

EXAMINATION REPORT OF
CMFG LIFE INSURANCE COMPANY
WAVERLY, IOWA
AS OF DECEMBER 31, 2020

Madison, Wisconsin
March 28, 2022

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

CMFG LIFE INSURANCE COMPANY

WAVERLY, IOWA

AS OF DECEMBER 31, 2020

with its principal place of business at 2000 Heritage Way, Waverly, Iowa and executive headquarters at 5910 Mineral Point Road, Madison, Wisconsin.

INTRODUCTION

CMFG Life Insurance Company, hereinafter referred to as the “Company”, was last examined as of December 31, 2015 by the Iowa Insurance Division (“Division”).

The examination reported herein was conducted by the Division as a coordinated examination of an insurance holding company group. The coordinated examination includes the Company’s affiliates, MEMBERS Life Insurance Company (“MLIC”), CUMIS Insurance Society, Inc. (“CUMIS”), and CUMIS Specialty Insurance Company, Inc. (“CSIC”), which were also examined by the Division. The Company’s affiliate, CUMIS Mortgage Reinsurance Company (“CMRC”) was examined by the Wisconsin Office of the Commissioner of Insurance (“Wisconsin OCOI”) as part of the coordinated examination.

SCOPE OF EXAMINATION

This is the regular comprehensive financial examination of the Company covering the intervening period from January 1, 2016 to the close of business on December 31, 2020, including any material transactions and 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 the Division 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.

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

HISTORY

The Company was initially organized in 1935 under the applicable laws of Wisconsin and was established by credit union interests for the purpose of providing for the insurance needs of credit unions, credit union organizations, and credit union members. Ownership and control of the Company is vested in the Company's policyholders, which are comprised primarily of credit union institutions and individual members of credit unions.

Following a vote of the shareholders on April 20, 2007 and upon approval by the Insurance Commissioners of Wisconsin and Iowa, the Company re-domesticated to Iowa effective May 3, 2007.

The Company and CUNA Mutual Life Insurance Company, an Iowa-domiciled life insurer, had been joined in a permanent affiliation agreement since 1990. The two companies applied to the Iowa Insurance Division for permission to merge the two companies with CUNA Mutual Insurance Society as the surviving company. The Board of Directors, the policyholders of both companies and the Iowa Insurance Division approved the merger, which was completed on December 31, 2007. The merger was accounted for using the statutory merger method.

On June 2, 2011, the Board of Directors of the Company unanimously approved and adopted a Plan of Reorganization whereby the Company would reorganize from a mutual life insurance company into a stock life insurance company and become an indirect subsidiary of a newly formed mutual insurance holding company. Policyholders approved and adopted the Plan on September 7, 2011. The Iowa Insurance Division approved the Plan on October 7, 2011. Effective January 31, 2012, the Plan became effective and CUNA Mutual Insurance Society changed its name to CMFG Life Insurance Company.

On October 1, 2015, the Boards of Directors and sole shareholders of the Company and CMFG Life Vermont, Inc. approved and adopted a Plan of Merger whereby CMFG Life Vermont, Inc. would be merged with and into the Company, with the Company being the surviving corporation. The merger became effective on November 30, 2015.

SURPLUS NOTES

On July 31, 2010, the Company issued \$85,000,000 in surplus notes. The notes mature in 2030 and bear interest at 8.5% annual. Semi-annual interest payments began in January 2011. The Company made its first scheduled principal payment of \$7,727,272 on July 31, 2020. Additional principal payments are scheduled for July 31 of each succeeding year through July 31, 2030. All payments of principal and interest are subject to regulatory approval.

CAPITAL STOCK AND DIVIDENDS

The Company has 7,500,000 shares of common stock with a par value of \$1.00 per share authorized, issued and outstanding as of December 31, 2020. The Common Stock has unlimited voting rights and is entitled to the net assets of the Corporation upon dissolution.

Dividends paid to TruStage Financial, Inc. during the examination period were as follows:

<u>Year</u>	<u>Amount</u>
2016	\$ 0
2017	24,500,000
2018	42,000,000
2019	26,000,000
2020	38,000,000

The Company also paid a dividend to CM Financial, Inc. in the amount of \$2,000,000 in 2016.

