

EXAMINATION REPORT OF
BESTOW LIFE INSURANCE COMPANY
DES MOINES, IOWA
AS OF DECEMBER 31, 2022

Des Moines, Iowa
May 29, 2024

HONORABLE DOUG OMMEN
Commissioner of Insurance
State of Iowa
Des Moines, Iowa

Commissioner:

In accordance with your authorization and pursuant to Iowa statutory provisions, an examination has been made of the records, affairs and financial condition of

BESTOW LIFE INSURANCE COMPANY

DES MOINES, IOWA

AS OF DECEMBER 31, 2022

at its statutory home office of 5550 Wild Rose Lane, Suite 400, West Des Moines, Iowa 50266 and the Company's Main Administrative Office located at 2700 Commerce Street, Suite 1000; Dallas, Texas 75226. The report of such examination, containing applicable comments, explanations and financial data, is presented herein.

INTRODUCTION

Bestow Life Insurance Company, hereinafter referred to as the ("Company"), was previously examined as Centurion Life Insurance Company, as of December 31, 2017, by the Iowa Insurance Division.

SCOPE OF EXAMINATION

This is the regular comprehensive financial examination of the Company covering the intervening period from January 1, 2018, to the close of business on December 31, 2022, including any material transactions and/or events occurring and noted subsequent to the examination period.

The examination was conducted in accordance with the National Association of Insurance Commissioners (NAIC) Financial Condition Examiners Handbook. The Handbook requires that we plan and perform the examination to evaluate the financial condition, 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 Statutory Accounting Principles. 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 significant findings of fact and general information about the insurer and its financial condition.

HISTORY

Centurion Life Insurance Company was incorporated on May 10, 1956, as Consumers Life Insurance Company and commenced business on July 1, 1956, under authority granted by the Missouri Insurance Department to write life, accident and health insurance. The name Centurion Life Insurance Company was adopted on August 11, 1976.

Effective May 30, 2005, Crocker Life Insurance Company merged into Centurion Life Insurance Company.

Effective December 31, 2006, Centurion Life Insurance Company was redomiciled from Missouri to Iowa.

Effective May 14, 2014, Financial Life Insurance Company of Georgia merged into Centurion Life Insurance Company.

The Company was sold by its parent, Wells Fargo Financial, LLC. (“Wells Fargo”) to Bestow Inc. on August 31, 2021. Post-sale, the name was changed to Bestow Life Insurance Company on September 2, 2021.

CAPITAL STOCK AND DIVIDENDS

Authorized capital consists of 25,000 shares of common stock, par value of \$100 per share. As of December 31, 2022, the Company had \$2,500,000 in common capital stock and \$8,101,797 in gross paid in and contributed surplus. The common stock of the Company at December 31, 2018 and 2019, was wholly owned by Wells Fargo.

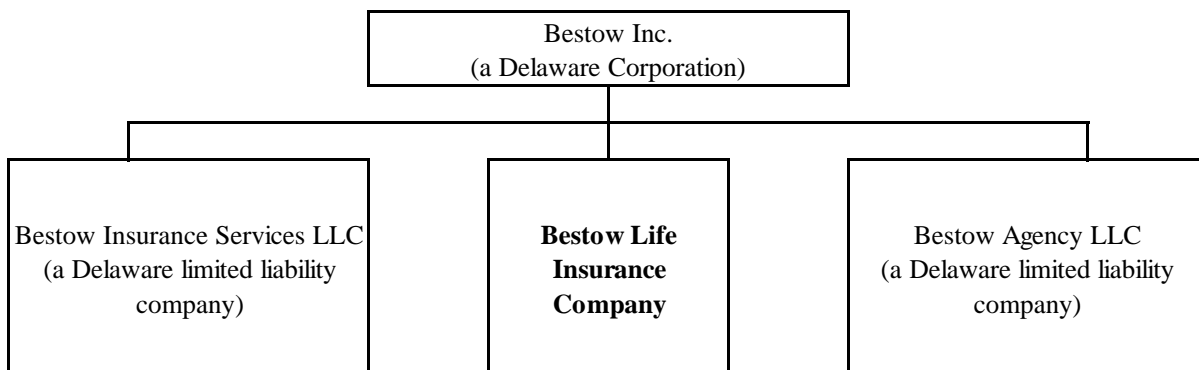
On November 5, 2020, Bestow, Inc. entered into a Stock Purchase Agreement with Wells Fargo to purchase all 25,000 shares of capital stock of the Company. The transaction was effective August 31, 2021.

The Company received a capital contribution of \$4,000,000 from its parent, Bestow Inc., on September 2, 2021.

