

EXAMINATION REPORT OF
UNITED BENEFIT SOCIETY, INC.
DES MOINES, IOWA
AS OF DECEMBER 31, 2024

Clive, Iowa
October 31, 2025

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, business affairs, and financial condition of

UNITED BENEFIT SOCIETY

CLIVE, IOWA

AS OF DECEMBER 31, 2024

with its headquarters at 8230 Hickman Road, Clive, Iowa. The report containing applicable comments and financial data is presented herein.

SCOPE OF EXAMINATION

United Benefit Society, Inc., hereinafter referred to as the “Society” or “United Benefit,” was last examined as of December 31, 2017, by the Iowa Insurance Division.

This is the regular comprehensive financial examination of the Society covering the intervening period from January 1, 2018, to the close of business on December 31, 2024, including any material transactions and/or events occurring and noted subsequent to the examination period. The examination reported herein was conducted by examiners of the Insurance Division of Iowa.

A general review and survey were made of the Society’s operations and the manner in which its business had been conducted during the exam period. A detailed audit was not made of all transactions, but accounting practices and records were examined and tested to the extent deemed essential.

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.

The examination report includes significant findings of fact and general information about the Society and its financial condition.

HISTORY

The Society was organized in 1951 as a benevolent association. It was incorporated in 1967 under the Iowa Corporation Act, Chapter 496A, Code of Iowa, with perpetual existence. On January 4, 1993, the United Benefit Society, Inc. Employee Stock Ownership Plan, purchased the outstanding common stock of the Society. With the 1993 purchase, the Society came under common ownership/control with another benevolent, Mid-West Benefit, Inc. and with an Iowa licensed benevolent, Family Benefit Society.

The Society and its affiliate, Mid-West Benefit, Inc. periodically acquired members through various acquisitions. Effective January 2009, Mid-West and United Benefit Society, Inc. (United) entered into a merger agreement to transfer all 3,920 memberships in Mid-West to United Benefit and also assigned to United Benefit all of its rights. The total transaction amount for the merger of Mid-West into United Benefit was \$180,000. Expense assessment funds were used periodically to make payments under the agreement. The remaining liability was paid off in January 2016.

In October 2016, the remaining 700 members of Family Benefit Society were transferred and merged into United Benefit, bringing the total membership to 4,993 as of December 31, 2016. In 2017, the remaining life benefits balance of \$2,302.13 was also transferred to United Benefit.

MANAGEMENT AND CONTROL

MEMBERSHIP

The authorized capital stock of the Society is \$100,000 with 1,000 shares of \$100 par value common stock.

The Bylaws stipulate that the annual meeting of the stockholders shall be held at the principal place of business in Clive, Iowa, on the third Tuesday in February at 8:00 p.m. for the purpose of electing directors and for the transaction of such other business as may come before the meeting.

Special meetings may be called by the President, by the Board of Directors or by the holders of not less than one-tenth of all shares entitled to vote at the meeting. The majority of shareholders in person or by proxy constitutes a quorum.

BOARD OF DIRECTORS

The business and affairs of the Society shall be managed by a Board of Directors consisting of not less than three nor more than nine as fixed by the stockholders at each annual meeting or special meeting called for that purpose.

A director is elected for a term of one year. In case of vacancies, the majority of the remaining directors shall fill such vacancies until the next regular or special meetings of the shareholders. Directors and officers need not be shareholders of the Society.

Directors duly elected at the annual stockholders meeting held February 20, 2024, and serving as of December 31, 2024, were as follows:

| <u>Name</u> | <u>Address</u> | <u>Term Expires</u> |
|--------------------|-----------------------|---------------------|
| Armin F. Thielking | West Des Moines, Iowa | February 2025 |
| John W. Thielking | Des Moines, Iowa | February 2025 |
| Paul M. Thielking | Des Moines, Iowa | February 2025 |

All of the Society's Directors are family members.

OFFICERS

The annually elected officers of the Society shall be a President, a Vice President, a Treasurer, a Secretary and such other officers as may be elected by the Board of Directors.

The officers duly elected at the Board of Directors meeting held on February 20, 2024, and serving as of December 31, 2024, were as follows:

| <u>Name</u> | <u>Title</u> |
|--------------------|-------------------------|
| Armin F. Thielking | President |
| John W. Thielking | Vice President |
| Paul M. Thielking | Secretary and Treasurer |

Exhibit A discloses the compensation paid to officers and can be found immediately following the signature page of this report.

