

**Before the State of South Carolina  
Department of Insurance**

In the Matter of:

**Atlantic Coast Life  
Insurance Company,**

and

**Southern Atlantic Re, Inc.**

1565 Sam Rittenberg Blvd., Suite 102  
Charleston, SC 29407.

**Confidential Order Imposing  
Administrative Supervision  
and Appointing Supervisor**

The South Carolina Department of Insurance (Department) brings this matter before me upon review of the business affairs and operations of Atlantic Coast Life Insurance Company, (“ACL”) and Southern Atlantic Re, Inc. (“SAR”), collectively referred to as “the Licensees.”

It is the Department’s opinion that the financial condition, management, and operation of the Licensees are such as to render the continuation of their business hazardous to the public and their policyholders. The Department further believes that the Licensees have failed to comply with the insurance laws of this State.

**FINDINGS OF FACT**

1. ACL is a South Carolina domestic life, accident and health insurance company that holds a certificate of authority under the provisions of S.C. Code Ann. § 38-5-30 (2015). The Department granted ACL a license to transact business as an insurance company on February 1, 1925. In 2015, it was acquired by Advantage South, LLC, a Delaware limited liability company that is wholly owned and controlled by Advantage Capital Holdings LLC (“A-CAP”).
2. According to its most recent financial statement, ACL is licensed in Alabama, Alaska, Arizona, Arkansas, Colorado, Delaware, Florida, Georgia, Hawaii, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Massachusetts, Maryland, Mississippi, Missouri, Montana, Nebraska, Nevada, New Mexico, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, and Wyoming. It provides both life insurance and annuity products.
3. SAR is a South Carolina domestic captive reinsurance company that provides reinsurance exclusively to ACL. As a stipulation of licensure, SAR is regulated

under Chapter 9 of Title 38 of the Code of Laws of South Carolina 1976, as amended. SAR is also controlled by A-CAP.

4. The Utah Commissioner of Insurance has previously commenced a full examination of companies controlled by A-CAP, which the Department joined on January 25, 2024. The examination is ongoing.
5. On February 23, 2024, A.M. Best issued a credit report affirming ACL's financial strength rating of B++ (Good) but downgrading its long-term credit rating to "bbb" (Good) from "bbb+" (Good), stating that the "ratings of the members of A-CAP Group have been placed under review with negative implications based on A-CAP's risk-management capabilities failing to identify counterparty risk and mitigating its exposure. AM Best also notes that management of A-CAP's risks is primarily through a heavy reliance on reinsurance counterparties, resulting in a heavyweight of reinsurance leverage and an *uncertainty of the quality of assets backing the reserves.*" (Emphasis added.)
6. Among those reinsurers is 777 Re, Ltd., a Bermuda reinsurer. On February 16, 2024, A.M. Best downgraded 777 Re's financial strength rating to C- (Weak) from B (Fair) and its long-term credit rating to "ccc" (Weak) from "bb" (Fair), stating, the "ratings of 777 Re. Ltd. are under review with negative implications *pending the execution of the company's plan to materially decrease its exposure to affiliated investments*, resulting in a significant strengthening of its risk-adjusted capitalization." (Emphasis added.) The report also categorized 777 Re's balance sheet strength as "Very Weak."
7. On April 10, 2024, the Department issued a Memorandum to the Licensees serving as a "formal notification" that the Licensees' investment portfolio as of December 31, 2023, significantly violated the single issuer limitation set forth in S.C. Code Ann. § 38-12-220(A)(1) (2015) and that the breach is primarily associated with the insurer's "extensive investments in 777 Partners, a Miami-based private equity firm with a diverse portfolio that includes significant interests in insurance, airlines, and sports teams, and its affiliates."
8. As a result of these findings, the Department determined that a total of \$200,181,539 of ACL's investments and a total of \$460,343,488 of SAR's investments are non-admitted assets.
9. In its most recent RBC (risk-based capital) report filed on March 1, 2024, ACL stated its RBC as 628.6%; and, in its most recent RBC Report, SAR reported an RBC of 1,352.9%. Based on the findings detailed in the Memorandum and resulting adjustments to admitted assets, the Department determined that the Licensee's RBC Reports were inaccurate and issued an Adjusted RBC Report for each on April 10, 2024, stating the reasons for the adjustments to the Licensees' RBC.

