

EXAMINATION REPORT OF
MEMBERS 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

MEMBERS 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

MEMBERS 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, CMFG Life Insurance Company (“CMFG Life”), 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/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 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 of the insurer and its financial condition.

HISTORY

The Company was organized in 1976 under the name CUDIS Insurance Society, Inc., and was originally established to be a direct writer of credit disability insurance to credit union members. In 1989, the name of the company was changed to CUMIS Life Insurance, Inc. In 1992, League Life Insurance Company, a Michigan-domiciled insurer was merged with CUMIS Life Insurance, Inc. Effective January 1, 1993, a Texas-domiciled insurer, Members Life Insurance Company, was merged into CUMIS Life Insurance, Inc. The name of the company was changed to MEMBERS Life Insurance Company, the name presently used by the company.

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.

In June 2011, the Board of Directors of CUNA Mutual Insurance Society (CMIS) (now CMFG Life), the Company's ultimate parent, approved a plan that would convert CMIS from a mutual insurance company structure to a mutual insurance holding company (MHC) structure. In September 2011, policyholders and the Iowa Insurance Commissioner approved the plan to reorganize CMIS into a MHC. The new MHC structure became effective January 31, 2012.

CAPITAL STOCK AND DIVIDENDS TO STOCKHOLDERS

The Company has 1,000 shares of common stock with a par value of \$5,000 per share authorized, issued and outstanding as of December 31, 2020.

The Company paid a dividend to CUNA Mutual Investment Corporation ("CMIC") in the amount of \$7,000,000 in 2017.

The Company received a capital contribution from CMIC in the amount of \$20,676,745 in 2018.