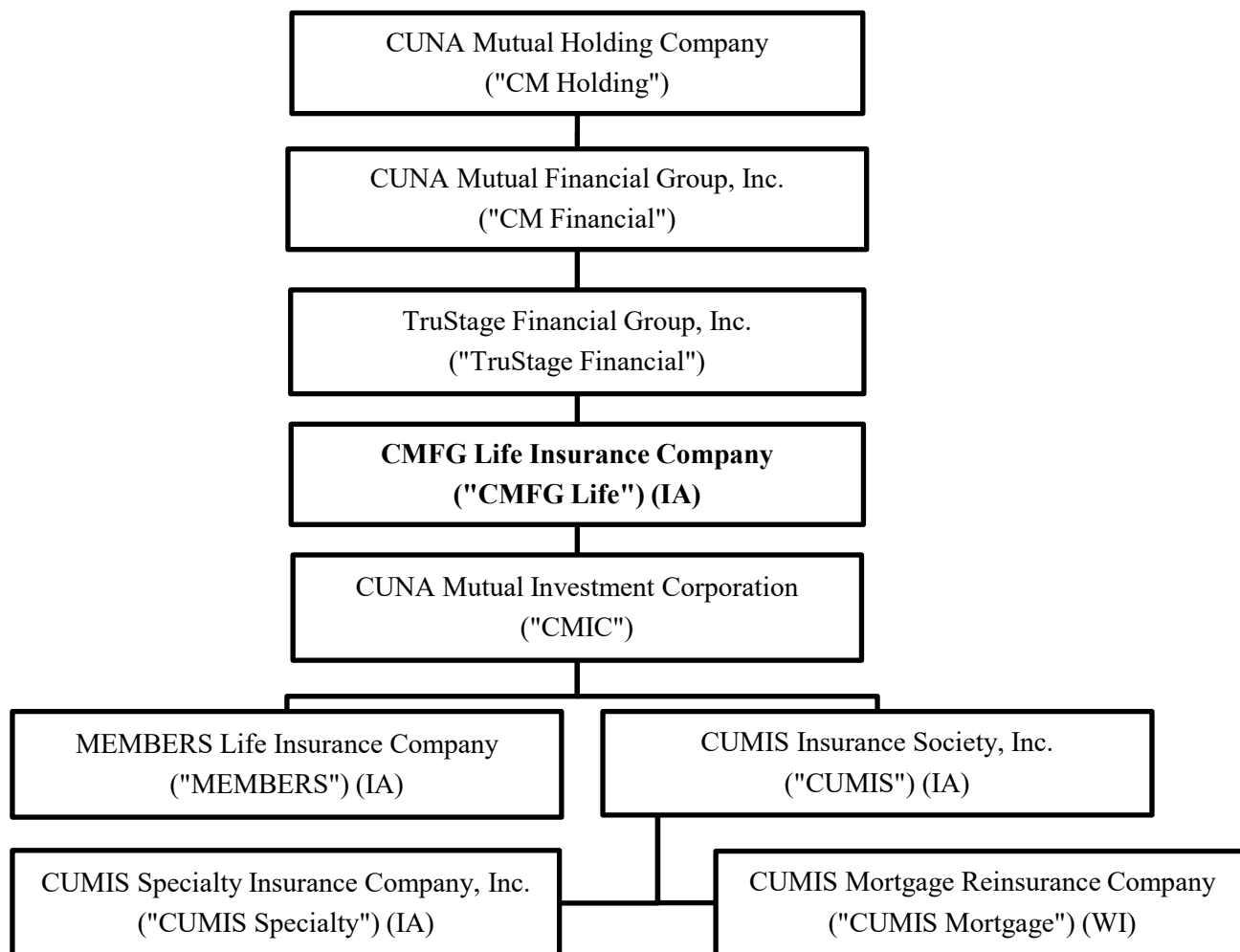
MUTUAL INSURANCE HOLDING COMPANY SYSTEM

The Company is a member of a Mutual Insurance Holding Company System as defined by Chapter 521A, Code of Iowa. Cuna Mutual Holding Company (“CM Holding”) is the ultimate controlling person for the group. An Insurance Holding Company System Registration Statement was filed annually with the Iowa Insurance Division for each year of the examination period.

CM Holding was formed on January 31, 2012. Its home office is located at 2000 Heritage Way, Waverly, Iowa 50677 and its principal executive office is located at 5910 Mineral Point Road, Madison, WI 53705. It is a mutual insurance holding company.

CM Holding is a separately dedicated corporate entity, without shareholders as such, but with an ownership/equity interest which, by law, is attributable to policy owners of the Company who are characterized in CM Holding’s Articles of Incorporation as Members.

An abbreviated organizational chart identifying the Companies within the Holding Company System follows:



MANAGEMENT AND CONTROL

Shareholders

As stated in the Bylaws, the annual meeting of the shareholders for the election of directors and for the transaction of such other business as may properly come before the meeting shall be held at such place (either within or without the state of Iowa), time and date as the Board of Directors shall fix, provided that if no such date is fixed, then such meeting shall be held on the first Monday in the month of June in each year at a time and place designated by the Board of Directors.

Special meetings of the shareholders, for the consideration of such matters as may be named in the call for such meetings called by the President or the Board of Directors, and shall be called by the Board of Directors upon the written demand, signed, dated and delivered to the Secretary, of the holders of at least ten (10) percent of all the votes entitled to be cast on any issue proposed to be considered at the meeting. Such written demand shall state the purpose or purposes for which such meeting is to be called. The time, date and place of any special meeting shall be determined by the Board of Directors or by the President.

Notice of the place, date and time of all meetings of shareholders and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be communicated not fewer than ten days nor more than sixty days before the date of the meeting to each shareholder entitled to vote at such meeting.

Each shareholder may vote at any meeting of the shareholders either in person or by proxy filed with the Secretary at or before such meeting. Shareholders shall be entitled to one vote for each share of stock standing in his or her name on the records of the Company. The affirmative vote of the holders of at least a majority of the votes cast by the shareholders voting at the meeting shall be required for approval of all actions required by law to be approved by the shareholders.