10. ACL's Adjusted RBC Report states that ACL has a RBC ratio of -19,734.85% and SAR's Adjusted RBC Report states that SAR has a RBC ratio of -44,065.77%.

### **CONCLUSIONS OF LAW**

1. The South Carolina Department of Insurance has jurisdiction over ACL, SAR and this matter pursuant to its regulatory authority under the Insurance law, S.C. Code Ann. §§ 38-1-10 *et seq.*
2. Under the Risk-Based Capital (RBC) regulatory scheme set forth in Article 3, Chapter 9 of Title 38 of the Code of Laws of South Carolina 1976, as amended, the Department is required to take certain preventive and corrective measures which vary depending on the severity of any lack of capital sufficiency indicated by the RBC result.
3. Capital sufficiency is the ratio of total adjusted capital to Authorized Control Level RBC, or the number determined by the RBC formula in accordance with the RBC Instructions set forth in South Carolina law. See S.C. Code Ann. § 38-9-310(18)(c) (2015).
4. S.C. Code Ann. §§ 38-9-330 through 38-9-360 detail four levels of regulatory intervention based on this ratio: If the ratio is at or above 200%, no regulatory intervention is needed. Below that ratio, regulatory interventions range from requiring submission of a company action plan to mandatory takeover by the Department of management of the company. *Id.* If the ratio is below 70%, the Department must take over management of the company, i.e., it signifies a Mandatory Control Level Event. See S.C. Code Ann. § 38-9-360 (2015).
5. S.C. Code Ann. § 38-9-310(20) (2015) defines a "RBC Report" as "the report required by Section 38-9-320" of the South Carolina Code.
6. S.C. Code Ann. § 38-9-320 (2015) requires that, on or before March 1 of each year, every domestic life and health insurer prepare and submit an RBC Report in accordance with the formula detailed in the RBC Instructions, applying the factors in the manner detailed in the RBC Instructions.
7. S.C. Code Ann. § 38-9-320(F) (2015) provides that if a domestic licensee files an RBC Report which is inaccurate, then the Director must adjust the RBC Report to correct the inaccuracy and must notify the domestic licensee in writing of the adjustment, stating the reasons for the adjustment.
8. S.C. Code Ann. § 38-9-310(1) (2015) defines an "Adjusted RBC Report" as a risk-based capital report which has been adjusted in accordance with Section 38-9-320(F) as described above.
9. S.C. Code Ann. § 38-9-360(A)(1) (2015) provides that a "Mandatory Control Level Event" includes filing of an RBC Report which indicates that the licensee's Total Adjusted Capital is less than its Mandatory Control Level RBC.

