



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.

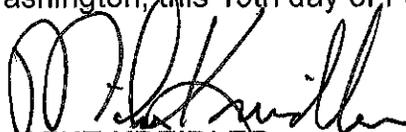
The Company is ordered as follows, these being the Instructions and Comments and Recommendations contained in the examination report on pages 1-4.

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



Thomas M. Marra
President and Chief Executive Officer

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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

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