INSURANCE HOLDING COMPANY SYSTEM

The Company is a member of an Insurance Holding Company System as defined by Chapter 521A, Code of Iowa, and is a wholly-owned subsidiary of Bestow Inc., a Delaware Corporation. An Insurance Holding Company System Registration Statement was filed annually with the Iowa Insurance Division for each of the years in the examination period.

A simplified organizational chart, as of December 31, 2022, is presented as follows:



MANAGEMENT AND CONTROL

SHAREHOLDERS

The annual meeting of the shareholders shall be held in each year at such time and place as shall be fixed by the Board of Directors or by the Chairman of the Board of Directors or the President. At each annual meeting, the shareholders shall elect Directors and may conduct any other business properly brought before the meeting.

Special meetings of the shareholders, for any purpose, may be called, and the time and place fixed, by the Board of Directors or by the holders of shares representing not less than ten percent of all votes entitled to be cast at the proposed special meeting.

Any annual meeting or special meeting of shareholders may be held at any place, either within or without the State of Iowa. Written or printed notice stating the place, day, and hour of the meeting and, in case of a special meeting, the purpose for which the meeting is called, shall be delivered not less than ten days nor more than sixty (60) days before the date of the meeting.

Except as otherwise expressly provided by law, the Articles of Incorporation or the Bylaws, shares representing a majority of the votes entitled to be cast, represented in person or by proxy, shall constitute a quorum at any meeting of shareholders. Each outstanding share entitled to vote shall be entitled to one vote on each matter submitted to a vote at a meeting of shareholders, other than election of Directors.

The Chairman of the Board of Directors, or the President, or a Vice President shall preside at each meeting of shareholders, but if absent or refuse to act, the shareholders may elect or appoint a chairman to preside at the meeting.

BOARD OF DIRECTORS

The business and affairs of the Corporation shall be managed by its Board of Directors and may exercise all such powers of the Corporation. The shareholders shall elect the Directors of the Corporation at each annual meeting of the sole shareholder. Each shareholder entitled to vote shall have the right to vote the number of shares owned by him and entitled to vote, for as many persons as the number of Directors to be elected.

The Board of Directors shall consist of five or more Directors, which number shall be established from time to time by the Board of Directors, but in no effect less than five. Directors need not be residents of the State of Iowa or shareholders of the Corporation.

Any vacancy occurring in the Board of Directors for any reason, and any Directorship to be filled by reason of an increase in the number of Directors, may be filled by the affirmative vote of a majority of the Directors then in office even if less than a quorum.

A regular meeting of the Board of Directors may be held without notice, promptly after and at the same place as each annual meeting of shareholders. Other regular meetings of the Board of Directors may be held at such time and at such places as shall be fixed by resolution or motion adopted by the Board of Directors from time to time.

Special meetings of the Board of Directors may be called, and the time and place fixed, by the Chairman of the Board, the President or by a majority of the Directors then in office.

Any regular meeting or special meeting of the Board may be held at any place, either within or without the State of Iowa. If no designation is made of the place of a meeting of the Board, the place of meeting shall be the registered office of the Corporation in the State of Iowa.

A majority of the number of Directors fixed by or in accordance with the Bylaws immediately prior to any meeting of the Board shall constitute a quorum at such meeting. The Chairman of the Board or the President, shall preside at each meeting of the Board, but if absent or refuse to act, the Board of Directors may appoint a chairman to preside at the meeting.

The Directors duly elected and serving as of December 31, 2022, were as follows:

<u>Name</u>	<u>Principal Business Affiliation</u>	<u>Term Expires</u>
Melbourne O'Banion III	Bestow Life Insurance Company	2024
Jonathan Abelmann	Bestow Life Insurance Company	2024
Claire Martin	Bestow Life Insurance Company	2024
Christopher Laia	Bestow Life Insurance Company	2024
Jeremy Bill	Bestow Life Insurance Company	2024

COMMITTEES

The Board of Directors may designate one or more committees. Each committee shall consist of two (2) or more Directors appointed by the Board of Directors. Any such committee shall have and may exercise all the authority and powers of the Board, however; no committee shall have or exercise any authority prohibited by law. No member of any committee shall continue to be a member thereof after he ceases to be a Director of the Corporation.

The affirmative vote of a majority of all members of a committee shall be required for the adoption of any motion or resolution or the taking of any action by any such committee, except that an alternate member may take the place of any absent member to the extent provided. The Board may elect or appoint one or more Directors as alternate members of any such committee.

The Board of Directors may at any time increase or decrease the number of members of any committee, fill vacancies therein, remove any member thereof, adopt rules and regulations therefor, or change the functions or terminate the existence thereof.