- a. S.C. Code Ann. § 38-9-310(21) (2015) defines “Total Adjusted Capital” as the sum of an insurer’s statutory capital and surplus and any other items provided in the RBC Instructions.
  - b. S.C. Code Ann. § 38-9-310(18)(d) (2015) defines “Mandatory Control Level RBC” as the product of .70 and the Authorized Control Level RBC.
10. S.C. Code Ann. § 38-9-360(A)(2) (2015) provides that a “Mandatory Control Level Event” also includes notification of an Adjusted RBC Report pursuant to Section 38-9-360(A)(1), provided the insurer does not challenge that Adjusted RBC Report pursuant to S.C. Code Ann. § 38-9-370 (2015).
11. Under Section 38-9-370, either Licensee may request a confidential hearing, on a record before the Director, challenging the Adjusted RBC Report, provided notice of the request is received within five days after the notification of the Report; and the hearing must be conducted no less than ten days nor more than thirty days after the date of the hearing request.
12. Pursuant to S.C. Code Ann. § 38-9-360(A)(2) (2015), if an insurer challenges an Adjusted RBC Report notification, then the Mandatory Control Event Level occurs upon notification that the challenge is unsuccessful.
13. ACL’s adjusted RBC of -19,734.85% and SAR’s adjusted RBC of -44,065.77%, as stated in the Adjusted RBC Reports, both indicate a Mandatory Control Level RBC, triggering a Mandatory Control Level Event.
14. S.C. Code Ann. § 38-9-360(B)(1) (2015) provides that in the event of a Mandatory Control Level Event for a life and health insurer, the Director “must take action necessary to place the insurer under regulatory control pursuant to Section 38-26-10, *et seq.*, or Section 38-27-10, *et seq.*,” but that the Director “in his discretion, may forego action for up to ninety days after the Mandatory Control Level Event” if he finds “that there is a reasonable expectation that the Mandatory Control Level Event will be eliminated within that period.”
15. S.C. Code Ann. § 38-9-360(B)(1) (2015) also provides that a Mandatory Control Level Event is sufficient grounds for the Director to take action necessary to place the insurer under regulatory control pursuant to Chapters 26 or 27 of Title 38 of the Code.
16. The Adjusted RBC Report indicating that each Licensees’ adjusted RBC is less than the Mandatory Control Level RBC constitutes a Mandatory Control Level Event and is sufficient grounds for placing ACL and SAR into supervision pursuant to S.C. Code Ann. § 38-26-10 *et seq.*
17. The Mandatory Control Level Event that occurred upon notification of the Adjusted RBC Reports is sufficient grounds for placing ACL and SAR into supervision pursuant to S.C. Code Ann. § 38-26-10 *et seq.*

18. S.C. Code Ann. § 38-26-40 (2015) provides, in pertinent part:
- (A) An insurer may be subject to administrative supervision by the department if upon examination or at another time it appears in the discretion of the director or his designee that one or more of the following circumstances exist:
- (1) The insurer's condition renders the continuance of its business hazardous to the public or to its insureds [or]
- (3) The insurer has failed to comply with a provision of the insurance laws of this State.
19. The condition of ACL and SAR renders the continuance of their business without intervention hazardous to the public and their insureds, warranting supervision pursuant to S.C. Code Ann. § 38-26-40(A)(1) (2015).
20. ACL and SAR failed to comply with the provisions of Chapter 12 of Title 38 of the Code of Laws of South Carolina 1976, as amended, specifically, exceeding the limitation on investments from a single issuer set forth in S.C. Code Ann. § 38-12-220(A)(1) (2015), warranting supervision pursuant to S.C. Code Ann. § 38-26-40(A)(3) (2015).
21. S.C. Code Ann. § 38-26-50 (2015) provides that the proceedings, hearings, notices correspondence, reports, records, and other information in the possession of the Director, his designee or the Department of Insurance relating to the supervision of an insurer are confidential except as provided.

### **ORDER**

IT IS THEREFORE ORDERED that ACL and SAR be placed under the Department's supervision pursuant to the Administrative Supervision of Insurers Act, S.C. Code Ann. §§ 38-26-10, *et seq.* Pursuant to that Act and S.C. Code Ann. § 38-3-150 (2015), I hereby appoint Michael J. FitzGibbons of FitzGibbons and Company, Inc. as Supervisor of ACL and of SAR, vesting him with full authority to apply all applicable statutes and regulations.

IT IS FURTHER ORDERED that, pursuant to S.C. Code Ann. § 38-26-60 (2015), during the period of supervision neither ACL nor SAR may do any of the following acts *without the prior approval* of the Supervisor or his appointed representative(s) for supervision:

- 1) Dispose of, convey, or encumber its assets or its business in force.
- 2) Withdraw its bank accounts.
- 3) Lend its funds.

- 4) Invest its funds.
- 5) Transfer its property.
- 6) Incur any debt, obligation, or liability.
- 7) Merge or consolidate with another company.
- 8) Approve new premiums or renew policies.
- 9) Enter into a new reinsurance contract or treaty.
- 10) Terminate, surrender, forfeit, convert or lapse an insurance policy, a certificate, or a contract, except for nonpayment of premiums due.
- 11) Release, pay, or refund premium deposits, accrued cash or loan values, unearned premiums, or other reserves on an insurance policy, certificate, or contract.
- 12) Make a material change in management; and
- 13) Increase salaries or benefits of officers or directors or the preferential payment of bonuses, dividends, or other preferential payments.