A majority of the outstanding shares of stock entitled to be voted, represented either in person or by proxy, shall be necessary to constitute a quorum, but less than a quorum may adjourn from time to time as it may desire, without notice other than by announcement at the meeting, until the holders of the number of shares of stock requisite to constitute a quorum shall be present in person or by proxy. At such adjourned meeting at which a quorum shall be present, any business may be transacted that might have been transacted at the meeting as originally provided in the notices.

The President and in his or her absence, a Vice President, in the order provided under Section 5.6 of the Bylaws, and in their absence, any person chosen by a majority of the shareholders present, shall call the meeting of the shareholders to order and shall act as chairperson of the meeting. The Secretary of the Company shall act as secretary of all meetings of the shareholders, but, in the absence of the Secretary, the presiding officer may appoint any other person to act as secretary of the meeting.

Any action required or permitted to be taken at a meeting of the shareholders may be taken without a meeting if consent in writing setting forth the action so taken shall be signed and dated by all of the shareholders entitled to vote with respect to the subject matter thereof, and are delivered to the Company for filing within the Company's records. Written consents may be delivered to the Company by electronic transmission.

Board of Directors

The business and affairs of the Company shall be managed and controlled by a Board of Directors consisting of not less than five or more than fifteen, with the specific number to be determined from time to time by resolution of the Board of Directors.

The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or to execute and deliver any instrument in the name and on behalf of the Company, and such authority may be general or confined to specific instances.

Each director shall hold office until the next succeeding annual meeting of shareholders and until his or her successor shall have been elected and qualifies or until his or her death, resignation or removal. Vacancies in the Board of Directors may be filled by the shareholders at any regular meeting of shareholders or at any special meeting called for that purpose.

Immediately after the final adjournment of each annual meeting of the shareholders for the election of directors, the Board of Directors shall meet, at the same place where said meeting of shareholders finally adjourned, for the purpose of the election of officers and the transaction of other business. Such meeting may be held at any other time or place as shall be specified in a notice given as hereinafter provided for special meetings of the Board of Directors or in a consent and waiver of notice thereof signed by all the directors, at which meeting the same matters shall be acted upon as is above provided.

Regular meetings of the Board of Directors shall be held at such place and at such times as the Board of Directors shall by resolution fix and determine from time to time. No notice shall be required for any such regular meeting of the board.

The President may call a special meeting of the Board of Directors at any time, and shall call such a meeting upon request of a majority of the members of the Board of Directors. A quorum of the Board of Directors consists of a majority of the number of directors determined in accordance with Section 4.1 of the Bylaws.

The affirmative vote of a majority of the directors present at a meeting of the Board of Directors or a committee thereof at which a quorum is present shall be the act of the Board of Directors or such committee, as the case may be, unless the Iowa Business Corporation Act, the Articles or these Bylaws require the vote of a greater number of directors.

Any action required or permitted to be taken at a meeting of the Board of Directors may be taken without a meeting if consent in writing setting forth the action so taken shall be signed and dated by all of the directors entitled to vote with respect to the subject matter thereof, and are delivered to the Company for filing within the Company's records.

The directors duly elected and serving as of December 31, 2020 were as follows:

<u>Name and Address</u>	<u>Principal Business Affiliation</u>	<u>Term Expires</u>
Michael F. Anderson Madison, WI	CUNA Mutual Group Senior Vice President and Chief Legal Officer	2021
David G. Brown W. Hyannisport, MA	CUNA Mutual Group Executive Vice President and Chief Investment Officer	2021
David L. Sweitzer Madison, WI	CUNA Mutual Group Senior Vice President, Consumer and Advisor Experience	2021
Robert N. Trunzo* Brookfield, WI	CUNA Mutual Group President and Chief Executive Officer	2021
Laureen A. Winger Sun Prairie, WI	CUNA Mutual Group Executive Vice President and Chief Financial Officer	2021

*Chair

All directors were re-elected at the annual meeting of the shareholder held on June 7, 2021.

Committees

The Board of Directors by resolution adopted by the affirmative vote of a majority of all of the directors then in office may create one or more committees, appoint members of the Board of Directors to serve on the committees and designate other members of the Board of Directors to serve as alternates. If an Audit Committee is required under the National Association of Insurance Commissioners' Model Audit Rule, the Board of Directors by the affirmative vote of a majority of all of the directors then in office may appoint members of the board of directors of the parent

holding company, CUNA Mutual Holding Company, to serve on the Audit Committee. Additionally, pursuant to the National Association of Insurance Commissioners' Model Audit Rule, the Audit Committee of CUNA Mutual Holding Company may elect to serve as the Audit Committee of the Company upon written notice of such election to the Iowa Insurance Commissioner. Each committee shall have two (2) or more members who shall, unless otherwise provided by the Board of Directors, serve at the pleasure of the Board of Directors. A committee may be authorized to exercise the authority of the Board of Directors, except that a committee may not do any of the following: (a) authorize distributions; (b) approve or propose to shareholders action that the Iowa Business Corporation Act requires to be approved by shareholders; (c) fill vacancies on the Board of Directors or, unless the Board of Directors provides by resolution that vacancies on a committee shall be filled by the affirmative vote of the remaining committee members, on any Board committee; (d) amend the Company's Articles; adopt, amend or repeal Bylaws; (f) approve a plan of merger not requiring shareholder approval; (g) authorize or approve reacquisition of shares, except according to a formula or method prescribed by the Board of Directors; and (h) authorize or approve the issuance or sale or contract for sale of shares, or determine the designation and relative rights, preferences and limitations of a class or series of shares, except that the Board of Directors may authorize a committee to do so within limits prescribed by the Board of Directors. Unless otherwise provided by the Board of Directors in creating the committee, a committee may employ counsel, accountants and other consultants to assist it in the exercise of its authority.

