

# STATE OF CONNECTICUT

## INSURANCE DEPARTMENT

### ORDER ADOPTING REPORT OF EXAMINATION

I, Andrew N. Mais Insurance Commissioner of the State of Connecticut, having fully considered and reviewed the Examination Report (the "Report") of **Vantis Life Insurance Company** (the "Company") as of December 31, 2020, do hereby adopt the findings and recommendations contained therein based on the following findings and conclusions,

#### TO WIT:

1. I, Andrew N. Mais, as the Insurance Commissioner of the State of Connecticut, and as such is charged with the duty of administering and enforcing the provisions of Title 38a of the Connecticut General Statutes ("CGS").
2. The Company is a domestic insurer authorized to transact the business of insurance in the State of Connecticut.
3. On March 1, 2022, the verified Report of the Company was filed with the Connecticut Insurance Department ("Insurance Department").
4. In accordance with Section 38a-14(e)(3) of the CGS, the Company was afforded a period of thirty (30) days within which to submit to the Insurance Department a written submission or rebuttal with respect to any matters contained in the Report.
5. On March 10, 2022, the Company notified the Insurance Department of certain responses and comments on certain items contained in the Report.
6. Following review of the Report, it was deemed necessary and appropriate to modify the Report. A copy of the Report is attached hereto and incorporated herein as Exhibit A.

**NOW, THEREFORE,** it is ordered as follows:

1. That the Report of the Company hereby is adopted as filed with the Insurance Department.
2. That the Company shall comply with all of the recommendations set forth in the Report, and that failure by the Company to so comply shall result in sanctions or administrative action as provided by Title 38a of the CGS.
3. **Section 38a-14(e)(4)(A) of the CGS requires that:**

*“The secretary of the board of directors or similar governing body of the entity shall provide a copy of the report or summary to each director and shall certify to the commissioner, in writing, that a copy of the report or summary has been provided to each director.”*

**Please address the certification to the commissioner but send[ing] to the care/attention of William Arfanis, Supervising Examiner, of the Financial Regulation Division.**

4. **Section 38a-14(e)(4)(B) of the CGS requires that:**

*“Not later than one hundred twenty days after receiving the report or summary, the chief executive officer or the chief financial officer of the entity examined shall present the report or summary to the entity's board of directors or similar governing body at a regular or special meeting.”*

**This will be verified by the Insurance Department either through analysis or examination follow-up.**

Dated at Hartford, Connecticut, this 16<sup>th</sup> day of March, 2022.



A handwritten signature in black ink, appearing to read "A. Mais", is written over a horizontal line.

Andrew N. Mais  
Insurance Commissioner

Exhibit A

EXAMINATION REPORT

OF THE

VANTIS LIFE INSURANCE COMPANY  
(NAIC # 68632)

AS OF

DECEMBER 31, 2020

BY THE

CONNECTICUT INSURANCE DEPARTMENT



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March 1, 2022

The Honorable Andrew N. Mais  
Insurance Commissioner  
State of Connecticut Insurance Department  
153 Market Street  
Hartford, CT 06103

Dear Commissioner Mais:

In compliance with your instructions and pursuant to the requirements of Section 38a-14 of the Connecticut General Statutes (CGS), the undersigned has conducted a financial examination of the condition and affairs of the

**VANTIS LIFE INSURANCE COMPANY**

(hereinafter referred to as the Company or Vantis), a capital stock corporation incorporated under the laws of the State of Connecticut and having its statutory home office located at 200 Day Hill Road, Windsor, CT. The report of such examination is submitted herewith.

## VANTIS LIFE INSURANCE COMPANY

### SCOPE OF EXAMINATION

The previous examination of the Company was conducted as of December 31, 2018. The current examination, which covers the subsequent two-year period, through December 31, 2020, was conducted virtually by the Connecticut Insurance Department (Department), in accordance with the procedures outlined in the National Association of Insurance Commissioners (NAIC) Financial Examiners Handbook (the Handbook).