IT IS FURTHER ORDERED that, effective immediately, the Insurer's writings shall be subject to the approval of the Supervisor in accordance with S.C. Code Ann. §§ 38-26-60 (6), (8), and (9) (2015) and 38-5-120(D)(2).

IT IS FURTHER ORDERED that the Supervisor shall fix and determine all costs incident to services rendered by him or his appointed representative(s) pursuant to this Order. This amount is to be a charge against the assets and funds of the Licensees to be paid as required by S.C. Code Ann. § 38-13-70 (2015).

IT IS FURTHER ORDERED that, in accordance with S.C. Code Ann. § 38-26-40(C) and (E) (2015), ACL will remain under the administrative supervision of this Department for at least six months or until it demonstrates to the Department's satisfaction that the conditions which have made this action necessary have been abated. In order for the Licensees to have adequately abated such conditions, ACL and SAR each shall, at a minimum:

- 1) Recapture its investments with 777 Re,
- 2) Liquidate those recaptured investments to the fullest extent possible,
- 3) Identify assets that are inaccurately valued and mark down those assets as appropriate,

- 4) Sever its relationship with 777 Re and 777 Partners, and
- 5) Take such other measures as the Supervisor, in consultation with the Department, reasonably determines are necessary to adequately abate the conditions giving rise to the supervision.

If, pursuant to S.C. Code Ann. § 38-26-40(D) (2015), it is determined after notice and hearing that the conditions giving rise to the supervision have not been adequately abated at the end of the supervision period, the Director or his designee may extend the period, or he may initiate proceedings under Chapter 27 of Title 38 of the South Carolina Code.


IT IS FURTHER ORDERED that nothing contained within this Order should be construed to limit, or to deprive any person of, any private right of action under the law. Nothing contained within this Order should be construed to limit, in any manner, the criminal jurisdiction of any law enforcement or judicial officer. Nothing contained within this Order should be construed to limit the duty of the Director, pursuant to S.C. Code Ann. § 38-3-110(3) (2015), exercised either directly or through the Department, to “report to the Attorney General or other appropriate law enforcement officials criminal violations of the laws relative to the business of insurance or the provisions of this title which he considers necessary to report.” Nothing contained within this Order should be construed to limit the ability of the Director to impose further action against ACL or SAR, including placing either into conservation, rehabilitation, liquidation, or other delinquency proceedings, during the period of administrative supervision or, as the Director believes, in his sole discretion, based upon the results of the current financial examination or otherwise, circumstances warrant. See S.C. Code Ann. § 38-26-80 (2015).

This Order and all plans, reports, examinations, analysis, corrective orders, and all other information pertaining to this action are to be treated as confidential and not subject to subpoena pursuant to the requirements of S.C. Code Ann. §§ 38-26-50 and 38-9-380 (2015). This Order is binding upon ACL and SAR and their agents, servants, officers, directors, employees, attorneys, and on all those persons in active concert or participation with them or who will receive actual or constructive notice of this Order by personal service or otherwise.

Pursuant to S.C. Code Ann. § 38-26-40(B)(3) (2015), this action by the Director is subject to review pursuant to related regulations and the Administrative Procedures Act.

This Order is effective on the date of my signature below.

April 10, 2024  
Columbia, South Carolina

  
Michael Wise  
Director

Date: October 21, 2024

To: Kenny King

From Mike FitzGibbons, Supervisor of ACAP Insurers

Re: Cessation of New Business

As we discussed just now, A-CAP needs to promptly shut down all new premium writings.

This applies to [REDACTED].

- Atlantic Coast Life Insurance Company (ACL)

[REDACTED]

This cessation of premium also applies to [REDACTED]:

[REDACTED]

- Southern Atlantic Re, Inc.