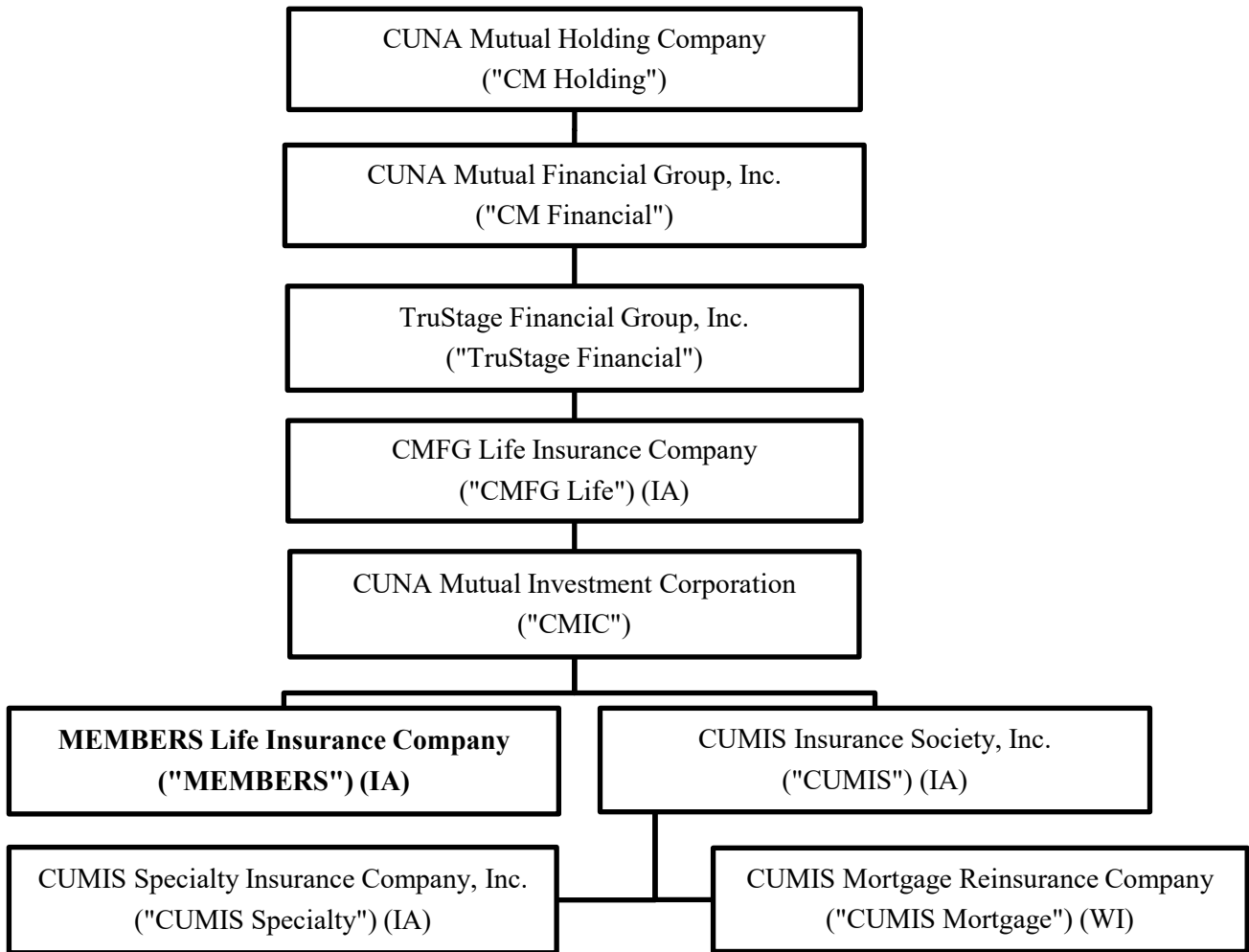
MUTUAL INSURANCE HOLDING COMPANY SYSTEM

The Company is a member of a Mutual Insurance Holding Company System as defined by Chapter 521A, Code of Iowa. An Insurance Holding Company System Registration Statement was filed annually with the Iowa Insurance Division for each year of the examination period.

Cuna Mutual Holding Company ("CM Holding"), a mutual insurance holding company formed on January 21, 2012, is the ultimate controlling person for the group.

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 Corporation. 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 hereof, 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 Corporation 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 Corporation for filing within the Corporation's records. Written consents may be delivered to the Corporation by electronic transmission.

Board of Directors

The business and affairs of the Corporation 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 Corporation, 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 Corporation for filing within the Corporation'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. Each committee shall have two 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 Corporation's Articles; (e) 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 Corporation 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 Corporation shall be 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 President shall be the principal executive officer of the Company and shall have the additional title of Chief Executive Officer. He/She shall, subject to the control of the Board of Directors, in general supervise and control all of the business and operations of the Company.

The President shall, when present, preside at all meetings of the shareholders and of the Board of Directors. He or she shall have authority, subject to such rules as may be prescribed by the Board of Directors, to appoint such agents and employees of the Corporation as he or she shall deem necessary, to prescribe their powers, duties and compensation, and to delegate authority to them. Such agents and employees shall hold office at the discretion of the President. He or she shall have authority to sign, execute and acknowledge, on behalf of the Corporation, all deeds, mortgages, bonds, stock certificates, contracts, leases, reports and all other documents or instruments necessary or proper to be executed in the course of the Corporation's regular business, or which shall be authorized by resolution of the Board of Directors.

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

<u>Name</u>	<u>Title</u>
David Sweitzer	President and Chief Executive Officer
Brian Borakove	Treasurer
Paul Barbato	Secretary
Robert Trunzo	President and Chief Executive Officer of CUNA Mutual Group
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
Alycia Slick	Senior Vice President, Chief Actuary
James Power	Executive Vice President and Chief Experience Officer
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.

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 Shareholders, 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

CMFG Life and its affiliates have a cost sharing agreement whereby CMFG Life provides its affiliates, including the Company, 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. 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 CMFG Life and its affiliates, CMFG Life provides billing, collection, disbursement, procurement and other services to its affiliates, including the Company. Affiliates also provide goods and services to one another. CMFG Life acts as "common paymaster" for CUNA Mutual Group.

Distribution Agreement with CBSI

The Company has a distribution agreement with CUNA Brokerage Services, Inc. (“CBSI”), a broker/dealer owned 100% by CMIC, under which CBSI serves as the principal underwriter and distributor of the Company’s variable annuity and registered modified annuity contracts. The Company pays a dealer concession to and on behalf of CBSI and other broker dealers for their securities activities.

EMPLOYEE WELFARE

All employee services are provided by CMFG Life. CMFG Life 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.

Effective September 30, 2015, the Company revised its 2012 Coinsurance reinsurance agreement with CMFG Life. The Company 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.

Under the MEMBERS Horizon Coinsurance and Modified Coinsurance Agreement, the Company cedes 100% of MEMBERS Horizon business to CMFG Life on or after November 1, 2015. Effective October 20, 2017, the Company amended the MEMBERS Horizon Coinsurance and Modified Coinsurance Agreement to change the investment guidelines related to the MEMBERS Horizon product.

Effective August 19, 2019, the Company established a 100% Coinsurance Reinsurance Agreement between MLIC and CMFG Life related to the Zone Income Annuity product.

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

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 authorized to transact business in the District of Columbia and all states except for New York.

The Company sells single premium deferred index annuity, single premium deferred modified guaranteed index annuity and flexible premium variable and index linked deferred annuity contracts to credit union members through face-to-face distribution channels.

The Company cedes 100% of its business to its affiliate, CMFG Life.

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.

(000's) omitted

<u>Year</u>	<u>Admitted Assets*</u>	<u>Capital and Surplus</u>	<u>Insurance Inforce</u>	
			<u>Ordinary</u>	<u>Group</u>
2016	\$53,695	\$23,205	\$69,239	\$26,337
2017	51,396	18,601	64,063	22,525
2018	61,534	39,447	61,326	19,545
2019	74,819	39,989	55,820	16,373
2020	73,461	40,700	51,367	13,906

* 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 certain 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.

