



OFFICE OF
INSURANCE COMMISSIONER

In the Matter of)	No. 08-18
)	
The Financial Examination of)	FINDINGS, CONCLUSIONS,
SYMETRA NATIONAL LIFE INSURANCE)	AND ORDER ADOPTING REPORT
COMPANY)	OF EXAMINATION

A Domestic Insurer.

BACKGROUND

An examination of the financial condition of **SYMETRA NATIONAL LIFE INSURANCE COMPANY** (the Company) as of December 31, 2005, 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 31, 2008. 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 14 of the report.

SYMETRA NATIONAL LIFE INSURANCE COMPANY
Order Adopting Examination Report
February 27, 2008

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 section of the report. The Commissioner acknowledges that the Company may have implemented some of the Instructions prior to the date of this order. The Instructions 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 contained in the examination report on pages 1-3.

1. The Company is ordered to comply with RCW 48.05.250 by filing its financial statements in the general form and context approved by the NAIC, and WAC 284-07-050(2) which requires adherence to the NAIC Annual Statement Instructions and the AP&P. Instruction 1, Examination Report, page 1.
2. The Company is ordered to comply with WAC 284-07-380, WAC 284-07-390, and WAC 284-07-400 by including the required language in future Actuarial Opinions and Supporting Memorandums. Instruction 2, Examination Report, page 2.
3. The Company is ordered to comply with RCW 48.05.280 by keeping full and adequate accounts and records of its assets, obligations, transactions and affairs which includes administering its policies according to the policy provisions and RCW 48.03.030(1) which requires that these records and documentation be provided to the Commissioner (or designee) in a timely manner. Instruction 3, Examination Report, page 2.
4. SNLIC is ordered to comply with RCW 48.74.050(1) and use a valuation rate in calculating reserves that is less than the nonforfeiture rate. Instruction 4, Examination Report, page 3.

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 29th day of February, 2008.

A handwritten signature in black ink, appearing to read "Mike Kreidler". The signature is fluid and cursive, with a large initial "M" and "K".

MIKE KREIDLER
Insurance Commissioner

February 20, 2008

SYMETRA.
FINANCIAL
RECEIVED

FEB 21 2008

INSURANCE COMMISSIONER
COMPANY SUPERVISION

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

RE: Response -- Draft Financial Examination Reports of Symetra Life Insurance
Company and Symetra National Life Insurance Company As of December 31, 2005

Dear Mr. Odiorne,

The purpose of this letter is to respond to the draft financial examination reports for Symetra Life Insurance Company and Symetra National Life Insurance Company. The following pages contain (a) our responses to the "Instructions" section of the draft reports, (b) our responses to the "Comments and Recommendations" section of the draft reports, and, (c) our recommended edits to the reports. Most of the edits are corrections of typographical errors and company facts.

Sincerely,



Margaret Meister, FSA, MAAA
Chief Financial Officer

Cc: Randy H. Talbot, President and Chief Executive Officer
Michael G. Watson, Chief Deputy Insurance Commissioner
Patrick H. McNaughton, Chief Examiner

Symetra Life Insurance Company Financial Examination Report

(A) Responses to INSTRUCTIONS

1. Annual Statement Errors – Company Response

The necessary corrections have been made and are reflected in the Company's 2006 and/or 2007 NAIC Annual Statement. In 2007, the Company implemented a new reinsurance system to facilitate record keeping and production of Schedule S.

2. Derivative Approval – Company Response

The necessary corrections have been implemented.

3. Deficiencies in the 2005 Actuarial Opinion and Supporting Memorandum

The necessary corrections have been made and are reflected in the Company's 2006 or 2007 NAIC Actuarial Opinion and Supporting Memorandum.

4. Incomplete Accounts and Records

The Company is addressing a records retention and retrieval system, especially for records older than twenty years. In 2007, the Company implemented a new reinsurance system to facilitate record keeping and production of Schedule S. In addition, over the last two years the Company has implemented new reserve systems and financial reporting systems that allow for quicker production of data, facilitate recordkeeping, and illustrative calculations.