The State of Pennsylvania Department of Insurance (PADOI) also concurrently conducted a financial examination of the Company's parent, Penn Mutual Life Insurance Company (Penn Mutual). The New York State Department of Financial Services and the Delaware Department of Insurance also participated in the coordinated examination of their respective domiciled companies.

As a part of the examination planning procedures, the Department reviewed the following documentation submitted by the Company:

- The 2019 and 2020 statutory-basis audit reports by Pricewaterhouse Coopers, LLP (PwC), the Company's independent certified public accountants;
- Management's Discussion and Analysis for 2019 and 2020;
- The 2019 and 2020 Annual Statements filed with the Department;
- Documentation supporting internal control processes and/or testing in 2020, or earlier if applicable and available; and
- Minutes of the Board of Directors (Board), Committees to the Board, custodial agreements, and other documents related to significant transactions that require prior approval or requests for deviations from the NAIC Accounting Practices and Procedures Manual.; and
- A review of the statutory audit opinions, which indicated no material concerns, with respect to financial condition or regulatory compliance issues.

A comprehensive review was made of the pre-examination memorandum and other documents provided by or submitted to the Financial Analysis Unit of the Division. Examination Jumpstart and other financial reports obtained from the NAIC database were also reviewed.

Work papers prepared by PwC, as of December 31, 2020, in connection with their annual statutory audits, were reviewed and relied upon to the extent deemed appropriate.

We conducted our examination in accordance with the Handbook. The Handbook requires that we plan and perform the examination to evaluate the financial condition, assess corporate governance, identify current and prospective risks of the Company and evaluate system controls and procedures used to mitigate those risks. An examination also includes identifying and evaluating significant risks that could cause an insurers surplus to be materially misstated both currently and prospectively.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. This may include assessing significant estimates made by management and evaluating management's compliance with Statutory Accounting Principles. The examination does not attest to the fair presentation of the financial statements included herein. If, during the course of the examination an adjustment is identified, the impact of such adjustment will be documented separately following the Company's financial statements.

## VANTIS LIFE INSURANCE COMPANY

This examination report includes significant findings of fact, and general information about the insurer and its financial condition. There may be other items identified during the examination that, due to their nature (e.g., subjective conclusions, proprietary information, etc.), are not included within the examination report but separately communicated to other regulators and/or the Company.

Failure of items in the report to add to totals or for totals to agree with captioned amounts is due to rounding.

### HISTORY

The 1963 session of the Connecticut General Assembly passed two acts concerning savings bank life insurance. These acts created the formerly named Savings Bank Life Insurance Company (SBLI) and authorized it to assume all functions and assets of the former Savings Bank Life Insurance Fund of Connecticut which was a division within the Department since 1942. SBLI was issued a license by the Commissioner of the Department on December 21, 1963, and commenced operations on January 1, 1964.

Effective May 8, 2002, the Department approved the Company's amendment to its certificate of incorporation changing its name from SBLI to Vantis.

In 2007, the Company established a wholly-owned subsidiary, Vantis Life Insurance Company of New York (VLNY), which was formally capitalized by the Company in 2009 with a capital infusion of \$6.4 million.