A Director shall be entitled to be reimbursed for any expenses paid by them on account of attendance at any meeting of the Board of Directors or of a committee of Directors on which he or she serves. The Board of Directors may fix or provide for reasonable compensation of any Director, except for Directors who are officers of the Corporation, for services rendered to the Corporation as a Director or member of a committee of Directors.

The Board of Directors designated an Audit Committee and a Risk & Compliance Committee as Board Committees. Given the size of the Board, the entire Board sits for these Committees, if and when they meet.

The Risk & Compliance Committee represents and assists the Board in fulfilling its oversight responsibility regarding the Company's compliance and ethics programs, including, but not limited to, its compliance with the laws and regulations that apply to its business operations.

The Audit Committee is responsible for choosing and retaining external auditors, as applicable; reviewing the audit plan; and reviewing with the auditors their proposed audit report and management letter; meeting privately with the independent auditor from time to time and at least once annually in person to review management's internal controls; and reviewing with management and the independent auditor the financial statements of the Company prior to filing.

OFFICERS

The officers of the Corporation shall be a President, a Secretary, and a Treasurer, and such other officers as the Board of Directors deems advisable, which may include, a Chairman of the Board, one or more Vice Presidents, one or more Assistant Secretaries, and one or more Assistant Treasurers.

At the first meeting of the Board of Directors held after each annual meeting of shareholders, the Board shall elect a President, Secretary, and a Treasurer, and may elect such other officers as the Board deems advisable, including a Chairman of the Board, one or more Vice Presidents, one or more Assistant Secretaries, and one or more Assistant Treasurers.

Each officer shall hold office until his or her successor shall be elected or appointed and shall qualify, or until his or her earlier death, resignation, or termination of employment with the Corporation. Officers need not be residents of the State of Iowa or Directors or shareholders of the Corporation. Any two or more offices may be held by the same person. The duties and powers of all officers and agents of the Corporation shall be determined and defined from time to time by the Board of Directors.

The Chairman of the Board, if one is in office, shall preside at all meetings of the shareholders and of the Board of Directors. He shall be responsible for making recommendations concerning Board policies and committees, maintain Board liaison with the President, and shall have the same powers as the President on behalf of the Corporation. He may from time to time, authorize or direct the President to perform any of the duties or exercise any of the powers of the Chairman.

The officers duly elected and serving as of December 31, 2022, are:

<u>Name</u>	<u>Title</u>
Jonathan Abelmann	President
Melbourne O'Banion III	Chief Executive Officer
Claire Martin	Chief Financial Officer
Christopher Laia	Chief Legal Officer & Secretary
Luke McLaren	Chief Compliance Officer
Adam Boender	Vice President of Product
Jeremy Bill	Chief Insurance Officer
Daniel Stevens	Chief Actuary

CONFLICT OF INTEREST

The Company was unable to provide a signed Conflict of Interest form for one of the Officers listed on the 2021 jurat page. The Company also stated that administration of the annual Conflict of Interest forms inadvertently lapsed in 2022. Therefore, signed Conflict of Interest forms for the Officers and Directors listed on the 2022 jurat page could not be provided.

The Company indicated that in 2023, a new Code of Conduct training was launched. As part of this training, all employees are required to complete and sign a Conflict of Interest form on an annual basis. The Exam Team verified the Company has established a procedure for annual disclosure to its Board of Directors of any material interest or affiliation of its Officers or Directors, which is in conflict with their official duties. There were no conflicts found that would appear to interfere with any Officers' or Directors' official duties.

CORPORATE RECORDS

The Articles of Incorporation and Bylaws were amended and restated August 31, 2021, to reflect the name change to Bestow Life Insurance Company along with the change in address.

The Articles of Incorporation and Bylaws were amended and restated November 19, 2021, to reflect another change in address.

The minutes of the meetings of the shareholders and the Bestow Life Insurance Company Board of Directors were reviewed for the examination period.

INTERCOMPANY AGREEMENTS

The Company is party to an Intercompany Service Agreement with Bestow Inc., effective September 1, 2021. Bestow Inc. provides administrative and special services to the Company and the use of day-to-day operations of certain property, equipment and facilities.

The Company is party to an Intercompany Service Agreement with Bestow Agency LLC, effective September 1, 2021. Bestow Agency LLC provides certain services to the Company, including actuarial, financial, sales, marketing/advertising, underwriting, claims, and policy administration for insurance contracts issued.

FIDELITY BONDS AND OTHER INSURANCE

The Company is protected by a Fiduciary Liability Bond. The total limit on the bond is \$1 million with a \$5,000 retention.