The Board of Directors of CM Holding has established an Audit Committee for the Company pursuant to the authority in the Model Audit Rule. Each member of the Committee will be independent in accordance with the Model Audit Rule. The Committee meets twice a year to carry out its oversight responsibilities which include exercising authority and responsibility to annually appoint, retain, compensate, evaluate and terminate, when appropriate, the Company's external auditor, and to oversee the work of the external auditor; reviewing the process for internal control over the Company's financial reporting, including a review of Management's Report of Internal Control Over Financial Reporting for the Company; overseeing all un-remediated significant deficiencies and material weaknesses in the Company's internal control; and annually reviewing the Company's significant financial risks and exposures and their impact on respective audit plans.

The membership of the Committee as of December 31, 2020 was as follows:

<u>Name</u>	<u>Principal Occupation</u>
Robert J. Marzec Carefree, AZ	Retired Audit Partner PricewaterhouseCoopers, LLC
Tyrone E. Muse II Vestal, NY	President and Chief Executive Officer Visions Federal Credit Union
Angela K. Owens* Flower Mound, TX	Vice President and Controller American Airlines
Jacqueline S. Shoback Brookline, MA	Co-founder and Managing Director OWI Ventures, LLC

*Chair

Officers

The Bylaws provide that the principal officers of the Company shall be the President, Secretary, and Treasurer as elected by the Board of Directors. Other officers and assistant officers may be elected or appointed by the President as he or she may deem necessary. Any two (2) or more offices may be held by the same person.

The principal officers of the Company are elected annually by the Board of Directors at the first meeting of the Board of Directors held after the annual meeting of the shareholders. If the election of principal officers shall not be held at such meeting, such election shall be held as soon thereafter as is convenient. Each principal officer shall hold office until his or her successor shall have been duly elected or until his or her death, resignation or removal.

The principal officers serving at December 31, 2020 were as follows:

<u>Name</u>	<u>Title</u>
Robert Trunzo	President and Chief Executive Officer
Brian Borakove	Treasurer
Paul Barbato	Secretary
Laureen Winger	Executive Vice President and Chief Financial & Product Officer
David Brown	Executive Vice President and Chief Investment Officer
Cedric Ellis	Executive Vice President and Chief Enterprise Services Officer
Linda Nedelcoff	Executive Vice President and Chief Strategy & Human Resources Officer
James Power	Executive Vice President and Chief Experience Officer
Alycia Slick	Senior Vice President, Chief Actuary
David Sweitzer	Senior Vice President, Consumer and Advisor Experience
Tom Martorana	Senior Vice President, Customer Operations
Christopher Copeland	Senior Vice President, Product Solutions
Mike Anderson	Senior Vice President and Chief Legal Officer
Christopher Roe	Senior Vice President, Corporate & Legislative Affairs
Alan Schecher	Vice President and Chief Risk and Assurance Officer
Emily Gnam	Vice President and Chief Ethics and Compliance Officer

As part of executive restructuring in 2021, Christopher Copeland was promoted to Senior Vice President, Chief Product Officer. Laureen Winger retains the adjusted title of Executive Vice President, Chief Financial Officer.

Amy Cameron was promoted to Executive Vice President, Chief Investment Officer from Senior Managing Director – Head of Private Asset Classes on September 13, 2021. David Brown retains the adjusted title of Executive Vice President, CUNA Mutual Group, and is currently serving in an advisory capacity until his upcoming retirement later in 2022.

David Sweitzer was promoted to Executive Vice President and Chief Experience Officer on February 15, 2021, replacing James Power who retired from the Company on December 31, 2021.

Tammy Schultz joined CUNA Mutual Group as Executive Vice President, Preplanning Solutions, following CUNA Mutual Group's acquisition of the prearranged funeral and final expense business of Assurant, Inc. on July 31, 2021 (see "Subsequent Events" section of this examination report).

The salaries for the above officers are shown in Exhibit A, found immediately following the signature page of this report.

CONFLICT OF INTEREST

The Company has an established procedure for annual disclosure to its Board of Directors of any material interest or affiliation on the part of its officers, directors or key employees which is in conflict with, or is likely to be in conflict with the official duties of such person.

The Company requires its officers and directors to complete conflict-of-interest statements and disclose any known or potential conflict of interest as part of the annual disclosure process. The examiners requested to review

the conflict of interest statements completed by the Company's officers and directors for each year of the period covered by this examination. No exceptions were noted.

CORPORATE RECORDS

Neither the Articles of Incorporation nor the Bylaws of the Company were amended or restated during the period under examination.

The recorded minutes of the meetings of the Shareholder, Board of Directors, and Committees were read and noted. They appeared to be complete and were found to be properly attested.

The Audit Committee of CUNA Mutual Holding Company reviewed and accepted the 2015 Examination Report of the Company at its meeting on February 8, 2017.