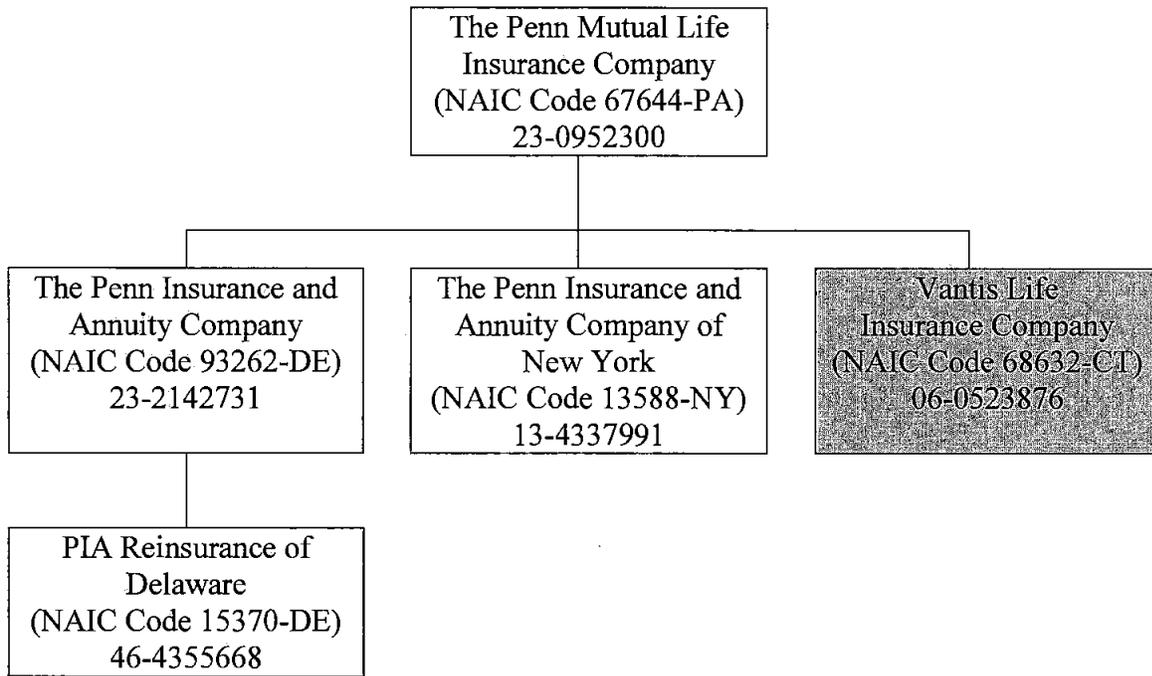
Effective December 31, 2016, Penn Mutual acquired control of the Company and its wholly-owned subsidiaries for \$74.3 million in cash. The acquisition was accomplished by merger of a wholly-owned subsidiary of Penn Mutual, with and into the Company, with the Company being the surviving entity.

On January 29, 2020, the Department approved the Company's request for an extraordinary dividend of 100% of the shares of the common stock of VLNY, its wholly-owned subsidiary, to its Parent. The extraordinary dividend was transacted on March 2, 2020 at a value of \$19.4 million.

In April 2020, VLNY's name was changed to The Penn Insurance and Annuity Company of New York (PIANY).

VANTIS LIFE INSURANCE COMPANY

ORGANIZATION CHART



The Company is 100% owned by Penn Mutual and is part of a holding company structure. Penn Mutual is owned by its policyholders. Penn Mutual and the Company are not publicly traded companies.

MANAGEMENT AND CONTROL

The Company is a member of an insurance holding company system as defined in Sections 38a-138.1 to 38a-138.1b of the Connecticut Insurance Regulations and Section 38a-135 of the CGS.

The By-laws require the principal place of business and home office of the Company to be located within the State of Connecticut. The annual meeting of the shareholders of the Company shall be held each year at such date, time and place as may be designated by the Board from time to time. At such annual meeting, the shareholders shall elect Directors in accordance with the provisions of the Certificate of Incorporation and the By-laws, and any other proper business that may be transacted at the annual meeting. Annual meetings may be called by the Board or by an officer instructed by the Board to call the meeting.

Special meetings of the shareholders may be called by the Board, a designated committee of the Board, the Chief Executive Officer (CEO), or by the President, and shall be called by the President at the request of the holders of not less than ten percent of all of the votes entitled to be cast on issues proposed to be considered at the proposed special meeting delivered to the Secretary.

## VANTIS LIFE INSURANCE COMPANY

A majority of the votes entitled to be cast on a matter constitutes a quorum for action on that matter. Unless the Connecticut Business Corporation Act or the Certificate of Incorporation require a greater number of affirmative votes, actions to be voted upon by the shareholders at a meeting at which quorum is present shall be approved if the votes cast by shareholders entitled to vote on such action exceed the votes cast in opposition to such action.