CORPORATE RECORDS

The Articles of Incorporation and Bylaws were not amended nor restated during the examination period. The minutes of the meetings of the Stockholders and Board of Directors were read and noted. The meeting minutes of the Board of Directors were silent with regards to the examination report dated December 31, 2017.

FIDELITY BONDS AND OTHER INSURANCE

The Society does not have a fidelity bond. The commercial general liability policy provides coverage for employer's liability, contents, medical expenses and business liability. The coverage is placed with an authorized insurer.

EMPLOYEE WELFARE

The Society adopted a new Medical Reimbursement Plan, effective January 1, 2020. According to the Plan, it was revised to cover any employee employed by the Society regardless of number of hours worked, including those who provide services on a regular basis but for whom no salary is paid, due to the income limitations of the Society. This was revised from reimbursing medical expenses for any employee who has attained the age of 21 years before the beginning of the Plan year and whose customary employment is for more than ten hours per week. The Plan was also revised to include coverage for long-term care insurance premiums.

Medical reimbursements for the years under exam were as follows:

| <u>Year</u> | <u>Medical Reimbursement</u> |
|-------------|------------------------------|
| 2018 | \$36,818.79 |
| 2019 | 39,000.00 |
| 2020 | 29,943.63 |
| 2021 | 5,320.00 |
| 2022 | 20,150.00 |
| 2023 | 4,100.00 |
| 2024 | 7,200.00 |

PLAN OF OPERATION

MEMBERSHIP

The Society operates a benevolent association composed of groups of members who make voluntary contributions for distribution to the beneficiary of the deceased member of that group. The Bylaws limit the number per group to not more than 1,250 members per group.

Any group that falls below fifty percent of its established size shall be merged into another existing group in the Society, and any funds of the depleted membership group shall become funds of the group into which it is merged. There was only one group remaining at the end of 2024, of which there were 1,132 members. Membership has fallen by 77% during the period under examination. As of the date of this report, the Society has not presented a plan of reorganization to the Commissioner for approval.

The number of members in each group was as follows during the period of examination:

| <u>Group</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> |
|--------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| 120A | 1,032 | 893 | 1,181 | 1,046 | 862 | 763 | **** |
| 120B | 1,062 | 926 | ** | | | | |
| 120C | * | | | | | | |
| Firemen | 779 | 749 | 762 | 613 | 557 | *** | |
| A | 1,020 | 873 | 1,142 | 969 | 790 | 694 | 1,132 |
| <hr/> | | | | | | | |
| TOTAL | 3,893 | 3,441 | 3,085 | 2,628 | 2,209 | 1,457 | 1,132 |

* Transferred 834 members from 120C to A, 120A, 120B in 2018.

** Transferred 868 members from 120B to 120A and A in 2020.

*** Transferred 535 members from Firemen to Units 120A and A in 2023.

**** Transferred 693 members from 120A to A in 2024.

Prior to 1993, the Bylaws provided for paid up memberships when contributions equaled the maximum benefit. During the period under examination, the benefit was paid for the last paid-up member. As of December 31, 2024, the Society does not recognize any paid-up memberships. Assessments are perpetual, regardless of the grand total of death benefit assessments paid to date by a member.

BENEFIT ASSESSMENTS

Members of the Society contribute \$1.00 per death. Section 191 Iowa Administrative Code 8.5 (2), stipulates that the benefit portion of the assessment shall not exceed the maximum benefit payable, as stated per the certificate of membership, by more than twenty percent.

The maximum benefit payable for all groups of the Society from January 1, 2018, to June 2022 was \$1,000. Due to the reduced membership as outlined in the Membership section of the report, the Society began making adjustments to the maximum benefit payable. Beginning in June 2022, the maximum benefit payable for all groups of the Society was reduced to \$900. Beginning in July 2023, the maximum benefit payable for all groups of the Society was reduced to \$750. As of December 31, 2024, the maximum benefit payable for the remaining group was \$750.

ENROLLMENT AND EXPENSE FEES

Enrollment fees may be charged for new members not to exceed \$8.00. If two or more family members enroll at the same time, the fee is \$6.00 per person.