FIDELITY BOND AND OTHER INSURANCE

Under a financial institution bond, CM Holding and affiliated companies are protected against loss from any fraudulent or dishonest act of any employee up to \$25,000,000 each loss occurrence and \$50,000,000 aggregate limit of liability.

The other interests of the Company appear to be adequately protected through coverages afforded by policies in force with admitted insurers.

RELATED PARTY AGREEMENTS

Cost Sharing Agreement

The Company and its affiliates have a cost sharing agreement whereby the Company provides its affiliates with certain administrative, accounting, legal, office, personnel, and market services along with office space and office equipment. Fees are paid monthly.

Investment Advisory Agreement

The Company has an investment advisory agreement with MEMBERS Capital Advisors ("MCA"), an affiliate, whereby MCA provides investment advisory services to the Company, including management of the advisory services for the Company's retirement plans. MCA is authorized to delegate some or all of its investment adviser duties to one or more subadvisors.

Tax Sharing Agreement

Effective February 1, 2012, the Company and its affiliates entered into a Tax Sharing Agreement with CM Holding, whereas, CM Holding is the common parent corporation of the affiliated group of companies. The Agreement reflects the restructuring of the Affiliated Group and the formation of CM Holding and an intermediate holding company, CUNA Mutual Financial Group, Inc., effective on January 31, 2012.

Procurement, Disbursement, Billing and Collection Services Agreement

Under the CUNA Mutual Group Cost Sharing Procurement, Disbursement, Billing & Collection Agreement among the Company and its affiliates, the Company provides billing, collection, disbursement, procurement and other services to its affiliates. Affiliates also provide goods and services to one another. The Company acts as "common paymaster" for CUNA Mutual Group.

Services Agreement with CUNA Brokerage Services, Inc. (“CBSI”)

The Company has an agreement with CUNA Brokerage Services, Inc. (“CBSI”), a broker/dealer owned 100% by CMIC, under which the Company provides administrative, accounting, legal, marketing, information and other services to CBSI. Office space and use of office equipment is also covered under the agreement.

Distribution Agreement with CBSI

The Company has a distribution agreement with CBSI under which CBSI serves as the principal underwriter and distributor of the Company’s variable life and variable annuity products. The Company pays a dealer concession to and on behalf of CBSI and other broker dealers for their securities activities.

Distribution Agreement with TruStage Financial

The Company has a distribution agreement with TruStage Financial under which TruStage Financial serves as the appointed agent and distributor of the Company’s products branded with the TruStage name. TruStage Financial’s services include, but are not limited to, branding, marketing, mailings, maintenance of sales related call centers and marketing research. The Company pays TruStage fees for actual expenses incurred.

Recordkeeping Agreement with CPI Qualified Plan Consultants, Inc. (“CPI”)

The Company has an agreement with CPI Qualified Plan Consultants, Inc. (“CPI”), an affiliate, under which CPI provides recordkeeping and related services to retirement plans of the Company’s customers which are qualified under Section 401 of the Internal Revenue Code of 1986 and fixed group annuities issued to such plans.

MCA FUNDS

The MCA Funds, which include five limited partnerships and five limited liability companies, were formed for the purpose of holding alternative investments of the Company and its affiliate, CUMIS Insurance Society.

On October 25, 2016, the Company transferred 100% of its limited partnership interests in MCA Fund III, LP to MCA Funds Holding Company, LLC, and made an initial cash contribution in the amount of \$10,000 to MCA Funds Holding Company, LLC.

In 2020, the Company made cash contributions to MCA Funds Holding Company, LLC in the amount of \$258,144,166. The Company received cash distributions from MCA Funds Holding Company, LLC of \$77,869,561 of which \$27,411,814 was considered interest and \$50,457,747 was return of capital.

As of December 31, 2020, the Company’s total investment in MCA Funds Holding Company LLC was \$604,024,925.

On October 28, 2020, as part of the MCA Fund securitization, MCA Funds Holding Company LLC sold its equity interests in MCA Fund III LP to MCA Fund III Holding LLC, which now owns 100% of limited partner interests of MCA Fund III LP. In 2020, the Company made cash contributions to MCA Fund III Holding LLC in the amount of \$16,454,214. The Company received cash distributions from MCA Fund III Holding LLC of \$13,630,212 of which \$10,609,652 was considered interest and \$3,020,560 was return of capital.

In 2020, MCA Fund III Holding LLC paid the Company \$760,110 in its capacity as holder of the note, of which \$462,821 was interest and \$297,289 was repayment of principal.

As of December 31, 2020, the Company’s total investment in MCA Fund III Holding LLC was \$234,318,546.

Unless extended, MCA Fund I LP, MCA Fund II LP and MCA Fund III LP will terminate on January 1, 2034 and MCA Fund IV, LP and MCA Fund V LP will terminate on January 1, 2037.

EMPLOYEE WELFARE

All employee services are provided by the Company. The Company offers several benefit plans to its employees, including: defined contribution-401(k), pension, deferred compensation, healthcare, dental, prescription, workers compensation, group life insurance, group dental insurance, long-term and short-term disability, and flex benefits plans.