[REDACTED]

[REDACTED] are included despite, as I believe, [REDACTED] premium is captive, originating from ACL [REDACTED]

As Supervisor, I am unwilling to continue to permit the insurers to incur new liabilities, particularly policyholder liabilities when all companies RBC are at a mandatory control level and each of the insurers exhibit negative surplus. This cessation of writings is in accordance with the Utah and South Carolina Supervision Orders at Utah 2(f), 3(f) and South Carolina #6, #8 respectively, among other authorities.

Both the Utah Insurance Department and the South Carolina Department of Insurance may issue their own Cease and Desist orders.

Please confirm receipt of this writing and confirm your immediate compliance.

Thanks

[REDACTED]



Date: November 14, 2024

To: Kenny King

From Mike FitzGibbons, Supervisor of ACAP Insurers



Re: Cessation of New Business

Based on our November 5 discussion, I'm amending the October 21 directive to cease writing new business. ACAP now has until December 31, 2024.

This applies to [REDACTED] insurers:

- Atlantic Coast Life Insurance Company

[REDACTED]

- Southern Atlantic Re, Inc.

[REDACTED]

[REDACTED] the companies' RBC's reflect mandatory control level and [REDACTED] exhibit negative surplus. This cessation of writings is in accordance with the Utah and South Carolina Supervision Orders at Utah 2(f), 3(f) and South Carolina #6, #8 respectively, among other authorities.

Both the Utah Insurance Department and the South Carolina Department of Insurance may issue Cease and Desist Orders.

I am also not approving the proposed retrocession agreements:

- Flow treaty due to cessation of writings
- The closed blocks to maintain liquidity at the insurers.

Please confirm your expected compliance.

Thanks

[REDACTED]

**Before the State of South Carolina  
Department of Insurance**

In the Matter of:

**Atlantic Coast Life  
Insurance Company,**

and

**Southern Atlantic Re, Inc.**

1565 Sam Rittenberg Blvd., Suite 102  
Charleston, SC 29407.

**Order Amending Confidentiality of  
Certain Provisions of Confidential Order  
Imposing Administrative Supervision  
and Appointing Supervisor**

The South Carolina Department of Insurance (Department) brings this matter before me for an amendment to my April 10, 2024 Confidential Order Imposing Administrative Supervision and Appointing Supervisor, in which I placed Atlantic Coast Life Insurance Company, ("ACL") and Southern Atlantic Re, Inc. ("SAR"), collectively referred to as "the Licensees," into confidential administrative supervision. The Department requests that I partially lift confidentiality of the administrative supervision proceedings to permit the disclosure of certain specified information regarding the Licensees, on the grounds that that it is in the best interest of the public or in the best interest of each insurer, its insureds, its creditors, or the general public.

**FINDINGS OF FACT**

1. ACL is a South Carolina domestic life, accident and health insurance company that holds a certificate of authority under the provisions of S.C. Code Ann. § 38-5-30 (2015). The Department granted ACL a license to transact business as an insurance company on February 1, 1925. In 2015, it was acquired by Advantage South, LLC, a Delaware limited liability company that is wholly owned and controlled by Advantage Capital Holdings LLC ("A-CAP").
2. According to its most recent financial statement, ACL is licensed in Alabama, Alaska, Arizona, Arkansas, Colorado, Delaware, Florida, Georgia, Hawaii, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Massachusetts, Maryland, Mississippi, Missouri, Montana, Nebraska, Nevada, New Mexico, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, and Wyoming. It provides both life insurance and annuity products.
3. SAR is a South Carolina domestic captive reinsurance company that provides reinsurance exclusively to ACL. As a stipulation of licensure, SAR is regulated under Chapter 9 of Title 38 of the Code of Laws of South Carolina 1976, as

amended. SAR is also controlled by A-CAP.