Section 191 IAC 8.5(3), permits the assessment of an expense fee added as a separate item to each benefit assessment provided, the expense portion of any assessment represents actual costs directly related to the collection and payment of the certificate benefit. Each individual within a group is assessed \$0.35 per death as an expense fee. The total expenses paid during 2024 were \$36,730.03.

Expense fees paid by the Firemen group was only \$0.25 due to the savings in postage; however, this group was merged into other groups in 2023, and the expense fee was increased to \$0.35, in line with the rest of the group members.

BENEFIT RESERVE FUND

The amount collected in excess of the \$1,000, \$900 and now \$750 death benefit is credited to a reserve fund for the benefit of that group. The Bylaws require records to be kept disclosing the reserve funds of each group and the total reserve funds of all groups. The directors may invest funds in approved securities. Investment income earned on the benefit reserves for the years 2018, 2019, 2020, 2021, 2022, 2023 and 2024 were \$1,085.81, \$1,899.38, \$1,578.33, \$690.20, \$699.61, \$436.07, and \$0, respectively.

The following data is as reflected in the Society's Annual Statements for the exam period:

| <u>Year</u> | <u>Membership at Year-End</u> | <u>Benefit Assessments</u> | <u>Member Deaths</u> | <u>Benefits Paid</u> | <u>Enrollment Fees and Expense Fees Collected</u> | <u>Benefit Reserve Funds</u> |
|-------------|-----------------------------------|--------------------------------|--------------------------|--------------------------|---|--------------------------------------|
| 2018 | 3,893 | 298,680 | 348 | 336,192 | 103,168 | 205,214 |
| 2019 | 3,441 | 261,420 | 276 | 276,051 | 89,980 | 190,583 |
| 2020 | 3,085 | 266,020 | 268 | 271,021 | 91,655 | 185,582 |
| 2021 | 2,628 | 235,263 | 259 | 259,164 | 81,267 | 161,681 |
| 2022 | 2,209 | 165,557 | 220 | 196,548 | 56,889 | 130,690 |
| 2023 | 1,457 | 102,229 | 118 | 118,645 | 34,789 | 114,274 |
| 2024 | 1,132 | 105,199 | 147 | 111,521 | 36,730 | 107,952 |

ACCOUNTS AND RECORDS

The 2024 trial balance was reconciled to the Society's 2024 Annual Statement for most line items. However, since only one group remained in 2024, Receivable Ledgers were not prepared after June 2024. Therefore, two line items were not able to be reconciled.

Review was made of the Society's books and records and the filed financial statements for the seven years under examination. Certain operations information was not consistently relayed in the annual statement filings. One issue of concern is as follows:

- Reserve funds – surplus, is presented as a zero balance in aggregate although the Society does maintain funds for the benefit of members. As the Society transfers members, benefits reserve funds are not allocated into the members' new groups, resulting in groups with no members maintaining balances (both positive and negative). In 2021, the Iowa Insurance Division instructed the Society to merge the closed group benefit reserve funds into the remaining groups as directed in Iowa Administrative Code. As of December 31, 2024, all remaining benefit reserve funds were held in the one remaining group.

Iowa Code 512A.4 provides that the Society shall keep a record of all its transactions. The Society was unable to provide the following accounts and records, upon request by the Iowa Insurance Division:

- The Society was unable to provide Aging Reports for all groups from February to November 2018, February to November 2019, and February to November 2020. The Society was also unable to provide Aging Reports for the following groups and months: Firemen Unit for January 2019; Units A, 120B, and Firemen Aging Reports for December 2019; Units 120A, 120B and A Aging Reports for July and October 2020.
- The Society was unable to provide management W-2 and W-3 information for 2018.
- The Society was unable to provide cancellation information for the years 2018 and 2023, and partial information for the year 2021.

SUBSEQUENT EVENTS

As of October 2025, there were 841 members remaining.

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, 2024.

CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

ASSETS

| | |
|--|-------------------|
| Bank Deposits | \$ 107,952 |
| Benefit Contributions due from Members | <u>4,807</u> |
| Total | <u>\$ 112,759</u> |

LIABILITIES, CAPITAL AND SURPLUS

| | |
|---|-------------------|
| Life Benefits due Members but unpaid | \$ 107,952 |
| Life Benefit Contributions due from Members but not collected | <u>4,807</u> |
| Total Liabilities | <u>\$ 112,759</u> |
| Reserve Funds – Surplus | <u>\$ 0</u> |
| Total Liabilities and Reserve Funds | <u>\$ 112,759</u> |

CONSOLIDATED INCOME AND DISBURSEMENTS
AND
RECONCILIATION OF LEDGER ASSETS

| | |
|----------------------------------|-------------------|
| Ledger Assets, December 31, 2023 | \$ <u>114,274</u> |
|----------------------------------|-------------------|

INCOME

| | |
|----------------------------|-------------------|
| Life Benefit Contributions | \$ 105,199 |
| Expense Fees Collected | 36,730 |
| Interest Collected | <u>0</u> |
| Total Income | \$ <u>141,929</u> |
| Total Assets and Income | \$ <u>256,203</u> |

DISBURSEMENTS

| | |
|----------------------------|-------------------|
| Life Benefits Paid Members | \$ 111,521 |
| Medical Reimbursements | 7,200 |
| Director Fees | 593 |
| Postage & Telephone | 9,125 |
| Rent & Utilities | 9,867 |
| Printing & Stationery | 0 |
| Computer | 2,268 |
| Bank Charges | 463 |
| Insurance, Licenses & Dues | 670 |
| Supplies & Misc. | <u>6,543</u> |
| Total Disbursements | \$ <u>148,251</u> |

| | |
|--|-------------------|
| Balance – Ledger Assets, December 31, 2024 | \$ <u>107,952</u> |
|--|-------------------|

UNIT A STATEMENT OF ASSETS AND LIABILITIES

ASSETS

| | |
|--|-------------------|
| Bank Deposits | \$ 107,952 |
| Benefit Contributions due from Members | <u>4,807</u> |
| Total | <u>\$ 112,759</u> |

LIABILITIES, CAPITAL AND SURPLUS

| | |
|---|-------------------|
| Life Benefits due Members but unpaid | \$ 107,952 |
| Life Benefit Contributions due from Members but not collected | <u>4,807</u> |
| Total Liabilities | <u>\$ 112,759</u> |
| Reserve Funds – Surplus | <u>\$ 0</u> |
| Total Liabilities and Reserve Funds | <u>\$ 112,759</u> |

UNIT A INCOME AND DISBURSEMENTS
AND
RECONCILIATION OF LEDGER ASSETS

| | |
|----------------------------------|------------------|
| Ledger Assets, December 31, 2023 | <u>\$ 77,873</u> |
|----------------------------------|------------------|

INCOME

| | |
|----------------------------|-------------------|
| Life Benefit Contributions | \$ 81,557 |
| Expense Fees Collected | 28,485 |
| Interest Collected | <u>0</u> |
| Total Income | <u>\$ 110,041</u> |
| Total Assets and Income | <u>\$ 187,914</u> |

DISBURSEMENTS

| | |
|----------------------------|-------------------|
| Life Benefits Paid Members | \$ 80,751 |
| Expense Fees Paid | <u>27,548</u> |
| Total Disbursements | <u>\$ 108,298</u> |

| | |
|--|-------------------|
| Balance – Ledger Assets, December 31, 2024 | <u>\$ 107,952</u> |
|--|-------------------|

UNIT 120A INCOME AND DISBURSEMENTS
AND
RECONCILIATION OF LEDGER ASSETS

| | |
|----------------------------------|------------------|
| Ledger Assets, December 31, 2023 | <u>\$ 37,215</u> |
|----------------------------------|------------------|

INCOME

| | |
|----------------------------|------------------|
| Life Benefit Contributions | \$ 23,642 |
| Expense Fees Collected | 8,245 |
| Interest Collected | <u>0</u> |
| Total Income | <u>\$ 31,887</u> |
| Total Assets and Income | <u>\$ 69,102</u> |

DISBURSEMENTS

| | |
|----------------------------|------------------|
| Life Benefits Paid Members | \$ 30,770 |
| Expense Fees Paid | <u>9,183</u> |
| Total Disbursements | <u>\$ 39,953</u> |

| | |
|--|-------------|
| Balance – Ledger Assets, December 31, 2024 | <u>\$ 0</u> |
|--|-------------|

CONCLUSION

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

Respectfully submitted,

\s\ Amanda Theisen
Amanda Theisen, CFE
Asst. Chief Examiner
Insurance Division
State of Iowa