



**EXAMINATION REPORT
OF
TRANS-OCEANIC LIFE INSURANCE COMPANY
OF AMERICA**

NAIC Company Code: 16715

**Orlando, Florida
as of
December 31, 2020**

**BY THE
FLORIDA
OFFICE OF INSURANCE REGULATION**

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May 3, 2022

David Altmaier
Commissioner
Office of Insurance Regulation
State of Florida
Tallahassee, Florida 32399-0326

Dear Commissioner:

Pursuant to your instructions, in compliance with Section 624.316, Florida Statutes, Rule 69O-138.005, Florida Administrative Code, and in accordance with the practices and procedures promulgated by the National Association of Insurance Commissioners (“the NAIC”), we have conducted an examination as of December 31, 2020, of the financial condition and corporate affairs of

Trans-Oceanic Life Insurance Company of America

8240 Exchange Drive, Suites Cloud 1, 2, & 3

Orlando, Florida 32809

hereinafter referred to as “the Company.” Such report of examination is herewith respectfully submitted.

SCOPE OF EXAMINATION

This examination covered the period of January 16, 2020 through December 31, 2020 and the fieldwork commenced with planning with the Florida Office of Insurance Regulation (“OIR”) on October 22, 2021. The fieldwork concluded as of May 3, 2021. This is the Company’s first full scope exam by representatives of the OIR.

The examination was a single state examination conducted in accordance with the NAIC Financial Condition Examiners Handbook (“the Handbook”). The Handbook requires that the examination be planned and performed 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 insurer’s 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 the NAIC Statements of Statutory Accounting Principles (“SSAP”). 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.

This examination report includes information obtained from the examination of the records, accounts, files and documents of or relative to the Company and other information as permitted by Section 624.319, Florida Statutes. There may be other items identified during the examination that, due to their nature (for example, subjective conclusions or proprietary information), are not included within the examination report but separately communicated to other regulators and/or the Company.

SUMMARY OF SIGNIFICANT FINDINGS

Current Examination Findings

There were no significant findings as a result of this examination.

Previous Examination Findings

There were no previous examination findings. This is the Company's first full scope exam by representatives of the OIR.

COMPANY HISTORY

General

The Company was incorporated in Florida on November 14, 2019, and commenced business on January 16, 2020. The Company is a wholly owned subsidiary of Trans-Oceanic Life Insurance Company (TOLIC).

Dividends

The Company did not declare or pay any dividends during the period under examination.

Capital Stock and Capital Contributions

As of December 31, 2020, the Company's capitalization was as follows:

Number of authorized common capital shares	1,000,000
Number of shares issued and outstanding	1,000,000
Total common capital stock	\$1,000,000
Par value per share	\$1.00

Surplus Notes

The Company did not have or issue any surplus notes during the period under examination.

Acquisitions, Mergers, Disposals, Dissolutions

The Company had no acquisitions, mergers, disposals, or dissolutions during the period under examination.

MANAGEMENT AND CONTROL

Corporate Governance

The annual shareholder meeting for the election of Board of Directors (“Board”) was held in accordance with Section 628.231, Florida Statutes. Directors serving as of December 31, 2020, are shown below:

Directors		
Name	City, State	Principal Occupation, Company Name
Milton Eric Burgos ^(b)	San Juan, Puerto Rico	Assistant VP, Trans-Oceanic Life Insurance Company of America
Humberto Tapia	Orlando, Florida	Sales & Marketing VP, Trans-Oceanic Life Insurance Company of America
Edrick Josue Touma	San Juan, Puerto Rico	President, Trans-Oceanic Life Insurance Company
Nicolas Abraham Touma ^(a)	San Juan, Puerto Rico	Chairman, Trans-Oceanic Group, Inc.
Yamirrah Dolores Valle ^(b)	San Juan, Puerto Rico	Accounting & Finance VP, Trans-Oceanic Life Insurance Company of America

(a) Chairperson

(b) Ceased being Directors August 25, 2021

(c) The following Directors were added in 2021 and 2022: Fernando Juan Nido, effective September 8, 2021; Mickey Carrero, effective September 8, 2021; Pedro Gonzalez, effective September 8, 2021; Luz Aurora Rodriguez, effective September 8, 2021; Christian Nicholas Touma, effective February 17, 2022; and Jorge Luis Padilla, effective February 17, 2022

In accordance with the Company's bylaws, the Board appointed the following Senior Officers:

Senior Officers		
Name	City, State	Title
Nicolas Abraham Touma (a)	San Juan, Puerto Rico	President
Jorge Luis Mendin (a)	San Juan, Puerto Rico	Secretary
Luis Manuel Marques (a)	San Juan, Puerto Rico	Treasurer
Humberto Tapia	Orlando, Florida	Assistant Secretary
Edrick Josue Touma	San Juan, Puerto Rico	Assistant Treasurer
Milton Eric Burgos (a)	San Juan, Puerto Rico	Assistant Vice President
Yamirrah Dolores Valle (a)	San Juan, Puerto Rico	Accounting & Finance Manager

(a) Ceased being an Officer August 9, 2021

(b) The following Officers were added in 2021: Pedro Gonzalez, effective September 8, 2021; and Luz Aurora Rodriguez, effective September 8, 2021

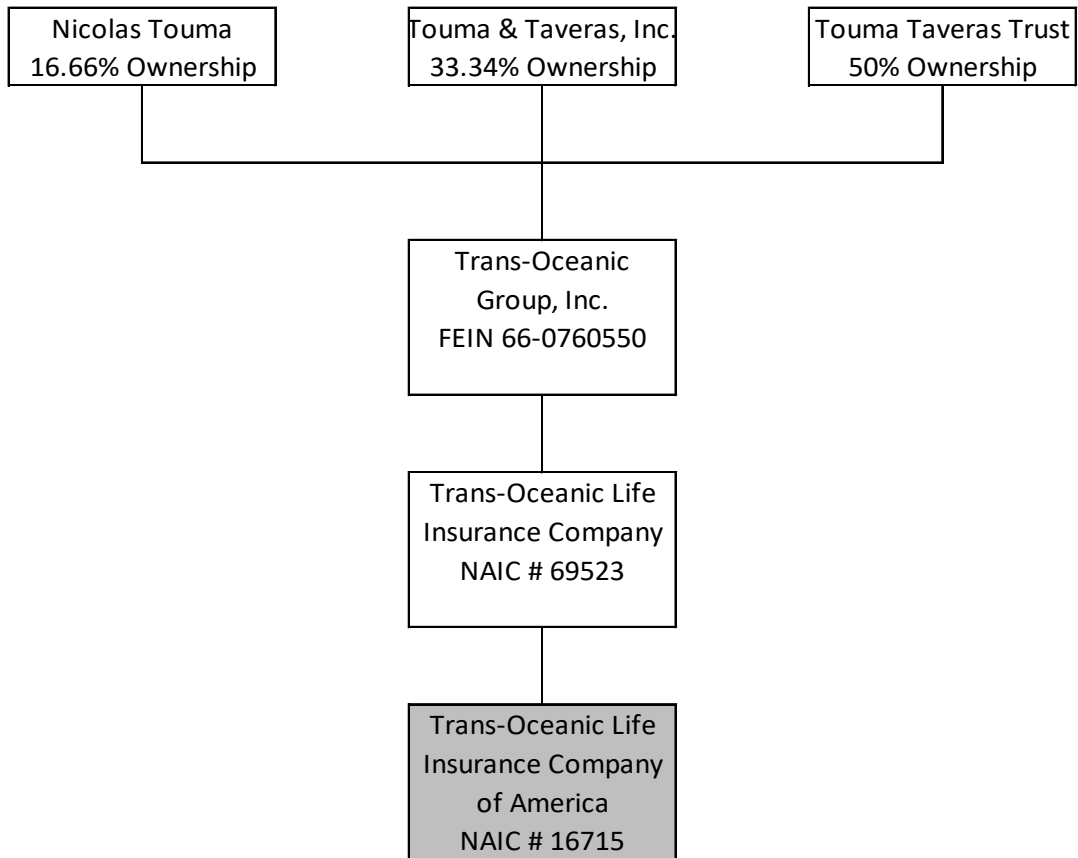
The Company's Board appointed several internal committees. The following were the principal internal Board committees and their members as of December 31, 2020. The first person listed for each committee is the Chair.

Audit Committee		
Name	City, State	Title, Company Name
Fernando Juan Nido	San Juan, Puerto Rico	Retired Certified Public Accountant
Edrick Josue Touma	San Juan, Puerto Rico	President, Trans-Oceanic Life Insurance Company
Jorge Luis Padilla	San Juan, Puerto Rico	Retired Certified Public Accountant