The business, property and affairs of the Company shall be managed by or under the direction of its Board, which may exercise all such authority and powers of the Company and do all such lawful acts and things as are not by statute or the Certificate or by the By-laws directed or required to be exercised or done by shareholders. The Board shall consist of not less than five and not more than nine Directors, and the number of directorships at any time within such minimum and maximum range shall be the number fixed by vote of the shareholders or Directors or, in the absence thereof, shall be the number of directorships as of immediately following the preceding annual meeting of shareholders.

Regular meetings of the Board shall be held at such place and on such day and hour at such periodic intervals as the Board may from time to time designate. Special meetings of the Board shall be held at the call of the President, the Secretary, or not less than one-third of the Directors then in office, provided that at least two days' notice of that date, time and place is provided to each Director. A quorum shall consist of the majority of the Directors at the time in office, but not less than one-third of the number of directorships fixed at such time.

The Board shall have a standing Audit Committee, and may from time to time establish such other committees as it determines to be desirable for the conduct of the Company's affairs. Each committee, to the extent provided by the Board, shall have and may exercise all of the powers and authority of the Board, with certain exceptions stipulated in the By-laws.

Members of the Board serving the Company at December 31, 2020, were as follows:

<u>Director</u>	<u>Title and Principal Business Affiliation</u>
Eileen C. McDonnell	Chairman & CEO, Penn Mutual
David M. O'Malley	President & Chief Operating Officer, Penn Mutual
Thomas H. Harris	Executive Vice President (EVP) & Chief Distribution Officer, Penn Mutual
David M. Raszeja	Senior Vice President (SVP, Chief Financial Officer (CFO) & Treasurer, Penn Mutual
Victoria M. Robinson	SVP & Chief Ethics and Compliance Officer, Penn Mutual
Scott E. Smith	President, Chief Operating Officer (COO) & Corporate Secretary, Vantis

### Audit Committee:

The Company maintained an Audit Committee through March 30, 2018. Effective March 30, 2018, Penn Mutual designated the Audit Committee of the Penn Mutual Board to serve as audit committee for Vantis.

The audit charter delineates the responsibilities of the Audit Committee. The Audit Committee of Penn Mutual is responsible for the recommendation of the approval of the annual election of the Company's external auditing firm to the Board.

## VANTIS LIFE INSURANCE COMPANY

### Company Officers

Officers serving the Company at December 31, 2020, were as follows:

<u>Officer</u>	<u>Title</u>
Eileen C. McDonnell	Chairman & CEO
Scott E. Smith	President, COO & Corporate Secretary
Gail E. Lataille	SVP, Treasurer & CFO
Bruce A. Friedland	SVP, Chief Actuary & Chief Product Officer

### RELATED PARTY AGREEMENTS

The Company is a party to several related party transaction agreements. The material agreements are as follows:

#### Rental Agreement:

The Company maintains a rental agreement for PIANY's office space in Brewster, NY.

#### Tax Allocation Agreement:

The Company had maintained an intercompany tax allocation agreement between Vantis and PIANY, however that agreement was terminated on the date that PIANY became a wholly-owned subsidiary of Penn Mutual. Currently, the companies no longer file a consolidated federal tax return, and instead compile and file tax returns on a separate stand-alone basis.

#### Administration Services Agreement:

- The Company maintains an intercompany management services agreement between Vantis and PIANY.
- Effective January 1, 2019, the Company entered into an Administrative Services and Support Agreement with Penn Mutual to receive services that include completion of audits, tax and legal services, in addition to corporate governance and oversight.

#### Investment Management Agreement:

The Company maintains an Investment Management Agreement with Penn Mutual Asset Management (PMAM) for the investment management of the Company's investment assets and to provide other related investment management and administrative services. PMAM is a wholly-owned subsidiary of Penn Mutual.

#### Benefit Plan Sharing Expense Agreement:

In 2020, the Company entered into a Benefit Plan Expense Sharing Agreement with Penn Mutual, whereby the frozen defined benefit pension plan of Vantis was merged into the Penn Mutual Retirement Plan. Expenses associated with the Vantis plan are allocated to Vantis on the basis of its proportion of liability to the plan.