(B) Responses to COMMENTS AND RECOMMENDATIONS

1. Organization Charts

The Company has and will continue to make available comprehensive organizational charts to aid the Office of Insurance Commissioner in viewing the organizational lines of responsibility and individual profit centers.

2. Reinsurance Contract Maintenance

The Company implemented the recommendation. The Company continues to address a records retention and retrieval system, especially for records older than twenty years.

(C) Recommended report EDITS

Page 1, Item 1.a. We acknowledge this error, but please change line 14.3 in the instructions to line 14.2 in the instructions, which is the line most appropriate for this item.

Page 4, Item 2, second sentence -- Change the word 'through' to the word 'thorough'.

Page 5, Paragraph 1 -- date of name change should be September 1, 2004

Page 5, Please add an 's' to the end of Mountain, so our investor's name is reflected properly as White Mountains Insurance Group, Ltd.

Page 5, 2005 Liabilities should be 17,564,347,294

Page 5 -- The following lines for 2004 do not include amounts restated for the merger of American States Life Insurance Company (ASL) into Symetra Life Insurance Company in 2005. Per NAIC instructions, 2004 was restated as if the merger was effective 1/1/04. Therefore, the five year historical in the Company's NAIC 2005 Annual Statement reflects the restated amounts, instead of the original amounts reported in 2004. We request that the information presented in the exam report be changed to agree with the five year historical as follows:

2004 Assets restated for the ASL merger are \$19,370,747,770

2004 Liabilities restated for the ASL merger are \$18,232,310,451

2004 Premiums restated for the ASL merger are \$950,727,862

2004 Annuity Benefits restated for the ASL merger are \$273,275,500

2004 Disability Benefits restated for the ASL merger are \$304,623,242

Page 6, Total itemized list did not foot as it excludes the State of New Mexico for the amount of \$445,841,235.

Page 7, Name of Symetra Life Insurance Company subsidiary should be changed from "First Symetra National Life Insurance Company" to "First Symetra National Life Insurance Company of New York"

Page 8, The Principal Occupation of the following individual Board members should reflect the following:

Allyn D. Close -- Senior Vice President, Marketing, Symetra Life Insurance Company

George C. Pagos -- Vice President, General Counsel, Secretary, Symetra Life Insurance Company

Jennifer V. Davies -- Senior Vice President, Enterprise Development, Symetra Life Insurance Company

Roger F. Harbin -- Executive Vice President, Chief Operating Officer, Symetra Life Insurance Company

Oscar C. Tengtio – Executive Vice President, Chief Financial Officer, Symetra Life Insurance Company

Margaret A. Meister – Vice President, Chief Actuary, Symetra Life Insurance Company

Page 8, Committees – There are no committees of the Board of Directors. Currently the report indicates the Company has an audit committee.

Page 9, Mortality and Loss – For the reasons outlined in our February 12, 2008 email to Jim Odiorne, the Company requests that the first paragraph be edited to read as follows:

SLIC provided copies of its actuarial workpapers and reserve reports as of December 31, 2005. Tests were performed on the underlying data, methods, and calculations as deemed necessary. A sample of contracts and payments was taken from active life and disabled life reserve reports, premium collection records and paid claims reports to verify data integrity. When selections were tested for completeness and accuracy, it was determined that the calculations and record keeping were inadequate as referenced in this report. As referenced in this report SLIC could not produce schedules of premiums, death benefits and cash values for all selected individual policies. The Company was also unable to duplicate its reserve calculations in a timely manner. These conditions resulted in time constraints that resulted in the OIC retaining Deloitte Consulting LLP (Deloitte Consulting) to complete the statutory actuarial review of certain Annual Statement assets and liabilities for the period ending December 31, 2005.

