R. Potts, FLMI, CLU, AIRC, CIE, MCM
Examiner-In-Charge
Regulatory Consultants, Inc. on behalf of the
Oklahoma Insurance Department

AFFIDAVIT

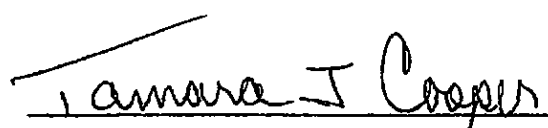
STATE OF IDAHO.....))
) ss
COUNTY OF MADISON.....)

Jimmy R. Potts, of lawful age, being first duly sworn, upon oath state that I have been charged with examining transactions and activities involving Marshall Virden as of December 31, 2011, that I have prepared and read the foregoing Report of Examination, that I am familiar with the matters set forth therein, and I certify the report is true and complete to the best of my knowledge and belief.



(Signature)

Subscribed and sworn to before me this 14th day of February 2013.



NOTARY PUBLIC

My Commission Expires: 2/6/18