## VANTIS LIFE INSURANCE COMPANY

### INSURANCE COVERAGE

The Company is insured by Lloyd's of London, through its parent company, Penn Mutual, under an insurance company bond with extended coverages declarations with a single loss limit of insurance of \$15 million and a single loss deductible amount of \$500,000. The aggregate limit of liability of insurance of covered items is \$30 million, and excess limits of \$10 million single loss and \$20 million aggregate limit.

The Company is also insured by Federal Insurance Company, a Chubb Group Insurance Company, with an aggregate limit of liability of \$20 million in excess of \$30 million. The single loss limit of liability coverage provides \$10 million in excess of \$15 million with deductible amounts of \$500,000 and \$1.5 million.

The aggregate limit of liability provides coverage which exceeds the suggested minimum limits of insurance pursuant to the Handbook.

### TERRITORY AND PLAN OF OPERATION

The Company is licensed and writes in all fifty states and the District of Columbia, with the exception of New York. The majority of the Company's direct written insurance premiums consists of individual life insurance coverage. The Company launched its direct to consumer website platform in January 2019, which provides consumers the ability to transact an entire life insurance application electronically. The platform provides the consumer access to its customer experience team and its direct sales department.

The Company's Certificate of Incorporation states that the Company's business shall be authorized to write life insurance, annuities, accident insurance, health insurance and any other business or type of business which any other corporation now or hereafter chartered by Connecticut may now or hereafter lawfully do, and the Corporation is specifically empowered to accept and to cede reinsurance of any such risks or hazards.

### REINSURANCE

#### Reinsurance Assumed

The Company assumed a small amount of premium from Monarch Life Insurance, which consisted of group life insurance in 2019 and prior years.

#### Reinsurance Ceded

- The majority of the Company's direct written insurance premiums consists of individual life insurance coverage, which is primarily ceded, both on a YRT and a coinsurance basis, to Swiss RE Life & Health America, Inc. and SCOR Global Life USA Reinsurance Company (SCOR). The Company cedes all of its accidental death & dismemberment coverage to SCOR.
- The Company's fixed annuity block of business is fully ceded to Commonwealth Annuity and Life Insurance Company.

## VANTIS LIFE INSURANCE COMPANY

### INFORMATION TECHNOLOGY CONTROLS

Baker Tilly Virchow Krause, LLP (Baker Tilly) was engaged by the PADOI to perform a risk-based assessment and review of IT General Controls (ITGC's) in accordance with NAIC requirements as outlined in the Handbook. The guidance and direction used to perform the review of the ITGC's was derived from Exhibit C Part One – Information Technology Planning Questionnaire (ITPQ) and Exhibit C - Part Two – Information Technology Work Program (collectively Exhibit C). The Company's responses to the ITPQ were evaluated, and certain controls within the IT environment were tested to assess whether the selected controls were designed effectively and were functioning properly.

The evaluation of IT controls focused on the following areas: management and organizational governance; data processing infrastructure; program change controls; system development controls; logical and physical security; and business continuity plans.

Based upon the risk-based assessment and review, the IT general controls were determined to be effective.

### ACCOUNTS AND RECORDS

The Company reports all financial accounting transactions in the Genelco Ledger Plus (GLP) system, the official book of record for the Company's financial accounting operations.

Financial reporting is handled by IBM. The Company uses the GLP system on the AS/400 midrange computer to produce its monthly trial balance and general ledger. The Company uses SOVOS Statutory Reporting software to produce its statutory statements.

General ledger account balances were reconciled and traced to appropriate asset, liability, and income statement lines on the Annual Statement for 2019 and 2020.

VANTIS LIFE INSURANCE COMPANY

FINANCIAL STATEMENTS

The following statements represent the Company's financial position, as filed by the Company, as of December 31, 2020. No adjustments were made to surplus as a result of the examination.