REINSURANCE

The reinsurance contracts of the Company were reviewed and no contract provisions were found to be outside the custom of the industry. All contracts had acceptable insolvency clauses and transfer of risk. The Company has no reinsurance contracts with unauthorized reinsurers. The Company maintains several reinsurance agreements to cede a modest amount of business to non-affiliated companies and assumes business from its subsidiaries. The maximum net retention for individual and group life business is \$1,000,000.

Assumed

Life

The Company assumes life business from an affiliated company. Effective September 30, 2015, MLIC revised its 2012 reinsurance agreement with the Company. MLIC now cedes 100% of its in-force life insurance business (previously 95%) and so does not retain any insurance risk. Ceding the additional 5% did not change net income or unassigned surplus on the transfer date.

Effective January 1, 2021, the Company established a 100% Quota Share Reinsurance Agreement between CMG Life and MLIC related to the TruStage Advantage Whole Life product.

Ceded

Life

The Company entered into an Aggregate Stop Loss Reinsurance Agreement, on behalf of itself and all present and future affiliates, to limit its losses under a Reinsurance and Participation Agreement with which it has a minor participation percentage.

The majority of the Company's remaining reinsurance agreements are on a quota share basis. The percentage of the quota share varies by agreement up to 100%. Many of the agreements have an alpha split of either A-K or L-Z.

Annuity

Effective July 20, 2020, the Company entered into a 50% quota share reinsurance agreement related to the MaxProtect Annuity product.

Accident and Health

The Company has a reinsurance agreement with one authorized reinsurer for long-term care insurance. The agreement is an 80% quota share of the original limits.

STATUTORY DEPOSIT

The Company had securities on deposit with the Iowa Insurance Division in excess of the minimum statutory requirement.

TERRITORY AND PLAN OF OPERATION

The Company is licensed to write business in all fifty states, the District of Columbia, Puerto Rico, U.S. Virgin Islands and Canada. The primary source of business is derived through a licensed sales force of internal employee agents. Each credit union is assigned a relationship manager who is trained and licensed to work with the respective credit unions. The relationship manager is supported by licensed specialists who are familiar with a specific product line and support sales of that line within an assigned territory.

The Company is primarily engaged in selling insurance for credit unions and their members. Primary products include group credit life and group credit disability, retirement plan group annuities and plan administration, group life and disability products, and life, health and annuity policies.

GROWTH OF COMPANY

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

(000's omitted)

<u>Year</u>	<u>Admitted</u>	<u>Capital and</u>	<u>Premium Income</u>			<u>Insurance Inforce</u>	
	<u>Assets*</u>	<u>Surplus</u>	<u>Life</u>	<u>Annuity</u>	<u>A&H</u>	<u>Ordinary</u>	<u>Group</u>
2016	\$12,093,621	\$1,983,661	\$735,089	\$1,838,068	\$566,283	\$48,244,673	\$10,615,000
2017	12,862,943	2,107,167	777,011	1,781,640	571,498	50,295,547	15,686,533
2018	13,057,956	2,254,820	821,416	2,087,050	565,739	51,600,876	9,143,858
2019	14,622,093	2,197,648	836,322	2,541,314	584,284	52,204,777	8,278,147
2020	15,590,859	2,175,026	933,641	3,190,461	581,435	55,259,510	7,741,122

* Excludes Separate Accounts

ACCOUNTS AND RECORDS

The Company uses electronic data processing equipment and related software for processing and maintaining its accounts, records and files. In most areas, an imaging system is used to maintain documents on the computer system rather than maintaining the original documents (paper) or other media (microfilm, microfiche, etc.). The Information Systems controls were reviewed by this examination. No material exceptions were noted to accepted control practices and procedures.

The trial balance of the Company's general ledger was taken for 2020 and was found to be in agreement with the office copy of the filed annual statement.

The records in the Company's policy master file were sampled and tested by comparing data contained in supporting documents to data contained in the computer records. No material discrepancies were noted.

During the course of examination, no statutory violations or material differences with the amounts reflected in the financial statements, as presented in the annual statement at December 31, 2020, were identified

SUBSEQUENT EVENTS

COVID-19 Pandemic

In March 2020, the World Health Organization declared Coronavirus disease (COVID-19) a pandemic. As of the date of this report, there is significant uncertainty as to the impact the pandemic will have on the economy, insurance industry and the Company. In addition, this uncertainty has contributed to extreme volatility in the financial markets. As such, the Iowa Insurance Division will continue to monitor COVID-19 developments.

CUNA Mutual Group's Acquisition of Assurant, Inc.'s Prearranged Funeral and Final Expense Business

On August 2, 2021, CUNA Mutual Group acquired the prearranged funeral insurance and final expense business of Assurant, Inc. in the U.S. and Canada ("preplanning business") for approximately \$1.25 billion. The transaction was approved by the Iowa Insurance Division and other interested regulators. The acquired companies, American Memorial Life Insurance Company and Union Security Insurance Company, became wholly owned subsidiaries of the Company. Certain operations associated with the preplanning business will transition to CUNA Mutual Group over the next 24 months, pursuant to a transition services agreement.

The Company's parent, TruStage Financial Group, Inc., contributed capital of approximately \$800 million to the Company in 2021 to complete the acquisition.