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	\$ 30,309,081		\$ 30,309,081
Cash and cash equivalents	26,409,587		26,409,587
Investment income due and accrued	256,713		256,713
Amounts recoverable from reinsurers	594,412		594,412
Other amounts receivable under reinsurance contracts	12,123,467		12,123,467
Current federal and foreign income tax recoverable and interest thereon	3,278,175		3,278,175
Net deferred tax asset	910,912	655,636	255,276
Guaranty funds receivable or on deposit	11,018		11,018
Receivables from parent, subsidiaries, & affiliates	223,064		223,064
Amounts receivable from non-affiliates	364		364
Interest maintenance reserve	907,074	907,074	
Items not allocated	573,746	573,746	
Prepaid assets	490,950	490,950	
	<hr/>	<hr/>	<hr/>
Total Assets excluding Separate Accounts	\$ 76,088,563	\$2,627,406	\$ 73,461,158
	<hr/>	<hr/>	<hr/>
From Separate Accounts	230,314,068		230,314,068
	<hr/>	<hr/>	<hr/>
Total Assets	\$306,402,631	\$2,627,406	\$303,775,226
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LIABILITIES, SURPLUS AND OTHER FUNDS

Other amounts payable on reinsurance	\$ 7,396,636
General expenses due or accrued	524,132
Transfers to Separate Accounts due or accrued	(9,416,020)
Taxes, licenses and fees due or accrued, excluding federal income taxes	165,685
Unearned investment income	28,048
Remittances and items not allocated	15,734,123
Payable to parent, subsidiaries and affiliates	<u>18,329,046</u>
 Total liabilities excluding Separate Accounts	 <u>\$ 32,761,649</u>
 From Separate Accounts	 <u>\$230,314,068</u>
 Total Liabilities	 <u>\$263,075,717</u>
 Common capital stock	 \$ 5,000,000
Gross paid in and contributed surplus	31,152,788
Unassigned funds (surplus)	<u>4,546,721</u>
 Total Capital and Surplus	 <u>\$ 40,699,509</u>
 Total Liabilities, Surplus and Other Funds	 <u>\$303,775,226</u>

SUMMARY OF OPERATIONS

Net investment income	\$ 1,016,517
Amortization of Interest Maintenance Reserve	(122,622)
Commissions and expense allowances on reinsurance ceded	103,296,562
Modco reinsurance adjustment income	31,720,080
Other miscellaneous income	(468)
Total	<u>\$135,910,068</u>
Commissions on premiums, annuity considerations and deposit-type contract funds	55,598,824
General insurance expenses	45,029,096
Insurance taxes, licenses and fees, excluding federal income taxes	2,678,494
Net transfers to/from Separate Accounts net of reinsurance	31,908,302
Miscellaneous expense	841
Total	<u>\$135,215,557</u>
Net gain from operations before federal income tax	<u>\$ 694,511</u>
Federal and foreign income taxes incurred	<u>256,090</u>
Net gain from operations after federal income tax and before realized capital gains or (losses)	\$ 438,421
Net realized capital gains or (losses)	<u>(241,189)</u>
Net Income	<u>\$ 197,232</u>

CAPITAL & SURPLUS

Capital and surplus, December 31, 2019	<u>\$ 39,989,285</u>
Net Income	\$197,232
Change in net deferred income tax	240,479
Change in non-admitted assets	232,527
Change in asset valuation reserve	39,985
Net change in capital and surplus for the year	<u>\$ 710,223</u>
Capital and Surplus, December 31, 2020	<u>\$ 40,699,509</u>

CASH FLOW

Cash from Operations

Premiums collected net of reinsurance	\$ (7,536,625)	
Net investment income	1,191,283	
Miscellaneous income	128,964,696	
Total		\$122,619,354
Benefit and loss related payments	\$ (187,445)	
Net transfers to Separate Accounts	34,175,051	
Commissions, expenses paid and aggregate write-ins for deductions	94,086,733	
Federal and foreign income taxes paid (recovered)	141,304	
Total		128,215,643
Net cash from operations		\$ (5,596,289)

Cash from Investments

Proceeds from investments sold, matured, or repaid:		
Bonds	\$ 11,863,577	
Total investment proceeds		\$ 11,863,577
Cost of investments acquired:		
Bonds	\$ 7,951,407	
Total investments acquired		7,951,407
Net cash from investments		\$ 3,912,170

Cash from Financing and Miscellaneous Sources

Cash provided (applied):		
Net deposits on deposit-type contracts and other insurance liabilities	\$ (26,455)	
Other cash provided (applied)	(916,756)	
Net cash from financing and miscellaneous sources		\$ (943,212)

Reconciliation of Cash, Cash Equivalents and Short-term Investments

Net change in cash, cash equivalents and short-term investments		\$ (2,627,331)
Cash, cash equivalents and short-term investments:		
Beginning of year		29,036,921
End of year		\$ 26,409,590

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