ASSETS

	Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	\$445,835,970		\$445,835,970
Preferred stocks	5,072,500		5,072,500
Common stocks	1,455,166		1,455,166
Mortgage loans on real estate			
First liens	5,976		5,976
Real estate			
Properties occupied by the company	5,406,876		5,406,876
Cash, cash equivalents and short-term investments	6,995,786		6,995,786
Contract loans	6,910,750		6,910,750
Other invested assets (Schedule BA)	5,000,000		5,000,000
Receivable for securities	110,000		110,000
Investment income due and accrued	5,112,605		5,112,605
Premiums and considerations:			
Uncollected premium and agents' balances in the course of collection	724,117	\$30,461	693,656
Deferred premiums, agents' balances and installments booked but deferred and not yet due	7,907,194		7,907,194
Reinsurance:			
Amounts recoverable from reinsurers	6,310,786		6,310,786
Other amounts receivable under reinsurance contracts	73,329		73,329
Current federal and foreign income tax recoverable and interest thereon	88,902		88,902
Electronic data processing equipment and software	1,566,460	1,517,944	48,516
Furniture and equipment, including health care delivery assets	146,733	146,733	0
Receivables from parent, subsidiaries and affiliates	1,408,279		1,408,279
Aggregate write-ins for other than invested assets	46,195,345	551,801	45,634,544
<b>Total</b>	<u>\$546,326,774</u>	<u>\$2,246,939</u>	<u>\$544,079,835</u>

VANTIS LIFE INSURANCE COMPANY

LIABILITIES, SURPLUS AND OTHER FUNDS

Aggregate reserve for life contracts	\$437,978,302
Aggregate reserve for accident and health contracts	2,183
Liability for deposit-type contracts	19,959,324
Contract claims:	
Life	1,781,260
Provision for policyholders' dividends and coupons payable in following calendar year – estimated amounts:	
Policyholders' dividends and refunds to members apportioned for payment	139,679
Policyholders' dividends and refunds to members not yet apportioned	131,200
Premiums and annuity considerations for life and accident and health contracts received in advance	128,698
Contract liabilities not included elsewhere:	
Other amounts payable on reinsurance	1,868,760
Interest Maintenance Reserve	1,374,022
Commissions to agents due or accrued – life and annuity products	17,118
General expenses due or accrued	1,453,236
Taxes, licenses and fees due or accrued, excluding federal income taxes	62,921
Amounts withheld or retained by company as agent or trustee	36,298
Remittances and items not allocated	204,877
Miscellaneous liabilities:	
Asset valuation reserve	4,401,316
Aggregate write-ins for liabilities	6,155,571
Total liabilities	475,694,765
Common capital stock	1,000,000
Gross paid in and contributed surplus	74,910,729
Aggregate write-ins for special surplus funds	4,638,430
Unassigned funds (surplus)	(12,164,089)
Surplus	67,385,070
Total capital and surplus	68,385,070
Total liabilities and surplus	<u>\$544,079,835</u>

VANTIS LIFE INSURANCE COMPANY

SUMMARY OF OPERATIONS

Premium and annuity considerations for life and accident and health contracts	\$17,122,918
Net investment income	19,974,593
Amortization of Interest Maintenance Reserve	181,493
Commissions and expense allowances on reinsurance ceded	904,500
Miscellaneous income - Aggregate write-ins for miscellaneous income	4,978,164
Totals	43,161,668
Death benefits	11,134,500
Matured endowments	20,000
Annuity benefits	4,053,027
Disability benefits and benefits under accident and health contracts	71,944
Surrender benefits and withdrawals for life contracts	9,883,604
Interest and adjustments on contract or deposit-type contract funds	815,728
Payments on supplementary contracts with life contingencies	2,200
Increase in aggregate reserves for life and accident and health contracts	4,562,995
Totals	30,543,998
Commissions on premiums, annuity consideration and deposit-type contract funds	1,097,410
General insurance expenses	11,116,301
Insurance taxes, licenses and fees, excluding federal income taxes	1,236,949
Increase in loading on deferred and uncollected premiums	488,522
Totals	44,483,180
Net gain from operations before dividends to policyholders and federal income taxes	(1,321,512)
Dividends to policyholders	272,869
Net gain from operations after dividends to policyholders and before federal income taxes	(1,594,381)
Federal and foreign income taxes incurred (excluding tax on capital gains)	(52,183)
Net gain from operations after dividends to policyholders and federal income taxes and before realized capital gains or (losses)	(1,542,198)
Net realized capital gains (losses)	(28,674)
Net income	(\$1,570,872)
<b>CAPITAL AND SURPLUS</b>	
Capital and surplus, December 31, prior year	91,012,451
Net income	(1,570,872)
Change in net unrealized capital gains (losses) less capital gains tax	(4,931)
Change in net deferred income tax	(44,451)
Change in nonadmitted assets	660,279
Change in asset valuation reserve	(1,068,375)
Surplus adjustment:	
Change in surplus as a result of reinsurance	(887,558)
Dividends to stockholders	(19,447,584)
Aggregate write-ins for gains and losses in surplus	(263,889)
Net change in capital and surplus for the year	(22,627,381)
Capital and surplus, December 31, current year	<u>\$68,385,070</u>