4. As noted in my April 10, 2024 Order placing the Licensees into administrative supervision, the Utah Insurance Department is conducting a full scope financial examination of five affiliated insurance companies controlled by A-CAP, including ACL and SAR. The examination was initiated on May 9, 2023, and the Department joined on January 25, 2024.
5. The April 10, 2024 Order provided, in pertinent part, "This Order and all plans, reports, examinations, analysis, corrective orders, and all other information pertaining to this action are to be treated as confidential and not subject to subpoena pursuant to the requirements of S.C. Code Ann. §§ 38-26-50 and 38-9-380 (2015)."
6. That Order further provided that "effective immediately, [ACL's and SAR's] writings shall be subject to the approval of the Supervisor in accordance with S.C. Code Ann. §§ 38-26-60 (6), (8), and (9) (2015) and 38-5-120(D)(2)."
7. That Order further provided that Michael J. FitzGibbons was appointed Supervisor of ACL and of SAR, vesting him with full authority to apply all applicable statutes and regulations.
8. ACL and SAR remain in administrative supervision. The conditions giving rise to the need for administrative supervision persist.
9. On November 14, 2024, the Supervisor directed management of ACL and SAR "to cease writing new business," effective "December 31, 2024."
10. In his correspondence of November 14, 2024, the Supervisor explained that ACL and SAR's risk-based capital (RBC) "reflect[ed] mandatory control level" and that "each of the insurers exhibit negative surplus. This cessation of writings [directive] is in accordance with [paragraphs 6 and 8 of the South Carolina Supervision Order], among other authorities." In an earlier communication dated October 21, 2024, the Supervisor had written, "As Supervisor, I am unwilling to continue to permit the insurers to incur new liabilities, particularly policyholder liabilities when all companies['] RBC are at a mandatory control level and each of the insurers exhibit negative surplus."
11. On December 2, 2024, the Utah Insurance Commissioner issued an emergency order directing the three Utah-domiciled affiliates of ACL and SAR to, *inter alia*:
  - a. Cease writing all new business by December 31, 2024;
  - b. Cancel any new policies and new annuities issued after December 31, 2024; and

- c. Return to the purchaser of a policy or annuity described above, within five (5) business days, all money received from the purchaser in connection with the transaction.
11. The Utah Commissioner's Order provided that it did "not affect renewal policies."
12. The Utah Commissioner's Order also directed the Utah Insurance Department to "send this Emergency Order in its entirety, including the findings of fact and conclusions of law, to other state insurance regulators as directed by the National Association of Insurance Commissioners Troubled Insurer Company Handbook (2023)" and further directed the affected insurers to "complete and return an affidavit stating that they have sent a copy of this Emergency Order in its entirety, including the Findings of Fact and Conclusions of Law, to all producers who sell the Companies' products."
13. The Utah Commissioner's Order further provided, "This Emergency Order shall not be construed to limit the ability of the Commissioner to take other action against the Companies, including placing any of the Companies into rehabilitation, liquidation, or other delinquency proceedings."

#### **CONCLUSIONS OF LAW**

1. The South Carolina Department of Insurance has jurisdiction over ACL, SAR and this matter pursuant to its regulatory authority under the Insurance law, S.C. Code Ann. §§ 38-1-10 *et seq.*
2. S.C. Code Ann. § 38-26-50(A) (2015) provides, in pertinent part, "Proceedings, hearings, notices, correspondence, reports, records, and other information in the possession of the director, his designee, or the Department of Insurance relating to the supervision of an insurer are confidential except as provided by this section."
3. S.C. Code Ann. § 38-26-50(D) (2015) also provides, "The director or his designee may open the proceedings or hearings or make public notices, correspondence, reports, records, or other information if the director or his designee determines that it is in the best interest of the public or in the best interest of the insurer, its insureds, its creditors, or the general public."
4. Subsection (C) of the same Code section provides, "The director or his designee may open the proceedings or hearings or disclose notices, correspondence, reports, records, or other information to a department, agency, or instrumentality of this or another state or of the United States if the director or his designee determines that the disclosure is necessary or proper for the enforcement of the laws of this or another state or the United States."
5. In light of the public Utah Order regarding the affiliates of ACL and SAR, and the findings and directives therein, I have no difficulty in determining pursuant to Subsection 38-26-50(D) that it is in the best interest of each insurer, its insureds, its creditors, or the general public to make public the directive for the insurers not

to write any new business. This measure is necessary to avoid confusion, uncertainty and speculation as to the status of ACL and SAR by providing essential relevant information regarding these insurers, and to assure policyholders, creditors, the industry and the public that appropriate regulatory steps have been taken to protect their interests with respect to ACL and SAR.