The Company does not have any employees and does not own any property that would require any additional coverages as of December 31, 2022.

EMPLOYEES' WELFARE

The Company does not have any employees and therefore does not provide any defined benefit pension plan benefits or other postretirement benefits.

STATUTORY DEPOSITS

The book/adjusted carrying value of special deposits held in trust, which are not held for the protection of all policyholders, are as follows:

Arkansas	\$139,019	Missouri	\$736,709	North Carolina	\$423,253
Georgia	\$130,000	New Hampshire	\$628,619	Guam	\$ 50,000
Massachusetts	\$130,000	New Mexico	\$480,000		

The book/adjusted carrying value of special deposits held in trust for the protection of all policyholders is \$1,469,840 as of December 31, 2022.

REINSURANCE

A review found that reinsurance agreements entered into during the examination years contained proper insolvency clauses and none of the contract provisions were noted to be outside the general practice of the industry. Specific reinsurance terms are as follows:

ASSUMED

The Company had no assumed reinsurance as of December 31, 2022.

CEDED

Somerset Reinsurance Ltd. ("Somerset Re")

The Company entered into a reinsurance agreement with Somerset Reinsurance Ltd, effective August 31, 2021. Somerset Re manages a small block of run-off annuity and individual life business that is ceded through a 100% Coinsurance Funds Withheld Agreement.

Munich American Reassurance Company (“Munich Re”)

Effective December 1, 2022, the Company entered into an Automatic Coinsurance Agreement with Munich Re to reinsure new Term Life business.

Hannover Life Reassurance Company of America (“Hannover Life Re”)

Effective December 1, 2022, the Company entered into an Automatic Coinsurance Agreement with Hannover Life Re to reinsure new Term Life business.

RGA Reinsurance Company (“RGA”)

Effective December 1, 2022, the Company entered into an Automatic Coinsurance Agreement with RGA to reinsure new Term Life business.

TERRITORY AND PLAN OF OPERATION

The Company’s parent, Bestow Inc., was originally formed to capitalize and develop a digital term life insurance platform through its two wholly owned subsidiaries: Bestow Life Insurance Company and Bestow Agency LLC. Bestow Agency LLC offers Bestow Life Insurance Company term life insurance using a digital technology platform to deliver products directly to consumers.

At December 31, 2022, the Company was authorized to transact business in all U.S. states and the District of Columbia, except New York and Maine. The Company was also licensed in Guam.

GROWTH OF COMPANY

The growth of the Company is reflected by the following data taken from official copies of filed annual statements for the years indicated.

<u>Year</u>	<u>Total Admitted Assets</u>	<u>Capital & Surplus</u>	<u>Premium and Annuity Income</u>	<u>Net Income</u>	<u>Net Investment Income</u>
2021	\$129,437,894	\$10,060,340	-	\$(605,015)	\$3,872,227
2022	116,826,133	8,545,621	-	456,221	2,868,151

ACCOUNTS AND RECORDS

Trial balance general ledgers were taken for each year under examination and were found to be in agreement with the office copies of the filed annual statements for those years.

During the course of the examination, no material aggregate surplus difference was identified from the amount reflected in the financial statements, as presented in the annual statement at December 31, 2022.

SUBSEQUENT EVENTS

On February 28, 2024, North American Company for Life & Health Insurance, a direct subsidiary of Sammons Financial Group, Inc., filed a Form A Statement seeking to acquire 100% of the outstanding shares of the Company. A hearing was held May 28, 2024.

FINANCIAL STATEMENTS
AND COMMENTS THEREON

Note: The following financial statements are based on the statutory financial statements filed by the Company with the Iowa Insurance Division and present the financial condition of the Company for the period ending December 31, 2022.

STATEMENT OF ASSETS AND LIABILITIES

ASSETS

	<u>Admitted</u>	<u>Non-Admitted</u>	<u>Total</u>
Bonds	\$ 105,877,387	\$ -	\$ 105,877,387
Cash, cash equivalents and short-term investments	5,694,071		5,694,071
Investment income due and accrued	769,109		769,109
Reinsurance:			
Amounts recoverable from reinsurers	3,999,155		3,999,155
Other amounts receivable under reinsurance contracts	74,518		74,518
Electronic data processing equipment and software	135,000	135,000	
Aggregate write-ins for other than invested assets:			
Prepaid Expenses	51,131	51,131	
Claim Reimbursement	396,710		396,710
Summary of remaining write-ins	15,183		15,183
Totals of aggregate write-ins for other than invested assets	<u>463,024</u>	<u>51,131</u>	<u>411,893</u>
Total assets	<u>\$ 117,012,264</u>	<u>\$ 186,131</u>	<u>\$ 116,826,133</u>