Investment Committee		
Name	City, State	Title, Company Name
Edrick Josue Touma	San Juan, Puerto Rico	President, Trans-Oceanic Life Insurance Company
Humberto Tapia	Orlando, Florida	Sales & Marketing VP, Trans-Oceanic Life Insurance Company of America
Jorge Luis Padilla	San Juan, Puerto Rico	Retired Certified Public Accountant
Pedro Gonzalez	San Juan, Puerto Rico	Finance VP, Trans-Oceanic Life Insurance Company of America
Luz Aurora Rodriquez	San Juan, Puerto Rico	Controller, Trans-Oceanic Life Insurance Company of America
Enterprise Risk Management Committee		
Name	City, State	Title, Company Name
Nicolas Abraham Touma	San Juan, Puerto Rico	Chairman, Trans-Oceanic Group, Inc.
Fernando Juan Nido	San Juan, Puerto Rico	Retired Certified Public Accountant
Edrick Josue Touma	San Juan, Puerto Rico	President, Trans-Oceanic Life Insurance Company
Jorge Luis Padilla	San Juan, Puerto Rico	Retired Certified Public Accountant
Humberto Tapia	Orlando, Florida	Sales & Marketing VP, Trans-Oceanic Life Insurance Company of America
Carol Williams	Tallahassee, Florida	CEO, Strategic Decision Solutions

Holding Company System

A simplified organizational chart as of December 31, 2020, reflecting the holding company system, is shown on the following page. Schedule Y of the Company’s 2020 annual statement provided a list of all related companies of the holding company group.



The following agreements were in effect between the Company and its affiliates:

Shared Cost Services Agreement

The Company entered into a Shared Cost Services Agreement with TOLIC, effective December 12, 2019. Under the agreement, TOLIC will provide accounting support services, information technology services, tax and legal services, human resource services, and other services as needed. The allocated cost is based on TOLIC's cost of labor and reasonable overhead directly related to the cost of labor allocated on a rational basis. During 2020, a mark-up of five (5) percent was added to all categories by TOLIC, and the total paid by the Company under the agreement was \$120,000.

ACCOUNTS AND RECORDS

The Company maintained its principal operational offices in Orlando, Florida.

Independent Auditor Agreement

An independent auditor, RSM Puerto Rico, audited the Company's statutory basis financial statements for 2020, in accordance with Section 624.424(8), Florida Statutes. Supporting work papers were prepared by the CPA firm as required by Rule 69O-137.002, FAC.

Corporate Records Review

The recorded minutes of the Shareholders, Board, Audit Committee, Investment Committee, and the Enterprise Risk Management Committee were reviewed for the period under examination. The recorded minutes of the Board documented its meetings and approval of Company transactions and events, in compliance with the Handbook adopted by Rule 69O-138.001, Florida Administrative Code.

TERRITORY AND PLAN OF OPERATIONS

The Company was authorized to transact insurance solely in the state of Florida on January 16, 2020. It was authorized for life and health lines of business in accordance with Section 624.401, Florida Statutes.

REINSURANCE

The reinsurance agreements reviewed complied with NAIC standards with respect to the standard insolvency clause, arbitration clause, intermediary clause, and reporting and settlement information deadlines.

Reinsurance Assumed

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

Reinsurance Ceded

Effective December 12, 2019, the Company entered into a one hundred (100) percent quota share reinsurance agreement with TOLIC. Under the agreement, the Company agreed to cede on a

one hundred (100) percent quota share basis all of its Accident & Sickness, Accident Only, and Cancer Insurance products. The Company receives a ceding commission of fifteen and a half (15.5) percent of the gross premium (net of return premiums) charged to insureds. The Company also receives an administrative allowance equal to five (5) percent of the gross premiums (net of return premiums) for marketing, handling, processing, billing, collection, and claims activities.

FINANCIAL STATEMENTS

The following includes the Company's statutory Statement of Assets, Liabilities, Surplus and Other Funds and statutory Summary of Operations, which includes an analysis of changes in the Capital and Surplus Account for the year ended December 31, 2020. The financial statements are based on the statutory financial statements filed by the Company with the Florida Office of Insurance Regulation and present the financial condition of the Company for the period ending December 31, 2020. Due to rounding, column amounts may not add to the totals reflected in this Report. There were no examination adjustments to the amounts reported by the Company.

Trans-Oceanic Life Insurance Company of America
Assets
December 31, 2020

	Per Company
Bonds	\$2,841,994
Cash and cash equivalents	2,366,142
Subtotals, cash and invested assets	\$5,208,136
Investment income due and accrued	10,262
Reinsurance:	
Amounts recoverable from reinsurers	833
Electronic data processing equipment and software	11,504
Receivables from parent	245
Total	\$5,230,980

Trans-Oceanic Life Insurance Company of America
Liabilities, Surplus and Other Funds
December 31, 2020

	Per Company
Contract liabilities not included elsewhere:	
Interest Maintenance Reserve	\$105
General expenses due or accrued	17,905
Miscellaneous liabilities:	
Asset valuation reserve	3,044
Payable to parent	124,750
Aggregate write-ins for liabilities	905
Total liabilities	\$146,709
Common capital stock	1,000,000
Gross paid-in and contributed surplus	5,100,000
Unassigned funds (surplus)	(1,015,729)
Surplus as regards policyholders	\$5,084,271
Total liabilities, surplus and other funds	\$5,230,980