6. I also find that certain specific public directives to the insurers are necessary to ensure that the directive issued by the Supervisor is complied with in a timely and complete manner to protect the best interests of each insurer, its insureds, its creditors, and the general public.

### **ORDER**

IT IS THEREFORE ORDERED that ACL and SAR remain under the Department's supervision pursuant to the Administrative Supervision of Insurers Act, S.C. Code Ann. §§ 38-26-10, *et seq.* and that, pursuant to that Act and S.C. Code Ann. § 38-3-150 (2015), Michael J. FitzGibbons of FitzGibbons and Company, Inc. remains Supervisor of ACL and of SAR, vested with full authority to apply and implement all applicable statutes, regulations and orders of this Department.

IT IS FURTHER ORDERED that to ensure full and timely compliance with the Supervisor's directive to ACL and SAR to cease writing all new business effective December 31, 2024, the Licensees shall:

- a. If they have not done so already, notify immediately all producers who sell the Licensee's products and any other relevant persons or entities that ACL and SAR are prohibited from writing any new business effective December 31, 2024 and confirm to the Supervisor and the Department that such notice has been provided;
- b. Cancel all new policies and new annuities issued after December 31, 2024; and
- c. Return to the purchaser of a policy or annuity described above, within five (5) business days, all money received from the purchaser in connection with the transaction.

The Supervisor's directive does not affect renewal policies.

IT IS FURTHER ORDERED that the following, and only the following, is hereby made public pursuant to Section 38-26-50(D):

- a. Without reference to the supervision, that ACL and SAR have been directed to cease writing all new business effective December 31, 2024.

- b. That ACL and SAR have been directed to notify immediately all producers who sell their products and any other relevant persons or entities that ACL and SAR are prohibited from writing any new business effective December 31, 2024 and to confirm to the Supervisor and the Department that such notice has been provided; and
- c. That should any new policies and new annuities be issued after December 31, 2024, ACL and SAR must cancel them and return to the purchaser of said policy or annuity, within five (5) business days, all money received from the purchaser in connection with the transaction.

IT IS FURTHER ORDERED that, pursuant to S.C. Code Ann. § 38-26-50(C) and other applicable law, the Department shall notify other state insurance regulators of the above public directives as prescribed by the National Association of Insurance Commissioners Troubled Insurer Company Handbook (2023).

IT IS FURTHER ORDERED that this Order and any matter contained herein which has not been made public is subject to the confidentiality provisions of S.C. Code Ann. § 38-26-50(A).

IT IS FURTHER ORDERED that nothing contained within this Order should be construed to limit, or to deprive any person of, any private right of action under the law. Nothing contained within this Order should be construed to limit, in any manner, the criminal jurisdiction of any law enforcement or judicial officer. Nothing contained within this Order should be construed to limit the duty of the Director, pursuant to S.C. Code Ann. § 38-3-110(3) (2015), exercised either directly or through the Department, to "report to the Attorney General or other appropriate law enforcement officials criminal violations of the laws relative to the business of insurance or the provisions of this title which he considers necessary to report." Nothing contained within this Order should be construed to limit the ability of the Director to impose further action against ACL or SAR, including placing either into conservation, rehabilitation, liquidation, or other delinquency proceedings, during the period of administrative supervision, as the Director believes, in his sole discretion, circumstances warrant. See S.C. Code Ann. § 38-26-80 (2015).

All provisions of my April 10, 2024 Order not inconsistent with this Order remain in full force and effect.

Pursuant to S.C. Code Ann. § 38-26-40(B)(3) (2015), this action by the Director is subject to review pursuant to related regulations and the Administrative Procedures Act.

This Order is effective on the date of my signature below.

December 11, 2024  
Columbia, South Carolina

  
Michael Wise  
Director