LIABILITIES, SURPLUS AND OTHER FUNDS

Aggregate reserve for life contracts	\$ 700,000
Interest maintenance reserve	3,321,931
General expenses due or accrued	479,053
Amounts withheld or retained by company as agent or trustee	7,035
Miscellaneous liabilities:	
Asset valuation reserve	847,131
Funds held under reinsurance treaties	102,712,360
Aggregate write-ins for liabilities:	
Unclaimed property	40,123
Contingency reserve	25,000
Premium received in advance	2,361
Summary of remaining write-ins	145,518
Total aggregate write-ins for liabilities	<u>213,002</u>
 Total liabilities	 <u>\$ 108,280,512</u>
 Common capital stock	 \$ 2,500,000
Gross paid in and contributed surplus	8,101,797
Unassigned funds (surplus)	<u>(2,056,176)</u>
 Total Capital and Surplus	 <u>\$ 8,545,621</u>
 Total Liabilities, Capital and Surplus	 <u>\$ 116,826,133</u>

SUMMARY OF OPERATIONS

Net investment income	\$ 2,868,151
Amortization of interest maintenance reserve (IMR)	1,179,272
Commissions and expense allowances on reinsurance ceded	478,332
Aggregate write-ins for miscellaneous income:	
Miscellaneous	40
Amortization of deferred gain	1,674,610
TX refund	<u>15,183</u>
Total	\$ 6,215,588
Increase in aggregate reserves for life and accident and health	<u>\$ 300,000</u>
Total	\$ 300,000
General insurance expenses and fraternal expenses	\$ 1,354,562
Insurance taxes, licenses and fees, excluding federal income taxes	111,025
Aggregate write-ins for deductions:	
Interest on funds held ceded	<u>3,993,780</u>
Total	<u>\$ 5,759,367</u>
Net Income	\$ 456,221

CAPITAL AND SURPLUS ACCOUNT

Capital and surplus prior reporting year	<u>\$ 10,060,340</u>
Net income	456,221
Change in non-admitted assets	(186,131)
Change in reserve on account of change in valuation basis (increase)	
Change in asset valuation reserve	(110,199)
Surplus adjustment:	
Change in surplus as a result of reinsurance	<u>(1,674,610)</u>
Net change in capital and surplus for the year	<u>\$ (1,514,719)</u>
Capital and surplus end of reporting period	<u>\$ 8,545,621</u>

CASH FLOW STATEMENT

Cash from Operations

Premiums collected net of reinsurance	\$ 18,880	
Net investment income	3,125,960	
Miscellaneous income	<u>2,168,165</u>	
Total		\$ 5,313,005
Benefit and loss related payments	\$ (160,362)	
Commissions, expenses paid and aggregate write-ins	<u>5,082,314</u>	
Total		<u>4,921,952</u>
Net cash from operations		<u>\$ 391,053</u>

Cash from Investments

Proceeds from investments sold, matured or repaid:		
Bonds	<u>\$ 16,954,304</u>	
Total investment proceeds		\$ 16,954,304
Cost of investments acquired (long-term only):		
Bonds	\$ 5,103,086	
Miscellaneous applications	<u>343,540</u>	
Total investments acquired		<u>5,446,626</u>
Net cash from investments		<u>\$ 11,507,678</u>

Cash from Financing and Miscellaneous Sources

Other cash provided (applied)	<u>\$ (11,748,960)</u>	
Net cash from financing and miscellaneous sources		<u>\$ (11,748,960)</u>

RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS

Net change in cash, cash equivalents and short-term investments	\$ 149,771
Cash, cash equivalents and short-term investments:	
Beginning of year	<u>5,544,300</u>
End of year	<u>\$ 5,694,071</u>

CONCLUSION

The assistance extended by the officers and employees of the Company during the course of this examination is hereby acknowledged.

In addition to the undersigned, examiners from the Iowa Insurance Division, financial and information systems specialists from Noble Consulting Services, Inc., and actuarial specialists from Insurance Strategies Consulting, LLC, participated in the examination and preparation of this report.

Respectfully submitted,

/s/ Karen Milster _____
Karen Milster, CFE
Examiner-in-Charge
Noble Consulting Services, Inc. on behalf of the
Iowa Insurance Division
State of Iowa

/s/ Amanda Theisen _____
Amanda Theisen, CFE
Assistant Chief Examiner and Exam Supervisor
Iowa Insurance Division
State of Iowa