Page 11, Heading – Please eliminate the ‘S’ at the end of ‘INFORMATIONS’

Page 12 is missing the header/title for the schedule along with the following assets and year end balances:

Bonds	\$13,750,098,564
Preferred Stocks	98,761,314
Common Stocks	87,149,884
Mortgages	767,864,658

Page 13, The balance for “Amounts withheld or retained by the company” should be \$7,836,668 (both columns) and “Total Liabilities” should be \$14,102,480,756 (both columns)

Symetra National Life Insurance Company Financial Examination Report

(A) Responses to INSTRUCTIONS

1. Annual Statement Error – Company Response

The necessary corrections have been made and are reflected in the Company's 2007 NAIC Annual Statement.

2. Deficiencies in the 2005 Actuarial Opinion and Supporting Memorandum

The necessary corrections have been made and are reflected in the Company's 2006 or 2007 NAIC Actuarial Opinion and Supporting Memorandum.

3. Full and Adequate Records

The Company is addressing records retention and retrieval, especially for records older than twenty years, which will address the issue of providing information in a timely manner. In 2007, the Company implemented a new reinsurance system to facilitate record keeping and production of Schedule S. In addition, over the last two years the Company has implemented new reserve systems and financial reporting systems that allow for quicker production of data, facilitate recordkeeping, and illustrative calculations.

4. Minimum Aggregate Reserve Test for Life Insurance

The necessary corrections have been made and are reflected in the Company's 2007 NAIC Annual Statement.

(B) Responses to COMMENTS AND RECOMMENDATIONS

None

(C) Recommended report EDITS

Page 3, Paragraph 2 under Company History – date of name change should be September 1, 2004

Page 3, Paragraph 2 under Company History – Please add an 's' to the end of Mountain, so our investor's name is reflected properly as White Mountains Insurance Group, Ltd.

Page 4, 2002 Premiums should be 516,818

Page 5, Total Life Insurance in Force per the NAIC 2005 Annual Statement is \$46,724,603. All amounts on this page are incorrect. Please see attached document for corrected amounts.

Page 6, Name of Symetra Life Insurance Company subsidiary should be changed from "First Symetra National Life Insurance Company" to "First Symetra National Life Insurance Company of New York"

Page 7, The Principal Occupation of the following individual Board members should reflect the following:

Allyn D. Close – Senior Vice President, Marketing, Symetra Life Insurance Company

George C. Pagos – Vice President, General Counsel, Secretary, Symetra Life Insurance Company

Jennifer V. Davies – Senior Vice President, Enterprise Development, Symetra Life Insurance Company

Roger F. Harbin -- Executive Vice President, Chief Operating Officer, Symetra Life Insurance Company

Oscar C. Tengtio – Executive Vice President, Chief Financial Officer, Symetra Life Insurance Company

Margaret A. Meister – Vice President, Chief Actuary, Symetra Life Insurance Company

Page 9, Virginia is listed twice on this presentation. Please delete the second Virginia

Page 9, Heading – Please eliminate the 'S' at the end of 'INFORMATIONS'

Page 9, Mortality and Loss – For the reasons outlined in our February 12, 2008 email to Jim Odiorne, the Company requests that the first paragraph be edited to say:

SNLIC provided copies of its actuarial workpapers and reserve reports as of December 31, 2005. Tests were performed on the underlying data, methods, and calculations as deemed necessary. A sample of contracts and payments was taken from active life and disabled life reserve reports, premium collection records and paid claims reports to verify data integrity. When selections were tested for completeness and accuracy, it was determined that the calculations and record keeping were inadequate as referenced in this report. As referenced in this report SNLIC could not produce schedules of premiums, death benefits and cash values for all selected individual policies. The Company was also unable to duplicate its reserve calculations in a timely manner. These conditions resulted in time constraints that resulted in the OIC retaining Deloitte Consulting LLP (Deloitte Consulting) to

complete the statutory actuarial review of certain Annual Statement assets and liabilities for the period ending December 31, 2005.

Page 12, Line 32, Less Federal income taxes incurred (excl. tax on capital gains) is a benefit, therefore should not be in parenthesis – 280,969

Page 12, Line 33, A line is missing some words. It is missing the following – ‘Net gain from operations after dividends to policyholders and federal income taxes’