Dividend Paid

The Company paid a cash dividend of \$80,000,000 to TruStage Financial on October 28, 2021.

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, 2020.

ASSETS

	<u>Assets</u>	<u>Non-Admitted</u>	<u>Admitted</u>
Bonds	\$ 9,428,194,401	\$	\$ 9,428,194,401
Preferred stocks	4,253,336		4,253,336
Common stocks	1,288,409,025		1,288,409,025
Mortgage loans on real estate – first liens	1,981,023,520		1,981,023,520
Real estate properties occupied by the company	66,204,713		66,204,713
Real estate properties held for the production of income	1,483,831		1,483,831
Cash, cash equivalents and short-term investments	167,160,872		167,160,872
Contract loans	107,766,244		107,766,244
Derivatives	27,829,826		27,829,826
Other invested assets	1,246,666,758		1,246,666,758
Receivables for securities	2,946,971		2,946,971
Securities lending reinvested collateral assets	387,165,716		387,165,716
Margin account deposit (excluding futures)	2,738,465		2,738,465
Investment income due and accrued	83,609,473		83,609,473
Uncollected premiums and agents' balances in the course of collection	44,298,603	37,855	44,260,748
Deferred premiums booked but deferred and not yet due	228,635,888		228,635,888
Accrued retrospective premiums	1,248,026	1,248,026	
Amounts recoverable from reinsurers	1,482,454		1,482,454
Other amounts receivable under reinsurance contracts	7,246,990		7,246,990
Current federal and foreign income tax recoverable and interest thereon	191,683,770		191,683,770
Net deferred tax asset	111,052,512	9,460,655	101,591,857
Guaranty funds receivable or on deposit	3,745,430		3,745,430
Electronic data processing equipment and software	87,170,640	80,007,677	7,162,963
Furniture and equipment	13,226,780	13,226,780	
Receivables from parent, subsidiaries and affiliates	108,197,720		108,197,720
Prepaid expenses	39,645,761	39,645,761	
Amounts receivable non-affiliates	4,781,139	4,701,584	79,555
Items not allocated	2,515,758	2,515,758	
Intangible assets	467	467	
Advances and other miscellaneous assets	747,535	747,535	
Company owned life insurance	98,236,118		98,236,118
EFT clearing	3,082,101		3,082,101
	<hr/>	<hr/>	<hr/>
Total Assets excluding Separate Accounts	\$15,742,450,843	\$151,592,099	\$15,590,858,744
From Separate Accounts	<hr/> 8,431,350,306	<hr/>	<hr/> 8,431,350,306
	<hr/>	<hr/>	<hr/>
Total Assets	\$24,173,801,149	\$151,592,099	\$24,022,209,050

LIABILITIES, SURPLUS AND OTHER FUNDS

Aggregate reserve for life contracts	\$ 9,278,969,001
Aggregate reserve for accident and health contracts	937,553,170
Liability for deposit-type contracts	776,997,283
Life contract claims	82,027,004
Accident and health contract claims	71,535,130
Policyholders' dividends due and unpaid	31,683
Provision for policyholders' dividends payable in following year	40,382,986
Premiums and annuity considerations received in advance	25,752,940
Provision for experience rating refunds	67,869,424
Other amounts payable on reinsurance	4,563,193
Interest maintenance reserve	27,928,999
Commissions to agents due or accrued-life and annuity contracts	1,109,187
Commissions and expense allowances payable on reinsurance assumed	11,583,412
General expenses due or accrued	429,338,087
Transfers to Separate Accounts due or accrued (net)	(6,124,777)
Taxes, licenses and fees due or accrued, excluding federal income taxes	14,563,399
Unearned investment income	325
Amounts withheld or retained by company as agent or trustee	13,420,161
Amounts held for agents' account	287,641
Remittances and items not allocated	7,720,273
Borrowed money and interest thereon	345,035,811
Asset valuation reserve	576,750,292
Payable to parent, subsidiaries and affiliates	65,232,673
Derivatives	30,374,527
Payable for securities	4,495,169
Payable for securities lending	387,165,715
Margin account liability	215,856,257
Reserve for checks charged off	5,413,560
Miscellaneous liabilities	839
	<hr/>
Total Liabilities Excluding Separate Accounts	\$13,415,833,364
From Separate Accounts Statement	<hr/> 8,431,350,305
	<hr/>
Total Liabilities	\$21,847,183,669
	<hr/>
Common capital stock	\$ 7,500,000
Surplus notes	77,272,728
Gross paid in and contributed surplus	70,836,982
Unassigned funds (surplus)	2,019,415,672
	<hr/>
Total Surplus and Other Funds	\$ 2,175,025,382
	<hr/>
Total Liabilities, Surplus and Other Funds	\$24,022,209,051