## VANTIS LIFE INSURANCE COMPANY

<u>AGGREGATE RESERVE FOR LIFE CONTRACTS</u>	<u>\$437,978,302</u>
<u>AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS</u>	<u>\$ 2,183</u>
<u>LIABILITY FOR DEPOSIT-TYPE CONTRACTS</u>	<u>\$ 19,959,324</u>
<u>CONTRACT CLAIMS: (LIFE)</u>	<u>\$ 1,781,260</u>

The Department conducted an assessment of the Company's reserving, reinsurance, liquidity, underwriting and pricing risks, as of December 31, 2020. Consistent with the risk focused surveillance approach to the examination, the Department relied upon analyses and tests documented by the Company and in the working papers of the Company's independent auditors. Reviews of the Company's primary lines of business were conducted to determine whether the Company's reserves were established in accordance with minimum standards for the valuation of liabilities specified in the Actuarial Guidelines and applicable Actuarial Standards of Practice. In performing the reserve review and analysis, the Department conducted the following:

- Reviewed and analyzed statutory Annual Statements for 2019 and 2020;
- met with Company management to understand the business of the Company, its procedures governing actuarial calculations, its approach to risk management, and its likely areas of financial and business risk;
- reviewed tests performed by the Company's actuaries and its independent auditors, and performed independent supplemental reserve calculations;
- reviewed experience study information compiled and provided by the Company in support of the major assumptions used in the asset to liability analysis; and
- reviewed and analyzed the Company's Statement of Actuarial Opinion and Actuarial Memorandum for the years covered under the examination.

### Assessment of Reserve Risk

The Department conducted a review to form a conclusion regarding the risk that actual losses or other contractual payments reflected in the corresponding reserves were greater than the carried liabilities. For some products or exposures, this risk includes a consideration that reserves plus future revenue, less expenses, will be insufficient to pay future benefits. The Department conducted a review of internal controls regarding the claim liability and reserving processes. Various tests were performed to verify the appropriateness of the processes and the actual calculations for the policy reserves, claim reserves and the contract claims liabilities. The Department verified that the reported reserves and liabilities are consistent with those calculated by the Company's actuaries, and the results of their analysis show that the reported liability is sufficient to cover the expected future claims.

### Assessment of Reinsurance Arrangements

A review of key reinsurance treaties and other related Company descriptions of its significant assumed and ceded reinsurance agreements was performed and compared to Schedule S of the Company's annual statement. The review also included an evaluation of reinsurance reserve implications. Reinsurance agreements providing significant coverage and material reserve credits were evaluated to ensure compliance with risk transfer requirements.

### Assessment of Liquidity Risk

The Department conducted testing to form a conclusion regarding the ability of the Company to

VANTIS LIFE INSURANCE COMPANY

meet contractual obligations as they become due because of an inability to liquidate assets or obtain adequate funding without incurring unacceptable losses. This may arise with the occurrence of an event such that the insurer will not have enough cash resources or liquid assets to meet its cash obligations. Based on a review of the Actuarial Memorandum and other analysis of the Company's assets and liabilities, the Department concluded that liquidity risk does not appear to be a major concern for the Company.