Trans-Oceanic Life Insurance Company of America
Summary of Operations
December 31, 2020

	Per Company
Income	
Net investment income	\$2,767
Amortization of Interest Maintenance Reserve	(5)
Commissions and expense allowances on reinsurance ceded	1,078
Totals	\$3,840
Deductions	
Commissions on premiums, annuity considerations and deposit-type contract funds	\$1,078
General insurance expenses	866,376
Insurance taxes, licenses and fees	13,628
Totals	\$881,082
Net loss from operations	\$(877,242)
Net realized capital gains	\$522
Net loss	(\$876,720)

	Per Company
Capital and Surplus Account	
Capital and surplus prior reporting year	\$3,100,000
Net loss	(876,720)
Change in net unrealized capital loss	(2,171)
Change in nonadmitted assets	(133,794)
Change in asset valuation reserve	(3,044)
Surplus adjustments: Paid in	3,000,000
Net change in capital and surplus	\$1,984,271
Capital and surplus end of reporting year	\$5,084,271

Trans-Oceanic Life Insurance Company of America
Reconciliation of Capital and Surplus
December 31, 2020

No adjustments were made to surplus as regards to policyholders as a result of this examination.

	Per Company
Capital and Surplus Account	
Capital and surplus prior reporting year	\$3,100,000
Net loss	(876,720)
Change in net unrealized capital loss	(2,171)
Change in nonadmitted assets	(133,794)
Change in asset valuation reserve	(3,044)
Surplus adjustments: Paid in	3,000,000
Net change in capital and surplus	\$1,984,271
Capital and surplus end of reporting year	\$5,084,271

COMMENTS ON FINANCIAL STATEMENT ITEMS

Liabilities

Losses and Loss Adjustment Expenses

Gary D. Lake, FSA, MAAA, Consulting Actuary with Lake Consulting, Inc., appointed by the Board, rendered an opinion that the amounts carried in the balance sheet as of December 31, 2020, made a reasonable provision for all unpaid loss and loss expense obligations of the Company under the terms of its policies and agreements.

The OIR consulting actuary, Edward F. McKernan, FSA, MAAA of Capstan Actuarial Solutions, LLC, reviewed the loss and loss adjustment expense work papers provided by the Company and he was in concurrence with this opinion.

Capital and Surplus

The amount of capital and surplus reported by the Company of \$5,084,271, exceeded the minimum of \$1,500,000 required by Section 624.408, Florida Statutes.

SUBSEQUENT EVENTS

The COVID-19 pandemic has continued to develop throughout 2021 and 2022, with significant uncertainty remaining regarding the full effect of COVID-19 on the U.S. and global insurance and reinsurance industry. The OIR has been in communication with the Company regarding the impact of COVID-19 on its business operations and financial position. The OIR continues to closely monitor the impact of the pandemic on the Company and will take necessary action if a solvency concern arises.

CONCLUSION

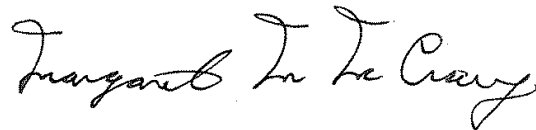
The insurance examination practices and procedures as promulgated by the NAIC have been followed in ascertaining the financial condition of Trans-Oceanic Life Insurance Company of America as of December 31, 2020, consistent with the insurance laws of the State of Florida.

The following individuals with the firm of EWM Group, PC participated in the examination: Thomas Mayberry, CPA, CFE, Examiner-in-Charge; Philip Engelhart, CPA, AIAF, CFE, Supervising Examiner; and Paul Sliwinski, CPA, ARe, Chris Davis, CPA, and Koye Arulogun, CPA, CFE (Fraud) Participating Examiners. Members of the OIR who participated in the examination include Marshay Spencer, APIR, Examination Supervisor and Mary Gitari, Participating Examiner. Additionally, Edward F. McKernan, FSA, MAAA of Capstan Actuarial Solutions, LLC and Joanna Latham, CPA, CFE, AES, CISA, CRISC and Jenny Jeffers, AES, CISA, CFE (Fraud), IT Specialist of Jennan Enterprises, LLC, are recognized for participation in the examination.

Respectfully submitted,



Philip D. Engelhart, CFE
Supervising Examiner
EWM Group, PC



Margaret M. McCrary, CFE, CPA, MBA
Chief Financial Examiner
Life & Health Financial Oversight
Florida Office of Insurance Regulation



Carolyn M. Morgan, APIR
Director
Life & Health Financial Oversight
Florida Office of Insurance Regulation