

Changes to the Proposed Rehabilitation Plan for Reinsured Policies

SHIP currently reinsures and administers certain Transamerica Life Insurance Company (“Transamerica”), Primerica Life Insurance Company (“Primerica”), and American Health & Life Insurance Company (“American Health & Life”) long-term care insurance policies (the “reinsured policies”). The proposed Rehabilitation Plan filed in April 2020 contains language that indicates that the reinsured policies were going to be treated the same as policies issued by SHIP. The Commissioner and SDR have since determined that the Amended Rehabilitation Plan should provide that the reinsured policies will be excluded from the provisions of the Plan dealing with SHIP’s policies. It is possible that SHIP, or its subsidiary Fuzion Analytics, Inc., will continue administering those policies under agreements with Transamerica, Primerica, and American Health & Life, which would not have a material effect on policyholders’ rights under the policies.

If the Court approves SHIP’s request that the reinsured policies be excluded from the provisions of the Plan dealing with SHIP’s policies, key consequences include:

1. Transamerica, Primerica, and American Health & Life policies (the reinsured policies) will NOT be modified under the Plan and these policyholders will not be asked (or have the ability) to make elections under the Plan.
2. SHIP will not be financially responsible for claims arising under these policies and will not have the right to treat these policy premiums as assets of SHIP.
3. If SHIP is placed in liquidation, the terms of these policies will remain unchanged and these policyholders will not receive benefits from any life and health insurance guaranty association. In that case, Transamerica, Primerica, and American Health & Life will remain fully responsible for these policies and any claims covered by these policies.
4. It is possible that Transamerica, Primerica, and American Health & Life will seek regulatory approval for future premium rate increases on these policies.

The deadline for Formal Comments is September 15, 2020 and interested parties have the right to submit comments about the proposed Rehabilitation Plan, including this proposed change which would affect the reinsured policies. The procedures for providing Informal or Formal Plan comments in support of or in objection to the proposed Rehabilitation Plan can be found in the June 12, 2020 [Case Management Order for Comments and Hearing on the Proposed Plan of Rehabilitation](#) found on this website.