Assessment of Underwriting and Premium Pricing Risk:

The Department conducted testing to form a conclusion regarding the development and update of underwriting manuals, premium pricing development rationale, credits and other off-sets were adequate, and analysis conducted on claim development supports premium rate changes among products and industries.

Conclusion

Based upon the risk focused assessment and review, no material findings were noted which affected the Company's reserving, liquidity, reinsurance, and underwriting and premium pricing risks.

COMMON CAPITAL STOCK

\$1,000,000

As of December 31, 2020, the Company had 100 shares of capital stock issued and outstanding, with a par value of \$10,000. All shares are owned by Penn Mutual.

GROSS PAID IN AND CONTRIBUTED SURPLUS

\$74,910,729

The balance of this account did not change from the amount reported in 2019. The Company paid no cash dividends to its parent during the examination period.

UNASSIGNED FUNDS (SURPLUS)

(\$12,164,089)

The balance of this account was \$9,575,734 in 2019. As previously noted, in March 2020, the Company contributed all of the issued and outstanding capital stock of VLNY to Penn Mutual as an extraordinary dividend of \$19.4 million. The extraordinary dividend, and the Company's net loss from operations primarily caused the change in the account balance from 2019 to 2020.

## VANTIS LIFE INSURANCE COMPANY

### SUBSEQUENT EVENTS

Subsequent to the filing of the December 31, 2020 Annual Statement, Scott Smith President, COO & Corporate Secretary of Vantis, retired. Mr. Smith was replaced by Thomas Harris, EVP & Chief Distribution Officer of Penn Mutual.

The COVID-19 pandemic has continued to develop throughout 2020 and 2021, with significant uncertainty remaining regarding the full effect of COVID-19 on the U.S. and global insurance and reinsurance industry. At the time of releasing this report, the examination team noted no significant financial impact to the Company as result of COVID-19. The Department has been in communication with the Company regarding the impact of COVID-19 on its business operations and financial position. The Department will continue to closely monitor the impact of the pandemic on the Company and will take necessary action if a solvency concern arises.

### CONCLUSION

The results of this examination disclosed that, as of December 31, 2020, the Company reported admitted assets of \$544,079,835, liabilities of \$475,694,765, and surplus of \$68,385,070. During the period under examination, admitted assets increased \$20,262,545, liabilities increased \$15,528,094, and surplus as regards policyholders increased \$4,734,451.

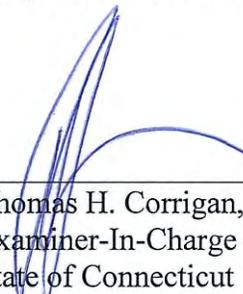
VANTIS LIFE INSURANCE COMPANY

SIGNATURE

In addition to the undersigned, the following members of the Department participated in the examination: William Arfanis, CFE; Wanchin W. Chou, FCAS, MAAA, CPCU, CSPA; Manuel Hidalgo, FSA, MAAA; Robert Linnell, CFE, and the PADOL.

I, Thomas H. Corrigan, CFE, solemnly swear that the foregoing report on examination is hereby represented to be a full and true statement of the condition and affairs of the subject insurer as of December 31, 2020, to the best of my information, knowledge and belief.

Respectfully submitted,



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Thomas H. Corrigan, CFE  
Examiner-In-Charge  
State of Connecticut  
Insurance Department

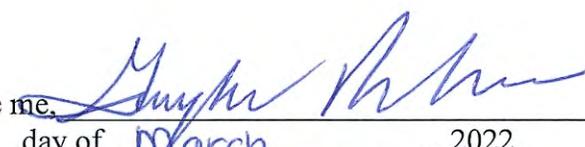
State of Connecticut

ss. Hartford

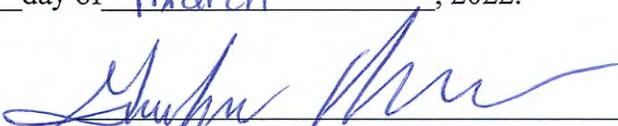
County of Hartford

Subscribed and sworn to before me,

Notary Public on this 2 day of March, 2022.



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Notary Public

My Commission Expires June 30, 2026