SUMMARY OF OPERATIONS

Premiums and annuity considerations for life and accident and health contracts	\$4,705,536,082
Considerations for supplementary contracts with life contingencies	19,113,832
Net investment income	567,043,450
Amortization of Interest Maintenance Reserve	3,907,689
Commissions and expense allowances on reinsurance ceded	1,626,502
Income from fees associated with investment management, administration and contract guarantees from Separate Accounts	35,283,921
Brokerage income commissions	2,926,334
Admin service fees	31,144,287
Surrender charges & policy fees	(495,740)
Gain/(loss) on sale of assets	(89,009)
Cost of assumed reinsurance	(31,733,588)
Change in cash surrender value – COLI	(2,764,575)
Other miscellaneous income	4,695,552
Total	\$5,336,194,736
Death benefits	\$ 438,481,629
Matured endowments	1,598,096
Annuity benefits	272,474,821
Disability benefits and benefits under accident and health contracts	228,389,186
Surrender benefits and withdrawals for life contracts	1,725,842,849
Interest and adjustments on contract or deposit-type contract funds	23,543,712
Payments on supplementary contracts with life contingencies	36,140,856
Increase in aggregate reserves for life and accident and health contracts	913,188,372
Total	\$3,639,659,521
Commissions on premiums, annuity considerations and deposit-type contract funds	22,736,781
Commissions and expense allowances on reinsurance assumed	103,296,562
General insurance expenses	719,442,257
Insurance taxes, licenses and fees, excluding federal income taxes	42,358,304
Increase in loading on deferred and uncollected premiums	39,670,679
Net transfers to or (from) Separate Accounts net of reinsurance	575,736,217
Miscellaneous and other expense	(71,774)
Total	\$5,142,828,547
Net gain from operations before dividends to policyholders and federal income taxes	\$ 193,366,189
Dividends to policyholders	42,150,815
Net gain from operations after dividends to policyholders and before federal income taxes	\$ 151,215,375
Federal and foreign income taxes incurred	(99,023,640)
Net gain from operations after dividends to policyholders and federal income taxes and before realized capital gains or (losses)	\$ 250,239,015
Net realized capital gains or (losses)	(87,420,979)
Net Income	\$ 162,818,035

CAPITAL & SURPLUS

Capital and surplus, December 31, 2019	<u>\$2,197,647,793</u>
Net income	\$ 162,818,035
Change in net unrealized capital gains (losses) less capital gains tax	(143,161,408)
Change in net unrealized foreign exchange capital gain (loss)	1,038,202
Change in net deferred income tax	(8,341,797)
Change in non-admitted assets	(4,993,308)
Change in reserve on account of change in valuation basis	2,201,091
Change asset valuation reserve	17,692,928
Change in surplus notes	(7,727,272)
Surplus adjustment – paid in	7,999,988
Dividends to stockholders	(38,000,000)
Change in postretirement benefits liability	<u>(12,148,868)</u>
Net change in capital and surplus for the year	<u>\$ (22,622,408)</u>
Capital and Surplus, December 31, 2020	<u>\$2,175,025,385</u>

CASH FLOW

Cash from Operations

Premiums collected net of reinsurance	\$4,670,537,638	
Net investment income	513,296,007	
Miscellaneous income	46,221,170	
Total		\$5,230,054,816
Benefit and loss related payments	\$2,668,874,548	
Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts	658,805,613	
Commissions, expenses paid and aggregate write-ins for deductions	889,308,242	
Dividends paid to policyholders	25,837,500	
Federal and foreign income taxes paid (recovered)	107,553,250	
Total		<u>4,350,379,153</u>
Net cash from operations		<u>\$ 879,675,663</u>

Cash from Investments

Proceeds from investments sold, matured or repaid:		
Bonds	\$1,212,475,274	
Stocks	116,573,470	
Mortgage loans	241,784,198	
Real estate		
Other invested assets	172,708,708	
Net gains or (losses) on cash, cash equivalents and short- term investments	(76,163)	
Miscellaneous proceeds	14,948,075	
Total investment proceeds		\$1,758,413,562
Cost of investments acquired:		
Bonds	\$1,535,730,482	
Stocks	134,483,875	
Mortgage loans	298,625,876	
Real estate	14,832,113	
Other invested assets	403,492,464	
Miscellaneous applications	78,386,362	
Total investments acquired		2,465,551,172
Net increase (or decrease) in contract loans and premium notes		<u>(1,326,709)</u>
Net cash from investments		<u>\$ (705,810,902)</u>

Cash from Financing and Miscellaneous Sources

Cash provided (applied):		
Surplus notes	\$ (7,727,272)	
Borrowed funds	21,040,947	
Net deposits on deposit-type contracts and other liabilities	(2,755,218)	
Dividends to stockholders	38,000,000	
Other cash provided (applied)	(42,021,635)	
Net cash from financing and miscellaneous sources		<u>\$ (69,463,178)</u>

<u>Reconciliation of Cash, Cash Equivalents, and Short-Term Investments</u>	
Net change in cash, cash equivalents and short-term investments	\$ 104,401,584
Cash, cash equivalents and short-term investments:	
Beginning of year	62,759,288
End of year	<u>\$ 167,160,872</u>

CONCLUSION

The cooperation and 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, Risk & Regulatory Consulting, LLC, information systems specialists, JP Consulting, investment specialists, and Insurance Strategies Consulting, LLC, actuarial specialists, participated in the examination and the preparation of this report.

Respectfully submitted,

/s/ Thomas Allen

Thomas Allen, CFE
Examiner-in-charge
Examination Resources, LLC on behalf of the
Iowa Insurance Division
State of Iowa

/s/ Daniel Mathis

Daniel Mathis, CFE
Chief Examiner
Iowa Insurance Division
State of Iowa